

**BOROUGH OF SOUTH RIVER
COUNTY OF MIDDLESEX
NEW JERSEY**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

HODULIK & MORRISON, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

**BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY, NEW JERSEY**

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**BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY, NEW JERSEY**



**PART I
INTRODUCTION SECTION**

**BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY
NEW JERSEY
08882-1247**



June 27, 2018

Honorable Mayor and Members
of the Borough Council
Borough of South River
County of Middlesex, New Jersey

The Comprehensive Annual Financial Report for the Borough of South River, County of Middlesex, State of New Jersey, for the year ended December 31, 2017 is submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designated to set forth fairly the financial position and results of operations of the Borough of South River as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain an understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four (4) sections: Introductory, Financial, Statistical, and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter, the Borough's organizational chart and a list of principal officials. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the independent auditor's report. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis. The Single Audit Section includes the auditor's report on the internal control structure and compliance with applicable laws and regulation, the schedule of expenditures of Federal financial assistance and findings and recommendations. The fifth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. The Mayor and Council are required to adopt a plan of action on the implementation of any audit recommendations. Responsibility for completeness and clarity of the report, including disclosure's, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

The financial statements have been audited by Hodulik & Morrison, Certified Public Accountant, Registered Municipal Accountant of Highland Park, New Jersey, independent certified public accountants whose opinion is expressed in the Financial Section. Please note that the auditor's report is unqualified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

PRESENT AND FUTURE CHALLENGES

Current Fund

The Current Fund, which finances most of the operational areas of our local government, had total revenues of \$17,362,609.47 exclusive of fund balance and total expenditures of \$17,643,750.84 and a Fund Balance decrease of \$50,318.56 as of December 31, 2017. The following schedule summarizes revenues and expenses for 2017 and 2016.

	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Fund Balance	\$ 1,404,582.00	\$ 1,392,790.18	\$ 11,791.82	0.85
Real Estate Taxes	9,839,002.72	9,166,411.11	672,591.61	7.34
Delinquent Tax Receipts	583,562.07	636,497.88	(52,935.81)	(8.32)
Miscellaneous Anticipated Revenues	1,774,231.72	2,098,200.05	(323,968.33)	(15.44)
Miscellaneous- Electric Utility Surplus	3,250,000.00	3,300,000.00	(50,000.00)	(1.52)
Federal and State Grants	101,770.84	102,533.17	(762.33)	(0.74)
Intergovernmental Revenue	825,291.00	825,291.00	0.00	0.00
Other Credits to Income	510,408.88	571,911.06	(61,502.18)	(10.75)
Non-Budget Revenue	<u>478,342.24</u>	<u>252,193.30</u>	<u>226,148.94</u>	<u>89.67</u>
	<u>\$ 18,767,191.47</u>	<u>\$ 18,345,827.75</u>	<u>\$ 421,363.72</u>	<u>2.30</u>

1. Real Estate Taxes - These are the taxes levied on all real property within the Borough.
2. Delinquent Tax Receipts - This represents receipts from delinquent taxes and tax title liens.
3. Intergovernmental Revenue - This represents funds received from the State of New Jersey and the Federal Government in the form of grants or direct aid.
4. Miscellaneous Anticipated Revenues - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct user charges, except those detailed separately above.

Current Fund (Continued)

The increase in budgetary expenditures in 2017 over 2016 was as follows:

	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
General Government	\$ 798,800.00	\$ 1,256,590.00	\$ (457,790.00)	(36.43) %
Public Safety	4,502,550.00	4,393,750.00	108,800.00	2.48
Public Works	2,188,000.00	2,229,300.00	(41,300.00)	(1.85)
Utility Expense and Bulk Purchases	365,500.00	362,000.00	3,500.00	0.97
Land Use	53,400.00	81,900.00	(28,500.00)	(34.80)
Sanitary Landfill	505,000.00	480,000.00	25,000.00	5.21
Insurance	1,763,000.00	1,910,500.00	(147,500.00)	(7.72)
Health and Human Services	245,325.00	257,579.00	(12,254.00)	(4.76)
Parks and Recreation	360,817.00	362,617.00	(1,800.00)	(0.50)
Education - Library	460,081.00	446,130.00	13,951.00	3.13
Construction Code	163,500.00	161,500.00	2,000.00	1.24
Deferred Charges and	1,434,250.00		55,734.82	
Statutory Expenditures	106,970.84	1,378,515.18	(762.33)	4.04
Grants	300,000.00	107,733.17	200,000.00	(0.71)
Capital Improvements	2,390,838.00	100,000.00	370,441.00	200.00
Debt Service	1,165,219.00	2,020,397.00	(265,597.00)	18.34
Sewer	500.00	1,430,816.00	0.00	(18.56)
Contingent	840,000.00	500.00	20,000.00	0.00
Reserve for Uncollected Taxes		820,000.00		2.44
	<u>\$ 17,643,750.84</u>	<u>\$ 17,799,827.35</u>	<u>\$ (156,076.51)</u>	<u>(0.88) %</u>

The Borough operates Electric, Parking and Water Utilities. These utilities are budgetary entities that allow for the segregation of the revenue and expenses of the utilities. The utilities are under the operational control of the Mayor and Council.

Electric Utility Fund

The Electric Utility serves the entire Borough, which encompasses approximately 6,500 accounts. Revenues in 2017 exclusive of fund balance utilized were \$14,534,219.82 and expenditures exclusive of the transfer to the general fund budget were \$14,838,671. Fund Balance decreased by \$304,451.18. The Electric Utility debt was considered to be self-liquidating for 2017, and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenue and expenses for 2017 and 2016.

Fund Balance Utilized	\$ 3,250,000.00	\$ 3,300,000.00	\$ (50,000.00)	(1.52) %
Electric Charges	14,053,014.89	14,401,911.84	(348,896.95)	(2.42) %
Miscellaneous Revenues	13,853.00	11,380.00	2,473.00	21.73
Nonbudget Revenues	148,062.25	131,534.73	16,527.52	12.57
Other Credits to Income	<u>319,289.68</u>	<u>290,453.73</u>	<u>28,835.95</u>	<u>9.93</u>
	<u>\$ 17,784,219.82</u>	<u>\$ 18,135,280.30</u>	<u>\$ (301,060.48)</u>	<u>(1.94) %</u>

Expenditures

Operating Expenses	\$ 10,405,000.00	\$ 10,455,000.00	\$ (50,000.00)	(0.48) %
Capital Improvements	20,000.00	20,000.00	0.00	0.00
Debt Service	863,671.00	854,500.00	9,171.00	1.07
Deferred Charges	300,000.00	305,584.00	(5,584.00)	(1.83)
Surplus (General Budget)	<u>3,250,000.00</u>	<u>3,300,000.00</u>	<u>(50,000.00)</u>	<u>(1.52)</u>
	<u>\$ 14,838,671.00</u>	<u>\$ 14,935,084.00</u>	<u>\$ (96,413.00)</u>	<u>(0.65) %</u>

Parking Utility Fund

The Borough dissolved its Parking Authority in the latter part of 2011 and created a utility operating fund to meet the parking needs of the downtown area, which has 140 street slots and 76 parking lot spot permits. Revenues in 2017 exclusive of fund balance utilized were \$76,589.49 and expenditures were \$63,500. Fund Balance increased \$13,089.49. The following schedule summarizes revenue and expenses for 2017 and 2016.

			<u>Increase/(Decrease)</u>	
	<u>2017</u>	<u>2016</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance Utilized	\$ 22,000.00	\$ 24,000.00	\$ (2,000.00)	2.13
Parking Permit fees	54,832.40	58,401.32	(3,568.92)	17.59
Miscellaneous Revenue	1,500.00	2,000.00	(500.00)	(25.00)
Nonbudget Revenue	606.63	43.41	563.22	(74.69)
Other Credits to Income	<u>19,650.46</u>	<u>3,238.87</u>	<u>16,411.59</u>	<u>(68.84)</u>
	<u>\$ 98,589.49</u>	<u>\$ 87,683.60</u>	<u>\$ 12,905.89</u>	<u>12.44</u>
<u>Expenditures</u>				
Operating Expenses	\$ 30,300.00	\$ 33,000.00	\$ (2,700.00)	(8.18)
Capital Improvements	6,500.00	6,500.00	0.00	0.00
Debt Service	21,700.00	21,500.00	200.00	0.93
Deferred Charges	<u>5,000.00</u>	<u>5,000.00</u>	<u>0.00</u>	<u>0.00</u>

Water Utility Fund

The Water Utility serves the entire Borough, which encompasses approximately 4,350 accounts. Revenues exclusive of fund balance were \$3,363,307.15 and expenditures were \$3,849,189. Fund Balance increased \$485,881.85. The Water Utility Fund was considered to be self-liquidating for 2017 and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenues and expenses for 2017 and 2016.

	2017	2016	Increase/(Decrease)	
			Amount	Percent
<u>Revenues</u>				
Fund Balance	\$ 610,613.00	\$ 566,509.00	\$ 44,104.00	7.79
Water Rents	3,096,284.18	3,364,302.73	(268,018.55)	(7.97)
Miscellaneous Revenues	38,576.00	40,236.00	(1,660.00)	(4.13)
Nonbudget Revenue	29,444.19	42,691.05	(13,246.86)	(31.03)
Other Credits to Income	199,002.78	303,261.90	(104,259.12)	(34.38)
	<u>\$ 3,973,920.15</u>	<u>\$ 4,317,000.68</u>	<u>\$ (343,080.53)</u>	<u>(7.95)</u>
<u>Expenditures</u>				
Operating Expenses	\$ 2,665,000.00	\$ 2,640,000.00	\$ 25,000.00	0.95
Capital Improvements	425,000.00	320,000.00	105,000.00	32.81
Debt Service	572,189.00	661,689.00	(89,500.00)	(13.53)
Deferred Charges	187,000.00	185,056.00	1,944.00	1.05
	<u>\$ 3,849,189.00</u>	<u>\$ 3,806,745.00</u>	<u>\$ 42,444.00</u>	<u>1.11</u>

MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS

The Borough of South River encompasses 2.87 square miles. The Borough is a fully developed mature community comprised of mostly residential dwellings. The Borough has eleven apartment complexes and is densely populated. The Borough relies heavily on its Electric Utility and thus dramatic changes in the weather pattern effect the Borough's revenues dramatically.

The Borough Council has, in recent years, become aggressive in their Capital Program of improvements. The Borough, annually, has appropriated monies for Parks and Recreation Equipment, Roadway Resurfacing and Improvements to the Infrastructure.

PROSPECTS FOR THE FUTURE

The 2018 Municipal Budget as adopted reflects a rate of \$2.331, representing an increase from the prior year in the Local Purpose Tax Rate. The 2018 Budget as adopted will have an increase of \$298,000, or 3.21% compared to 2017 appropriations exclusive of the Library.

In 2018, the Borough is continuing a several year plan of beautifying the downtown area. In addition, park improvements are in process using a combination of grants and local funds. Initial plans for a Redevelopment program in the business district have advanced to the serious conceptual stage and a number of professionals have been consulted in this process.

LOCAL ECONOMIC EVENTS

Major infrastructure improvements were undertaken in a number of areas including:

- Road resurfacing and intersection improvements with local funds as well as a variety of other governmental sources to reduce the local financial burden of such work. Being a crossroads community in such a busy part of the region, South River has an unusually large infrastructure renewal burden for a community our size. By taking advantage of multiple sources and continuing to maintain our existing programs, South River is responsibly tending to the transportation needs of our citizens and visitors.
- Improvements to the Borough's parks and recreational facilities continue.
- Upgrade to various aspects of the Borough's water, electric and sewer system continue.
- Various equipment, vehicles and building improvements are being purchased for all departments in order to provide a better level of service to the residents.
- Improvements to Montgomery Street Phase II funded by the NJDOT and other roads were completed in 2017.
- The Governing Body is in constant pursuit of grants from the federal, state and county governments in order to improve the Borough at minimal cost to the local residents.
- Curb and sidewalk improvements funded by the Housing and Community Development Grant funds and residential assessment continues.
- Ongoing computer equipment and network upgrades.
- The Borough substantially completed construction of a new firehouse in 2017.
- Improvements to Willett Avenue Phase I founded by NJDOT and other roads are projected to be complete in 2018.

CASH MANAGEMENT

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2017, funds were invested in the PNC Account and in Certificates of Deposit of official depositories.

DEBT ADMINISTRATION

The current outstanding net debt of the Borough is \$27,930,497.44 which represents 2.058% of its average equalized value. Debt Service appropriations for 2017 were \$3,848,398 for all Borough funds.

RISK MANAGEMENT

The Borough is a member of the Middlesex County Joint Insurance Fund along with the statewide Municipal Excess Liability Joint Insurance Fund, Municipal Excess Liability Residual Claims Fund and Environmental Joint Insurance Fund, as well as a Private Insurance Plan for Volunteer Firemen. The Borough is well insured. These funds provide professional risk management, legal defense, loss prevention, claims management and actuarial services and are regulated by the New Jersey Department of Insurance.

The Borough is a member of the New Jersey State Health Benefits Program, as well as having dental and prescription plans with Blue Cross and Blue Shield of New Jersey.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the help and dedicated services of the entire staff of the Finance Department and the Administration of the Borough.

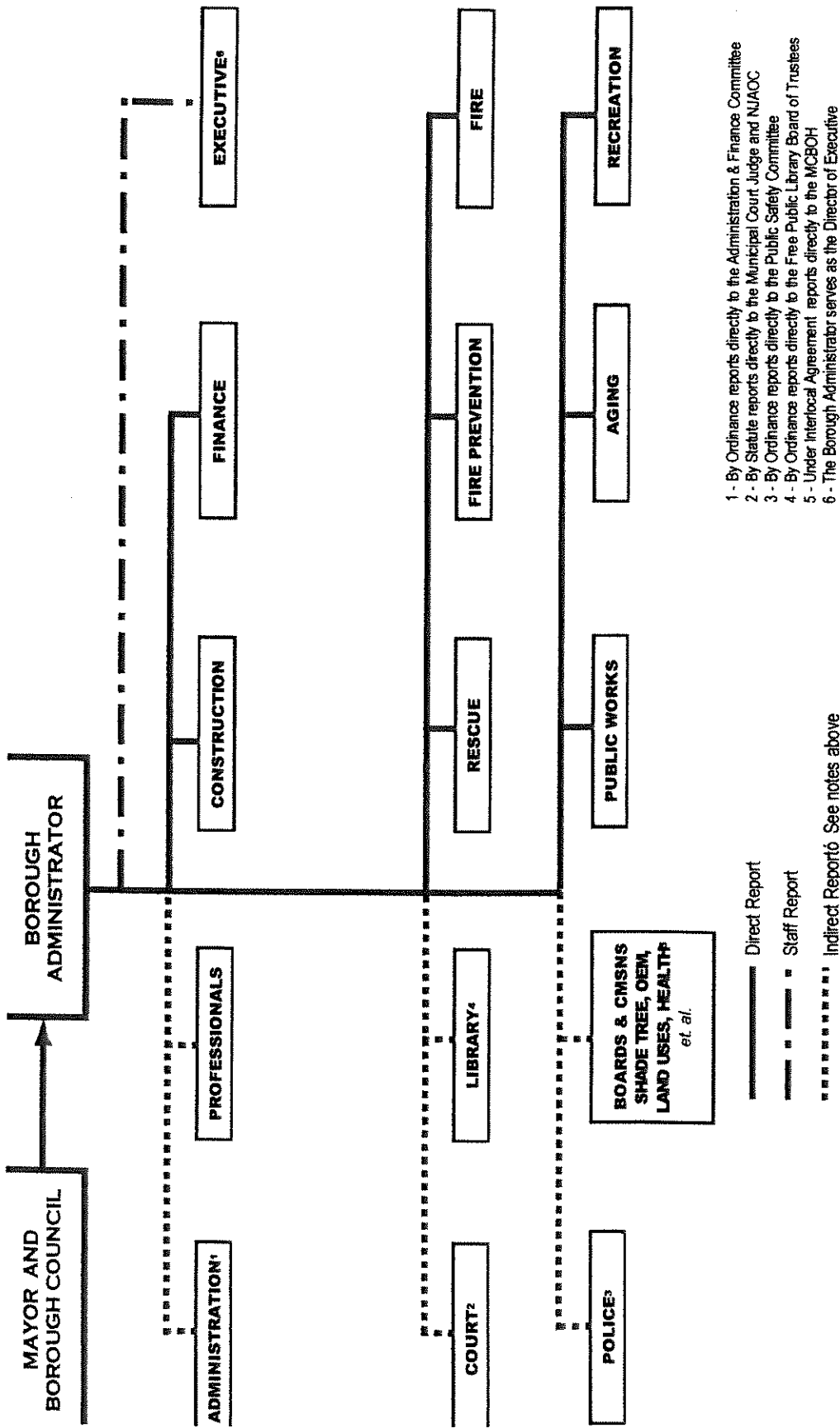
Respectfully submitted,

Jack P Layne, Jr

Jack P. Layne, Jr.
Borough Administrator

Joseph Zanga

Joseph Zanga
Chief Financial Officer



Direct Report

Staff Report

Indirect Report See notes above

Divisions within Departments

**BOROUGH OF SOUTH RIVER
ROSTER OF OFFICIALS
DECEMBER 31, 2017**

Governing Body:

John M. Krenzel, Mayor
Shawn P. Haussermann, Council President
John (Jack) Alai, Councilman
James Gurchensky, Councilman
Ryan Jones, Councilman
Julie M Meira, Councilwoman
Sandra Adekino, Councilwoman

Other Officials:

Jack P. Layne, Jr, Business Administrator
Patricia O'Connor, Borough Clerk
Sheryl Nevin, Deputy Borough Clerk
Deborah Jones, Registrar of Vital Statistics
Joseph Zanga, Chief Financial Officer, Director of Finance
Dawn Rodriguez, Deputy Chief Financial Officer
Richard Dudas, Tax Collector, Tax Search Officer, Utility Collector
Michael Frangella, Tax Assessor
Tina Martins Cruz, Magistrate
Cassandra Garrick, Court Administrator
Tara Auciello, Prosecutor
James P. Nolan & Associates, LLC., Borough Attorney
David Samuel, Borough Engineer

**BOROUGH OF SOUTH RIVER
CONSULTANTS AND ADVISORS
DECEMBER 31, 2017**

AUDIT FIRM

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of the firm
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Liberty Corner, NJ 07938

BOND COUNSEL

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172 State Street
Trenton, NJ 08608

OFFICIAL DEPOSITORIES

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6 Jackson Street
South River, NJ 08882

PNC Bank
55 Main Street
South River, NJ 08882

Northfield Bank
1410 St. Georges Avenue
Avenel, NJ 0700

**BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY, NEW JERSEY**

**PART I
INDEPENDENT AUDITOR'S REPORT**

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
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NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of South River
County of Middlesex, New Jersey

Report on the Financial Statements

We have audited the basic financial statements – regulatory basis of the various funds of the Borough of South River, County of Middlesex, New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, as listed in the table of contents. The financial statements of the Borough of South River, as of December 31, 2016 and for the year then ended, were audited by other auditors. The report of the other auditors was dated June 30, 2017 and expressed an adverse opinion on the financial statements on accounting principles generally accepted in the United States of America, and an unmodified opinion on the financial statements on the regulatory basis of accounting as more fully described in the Notes to Financial Statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 the audit requirements 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 of 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 entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough of South River, County of Middlesex, New Jersey, as of December 31, 2017, the changes in its financial position, and, where applicable, its cash flows for the year then ended.

Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

The financial statements referred to above include the assets and liabilities of the Borough's Length of Service Awards Program Plan (LOSAP), which by regulation, is subject to an accountant's review report and is unaudited. The Length of Service Awards Program Plan is included in the Trust Fund. Due to the matter, based upon regulatory requirements, that were not engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion on the LOSAP financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Borough of Somerville, County of Somerset, New Jersey as of December 31, 2017 and the results of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2017, on the basis of accounting described in Note 1.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that pension plan information, including the Notes thereto, (Required Supplementary Information – Part II), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements of the Borough of South River, County of Middlesex, New Jersey. The information included in the Introductory Section, Part III and Part IV, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Borough of South River, County of Middlesex, New Jersey.

The Part III – Combining and Individual Fund Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

The schedules and information contained in the Introductory Section and in Part IV – Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated June 27, 2018 on our consideration of the Borough of South River's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the 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 South River's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants
Public School Accountants



Andrew G. Hodulik
Registered Municipal Accountant
No. 406

Highland Park, New Jersey
June 27, 2018

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of South River
County of Middlesex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The financial statements – regulatory basis of the Borough of South River, County of Middlesex, New Jersey as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough of South River's financial statements and have issued our report thereon dated June 27, 2018. Our report expressed a qualified opinion on the financial statements in conformity with this regulatory basis because we did not audit the omitted Statement of Governmental Fixed Assets. Our report also expressed a modified opinion because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of South River'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of South River's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of South River's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of 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 South River's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of material noncompliance 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.

We also noted other matters involving compliance and internal control over financial reporting that we have reported to management of the Borough of South River in the General Comments section of the Report of Audit.

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 in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants
Public School Accountants

Highland Park, New Jersey
June 27, 2018

HODULIK & MORRISON, P.A.

BASIC FINANCIAL STATEMENTS

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	Governmental Funds		Trust Funds	Utilities *		General Fixed Asset Account	Totals (Memorandum Only)	
	Current	General Capital		Operating	Capital		2017	2016
ASSETS AND OTHER DEBITS								
Cash and Cash Equivalents	\$ 4,352,923.54	\$ 247,805.62	\$ 2,241,913.82	\$ 5,917,921.74	\$ 1,920,100.73	\$	\$ 14,680,665.45	\$ 17,335,093.98
Amount Held by Plan Administrator			1,138,203.84				1,138,203.84	1,039,552.40
Intergovernmental Accounts Receivable		970,989.73					970,989.73	671,126.23
Receivables and Other Assets:								
Delinquent Property Taxes	687,883.62			1,693,813.49			687,883.62	575,742.35
Consumer Accounts Receivable	522,627.14			52,202.53			1,693,813.49	1,714,399.23
Liens Receivable				370,531.76			574,829.67	507,847.46
Inventory							370,531.76	367,303.73
Property Acquired for Taxes - Assessed Valuation	47,300.00						47,300.00	47,800.00
Other Accounts Receivable	10,442.22		5,440.29	57,812.00			73,694.51	100,143.52
Deferred Charges	400,000.00	27,931,324.15					28,331,324.15	29,695,623.01
Fixed Capital					37,766,042.18		37,766,042.18	37,512,724.82
Fixed Assets						34,579,269.78	34,579,269.78	23,677,670.26
Grant Fund:								
Grants Receivable	19,143.15						19,143.15	68,750.52
Interfund Receivable	75,986.98						75,986.98	81,631.71
	<u>\$ 6,116,306.65</u>	<u>\$ 29,150,119.50</u>	<u>\$ 3,385,557.95</u>	<u>\$ 8,092,281.52</u>	<u>\$ 39,686,142.91</u>	<u>\$ 34,579,269.78</u>	<u>\$ 121,009,678.31</u>	<u>\$ 113,395,409.22</u>

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016)

	Governmental Funds		Trust Funds	Utilities *		General Fixed Asset Account	Totals (Memorandum Only)	
	Current	General Capital		Operating	Capital		2017	2016
LIABILITIES, RESERVES AND FUND BALANCE								
Liabilities and Reserves:								
Appropriation Reserves	\$ 449,391.93	\$	\$ 1,138,203.84	\$ 536,343.84	\$	\$	\$ 985,735.77	\$ 836,889.21
Reserve for Losap (unaudited)			2,242,474.04				1,138,203.84	1,039,552.40
Other Liabilities and Reserves	2,348,112.54	487,480.02		1,081,655.77	606,125.89		6,765,848.26	9,091,734.24
Improvement Authorizations		3,458,865.28			4,241,962.96		7,700,828.24	8,122,428.27
Accrued Interest on Bonds, Notes and Loans				25,335.93			25,335.93	31,767.56
Interfunds Payable	75,986.98						75,986.98	81,631.71
Serial Bonds		3,590,000.00			2,390,000.00		5,980,000.00	7,155,000.00
Bond Anticipation Notes		11,639,250.00			3,258,000.00		14,897,250.00	15,546,000.00
Loans Payable		9,704,650.86			590,000.00		10,294,650.86	10,786,227.53
Reserve for Receivables and Other Assets	1,268,252.98			2,174,359.78			3,442,612.76	3,283,126.28
Reserve for Amortization					27,464,042.18		27,464,042.18	25,873,524.41
Deferred Reserve for Amortization					847,000.00		847,000.00	108,000.00
Grant Fund:								
Reserve for Encumbrances	4,838.78						4,838.78	9,132.15
Unappropriated/Appropriated Reserves	90,291.35						90,291.35	141,250.08
Total Liabilities and Reserves	4,236,874.56	28,880,246.16	3,380,677.88	3,817,695.32	39,397,131.03		79,712,624.95	82,106,263.84
Equity and Other Credits:								
Fund Balance	1,879,432.09	269,873.34	4,880.07	4,274,586.20	289,011.88		6,717,783.58	7,611,475.12
Investment in General Fixed Assets						34,579,269.78	34,579,269.78	23,677,670.26
Total Equity and Other Credits	1,879,432.09	269,873.34	4,880.07	4,274,586.20	289,011.88	34,579,269.78	41,297,053.36	31,289,145.38
Total Liabilities, Reserves and Fund Balance	\$ 6,116,306.65	\$ 29,150,119.50	\$ 3,385,557.95	\$ 8,092,281.52	\$ 39,686,142.91	\$ 34,579,269.78	\$ 121,009,678.31	\$ 113,395,409.22

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT AND UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Current Fund		Variance	Utility Operating Funds *		
	Final Budget	Actual	Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Fund Balance Anticipated	\$ 1,404,582.00	\$ 1,404,582.00	\$	\$ 3,882,613.00	\$ 3,882,613.00	\$
Rents	5,015,260.00	5,024,231.72	8,971.72	14,814,818.00	17,204,131.47	2,389,313.47
Miscellaneous Revenues	825,291.00	825,291.00		53,929.00	53,929.00	
State Aid	101,770.84	101,770.84				
Grants						
	7,346,903.84	7,355,875.56	8,971.72	18,751,360.00	21,140,673.47	2,389,313.47
Receipts from Delinquent Taxes						
Amount to be Raised by Taxes for Support of Municipal Budget:	575,000.00	583,562.07	8,562.07			
Local Tax for Municipal Purposes		9,388,921.72	117,155.72			
Including Reserve for Uncollected Taxes	9,271,766.00					
Library Tax	450,081.00	450,081.00				
	17,643,750.84	17,778,440.35	134,689.51	18,751,360.00	21,140,673.47	2,389,313.47
Budget Totals						
Non-budget Revenues		478,342.24	478,342.24		178,113.07	178,113.07
Other Credits to Income		510,408.88	510,408.88		537,942.92	537,942.92
Taxes Allocated to School and County	22,129,298.61	22,129,298.61				
	\$ 39,773,049.45	\$ 40,896,490.08	\$ 1,123,440.63	\$ 18,751,360.00	\$ 21,856,729.46	\$ 3,105,369.46
Total Revenues						

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT AND UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Current Fund		Variance Favorable/ (Unfavorable)	Utility Operating Funds *		
	Final Budget	Actual		Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:						
Current:						
Within "CAPS":						
General Government	\$ 798,800.00	\$ 798,800.00		\$	\$	
Public Safety	4,544,550.00	4,544,550.00				
Public Works	2,003,000.00	2,003,000.00				
Health and Human Services	245,325.00	245,325.00				
Utility Expense and Bulk Purchases	365,500.00	365,500.00				
Sanitary Landfill	505,000.00	505,000.00				
Land Use	53,400.00	53,400.00				
Insurance	1,763,000.00	1,763,000.00				
Parks and Recreation	360,817.00	360,817.00				
Contingent	500.00	500.00				
Deferred Charges and Statutory Expenditures	1,334,250.00	1,334,250.00				
Excluded from "CAPS":						
Public Safety	121,500.00	121,500.00				
Public Works	185,000.00	185,000.00				
Education - Library	460,081.00	460,081.00				
Sewer	1,165,219.00	1,165,219.00				
Insurance						
Grants	106,970.84	106,970.84				
Operating - Utility				13,100,300.00	13,100,300.00	
Deferred Charges and Statutory Expenditures	100,000.00	100,000.00		492,000.00	492,000.00	
Capital Improvements	300,000.00	300,000.00		451,500.00	451,500.00	
Debt Service	2,390,838.00	2,390,838.00		1,457,560.00	1,457,560.00	
Budget - Anticipated Surplus to Current				3,250,000.00	3,250,000.00	
Reserve for Uncollected Taxes	840,000.00	840,000.00				
Total Budget Expenditures	17,643,750.84	17,643,750.84		18,751,360.00	18,751,360.00	

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT AND UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

	Current Fund		Variance	Utility Operating Funds *		
	Final Budget	Actual	Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures (Continued):						
County and School Taxes	\$ 22,129,298.61	\$ 21,829,687.15	\$ 299,611.46	\$	\$	\$
Other Expenses		68,788.65	(68,788.65)			
Total Expenditures	\$ 39,773,049.45	\$ 39,542,226.64	\$ 230,822.81	\$ 18,751,360.00	\$ 18,751,360.00	\$
Fund Balance, January 1, 2017		1,929,750.65	1,929,750.65		5,051,829.74	5,051,829.74
		3,284,014.09	3,284,014.09		8,157,199.20	8,157,199.20
Decreased by:						
Utilization as Anticipated Revenue		1,404,582.00	1,404,582.00		3,882,613.00	3,882,613.00
		1,404,582.00	1,404,582.00		3,882,613.00	3,882,613.00
Fund Balance, December 31, 2017	\$	\$ 1,879,432.09	\$ 1,879,432.09	\$	\$ 4,274,586.20	\$ 4,274,586.20

* Electric, Water and Parking Utility

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Trust Other Fund #1</u>	<u>Trust Other Fund #2</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2016</u>			
<u>AND</u>			
<u>BALANCE, DECEMBER 31, 2017</u>	\$ <u>598.22</u>	\$ <u>4,281.85</u>	\$ <u>4,880.07</u>

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

<u>BALANCE, DECEMBER 31, 2016</u>	\$ 312,210.54
<u>INCREASED BY</u>	
Premium on Sale of Bond Anticipation Notes	<u>107,662.80</u>
	419,873.34
<u>DECREASED BY</u>	
Transferred to Current Fund as Anticipated Revenue	<u>150,000.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	\$ <u>269,873.34</u>

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
UTILITY CAPITAL FUNDS
COMBINED STATEMENT OF FUND BALANCE - REGULATORY BASIS

	Electric Utility	Parking Utility	Water Utility	Total
<u>BALANCE, DECEMBER 31, 2016</u>	\$ 101,221.94	\$ 17,095.68	\$ 193,994.06	\$ 312,311.68
<u>INCREASED BY</u>				
Premium on Sale of Bond Anticipation Notes	13,852.67	1,679.68	38,576.09	54,108.44
<u>DECREASED BY</u>				
Transferred to Operating Fund as Anticipated Revenue	115,074.61	18,775.36	232,570.15	366,420.12
	11,380.00	2,000.00	40,236.00	53,616.00
<u>BALANCE, DECEMBER 31, 2017</u>	<u>\$ 103,694.61</u>	<u>\$ 16,775.36</u>	<u>\$ 192,334.15</u>	<u>\$ 312,804.12</u>

See Notes to Financial Statements.

BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of South River is located in Middlesex County, just outside the City of New Brunswick and approximately 35 miles south of New York City. The population, according to the 2010 census, is 16,008.

The Borough of South River operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a 2/3 vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

The financial statements do not include the operations of the Municipal Library, which is a separate entity subject to a separate examination.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Borough conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are on the regulatory basis which differs from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds and an account which differs from GAAP.

Current Fund – Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal, State, County and Local grant programs are reflected in a segregated section of the Current Fund.

Trust Fund – The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in the Trust Funds. These include the Animal Control Trust Fund, Trust Other Fund, Electric Consumer Deposits, Tax Title Lien Premiums/Redemption, Unemployment, and the Length of Service Awards Plan ("LOSAP") and other required funds.

General Capital Fund – The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired through the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

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

B. Description of Funds (Cont'd.)

Utilities Funds – Water, Parking and Electric Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenues, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Free Public Library – The municipal library levy through budget appropriations and state aid are transferred to the Free Public Library Trust Fund account and are expended with the approval of the Library for its purposes. Interest on investments, Library fines and other revenue are retained by the Library and expended there from. The Library is the subject of a separate report.

Payroll Trust Fund – Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into bank accounts of the Payroll Fund. Other deductions are retained by the operating funds and paid directly there from. A Payroll Fund does not exist under GAAP.

C. Basis of Accounting

Basis of Accounting - The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from GAAP. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue - Property Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they became susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue – Federal, State, County and Local grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the borough of South River's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures – Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budget transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Budget Appropriations for Interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due

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

C. Basis of Accounting (Cont'd.)

Encumbrances – As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves – 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 additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences – Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long- term obligation.

Property Acquired for Taxes – Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Interfund Accounts Receivable – Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies – Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Electric utilities is required, by regulation, to be prepared by Borough personnel for inclusion on the Water and Electric Utility Operating Fund balance sheets. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Fixed Assets

General – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Divisions of Local Government Services, which differs in certain respects from GAAP, the Borough of South River has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Fixed assets used in governmental operations (capital assets) are accounted for in the Capital Asset Account Group. Public domain ("infrastructure") capital assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

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

C. Basis of Accounting (Cont'd.)

Fixed Assets (Cont'd.)

Acquisition of land, buildings machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at the time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities – Capital acquisitions, including utility infrastructure costs of the Water, Parking and Electric Utilities, are recorded at the cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Recent Accounting Standards

GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" in June 2015. The statement is to improve the usefulness of information about post-employment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB issue Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in June 2015. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" in June 2015. The objective is to identify – in context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes GASB Statement No. 55.

GASB issued Statement No. 77, "Tax Abatement Disclosures" in August 2015. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts and others with information they need to evaluate the financial health of governments, make decisions and assess accountability.

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

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards (Cont'd.)

GASB issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans" in December 2015. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to the state or local governmental employers whose employees are provided with such pensions.

GASB issued Statement No. 79, "Certain External Investment Pools and Pool Participants" in December 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

GASB issued Statement No. 80, "Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14" in January 2016. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB issued Statement No. 81, "Irrevocable Split-Interest Agreements" in March 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

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

GASB issued Statement No. 83, "Certain Asset Retirement Obligations" in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB issued Statement No. 84, "Fiduciary Activities" in January 2017. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB issued Statement No. 85 "Omnibus 2017" in March 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

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

C. Basis of Accounting (Cont'd.)

GASB issued Statement No. 86 "Certain Debt Extinguishment Issues" in May 2017. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt when resources other than the proceeds of refunding debt obligations are placed in an irrevocable trust for the sole purpose of extinguishing debt.

GASB issued Statement No. 87 "Leases" in June 2017. The objective of this statement is to better meet the information needs of financial statement users relating to the accounting and reporting of leases by governments by establishing a single model for lease accounting.

GASB issued Statement No. 88 "Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements" in April 2018. The objective of this statement is to improve note disclosures in government financial statements relating to debt.

The Borough does not prepare its financial statements in accordance with generally accepted accounting principles. Unless these new standards are incorporated into the other comprehensive basis of accounting that is utilized by the Borough through legislation or rulemaking they will not become part of the standards followed by the Borough for financial reporting. For the purpose of providing disclosures relating to Pension, The Borough has adopted certain provisions of GASB statements No. 73 and 77, which amend and clarify the provisions of GASB statement No. 68. The Borough has not adopted the provisions of any of the GASB statements listed above for financial reporting on the face of its financial statements. The effect of the adoption of the GASB standards cannot be determined.

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a volunteer Length of Service Award Plan ("LOSAP") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of service award plan under sections 457(e)11 of the Internal Revenue Code". Per regulation, the LOSAP financial statements are subject to an accountant's review report only.

Total Columns on Combined Statements – Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

D. Basis Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

Note 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey Statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

Note 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONT'D.)

A. Cash and Cash Equivalents (Cont'd.)

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit the local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk

As of December 31, 2017, the Borough had funds on deposit in checking and statement savings accounts. The amount of the Borough's Cash and Cash Equivalents funds on deposit as of December 31, 2017 was \$14,987,062.71 whereas, the carrying amount was \$14,680,165.45 Of the amount on deposit, \$750,000 was covered by Federal depository insurance and \$14,237,062.71 of the funds were covered by the Government Unit Deposit Protection Act "GUDPA". These funds constitute "deposits with financial institutions" as defined by GASB Statement #3 as amended by GASB Statement No. 40. There were no securities that the Borough held that could be categorized as investments.

NOTES TO FINANCIAL STATEMENTS

Note 3: TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution of 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

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 years.

Comparative Schedule of Tax Rates

Tax Rate	\$	<u>2017</u> 7.745	\$	<u>2016</u> 7.452	\$	<u>2015</u> 7.285	\$	<u>2014</u> 7.118	\$	<u>2013</u> 6.910
Apportionment of Tax Rate:										
Municipal		2.254		2.073		1.953		1.889		1.854
Library		0.109		0.108		0.104		0.105		0.108
County:										
Regular		1.215		1.178		1.153		1.171		1.134
Open Space		0.099		0.098		0.095		0.096		0.097
Local School		4.068		3.995		3.980		3.857		3.717

Note 3: TAXES AND TAX TITLE LIENS RECEIVABLE (CONT'D.)

Assessed Valuation

2017	\$	411,212,600.00
2016		411,689,000.00
2015		412,491,700.00
2014		414,141,225.00
2013		413,638,494.00

Comparison of Tax Levies and Collections

<u>Year</u>		<u>Tax Levy</u>		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2017	\$	31,882,585.24	\$	31,128,301.33	97.63%
2016		30,696,741.03		30,044,663.91	97.88%
2015		30,073,829.82		29,350,585.26	97.60%
2014		29,524,806.74		28,976,314.33	98.14%
2013		28,611,548.77		27,893,367.80	97.49%

Delinquent Taxes and Tax Title Liens

<u>Year</u>		<u>Tax Title Liens</u>		<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$	522,627.14	\$	687,883.62	1,210,510.76	3.80%
2016		458,642.83		575,742.35	1,034,385.18	3.37%
2015		400,698.24		638,959.22	1,039,657.46	3.46%
2014		300,547.14		531,795.92	832,343.06	2.82%
2013		297,573.52		633,792.42	931,365.94	3.26%

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, was as follows:

<u>Year</u>		<u>Amount</u>
2017	\$	47,800.00
2016		47,800.00
2015		47,800.00
2014		47,800.00
2013		47,800.00

Note 5: UTILITY RECEIVABLES AND COLLECTIONS

The Borough operates on Electric Utility, Parking Utility and a Water Utility for the benefit of its residents.

Comparison of Electric Utility Levies and Collections

The Borough's Electric Utility Customers are billed monthly based on usage.

<u>Year</u>		<u>Levy**</u>		<u>Cash Collections*</u>
2017	\$	14,028,417.66	\$	14,081,441.84
2016		14,620,880.06		14,401,911.84
2015		15,526,567.54		15,665,087.65
2014		13,748,173.59		13,667,419.79
2013		12,895,789.63		13,124,979.95

* Cash collections include amounts that were levied in prior years.

** In 2011 the Borough effected an Annual Power Cost Adjustment ("APCA") which essentially is an automatic pass-through adjustment based on the cost of power purchased.

Comparison of Water Utility Levies and Collections

The Borough's Water Utility Customers are billed based on usage quarterly on a cycle basis.

<u>Year</u>		<u>Levy**</u>		<u>Cash Collections*</u>
2017	\$	3,129,151.21	\$	3,096,712.77
2016		3,306,917.76		3,364,302.73
2015		3,343,283.01		3,345,804.62
2014		3,236,394.81		3,309,077.21
2013		3,305,669.31		3,446,430.81

* Cash collections include amounts that were levied in prior years.

Any unpaid levies are subject to the same provision as unpaid taxes under the provision of the New Jersey Statutes.

Note 5: UTILITY RECEIVABLES AND COLLECTIONS (CONT'D.)Comparison of Parking Utility Collections

<u>Year</u>		<u>Cash Collections</u>
2017	\$	55,439.03
2016		58,401.32
2015		49,666.54
2014		45,084.45
2013		47,409.30

Note 6: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>		<u>Balance December 31</u>		<u>Utilized in Budget of Succeeding Year</u>	<u>Transferred to Current Fund as Revenue in Succeeding Year</u>	<u>Percentage of Fund Balanced Used</u>
<u>Current Fund</u>						
2017	\$	1,879,432.09	\$	1,419,581.07	N/A	75.53%
2016		1,929,750.65		1,404,582.00	N/A	72.79%
2015		1,796,123.60		1,392,790.18	N/A	77.54%
2014		1,720,251.14		1,501,790.00	N/A	87.30%
2013		1,775,994.33		1,339,848.00	N/A	75.44%
<u>Electric Utility Operating Fund</u>						
2017	\$	3,846,272.31	\$	3,250,000.00	None	84.50%
2016		4,150,723.49		3,250,000.00	None	78.30%
2015		4,250,527.19		3,300,000.00	None	77.64%
2014		3,039,700.46		3,000,000.00	None	98.69%
2013		3,749,047.57		3,556,371.00	None	94.86%
<u>Parking Utility Operating Fund</u>						
2017	\$	83,930.57	\$	25,200.00	None	30.02%
2016		70,841.08		22,000.00	None	31.06%
2015		73,157.48		24,000.00	None	32.81%
2014		76,425.91		23,500.00	None	30.75%
2013		73,353.86		12,500.00	None	17.04%
<u>Water Utility Operating Fund</u>						
2017	\$	344,383.32	\$	344,319.00	None	99.98%
2016		830,265.17		610,613.00	None	73.54%
2015		886,518.49		566,509.00	None	63.90%
2014		1,117,764.76		650,973.00	None	58.24%
2013		1,051,082.89		549,678.00	None	52.30%

NOTES TO FINANCIAL STATEMENTS

Note 7: MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments with statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 24,933,900.86	\$ 25,412,027.12	\$ 25,823,103.40
Electric Utility:			
Bonds and Notes	2,590,000.00	3,956,000.00	4,263,000.00
Parking Utility:			
Bonds and Notes	121,000.00	139,000.00	157,000.00
Water Utility:			
Bonds, Loans and Notes	<u>3,527,000.00</u>	<u>3,980,200.41</u>	<u>4,426,381.38</u>
Total Issued:	<u>\$ 31,171,900.86</u>	<u>\$ 33,487,227.53</u>	<u>\$ 34,669,484.78</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 2,996,596.58	\$ 3,783,595.89	\$ 7,533,229.10
Electric Utility:			
Bonds and Notes	1,161,000.00	1,400,000.00	3,700,000.00
Parking Utility:			
Bonds and Notes	15,000.00	15,000.00	15,000.00
Water Utility:			
Bonds and Notes	<u>2,041,000.00</u>	<u>2,041,000.00</u>	<u>2,141,000.00</u>
Total Authorized But Not Issued:	<u>\$ 6,213,596.58</u>	<u>\$ 7,239,595.89</u>	<u>\$ 13,389,229.10</u>
Net Bond and Notes Issued and Authorized But Not Issued	<u>\$ 37,385,497.44</u>	<u>\$ 40,726,823.42</u>	<u>\$ 48,058,713.88</u>

Note 7: MUNICIPAL DEBT (CONT'D.)Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 2.058%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 10,446,656.18	\$ 10,446,656.18	\$
Electric Utility Debt	3,751,000.00	3,751,000.00	
Parking Utility Debt	136,000.00	136,000.00	
Water Utility Debt	5,568,000.00	5,568,000.00	
General Debt	<u>27,930,497.44</u>		<u>27,930,497.44</u>
	<u>\$ 47,832,153.62</u>	<u>\$ 19,901,656.18</u>	<u>\$ 27,930,497.44</u>

Net Debt \$27,930,497.44 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$1,357,418,287 equals 2.058%. The Annual Debt Statement has been filed.

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

3 1/2% of Average Equalized Valuation Basis (Municipal)	\$ 47,509,640.05
Net Debt	<u>27,930,497.44</u>
Remaining Borrower Power	<u>\$ 19,579,142.61</u>

School Debt Deduction

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuation of real property for the Local School District.

Note 7: MUNICIPAL DEBT (CONT'D.)Calculation of "Self-Liquidating Purpose", Electric Utility Per N.J.S. 40A:2-45

Cash Receipts for Fees, Rents and Other Charges for the Year		\$	17,437,688.69
Deductions:			
Operating and Maintenance Costs	\$	10,705,000.00	
Debt Service		<u>861,062.54</u>	
Total Deductions			<u>11,566,062.54</u>
Excess in Revenue		\$	<u>5,871,626.15</u>

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

Cash Receipts for Fees, Rents and Other Charges for the Year		\$	3,773,705.11
Deductions:			
Operating and Maintenance Costs	\$	2,852,000.00	
Debt Service		<u>545,661.87</u>	
Total Deductions			<u>3,397,661.87</u>
Excess in Revenue		\$	<u>376,043.24</u>

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

Cash Receipts for Fees, Rents and Other Charges for the Year		\$	78,919.03
Deductions:			
Operating and Maintenance Costs	\$	35,300.00	
Debt Service		<u>21,469.38</u>	
Total Deductions			<u>56,769.38</u>
Excess in Revenue		\$	<u>22,149.65</u>

Note 7: MUNICIPAL DEBT (CONT'D.)Long-Term Debt

As of December 31, 2017, the Borough's long-term debt is as follows:

General Capital Fund - Serial Bonds:

\$3,630,000.00 General Improvement Refunding Bonds, Series 2016A- Refunding of 2007 Series. Annual maturities of \$720,000.00 to \$725,000.00 through December 1, 2022 at an annual interest rate of 4.0%	\$ <u>3,590,000.00</u>
	\$ <u>3,590,000.00</u>

Electric Utility Capital Fund - Serial Bonds:

\$2,415,000.00 Electric Utility Refunding Bonds, Series 2016B, Refunding of 2007 Series Annual maturities of \$430,000.00 to \$525,000.00 through through December 1, 2022 at an annual interest rate of 4.0%	\$ <u>2,390,000.00</u> *
	\$ <u>2,390,000.00</u>

Electric Utility Capital Fund - Serial Bonds:

\$2,415,000.00 Electric Utility Refunding Bonds, Series 2016B, Refunding of 2007 Series Annual maturities of \$430,000.00 to \$525,000.00 through through December 1, 2022 at an annual interest rate of 4.0%	\$ <u>2,390,000.00</u> *
	\$ <u>2,390,000.00</u>
	\$ <u>5,980,000.00</u>

* Redemption of General Obligation Series 2007 and Electric System Improvement Bonds Series 2007:
The Bonds maturing prior to December 1, 2018 are not subject to redemption prior to their stated maturities.
The Bonds maturing on or after December 1, 2018 are subject to redemption at the option of the Borough,
in whole or in part, on any date on or after December 1, 2017, upon notice as required herein, at a
redemption price equal to one hundred percent (100%) of the principal amount being redeemed
(the "Redemption Price") plus accrued interest to the date fixed for redemption. If Notice of Redemption
has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due
and payable on the date fixed for redemption at the Redemption Price, together with accrued interest
to the date for redemption. The Governing Body has not, as of the date of this report, opted to redeem
the Bonds.

NOTES TO FINANCIAL STATEMENTS

Note 7: MUNICIPAL DEBT (CONT'D.)

Long-Term Debt (Cont'd.)

State of New Jersey Environmental Infrastructure Trust Loans (NJEIT)

General Capital Fund - Serial Bonds:

\$430,000.00 NJEIT - State Portion

Year 2000 - Annual maturities of \$30,000.00 to \$35,000.00
through August 1, 2020 at an annual interest rate of 5.25%

\$ 95,000.00

\$425,000.00 NJEIT - Federal Portion

Year 2000 - Semi-annual maturities in varying amounts with
a maximum of approximately \$22,000.00 per year through
August 1, 2019. There is no interest being charged on this loan.

36,882.08

\$ 131,882.08

Water Utility Capital Fund:

\$2,620,000.00 NJEIT - State Portion

Year 2000 - Annual maturities of \$190,000.00 to \$205,000.00
through August 1, 2020 at an annual interest rate of 5.25%

\$ 590,000.00

\$ 590,000.00

\$ 721,882.08

NOTES TO FINANCIAL STATEMENTS

Note 7: MUNICIPAL DEBT (CONT'D.)

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

Serial Bonds:

<u>Calendar Year</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 725,000.00	\$ 143,600.00	\$ 868,600.00
2019	720,000.00	114,600.00	834,600.00
2020	720,000.00	85,800.00	805,800.00
2021	715,000.00	57,000.00	772,000.00
2022	710,000.00	28,400.00	738,400.00
	<u>3,590,000.00</u>	<u>429,400.00</u>	<u>4,019,400.00</u>
	\$ 3,590,000.00	\$ 429,400.00	\$ 4,019,400.00

<u>Calendar Year</u>	<u>Electric Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 430,000.00	\$ 95,600.00	\$ 525,600.00
2019	455,000.00	78,400.00	533,400.00
2020	480,000.00	60,200.00	540,200.00
2021	500,000.00	41,000.00	541,000.00
2022	525,000.00	21,000.00	546,000.00
	<u>2,390,000.00</u>	<u>296,200.00</u>	<u>2,686,200.00</u>
	\$ 2,390,000.00	\$ 296,200.00	\$ 2,686,200.00

<u>Calendar Year</u>	<u>Total for all Funds - Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,155,000.00	\$ 239,200.00	\$ 1,394,200.00
2019	1,175,000.00	193,000.00	1,368,000.00
2020	1,200,000.00	146,000.00	1,346,000.00
2021	1,215,000.00	98,000.00	1,313,000.00
2022	1,235,000.00	49,400.00	1,284,400.00
	<u>5,980,000.00</u>	<u>725,600.00</u>	<u>6,705,600.00</u>
	\$ 5,980,000.00	\$ 725,600.00	\$ 6,705,600.00

NOTES TO FINANCIAL STATEMENTS

Note 7: MUNICIPAL DEBT (CONT'D.)

United States Department of Agriculture-Community Facilities Loan

General Capital Fund

Original Loan Amount -2016	\$	9,800,000.00
Balance December 31, 2017	\$	9,572,768.78
Interest Rate:		0.02
Due Dates:		June 13 and December 31
Final Maturity:		December 13, 2046
Purpose:		Construction of a Firehouse
Semi-Annual Payment	\$	229,320.00
Source of Repayment Funds		Current Fund

NOTES TO FINANCIAL STATEMENTS

Note 7: MUNICIPAL DEBT (CONT'D.)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (Cont'd.)

New Jersey Environmental Infrastructure Trust ("NJEIT") Loan Payable

<u>Calendar Year</u>	<u>General Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 51,191.10	\$ 4,987.50	\$ 56,178.60
2019	45,690.98	3,412.50	49,103.48
2020	<u>35,000.00</u>	<u>1,837.50</u>	<u>36,837.50</u>
	<u>\$ 131,882.08</u>	<u>\$ 10,237.50</u>	<u>\$ 142,119.58</u>

<u>Calendar Year</u>	<u>Water Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 190,000.00	\$ 30,975.00	\$ 220,975.00
2019	195,000.00	21,000.00	216,000.00
2020	<u>205,000.00</u>	<u>10,762.50</u>	<u>215,762.50</u>
	<u>\$ 590,000.00</u>	<u>62,737.50</u>	<u>652,737.50</u>

<u>Calendar Year</u>	<u>Total for all Funds - NJEIT Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	241,191.10	35,962.50	277,153.60
2019	240,690.98	24,412.50	265,103.48
2020	<u>240,000.00</u>	<u>12,600.00</u>	<u>252,600.00</u>
	<u>\$ 721,882.08</u>	<u>72,975.00</u>	<u>794,857.08</u>

Note 7: MUNICIPAL DEBT (CONT'D.)Bond Anticipation Notes

At December 31, 2017 the Borough's outstanding Bond Anticipation Notes are as follows:

	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>	<u>Payment Required</u>	
				<u>First</u>	<u>Final</u>
General Capital Fund	2.50%	2008	\$ 1,513,000.00	2011	2019
	2.50%	2009	71,250.00	2012	2020
	2.50%	2010	4,263,000.00	2013	2021
	2.50%	2011	277,000.00	2014	2022
	2.50%	2012	443,000.00	2015	2023
	2.50%	2013	668,000.00	2016	2024
	2.50%	2014	1,029,000.00	2017	2025
	2.50%	2015	750,000.00	2018	2026
	2.50%	2016	1,150,000.00	2019	2027
	2.50%	2017	1,475,000.00	2020	2028
			<u>11,639,250.00</u>	2020	2028
Electric Utility Capital Fund	2.50%	2014	200,000.00	2017	2025
			<u>200,000.00</u>		
Water Utility Capital Fund	2.50%	2008	\$ 256,000.00	2011	2019
	2.50%	2009	1,664,000.00	2012	2020
	2.50%	2010	440,000.00	2013	2021
	2.50%	2012	235,000.00	2015	2023
	2.50%	2013	142,000.00	2016	2024
		2015	100,000.00	2018	2026
		2016	100,000.00	2019	2027
			<u>2,937,000.00</u>		
Parking Utility Capital Fund	2.50%	2014	\$ 121,000.00	2017	
			<u>14,897,250.00</u>		

Bond and Notes Authorized But Not Issued

At December 31, 2017, the Borough had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 2,996,595.58
Electric Utility Capital Fund	1,161,000.00
Water Utility Capital Fund	2,041,000.00
Parking Utility Capital Fund	<u>15,000.00</u>
	\$ <u>6,213,596.58</u>

NOTES TO FINANCIAL STATEMENTS

Note 7: MUNICIPAL DEBT (CONT'D.)

Due to Bond Registrar/Paying Agent

The Water Utility Operating Fund Balance Sheet reflects an amount due from Bond Registrar/Paying Agent of \$578,12 and due to Bond Registrar/Paying Agent of \$81,840.00. These balances represent amounts that were paid (due from) in prior year and a liability (due to) for the current and prior years. The amounts were possibly never invoiced properly by the Paying Agent. These amounts are being reviewed on an ongoing basis for liquidation.

Continuing Disclosure Requirement

As a result of the General Obligation Refunding Bonds, Series 2007 General Obligation Bond Sales, the Borough is required to comply with the Securities and Exchange Commission Rule 15c2-12, which is related to the Annual Continuing Disclosure Requirement. The Borough complied with the requirement in 2017 and 2016.

Note 9: DEFERRED SCHOOL DISTRICT TAXES

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows.

The Borough of South River has elected to defer school taxes as follows

Local School District Taxes			
<u>Balance, December 31</u>			
	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>
Balance of Tax*	\$ 7,955,388.00	\$ 7,810,780.00	\$ 144,608.00
Deferred	<u>7,559,686.00</u>	<u>7,259,686.00</u>	<u>300,000.00</u>
Payable	\$ <u>395,702.00</u>	<u>551,094.00</u>	<u>155,392.00</u>

* Required for School operations for the six-month period following December 31st.

Note 10: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the various balance sheets:

	<u>Balance December 31, 2016</u>	<u>Amount Raised in 2017</u>	<u>Balance December 31, 2017</u>
Current Fund:			
Municipal Wide Revaluation	<u>\$500,000.00</u>	<u>\$100,000.00</u>	<u>\$400,000.00</u>
Total	<u>\$500,000.00</u>	<u>\$100,000.00</u>	<u>\$400,000.00</u>

Note 11: PENSION PLANS

Description of Plans - The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. Public Employees' Retirement System (PERS) - The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	170,124
Inactive plan members entitled to but not yet receiving benefits	650
Active plan members	<u>254,685</u>
Total	<u>425,459</u>

Contributing Employers – 1,705.

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

Note 11: PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Payrolls and Covered Wages - For the year ended December 31, 2017 the Borough's total payroll for all employees was \$9,384,633.50. Total PERS covered payroll was \$4,755,619. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15A 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 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% for State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2016 and 2017 were \$742,888 and \$690,619, respectively. Borough Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Borough payments to PERS for the years ending December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Normal Cost	\$ 95,128	\$ 99,509
Amortization of Accrued Liability	<u>484,115</u>	<u>458,400</u>
Total Pension	579,243	557,909
NCGI Premiums	<u>28,909</u>	<u>29,871</u>
Total Regular Billing	608,152	587,780
Additional Billings:		
LTD Expense	<u>3,999</u>	_____
Total PERS Payment	<u>\$ 612,151</u>	<u>\$ 587,780</u>

Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen-year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances.

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Note 11; PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2017, the PERS reported a liability of \$23,278,401,588 for its Non-State Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State Employer Group that is attributable to the Borough was \$16,127,498 or .069281%. At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's net pension liability for the Non-State Employer Member Group that is attributable to the Borough was \$20,274,659 or .068456%.

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

Inflation	2.25%
Salary Increases: Through 2026	1.65-4.15% Based on age
Thereafter	2.65-5.15% Based on age
Investment rate of return	7.00%

Note 11: PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

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

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

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 Investment 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 target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount Rate – The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017.

Note 11: PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Sensitivity of Collective Net Pension Liability to Changes in the Discount Rate – the following presents the net pension liability of PERS participating employers as of June 30, 2017, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (4.00%)	At current discount rate (5.00%)	At 1% increase (6.00%)
State	\$29,818,581,732	\$25,645,622,797	\$22,179,578,513
Local	<u>28,878,437,027</u>	<u>23,278,401,588</u>	<u>18,612,878,069</u>
PERS Plan Total	<u>\$58,697,018,759</u>	<u>\$48,924,024,385</u>	<u>\$40,792,456,582</u>
South River Borough Share	<u>\$2,775,857</u>	<u>\$16,127,498</u>	<u>\$12,895,179</u>

Components of Net Pension Liability – The components of net pension liability for PERS, including the State of New Jersey, at June 30, 2017 is as follows:

	State	Local	Total
Total Pension Liability	\$32,535,896,852	\$44,852,367,051	\$77,388,263,903
Plan Fiduciary Net Position	<u>6,890,274,055</u>	<u>21,573,965,463</u>	<u>28,464,239,518</u>
Net Pension Liability	<u>\$25,645,622,797</u>	<u>\$23,278,401,588</u>	<u>\$48,924,024,385</u>

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>Amount</u>
2018	\$474,412
2019	661,814
2020	419,023
2021	(419,752)
2022	<u>(316,287)</u>
Total	<u>\$819,210</u>

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57 and 5.72 years for the 2017, 2016, and 2015 amounts, respectively.

B. Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Note 11: PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (cont'd):

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	43,011
Inactive plan members entitled to but not yet receiving benefits	47
Active plan members	<u>40,789</u>
Total	<u>83,847</u>

Contributing Employers – 586.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2017 the Borough's total payroll for all employees was \$9,384,633.50. Total PFRS covered payroll was \$3,207,108. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan.

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PFRS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Specific Contribution Requirements and benefit provisions – 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 contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2017 and 2016 were \$722,007 and \$777,550, respectively. Borough Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Borough payments to PFRS for the years ending December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Normal Cost	\$ 245,753	\$260,681
Amortization of Accrued Liability	<u>444,866</u>	<u>482,207</u>
Total Pension	690,619	742,888
NCGI Premiums	<u>31,388</u>	<u>34,662</u>
Total Regular Billing	<u>722,007</u>	<u>777,550</u>
Total PFRS Payment	\$ <u>722,007</u>	\$ <u>777,550</u>

Note 11: PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (cont'd):

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

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until fiscal period in which such payments will become due and payable.

At June 30, 2017, the PFRS reported a net pension liability of \$15,438,066,691 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State, Non-Special Funding Situation Employer Member Group was \$13,513,260 or 0.087532%. At June 30, 2016, the PFRS reported a net pension liability of \$19,102,557,969 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State, Non-Special Funding Situation Employer Member Group was \$16,915,852 or 0.088553%.

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

Inflation	2.25%
Salary Increases: Through 2026	2.10-8.98% Based on age
Thereafter	3.10-9.98% Based on age
Investment rate of return	7.00%

Note 11; PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (cont'd):

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 three years using the plan actuary's modified 2014 projection scales, and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement 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 three years using the plan actuary's modified 2014 projection scales, and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

The long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

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

Discount Rate – The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017.

Note 11: PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (cont'd):

Sensitivity of Net Pension Liability – The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (5.14%)	At current discount rate (6.14%)*	At 1% increase (7.14%)
State	\$ 5,202,348,756	\$ 4,935,743,141	\$ 3,734,560,750
Local	<u>22,619,279,081</u>	<u>17,167,260,198</u>	<u>12,687,806,745</u>
PFRS Plan Total	<u>\$27,821,627,837</u>	<u>\$21,563,003,339</u>	<u>\$16,422,367,495</u>
South River Borough Share	<u>\$19,799,124</u>	<u>\$15,513,260</u>	<u>\$11,105,900</u>

*- Local Share includes \$1,604,141,087 of Special Funding Situation allocated to the State of NJ as a non-employer.

Components of Net Pension Liability – The components of the net pension liability for PFRS, including the State of New Jersey, at June 30, 2017 is as follows:

	State	Local	Total
Total Pension Liability	\$ 5,939,531,281	\$41,471,190,457	\$47,410,721,738
Plan Fiduciary Net Position	<u>1,543,788,140</u>	<u>24,303,930,259</u>	<u>25,847,718,399</u>
Net Pension Liability	<u>\$ 4,395,743,141</u>	<u>\$17,167,260,198</u>	<u>\$21,563,003,339</u>

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>Amount</u>
2018	916,534
2019	1,228,079
2020	733,388
2021	188,743
2022	<u>278,389</u>
Total	<u>\$3,345,133</u>

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.59, 5.58, and 5.53 years for the 2017, 2016 and 2015 amounts, respectively.

Note 11: PENSION PLANS (CONT'D.)

C. Defined Contribution Retirement System (DCRP):

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or 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 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2017, the membership in the DCRP, based on the information within the Division's database, was 46,557.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

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.

For the year ended December 31, 2017 the Borough's total payroll for all employees was \$9,384,633.50. Total DCRP covered payroll was \$90,000. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Borough to active employees covered by the Plan. Employee payroll deductions for DCRP contributions were \$2,882.22 for 2017. The Borough contributed \$1,664.25 to the DCRP accounts of eligible employees.

D. Cumulative PERS and PFRS Deferred Outflows of Resources and Deferred Inflows of Resources :

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Total Pension Expense
PERS	\$ 16,127,498	\$4,056,428	\$3,237,223	\$612,151
PFRS	<u>13,513,260</u>	<u>2,065,142</u>	<u>3,146,164</u>	<u>722,007</u>
Total	<u>\$ 29,640,758</u>	<u>\$6,121,570</u>	<u>\$6,383,387</u>	<u>\$1,334,158</u>

Note 12: TERMINATION BENEFITS – OTHER POST EMPLOYMENT RETIREMENT BENEFITS

The Borough grants terminal leave for all employees who retire from the Borough, the amount due to be paid is two (2) days of terminal leave for every year of service with the Borough subject to a minimum of ten (10) years of service. In accordance with GASB #47, the Borough is obligated to determine the amount; however, not required to fund or encumber the liability. The amount accrued to the benefit of the employees as of December 31, 2017 is \$582,630.67. Amounts are provided for in the Borough's annual operating budgets to meet the obligations as they become due.

NOTES TO FINANCIAL STATEMENTS

Note 13: INTERFUNDS RECEIVABLE AND PAYABLE

Interfund receivable and payable balances at December 31, 2017 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$75,986.98
Grant Fund	<u>\$75,986.98</u>	<u> </u>

Note 14: RISK MANAGEMENT

Property and Liability Insurance

The Borough, together with other governmental units, are members of the Middlesex County Municipal Joint Insurance Fund (the "Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained cost effective reinsurance and excess liability coverages for participant local units.

For the year ended December 31, 2017, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability, Workmen's Compensation, Public Employee Blanket Bond and public officials surety bond coverage. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

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 following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and prior two years:

<u>Year Ended Dec. 31,</u>	<u>Employer Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 27,400.76	\$ 388.86	\$ 37,333.40	\$ 119,533.67
2016	40,000.00	86.24	9,456.13	129,077.45
2015	40,000.00	121.89	46,299.89	98,447.34

Note 15: SEGMENT INFORMATION FOR UTILITY OPERATING ENTERPRISE FUNDS

The Borough of South River maintains three (3) enterprise funds that provide electric, parking and water to the residents and businesses of the Borough. Segment information for the year ended December 31, 2017 is as follows:

	Electric Utility	Parking Utility	Water Utility	Total Enterprise Fund
Revenue and Other Income Realized:				
Operating Fund Balance				
Appropriated	\$ 3,250,000.00	\$ 22,000.00	\$ 610,613.00	\$ 3,882,613.00
Rents	14,053,014.89	54,832.40	3,096,284.18	17,204,131.07
Miscellaneous	<u>13,853.00</u>	<u>1,500.00</u>	<u>38,576.00</u>	<u>53,929.00</u>
Budget Totals	17,316,867.89	78,332.40	3,745,473.18	21,140,673.07
Other Credits to Income:				
Nonbudget Revenue	\$ 148,062.25	\$ 606.63	\$ 29,444.19	\$ 178,113.07
Current Appropriations Canceled	2,608.46	230.62	90,400.02	93,239.10
Unexpended Balance of Appropriation Reserves Lapsed and Encumbrances Canceled	316,681.22	19,419.84	108,602.76	444,703.82
Total Revenue	<u>\$ 17,784,219.82</u>	<u>\$ 98,589.49</u>	<u>\$ 3,973,920.15</u>	<u>\$ 21,856,729.06</u>
Expenditures:				
Operating:				
Salaries and Wages	\$ 1,390,000.00	\$ 23,000.00	\$ 760,000.00	\$ 2,173,000.00
Other Expenses	2,015,000.00	7,300.00	1,055,000.00	3,077,300.00
Purchase of Power/Water	7,000,000.00		850,000.00	7,850,000.00
Capital Improvements	20,000.00	6,500.00	425,000.00	451,500.00
Debt Service	863,671.00	21,700.00	572,189.00	1,457,560.00
Deferred Charges and Statutory Expenditures	300,000.00	5,000.00	187,000.00	492,000.00
Surplus - General Budget	<u>3,250,000.00</u>			<u>3,250,000.00</u>
Total Expenditures	<u>\$ 14,838,671.00</u>	<u>\$ 63,500.00</u>	<u>\$ 3,849,189.00</u>	<u>\$ 18,751,360.00</u>
Statutory Excess to Fund Balance	\$ 2,945,548.82	\$ 35,089.49	\$ 124,731.15	\$ 3,105,369.46
Fund Balance, January 1, 2017	<u>\$ 4,150,723.49</u>	<u>\$ 70,841.08</u>	<u>\$ 830,265.17</u>	<u>\$ 5,051,829.74</u>
	<u>\$ 7,096,272.31</u>	<u>\$ 105,930.57</u>	<u>\$ 954,996.32</u>	<u>\$ 8,157,199.20</u>
Decreased by:				
Utilization as Anticipated Revenue	<u>\$ 3,250,000.00</u>	<u>\$ 22,000.00</u>	<u>\$ 610,613.00</u>	<u>\$ 3,882,613.00</u>
Fund Balance, December 31, 2017	<u>\$ 3,846,272.31</u>	<u>\$ 83,930.57</u>	<u>\$ 344,383.32</u>	<u>\$ 4,274,586.20</u>

NOTES TO FINANCIAL STATEMENTS

Note 16: DEFERRED COMPENSATION PLAN

The Borough of South River offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The Plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" modified several provisions of Section 457 of the Internal Revenue Code. The most significant change in the law related to the ownership of the fund.

The Borough of South River authorized such modifications to their plan by resolution of the Borough Council adopted September 10, 1997. The Deferred Compensation Plan is administered by the American Insurance General (AIG).

Note 17: LENGTH OF SERVICE AWARDS PROGRAM

On November 2, 1999, the voters of the Borough approved a referendum authorizing the establishment of the Length of Service Awards program (LOSAP). On November 2, 2004 the voters of the Borough approved an increase of the annual appropriation to \$112,800.00 subject to a per member minimum of \$800.00 and a maximum of \$1,500.00. The LOSAP will provide tax-deferred income benefits to the active volunteer fire fighters and first aid members who are eligible to participate.

The LOSAP funds are administered independently and distinct from the Borough and are subject to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services. A separate report as of December 31, 2017 revealed net position available for benefits of \$1,138,203.84. The Borough's contribution for December 31, 2017 is \$65,311.20. Contributions for the past three (3) years are as follows:

		<u>Total</u>		<u>Per Member</u>
2017	\$	65,311.20	\$	1,389.60
2016		66,171.36		1,378.54
2015		70,765.76		1,360.88

Note 18: CONTINGENT LIABILITIES

A. Accrued Sick Pay

The Borough's collective bargaining agreements provide for payment to employees upon retirement for unused sick days. There are six (6) collective bargaining agreements, which provide for amounts of payments based on the individual agreements. The noncollective bargaining employees are subject to a limit of one (1) day for every six (6) days accumulated and used. The total liability, based upon the above data and limitations, is on file in the Finance Office and amounts to \$508,817.95.

B. Litigation

The Borough is a party to various legal proceedings. These legal proceedings are not likely to have an adverse financial impact on the Borough, based on inquiry of management and the various attorneys.

NOTES TO FINANCIAL STATEMENTS

Note 18: CONTINGENT LIABILITIES (CONT'D)

C. Grants

The Borough of South River participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

D. Tax Appeals

The Borough has a Reserve for State Tax Appeals at December 31, 2017 of \$75,000.00, which represents an estimate for several tax appeals that are pending for 2017. In the event the appeals are awarded in excess of that amount, then a charge to Fund Balance/(Operations) will be needed.

Note 19: SUBSEQUENT EVENTS

During the period subsequent to the balance sheet date, through the date of the auditor's report, the Borough has authorized capital improvement projects, which provide for the issuance of bonds and notes to finance the costs thereof, as follows:

The following Programs/Projects for CY 28 have been authorized:

<u>Project</u>	<u>Total</u>	<u>Bond/Notes Authorized</u>
Park Improvements	\$62,701.00	-0-
Supplement New Firehouse Construction	600,000.00	\$570,000.00

On April 2, 2018, the Governing Body adopted the FY2018 Municipal Budget in the aggregate amount of \$17,872,477.57, the Water Utility Budget in the aggregate amount of \$3,614,319.00, the Electric Utility Budget in the aggregate amount of \$14,940,167.00 and the Parking Utility Budget in the aggregate amount of \$3,614,319.00.

**BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY, NEW JERSEY**

**PART II
REQUIRED SUPPLEMENTARY INFORMATION**

BOROUGH OF SOUTH RIVER
 SCHEDULE OF THE BOROUGH'S SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Borough's Proportion Share of the Net Pension Liability	0.069281%	0.068456%	0.068368%	0.067183%
Borough's Proportion Share of the Net Pension Liability	\$16,127,498	\$20,274,659	\$15,347,208	\$12,578,473
Borough's Covered-Employee Payroll	\$ 4,755,619	\$ 4,746,984	\$ 4,615,015	\$ 4,574,593
Borough's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	339.13%	427.11%	332.55%	274.96%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	36.78%	31.20%	38.21%	42.74%

* Amounts presented for each fiscal year were determined as of June 30.

BOROUGH OF SOUTH RIVER
SCHEDULE OF THE BOROUGH'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,385,069	\$ 1,310,106	\$ 553,846	\$ 500,903
Contribution in Relation to Contractually Required Contribution	<u>\$ (1,385,069)</u>	<u>\$ (1,310,106)</u>	<u>\$ (553,846)</u>	<u>\$ (500,903)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Borough's Proportionate Share of the Payroll	\$ 4,755,619	\$ 4,746,984	\$ 4,615,015	\$ 4,574,593
Contributions as a percentage of Covered Employee Payroll	29.12%	27.60%	12.00%	10.95%

* Amounts presented for each fiscal year were determined as of June 30.

BOROUGH OF SOUTH RIVER
SCHEDULE OF THE BOROUGH'S SHARE OF THE NET PENSION LIABILITY
POLICE AND FIREMEN RETIREMENT SYSTEM
(Non-State, Non-Special Funding Situation Employer Member Group)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the Non-State, Non-Special Funding Situation Employer Group Net Pension Liability attributable to the Borough	0.078715%	0.081693%	0.095657%	0.101395%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group	\$13,513,260	\$16,915,852	\$15,933,148	\$12,754,541
Borough's Covered-Employee Payroll	\$ 3,207,108	\$2,909,520	\$2,892,559	\$2,916,179
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group as a percentage of the Borough's Covered-Employee Payroll	421.35%	581.40%	550.83%	437.37%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	54.52%	48.55%	52.84%	58.86%

* Amounts presented for each fiscal year were determined as of June 30.

Note: Percentages shown are Plan-wide, and include NPL and PFNP data that include employees of the State of New Jersey.

BOROUGH OF SOUTH RIVER
 SCHEDULE OF THE BOROUGH'S CONTRIBUTIONS
POLICE AND FIREMEN RETIREMENT SYSTEM
 (Non-State, Non-Special Funding Situation Employer Member Group)

	<u>Last 10 Fiscal Years*</u>			
	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 2,573,673	\$ 742,888	\$ 745,648	\$ 699,967
Contribution in Relation to Contractually Required Contribution	<u>\$ (2,573,673)</u>	<u>\$ (742,888)</u>	<u>\$ (745,648)</u>	<u>\$ (699,967)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Borough's Proportionate Share of the Payroll	\$ 3,207,108	\$ 2,909,520	\$ 2,892,559	\$ 2,916,179
Contributions as a percentage of Covered Employee Payroll	80.25%	25.53%	25.78%	24.00%

* Amounts presented for each fiscal year were determined as of June 30.

BOROUGH OF SOUTH RIVER
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
DECEMBER 31, 2017

NOTE 1. CHANGES IN ASSUMPTIONS

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2017, dated March 14, 2017. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

PERS

Changes in benefit terms - None

Changes in assumptions –

For 2017, the discount rate changed to 5.00% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%. 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. 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%.

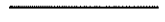
PFRS

Changes in benefit terms – None

Changes in assumptions –

For 2017, the discount rate changed to 6.14% and the long-term expected rate of return changed to 7.00%. For 2016, the discount rate change 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%.

**BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY, NEW JERSEY**



**PART III
COMBINING AND INDIVIDUAL FUND STATEMENTS**

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

	Balance December 31, <u>2017</u>	Balance December 31, <u>2016</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 4,352,923.54	\$ 3,728,649.30
Receivables and Other Assets with Full Reserves:		
Taxes Receivable	687,883.62	575,742.35
Tax Title Liens Receivable	522,627.14	458,642.83
Property Acquired for Taxes - Assessed Valuation	47,300.00	47,800.00
Other Accounts Receivable:		
Revenue Accounts Receivable	10,442.22	12,221.51
Deferred Charges	<u>400,000.00</u>	<u>500,000.00</u>
Total Current Fund	<u>6,021,176.52</u>	<u>5,323,055.99</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	19,143.15	68,750.52
Interfund Receivable-		
Due from Current Fund	<u>75,986.98</u>	<u>81,631.71</u>
Total Federal and State Grant Fund	<u>95,130.13</u>	<u>150,382.23</u>
Total Assets	<u>\$ 6,116,306.65</u>	<u>\$ 5,473,438.22</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

	Balance December 31, <u>2017</u>	Balance December 31, <u>2016</u>
<u>LIABILITIES, RESERVES AND</u>		
<u>FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 449,391.93	\$ 419,060.83
Reserve for Encumbrances	643,357.78	503,573.81
Accounts Payable	4,500.00	
Prepaid Taxes	718,241.91	175,379.34
Tax Overpayments	30,114.53	9,804.50
Due to State of New Jersey:		
Ch. 20,P.L. 1971	44,292.13	45,042.13
DCA Training Fees	2,652.00	2,318.00
Various Reserves	509,252.19	510,994.33
Local School Taxes Payable	395,702.00	551,094.00
Interfunds Payable-		
Due to Federal and State Grant Fund	<u>75,986.98</u>	<u>81,631.71</u>
	2,873,491.45	2,298,898.65
Reserve for Receivables and Other Assets	1,268,252.98	1,094,406.69
Fund Balance	<u>1,879,432.09</u>	<u>1,929,750.65</u>
Total Current Fund	<u>6,021,176.52</u>	<u>5,323,055.99</u>

LIABILITIES, RESERVES AND
FUND BALANCE (CONTINUED)

Federal and State Grant Fund:		
Reserve for Federal and State Grants:		
Appropriated	65,323.49	129,418.81
Unappropriated	24,967.86	11,831.27
Reserve for Encumbrances	<u>4,838.78</u>	<u>9,132.15</u>
Total Federal and State Grant Fund	<u>95,130.13</u>	<u>150,382.23</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 6,116,306.65</u>	<u>\$ 5,473,438.22</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 1,404,582.00	\$ 1,392,790.18
Miscellaneous Revenues Anticipated	5,024,231.72	5,398,200.05
State Aid	825,291.00	825,291.00
Federal and State Grants	101,770.84	102,533.17
Receipts from Delinquent Taxes	583,562.07	636,497.88
Amount to be Raised by Taxation for Support of Municipal Budget	9,839,002.72	9,166,411.11
Non-Budget Revenues	478,342.24	252,193.30
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		
Lapsed and Reserve for Encumbrances Canceled	442,753.17	560,407.63
Current Appropriations Canceled	7,321.54	7,746.40
Cancellation of Prior Year Tax Overpayments		0.36
Cancellation of Prior Year Grant Appropriated and Unappropriated Reserves	60,334.17	3,756.67
Taxes Allocated to School and County Taxes	<u>22,129,298.61</u>	<u>21,698,252.80</u>
 Total Income	 <u>40,896,490.08</u>	 <u>40,044,080.55</u>
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	798,800.00	1,256,590.00
Land Use	53,400.00	81,900.00
Insurance	1,763,000.00	1,910,500.00
Public Safety	4,544,550.00	4,433,750.00
Public Works	2,003,000.00	2,044,300.00
Health and Human Services	245,325.00	257,579.00
Parks and Recreation	360,817.00	362,617.00
Utility Expense and Bulk Purchases	365,500.00	362,000.00
Sanitary Landfill	505,000.00	480,000.00
Contingent	500.00	500.00
Deferred Charges and Statutory Expenditures	1,334,250.00	1,355,250.00
Excluded from "CAPS":		
Public Safety	121,500.00	121,500.00
Public Works	185,000.00	185,000.00
Education - Library	460,081.00	446,130.00
Sewer	1,165,219.00	1,430,816.00

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
Excluded from "CAPS" (Continued):		
Federal and State Grants	\$ 106,970.84	\$ 107,733.17
Capital Improvements	300,000.00	100,000.00
Municipal Debt Service	2,390,838.00	2,020,397.00
Deferred Charges and Statutory Expenditures	100,000.00	23,265.18
Reserve for Uncollected Taxes	840,000.00	820,000.00
County Taxes	5,400,624.74	5,251,636.65
County Added and Omitted Taxes:		
2017	3,824.87	
2016	388.54	2,297.15
2015		227.14
Local District School Taxes	16,424,849.00	15,944,319.00
Refund of Prior Year's Revenues	1,091.00	7,061.36
Cancellation of Prior Grant Receivables	60,335.92	3,757.00
Prior Years Senior Citizens and Veterans Disallowed	<u>7,361.73</u>	<u>8,537.67</u>
Total Expenditures	<u>39,542,226.64</u>	<u>39,017,663.32</u>
Excess in Revenue over Expenditures	1,354,263.44	1,026,417.23
Add: Deferred Charges Which are by Statute Charges to Budgets of Succeeding Years	<u> </u>	<u>500,000.00</u>
Statutory Excess to Fund Balance	1,354,263.44	1,526,417.23
Fund Balance, January 1	<u>1,929,750.65</u>	<u>1,796,123.60</u>
	3,284,014.09	3,322,540.83
Decreased by:		
Utilized as Anticipated Revenue	<u>1,404,582.00</u>	<u>1,392,790.18</u>
Fund Balance, December 31	<u>\$ 1,879,432.09</u>	<u>\$ 1,929,750.65</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Budget as <u>Modified</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	\$ 1,404,582.00	\$ 1,404,582.00	\$ _____
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	15,500.00	16,092.00	592.00
Other	12,000.00	9,301.00	(2,699.00)
Fees and Permits	135,500.00	154,659.68	19,159.68
Fines and Costs - Municipal Court	218,000.00	154,423.65	(63,576.35)
Interest and Costs on Taxes	100,000.00	107,599.45	7,599.45
Anticipated Operating Surplus - Electric	<u>3,250,000.00</u>	<u>3,250,000.00</u>	<u>_____</u>
	<u>3,731,000.00</u>	<u>3,692,075.78</u>	<u>(38,924.22)</u>
State Aid Without Offsetting Appropriations:			
Energy Receipts Tax	664,388.00	664,388.00	
Consolidated Municipal Property Tax Relief Aid	<u>160,903.00</u>	<u>160,903.00</u>	<u>_____</u>
	<u>825,291.00</u>	<u>825,291.00</u>	<u>_____</u>
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C. 5:23-4.17):			
Uniform Construction Code Fees	200,000.00	251,132.00	51,132.00
Zoning Fees	<u>13,200.00</u>	<u>14,120.00</u>	<u>920.00</u>
	<u>213,200.00</u>	<u>265,252.00</u>	<u>52,052.00</u>
Special Items of Revenue Offset with Appropriations:			
Drunk Driving Enforcement Fund	8,289.91	8,289.91	
Clean Communities Program	28,944.57	28,944.57	
Alcohol Education and Rehabilitation Fund	1,029.44	1,029.44	
Body Armor Replacement Fund	3,066.36	3,066.36	
Middlesex County Office on Aging Grant:			
Physical	11,400.00	11,400.00	
Residential Maintenance	8,000.00	8,000.00	
Information & Assistance	5,000.00	5,000.00	
Motorcycle Traffic Enforcement	475.00	475.00	
Bulletproof Vest Partnership Grant	2,922.15	2,922.15	
Drive Sober or Get Pulled Over	5,500.00	5,500.00	
Distracted Driving Grant	5,500.00	5,500.00	
Recycling Tonnage Grant	<u>21,643.41</u>	<u>21,643.41</u>	<u>_____</u>
	<u>101,770.84</u>	<u>101,770.84</u>	<u>_____</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Budget as <u>Modified</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Special Items of Revenue with Prior Consent of the Director:			
Uniform Fire Safety Act	\$ 19,467.00	16,595.80	(2,871.20)
Host Community Benefits	788,131.00	788,131.62	0.62
Cable Television Percentage of Revenue - 2%	43,462.00	43,462.42	0.42
Payment in Lieu of Taxes - National Church Residence - Willet Manor	35,000.00	33,922.05	(1,077.95)
Payment in Lieu of Taxes - National Church Residence - South River Landing	35,000.00	34,792.05	(207.95)
General Capital Fund Balance	<u>150,000.00</u>	<u>150,000.00</u>	
	<u>1,071,060.00</u>	<u>1,066,903.94</u>	<u>(4,156.06)</u>
Receipts from Delinquent Taxes	<u>575,000.00</u>	<u>583,562.07</u>	<u>8,562.07</u>
Amount to be Raised by Taxation for Support of Municipal Budget:			
Local Tax for Municipal Purposes	9,271,766.00	9,388,921.72	117,155.72
Minimum Library Tax	<u>450,081.00</u>	<u>450,081.00</u>	
	<u>9,721,847.00</u>	<u>9,839,002.72</u>	<u>117,155.72</u>
Budget Totals	17,643,750.84	17,778,440.35	134,689.51
Non-Budget Revenue		<u>478,342.24</u>	<u>478,342.24</u>
	<u>\$ 17,643,750.84</u>	<u>\$ 18,256,782.59</u>	<u>\$ 613,031.75</u>
Detail:			
Budget as Adopted	\$ 17,579,233.42		
Added by N.J.S.A. 40A:4-87	<u>64,517.42</u>		
	<u>\$ 17,643,750.84</u>		

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
GENERAL GOVERNMENT FUNCTIONS						
General Administration:						
Salaries and Wages	\$ 146,000.00	\$ 166,000.00	\$ 160,965.58	\$ 5,034.42	\$	
Other Expenses	8,500.00	10,500.00	9,758.35	726.26		
Cable Television	20,000.00	20,000.00	14,728.47	5,271.53		
Human Resources:						
Other Expenses	40,000.00	70,000.00	60,015.76	3,694.94		
Mayor and Council:						
Salaries and Wages	22,600.00	22,600.00	22,519.08	80.92		
Other Expenses	8,000.00	10,000.00	9,236.65	32.71		
Borough Clerk:						
Salaries and Wages	102,000.00	102,000.00	101,466.27	533.73		
Other Expenses	13,000.00	13,000.00	9,471.38	2,794.86		
Codification of Ordinances	5,000.00	5,000.00	2,158.33	2,841.67		
Elections:						
Salaries and Wages	3,000.00	3,000.00	2,109.16	890.84		
Other Expenses	5,500.00	5,500.00	3,547.39	152.61		
Financial Administration:						
Salaries and Wages	108,000.00	108,000.00	107,089.12	910.88		
Other Expenses	30,000.00	25,000.00	10,684.25	5,844.30		
Audit Services:						
Other Expenses	30,700.00	30,700.00		200.00		
Collection of Taxes:						
Salaries and Wages	45,000.00	45,000.00	44,023.07	976.93		
Other Expenses	8,000.00	8,000.00	7,356.53	643.47		
Assessment of Taxes:						
Salaries and Wages	29,500.00	29,500.00	29,368.04	131.96		
Other Expenses	11,500.00	11,500.00	7,417.23	1,362.69		
Legal Services:						
Other Expenses	70,000.00	72,000.00	37,643.95	1,641.65		
Engineering Services and Costs:						
Other Expenses	20,000.00	30,000.00	24,396.75	1,569.50		
Economic Development Commission:						
Other Expenses	1,500.00	1,500.00	225.00	1,275.00		

Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):

Other Expenses

Unemployment Insurance

Other Expenses

[illegible]

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

PUBLIC SAFETY FUNCTIONS (CONTINUED)

Fire Protection Bureau (Uniform Fire Code P.L. 1983, C. 383):

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
Salaries and Wages	\$ 23,000.00	\$ 23,000.00	\$ 22,736.78	\$	\$ 263.22	\$
Other Expenses	200.00	200.00	68.76		131.24	
Code Enforcement:						
Salaries and Wages	59,000.00	59,000.00	58,578.00		422.00	
Other Expenses	10,000.00	5,000.00	1,665.95	179.96	3,154.09	
Municipal Prosecutor:						
Other Expenses	15,000.00	15,000.00	13,648.14	1,240.74	111.12	
Municipal Court:						
Salaries and Wages	183,000.00	173,000.00	170,018.90		2,981.10	
Other Expenses	11,000.00	11,000.00	3,047.57	535.06	7,417.37	
Public Defender (P.L. 1997, C.256):						
Salaries and Wages	250.00	250.00			250.00	

PUBLIC WORKS FUNCTIONS

Road Repairs and Maintenance:

Salaries and Wages	700,000.00	700,000.00	693,315.26		6,684.74	
Other Expenses	90,000.00	90,000.00	56,576.58	18,243.65	15,179.77	
Garbage and Trash Removal:						
Salaries and Wages	700,000.00	700,000.00	676,918.42		23,081.58	
Other Expenses	15,000.00	15,000.00	10,695.52	1,385.72	2,918.76	
Public Buildings and Grounds:						
Other Expenses	150,000.00	150,000.00	99,393.26	33,015.10	17,591.64	
Vehicle Maintenance:						
Salaries and Wages	93,000.00	93,000.00	87,439.69		5,560.31	
Other Expenses	250,000.00	200,000.00	150,660.86	26,104.61	23,234.53	
Lease/Purchase of Police Car(s)	55,000.00	55,000.00	54,810.53		189.47	

HEALTH AND HUMAN SERVICES FUNCTIONS

Board of Health:

Salaries and Wages	11,000.00	11,000.00	10,853.96		146.04	
Other Expenses	1,500.00	1,500.00	930.49	55.00	514.51	
County Health Program (C. 329, P.L. 1975)	63,525.00	63,525.00	63,523.44		1.56	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>HEALTH AND HUMAN SERVICES FUNCTIONS (CONTINUED)</u>						
Office on Aging:						
Salaries and Wages	\$ 140,000.00	\$ 140,000.00	\$ 123,954.04	\$	\$ 16,045.96	\$
Other Expenses	12,000.00	12,000.00	9,325.49	1,281.90	1,392.61	
Environmental Commission (N.J.S.A. 56A-1 et seq.):						
Other Expenses	1,500.00	1,500.00	671.72	275.00	553.28	
Animal Control:						
Other Expenses	12,000.00	12,000.00	11,942.85		57.15	
Municipal Alliance:						
Other Expenses	3,800.00	3,800.00	3,438.71		361.29	
<u>PARK AND RECREATION FUNCTIONS</u>						
Board of Recreation Commissioners:						
Salaries and Wages	57,000.00	57,000.00	54,986.42		2,013.58	
Other Expenses	13,500.00	13,500.00	8,916.14	579.18	4,004.68	
Celebration of Public Events, Anniversary or Holiday:						
Fireworks	10,000.00	16,000.00	16,000.00			
Memorial Day Parade	750.00	750.00	750.00			
Senior Events	11,000.00	11,000.00	10,881.00		119.00	
Holiday Lighting	500.00	500.00		60.31	439.69	
Cultural Arts Heritage Commission (N.J.S.A. 40:33A-1 et seq.):						
Other Expenses	5,567.00	5,567.00	2,926.03	2,640.97		
Maintenance of Parks:						
Salaries and Wages	238,000.00	228,000.00	217,041.55		10,958.45	
Other Expenses	23,500.00	28,500.00	23,983.51	200.00	4,316.49	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Telephone	62,000.00	57,000.00	48,462.21	3,647.38	4,890.41	
Heat	35,000.00	40,000.00	32,787.87	6,532.56	679.57	
Gasoline, Lubricants and Oil	60,000.00	60,000.00	47,816.59	10,247.34	1,936.07	
Office Supplies	30,000.00	25,000.00	17,119.90	3,352.70	4,527.40	
Postage	27,500.00	22,500.00	20,436.77		2,063.23	
Sewer Department:						
Salaries and Wages	90,000.00	70,000.00	61,513.93		8,486.07	
Other Expenses	15,000.00	65,000.00	11,574.12	44,380.16	9,045.72	
Computer Maintenance Service Contract	26,000.00	26,000.00	21,655.14		4,344.86	
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Sanitary Landfill - Contractual	485,000.00	505,000.00	416,413.02	85,583.48	3,003.50	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET</u>						
<u>BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
Salaries and Wages	\$ 158,000.00	\$ 158,000.00	\$ 156,465.27	\$ 1,910.00	\$ 1,534.73	\$
Other Expenses	5,500.00	5,500.00	1,262.95		2,327.05	
Accumulated Absences	10,000.00	10,000.00	10,000.00			
Total Operations within "CAPS"	10,663,392.00	10,639,392.00	9,943,919.86	404,130.87	291,341.27	
<u>CONTINGENT</u>	500.00	500.00	206.77		293.23	
Total Operations Including Contingent - within "CAPS"	10,663,892.00	10,639,892.00	9,944,126.63	404,130.87	291,634.50	
Detail:						
Salaries and Wages	6,689,250.00	6,721,250.00	6,607,194.99		114,055.01	
Other Expenses (Including Contingent)	3,974,642.00	3,918,642.00	3,336,931.64	404,130.87	177,579.49	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES -</u>						
<u>MUNICIPAL WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	305,000.00	305,000.00	305,000.00		9,144.77	
Social Security System (O.A.S.I.)	280,000.00	280,000.00	270,855.23		3,192.32	
Police & Firemen's Retirement System	725,000.00	747,000.00	743,807.68		585.75	
Defined Contribution Retirement Plan	250.00	2,250.00	1,864.25			
Total Deferred Charges and Statutory Expenditures -						
Expenditures - Municipal within "CAPS"	1,310,250.00	1,334,250.00	1,321,327.16		12,922.84	
Total General Appropriations for Municipal Purposes						
within "CAPS"	11,974,142.00	11,974,142.00	11,265,453.79	404,130.87	304,557.34	
<u>OPERATIONS - EXCLUDED FROM "CAPS"</u>						
Other Operations - Excluded from "CAPS":						
Sanitation:						
County Sewerage Authority Contract						
Operating and Maintenance	684,689.00	684,689.00	684,688.95		0.05	
Debt Service	465,267.00	465,267.00	465,266.24		0.76	
Deficit Prior Year	15,263.00	15,263.00	15,263.00			
Maintenance of Free Public Library	460,081.00	460,081.00	344,639.21	115,441.79		
Length of Service Award Program (LOSAP)	80,000.00	80,000.00		80,000.00		
Total Other Operations - Excluded from "CAPS"	1,705,300.00	1,705,300.00	1,509,857.40	195,441.79	0.81	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
Interlocal Municipal Service Agreements:						
Middlesex County Improvement Authority:						
Recycling:						
Other Expenses	\$ 185,000.00	\$ 185,000.00	\$ 138,432.16	\$ 43,193.37	\$ 3,374.47	\$
East Brunswick - Radio Safety Communications System	41,500.00	41,500.00	41,156.42		343.58	
Total Interlocal Municipal Service Agreements	226,500.00	226,500.00	179,588.58	43,193.37	3,718.05	
Public and Private Programs Offset by Revenues:						
N.J.D.E.P.E. - Office of Recycling:						
Clean Communities Act (N.J.S.A. 13:1E-99.2)		28,944.57	28,944.57			
Drunk Driving Enforcement Fund	8,289.91	8,289.91	8,289.91			
State of NJ Department of Treasury - Special Purpose Grant:						
Office on Aging						
2017 Drive Sober or Get Pulled Over Year End Crackdown Grant		5,500.00	5,500.00			
Alcohol Education and Rehabilitation		1,029.44	1,029.44			
Body Armor Replacement Fund						
NJ Recycling Tonnage Grant		21,643.41	21,643.41			
County of Middlesex:						
Older Americans Act:						
Grant:						
Residential	8,000.00	8,000.00	8,000.00			
Physical	4,000.00	11,400.00	11,400.00			
Information and Assistance	5,000.00	5,000.00	5,000.00			
Match:						
Information and Assistance	5,200.00	5,200.00	5,200.00			
Motorcycle Traffic Enforcement	475.00	475.00	475.00			
Bullet Proof Vest Grant	2,922.15	2,922.15	2,922.15			
State of NJ - Body Worn Camera Grant	3,066.36	3,066.36	3,066.36			
Distracted Driving Grant	5,500.00	5,500.00	5,500.00			
Matching Funds for Grants						
Total Public and Private Programs Offset by Revenues	42,453.42	106,970.84	106,970.84			
Total Operations - Excluded from "CAPS"	1,974,253.42	2,038,770.84	1,796,416.82	238,635.16	3,718.86	
Detail:						
Other Expenses	1,974,253.42	2,038,770.84	1,796,416.82	238,635.16	3,718.86	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$	\$	\$
Road Improvements	200,000.00	200,000.00	91,425.90		108,574.10	
Park Improvements	50,000.00	50,000.00	16,866.62	591.75	32,541.63	
Total Capital Improvements Excluded from "CAPS"	300,000.00	300,000.00	158,292.52	591.75	141,115.73	
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	750,000.00	750,000.00	750,000.00			
Payment of Bond Anticipation Notes and Capital Notes	671,750.00	671,750.00	671,750.00			
Interest on Bonds	174,538.00	174,538.00	174,537.50			0.50
Interest on Notes	277,200.00	277,200.00	276,120.40			1,079.60
United States Department of Agriculture:						
Principal	227,232.00	227,232.00	227,231.22			0.78
Interest	231,409.00	231,409.00	231,408.78			0.22
NJ DEP - Wastewater Trust - Principal - Federal	22,146.00	22,146.00	22,145.04			0.96
NJ DEP - Wastewater Trust - Interest - State	6,563.00	6,563.00	3,179.36			3,383.64
NJ DEP - Wastewater Trust - Principal - State	30,000.00	30,000.00	27,144.16			2,855.84
Total Municipal Debt Service - Excluded from "CAPS"	2,390,838.00	2,390,838.00	2,383,516.46			7,321.54
DEFERRED CHARGES:						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	100,000.00	100,000.00	100,000.00			
Total Deferred Charges - Excluded from "CAPS"	100,000.00	100,000.00	100,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,765,091.42	4,829,608.84	4,438,225.80	239,226.91	144,834.59	7,321.54
Total General Appropriations - Excluded from "CAPS"	4,765,091.42	4,829,608.84	4,438,225.80	239,226.91	144,834.59	7,321.54
Subtotal General Appropriations	16,739,233.42	16,803,750.84	15,703,679.59	643,357.78	449,391.93	7,321.54
RESERVE FOR UNCOLLECTED TAXES						
Total General Appropriations	\$ 17,579,233.42	\$ 17,643,750.84	\$ 16,543,679.59	\$ 643,357.78	\$ 449,391.93	\$ 7,321.54
Detail:						
Budget as Adopted		\$ 17,579,233.42				
Added by Special Emergency Authorization NJSA 40A:4-54		64,517.42				
		<u>\$ 17,643,750.84</u>				

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance December 31, 2016	2017 Levy	Added Taxes	Collection 2016	Collection 2017	Due From State of New Jersey Chap. 20, P.L. 1971	Transferred to Tax Title Liens Receivable	Remitted and Canceled	Balance December 31, 2017
2016	\$ 575,742.35	\$	\$ 9,630.87	\$	\$ 581,791.73	\$	\$ 3,438.52	\$ 142.97	\$
	575,742.35		9,630.87		581,791.73		3,438.52	142.97	
2017		31,882,585.24		175,379.34	30,839,171.99	113,750.00	60,465.26	5,935.03	687,883.62
	\$ 575,742.35	\$ 31,882,585.24	\$ 9,630.87	\$ 175,379.34	\$ 31,420,963.72	\$ 113,750.00	\$ 63,903.78	\$ 6,078.00	\$ 687,883.62

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS
OF PROPERTY TAX LEVY

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:

General Purpose Tax	\$ 31,847,320.74
Added Taxes (54:63.1 et. seq.)	23,650.77
6% Penalty on Tax	<u>11,613.73</u>
	<u>\$ 31,882,585.24</u>

TAX LEVY

Local District School Tax:

Levy, School Year July 1, 2017 to June 30, 2018	\$ 16,724,849.00
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County Taxes:

County Tax	\$ 4,994,549.43	
County Open Space Preservation Tax	406,075.31	
County Added and Omitted Taxes (54:4-63.1 & 12 et. seq.)	<u>3,824.87</u>	
Total County Taxes		<u>5,404,449.61</u>
		22,129,298.61

Local Tax for Municipal Purpose	9,271,766.00
Local Tax for Library Purpose	450,081.00
Add: Additional Tax Levied	<u>31,439.63</u>

Total Tax for Municipal Purpose	<u>9,753,286.63</u>
	<u>\$ 31,882,585.24</u>

DETAIL OF PRIOR YEAR ADDED TAXES

Added and Omitted	\$ 2,269.14
Senior Citizens' Deductions Disallowed	<u>7,361.73</u>
	<u>\$ 9,630.87</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF TAX TITLE LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2016</u>		\$	458,642.83
<u>INCREASED BY</u>			
Interest and Costs Accrued to Liens	\$	1,850.87	
Transferred from Taxes Receivable		<u>63,903.78</u>	<u>65,754.65</u>
			524,397.48
<u>DECREASED BY</u>			
Cash Receipts:			
Delinquent Taxes		739.87	
Interest and Cost		<u>1,030.47</u>	<u>1,770.34</u>
<u>BALANCE, DECEMBER 31, 2017</u>		\$	<u><u>522,627.14</u></u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2016 APPROPRIATION RESERVES

	Appropriation Reserves	Balance December 31, 2016 Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Salaries and Wages:					
Operations - Within "CAPS":					
General Administration	\$ 781.75	\$	\$ 781.75		\$ 781.75
Mayor and Council	80.92		80.92		80.92
Borough Clerk	1,469.80		1,469.80		1,469.80
Elections	906.41		906.41		906.41
Financial Administration	144.89		144.89		144.89
Collection of Taxes	7,664.69		7,664.69		7,664.69
Assessment of Taxes	106.93		106.93		106.93
Board of Adjustment	122.05		122.05		122.05
Police	8,045.60		8,045.60		8,045.60
Special Police	10,168.00		10,168.00		10,168.00
School Guards	1,982.77		1,982.77		1,982.77
Police Dispatch/911	1,125.53		1,125.53		1,125.53
Code Enforcement	566.51		566.51		566.51
Municipal Court	9,031.64		9,031.64		9,031.64
Public Defender (P.L. 1997, C. 256)	250.00		250.00		250.00
Road Repairs and Maintenance	3,445.30		3,445.30		3,445.30
Garbage and Trash Removal	6,471.71		6,471.71		6,471.71
Vehicle Maintenance	2,125.94		2,125.94		2,125.94
Board of Health	146.00		146.00		146.00
Office on Aging	13,275.84		13,275.84		13,275.84
Board of Recreation Commissioners	10,009.51		10,009.51		10,009.51
Maintenance of Parks	5,383.93		5,383.93		5,383.93
Sewer Department	3,090.55		3,090.55		3,090.55
Uniform Construction Code - Appropriations					
Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)	1,029.61		1,029.61		1,029.61
Total Salaries and Wages	87,425.88		87,425.88		87,425.88

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance December 31, 2016		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Appropriation Reserves</u>	<u>Reserve for Encumbrances</u>			
Other Expenses:	\$	\$	\$	\$	\$
Operations - Within "CAPS":	390.10	65.00	455.10	265.00	190.10
General Administration:	11.50	1,830.00	1,841.50	1,830.00	11.50
Other Expenses	245.59	5,000.00	11,245.59	10,947.58	298.01
Cable Television	4,111.23	76.00	4,187.23	76.00	4,111.23
Human Resources					
Mayor and Council					
Borough Clerk:					
Other Expenses	3,160.40	3,412.01	6,572.41	3,367.01	3,205.40
Codification of Ordinances	4,230.33		4,230.33		4,230.33
Elections	490.27	4,858.53	5,348.80	4,858.53	490.27
Financial Administration	2,966.30	8,679.43	11,645.73	9,199.88	2,445.85
Audit Services		30,090.00	30,090.00	30,090.00	
Collection of Taxes	994.11	65.00	1,059.11	65.00	994.11
Assessment of Taxes	9,799.56	3,004.32	12,803.88	3,003.77	9,800.11
Revaluation of Real Property		43,359.75	43,359.75	38,487.50	4,872.25
Legal Services	2,479.77	1,500.00	3,979.77	3,979.77	
Engineering Services and Costs	1,261.75	3,819.50	5,081.25	3,072.00	2,009.25
Economic Development Commission	175.00		175.00		175.00
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):-					
Planning Board	1,437.87	400.00	1,837.87	400.00	1,437.87
Board of Adjustment	20,130.83	495.00	20,625.83	3,632.50	16,993.33
Insurance:					
Liability Insurance	2,014.54		2,014.54		2,014.54
Workers' Compensation	6,382.50		6,382.50		6,382.50
Group Health Benefits	82,263.62	20,305.70	96,569.32	20,305.70	76,263.62
Police	3,780.51	10,816.20	14,596.71	10,691.71	3,905.00
Special Police	1,385.00		1,385.00	250.00	1,135.00
School Guards	51.79		51.79		51.79
Juvenile Conference Committee	500.00		500.00		500.00
Police Dispatch - 911	46.10		46.10		46.10
Office of Emergency Management	20.18	1,908.36	1,928.54	1,908.36	20.18
Aid to Volunteer Fire Companies					
Other Expenses	635.24	12,358.01	12,993.25	12,021.01	972.24
Clothing Allowance	1,022.93		1,022.93		1,022.93
Emergency Medical Services	1,194.75	5,328.50	6,523.25	3,254.97	3,268.28
Fire Protection Bureau (Uniform Fire Code P.L. 1983, C. 383)		1,445.41	1,445.41	1,445.41	0.00
Code Enforcement	1,332.84	15,000.00	16,332.84		16,332.84
Municipal Prosecutor	112.08		112.08		112.08

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance		Balance		Balance	
	December 31, 2016		After		Transfers	
	Appropriation	Reserve for	Transfers	Paid or	Balance	Lapsed
	Reserves	Encumbrances		Charged		
Other Expenses (Continued):						
Operations - Within "CAPS" (Continued):						
Municipal Court	\$ 1,139.85	\$ 1,672.34	\$ 2,812.19	\$ 1,672.34	\$ 1,139.85	
Road Repairs and Maintenance	38,677.61	8,263.94	46,941.55	6,948.49	39,993.06	
Garbage and Trash Removal	7,040.07	501.28	7,541.35	501.28	7,040.07	
Public Buildings and Grounds	19,890.03	9,362.11	29,252.14	6,180.11	23,072.03	
Vehicle Maintenance:						
Other Expenses	21,738.95	22,133.34	43,872.29	24,063.52	19,808.77	
Lease/Purchase of a Police Car(s)	153.37		153.37		153.37	
Board of Health						
Other Expenses	585.45		585.45		585.45	
County Health Program (C.329, P.L.1975)	1.12		1.12		1.12	
Office on Aging	7,831.15	1,118.46	8,949.61	950.01	7,999.60	
Environmental Commission (N.J.S.A. 56A-1 et seq.)	1,500.00		1,500.00		1,500.00	
Animal Control	5,860.00	625.00	6,485.00	625.00	5,860.00	
Municipal Alliance	446.00		446.00		446.00	
Board of Recreation Commissioners	1,167.45	457.04	1,624.49	493.11	1,131.38	
Celebration of Public Events, Anniversary or Holiday:						
Fireworks	1,706.02		1,706.02		1,706.02	
Senior Events	3,969.45	236.51	4,205.96	236.51	3,969.45	
Holiday Lighting	332.66	167.34	500.00	167.34	332.66	
Cultural Arts Heritage Commission (N.J.S.A. 40:33A-1 et seq.)		1,950.96	1,950.96	1,950.96		
Maintenance of Parks	2,648.94	2,558.48	5,207.42	2,358.48	2,848.94	
Telephone	5,558.74	1,570.18	7,128.92	1,570.18	5,558.74	
Heat	18,211.84	4,700.77	22,912.61	4,700.77	18,211.84	
Gasoline, Lubricants and Oil	9,335.58	4,367.89	13,703.47	4,367.89	9,335.58	
Office Supplies	6,590.70	1,379.39	7,970.09	1,380.74	6,589.35	
Postage	4,262.66		4,262.66		4,262.66	
Sewer Department	2,935.88	823.76	3,759.64	823.76	2,935.88	
Computer Maintenance Service Contract	580.85	1,859.00	2,439.85	1,916.50	523.35	
Sanitary Landfill - Contractual	189.42	43,440.48	43,629.90	43,440.48	189.42	
Uniform Construction Code - Appropriations Offset by						
Dedicated Revenues (N.J.A.C. 5:23-4.17)	1,890.26		1,890.26		1,890.26	
Contingent	500.00		500.00	500.00		

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2016 APPROPRIATION RESERVES

	Appropriation Reserves	Balance December 31, 2016 Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Deferred Charges And Statutory Expenditures - Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 1,722.62	\$	\$ 1,722.62	\$ 1,722.62	\$ 4,137.71
Social Security System (O.A.S.I.)	4,137.71		4,137.71		250.00
Defined Contribution Retirement Plan	250.00		250.00		2,450.00
Police and Firemen's Retirement System of New Jersey	2,450.00		2,450.00		
Operations - Excluded from "CAPS":					
Other Operations - Excluded from "CAPS":					
Sanitation:	2.29		2.29		2.29
County Sewerage Authority Contract		111,417.43	111,417.43	111,417.43	
Maintenance of Free Public Library		80,000.00	80,000.00	66,171.36	13,828.64
Length of Service Award Program (LOSAP)					
Interlocal Municipal Service Agreements:					
Middlesex County Improvement Authority:					
Recycling	5,358.06	31,151.39	36,509.45	32,570.89	3,938.56
East Brunswick - Radio Safety Communication System	343.53		343.53		343.53
Total Other Expenses	331,634.95	503,573.81	835,208.76	479,881.47	355,327.29
Grand Total	\$ 419,060.83	\$ 503,573.81	\$ 922,634.64	\$ 479,881.47	\$ 442,753.17

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF LOCAL DISTRICT SCHOOL TAX

BALANCE, DECEMBER 31, 2016

Payable	\$ 551,094.00	
Deferred School Taxes	<u>7,259,686.00</u>	\$ 7,810,780.00

INCREASED BY

Levy, School Year July 1, 2017 to June 30, 2018		<u>16,724,849.00</u>
		24,535,629.00

DECREASED BY

Cash Disbursed		<u>16,580,241.00</u>
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BALANCE, DECEMBER 31, 2017

Payable	395,702.00	
Deferred School Taxes	<u>7,559,686.00</u>	\$ <u>7,955,388.00</u>

2017 LIABILITY FOR LOCAL DISTRICT SCHOOL TAX

2017 School Taxes Paid		\$ 16,580,241.00
Less: School Taxes Payable, December 31, 2016		<u>551,094.00</u>
		16,029,147.00

Add: School Taxes Payable, December 31, 2017		<u>395,702.00</u>
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<u>AMOUNT CHARGED TO OPERATIONS</u>		<u>\$ 16,424,849.00</u>
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BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF DEFERRED CHARGES

<u>Date</u>	Amount Authorized	1/5 of Amount Authorized	Balance December 31, 2016	2017 Budget Appropriation	Balance December 31, 2017
09/26/16					
Special Emergency (N.J.S.A. 40A:4-54) - Municipal-Wide Revaluation	\$ 500,000.00	\$ 100,000.00	\$ 500,000.00	\$ 100,000.00	\$ 400,000.00
			\$ 500,000.00	\$ 100,000.00	\$ 400,000.00

**BOROUGH OF SOUTH RIVER
FEDERAL AND STATE GRANT FUND
STATEMENT OF GRANTS RECEIVABLE**

	Balance December 31, 2016	2017 Budget Revenue Realized	Cash Received	Decreased by Transfer from Unappropriated Reserve	Canceled	Balance December 31, 2017
Federal:						
County of Middlesex:						
Office on Aging Grant:						
Physical:						
2017	\$ 1,397.00	\$ 11,400.00	\$ 6,893.00	\$	\$ 1,397.00	\$ 4,507.00
2016						
Residential Maintenance:						
2017	5,221.00	8,000.00	1,786.00		49.00	6,214.00
2016			5,172.00			
Information and Assistance:						
2017		5,000.00	5,000.00			
2016	1,569.00		1,569.00			
CDBG - Post Sandy Planning Assistance Grant - Phase II	76.34				76.34	
CDBG - Post Sandy Planning Assistance Grant:						
Lower Main Street	5.05				5.05	
Waterfront	49,045.00				49,045.00	
	57,313.39	24,400.00	20,420.00		50,572.39	10,721.00
State:						
Drunk Driving Enforcement Fund		8,289.91		8,289.91		
Alcohol Education and Rehabilitation Program		1,029.44	1,029.44			
Clean Communities Program		28,944.57	28,944.57			
Body Armor Replacement Fund		3,066.36		3,066.36		
Drive Sober or Get Pulled Over Grant	6,425.00	5,500.00	3,000.00		3,425.00	5,500.00
Distracted Driving Grant		5,500.00			5,500.00	
Recycling Tonnage Grant	5,012.13	21,643.41	21,643.41			
Bulletproof Vest Partnership		2,922.15	4,173.60		838.53	2,922.15
	11,437.13	76,895.84	\$ 58,791.02	11,356.27	9,763.53	8,422.15
Local:						
Motorcycle Traffic Enforcement		475.00		475.00		
		475.00		475.00		
	\$ 68,750.52	\$ 101,770.84	\$ 79,211.02	\$ 11,831.27	\$ 60,335.92	\$ 19,143.15
Detail:						
Adopted Budget	\$	\$ 37,253.42				
Added by NJSA 40A:4-87		64,517.42				
	\$	\$ 101,770.84				

**BOROUGH OF SOUTH RIVER
FEDERAL AND STATE GRANT FUND
STATEMENT OF APPROPRIATED RESERVES**

	Balance December 31, 2016	Transferred from 2017 Budget		Paid or Charged			Balance December 31, 2017
		Budget	Appropriations by 40A:4-87	Cash Disbursed	Reserve for Encumbrances/ (Canceled)	Canceled	
Federal:							
Passed Through County of Middlesex:							
Office on Aging:							
Physical:							
2016	\$ 1,397.00	\$ 4,000.00	\$ 7,400.00	\$ 7,053.00	\$ 1,397.00	\$ 4,347.00	
2017							
Residential Maintenance:	48.15	8,000.00		5,028.00	2,933.41	48.15	38.59
2016							
2017							
Information and Assistance:							
Grant:							
2017		5,000.00		5,000.00			
Match:							
2017		5,200.00		5,200.00		76.34	
CDBG - Post Sandy Planning Assistance Grant	76.34						
CDBG - Post Sandy Planning Assistance Grant							
Lower Main Street	5.05					5.05	
Waterfront	49,045.00					49,045.00	
	50,571.54	22,200.00	7,400.00	22,281.00	2,933.41	50,571.54	4,385.59
State:							
Municipal Alliance on Alcoholism and Drug Abuse:							
Matching Portion:							
2014	1,900.00						1,900.00
Drunk Driving Enforcement Fund:							
2014	1,023.91			1,023.91			
2015	3,106.72			3,106.72			
2017		8,289.91		5,730.28	179.00		2,380.63
Clean Communities Program:							
2016	4,532.81			4,532.81			51.83
2017			28,944.57	28,892.74			

**BOROUGH OF SOUTH RIVER
FEDERAL AND STATE GRANT FUND
STATEMENT OF APPROPRIATED RESERVES**

	Balance December 31, 2016	Transferred from 2017 Budget	Appropriations by 40A:4-87	Paid or Charged			Balance December 31, 2017
		Budget		Cash Disbursed	Reserve for Encumbrances/ (Canceled)	Canceled	
State (Continued):							
Body Armor Replacement Fund	\$ 6,180.21	\$ 3,066.36	\$ 5,500.00	\$ 417.45	\$	\$ 3,425.00	\$ 8,829.12
Drive Sober or Get Pulled Over Grant	4,675.00			1,250.00			5,500.00
Port Authority First Responder Grant	244.60						244.60
Distracted Driving Grant		5,500.00				5,500.00	
Recycling Tonnage Grant:							
2014	4,118.15			3,141.78	976.37		
2015	23,869.92			24,769.92	(900.00)		
2016	22,010.40			10,228.15			
2017			21,643.41				11,781.25
Alcohol Education and Rehabilitation Program:							21,643.41
2006	149.73			149.73			
2007	1,465.89			850.27	615.62		1,257.80
2008	1,392.18				134.38		788.96
2010	788.96						1,055.73
2011	1,055.73						161.89
2012	161.89						738.85
2013	738.85						177.24
2014	177.24						1,029.44
2017			1,029.44				
Bullet-Proof Vest Grant:							
2015	1,255.08			417.45		837.63	2,922.15
2017		2,922.15					
	78,847.27	19,778.42	57,117.42	84,512.21	1,005.37	9,762.63	60,462.90
Local:							
Motorcycle Traffic Enforcement		475.00					475.00
		475.00					475.00
	\$ 129,418.81	\$ 42,453.42	\$ 64,517.42	\$ 106,793.21	\$ 3,938.78	\$ 60,334.17	\$ 65,323.49

**BOROUGH OF SOUTH RIVER
FEDERAL AND STATE GRANT FUND
STATEMENT OF UNAPPROPRIATED RESERVES**

	Balance December 31, 2016	Transferred to 2017 Budget <u>Appropriations</u> <u>Budget</u>	<u>Received</u>	Balance December 31, 2017
State:				
Clean Communities Program				
Recycling Tonnage Grant	\$ 8,289.91	\$ 8,289.91	\$ 21,896.82	\$ 21,896.82
Drunk Driving Enforcement Fund	3,066.36	3,066.36	3,071.04	3,071.04
Body Armor Replacement Fund	11,356.27	11,356.27	24,967.86	24,967.86
Local:				
Motorcycle Traffic Enforcement	475.00	475.00		
	475.00	475.00		
	\$ 11,831.27	\$ 11,831.27	\$ 24,967.86	\$ 24,967.86

**BOROUGH OF SOUTH RIVER
TRUST AND AGENCY FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Payroll Fund</u>		<u>Animal Control</u>		<u>Trust Other Fund #1</u>		<u>Trust Other Fund #2</u>		<u>Tax Title Lien Premium</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
ASSETS										
Cash and Cash Equivalents	\$ 253.63	\$ 13,009.47	\$ 18,930.20	\$ 20,288.40	\$ 624,301.27	\$ 610,506.86	\$ 595,400.64	\$ 576,560.94	\$ 335,043.38	\$ 287,404.14
Amount Held by Plan Administrator (Unaudited)										
Due from Municipal Court							442.00	238.50		
Due from Vendor						4,988.29	29,871.51			
Total Assets	<u>253.63</u>	<u>\$ 13,009.47</u>	<u>18,930.20</u>	<u>20,288.40</u>	<u>624,301.27</u>	<u>610,506.86</u>	<u>600,840.93</u>	<u>606,670.95</u>	<u>335,043.38</u>	<u>287,404.14</u>
LIABILITIES, RESERVES AND FUND BALANCE										
Due to Vendor						24,857.69		24,126.39		
Payroll Deductions Payable	253.63	\$ 13,009.47								
Due to State of New Jersey Reserves			1.20							
			<u>18,929.00</u>	<u>20,288.40</u>	<u>623,703.05</u>	<u>609,908.64</u>	<u>571,701.39</u>	<u>578,262.71</u>	<u>335,043.38</u>	<u>287,404.14</u>
Fund Balance	253.63	\$ 13,009.47	18,930.20	20,288.40	623,703.05	609,908.64	596,559.08	602,389.10	335,043.38	287,404.14
					<u>598.22</u>	<u>598.22</u>	<u>4,281.85</u>	<u>4,281.85</u>		
Total Liabilities, Reserves and Fund Balance	<u>253.63</u>	<u>\$ 13,009.47</u>	<u>18,930.20</u>	<u>20,288.40</u>	<u>624,301.27</u>	<u>610,506.86</u>	<u>600,840.93</u>	<u>606,670.95</u>	<u>335,043.38</u>	<u>287,404.14</u>

**BOROUGH OF SOUTH RIVER
TRUST AND AGENCY FUNDS
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016**

	Length of Service Awards (Unaudited)		Law Enforcement		Electric Consumer Deposits		Unemployment		Totals (Memorandum Only)	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
ASSETS										
Cash and Cash Equivalents										
Amount Held by Plan Administrator (Unaudited)	\$ 1,138,203.84	\$ 1,039,552.40								
Due from Municipal Court										
Due from Vendor										
Total Assets	<u>1,138,203.84</u>	<u>1,039,552.40</u>	<u>16,543.84</u>	<u>12,554.84</u>	<u>531,907.19</u>	<u>527,790.62</u>	<u>119,533.67</u>	<u>129,077.45</u>	<u>3,385,557.95</u>	<u>3,246,855.13</u>
LIABILITIES, RESERVES AND FUND BALANCE										
Due to Vendor									24,857.69	24,126.39
Payroll Deductions Payable									253.63	13,009.47
Due to State of New Jersey Reserves	<u>1,138,203.84</u>	<u>1,039,552.40</u>	<u>16,543.84</u>	<u>12,554.84</u>	<u>531,907.19</u>	<u>527,790.62</u>	<u>119,533.67</u>	<u>129,077.45</u>	<u>3,355,565.36</u>	<u>3,204,839.20</u>
Fund Balance									3,380,677.88	3,241,975.06
Total Liabilities, Reserves and Fund Balance	<u>1,138,203.84</u>	<u>1,039,552.40</u>	<u>16,543.84</u>	<u>12,554.84</u>	<u>531,907.19</u>	<u>527,790.62</u>	<u>119,533.67</u>	<u>129,077.45</u>	<u>3,385,557.95</u>	<u>3,246,855.13</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF VARIOUS RESERVES - TRUST FUND #1

	Balance December 31, 2016	Increased by	Decreased by	Balance December 31, 2017
Reserve for:				
Deposits and Performance Bonds	\$ 108,109.15	\$ 174,602.82	\$ 174,220.21	\$ 108,491.76
Engineering Inspection Fees	4,495.90			4,495.90
Street Opening Deposits	12,467.00	8,000.00		20,467.00
Developer's Escrow	70,910.33	122,468.27	118,699.45	74,679.15
Dumpster Permits	200.00	1,400.00	1,000.00	600.00
Affordable Housing	413,726.26	1,242.98		414,969.24
	<u>\$ 609,908.64</u>	<u>\$ 307,714.07</u>	<u>\$ 293,919.66</u>	<u>\$ 623,703.05</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF VARIOUS RESERVES - TRUST FUND #2

	Balance December 31, 2016	Increased by	Decreased by	Balance December 31, 2017
Reserve for:				
ABC License - Buy Back	\$ 112,607.00	\$ 4,000.00		\$ 116,607.00
Recreation Commission (Per N.J.S.A. 40A:4-39)	38,511.58	22,400.00	\$ 23,987.14	36,924.44
Recreation Commission - Recycling (Per N.J.S.A. 40A:4-39)	476.83			476.83
Parking Offenses Adjudication Act (Per N.J.S.A. 40:4-39)	10,424.00	276.00		10,700.00
Shade Tree	6,563.85	14,550.00	12,139.25	8,974.60
Senior Program	4,229.59	5,386.00	6,633.66	2,981.93
Older Americans Act - Donations	6,440.37	1,364.00	950.23	6,854.14
Senior Program - Trips	43,566.05	12,400.40	6,826.16	49,140.29
Off Duty Police Services		170,621.75	170,621.75	
Fire Prevention - Code Deposit	30,913.01	1,700.00	1,641.37	30,971.64
Fire Prevention - Fire Lane Deposit	1,243.00	100.00	1,343.00	
Fire Department - Code Deposit	2,769.59		2,294.80	474.79
Municipal Alliance Donations	27,513.71	3,580.00	7,531.28	23,562.43
Public Defender Fees	40,173.36	8,916.50	8,317.14	40,772.72
Cultural Arts Commission	13,604.88	5,500.00	828.04	18,276.84
Special Events	2,341.40	16,663.00	10,110.64	8,893.76
September 11, 2001 Memorial	5,640.72			5,640.72
Board of Health Donations	17,871.81	14,339.68	15,450.61	16,760.88
Accumulated Absences	136,467.20	25,000.00	44,405.68	117,061.52
Developer's Escrow	76,904.76		277.90	76,626.86
	<u>\$ 578,262.71</u>	<u>\$ 306,797.33</u>	<u>\$ 313,358.65</u>	<u>\$ 571,701.39</u>

BOROUGH OF SOUTH RIVER
ANIMAL CONTROL TRUST FUND
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

<u>BALANCE, DECEMBER 31, 2016</u>		\$ 20,288.40
<u>INCREASED BY</u>		
Dog License Fees - Borough Share	\$ 8,440.00	
Cat License Fees - Borough Share	468.00	
Late Fees and Other Charges	<u>2,610.00</u>	<u>11,518.00</u>
		31,806.40
<u>DECREASED BY</u>		
Expenditures	5,790.37	
Statutory Excess Due to Current Fund	<u>7,087.03</u>	<u>12,877.40</u>
<u>BALANCE, DECEMBER 31, 2017</u>		<u>\$ 18,929.00</u>

BOROUGH LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2015	\$ 9,573.80
2016	<u>9,355.20</u>
	<u>\$ 18,929.00</u>

AUDITOR'S NOTE:

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE

	Balance December 31, 2016	Increased by		Decreased by	Balance December 31, 2017
		Borough's Share	Payroll Deductions	Disbursements	
Federal Withholding Tax	\$	\$	\$ 1,158,243.92	\$ 1,158,243.92	\$
FICA and Medicare		458,949.42	458,949.42	917,898.84	
State of New Jersey Withholding Tax			330,331.03	330,331.03	
Public Employees Retirement System			346,086.34	346,086.34	
PERS Back Deduction			223.32	223.32	
PERS Loan			119,338.10	119,338.10	
PERS Contributory Group Insurance			23,813.72	23,813.72	
PERS Arrears			2,351.28	2,351.28	
Police and Firemen's Retirement System	7,422.15		320,983.85	328,406.00	
PFRS Back Deductions			1,328.24	1,328.24	
PFRS Loan			164,580.65	164,580.65	
D.C.R.P. Investment		1,664.25	2,818.75	4,276.75	206.25
State Unemployment Tax			21,615.14	21,615.14	
Superior Officer Association Dues			7,560.00	7,560.00	
Police Benevolent Association Dues			22,000.00	22,000.00	
AFL/CIO Dues			3,671.04	3,671.04	
I.B.E.W.			6,125.66	6,125.66	
IUJUT Dues			13,472.00	13,472.00	
Garnishment			52,427.12	52,427.12	
Employee Health Benefit Contribution			508,923.58	508,923.58	
Disability			65,188.62	70,728.56	47.38
Employee Dental/Disability Benefit Contribution	5,587.32		49,325.04	49,325.04	
Flexible Spending Account			9,079.76	9,079.76	
Deferred Compensation			49,236.00	49,236.00	
	<u>\$ 13,009.47</u>	<u>\$ 460,613.67</u>	<u>\$ 3,737,672.58</u>	<u>\$ 4,211,042.09</u>	<u>\$ 253.63</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF RESERVE FOR NEW JERSEY UNEMPLOYMENT
COMPENSATION INSURANCE

<u>BALANCE, DECEMBER 31, 2016</u>		\$ 129,077.45
<u>INCREASED BY</u>		
Due from Current Fund	\$ 5,000.00	
Due from Electric Utility Operating Fund	5,000.00	
Due from Water Utility Operating Fund	5,000.00	
Employees Contribution	12,400.76	
Interest Earned	<u>388.86</u>	<u>27,789.62</u>
		156,867.07
<u>DECREASED BY</u>		
Unemployment Compensation Paid		<u>37,333.40</u>
<u>BALANCE, DECEMBER 31, 2017</u>		<u>\$ 119,533.67</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF RESERVE FOR
ELECTRIC UTILITY CONSUMER DEPOSITS

<u>BALANCE, DECEMBER 31, 2016</u>		\$	527,790.62
<u>INCREASED BY</u>			
Deposits	\$	73,450.00	
Interest Earned		1,556.32	
Cancellation of Outstanding Checks		<u>2,587.18</u>	<u>77,593.50</u>
			605,384.12
<u>DECREASED BY</u>			
Refunded			<u>73,476.93</u>
<u>BALANCE, DECEMBER 31, 2017</u>		\$	<u>531,907.19</u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
LAW ENFORCEMENT TRUST FUND
STATEMENT OF RESERVE

<u>BALANCE, DECEMBER 31, 2016</u>		\$	12,554.84
<u>INCREASED BY</u>			
Funds Received	\$	7,244.40	
Interest Earned		<u>44.34</u>	<u>7,288.74</u>
			19,843.58
<u>DECREASED BY</u>			
Expenditures			<u>3,299.74</u>
<u>BALANCE, DECEMBER 31, 2017</u>		\$	<u><u>16,543.84</u></u>

BOROUGH OF SOUTH RIVER
TRUST OTHER FUND
STATEMENT OF RESERVE FOR
TAX TITLE LIEN PREMIUM/REDEMPTION

<u>BALANCE, DECEMBER 31, 2016</u>	\$ 287,404.14
<u>INCREASED BY</u>	
Cash Received	<u>267,200.00</u>
	554,604.14
<u>DECREASED BY</u>	
Refunded	<u>219,560.76</u>
<u>BALANCE, DECEMBER 31, 2017</u>	\$ <u><u>335,043.38</u></u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

	Balance December 31, <u>2017</u>	Balance December 31, <u>2016</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 247,805.62	\$ 2,878,274.95
Intergovernmental Accounts Receivable	970,989.73	671,126.23
Deferred Charges to Future Taxation:		
Funded	13,294,650.86	14,324,027.12
Unfunded	14,636,673.29	14,871,595.89
	<u>27,931,324.15</u>	<u>29,195,623.01</u>
Total Assets	<u>29,150,119.50</u>	<u>32,745,024.19</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds	3,590,000.00	4,340,000.00
Bond Anticipation Notes	11,639,250.00	11,088,000.00
NJEIT Loans Payable	131,882.08	184,027.12
USDA Loan Payable	9,572,768.78	9,800,000.00
Other Liabilities and Reserves:		
Capital Improvement Fund	57,946.33	50,946.33
Reserve for Encumbrances	429,308.87	3,585,914.47
Reserve for Fire Hoses, Appropriated	224.82	224.82
	<u>487,480.02</u>	<u>3,637,085.62</u>
Improvement Authorizations:		
Funded	265,272.66	231,924.16
Unfunded	3,193,592.62	3,151,776.75
	<u>3,458,865.28</u>	<u>3,383,700.91</u>
Fund Balance	<u>269,873.34</u>	<u>312,210.54</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 29,150,119.50</u>	<u>\$ 32,745,024.19</u>

There were Bonds and Notes Authorized but not Issued of \$2,996,596.58 at December 31, 2017.

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

Ordinance Number	Description	Balance December 31, 2016		Receipts		Disbursements		Transfer		Balance December 31, 2017		
		\$		Bond Anticipation Notes Issued	Refunding Bonds Issued	Improvement Authorizations	Miscellaneous	Bond Anticipation Notes	From	To	\$	
Fund Balance		\$	312,210.54	\$		\$		\$			\$	269,873.34
Capital Improvement Fund			50,946.33									57,946.33
Reserve for Encumbrances			3,610,364.47									429,308.87
Due from County of Middlesex HCD			(33,626.23)									(71,489.73)
Due from NJDOT			(637,500.00)									(899,500.00)
Due to/(from) Current Fund												
Reserve for Payment of BANS - Ord. 08-19/11-20/13-14/14-08/14-13/16-15			224.82									224.82
Reserve for Fire Hoses, Appropriated												
Improvement Authorizations:												
07-23	Acquisition of Firefighting Equipment		4,660.89									4,660.89
08-14	Improvements to Burton Avenue section II and Improvements to Cole and Philip St.		7,026.19			1,875.08			240.05			4,911.06
08-19/11-20/13-14-08/14-13/16-15	Planning, Site acquisition and Construction of Municipal Facilities		149.18			12.26		826.71	1,125.38	988.46		(826.71)
08-25/08-46	Acquisition of various Equipment, Road and Drainage Improvements and various other Improvements - 2008		151,298.62			822.93			115.44			150,380.25
08-50/09-39/11-32	Acquisition of various Equipment, Road Improvements and various Other Improvements		15,119.32									15,119.32
10-09/11-26/13-09/16-06	Acquisition of Various Equipment, Road Improvements and Various Other Improvements		3,595.78	\$		2,011.00			282.10			1,302.68
12-17/16-16	Acquisition of Various Capital Equipment and Improvements		(4,853.59)			464.52			101,793.61			(32,111.72)

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

Ordinance Number	Description	Balance December 31, 2016	Receipts			Disbursements			Transfer		Balance December 31, 2017
			Bond Anticipation Notes Issued	Refunding Bonds Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	Bond Anticipation Notes	From	To	
Improvement Authorizations (Continued):											
12-22	Improvements to Kamm Avenue Section II	\$ 5,350.48	\$	\$	\$	\$ 48.46	\$	\$	6.80	\$	5,295.22
12-27	Improvements to the Radio Communication system	22,215.75				315.81			44.30		21,855.64
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	(1,180,299.86)	750,000.00			2,819.30			75.47		(433,194.63)
13-22	Various Road, Curb, Sidewalk and Concrete Improvements	(2,106.05)			6,999.31	107.79			15.12		4,770.35
14-05	Various Computer Equipment and Network Upgrades	1,532.04				526.35			852.00		680.04
14-14/14-26	Various 2014 Road Improvements	217,610.63				395.17			32,446.98		184,637.30
14-30/15-03	Acquisition of Various Capital Equipment	4,518.18				119,646.75			55.44		4,067.57
15-10/16-23/17-03	Construction of a New Firehouse	(130,257.00)	475,000.00			2,014.35			237,046.10	17,288.22	5,318.37
15-16	Improvements to Montgomery Street	2,136.40	\$ 50,000.00			161.24			39,171.33	50,620.84	61,571.56
15-18	Acquisition of Various Capital Equipment	16,779.39				558.93			13,375.34		3,242.81
15-26	Various Federal Housing and Community Development Grant Improvements	28,386.23							28,386.23		
16-05	Improvements to Montgomery Street - Phase II	197,335.00	50,000.00						233,351.79	11,067.39	24,491.67
16-07	Acquisition of Various Capital Equipment and Improvements	135,215.76				143.72			41,800.40		93,271.64
16-11	Acquisition of Various Furniture and Equipment for the New Firehouse	80,231.68				594.47			33,739.64	2,394.00	48,291.57
17-02	Various Federal Housing and Community Development Grant Improvements					693.00			43,912.50	91,097.23	46,491.73
17-10	Various Capital Improvements		75,000.00		34,950.00	53.45			91,101.17	15,000.00	33,795.38
17-19	Improvements to Willett Avenue - Phase I								61,560.00	275,000.00	213,440.00
		\$ 2,878,274.95	\$ 1,475,000.00	\$ 475,676.43	\$ 133,264.58	\$ 4,197,707.89	\$ 251,173.29	\$ 1,395,547.10	\$ 1,395,547.10	\$ 247,805.62	

Bracketed Amount Denotes Deficit.

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance December 31, 2016</u>	<u>Granted/ Adjusted</u>	<u>Cash Receipts</u>	<u>Balance December 31, 2017</u>
County of Middlesex:					
HCD Funds:					
15-26	Various Improvements	33,626.23	\$ (28,396.23)	\$ 5,230.00	\$
17-02	Various Improvements		91,097.23	19,607.50	71,489.73
	Total HCD Funds:	33,626.23	62,701.00	24,837.50	71,489.73
State of New Jersey - Department of Transportation:					
15-16	Improvements to Montgomery Street Unreserved	387,500.00			387,500.00
16-05	Improvements to Montgomery Street - Phase II Unreserved	250,000.00			250,000.00
17-19	Improvements to Willett Avenue - Phase I Unreserved		262,000.00		262,000.00
	Total NJDOT	637,500.00	262,000.00		899,500.00
		\$ 671,126.23	\$ 324,701.00	\$ 24,837.50	\$ 970,989.73
Detail:					
Unreserved:					
	Middlesex County HCD	\$ 33,626.23	\$ 62,701.00	\$ 24,837.50	\$ 71,489.73
	NJ DOT	637,500.00	262,000.00		899,500.00
		\$ 671,126.23	\$ 324,701.00	\$ 24,837.50	\$ 970,989.73

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Description	Balance December 31, 2016	Decreased By			Balance December 31, 2017	Analysis of Balance December 31, 2017		
			2017 Authorizations	2017 Budget Appropriation	Cash Received		Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
		\$	\$	\$	\$	\$	\$	\$	\$
05-41/09-29	Road Improvements to Washington Street	24,750.00		24,750.00					
06-39/09-30	Reconstruction of Burton Ave Section I	77,250.00		6,000.00		71,250.00	71,250.00		
07-21/08-51	Streets and Roads Milling and Paving	177,000.00		14,000.00		163,000.00	163,000.00		
07-22/08-49	Drainage Improvements - Paul and Wilcox	208,000.00		16,000.00		192,000.00	192,000.00		
08-14	Improvements to Burton Avenue section II and Improvements to Cole and Philip St.	40,000.00		2,000.00		38,000.00	11,000.00		27,000.00
08-19/11-20/13-14 14-08/14-13/16-15	Planning, Site acquisition and Construction of Municipal Facilities	2,447,000.00		67,000.00	251,173.29	2,128,826.71	2,128,000.00	826.71	
08-25/08-46	Acquisition of various Equipment, Road and Drainage Improvements and various other Improvements - 2008	1,276,000.00		77,000.00		1,199,000.00	1,147,000.00		52,000.00
08-50/09-39/ 11-32	Acquisition of various Equipment, Road Improvements and various other Improvements	320,500.00		187,000.00		133,500.00			133,500.00
10-09/11-26/ 13-09/16-06	Acquisition of various Equipment, Road Improvements and various other Improvements	3,119,430.19		111,000.00		3,008,430.19	2,802,000.00		206,430.19
11-10	Improvements to Kamm Avenue Section I	65,000.00		2,000.00		63,000.00	63,000.00		
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	876,000.00		21,000.00		855,000.00	647,000.00	32,111.72	175,888.28
12-22	Improvements to Kamm Avenue Section II	69,000.00		2,000.00		67,000.00	67,000.00		
12-27	Improvements to the Radio Communication System	505,000.00		65,000.00		440,000.00	440,000.00		
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	2,094,090.39				2,094,090.39	750,000.00	433,194.63	910,895.76
13-22	Various Road, Curb, Sidewalk and Concrete Improvements	165,075.31			6,999.31	158,076.00	150,000.00		8,076.00
14-14/14-26	Various 2014 Road Improvements	855,000.00		27,000.00		828,000.00	733,000.00		95,000.00
14-30/15-03	Acquisition of Various Capital Equipment	665,000.00		50,000.00		615,000.00	550,000.00		65,000.00

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Description	Balance December 31, 2016	2017 Authorizations	Decreased By		Balance December 31, 2017	Analysis of Balance December 31, 2017		
				2017 Budget Appropriation	Cash Received		Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
15-10/16-23/17-03	Construction of a New Firehouse	\$ 190,000.00	\$ 285,000.00	\$	\$	\$ 475,000.00	\$ 475,000.00	\$	\$
15-16	Improvements to Montgomery Street	178,000.00				178,000.00	100,000.00		78,000.00
15-18	Acquisition of Various Capital Equipment	332,000.00				332,000.00	225,000.00		107,000.00
16-05	Improvements to Montgomery Street - Phase II	142,500.00				142,500.00	50,000.00		92,500.00
16-07	Acquisition of Various Capital Equipment and Improvements	285,000.00				285,000.00	200,000.00		85,000.00
16-11	Acquisition of Various Furniture and Equipment for the New Firehouse	760,000.00				760,000.00	600,000.00		160,000.00
17-10	Various Capital Improvements		235,000.00			235,000.00	75,000.00		160,000.00
17-19	Improvements to Willett Avenue - Phase I		175,000.00			175,000.00			175,000.00
		<u>\$ 14,871,595.89</u>	<u>\$ 695,000.00</u>	<u>\$ 671,750.00</u>	<u>\$ 258,172.60</u>	<u>\$ 14,636,673.29</u>	<u>\$ 11,639,250.00</u>	<u>\$ 466,133.06</u>	<u>\$ 2,531,290.23</u>
Analysis of Balance:									
Improvement Authorizations, Unfunded								\$	3,193,592.62
Unexpended Balance of Bond Anticipation Note Proceeds									<u>662,302.39</u>
								\$	<u>2,531,290.23</u>

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF SERIAL BONDS**

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased By</u>	<u>Balance December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
General Obligation Bonds Series 2007	12/3/07	\$ 8,405,000.00				\$ 750,000.00	\$ 750,000.00	\$
General Improvement Refunding Bonds Series 2016	3/15/16	3,630,000.00	12/1/18	725,000.00	4.000%			
			12/1/19	720,000.00	4.000%			
			12/1/20	720,000.00	4.000%			
			12/1/21	715,000.00	4.000%	3,590,000.00		3,590,000.00
			12/1/22	710,000.00	4.000%			
						<u>\$ 4,340,000.00</u>	<u>\$ 750,000.00</u>	<u>\$ 3,590,000.00</u>

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Increased By Bond Anticipation Notes Issued</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2017</u>
						\$	\$	\$	
05-41/09-29	Road Improvements to Washington Street	12/22/09	12/11/17	12/11/18	2.50%	24,750.00		24,750.00	
06-39/09-30	Reconstruction of Burton Ave Section I	12/22/09	12/11/17	12/11/18	2.50%	77,250.00		6,000.00	71,250.00
07-21/08-51	Streets and Roads - Milling and Paving	12/23/08	12/11/17	12/11/18	2.50%	177,000.00		14,000.00	163,000.00
07-22/08-49	Drainage Improvements - Paul and Wilcox	12/23/08	12/11/17	12/11/18	2.50%	208,000.00		16,000.00	192,000.00
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	12/23/08	12/11/17	12/11/18	2.50%	13,000.00		2,000.00	11,000.00
08-19/11-20/13-14 14-08/14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	12/22/09				260,000.00		260,000.00	
08-19/11-20/13-14 14-08/14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	12/21/10	12/11/17	12/11/18	2.50%	2,187,000.00		59,000.00	2,128,000.00
08-25/08-46	Acquisition of Various Equipment, Road and Drainage Improvements and various other Improvements	12/23/08	12/11/17	12/11/18	2.50%	1,224,000.00		77,000.00	1,147,000.00
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/20/11				187,000.00		187,000.00	
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/21/10	12/11/17	12/11/18	2.50%	2,228,000.00		93,000.00	2,135,000.00
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/20/11	12/11/17	12/11/18	2.50%	223,000.00		9,000.00	214,000.00
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/19/12	12/11/17	12/11/18	2.50%	92,000.00		4,000.00	88,000.00

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Increased By Bond Anticipation Notes Issued</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2017</u>
10-09/11-26/13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/18/13	12/11/17	12/11/18	2.50%	\$ 120,000.00	\$	\$ 5,000.00	\$ 115,000.00
10-09/11-26/13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/14/15	12/11/17	12/11/18	2.50%	50,000.00			50,000.00
10-09/11-26/13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/13/16	12/11/17	12/11/18	2.50%	200,000.00			200,000.00
11-10	Improvements to Kamm Avenue Section I	12/20/11	12/11/17	12/11/18	2.50%	65,000.00		2,000.00	63,000.00
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	12/19/12	12/11/17	12/11/18	2.50%	370,000.00		15,000.00	355,000.00
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	12/18/13	12/11/17	12/11/18	2.50%	48,000.00		2,000.00	46,000.00
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	12/16/14	12/11/17	12/11/18	2.50%	100,000.00		4,000.00	96,000.00
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	12/13/16	12/11/17	12/11/18	2.50%	75,000.00			75,000.00
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	12/11/17	12/11/17	12/11/18	2.50%		75,000.00		75,000.00
12-22	Improvements to Kamm Avenue Section II	12/18/13	12/11/17	12/11/18	2.50%	69,000.00		2,000.00	67,000.00
12-27	Improvements to the Radio Communication System	12/18/13	12/11/17	12/11/18	2.50%	505,000.00		65,000.00	440,000.00
12-30	Rehabilitation of the Jackson and William Street Pump Stations and Human Resource Building	12/11/17	12/11/17	12/11/18	2.50%		750,000.00		750,000.00
13-22	Various Road, Curb, Sidewalk and Concrete Improvements	12/14/15	12/11/17	12/11/18	2.50%	150,000.00			150,000.00
14-14/14-26	Various 2014 Road Improvements	12/16/14	12/11/17	12/11/18	2.50%	510,000.00		27,000.00	483,000.00
14-14/14-26	Various 2014 Road Improvements	12/14/15	12/11/17	12/11/18	2.50%	250,000.00			250,000.00

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Increased By Bond Anticipation Notes Issued</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2017</u>
14-30/15-03	Acquisition of Various Capital Equipment	12/16/14	12/11/17	12/11/18	2.50%	\$ 500,000.00	\$	\$ 50,000.00	\$ 450,000.00
14-30/15-03	Acquisition of Various Capital Equipment	12/14/15	12/11/17	12/11/18	2.50%	100,000.00			100,000.00
15-10/16-20/17-03	Construction of a New Firehouse	12/11/17	12/11/17	12/11/18	2.50%		475,000.00		475,000.00
15-16	Improvements to Montgomery Street	12/13/16	12/11/17	12/11/18	2.50%	50,000.00			50,000.00
15-16	Improvements to Montgomery Street	12/11/17	12/11/17	12/11/18	2.50%		50,000.00		50,000.00
15-18	Acquisition of Various Capital Equipment	12/14/15	12/11/17	12/11/18	2.50%	200,000.00			200,000.00
15-18	Acquisition of Various Capital Equipment	12/13/16	12/11/17	12/11/18	2.50%	25,000.00			25,000.00
15-16	Improvements to Montgomery Street - Phase II	12/11/17	12/11/17	12/11/18	2.50%		50,000.00		50,000.00
16-07	Acquisition of Various Capital Equipment and Improvements	12/13/16	12/11/17	12/11/18	2.50%	200,000.00			200,000.00
16-11	Acquisition of Various Furniture and Equipment for the New Firehouse	12/13/16	12/11/17	12/11/18	2.50%	600,000.00			600,000.00
17-10	Various Capital Improvements	12/11/17	12/11/17	12/11/18	2.50%		75,000.00		75,000.00
						<u>\$ 11,088,000.00</u>	<u>\$ 1,475,000.00</u>	<u>\$ 923,750.00</u>	<u>\$ 11,639,250.00</u>
Detail:									
Budget Appropriation								\$ 671,750.00	
Reserve for Debt Service - Ord. 08-19/11-20/13-14/14-08/14-13/16-15								251,173.29	
Cancelled								<u>826.71</u>	
								<u>\$ 923,750.00</u>	

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF LOANS PAYABLE -
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased by</u>	<u>Balance December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Sewer System Improvements - State Portion	11/01/00	\$ 430,000.00	08/01/18	\$ 30,000.00	5.250%	\$ 125,000.00	\$ 30,000.00	\$ 95,000.00
			08/01/19	30,000.00	5.250%			
			08/01/20	35,000.00	5.250%			
						<u>125,000.00</u>	<u>30,000.00</u>	<u>95,000.00</u>
Sewer System Improvements - Federal Portion	11/01/00	425,000.00	02/01/18	1,510.40	-	59,027.12	22,145.04	36,882.08
			08/01/18	19,680.70	-			
			02/01/19	1,033.43	-			
			08/01/19	14,657.55	-			
						<u>59,027.12</u>	<u>22,145.04</u>	<u>36,882.08</u>
						<u>\$ 184,027.12</u>	<u>\$ 52,145.04</u>	<u>\$ 131,882.08</u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF LOAN PAYABLE -
U.S. DEPARTMENT OF AGRICULTURE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2016		Interest Rate	Balance December 31, 2016	Decreased by	Balance December 31, 2017
			Date	Amount				
Community Facilities Program - Construction of a New Firehouse	12/13/16	\$ 9,800,000.00	06/13/18	\$ 115,643.37	2.375%	\$ 9,800,000.00	\$ 227,231.22	\$ 9,572,768.78
			12/13/18	117,016.64				
			06/13/19	118,406.21				
			12/13/19	119,812.28				
			06/13/20	121,235.05				
			12/13/20	122,674.72				
			06/13/21	124,131.48				
			12/13/21	125,605.54				
			06/13/22	127,097.11				
			12/13/22	128,606.39				
			06/13/23	130,133.59				
			12/13/23	131,678.92				
			06/13/24	133,242.61				
			12/13/24	134,824.87				
			06/13/25	136,425.91				
			12/13/25	138,045.97				
			06/13/26	139,685.27				
			12/13/26	141,344.03				
			06/13/27	143,022.49				
			12/13/27	144,720.88				
			06/13/28	146,439.44				
			12/13/28	148,178.41				
			06/13/29	149,938.03				
			12/13/29	151,718.54				
			06/13/30	153,520.20				
			12/13/30	155,343.25				
			06/13/31	157,187.95				
			12/13/31	159,054.56				
			06/13/32	160,943.33				
			12/13/32	162,854.54				
			06/13/33	164,788.43				
			12/13/33	166,745.30				
			06/13/34	168,725.40				
			12/13/34	170,729.01				
			06/13/35	172,756.42				
			12/13/35	174,807.90				
			06/13/36	176,883.74				
			12/13/36	178,984.24				

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF LOAN PAYABLE -
U.S. DEPARTMENT OF AGRICULTURE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2016		Interest Rate	Balance December 31, 2016	Decreased by	Balance December 31, 2017
			Date	Amount				
Community Facilities Program - Construction of a New Firehouse (Cont'd)	12/13/16	\$ 9,800,000.00	06/13/37	181,109.68				
			12/13/37	183,260.35				
			06/13/38	185,436.57				
			12/13/38	187,638.63				
			06/13/39	189,866.84				
			12/13/39	192,121.51				
			06/13/40	194,402.95				
			12/13/40	196,711.48				
			06/13/41	199,047.43				
			12/13/41	201,411.12				
			06/13/42	203,802.88				
			12/13/42	206,223.04				
			06/13/43	208,671.94				
			12/13/43	211,149.92				
			06/13/44	213,657.32				
			12/13/44	216,194.50				
			06/13/45	218,761.81				
			12/13/45	221,359.61				
			06/13/46	223,988.25				
			12/13/46	226,648.11				
						\$ 9,800,000.00	\$ 227,231.22	\$ 9,572,768.78

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31, 2016		2017 Authorizations	Reserve for Encumbrances Canceled	Reimbursement	Paid or Charged	Transfer	Balance December 31, 2017	
				Funded	Unfunded						Funded	Unfunded
07-23	Acquisition of Firefighting Equipment	08/27/07	\$ 100,000.00	\$ 4,660.89	\$	\$	\$	\$	\$	\$	\$ 4,660.89	\$
08-14	Improvements to Burton Avenue section II and Improvements to Cole and Philip St.	03/10/08	245,000.00		34,026.19				2,115.13			31,911.06
08-19/11-20/ 13-14/14-08/ 14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	06/13/11 08/12/13, 03/24/14, 05/27/14	5,300,000.00		149.18		988.46		1,137.64			
08-25/08-46	Acquisition of Various Equipment, Road and drainage Improvements and Various Other Improvements	07/14/08, 12/23/08	1,830,000.00		203,298.62				938.37			202,360.25
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/23/08, 09/14/09, 10/11/11	1,180,000.00		148,619.32							148,619.32
10-09/11-26/ 13-09/16-06	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	04/26/10, 08/08/11, 4/8/2013, 05/23/16	3,960,500.00		210,025.97				2,293.10			207,732.87
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	07/23/12	956,000.00		278,146.41				102,256.13			175,888.28
12-22	Improvements to Kamm Avenue Section II (NJDOT \$200,000)	08/27/12	275,000.00		5,350.48				55.26			5,295.22
12-27	Improvements to the Radio Communication System	10/22/12	600,000.00		22,215.75				360.11			21,855.64
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	12/17/12	3,500,000.00		913,790.53				2,894.77			910,895.76
13-22	Various Road, Curb, Sidewalk and Concrete Improvements (NJDOT \$310,000)	11/12/13	500,000.00		12,969.26				122.91			12,846.35
14-05	Various Computer Equipment and Network Upgrades	03/10/14	35,000.00	1,532.04					852.00		680.04	
14-14/14-26	Various 2014 Road Improvements	05/27/14 08/11/14	900,000.00		312,610.63				32,973.33			279,637.30
14-30/15-03	Acquisition of Various Capital Equipment	09/22/14	700,000.00		69,518.18				450.61			69,067.57
15-10/16-23/ 17-03	Construction of a New Firehouse	4/27/15/ 12/29/16 03/27/17	8,200,000.00		59,743.00	300,000.00	2,268.22		356,692.85			5,318.37
15-16	Improvements to Montgomery Street (NJDOT \$387,500)	06/08/15	575,000.00		130,136.40		50,620.84		41,185.68			139,571.56
15-18	Acquisition of Various Capital Equipment	08/10/15	350,000.00		123,779.39				13,536.58			110,242.81

**BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance		Balance December 31, 2016		2017 Authorizations	Reserve for Encumbrances		Paid or Charged	Transfer	Balance December 31, 2017	
		Date	Amount	Funded	Unfunded		Canceled	Reimbursed			Funded	Unfunded
15-26	Various Federal Housing and Community Development Grant Improvements	11/23/15	\$ 62,701.00	\$ 28,396.23	\$	\$	\$	\$	\$	\$ (28,396.23)	\$	\$
16-05	Improvements to Montgomery Street - Phase II (NJDOT \$250,000)	05/23/16	400,000.00	197,335.00	142,500.00		11,067.39		233,910.72			116,991.67
16-07	Acquisition of Various Capital Equipment and Improvements	06/27/16	300,000.00		220,215.76				41,944.12			178,271.64
16-11	Acquisition of Various Furniture and Equipment for the New Firehouse	08/22/16	800,000.00		240,231.68		2,394.00		34,334.11			208,291.57
17-02	Various Federal Housing and Community Development Grant Improvements	03/13/17	62,701.00			62,701.00			44,605.50	28,396.23	46,491.73	
17-10	Various Capital Improvements	05/22/17	250,000.00			250,000.00		34,950.00	91,154.62			193,795.38
17-19	Improvements to Willett Avenue - Phase I	10/10/17	450,000.00			450,000.00			61,560.00		213,440.00	175,000.00
				\$ 231,924.16	\$ 3,127,326.75	\$ 1,062,701.00	\$ 67,338.91	\$ 34,950.00	\$ 1,065,375.54	\$	\$ 265,272.66	\$ 3,193,592.62

Detail of 2017 Authorizations:

Capital Improvement Fund	\$ 43,000.00
Middlesex County HCD	62,701.00
NJ DOT Grant	262,000.00
Deferred Charges to Future Taxation, Unfunded	695,000.00
	<u>\$ 1,062,701.00</u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2016</u>	\$ 50,946.33
<u>INCREASED BY</u>	
2017 Budget Appropriation	<u>50,000.00</u>
	100,946.33
<u>DECREASED BY</u>	
Appropriated to Finance Improvement Authorizations	<u>43,000.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	\$ <u><u>57,946.33</u></u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2016</u>	<u>2017 Authorizations</u>	<u>Cash Received</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance December 31, 2017</u>
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	\$ 27,000.00	\$	\$		\$ 27,000.00
08-25/08-46	Acquisition of Various Equipment, Road and Drainage Improvements and Various Other Improvements	52,000.00				52,000.00
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road, Improvements and Various Other Improvements	133,500.00				133,500.00
10-09/11-26/ 13-09/16-06	Acquisition of Various Equipment, Road, Drainage and Various Other Improvements	206,430.19				206,430.19
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	283,000.00			75,000.00	208,000.00
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	2,094,090.39			750,000.00	1,344,090.39
13-22	Various Road, Curb, Sidewalk and Concrete Improvements	15,075.31		6,999.31		8,076.00
14-14/14-26	Various 2014 Road Improvements	95,000.00				95,000.00
14-30/15-03	Acquisition of Various Capital Equipment	65,000.00				65,000.00
15-10/16-23/17-03	Construction of a New Firehouse	190,000.00	\$ 285,000.00		475,000.00	

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance December 31, 2016	2017 Authorizations	Cash Received	Bond Anticipation Notes Issued	Balance December 31, 2017
15-16	Improvements to Montgomery Street	\$ 128,000.00	\$	\$	\$ 50,000.00	\$ 78,000.00
15-18	Acquisition of Various Capital Improvements	107,000.00				107,000.00
16-05	Improvements to Montgomery Street - Phase II	142,500.00			50,000.00	92,500.00
16-07	Acquisition of Various Capital Equipment and Improvements	85,000.00				85,000.00
16-11	Acquisition of Various Furniture and Equipment for the New Firehouse	160,000.00				160,000.00
17-10	Various Capital Improvements		235,000.00		75,000.00	160,000.00
17-19	Improvements to Willett Avenue - Phase I		175,000.00			175,000.00
		<u>\$ 3,783,595.89</u>	<u>\$ 695,000.00</u>	<u>\$ 6,999.31</u>	<u>\$ 1,475,000.00</u>	<u>\$ 2,996,596.58</u>

BOROUGH OF SOUTH RIVER
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

	Electric Utility		Parking Utility		Water Utility		Totals (Memorandum Only)	
	2017	2016	2017	2016	2017	2016	2017	2016
ASSETS								
Cash and Cash Equivalents	\$ 4,977,816.75	\$ 5,138,603.22	\$ 102,933.28	\$ 93,719.29	\$ 837,171.71	\$ 1,186,413.67	\$ 5,917,921.74	\$ 6,418,736.18
Due from Bond Registrar/Paying Agent					57,812.00	57,812.00	57,812.00	57,812.00
Consumer Accounts Receivable	1,340,845.25	1,393,869.43			352,968.24	320,529.80	1,693,813.49	1,714,399.23
Consumer Liens Receivable	43,770.55	41,201.24			8,431.98	8,003.39	52,202.53	49,204.63
Inventory	364,110.97	362,404.73			6,420.79	4,899.00	370,531.76	367,303.73
Total Assets	6,726,543.52	6,936,078.62	102,933.28	93,719.29	1,262,804.72	1,577,657.86	8,092,281.52	8,607,455.77
LIABILITIES, RESERVES AND FUND BALANCE								
Liabilities:								
Appropriation Reserves	395,139.28	291,639.55	13,620.85	19,076.84	127,583.71	107,111.99	536,343.84	417,828.38
Other Liabilities and Reserves:								
Reserve for Encumbrances	520,084.04	512,644.37	4,756.11	3,450.00	170,613.62	62,616.15	695,433.77	578,710.52
Prepaid Parking Permits			460.00	180.00			460.00	180.00
Consumer Overpayments	139,843.10	172,346.05			95,542.38	83,818.53	235,385.48	256,164.58
Accounts Payable	64,905.00						64,905.00	
Accrued Interest on Bonds, Notes and Loans	8,240.64	10,834.36	165.75	171.37	16,929.54	20,761.83	25,335.93	31,767.56
Due to Vendor	3,352.38	415.40			279.14		3,631.52	415.40
Due to Bond Registrar/Paying Agent					81,840.00	81,840.00	81,840.00	81,840.00
	736,405.16	696,240.18	5,381.86	3,801.37	365,204.68	249,036.51	1,106,991.70	949,078.06
Reserve for Receivables and Other Assets	1,748,726.77	1,797,475.40			425,633.01	391,244.19	2,174,359.78	2,188,719.59
Fund Balance	3,846,272.31	4,150,723.49	83,930.57	70,841.08	344,383.32	830,265.17	4,274,586.20	5,051,829.74
Total Liabilities, Reserves and Fund Balance	\$ 6,726,543.52	\$ 6,936,078.62	\$ 102,933.28	\$ 93,719.29	\$ 1,262,804.72	\$ 1,577,657.86	\$ 8,092,281.52	\$ 8,607,455.77

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	<u>Year 2017</u>	<u>Year 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 3,250,000.00	\$ 3,300,000.00
Electric Charges	14,053,014.89	14,401,911.84
Electric Capital Fund Balance	13,853.00	11,380.00
Other Credits to Income:		
Non-Budget Revenue	148,062.25	131,534.73
Current Appropriations Canceled	2,608.46	13,044.94
Unexpended Balance of Appropriation Reserves		
Lapsed and Reserve for Encumbrances Canceled	316,681.22	277,345.44
Cancellation of Various Payables	<u> </u>	<u>63.35</u>
Total Income	<u>17,784,219.82</u>	<u>18,135,280.30</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	10,405,000.00	10,455,000.00
Capital Improvements	20,000.00	20,000.00
Debt Service	863,671.00	854,500.00
Deferred Charges and Statutory Expenditures	300,000.00	305,584.00
Surplus - General Budget	<u>3,250,000.00</u>	<u>3,300,000.00</u>
Total Expenditures	<u>14,838,671.00</u>	<u>14,935,084.00</u>
Statutory Excess to Fund Balance	2,945,548.82	3,200,196.30
Fund Balance, January 1	<u>4,150,723.49</u>	<u>4,250,527.19</u>
	7,096,272.31	7,450,723.49
Decreased By:		
Utilization as Anticipated Revenue	<u>3,250,000.00</u>	<u>3,300,000.00</u>
	<u>3,250,000.00</u>	<u>3,300,000.00</u>
Fund Balance, December 31	<u>\$ 3,846,272.31</u>	<u>\$ 4,150,723.49</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 3,250,000.00	\$ 3,250,000.00	
Electric Charges	11,574,818.00	14,053,014.89	\$ 2,478,196.89
Electric Capital Fund Balance	<u>13,853.00</u>	<u>13,853.00</u>	
	14,838,671.00	17,316,867.89	2,478,196.89
Non-Budget Revenue	<u> </u>	<u>148,062.25</u>	<u>148,062.25</u>
	<u>\$ 14,838,671.00</u>	<u>\$ 17,464,930.14</u>	<u>\$ 2,626,259.14</u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Electric Charges:	
Consumer Accounts Receivable	\$ 14,021,629.39
State of New Jersey Lifeline	<u>31,385.50</u>
	<u>14,053,014.89</u>
Non-Budget Revenue:	
Interest on Investments	19,006.98
Interest on Delinquent Rents	47,701.53
Connection Fees	20,225.00
Refund of Prior Years Expenditures	23,554.77
Payment Plan Fees	70.00
Turn On/Off Fees	16,525.00
Use of Lights	2,737.50
Portal Convenience Fee	14,554.79
Returned Check Fees	3,140.00
Miscellaneous	<u>546.68</u>
	<u>\$ 148,062.25</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATING						
Salaries and Wages	\$ 1,390,000.00	\$ 1,390,000.00	\$ 1,387,318.34	\$	\$ 2,681.66	
Purchase of Power	7,000,000.00	7,000,000.00	6,579,210.65	410,803.66	9,985.69	4.00
Other Expenses - Operating	440,000.00	440,000.00	254,656.04	32,404.16	152,939.80	
Other Expenses - Office/Administrative	5,000.00	5,000.00	2,471.32	44.92	2,483.76	
Other Expenses - Insurance	1,130,000.00	1,130,000.00	1,026,674.03	931.21	102,394.76	
Other Expenses - Professional Services	430,000.00	430,000.00	236,574.80	75,880.09	117,545.11	
Other Expenses - Accumulated Absences	10,000.00	10,000.00	10,000.00			
Total Operating	10,405,000.00	10,405,000.00	9,496,905.18	520,064.04	388,030.78	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	20,000.00	20,000.00	20,000.00			
Total Capital Improvements	20,000.00	20,000.00	20,000.00			
DEBT SERVICE						
Payment of Bond Principal	425,000.00	425,000.00	425,000.00			
Payment of Bond Anticipation Notes and Capital Notes	297,000.00	297,000.00	297,000.00			
Interest on Bonds	111,671.00	111,671.00	111,670.32			0.68
Interest on Notes	30,000.00	30,000.00	27,392.22			2,607.78
Total Debt Service	863,671.00	863,671.00	861,062.54			2,608.46
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	184,000.00	184,000.00	183,124.82		875.18	
Social Security System (O.A.S.I.)	111,000.00	111,000.00	104,766.68		6,233.32	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	5,000.00	5,000.00	5,000.00			
Total Deferred Charges and Statutory Expenditures	300,000.00	300,000.00	292,891.50		7,108.50	
Surplus (General Budget)	3,250,000.00	3,250,000.00	3,250,000.00			
Total Electric Utility Appropriations	\$ 14,838,671.00	\$ 14,838,671.00	\$ 13,920,859.22	\$ 520,064.04	\$ 395,139.28	\$ 2,608.46

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2016</u>		\$ 1,393,869.43
<u>INCREASED BY</u>		
Electric Charges Levied		<u>14,028,417.66</u>
		15,422,287.09
<u>DECREASED BY</u>		
Collections	\$ 13,849,283.34	
State of New Jersey Lifeline/Heap Credits	31,385.50	
Municipal Lifeline	25,862.02	
Cancelled	(4.38)	
Consumer Overpayments Applied	172,346.05	
Transferred to Consumer Liens Receivable	<u>2,569.31</u>	<u>14,081,441.84</u>
<u>BALANCE, DECEMBER 31, 2017</u>		<u>\$ 1,340,845.25</u>

STATEMENT OF CONSUMER LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2016</u>		\$ 41,201.24
<u>INCREASED BY</u>		
Transferred from Consumer Accounts Receivable		<u>2,569.31</u>
<u>BALANCE, DECEMBER 31, 2017</u>		<u>\$ 43,770.55</u>
Detail of Balance:		
Consumer Accounts Receivable	\$ 43,724.26	
Interest and Costs	<u>46.29</u>	
	<u>\$ 43,770.55</u>	

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance December 31, 2016		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
<u>OPERATING</u>					
Salaries and Wages	\$ 11,261.30	\$	\$ 11,261.30	\$	\$ 11,261.30
Purchase of Power	126,152.98	351,295.64	477,448.62	350,532.67	126,915.95
Other Expenses:					
Operating	30,245.67	12,660.47	42,906.14	11,074.89	31,831.25
Office/Administrative	17,524.89	58.13	17,583.02	58.13	17,524.89
Insurance	102,204.83		102,204.83		102,204.83
Professional Services	1,021.91	148,630.13	149,652.04	125,937.01	23,715.03
Total Operating	288,411.58	512,644.37	801,055.95	487,602.70	313,453.25
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	3,227.97		3,227.97		3,227.97
Total Deferred Charges and Statutory Expenditures	3,227.97		3,227.97		3,227.97
Total Electric Utility Appropriations	\$ 291,639.55	\$ 512,644.37	\$ 804,283.92	\$ 487,602.70	\$ 316,681.22

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES

<u>BALANCE, DECEMBER 31, 2016</u>			\$ 10,834.36
<u>INCREASED BY</u>			
Budget Appropriation:			
Interest on Bonds	\$ 111,670.32		
Interest on Notes	<u>27,392.22</u>		<u>139,062.54</u>
			149,896.90
<u>DECREASED BY</u>			
Cash Disbursed			<u>141,656.26</u>
<u>BALANCE, DECEMBER 31, 2017</u>			<u>\$ 8,240.64</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2017

	<u>Outstanding December 31, 2017</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Refunding Bonds, 2016	\$ 2,390,000.00	4.00%	12/1/17	12/31/17	1 Months	\$ 7,966.67
Bond Anticipation Notes	200,000.00	2.50%	12/11/17	12/31/17	20 Days	<u>273.97</u>
						<u>\$ 8,240.64</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	<u>Year 2017</u>	<u>Year 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 22,000.00	\$ 24,000.00
Parking Fees	54,832.40	58,401.32
Parking Capital Fund Balance	1,500.00	2,000.00
Other Credits to Income:		
Non Budget Revenues	606.63	43.41
Current Appropriations Canceled	230.62	334.88
Unexpended Balance of Appropriation Reserves		
Lapsed and Encumbrances Payable Canceled	<u>19,419.84</u>	<u>2,903.99</u>
Total Income	<u>98,589.49</u>	<u>87,683.60</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	30,300.00	33,000.00
Capital Improvements	6,500.00	6,500.00
Debt Service	21,700.00	21,500.00
Deferred Charges and Statutory Expenditures	<u>5,000.00</u>	<u>5,000.00</u>
Total Expenditures	<u>63,500.00</u>	<u>66,000.00</u>
Statutory Excess to Fund Balance	35,089.49	21,683.60
Fund Balance, January 1	<u>70,841.08</u>	<u>73,157.48</u>
	105,930.57	94,841.08
Decreased By:		
Utilization as Anticipated Revenue	<u>22,000.00</u>	<u>24,000.00</u>
Fund Balance, December 31	<u>\$ 83,930.57</u>	<u>\$ 70,841.08</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 22,000.00	\$ 22,000.00	
Parking Fees	40,000.00	54,832.40	\$ 14,832.40
Parking Capital Fund Balance	<u>1,500.00</u>	<u>1,500.00</u>	<u> </u>
	63,500.00	78,332.40	14,832.40
Non-Budget Revenue	<u> </u>	<u>606.63</u>	<u>606.63</u>
	<u>\$ 63,500.00</u>	<u>\$ 78,939.03</u>	<u>\$ 15,439.03</u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Parking Fees:	
Parking Permits	\$ 15,965.00
Parking Meters	<u>38,867.40</u>
	<u>\$ 54,832.40</u>
Non Budget Revenues:	
Interest on Investments	\$ 586.63
Bounced Check Fees	<u>20.00</u>
	<u>\$ 606.63</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATING</u>						
Salaries and Wages	\$ 23,000.00	\$ 23,000.00	\$ 16,501.00	\$ 456.11	\$ 6,499.00	\$
Other Expenses - Operating	3,000.00	3,000.00	671.96	4,300.00	1,871.93	
Other Expenses - Professional Services	4,300.00	4,300.00				
Total Operating	30,300.00	30,300.00	17,172.96	4,756.11	8,370.93	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	2,500.00	2,500.00	2,500.00		4,000.00	
Capital Outlay - Meter Upgrades	4,000.00	4,000.00				
Total Capital Improvements	6,500.00	6,500.00	2,500.00		4,000.00	
<u>DEBT SERVICE</u>						
Payment of Bond Anticipation Notes and Capital Notes	18,000.00	18,000.00	18,000.00			230.62
Interest on Notes	3,700.00	3,700.00	3,469.38			
Total Debt Service	21,700.00	21,700.00	21,469.38			230.62
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	2,500.00	2,500.00	2,500.00		1,249.92	
Social Security System (O.A.S.I.)	2,500.00	2,500.00	1,250.08			
Total Deferred Charges and Statutory Expenditures	5,000.00	5,000.00	3,750.08		1,249.92	
Total Parking Utility Appropriations	\$ 63,500.00	\$ 63,500.00	\$ 44,892.42	\$ 4,756.11	\$ 13,620.85	\$ 230.62

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF 2016 APPROPRIATION RESERVES

	Appropriation Reserves	Balance December 31, 2016 Reserve for Encumbrances	Balance After Transfers	Paid or Charged	Balance Lapsed
<u>OPERATING</u>					
Salaries and Wages	\$ 11,270.32	\$	\$ 11,270.32	\$	\$ 11,270.32
Other Expenses:					
Operating	2,389.00		2,389.00		2,389.00
Professional Services	285.70	3,450.00	3,735.70	3,107.00	628.70
Total Operating	13,945.02	3,450.00	17,395.02	3,107.00	14,288.02
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay - Meter Upgrades	3,957.53		3,957.53		3,957.53
Total Capital Improvements	3,957.53		3,957.53		3,957.53
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	1,174.29		1,174.29		1,174.29
Total Deferred Charges and Statutory Expenditures	1,174.29		1,174.29		1,174.29
Grand Total	\$ 19,076.84	\$ 3,450.00	\$ 22,526.84	\$ 3,107.00	\$ 19,419.84

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

<u>BALANCE, DECEMBER 31, 2016</u>	\$ 171.37
<u>INCREASED BY</u>	
Budget Appropriation:	
Interest on Notes	<u>3,469.38</u>
	3,640.75
<u>DECREASED BY</u>	
Cash Disbursed	<u>3,475.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	<u>\$ 165.75</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2017

	Outstanding December 31, <u>2017</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Bond Anticipation Notes	\$ 121,000.00	2.50%	12/11/17	12/31/17	20 Days	\$ <u>165.75</u>
						<u>\$ 165.75</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	<u>Year 2017</u>	<u>Year 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 610,613.00	\$ 566,509.00
Water Rents	3,096,284.18	3,364,302.73
Water Capital Fund Balance	38,576.00	40,236.00
Other Credits to Income:		
Non Budget Revenues	29,444.19	42,691.05
Current Appropriations Canceled	90,400.02	91,137.85
Unexpended Balance of Appropriation Reserves		
Lapsed and Encumbrances Payable Canceled	108,602.76	212,064.65
Cancellation of Due to Vendor		59.40
	<u>3,973,920.15</u>	<u>4,317,000.68</u>
Total Income		
	<u>3,973,920.15</u>	<u>4,317,000.68</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	2,665,000.00	2,640,000.00
Capital Improvements	425,000.00	320,000.00
Debt Service	572,189.00	661,689.00
Deferred Charges and Statutory Expenditures	187,000.00	185,056.00
	<u>3,849,189.00</u>	<u>3,806,745.00</u>
Total Expenditures		
	<u>3,849,189.00</u>	<u>3,806,745.00</u>
Statutory Excess to Fund Balance	124,731.15	510,255.68
Fund Balance, January 1	<u>830,265.17</u>	<u>886,518.49</u>
	954,996.32	1,396,774.17
Decreased By:		
Utilization as Anticipated Revenue	<u>610,613.00</u>	<u>566,509.00</u>
Fund Balance, December 31	<u>\$ 344,383.32</u>	<u>\$ 830,265.17</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 610,613.00	\$ 610,613.00	\$
Water Rents - Basic	3,200,000.00	3,096,284.18	(103,715.82)
Water Capital Fund Balance	<u>38,576.00</u>	<u>38,576.00</u>	<u></u>
	3,849,189.00	3,745,473.18	(103,715.82)
Non-Budget Revenue	<u></u>	<u>29,444.19</u>	<u>29,444.19</u>
	<u>\$ 3,849,189.00</u>	<u>\$ 3,774,917.37</u>	<u>\$ (74,271.63)</u>

ANALYSIS OF REALIZED REVENUETotal

Water Rents:

Consumer Accounts Receivable \$ 3,096,284.18

Non Budget Revenues:

Interest on Investments	\$ 5,307.13
Payment Plan Fees	60.00
Meter Installation	5,181.66
Turn Off Fees	10,775.00
Bounced Check Fees	800.00
Connection/Tap Fee	2,709.95
Portal Convenience Fee	1,908.80
Refund of Prior Years Expenditures	412.26
Curb Box Repair	<u>2,289.39</u>
	<u>\$ 29,444.19</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
OPERATING						
Salaries and Wages	\$ 760,000.00	\$ 760,000.00	\$ 757,513.97	\$	\$ 2,486.03	\$
Purchase of Water	850,000.00	850,000.00	834,414.64		15,585.36	
Other Expenses - Operating	225,000.00	225,000.00	190,336.47	22,726.45	11,937.08	
Other Expenses - Office/Administrative	5,000.00	5,000.00	1,587.55	29.95	3,382.50	
Other Expenses - Insurance	750,000.00	705,000.00	684,423.65	399.09	20,177.26	
Other Expenses - Professional Services	125,000.00	115,000.00	67,761.83	39,624.12	7,614.05	
Other Expenses - Accumulated Absences	5,000.00	5,000.00	5,000.00			
Total Operating	2,720,000.00	2,665,000.00	2,541,038.11	62,779.61	61,182.28	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	20,000.00	20,000.00	20,000.00			
Capital Outlay	350,000.00	405,000.00	233,658.15	107,834.01	63,507.84	
Total Capital Improvements	370,000.00	425,000.00	253,658.15	107,834.01	63,507.84	
DEBT SERVICE						
Payment of Bond Anticipation Notes and Capital Notes	241,000.00	241,000.00	241,000.00			2,944.79
Interest on Notes	82,500.00	82,500.00	79,555.21			63,872.88
Wastewater - Year 2000 - State - Principal	180,000.00	180,000.00	116,127.12			23,581.75
Wastewater - Year 2000 - State - Interest	36,488.00	36,488.00	12,906.25			0.60
Wastewater - Year 2000 - Federal - Principal	32,201.00	32,201.00	32,200.40			
Total Debt Service	572,189.00	572,189.00	481,788.98			90,400.02
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	122,000.00	122,000.00	121,985.00		15.00	
Social Security System (O.A.S.I.)	60,000.00	60,000.00	57,121.41		2,878.59	
Unemployment Compensation Insurance (NJSA 43:21 et seq)	5,000.00	5,000.00	5,000.00			
Total Deferred Charges and Statutory Expenditures	187,000.00	187,000.00	184,106.41		2,893.59	
Total Water Utility Appropriations	\$ 3,849,189.00	\$ 3,849,189.00	\$ 3,460,591.65	\$ 170,613.62	\$ 127,583.71	\$ 90,400.02

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2016</u>		\$ 320,529.80
<u>INCREASED BY</u>		
Water Charges Levied		<u>3,129,151.21</u>
		3,449,681.01
<u>DECREASED BY</u>		
Collections	\$ 3,012,465.65	
Consumer Overpayments Applied	83,818.53	
Transfer to Consumer Lien Receivable	<u>428.59</u>	<u>3,096,712.77</u>
<u>BALANCE, DECEMBER 31, 2017</u>		<u>\$ 352,968.24</u>

STATEMENT OF CONSUMER LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2016</u>		\$ 8,003.39
<u>INCREASED BY</u>		
Transfer from Consumer Accounts Receivable		<u>428.59</u>
<u>BALANCE, DECEMBER 31, 2017</u>		<u>\$ 8,431.98</u>

Detail of Balance:		
Consumer Accounts Receivable	\$ <u>8,431.98</u>	
	<u>\$ 8,431.98</u>	

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance December 31, 2016		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
<u>OPERATING</u>					
Salaries and Wages	\$ 8,288.81	\$	\$ 8,288.81	\$	\$ 8,288.81
Purchase of Water	2,715.26		2,715.26		2,715.26
Other Expenses:					
Operating	9,856.06	15,280.05	25,136.11	15,102.58	10,033.53
Office/Administrative	3,380.57	38.76	3,419.33	38.76	3,380.57
Insurance	39,801.23		39,801.23		39,801.23
Professional Services	2,370.56	24,875.00	27,245.56	24,404.83	2,840.73
Total Operating	66,412.49	40,193.81	106,606.30	39,546.17	67,060.13
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay	38,587.33	22,422.34	61,009.67	21,579.21	39,430.46
Total Capital Improvements	38,587.33	22,422.34	61,009.67	21,579.21	39,430.46
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	2,112.17		2,112.17		2,112.17
Total Deferred Charges and Statutory Expenditures	2,112.17		2,112.17		2,112.17
Grand Total	\$ 107,111.99	\$ 62,616.15	\$ 169,728.14	\$ 61,125.38	\$ 108,602.76

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS

<u>BALANCE, DECEMBER 31, 2016</u>			\$ 20,761.83
<u>INCREASED BY</u>			
Budget Appropriation:			
Interest on Notes	\$ 79,555.21		
Interest on Loan	<u>12,906.25</u>		<u>92,461.46</u>
			113,223.29
<u>DECREASED BY</u>			
Cash Disbursed			<u>96,293.75</u>
<u>BALANCE, DECEMBER 31, 2017</u>			<u>\$ 16,929.54</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2017

	<u>Outstanding December 31, 2017</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
NJ Environmental Infrastructure Trust - 2000	\$ 590,000.00	Var.	8/1/17	12/31/17	5 Months	\$ 12,906.25
Bond Anticipation Notes	2,937,000.00	2.50%	12/11/17	12/31/17	20 Days	<u>4,023.29</u>
						<u>\$ 16,929.54</u>

BOROUGH OF SOUTH RIVER
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY CAPITAL FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

	Electric Utility		Parking Utility		Water Utility		Total (Memorandum Only)
	2017	2016	2017	2016	2017	2016	
ASSETS							
Cash and Cash Equivalents	\$ 1,126,862.78	\$ 1,227,617.24	\$ 95,550.47	\$ 93,520.87	\$ 697,687.48	\$ 737,197.96	\$ 1,920,100.73
Fixed Capital	16,051,731.10	16,048,904.88	258,290.08	258,203.50	16,686,924.55	16,383,578.64	32,996,945.73
Fixed Capital Authorized and Uncompleted	2,372,294.24	2,377,040.46	72,456.73	72,543.31	2,324,345.48	2,372,454.03	4,769,096.45
	18,424,025.34	18,425,945.34	330,746.81	330,746.81	19,011,270.03	18,756,032.67	37,766,042.18
Total Assets	19,550,888.12	19,653,562.58	426,297.28	424,267.68	19,708,957.51	19,493,230.63	39,686,142.91
LIABILITIES AND RESERVES							
Serial Bonds	2,390,000.00	2,815,000.00					2,390,000.00
Bond Anticipation Notes	200,000.00	1,141,000.00	121,000.00	139,000.00	2,937,000.00	3,178,000.00	3,258,000.00
Loans Payable					590,000.00	802,200.41	590,000.00
							802,200.41
							2,815,000.00
							4,458,000.00
							802,200.41

BOROUGH OF SOUTH RIVER
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
ELECTRIC UTILITY, PARKING UTILITY AND WATER UTILITY CAPITAL FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

	Electric Utility		Parking Utility		Water Utility		Total (Memorandum Only)	
	2017	2016	2017	2016	2017	2016	2017	2016
LIABILITIES AND RESERVES								
(CONTINUED)								
Improvement Authorizations:								
Funded	698,432.87	418,666.59	47,702.20	47,702.20	126,889.62	126,889.62	873,024.69	593,258.41
Unfunded	1,200,961.29	1,910,684.89	22,444.58	22,543.31	2,145,532.40	2,236,690.75	3,368,938.27	4,169,918.95
	1,899,394.16	2,329,351.48	70,146.78	70,245.51	2,272,422.02	2,363,580.37	4,241,962.96	4,763,177.36
Capital Improvement Fund	178,903.15	158,903.15	24,000.00	21,500.00	241,450.63	221,450.63	444,353.78	401,853.78
Reserve for Encumbrances	117,877.35	35,668.00	12.15		43,882.61	832.81	161,772.11	36,500.81
	296,780.50	194,571.15	24,012.15	21,500.00	285,333.24	222,283.44	606,125.89	438,354.59
Reserve for Amortization	13,934,025.34	13,069,945.34	194,746.81	176,746.81	13,335,270.03	12,626,832.26	27,464,042.18	25,873,524.41
Deferred Reserve for Amortization	739,000.00				108,000.00	108,000.00	847,000.00	108,000.00
Fund Balance	91,688.12	103,694.61	16,391.54	16,775.36	180,932.22	192,334.15	289,011.88	312,804.12
Total Liabilities and Reserves	\$ 19,550,888.12	\$ 19,653,562.58	\$ 426,297.28	\$ 424,267.68	\$ 19,708,957.51	\$ 19,493,230.63	\$ 39,686,142.91	\$ 39,571,060.89

There were Bonds and Notes Authorized but not Issued of \$1,161,000.00 in the Electric Utility Capital Fund, \$2,041,000.00 in the Water Utility Capital Fund and \$15,000.00 in the Parking Utility Capital Fund at December 31, 2017.

**BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2016	Disbursements				Transfers		Balance December 31, 2017
		Miscellaneous	Improvement Authorizations	Miscellaneous	Bond Anticipation Notes	From	To	
Fund Balance	\$ 103,694.61	\$ 1,846.51	\$	\$ 13,853.00	\$	\$	\$	\$ 91,688.12
Capital Improvement Fund	158,903.15	20,000.00						178,903.15
Reserve for Encumbrances	35,668.00			343,771.75		4,195.00	430,176.10	117,877.35
Due to Electric Utility Operating Fund		5,141.86		5,141.86				
Reserve for Debt Service		881,080.00			642,080.00	239,000.00		
Ordinance Number			Improvement Authorizations					
03-35/06-42			Acquisition and Installation of Electric Meters					172,267.29
08-27/08-47			Acquisition of and Improvements to various Capital Equipment					243,503.67
12-28			Improvements to the Radio Communication System					13,144.26
14-05			Various Computer Equipment and Network Upgrades					2,895.63
14-16			Acquisition and Installation of a Standby Generator(s)		1,920.00	1,292.10	4,195.00	39,961.29
16-12			Improvements to the Willett Avenue Substation			428,884.00	239,000.00	286,622.02
	<u>\$ 1,227,617.24</u>	<u>\$ 908,068.37</u>	<u>\$ 2,056.22</u>	<u>\$ 362,766.61</u>	<u>\$ 644,000.00</u>	<u>\$ 673,371.10</u>	<u>\$ 673,371.10</u>	<u>\$ 1,128,862.78</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

BALANCE, DECEMBER 31, 2016 \$ 16,048,904.88

INCREASED BY

Transferred from Fixed Capital Authorized
and Uncompleted

2,826.22

BALANCE, DECEMBER 31, 2017

16,051,731.10

Detail:

Miscellaneous intangible, Plant	1,100.00
Land and Land Rights	5,685.00
Structures and Improvement, Distribution Plant	281,161.69
Internal Combustion Engines	650,836.49
Generators	136,077.19
Accessory Electric Equipment	96,355.56
Miscellaneous Power Plant Equipment	45,054.60
Structures and Improvements	31,330.06
Station Equipment	58,206.53
Poles, Towers and Fixtures	125,679.21
Overhead Conductors and Devices	237,508.78
Line Transformers	303,628.00
Services	102,049.40
Meters	159,621.30
Street Lighting and Signal System	88,801.11
Yard Lighting	52.47
Land and Land Rights, General Plant	6,482.24
Structures and Improvements, General Plant	74,398.42
Office Furniture and Equipment	42,831.23
Transportation Equipment	63,172.21
Store Equipment	1,125.54
Tools and Work Equipment	13,951.02
Laboratory Equipment	2,227.60
Power Operated Equipment	7,759.31
Communications Equipment	8,628.47
Fire Alarm and Safety Equipment	493.32
Construction of Additions, Extensions and Improvement to the Existing Electrical System	1,900,667.84
Appurtenant Equipment for Willett Avenue Sub-Station	187,500.00
Dump Trucks and Scavenger Truck	69,315.22
Computer	32,774.03
Bay Lifts	59,743.92
Heating System	46,500.00
Gas Tanks	22,000.00
Improvement to Willett Avenue Sub-Station	86,277.70
Installation and Purchase of Street Lights	24,717.63
Acquisition of a Stump Grinder	7,993.64
Improvement to Electrical System	79,937.74
1999 Capital Outlay	48,515.00
Acquisition of a Bucket Truck	158,990.00
Acquisition and Installation of Radio Communication Equipment	116,975.29
Improvement to the Electrical System	157,036.27
Acquisition and Installation of an Electric Transformer	424,551.80
Repairs and Rebuilding of an Electric Transformer	228,397.79
Renovations to the Gordon Street Administration Building	399,136.97
Acquisition of Utility Vehicles	261,345.09
Improvements to Willett Avenue Substation	4,973,492.03
Acquisition and Installation of Electric Meters	1,377,732.71
Acquisition and Installation of Various Equipment	956,496.33
Improvements to the Radio Communication System	346,855.74
Various Computer Equipment and Network Upgrades	18,104.37
Acquisition and Installation of a Standby Generator(s)	957,596.61
2005 Capital Outlay - Appropriation	59,989.00
2008 Capital Outlay - Appropriation	7,930.00
2009 Capital Outlay - Appropriation	49,937.59
2010 Capital Outlay - Appropriation	25,974.09
2010 Capital Outlay - Appropriation Reserves	9,551.95
2011 Capital Outlay - Appropriation	49,788.00
2011 Capital Outlay - Appropriation Reserves	181,690.00
2012 Capital Outlay - Appropriation Reserves	<u>180,000.00</u>

\$ 16,051,731.10

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2016</u>	<u>Transferred to Fixed Capital</u>	<u>Canceled</u>	<u>Balance December 31, 2017</u>
03-35/ 06-42	Acquisition and Installation of Electric Meters	09/29/03, 12/18/06	\$ 1,950,000.00	\$ 572,267.29	\$		\$ 572,267.29
08-27/ 08-47	Acquisition and Installation of Various Equipment	07/14/08 02/23/08	1,200,000.00	243,503.67			243,503.67
12-28	Improvements to the Radio Communication System	10/22/12	360,000.00	13,144.26			13,144.26
14-05	Various Computer Equipment and Network Upgrades	03/10/14	21,000.00	2,895.63			2,895.63
14-16	Acquisition and Installation of a Standby Generator(s)	06/09/14	1,498,080.00	545,229.61	2,826.22	1,920.00	540,483.39
16-12	Improvement to the Willett Avenue Substation	08/22/16	1,000,000.00	1,000,000.00			1,000,000.00
				<u>\$ 2,377,040.46</u>	<u>\$ 2,826.22</u>	<u>\$ 1,920.00</u>	<u>\$ 2,372,294.24</u>

**BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decrease</u>	<u>Balance December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Electric System Improvements	12/1/07	5,990,000.00				\$ 425,000.00	\$ 425,000.00	\$
Electric Utility Refunding Bonds Series 2016	3/15/16	2,415,000.00	12/1/18	\$ 430,000.00	4.000%			
			12/1/19	455,000.00	4.000%			
			12/1/20	480,000.00	4.000%			
			12/1/21	500,000.00	4.000%			
			12/1/22	525,000.00	4.000%	2,390,000.00		2,390,000.00
						<u>\$ 2,815,000.00</u>	<u>\$ 425,000.00</u>	<u>\$ 2,390,000.00</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Description</u>	<u>Original Issue Date</u>	<u>Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased by</u>		<u>Cancelled</u>	<u>Balance December 31, 2017</u>
							<u>Budget Appropriation</u>	<u>Excess Cash</u>		
12-28	Improvements to the Radio Communication System	12/19/12	12/11/17	12/11/18	2.50%	\$ 241,000.00	\$ 241,000.00	\$	\$	\$
14-16	Installation of a Standby Generator(s)	12/16/14	12/11/17	12/11/18	2.50%	400,000.00	56,000.00	142,080.00	1,920.00	200,000.00
16-12	Improvements to the Willett Avenue Substation	12/13/16	12/11/17	12/11/18	2.50%	500,000.00		500,000.00		
						<u>\$ 1,141,000.00</u>	<u>\$ 297,000.00</u>	<u>\$ 642,080.00</u>	<u>\$ 1,920.00</u>	<u>\$ 200,000.00</u>

**BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31, 2016		Reserve for Encumbrances Canceled	Paid or Charged	Balance December 31, 2017	
				Funded	Unfunded			Funded	Unfunded
03-35/06-42	Acquisition and Installation of Electric Meters	09/29/03, 12/18/06	\$ 1,950,000.00	\$ 172,267.29	\$ 400,000.00	\$	\$	\$ 172,267.29	\$ 400,000.00
08-27/08-47	Acquisition of and Improvements to Various Capital Equipment	07/14/08, 12/23/08	1,200,000.00	243,503.67				243,503.67	
12-28	Improvements to the Radio Communications System	10/22/12	360,000.00		13,144.26			13,144.26	
14-05	Various Computer Equipment and Network Upgrades	03/10/14	21,000.00	2,895.63				2,895.63	
14-16	Acquisition and Installation of a Standby Generator(s)	06/09/14	1,500,000.00		541,034.61	4,195.00	3,348.32		539,961.29
16-12	Improvements to the Willett Avenue Substation	08/22/16	1,000,000.00		956,506.02		428,884.00	266,622.02	261,000.00
				\$ 418,666.59	\$ 1,910,684.89	\$ 4,195.00	\$ 432,232.32	\$ 698,432.87	\$ 1,200,961.29

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2016</u>	\$ 158,903.15
<u>INCREASED BY</u>	
2017 Budget Appropriation	<u>20,000.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	\$ <u>178,903.15</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	<u>Balance December 31, 2016</u>	<u>Reserve for Debt Service</u>	<u>Balance December 31, 2017</u>
03-35/06-42	Acquisition and Installation of Electric Meters	\$ 400,000.00	\$	\$ 400,000.00
14-16	Acquisition and Installation of a Standby Generator(s)	500,000.00		500,000.00
16-12	Improvements to the Willett Avenue Substation	<u>500,000.00</u>	<u>239,000.00</u>	<u>261,000.00</u>
		<u>\$ 1,400,000.00</u>	<u>\$ 239,000.00</u>	<u>\$ 1,161,000.00</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS

Fund Balance Capital Improvement Fund Reserve for Encumbrances Due to/(from) Parking Utility Operating Fund	Balance December 31, 2016	Receipts		Disbursements		Bond Anticipation Notes	Transfers		Balance December 31, 2017
		Miscellaneous	Improvement Authorizations	Improvement Authorizations	Miscellaneous		From	To	
	\$ 16,775.36	\$ 1,116.18		\$ 1,500.00	\$		\$		\$ 16,391.54
	21,500.00	2,500.00							24,000.00
								12.15	12.15
		251.41		251.41					
Ordinance Number	Description								
12-20	Parking Lot Improvements and Parking Meters								47,702.20
14-25	Obert Street Parking Lot Improvements		86.58				12.15		7,444.58
		\$ 93,520.87	\$ 3,867.59	\$ 86.58	\$ 1,751.41	\$	\$ 12.15	\$ 12.15	\$ 95,550.47

Bracketed amounts denote deficit.

BOROUGH OF SOUTH RIVER
PARKING UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

<u>BALANCE, DECEMBER 31, 2016</u>		\$	258,203.50
<u>INCREASED BY</u>			
Transferred from Fixed Capital Authorized and Uncompleted			<u>86.58</u>
<u>BALANCE, DECEMBER 31, 2017</u>		\$	<u>258,290.08</u>
Detail:			
Land, Off-Street Parking Facilities	\$	68,975.46	
Meters and Machine		2,200.00	
Obert Street Parking Lot Improvements		177,543.27	
2012 Capital Outlay - Appropriation Reserves		3,995.44	
2013 Capital Outlay - Appropriation		1,534.50	
2015 Capital Outlay - Appropriation		2,380.02	
2015 Capital Outlay - Appropriation Reserves		1,618.92	
2016 Capital Outlay - Appropriation		<u>42.47</u>	<u>258,290.08</u>
		\$	<u>258,290.08</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2016</u>	<u>Decreased by Transferred to Fixed Capital</u>	<u>Balance December 31, 2017</u>
12-20	Parking Lot Improvements and Parking Meters	07/23/12	\$ 50,000.00	\$ 50,000.00	\$	\$ 50,000.00
14-25	Obert Street Parking Lot Improvements	08/11/14	200,000.00	22,543.31	86.58	22,456.73
				<u>\$ 72,543.31</u>	<u>\$ 86.58</u>	<u>\$ 72,456.73</u>

**BOROUGH OF SOUTH RIVER
PARKING UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Description</u>	<u>Original Issue Date</u>	<u>Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2017</u>
14-25	Obert Street Parking Lot Improvements	12/16/14	12/11/17	12/11/18	2.50%	\$ 139,000.00	\$ 18,000.00	\$ 121,000.00
						<u>\$ 139,000.00</u>	<u>\$ 18,000.00</u>	<u>\$ 121,000.00</u>

**BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance</u>		<u>Balance December 31, 2016</u>		<u>Paid or Charged</u>	<u>Balance December 31, 2017</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>		<u>Funded</u>	<u>Unfunded</u>
12-20	Parking Lot Improvements and Parking Meters	07/23/12	\$ 50,000.00	\$ 47,702.20	\$	\$	47,702.20	\$
14-25	Obert Street Parking Lot Improvements	08/11/14	200,000.00		22,543.31	98.73		22,444.58
				\$ 47,702.20	\$ 22,543.31	98.73	47,702.20	\$ 22,444.58

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2016</u>	\$ 21,500.00
<u>INCREASED BY</u>	
2017 Budget Appropriation	<u>2,500.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	<u>\$ 24,000.00</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	<u>Balance December 31, 2016</u>	<u>Balance December 31, 2017</u>
14-25	Obert Street Parking Lot Improvements	\$ <u>15,000.00</u>	\$ <u>15,000.00</u>
		\$ <u>15,000.00</u>	\$ <u>15,000.00</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS

Ordinance Number	Description	Receipts		Disbursements		Transfers		Balance December 31, 2017
		Balance December 31, 2016	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance		\$ 192,334.15	\$ 27,174.07	\$	\$ 38,576.00	\$		\$ 180,932.22
Capital Improvement Fund		221,450.63	20,000.00					241,450.63
Reserve for Encumbrances		832.81			45,525.50		88,575.30	43,882.61
Due to/(from) Water Utility Operating Fund			1,995.21		1,995.21			
03-18/08-26 08-48/ 10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower	53,982.44		1,641.76		241.19		52,099.49
03-36/ 06-43	Acquisition and Installation of Water Meters	124,959.15						124,959.15
08-28	Improvements to the Water Treatment Plant	88,832.42		552.92		88,279.50		
10-10	Water System Improvements	43,902.50		172.94		24.32		43,705.24
12-23	Various Water System Improvements	302.62		101.61		14.29		186.72
12-28	Improvements to the Radio Communication System	8,670.77		113.82		16.00		8,540.95
14-05	Various Computer Equipment and Network Upgrades	1,930.47						1,930.47
		<u>\$ 737,197.96</u>	<u>\$ 49,169.28</u>	<u>\$ 2,583.05</u>	<u>\$ 86,096.71</u>	<u>\$ 88,575.30</u>	<u>\$ 88,575.30</u>	<u>\$ 697,687.48</u>

Bracketed amounts denote deficit.

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

BALANCE, DECEMBER 31, 2016 \$ 16,383,578.64

INCREASED BY

Transferred from Fixed Capital Authorized and Uncompleted	\$ 48,108.55	
Adjustment for Budget Expenditure Capital Outlay:		
2016 Appropriation Reserves	21,579.21	
2017 Appropriation	<u>233,658.15</u>	<u>303,345.91</u>

BALANCE, DECEMBER 31, 2017 16,686,924.55

Detail:

Land and Land Rights	12,200.00
Wells and Springs	54,738.27
Infiltration Galleries and Tunnels	29,712.10
Supply Mains	11,540.89
Water Drilling Clearing Account	27,644.40
Structures and Improvements, Pumping Plant	276,004.81
Electric Pumping Equipment	453,998.71
Structures and Improvements, Water Treatment Plant	5,284.23
Water Treatment Equipment	9,903.77
Distribution Reservoirs and Standpipes	354,558.23
Transmission and Mains	881,212.16
Services	1,448.95
Hydrants	41,202.16
Structures and Improvements, General Plant	6,194.16
Office Furniture and Equipment	5,620.02
Transportation Equipment	3,363.24
Laboratory Equipment	1,138.84
Miscellaneous	1,195.15
Tools, Shop and Garage Equipment	1,848.31
Power Operating Equipment	16,895.95
Communications Equipment	124.00
Meters	5,878.09
Improvements to Water System	537,685.30
Construction of a Water Treatment Plant	1,657,321.41
Construction of Water Transmission Lines	175,815.00
Improvements to Well #2	34,750.00
Construction of Water Improvements and Purchase of Back Hoe	45,000.00
Water Main Improvements	24,825.89
Cleaning of Water Lines and Painting of Water Tank	47,436.86
Computer	23,343.63
Dump and Scavenger Trucks	44,909.94
Sewer Jet	21,782.58
Gas Tanks	58,000.00
Rehabilitation of Well #2	100,283.21
Rehabilitation of Appleby Tank	72,910.32
Rehabilitation of Well #6	72,117.96
Improvements to the Water System	640,000.00
Various Water Improvements	23,897.18
Various Water Improvements	7,795.00
Rehabilitation and Improvement to Water Tank	262,343.85
Rehabilitation of the Water System - Phases I and II	4,283,417.83
Water Main Repair Along Foothills Drive	55,800.27
Acquisition and Installation of Radio Communication Equipment	77,697.30
Renovations to the Gordon Street Administration Building	246,581.66
Replacement of the Lime Feed System	108,015.09
Extension of Water Main - Hillside Avenue Section II	72,446.65
Resurfacing and Upgrading of Appleby Storage Tank	1,793,659.32
Improvements to the Water Treatment Plant	1,457,246.00

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

Detail:

Water System Improvements	\$ 255,437.63
Various Water System Improvements	199,697.38
Improvements to the Radio Communication System	231,430.84
Various Computer Equipment and Network Upgrades	12,183.35
Various Water System Improvements	250,000.00
2004 Capital Outlay - Appropriation Reserves	30,835.00
2005 Capital Outlay - Appropriation	44,617.59
2006 Capital Outlay - Appropriation	50,487.57
2007 Capital Outlay - Appropriation	7,439.00
2008 Capital Outlay - Appropriation	77,726.47
2009 Capital Outlay - Appropriation	30,945.04
2009 Capital Outlay - Appropriation Reserves	42,439.71
2010 Capital Outlay - Appropriation	111,818.77
2010 Capital Outlay - Appropriation Reserves	12,279.05
2011 Capital Outlay - Appropriation	97,092.50
2011 Capital Outlay - Appropriation Reserves	9,431.32
2012 Capital Outlay - Appropriation	125,000.00
2013 Capital Outlay - Appropriation Reserves	25,127.31
2014 Capital Outlay - Appropriation	167,148.61
2014 Capital Outlay - Appropriation Reserves	72,095.23
2015 Capital Outlay - Appropriation	192,675.80
2016 Capital Outlay - Appropriation	238,990.33
2016 Capital Outlay - Appropriation Reserves	21,579.21
2017 Capital Outlay - Appropriation	<u>233,658.15</u>
	<u>\$ 16,686,924.55</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Balance December 31, 2016</u>	<u>Decreased by Transferred to Fixed Capital</u>	<u>Balance December 31, 2017</u>
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower and the Public Works Ground Water Storage Tank	07/21/03, 07/04/08, 12/23/08, 07/12/10	\$ 1,870,000.00	\$ 77,982.44	\$ 1,641.76	\$ 76,340.68
03-36/ 06-43	Acquisition and Installation of Water Meters	09/29/03 12/18/06	2,150,000.00	2,150,000.00		2,150,000.00
08-28	Improvements to the Water Treatment Plant	07/14/08	1,500,000.00	88,832.42	46,078.42	42,754.00
10-10	Water System Improvements	04/26/10	300,000.00	44,735.31	172.94	44,562.37
12-23	Various Water System Improvements	08/27/12	200,000.00	302.62	101.61	201.01
12-28	Improvements to the Radio Communication System	10/22/12	240,000.00	8,670.77	113.82	8,556.95
14-05	Various Computer Equipment and Network Upgrades	03/10/14	14,000.00	1,930.47		1,930.47
				<u>\$ 2,372,454.03</u>	<u>\$ 48,108.55</u>	<u>\$ 2,324,345.48</u>

**BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance Number</u>	<u>Description</u>	<u>Original Issue Date</u>	<u>Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2017</u>
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/22/09	12/11/17	12/11/18	2.50%	\$ 942,000.00	\$ 68,000.00	\$ 874,000.00
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/21/10	12/11/17	12/11/18	2.50%	295,000.00	20,000.00	275,000.00
08-28	Improvements to the Water Treatment Plant	12/23/08	12/11/17	12/11/18	2.50%	333,000.00	77,000.00	256,000.00
08-28	Improvements to the Water Treatment Plant	12/22/09	12/11/17	12/11/18	2.50%	825,000.00	35,000.00	790,000.00
10-10	Water System Improvements	12/21/10	12/11/17	12/11/18	2.50%	172,000.00	7,000.00	165,000.00
10-10	Water System Improvements	12/19/12	12/11/17	12/11/18	2.50%	79,000.00	3,000.00	76,000.00
12-23	Water System Improvements	12/18/13	12/11/17	12/11/18	2.50%	146,000.00	4,000.00	142,000.00
12-28	Improvements to the Radio Communication System	12/19/12	12/11/17	12/11/18	2.50%	186,000.00	27,000.00	159,000.00
15-19	Water System Improvements	12/14/15	12/11/17	12/11/18	2.50%	100,000.00		100,000.00
15-19	Water System Improvements	12/13/16	12/11/17	12/11/18	2.50%	100,000.00		100,000.00
						<u>\$ 3,178,000.00</u>	<u>\$ 241,000.00</u>	<u>\$ 2,937,000.00</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF LOANS PAYABLE -
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding December 31, 2017</u>			<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased by</u>	<u>Balance December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>	<u>Amount</u>				
Water System Improvements - State Portion	11/01/00 \$ 2,620,000.00		08/01/18	\$ 190,000.00		5.250%	\$ 770,000.00	\$ 180,000.00	\$ 590,000.00
			08/01/19	195,000.00		5.250%			
			08/01/20	205,000.00		5.250%			
							<u>770,000.00</u>	<u>180,000.00</u>	<u>590,000.00</u>
Water System Improvements - Federal Portion	11/01/00 \$ 2,637,500.00								
							<u>32,200.41</u>	<u>32,200.41</u>	
							<u>32,200.41</u>	<u>32,200.41</u>	
							<u>\$ 802,200.41</u>	<u>\$ 212,200.41</u>	<u>\$ 590,000.00</u>

**BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31, 2016		Paid or Charged	Balance December 31, 2017	
				Funded	Unfunded		Funded	Unfunded
03-18/08-26 08-48/10-18	Resurfacing and Up- grading of the Appleby Water Storage Tower and the Public Works Ground Water Storage Tank	07/21/03, 07/4/08, 12/23/08, 07/12/10	\$ 1,870,000.00	\$	\$ 77,982.44	\$ 1,882.95	\$	\$ 76,099.49
03-36/ 06-43	Acquisition and Installation of Water Meters	09/29/03, 12/18/06	2,150,000.00	124,959.15	2,017,000.00		124,959.15	2,017,000.00
08-28	Improvements to the Water Treatment Plant	07/14/08	1,500,000.00		88,832.42	88,832.42		
10-10	Water System Improvements	04/26/10	300,000.00		43,902.50	197.26		43,705.24
12-23	Various Water System Improvements	08/27/12	200,000.00		302.62	115.90		186.72
12-28	Improvements to the Radio Communication System	10/22/12	240,000.00		8,670.77	129.82		8,540.95
14-05	Various Computer Equipment and Network Upgrades	03/10/14	14,000.00					
				1,930.47			1,930.47	
			\$	126,889.62	\$ 2,236,690.75	\$ 91,158.35	\$ 126,889.62	\$ 2,145,532.40

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2016</u>	\$ 221,450.63
<u>INCREASED BY</u>	
2017 Budget Appropriation	<u>20,000.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	<u>\$ 241,450.63</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	<u>Balance December 31, 2016</u>	<u>Balance December 31, 2017</u>
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower	\$ 24,000.00	\$ 24,000.00
03-36/06-43	Acquisition and Installation of Water Meters	<u>2,017,000.00</u>	<u>2,017,000.00</u>
		<u>\$ 2,041,000.00</u>	<u>\$ 2,041,000.00</u>

BOROUGH OF SOUTH RIVER
GENERAL FIXED ASSETS ACCOUNT
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS

	Balance December 31, 2017	Balance December 31, 2016
General Fixed Assets:		
Land	\$ 4,848,616.00	\$ 4,848,616.00
Buildings	19,670,226.98	9,023,435.00
Vehicles	7,952,878.87	7,732,063.31
Equipment	<u>2,107,547.93</u>	<u>2,073,555.95</u>
	<u>\$ 34,579,269.78</u>	<u>\$ 23,677,670.26</u>
Investment in General Fixed Assets	<u>\$ 34,579,269.78</u>	<u>\$ 23,677,670.26</u>

**BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY, NEW JERSEY**



**PART IV
STATISTICAL SECTION**

BOROUGH OF SOUTH RIVER
CURRENT FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government	\$ 798,800.00	\$ 1,256,590.00	\$ 763,900.00	\$ 737,300.00	\$ 756,100.00	\$ 754,800.00	\$ 750,800.00	\$ 753,100.00	\$ 735,037.00	\$ 813,750.00
Public Safety	4,666,050.00	4,555,250.00	4,455,700.00	4,625,700.00	4,596,500.00	4,446,570.00	4,372,710.00	4,281,460.00	4,407,420.00	4,172,145.00
Public Works	2,188,000.00	2,229,300.00	2,196,500.00	2,190,500.00	2,095,500.00	2,217,800.00	2,086,650.00	2,096,150.00	1,933,245.00	1,962,389.77
Utility Expense and Bulk Purchases	365,500.00	362,000.00	399,500.00	412,500.00	411,000.00	791,500.00	445,000.00	385,000.00	380,600.00	394,900.00
Land Use	53,400.00	81,900.00	63,300.00	62,205.00	42,205.00	45,705.00	63,705.00	48,105.00	78,700.00	34,507.00
Sanitary Landfill	505,000.00	480,000.00	500,000.00	515,000.00	515,000.00	545,000.00	530,000.00	515,000.00	500,000.00	490,000.00
Insurance	1,763,000.00	1,910,500.00	1,905,500.00	1,928,000.00	1,825,052.00	1,677,500.00	1,559,000.00	1,585,000.00	1,459,000.00	1,348,500.00
Health and Human Services	245,325.00	257,579.00	257,857.00	270,760.00	243,036.00	261,036.00	259,407.00	259,301.00	225,058.00	198,721.00
Parks and Recreation	360,817.00	362,617.00	346,817.00	375,250.00	375,750.00	430,800.00	442,300.00	509,650.00	479,362.00	390,940.00
Education	460,081.00	446,130.00	430,987.00	437,365.00	448,822.36	480,577.70	561,000.00	561,000.00	558,283.00	570,178.00
Deferred Charges and Statutory Expenditures	1,434,250.00	1,378,515.18	1,312,808.00	1,316,230.00	1,395,338.00	1,258,433.00	1,353,321.00	1,131,592.49	1,019,963.91	1,005,515.57
Grants	106,970.84	107,733.17	215,267.59	171,445.23	222,040.92	166,967.22	178,552.82	172,577.56	218,999.51	50,715.21
Capital Improvements	300,000.00	100,000.00	100,000.00	75,000.00	150,000.00	75,000.00	75,000.00	150,000.00	187,000.00	224,787.68
Debt Service	2,390,838.00	2,020,397.00	1,699,816.00	1,896,277.00	1,836,126.00	1,694,043.00	1,637,035.00	1,446,398.00	1,461,686.00	1,412,797.00
Sewer	1,165,219.00	1,430,816.00	1,222,157.00	930,780.00	1,096,715.92	1,157,862.00	1,186,630.00	1,101,163.00	982,126.00	914,074.00
Contingent	500.00	500.00	500.00	500.00	500.00	500.00	1,500.00	2,500.00	2,500.00	2,500.00
Reserve for Uncollected Taxes	840,000.00	820,000.00	790,000.00	790,000.00	787,235.29	767,592.62	750,790.97	738,942.47	739,433.37	665,571.82
	<u>\$ 17,643,750.84</u>	<u>\$ 17,799,827.35</u>	<u>\$ 16,660,609.59</u>	<u>\$ 16,734,812.23</u>	<u>\$ 16,797,921.49</u>	<u>\$ 16,761,686.54</u>	<u>\$ 16,253,401.79</u>	<u>\$ 15,736,939.52</u>	<u>\$ 15,378,413.79</u>	<u>\$ 14,651,992.05</u>

Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating	\$ 10,405,000.00	\$ 10,455,000.00	\$ 10,435,000.00	\$ 10,493,000.00	\$ 10,540,000.00	\$ 10,035,000.00	\$ 11,615,000.00	\$ 11,544,800.00	\$ 11,347,300.00	\$ 11,218,000.00
Capital Improvements	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	205,000.00	300,000.00	125,000.00	100,000.00	239,500.00
Debt Service	863,671.00	854,500.00	866,721.00	857,316.00	873,793.00	843,414.00	964,538.00	967,891.00	942,402.00	644,503.00
Deferred Charges and Statutory										
Expenditures	300,000.00	305,584.00	291,404.00	288,578.00	281,262.00	259,605.00	244,578.00	212,150.00	195,951.00	169,615.00
Surplus - General Budget	3,250,000.00	3,300,000.00	3,350,000.00	3,556,371.00	3,556,371.00	3,556,371.00	443,000.00	443,000.00	443,000.00	
Other									4,362.97	
	\$ 14,838,671.00	\$ 14,935,084.00	\$ 14,963,125.00	\$ 15,215,285.00	\$ 15,271,426.00	\$ 14,899,390.00	\$ 13,567,116.00	\$ 13,292,641.00	\$ 13,033,015.97	\$ 12,271,618.00

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
EXPENDITURES BY FUNCTION
FOR THE LAST SEVEN (7) FISCAL YEAR
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

Function	Fiscal Year						
	2017	2016	2015	2014	2013	2012	2011
Operating	\$ 30,300.00	\$ 33,000.00	\$ 29,000.00	\$ 29,000.00	\$ 28,000.00	\$ 27,000.00	\$ 12,650.00
Capital Improvements	6,500.00	6,500.00	9,000.00	14,000.00	15,000.00	8,000.00	
Debt Service	21,700.00	21,500.00	21,000.00				
Deferred Charges and Statutory Expenditures	5,000.00	5,000.00	4,500.00	4,500.00	4,500.00	17,000.00	350.00
	<u>\$ 63,500.00</u>	<u>\$ 66,000.00</u>	<u>\$ 63,500.00</u>	<u>\$ 47,500.00</u>	<u>\$ 47,500.00</u>	<u>\$ 52,000.00</u>	<u>\$ 13,000.00</u>

* GASB requires that ten years of statistical data be presented. Beginning in FY 2011 only statistical data for one (1) year was presented since the Parking Utility was established in 2011. Each year thereafter, an additional year's data will be included until ten years of data is presented.

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating	\$ 2,665,000.00	\$ 2,640,000.00	\$ 2,850,000.00	\$ 2,745,000.00	\$ 2,745,000.00	\$ 2,599,000.00	\$ 2,535,500.00	\$ 2,577,000.00	\$ 2,328,500.00	\$ 2,408,509.00
Capital Improvements	425,000.00	320,000.00	220,000.00	285,000.00	190,000.00	165,000.00	200,000.00	190,000.00	115,000.00	116,000.00
Debt Service	572,189.00	661,689.00	624,992.00	554,626.00	540,498.00	665,199.00	626,079.00	604,101.00	615,473.00	560,330.00
Deferred Charges and Statutory										
Expenditures	187,000.00	185,056.00	176,289.00	182,052.00	175,508.00	155,431.00	223,051.00	125,261.00	137,384.00	107,723.00
Other						0.50			4,312.00	
	\$ 3,849,189.00	\$ 3,806,745.00	\$ 3,871,261.00	\$ 3,766,678.00	\$ 3,651,006.00	\$ 3,584,630.50	\$ 3,584,630.00	\$ 3,496,362.00	\$ 3,200,669.00	\$ 3,192,562.00

BOROUGH OF SOUTH RIVER
CURRENT FUND REVENUES BY SOURCE
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

Source	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Surplus Anticipated	\$ 1,404,582.00	\$ 1,392,790.18	\$ 1,501,790.00	\$ 1,339,848.00	\$ 1,482,773.56	\$ 1,126,612.64	\$ 1,126,612.23	\$ 905,858.14	\$ 646,000.00	\$ 1,225,000.00
Taxes (1)	9,839,002.72	9,166,411.11	8,579,324.78	8,544,615.02	8,215,900.89	8,369,973.55	8,489,749.20	8,495,894.89	8,352,502.40	8,282,108.87
Delinquent Taxes	583,562.07	636,497.88	488,139.24	640,720.55	633,863.95	569,445.37	672,115.20	517,149.45	693,199.29	481,303.10
Miscellaneous	5,024,231.72	5,398,200.05	5,332,262.00	5,656,664.79	5,583,430.41	5,317,543.61	5,177,658.01	4,814,507.97	4,768,692.39	3,313,396.98
State Aid	825,291.00	825,291.00	825,291.00	825,291.00	825,290.68	825,291.00	825,291.00	825,291.00	1,037,449.00	1,334,050.00
State and Federal Grants	101,770.84	102,533.17	215,267.59	169,545.23	218,240.92	161,967.22	173,552.82	167,577.56	213,999.51	45,715.21
Non-budget Revenues										
and Other Items	988,751.12	824,104.36	1,304,565.91	942,134.16	1,052,050.46	1,027,197.00	1,054,637.96	972,529.47	1,035,619.94	735,076.11
	<u>\$ 18,767,191.47</u>	<u>\$ 18,345,827.75</u>	<u>\$ 18,246,640.52</u>	<u>\$ 18,118,818.75</u>	<u>\$ 18,011,550.87</u>	<u>\$ 17,398,030.39</u>	<u>\$ 17,519,616.42</u>	<u>\$ 16,698,808.48</u>	<u>\$ 16,747,462.53</u>	<u>\$ 15,416,650.27</u>

(1) Excludes tax allocated to county and school.

BOROUGH OF SOUTH RIVER
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year</u>	<u>Borough</u>		<u>School</u>	<u>County</u>		<u>Total</u>	<u>Collection Rates Current</u>	<u>Delinquent Taxes as Percent of Levy</u>
	<u>Regular</u>	<u>Library</u>		<u>Regular</u>	<u>Open Space</u>			
2017	\$ 2.254	\$ 0.109	\$ 4.068	\$ 1.215	\$ 0.099	\$ 7.745	97.63%	3.80%
2016	2.073	0.108	3.995	1.178	0.098	7.452	97.87%	3.37%
2015	1.953	0.104	3.980	1.153	0.095	7.285	97.59%	3.46%
2014	1.889	0.105	3.857	1.171	0.096	7.118	98.14%	2.82%
2013	1.854	0.108	3.717	1.134	0.097	6.910	97.48%	3.26%
2012	1.864	0.114	3.517	1.118	0.103	6.716	97.40%	3.10%
2011	1.863	0.123	3.439	1.130	0.111	6.666	97.59%	2.71%
2010	1.987		3.281	1.057	0.076	6.401	97.37%	2.94%
2009	1.938		3.145	1.047	0.119	6.249	97.92%	2.33%
2008	1.945		3.137	1.034	0.121	6.237	97.41%	2.74%

Source: Tax Collector.

BOROUGH OF SOUTH RIVER
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Collections</u>
2017	\$ 31,882,585.24	\$ 31,128,301.33	97.63%
2016	30,696,741.03	30,044,663.91	97.87%
2015	30,073,829.82	29,350,585.26	97.59%
2014	29,524,806.74	28,976,314.33	98.14%
2013	28,611,548.77	27,893,367.80	97.48%
2012	28,288,691.60	27,553,240.39	97.40%
2011	28,202,908.07	27,522,627.54	97.59%
2010	27,258,681.92	26,541,537.70	97.37%
2009	26,694,630.46	26,140,465.75	97.92%
2008	26,615,158.87	25,925,228.93	97.41%

BOROUGH OF SOUTH RIVER
DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended December 31,</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 687,883.62	\$ 522,627.14	\$ 1,210,510.76	3.80%
2016	458,642.83	575,742.35	1,034,385.18	3.37%
2015	400,698.24	638,959.22	1,039,657.46	3.46%
2014	300,547.14	531,795.92	832,343.06	2.82%
2013	297,573.52	633,792.42	931,365.94	3.26%
2012	274,332.41	603,257.04	877,589.45	3.10%
2011	149,613.83	613,734.94	763,348.77	2.71%
2010	132,592.22	669,440.05	802,032.27	2.94%
2009	106,975.25	515,816.70	622,791.95	2.33%
2008	50,301.80	680,019.42	730,321.22	2.74%

BOROUGH OF SOUTH RIVER
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended December 31,</u>	<u>Aggregate Assessed Valuations of Real Property</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2017	\$ 411,212,600	\$ 1,383,622,476	29.72%
2016	411,689,000	1,350,242,703	30.49%
2015	412,491,700	1,338,389,682	30.82%
2014	413,942,900	1,292,763,585	32.02%
2013	413,350,800	1,311,808,315	31.51%
2012	420,807,700	1,349,175,056	31.19%
2011	422,492,500	1,441,461,958	29.31%
2010	425,276,000	1,562,365,907	27.22%
2009	426,503,200	1,616,767,248	26.38%
2008	426,344,400	1,674,565,593	25.46%
2007	426,021,600	1,710,243,276	24.91%

Source: Table of Equalized Valuations, State of New Jersey, Division of Taxation.

BOROUGH OF SOUTH RIVER
SCHEDULE OF TEN LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Assessed Value - 2017</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
LIT Industrial, LP	\$ 7,266,200	1.77%
LIT Northend, LLC	4,942,500	1.20%
Lighthouse South River LG LLC	2,350,000	0.57%
Emess Apts., Ltd.	1,571,400	0.38%
East Coast Village Green Apartments	1,200,000	0.29%
425 Whitehead, LLC	980,000	0.24%
Zifovski, Zlatan & Lube	800,300	0.19%
Felmore Associates	700,000	0.17%
Sherwood Court	633,100	0.15%
Patrick and Barbara DiNicola	<u>622,500</u>	<u>0.15%</u>
	<u>\$ 21,066,000</u>	<u>5.10%</u>

Source: Municipal Tax Collector.

BOROUGH OF SOUTH RIVER
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Average Equalized Valuation	\$ <u>1,357,418,287.00</u>
Borrowing Margin - 3½% of Average Equalized Valuation Basis	\$ 47,509,640.05
Net Debt	<u>27,930,497.44</u>
Remaining Borrowing Power	\$ <u>19,579,142.61</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of South River	\$ <u>47,832,153.62</u>	\$ <u>19,901,656.18</u>	\$ 27,930,497.44
Overlapping Debt Apportioned to the Municipality: County of Middlesex (\$476,938,580 at 1.3009%) (1)			<u>6,204,493.99</u>
			\$ <u>34,134,991.43</u>

Source: (1) County of Middlesex Director of Finance.

BOROUGH OF SOUTH RIVER
RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND
LOANS TO EQUALIZED VALUE AND DEBT PER CAPITA
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Borough</u> <u>Population</u>	<u>Equalized</u> <u>Valuation (3)</u>	<u>Net</u> <u>Debt (4)</u>	<u>Ratio of Net</u> <u>Debt to</u> <u>Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt Per</u> <u>Capita</u>
2017	16,008 (1)	\$ 1,383,622,476.00	\$ 37,385,497.44	2.70%	\$ 2,335.43
2016	16,008 (1)	1,350,242,703.00	40,726,823.42	3.02%	\$ 2,544.15
2015	16,008 (1)	1,338,389,682.00	44,308,713.88	3.31%	2,767.91
2014	16,008 (1)	1,292,763,585.00	35,941,326.57	2.78%	2,245.21
2013	16,008 (1)	1,311,808,315.00	35,477,618.68	2.70%	2,216.24
2012	16,008 (1)	1,349,175,056.00	38,286,066.19	2.84%	2,391.68
2011	16,008 (1)	1,441,461,958.00	34,923,696.77	2.42%	2,181.64
2010	16,008 (1)	1,562,365,907.00	37,658,753.15	2.41%	2,352.50
2009	15,322 (2)	1,616,767,248.00	35,540,324.17	2.20%	2,319.56
2008	15,322 (2)	1,674,565,593.00	37,492,645.49	2.23%	2,446.98

(1) Based on the 2010 U.S. Census.

(2) Based on the 2000 U.S. Census.

(3) Per the State of New Jersey only Real Property included.

(4) Per Annual Debt Statement, including self-liquidating debt.

BOROUGH OF SOUTH RIVER
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR BONDED DEBT, BOND ANTICIPATION NOTES AND LOANS (1)
FOR THE LAST TEN (10) FISCAL YEARS

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt</u> <u>Service</u>	<u>Total</u> <u>Current Fund</u> <u>Governmental</u> <u>Fund Expenditures</u>	<u>Ratio of</u> <u>Debt Service to</u> <u>Current Fund</u> <u>Expenditures</u>
2017	\$ 1,698,270.42	\$ 685,246.04	\$ 2,383,516.46	\$ 17,643,750.84	13.51%
2016	1,439,475.96	573,174.64	2,012,650.60	17,799,827.35	11.31%
2015	1,320,172.73	373,446.13	1,693,618.86	16,660,609.59	10.17%
2014	1,471,581.01	418,243.53	1,889,824.54	16,734,812.23	11.29%
2013	1,415,338.11	414,865.33	1,830,203.44	16,797,921.49	10.90%
2012	1,189,095.20	491,936.04	1,681,031.24	16,761,686.54	10.03%
2011	1,120,672.50	512,991.33	1,633,663.83	16,253,401.79	10.05%
2010	951,278.17	475,765.21	1,427,043.38	15,736,939.52	9.07%
2009	891,883.85	566,313.91	1,458,197.76	15,378,413.79	9.48%
2008	852,489.53	549,373.93	1,401,863.46	14,651,992.05	9.57%

(1) Excludes Electric, Water and Parking Utilities and Special Assessment Debt.

BOROUGH OF SOUTH RIVER
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
ELECTRIC UTILITY OPERATING FUND

Cash Receipts from Fees, Rents and Other Charges		\$ 17,437,688.69
Deductions:		
Operating and Maintenance Cost	\$ 10,705,000.00	
Debt Service	<u>861,062.54</u>	
Total Deductions		<u>11,566,062.54</u>
Excess in Revenues		\$ <u><u>5,871,626.15</u></u>

BOROUGH OF SOUTH RIVER
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
PARKING UTILITY OPERATING FUND

Cash Receipts from Fees, Rents and Other Charges		\$ 78,919.03
Deductions:		
Operating and Maintenance Cost	\$ 35,300.00	
Debt Service	<u>21,469.38</u>	
Total Deductions		<u>56,769.38</u>
Excess/(Deficit) in Revenues		\$ <u>22,149.65</u>

BOROUGH OF SOUTH RIVER
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
WATER UTILITY OPERATING FUND

Cash Receipts from Fees, Rents and Other Charges		\$ 3,773,705.11
Deductions:		
Operating and Maintenance Cost	\$ 2,852,000.00	
Debt Service	<u>545,661.87</u>	
Total Deductions		<u>3,397,661.87</u>
Excess in Revenues		\$ <u><u>376,043.24</u></u>

BOROUGH OF SOUTH RIVER
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Population</u>	<u>Unemployment</u> <u>Rate</u> (3)	<u>Housing</u> <u>Unit</u> <u>Counts</u> (4)	<u>Per Capita</u> <u>Income</u>
2017	16,008 (1)	6.2%	4,361	\$ N/A
2016	16,008 (1)	6.3%	4,368	N/A
2015	16,008 (1)	7.1%	4,373	N/A
2014	16,008 (1)	8.2%	4,428	N/A
2013	16,008 (1)	9.5%	4,422	N/A
2012	16,008 (1)	11.7%	4,426	N/A
2011	16,008 (1)	11.6%	4,425	N/A
2010	16,008 (1)	11.9%	4,426	N/A
2009	15,322 (2)	11.9%	4,418	N/A
2008	15,322 (2)	7.7%	4,409	N/A

(1) 2010 U.S. Census.

(2) 2000 Census

(3) NJ Department of Labor

(4) Borough Tax Collector's Office

BOROUGH OF SOUTH RIVER
MISCELLANEOUS STATISTICS
DECEMBER 31, 2017

Date of Incorporation	1898
Form of Government	Borough
Area	2.87 square miles

	<u>Full Time</u>	<u>Part Time</u>
Employees:		
Administrative	21	18
Police	44	6
Crossing Guards		14
Public Works	37	3
Parks and Recreation	4	20
Volunteer Firemen		90
Emergency Medical Service - Volunteers		15
Other (part time employees)		24
Total Employees	<u>106</u>	<u>190</u>

Source: Borough Records.

**BOROUGH OF SOUTH RIVER
MIDDLESEX COUNTY, NEW JERSEY**



**PART V
GENERAL COMMENTS AND RECOMMENDATIONS**

**BOROUGH OF SOUTH RIVER
COUNTY OF MIDDLESEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of South River, County of Middlesex, New Jersey, for the year ended December 31, 2017, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of South River, County of Middlesex, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of South River, County of Middlesex, New Jersey as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (Cont'd.)

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 27, 2018 on the financial statements of the Borough of South River. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

Control Deficiencies:

2017-1 Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices - Clerk, Code Enforcement, Police, and Recreation,

This condition is the result of multiple tasks performed by the same individual within the respective offices.

Other Matters

Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A:11-4

N.J.S.A. 40A: 11-4 states "every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidder therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the limits described above within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

GENERAL COMMENTS

Other Matters

Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A:11-4

On September 28, 2015, the Local Public Contracts Law was amended, effective on July 1, 2015. The amendment addresses the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$36,000.00 to \$40,000.00 under which a contract may be awarded without public advertising for those municipalities that have appointed a Qualified Purchasing Agent. The maximum bid threshold remains at \$17,500.00 for those municipalities that do not have a Qualified Purchasing Agent. Currently the Borough does not have a Qualified Purchasing Agent.

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

Our examination of expenditures revealed that no individual payments, contracts or agreements in excess \$17,500.00 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Any interpretations as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

Compliance with P.L. 2005, c.271

The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. "Pay-to-Play" laws cover all contracts (not just professional services as some believe). Any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Borough to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006.

A non-compliance would result with the issuance of purchase orders exceeding \$17,500 during the fiscal period without a "fair and open" process, and without obtaining the requisite disclosures. It is important to note that the laws and regulations implementing "Pay-to-Play" focus on vendors rather than categories of goods and services. While this change may appear subtle, it greatly expands the monitoring required to assure continuing compliance.

Tests of expenditures indicated the Borough had the required documentation for compliance with P.L. 2005, c.271 for items tested.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 1, 2017, adopted the following resolution authorizing interest to be charged on delinquent taxes:

GENERAL COMMENTS

Other Matters (Cont'd.)

Collection of Interest on Delinquent Taxes and Assessments (Cont'd)

BE IT RESOLVED by the Mayor and Council of the Borough of South River, that in accordance with the provisions of N.J.S.A. 54:4-67, the Tax Collector of the Borough of South River be, and she is hereby authorized and directed to charge interest on delinquent taxes or assessments at the rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 provided, however, that no interest be charged if payment of any installment is made within ten days after the time within the same became payable.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 19, 2017.

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

<u>Year</u>	<u>Number of Liens</u>
CY 2017	23
CY 2016	22
CY 2015	18

Interfund Balances

The Borough cleared all of its interfund balances as of December 31, 2017.

Investments

The Chief Financial Officer has the idle funds of the Borough invested in interest-bearing investments or accounts for the year under review. Earnings from the investments and deposits are shown in the various funds of the Borough as of December 31, 2017.

The Borough has adopted a formal cash management plan policy in compliance with N.J.S.A. 40A:5-14 of the Local Fiscal Affairs Law, which requires that "each local unit shall adopt a cash management plan and shall deposit its funds pursuant to that plan".

All investments held by the Borough were directly confirmed as of December 31, 2017.

Payment of Claims

Claims were examined on a test basis for the year under review. No exceptions noted for items tested.

Purchase Order System

The Borough utilized a purchase order system for its expenditures in connection with its budgetary accounting encumbrance system during the year under review. Transactions are approved based on availability on funds.

Municipal Court

The financial records maintained by the Municipal Court during the period were reviewed. The examination of the general account indicated that deposits were recorded and spread by receipt category and cash was reconciled monthly. The examination of the bail account's financial and supporting records maintained by the Municipal Court indicated that the analysis of outstanding bail was reconciled to the book balance.

GENERAL COMMENTS

Other Matters (Cont'd.)

Municipal Court (Cont'd.)

The processing of traffic and criminal cases entered on the State's on-line computer system indicated no exceptions with respect to items tested.

Condition of Records - Other Officials Collecting Fees

Our reviews of the records maintained for other officials collecting fees, which were designed to determine that minimum levels of internal control and accountability were met, and that cash receipts were deposited or turned over to the Borough's Treasurer's accounts within a 48-hour period as required by N.J.S.A. 40A:5-15. There were no exceptions to report.

Municipal Clerk's Office, and the Recreation Department prepare monthly reports. No exceptions were noted for items tested.

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2017, disclosed compliance with requirements, as promulgated by the Local Finance Board, State of New Jersey, for the Municipal Court and the Tax/Utility Collector.

During July 1998 the Local Finance Board completed a readoption of the Board's general rules in the New Jersey Administrative Code. Based upon the new provision of N.J.A.C 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds.

Condition of the Records – Tax Collector

The condition of the records maintained by the Tax Collector was reviewed. Computerized cash receipts records were proved to manual controls daily and in total monthly.

Condition of the Records – Finance Office

The financial records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for current fund and was found to be suitable to serve as the basis for the year 2017 current fund financial statements.

Budgetary Records

The Borough maintains a detailed, computerized subsidiary ledger for each of its budgets. During CY 2017, an examination of the approved budget appropriations indicated that no budget accounts were overexpended/overcommitted during the period under review.

GENERAL COMMENTS

Other Matters (Cont'd.)

Internal Control Documentation

Statement on Auditing Standards 115 sets forth requirements upon the auditee that includes the documentation of its internal controls. We suggest the Borough initiate this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance along with providing for this documentation in conjunction with information relating to job descriptions and procedures manual.

Administration and Accounting of State & Federal Grants

During CY 2017, the Borough operated programs, which were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. Based upon the myriad compliance and reporting requirements for grant awards, the Borough should continue to develop sound administrative functions over grant programs.

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal control. Based upon the matrix of requirements applicable to the specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure with the compliance requirements. In addition, we suggest the Borough review all of the applicable grant agreements and the Borough's system of internal controls in order to ensure the Borough's internal controls are functioning at the requisite levels to meet with the various compliance requirements.

Compliance with N.J.A.C 5:30:

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as "technical accounting directives", as codified in the New Jersey Administration Code as follows:

N.J.A.C. 5:30 - 5.2 – Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough of South River is in compliance with this directive.

N.J.A.C. 5:30 - 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough contracted with an outside agency to perform a fixed asset inventory and has established a Fixed Assets Accounting and Reporting System. The Borough is in compliance with this directive.

N.J.A.C. 5:30 - 5.7 – General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Borough is in compliance with this directive.

GENERAL COMMENTS

Other Matters (Cont'd.)

Compliance with Local Finance Notices

Local Finance Notice (LFN) No. 92-15 requires that the Borough prepare and file a corrective action plan in accordance with federal and state requirements. A written corrective action plan for CY 2015 was prepared as required.

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:3.17(c)2, and no exceptions were noted.

RECOMMENDATIONS

NONE

ACKNOWLEDGMENT

During the course of our audit we received the complete cooperation of the various officials of the Borough, and the courtesies extended to us were greatly appreciated.

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

Very truly yours,

HODULIK & MORRISON, P.A.

A handwritten signature in black ink, appearing to read 'Andrew G. Hodulik', with a long horizontal flourish extending to the right.

Andrew G. Hodulik, CPA, RMA
No. 406