

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE

BOROUGH OF SOUTH RIVER

**48 Washington Street
South River, New Jersey 08882**

FOR THE YEAR ENDED DECEMBER 31, 2016

**Presented by
Borough of South River**

**Jack P. Layne, Jr.
Borough Administrator**

**Joseph Zanga
Chief Financial Officer**

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INTRODUCTORY SECTION

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



June 30, 2017

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, 2016 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 five (5) sections: Introductory, Financial, Statistical, Single Audit 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 awards 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 disclosures, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

The financial statements have been audited by Gerard Stankiewicz, Certified Public Accountant, Registered Municipal Accountant of Samuel Klein and Company, Freehold, 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 \$16,953,037.60, exclusive of fund balance and total expenditures of \$17,799,827.35 and a Fund Balance increase of \$133,627.25 as of December 31, 2016. The following schedule summarizes revenues and expenses for 2016 and 2015.

<u>Revenues</u>	<u>2016</u>	<u>2015</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Fund Balance	\$ 1,392,790.18	\$ 1,501,790.00	\$ (108,999.82)	(7.26) %
Real Estate Taxes	9,166,411.11	8,579,324.78	587,086.33	6.84
Delinquent Tax Receipts	636,497.88	488,139.24	148,358.64	30.39
Miscellaneous Anticipated Revenue	2,098,200.05	1,982,262.00	115,938.05	5.85
Miscellaneous - Electric Utility Surplus	3,300,000.00	3,350,000.00	(50,000.00)	(1.49)
Grants	102,533.17	215,267.59	(112,734.42)	(52.37)
Intergovernmental Revenue	825,291.00	825,291.00	0.00	0.00
Other Credits to Income	571,911.06	674,779.95	(102,868.89)	(15.24)
Nonbudget Revenue	252,193.30	629,785.96	(377,592.66)	(59.96)
	<u>\$ 18,345,827.75</u>	<u>\$ 18,246,640.52</u>	<u>\$ 99,187.23</u>	<u>0.54 %</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 2016 over 2015 was as follows:

<u>Expenditures</u>	<u>2016</u>	<u>2015</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
General Government	\$ 1,256,590.00	\$ 763,900.00	\$ 492,690.00	64.50 %
Public Safety	4,393,750.00	4,297,200.00	96,550.00	2.25
Public Works	2,229,300.00	2,196,500.00	32,800.00	1.49
Utility Expense and Bulk Purchases	362,000.00	399,500.00	(37,500.00)	(9.39)
Land Use	81,900.00	63,300.00	18,600.00	29.38
Sanitary Landfill	480,000.00	500,000.00	(20,000.00)	(4.00)
Insurance	1,910,500.00	1,905,500.00	5,000.00	0.26
Health and Human Services	257,579.00	257,857.00	(278.00)	(0.11)
Parks and Recreation	362,617.00	346,817.00	15,800.00	4.56
Education - Library	446,130.00	430,987.00	15,143.00	3.51
Construction Code	161,500.00	158,500.00	3,000.00	1.89
Deferred Charges and Statutory Expenditures	1,378,515.18	1,312,808.00	65,707.18	5.01
Grants	107,733.17	215,267.59	(107,534.42)	(49.95)
Capital Improvements	100,000.00	100,000.00	0.00	0.00
Debt Service	2,020,397.00	1,699,816.00	320,581.00	18.86
Sewer	1,430,816.00	1,222,157.00	208,659.00	17.07
Contingent	500.00	500.00	0.00	0.00
Reserve for Uncollected Taxes	820,000.00	790,000.00	30,000.00	3.80
	<u>\$ 17,799,827.35</u>	<u>\$ 16,660,609.59</u>	<u>\$ 1,139,217.76</u>	<u>6.84 %</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 2016 exclusive of fund balance utilized were \$14,835,280.30 and expenditures exclusive of the transfer to the general budget were \$14,935,084.00. Fund balance decreased by \$99,803.70. The Electric Utility debt was considered to be self-liquidating for 2016, 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 2016 and 2015.

	<u>2015</u>	<u>2014</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance Utilized	\$ 3,300,000.00	\$ 3,000,000.00	\$ 300,000.00	10.00 %
Electric Charges	14,401,911.84	15,665,087.65	(1,263,175.81)	(8.06)
Miscellaneous Revenues	11,380.00	7,248.00	4,132.00	57.01
Nonbudget Revenues	131,534.73	141,802.79	(10,268.06)	(7.24)
Other Credits to Income	<u>290,453.73</u>	<u>359,813.29</u>	<u>(69,359.56)</u>	<u>(19.28)</u>
	<u>\$ 18,135,280.30</u>	<u>\$ 19,173,951.73</u>	<u>\$ (1,038,671.43)</u>	<u>(5.42) %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 10,455,000.00	\$ 10,435,000.00	\$ 20,000.00	0.19 %
Capital Improvements	20,000.00	20,000.00	0.00	0.00
Debt Service	854,500.00	866,721.00	(12,221.00)	(1.41)
Deferred Charges	305,584.00	291,404.00	14,180.00	4.87
Surplus (General Budget)	<u>3,300,000.00</u>	<u>3,350,000.00</u>	<u>(50,000.00)</u>	<u>(1.49)</u>
	<u>\$ 14,935,084.00</u>	<u>\$ 14,963,125.00</u>	<u>\$ (28,041.00)</u>	<u>(0.19) %</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 141 street slots and 69 parking lot spot permits. Revenues in 2016 exclusive of fund balance utilized were \$63,683.60 and expenditures were \$66,000.00. Fund balance decreased \$2,316.40. The following schedule summarizes revenue and expenses for 2016 and 2015.

	<u>2016</u>	<u>2015</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance Utilized	\$ 24,000.00	\$ 23,500.00	\$ 500.00	2.13 %
Parking Permit Fee	58,401.32	49,666.54	8,734.78	17.59
Miscellaneous Revenue	2,000.00		2,000.00	#DIV/0!
Nonbudget Revenue	43.41	171.54	(128.13)	(74.69)
Other Credits to Income	3,238.87	10,393.49	(7,154.62)	(68.84) %
	<u>\$ 87,683.60</u>	<u>\$ 83,731.57</u>	<u>\$ 3,952.03</u>	<u>4.72 %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 33,000.00	\$ 29,000.00	\$ 4,000.00	13.79 %
Capital Improvements	6,500.00	9,000.00	(2,500.00)	(27.78)
Debt Service	21,500.00	21,000.00	500.00	
Deferred Charges	5,000.00	4,500.00	500.00	11.11
	<u>\$ 66,000.00</u>	<u>\$ 63,500.00</u>	<u>\$ 2,500.00</u>	<u>3.94 %</u>

Water Utility Fund

The Water Utility serves the entire Borough, which encompasses approximately 4,350 accounts. Revenues exclusive of fund balance were \$4,317,000.68 and expenditures were \$3,806,745.00. Fund balance decreased \$56,253.32. The Water Utility Fund was considered to be self-liquidating for 2016 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 2016 and 2015.

	<u>2016</u>	<u>2015</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance	\$ 566,509.00	\$ 650,973.00	\$ (84,464.00)	(12.98) %
Water Rents	3,364,302.73	3,345,804.62	18,498.11	0.55
Miscellaneous Revenue	40,236.00	20,288.00	19,948.00	98.32
Nonbudget Revenue	42,691.05	66,793.86	(24,102.81)	(36.09)
Other Credits to Income	303,261.90	207,128.25	96,133.65	46.41
	<u>\$ 4,317,000.68</u>	<u>\$ 4,290,987.73</u>	<u>\$ 26,012.95</u>	<u>0.61 %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 2,640,000.00	\$ 2,850,000.00	\$ (210,000.00)	(7.37) %
Capital Improvements	320,000.00	220,000.00	100,000.00	45.45
Debt Service	661,689.00	624,992.00	36,697.00	5.87
Deferred Charges	185,056.00	176,269.00	8,787.00	4.98
	<u>\$ 3,806,745.00</u>	<u>\$ 3,871,261.00</u>	<u>\$ (64,516.00)</u>	<u>(1.67) %</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 2017 Municipal Budget as adopted reflects a rate of \$2.254, representing an increase from the prior year in the Local Purpose Tax Rate. The 2017 Budget as adopted will have increase of \$737,010.00, or 8.64% compared to 2016 appropriations exclusive of the Library.

In 2016, 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 I and Phase II funded by the NJDOT and other roads are projected to be 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 began construction of a new firehouse in 2015 and is projected to be completed in 2017.

CASH MANAGEMENT

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2016, funds were deposited in interest bearing accounts.

DEBT ADMINISTRATION

The current outstanding net debt of the Borough is \$29,195,623.00 which represents 2.200% of its average equalized value. Debt Service appropriations for 2016 were \$3,558,086.00 for all Borough funds.

RISK MANAGEMENT

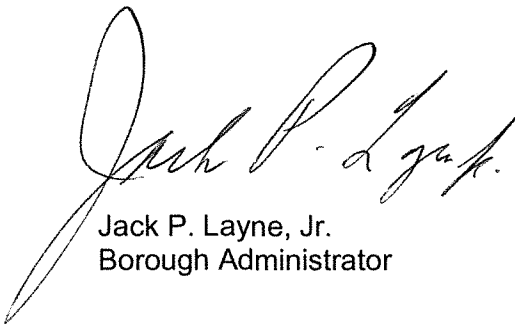
The Borough is a member of the Middlesex County Joint Insurance Fund along with the statewide Municipal Excess Liability Joint Insurance Fund, Municipal Excess Liability Residual Claims Fund and Environmental Joint Insurance Fund, as well as a Private Insurance Plan for Volunteer Firemen. The Borough 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 Central Jersey Health Insurance Fund as of April 1, 2016, as well as having a dental plan with Blue Cross and Blue Shield of New Jersey and prescription plan with Bollinger Insurance.

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.

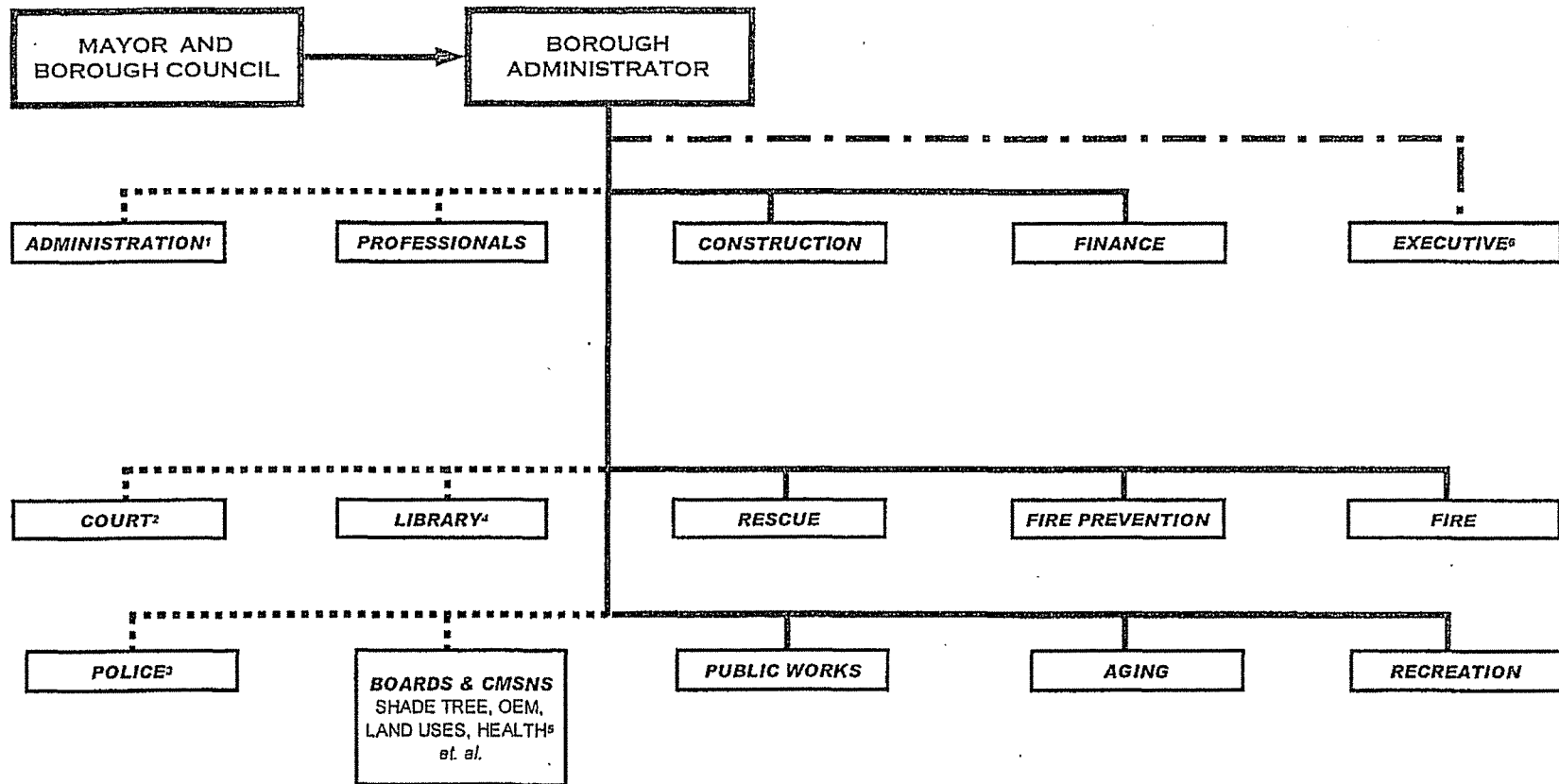
Respectfully submitted,



Jack P. Layne, Jr.
Borough Administrator



Joseph Zanga
Chief Financial Officer



- Direct Report
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- Indirect Report—See notes above
- . - . - Divisions within Departments

- 1 - By Ordinance reports directly to the Administration & Finance Committee
- 2 - By Statute reports directly to the Municipal Court Judge and NJAOC
- 3 - By Ordinance reports directly to the Public Safety Committee
- 4 - By Ordinance reports directly to the Free Public Library Board of Trustees
- 5 - Under Interlocal Agreement reports directly to the MCBOH
- 6 - The Borough Administrator serves as the Director of Executive

BOROUGH OF SOUTH RIVER
ROSTER OF OFFICIALS
DECEMBER 31, 2016

Governing Body

John M. Krenzel, Mayor
James Hutchison, Council President
Tony Ciulla, Councilman
Shawn P. Haussermann, Councilman
James Gurchensky, Councilman
Ryan Jones, Councilman
Michael Trenga, Councilman

Other Officials

Frederick C. Carr, 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
David Stahl, Prosecutor
Gilmore & Monahan, P.A., Borough Attorney
David Samuel, Borough Engineer

BOROUGH OF SOUTH RIVER
CONSULTANTS AND ADVISORS
DECEMBER 31, 2016

AUDIT FIRM

Gerard Stankiewicz, CPA, RMA
of the firm
Samuel Klein and Company
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Freehold, New Jersey 07728

ATTORNEYS

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BOND COUNSEL

Dilworth Paxton, LLP
331 Newman Springs Road
Red Bank, NJ 07701

OFFICIAL DEPOSITORIES

Provident Bank
6 Jackson Street
South River, NJ 08882

Bank of America
25 Main Street
South River, New Jersey 08882

PNC Bank
55 Main Street
South River, NJ 08882

Northfield Bank
1410 St. Georges Avenue
Avenel, NJ 07001

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

To the Honorable Mayor and Members of the Borough Council:

Report on the Financial Statements

We have audited the financial statements – regulatory basis of the various funds and account groups of the Borough of South River, County of Middlesex, State of New Jersey as of December 31, 2016, and the related statement of operations and change in fund balance – regulatory basis for the year then ended, the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and the related notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements – regulatory basis, based on our audit. We conducted our audit in accordance with 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 auditing standards prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on the United States Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of South River, County of Middlesex, State of New Jersey as of December 31, 2016, and change in financial position or cash flows thereof for the year then ended.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund (“LOSAP”)

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough’s financial statements. The LOSAP financial activities are included in the Borough’s Trust Fund, and represent 31.31% and 31.28% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

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

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough’s financial statements, we do not express an opinion of the LOSAP financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements – regulatory basis referred to above present fairly, in all material respects the financial statements – regulatory basis of the various funds and account groups of the Borough of South River, County of Middlesex, State of New Jersey, as of December 31, 2016, and the results of its operations and change in fund balance of such funds – regulatory basis for the year then ended, and the revenues – regulatory basis, expenditures – regulatory basis of the various funds and account groups for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements – regulatory basis of the Borough of South River, County of Middlesex, New Jersey. This information included in the introductory section 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 – regulatory basis of the Borough. The information included Single Audit section – the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Guidance and is also not a required part of the basic financial statements.

The Supplementary Schedules, Individual Fund Statements and the Schedule of Expenditures of Federal Awards 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 – regulatory basis. The information has been subjected to auditing procedures applied in the audit of the financial statements – regulatory basis 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 the 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 our report dated June 30, 2017 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
June 30, 2017

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS 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**

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

To the Honorable Mayor and Members of the Borough Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and 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 (herein referred to as “the Borough”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's financial statements – regulatory basis, and have issued our report thereon dated June 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements – regulatory basis, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

**INDEPENDENT AUDITORS 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
(CONTINUED)**

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's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Borough of South River'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 Borough of South River's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
June 30, 2017

GENERAL PURPOSE FINANCIAL STATEMENTS

BOROUGH OF SOUTH RIVER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	Governmental Funds				Utilities *	General	Totals	
	Current	General Capital	Trust Funds	Operating	Capital	Capital Asset Account	(Memorandum Only)	
							2016	2015
ASSETS AND OTHER DEBITS								
Cash and Cash Equivalents	\$ 3,728,649.30	\$ 2,878,274.95	\$ 2,251,097.48	\$ 6,418,736.18	\$ 2,058,336.07		\$ 17,335,093.98	\$ 21,201,508.63
Amount Held by Plan Administrator			1,039,552.40				1,039,552.40	938,565.12
Intergovernmental Accounts Receivable		671,126.23	-				671,126.23	837,000.72
Receivables and Other Assets:								
Delinquent Property Taxes	575,742.35						575,742.35	638,959.22
Consumer Accounts Receivable				1,714,399.23			1,714,399.23	1,553,089.70
Liens Receivable	458,642.83			49,204.63			507,847.46	449,621.01
Inventory				367,303.73			367,303.73	395,434.39
Property Acquired for Taxes - Assessed Valuation	47,800.00						47,800.00	47,800.00
Other Accounts Receivable	12,221.51		30,110.01	57,812.00			100,143.52	91,471.20
Deferred Charges	500,000.00	29,195,623.01					29,695,623.01	33,379,597.68
Fixed Capital					37,512,724.82		37,512,724.82	39,072,073.10
Fixed Assets						\$ 23,677,670.26	23,677,670.26	23,506,023.79
Grant Fund:								
Grants Receivable	68,750.52						68,750.52	117,186.47
Interfund Receivable	81,631.71						81,631.71	84,890.80
	<u>\$ 5,473,438.22</u>	<u>\$ 32,745,024.19</u>	<u>\$ 3,320,759.89</u>	<u>\$ 8,607,455.77</u>	<u>\$ 39,571,060.89</u>	<u>\$ 23,677,670.26</u>	<u>\$ 113,395,409.22</u>	<u>\$ 122,313,221.83</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, 2016
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	Governmental Funds				Utilities *		General	Totals	
	Current	General Capital	Trust Funds		Operating	Capital	Capital Asset Account	(Memorandum Only)	
								2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>									
Liabilities and Reserves:									
Appropriation Reserves	\$ 419,060.83			\$ 417,828.38				\$ 836,889.21	\$ 1,081,977.21
Reserve for Losap (unaudited)			\$ 1,039,552.40					1,039,552.40	938,565.12
Other Liabilities and Reserves	1,798,206.11	\$ 3,661,535.62	2,276,327.42	917,310.50	\$ 438,354.59			9,091,734.24	12,184,565.68
Improvement Authorizations		3,359,250.91			4,763,177.36			8,122,428.27	14,286,203.95
Accrued Interest on Bonds, Loans and Notes				31,767.56				31,767.56	36,220.21
Interfunds Payable	81,631.71							81,631.71	84,890.80
Serial Bonds		4,340,000.00				2,815,000.00		7,155,000.00	8,550,000.00
Bond Anticipation Notes		11,088,000.00				4,458,000.00		15,546,000.00	24,775,000.00
Loans Payable		9,984,027.12				802,200.41		10,786,227.53	1,344,484.78
Reserve for Receivables and Other Assets	1,094,406.69			2,188,719.59				3,283,126.28	3,161,576.95
Reserve for Amortization					25,873,524.41			25,873,524.41	24,161,691.72
Deferred Reserve for Amortization					108,000.00			108,000.00	208,000.00
Grant Fund:									
Reserve for Encumbrances	9,132.15							9,132.15	8,839.92
Unappropriated/Appropriated Reserves	141,250.08							141,250.08	193,237.35
Total Liabilities and Reserves	\$ 3,543,687.57	\$ 32,432,813.65	\$ 3,315,879.82	\$ 3,555,626.03	\$ 39,258,256.77			\$ 82,106,263.84	\$ 91,015,253.69
Equity and Other Credits:									
Fund Balance	\$ 1,929,750.65	\$ 312,210.54	\$ 4,880.07	\$ 5,051,829.74	\$ 312,804.12			\$ 7,611,475.12	\$ 7,791,944.35
Investment in General Capital Assets							\$ 23,677,670.26	23,677,670.26	23,506,023.79
Total Equity and Other Credits	\$ 1,929,750.65	\$ 312,210.54	\$ 4,880.07	\$ 5,051,829.74	\$ 312,804.12	\$ 23,677,670.26		\$ 31,289,145.38	\$ 31,297,968.14
Total Liabilities, Reserves and Fund Balance	\$ 5,473,438.22	\$ 32,745,024.19	\$ 3,320,759.89	\$ 8,607,455.77	\$ 39,571,060.89	\$ 23,677,670.26		\$ 113,395,409.22	\$ 122,313,221.83

* 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, 2016

	Current Fund			Utility Operating Funds *		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Fund Balance Anticipated	\$ 1,392,790.18	\$ 1,392,790.18		\$ 3,890,509.00	\$ 3,890,509.00	
Rents				14,863,704.00	17,824,615.89	\$ 2,960,911.89
Miscellaneous Revenues	2,093,327.00	2,098,200.05	\$ 4,873.05	53,616.00	53,616.00	
Miscellaneous Revenues - Electric Surplus	3,300,000.00	3,300,000.00				
State Aid	825,291.00	825,291.00				
Grants	102,533.17	102,533.17				
	<u>\$ 7,713,941.35</u>	<u>\$ 7,718,814.40</u>	<u>\$ 4,873.05</u>	<u>\$ 18,807,829.00</u>	<u>\$ 21,768,740.89</u>	<u>\$ 2,960,911.89</u>
Receipts from Delinquent Taxes	605,000.00	636,497.88	31,497.88			
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes						
Including Reserve for Uncollected Taxes	8,534,756.00	8,720,281.11	185,525.11			
Municipal Library Tax	446,130.00	446,130.00				
	<u>\$ 17,299,827.35</u>	<u>\$ 17,521,723.39</u>	<u>\$ 221,896.04</u>	<u>\$ 18,807,829.00</u>	<u>\$ 21,768,740.89</u>	<u>\$ 2,960,911.89</u>
Budget Totals						
Nonbudget Revenues		252,193.30	252,193.30		174,269.19	174,269.19
Other Credits to Income		571,911.06	571,911.06		596,954.50	596,954.50
Taxes Allocated to School and County	21,698,252.80	21,698,252.80				
	<u>\$ 38,998,080.15</u>	<u>\$ 40,044,080.55</u>	<u>\$ 1,046,000.40</u>	<u>\$ 18,807,829.00</u>	<u>\$ 22,539,964.58</u>	<u>\$ 3,732,135.58</u>
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, 2016

	Current Fund			Utility Operating Funds *		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:						
Current:						
Within "CAPS":						
General Government	\$ 1,256,590.00	\$ 1,256,590.00				
Public Safety	4,272,250.00	4,272,250.00				
Public Works	2,044,300.00	2,044,300.00				
Health and Human Services	257,579.00	257,579.00				
Utility Expense and Bulk Purchases	362,000.00	362,000.00				
Sanitary Landfill	480,000.00	480,000.00				
Land Use	81,900.00	81,900.00				
Insurance	1,910,500.00	1,910,500.00				
Parks and Recreation	362,617.00	362,617.00				
Construction Code	161,500.00	161,500.00				
Contingent	500.00	500.00				
Deferred Charges and Statutory Expenditures	1,355,250.00	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	446,130.00	446,130.00				
Sewer	1,430,816.00	1,430,816.00				
Insurance						
Grants	107,733.17	107,733.17				
Operating - Utility				\$ 13,128,000.00	\$ 13,128,000.00	
Deferred Charges and Statutory Expenditures	23,265.18	23,265.18		495,640.00	495,640.00	
Capital Improvements	100,000.00	100,000.00		346,500.00	346,500.00	
Debt Service	2,020,397.00	2,020,397.00		1,537,689.00	1,537,689.00	
Budget - Anticipated Surplus to Current				3,300,000.00	3,300,000.00	
Reserve for Uncollected Taxes	820,000.00	820,000.00				
Total Budget Expenditures	\$ 17,799,827.35	\$ 17,799,827.35		\$ 18,807,829.00	\$ 18,807,829.00	

* 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, 2016

	Current Fund			Utility Operating Funds *		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures (Continued):						
County and School Taxes	\$ 21,698,252.80	\$ 21,198,479.94	\$ 499,772.86			
Other Expenses		19,356.03	(19,356.03)			
Total Expenditures	\$ 39,498,080.15	\$ 39,017,663.32	\$ 480,416.83	\$ 18,807,829.00	\$ 18,807,829.00	
Excess in Revenues over Expenditures	\$ (500,000.00)	\$ 1,026,417.23	\$ 1,526,417.23		\$ 3,732,135.58	\$ 3,732,135.58
Adjustment to Income Before Fund Balance:						
Expenditures included above which are by						
Statute Deferred Charges to Budgets of						
Succeeding Years	500,000.00	500,000.00				
Statutory Excess to Fund Balance		\$ 1,526,417.23	\$ 1,526,417.23		\$ 3,732,135.58	\$ 3,732,135.58
Fund Balance, January 1, 2016		\$ 1,796,123.60	\$ 1,796,123.60		\$ 5,210,203.16	\$ 5,210,203.16
		\$ 3,322,540.83	\$ 3,322,540.83		\$ 8,942,338.74	\$ 8,942,338.74
Decreased by:						
Utilization as Anticipated Revenue		\$ 1,392,790.18	\$ 1,392,790.18		\$ 3,890,509.00	\$ 3,890,509.00
Fund Balance, December 31, 2016		\$ 1,929,750.65	\$ 1,929,750.65		\$ 5,051,829.74	\$ 5,051,829.74

* 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, 2015</u>	\$ 1,578.84	\$ 4,281.85	\$ 5,860.69
<u>INCREASED BY</u>			
Cancellation of Various Reserves	<u>12.66</u>	<u> </u>	<u>12.66</u>
	\$ 1,591.50	\$ 4,281.85	\$ 5,873.35
<u>DECREASED BY</u>			
Prior Year Adjustment	<u>993.28</u>	<u> </u>	<u>993.28</u>
<u>BALANCE, DECEMBER 31, 2016</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, 2015</u>		\$ 467,445.22
<u>INCREASED BY</u>		
Premium on Sale of Bond Anticipation Notes	\$ 134,620.00	
Refunding Bond Excess Proceeds	<u>10,145.32</u>	<u>144,765.32</u>
		\$ 612,210.54
<u>DECREASED BY</u>		
Transferred to Current Fund as Anticipated Revenue		<u>300,000.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>		<u>\$ 312,210.54</u>

See Notes to Financial Statements.

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

	<u>Electric Utility</u>	<u>Parking Utility</u>	<u>Water Utility</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2015</u>	\$ 101,221.94	\$ 17,095.68	\$ 193,994.06	\$ 312,311.68
<u>INCREASED BY</u>				
Premium on Sale of Bond Anticipation Notes	<u>13,852.67</u>	<u>1,679.68</u>	<u>38,576.09</u>	<u>54,108.44</u>
	\$ 115,074.61	\$ 18,775.36	\$ 232,570.15	\$ 366,420.12
<u>DECREASED BY</u>				
Transferred to Operating Fund as Anticipated Revenue	<u>11,380.00</u>	<u>2,000.00</u>	<u>40,236.00</u>	<u>53,616.00</u>
<u>BALANCE, DECEMBER 31, 2016</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.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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, approximately 65 miles north of Philadelphia 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 and Volunteer Fire Company, which are separate entities subject to separate reporting requirements.

- 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 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 in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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 financial retained by the Library and expended there from. The Library is the subject of a separate audit 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.

Capital Asset Accounts - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

- C. 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 become susceptible to accrual, reduced by an allowance for doubtful accounts.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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.

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

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

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.

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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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, Parking and Electric utilities is required, by regulation, to be prepared by Borough personnel for inclusion on the 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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets

General - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division 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.

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 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 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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets (Continued)

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.

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a volunteer Length of Service Award Plan ("LOSAP")("Plan") 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 section 457(e)11 of the Internal Revenue Code". The LOSAP financial statements have not been nor are they required to be audited.

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. Basic 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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards

The Borough is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 74. Financial Reporting for Postemployment Benefit Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The Borough does not expect this Statement to have an impact on its financial statements.

- *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Borough does not expect this Statement to have an impact its financial statements.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards (Continued)

- *GASB Statement No. 76. The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 77. Tax Abatement Disclosures.* 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. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards (Continued)

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

Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement,

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 79. Certain External Investment Pools and Pool Participants.* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, 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. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting period beginning after December 15, 2015. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards (Continued)

- *GASB Statement No. 82. Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73.* 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal yearend. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 84. Fiduciary Activities.* This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards (Continued)

- *GASB Statement No. 85. Omnibus 2017.* This 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]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 86. Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The Borough does not expect this Statement to impact its financial statements.

F. Subsequent Events

Management has reviewed and evaluated all events and transactions from December 31, 2016 through June 30, 2017, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

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.

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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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 local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk

As of December 31, 2016, the Borough had funds on deposit in checking and statement savings accounts. The carrying amount of the Borough's Cash and Cash Equivalents as of December 31, 2016 was \$17,277,010.70. 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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

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 is 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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 7.452	\$ 7.285	\$ 7.118	\$ 6.910	\$ 6.716
Apportionment of Tax Rate:					
Municipal	2.073	1.953	1.889	1.854	1.864
Library	0.108	0.104	0.105	0.108	0.114
County:					
Regular	1.178	1.153	1.171	1.134	1.118
Open Space	0.098	0.095	0.096	0.097	0.103
Local School	3.995	3.980	3.857	3.717	3.517

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 3. **TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)**

Assessed Valuation

2016	\$	411,689,000.00
2015		412,491,700.00
2014		414,141,225.00
2013		413,638,494.00
2012		421,101,082.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
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%
2012	28,288,691.60	27,553,240.39	97.40%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ 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%

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

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>
2016	\$ 47,800.00
2015	47,800.00
2014	47,800.00
2013	47,800.00
2012	47,800.00

Note 5. **UTILITY RECEIVABLES AND COLLECTIONS**

The Borough operates an 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>
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
2012	13,487,589.35	13,317,858.26

* 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.

*** In 2014 the Borough adopted a rate increase and in 2015, a rate decrease was adopted.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 5. UTILITY RECEIVABLES AND COLLECTIONS (CONTINUED)

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> *
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
2012	3,386,632.26	3,259,039.32

* 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.

Comparison of Parking Utility Collections

<u>Year</u>	<u>Cash Collections</u>
2016	\$ 58,401.32
2015	49,666.54
2014	45,084.45
2013	47,409.30
2012	47,862.72

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

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 Balance Used</u>
<u>Current Fund</u>				
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%
2012	2,058,322.31	1,482,773.56	N/A	72.04%
<u>Electric Utility Operating Fund</u>				
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%
2012	4,753,138.35	3,556,371.00	None	74.82%
<u>Parking Utility Operating Fund</u>				
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%
2012	70,003.34	12,500.00	None	17.86%
<u>Water Utility Operating Fund</u>				
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%
2012	982,941.09	489,886.00	None	49.84%

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 7. **DEFERRED CHARGES**

The Borough's Current Fund reflects Deferred Charges that must be raised in the subsequent year annual budgets.

	Original <u>Amount</u>	1/5 of <u>Amount</u>	Balance December 31, <u>2016</u>	Raised in <u>2017 Budget</u>	To be Raised in Subsequent <u>Years Budgets</u>
Special Emergency - 40A:4-53					
Revaluation of Real					
Property and Update					
of Tax Maps	\$ 500,000	\$ 100,000	\$ <u>500,000</u>	\$ <u>100,000</u>	\$ <u>400,000</u>

It is anticipated that funds will be provided in future budgets to finance these Deferred Charges. The Borough has the right under NJSA 40A:4-55 to issue debt to the extent of the unfunded authorization.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. **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 the 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 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 25,412,027.12	\$ 25,823,103.40	\$ 18,418,927.32
Electric Utility:			
Bonds and Notes	3,956,000.00	4,263,000.00	4,960,000.00
Parking Utility:			
Bonds and Notes	139,000.00	157,000.00	175,000.00
Water Utility:			
Loans and Notes	<u>3,980,200.41</u>	<u>4,426,381.38</u>	<u>4,857,451.97</u>
Total Issued	<u>\$ 33,487,227.53</u>	<u>\$ 34,669,484.78</u>	<u>\$ 28,411,379.29</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ 3,783,595.89	\$ 7,533,229.10	\$ 4,573,947.28
Electric Utility:			
Bonds and Notes	1,400,000.00	3,700,000.00	900,000.00
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>2,141,000.00</u>	<u>2,041,000.00</u>
Total Authorized But Not Issued	<u>\$ 7,239,595.89</u>	<u>\$ 13,389,229.10</u>	<u>\$ 7,529,947.28</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 40,726,823.42</u>	<u>\$ 48,058,713.88</u>	<u>\$ 35,941,326.57</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. **MUNICIPAL DEBT (CONTINUED)**

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 2.253%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 11,591,561.80	\$ 11,591,561.80	\$ None
Electric Utility Debt	5,356,000.00	5,356,000.00	None
Parking Utility Debt	154,000.00	154,000.00	None
Water Utility Debt	6,021,200.41	6,021,200.41	None
General Debt	<u>29,195,623.01</u>	<u>None</u>	<u>29,195,623.01</u>
	<u>\$ 52,318,385.22</u>	<u>\$ 23,122,762.21</u>	<u>\$ 29,195,623.01</u>

Net Debt \$29,195,623.01 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$1,327,131,990.00 equals 2.20%. The Annual Debt Statement has been filed.

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

3½% of Average Equalized Valuation Basis (Municipal)	\$ 46,449,619.65
Net Debt	<u>29,195,623.01</u>
Remaining Borrowing Power	<u>\$ 17,253,996.64</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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. **MUNICIPAL DEBT (CONTINUED)**

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		\$ 17,823,880.08
Deductions:		
Operating and Maintenance Costs	\$ 10,760,584.00	
Debt Service	841,455.06	
Total Deductions		<u>11,602,039.06</u>
Excess in Revenue		<u>\$ 6,221,841.02</u>

There being an excess in revenue for the Electric Utility, the fund was self-liquidating and therefore, the related debt is deductible for purposes of the annual debt statement and resultant net debt calculation.

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		\$ 4,012,749.27
Deductions:		
Operating and Maintenance Costs	\$ 2,825,056.00	
Debt Service	570,551.15	
Total Deductions		<u>3,395,607.15</u>
Excess in Revenue		<u>\$ 617,142.12</u>

There being an excess in revenue for the Water Utility, the fund was self-liquidating and therefore, the related debt is deductible for purposes of the annual debt statement and resultant net debt calculation.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. **MUNICIPAL DEBT (CONTINUED)**

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		\$ 84,444.73
Deductions:		
Operating and Maintenance Costs	\$ 38,000.00	
Debt Service	<u>21,165.12</u>	
Total Deductions		<u>59,165.12</u>
Excess in Revenue		\$ <u>25,279.61</u>

There being an excess in revenue for the Parking Utility, the fund was self-liquidating and therefore, the related debt is deductible for purposes of the annual debt statement and resultant net debt calculation.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. **MUNICIPAL DEBT (CONTINUED)**

Long-Term Debt (Continued)

General Capital Fund:

\$8,405,000.00 General Obligation Bonds, Series 2007 Remaining maturity of \$750,000.00 due December 1, 2017 at an interest rate of 4.125%.	\$ 750,000.00 *
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\$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%.	3,590,000.00 **
--	-----------------

\$ 4,340,000.00

Electric Utility Capital Fund:

\$5,990,000.00 Electric System Improvement Bonds, Series 2007 Remaining maturity of \$425,000.00 on December 1, 2017 at an interest rate of 4.125%.	\$ 425,000.00 *
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\$2,415,000.00 Electric Utility Refunding Bonds, Series 2016B Refunding of 2007 Series. Annual maturities of \$430,000.00 to \$525,000 through December 1, 2022 at an annual interest rate of 4.0%.	2,390,000.00 **
--	-----------------

\$ 2,815,000.00

\$ 7,155,000.00

- * 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 were redeemed on March 15, 2016 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 which is December 1, 2017.

The 2016 Series A & B Refunding Bonds were issued to refund the redeemable portion of the Series 2007 Bonds achieving a savings of \$384,951.60. The refunding was done in accordance with the State of New Jersey Local Finance Bond requirements.

- ** The 2016 Series A&B Refunding Bonds are not subject to redemption prior to maturity.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 7. MUNICIPAL DEBT (CONTINUED)

Long-Term Debt (Continued)

State of New Jersey Environmental Infrastructure Trust Loans (NJEIT)

General Capital Fund:

\$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%. \$ 125,000.00

\$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. 59,027.12

\$ 184,027.12

Water Utility Capital Fund:

\$2,620,000.00 NJEIT - State Portion -

Year 2000 - Annual maturities of \$180,000.00 to \$205,000.00
through August 1, 2020 at an annual interest rate of 5.25%. \$ 770,000.00

\$2,637,500.00 NJEIT - Federal Portion -

Year 2000 - Semi-annual maturities of \$12,468.63 and
\$19,731.78 through August 1, 2017. There is no interest
being charged on this loan. 32,200.41

\$ 802,200.41

\$ 986,227.53

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. MUNICIPAL DEBT (CONTINUED)

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>
2017	\$ 750,000.00	\$ 174,437.50	\$ 924,437.50
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
	<u>3,630,000.00</u>	<u>575,437.50</u>	<u>4,205,437.50</u>
2022	<u>710,000.00</u>	<u>28,400.00</u>	<u>738,400.00</u>
	<u>\$ 4,340,000.00</u>	<u>\$ 603,837.50</u>	<u>\$ 4,943,837.50</u>

<u>Calendar Year</u>	<u>Electric Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 425,000.00	\$ 113,131.26	\$ 538,131.26
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
	<u>2,290,000.00</u>	<u>388,331.26</u>	<u>2,678,331.26</u>
2022	<u>525,000.00</u>	<u>21,000.00</u>	<u>546,000.00</u>
	<u>\$ 2,815,000.00</u>	<u>\$ 409,331.26</u>	<u>\$ 3,224,331.26</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. **MUNICIPAL DEBT (CONTINUED)**

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

Serial Bonds (Continued)

<u>Calendar Year</u>	<u>Total for all Funds - Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,175,000.00	\$ 287,568.76	\$ 1,462,568.76
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
	<u>5,920,000.00</u>	<u>963,768.76</u>	<u>6,883,768.76</u>
2022	<u>1,235,000.00</u>	<u>49,400.00</u>	<u>1,284,400.00</u>
	<u>\$ 7,155,000.00</u>	<u>\$ 1,013,168.76</u>	<u>\$ 8,168,168.76</u>

United States Department of Agriculture – Community Facilities Loan

General Capital Fund

Original Loan Amount - 2016	<u>\$ 9,800,000.00</u>
Balance December 31, 2016	<u>\$ 9,800,000.00</u>
Interest Rate:	2.375%
Due Dates:	June 13 and December 13
Final Maturity:	December 13, 2046
Purpose:	Construction of a Firehouse
Semi-annual Payment	\$ 229,320.00
Source of Repayment Funds	Current Fund

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Loans Outstanding

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>
2017	\$ 52,145.04	\$ 6,562.50	\$ 58,707.54
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>\$ 184,027.12</u>	<u>\$ 16,800.00</u>	<u>\$ 200,827.12</u>

<u>Calendar Year</u>	<u>Water Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 212,200.41	\$ 40,425.00	\$ 252,625.41
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>\$ 802,200.41</u>	<u>\$ 103,162.50</u>	<u>\$ 905,362.91</u>

<u>Calendar Year</u>	<u>Total for all Funds - NJEIT Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 264,345.45	\$ 46,987.50	\$ 311,332.95
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>\$ 986,227.53</u>	<u>\$ 119,962.50</u>	<u>\$ 1,106,190.03</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. **MUNICIPAL DEBT (CONTINUED)**

Bond Anticipation Notes

At December 31, 2016, the Borough's outstanding Bond Anticipation Notes (BAN) are as follows:

	Interest Rate	Original Issue Date	Amount	Payment Required	
				First	Final
General Capital Fund	2.50%	2008	\$ 1,622,000.00	2011	2019
	2.50%	2009	362,000.00	2012	2020
	2.50%	2010	4,415,000.00	2013	2021
	2.50%	2011	475,000.00	2014	2022
	2.50%	2012	462,000.00	2015	2023
	2.50%	2013	742,000.00	2016	2024
	2.50%	2014	1,110,000.00	2017	2025
	2.50%	2015	750,000.00	2018	2026
	2.50%	2016	1,150,000.00	2019	2027
			<u>\$ 11,088,000.00</u>		
Electric Utility Capital Fund	2.50%	2012	\$ 241,000.00	2015	2023
	2.50%	2014	400,000.00	2017	2025
	2.50%	2016	500,000.00	2019	2027
			<u>\$ 1,141,000.00</u>		
Water Utility Capital Fund	2.50%	2008	\$ 333,000.00	2011	2019
	2.50%	2009	1,767,000.00	2012	2020
	2.50%	2010	467,000.00	2013	2021
	2.50%	2012	265,000.00	2015	2023
	2.50%	2013	146,000.00	2016	2024
	2.50%	2015	100,000.00	2018	2026
	2.50%	2016	100,000.00	2019	2027
			<u>\$ 3,178,000.00</u>		
Parking Utility Capital Fund	2.50%	2014	\$ 139,000.00	2017	2025
			<u>\$ 15,546,000.00</u>		

The budget for 2017 with regards to the minimum annual required BAN paydown has been met.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 8. MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2016, the Borough had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 3,783,595.89
Electric Utility Capital Fund	1,400,000.00
Water Utility Capital Fund	2,041,000.00
Parking Utility Capital Fund	<u>15,000.00</u>
	<u>\$ 7,239,595.89</u>

Due to Bond Registrar/Paying Agent

The Water Utility Operating Fund Balance Sheet reflects an amount of due from Bond Registrar/Paying Agent of \$57,812.00 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 were 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 2016 and 2015.

Subsequent Event

The Borough adopted three (3) improvement authorizations totaling \$612,701.00 for various capital improvements, Main Street streetscape and construction of a new firehouse (*supplement*), which are funded by the capital improvement fund of \$30,000.00, CDBG of \$62,701.00 and Bonds and Notes Authorized in the amount of \$520,000.00.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 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 Balance, December 31	
	<u>2016</u>	<u>2015</u>
Balance of Tax*	\$ 7,810,780.00	\$ 7,674,575.00
Deferred	<u>7,259,686.00</u>	<u>6,759,686.00</u>
Payable	\$ <u><u>551,094.00</u></u>	\$ <u><u>914,889.00</u></u>

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

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered cost sharing multiple-employer plans.

The PERS and PFRS issue a publicly available financial report that includes financial statements and required supplementary information and separate actuarial valuations. Those reports are available by visiting their website at www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-july2014.pdf.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees and all that qualify of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service and twenty-five years for health care coverage. 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 to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS

Description of Systems (Continued)

Public Employees' Retirement System (Continued)

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.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. 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.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS

Contributions Required to be Made

Employee contributions for 2016 were 7.06% through June 30, 2016 and 7.20% thereafter for PERS and 10% for PFRS of the employee's base wages. Employer's contributions are actuarially determined annually by the Division of Pensions. The Borough's contributions to the plan for the past three (3) years are as follows:

	PERS		
	2016	2015	2014
Covered Payroll	\$ 4,746,984	\$ 4,615,015	\$ 4,574,593
Actuarial Contribution Requirements	557,909	553,846	500,903
Total Contributions Employer Share	557,909	553,846	500,903
Percent of Covered Payroll	11.75 %	10.51 %	9.34 %
Employee's Share	338,454	322,467	312,292
Percent of Covered Payroll	7.13 %	6.98 %	6.82 %

Pension (PERS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PERS obligation due April 1, 2017 would be needed in the amount of \$579,243 since the obligation relates to the period December 31, 2016 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS

	PFRS		
	2016	2015	2014
Covered Payroll	\$ 2,909,520	\$ 2,892,559	\$ 2,916,179
Actuarial Contribution Requirements	742,888	745,648	699,967
Total Contributions Employer Share	742,888	745,648	699,967
Percent of Covered Payroll	25.53 %	23.95 %	22.11 %
Employee's Share	291,452	289,255	291,618
Percent of Covered Payroll	10.00 %	10.00 %	10.00 %

All contributions were equal to the required contributions for each of the three (3) years, respectively.

Pension (PFRS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PFRS obligation due April 1, 2017 would be needed in the amount of \$690,619 since the obligation relates to the period December 31, 2016 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS

Government-Wide Financial Statements GASB#68

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2016 and June 30, 2015 Independent Auditor's Report dated April 6, 2017 and April 14, 2016, respectively.

The Borough's reported liability of \$20,274,659.00 and \$15,347,208.00 for its proportionate share of the net pension liability at December 31, 2016 (*measurement date of June 30, 2016*) and December 31, 2015 (*measurement date of June 30, 2015*), respectively. The net pension liability was measured as of June 30, 2016 and June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	June 30, (<i>Measurement Date</i>)	
	<u>2016</u>	<u>2015</u>
Local Group Share	\$ 29,617,131,759	\$ 22,447,996,119
Borough Proportionate Percentage	0.0684558507 %	0.0683678325 %
Difference - Increase	0.0000880182 %	

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. **PENSION PLANS (CONTINUED)**

Government-Wide Financial Statements GASB#68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2016, the Borough's recognizable under GAAP pension expense of \$1,999,617.00. At December 31, 2016, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 4,199,826	\$ -
Net difference between expected and actual experience	377,047	
Net difference between projected and actual investment earnings on pension plan investment	773,091	
Changes in proportion	234,584	
Borough contributions subsequent to yearend	608,152	
Total	<u>\$ 6,192,700</u>	<u>\$ -</u>

The \$6,192,700.00 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2016, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2017	\$ 1,204,496
2018	1,204,496
2019	1,395,449
2020	1,172,381
2021	373,142

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. **PENSION PLANS (CONTINUED)**

Government-Wide Financial Statements GASB#68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Additional Information:

Collective (local employers) balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
Borough's proportion (of Local Group)	0.0684558507 %	0.0683678325 %

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. The total pension liability for the December 31, 2016 measurement date was determined by an actuarial valuation as of June 30, 2016. This actuarial valuation used the following assumptions:

Inflation	3.08 Percent
Salary Increases:	
Through 2026	1.65 - 4.15 Percent (based on age)
Thereafter	2.65 – 5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

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

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

Long-Term Rate of Return

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

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB#68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the *Bond Buyer* Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Public Employees Retirement System (PERS) (Continued)

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

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2016 and June 30, 2015, respectively, 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:

		<u>December 31, 2016</u>		
		<u>1% Decrease</u>	<u>At Current</u>	<u>1% Increase</u>
		<u>2.98%</u>	<u>Discount Rate</u>	<u>4.98%</u>
			<u>3.98%</u>	
Borough's proportionate share				
of the pension liability	\$	24,844,229	\$ 20,274,659	\$ 16,502,084
		<u>December 31, 2015</u>		
		<u>1% Decrease</u>	<u>At Current</u>	<u>1% Increase</u>
		<u>3.90%</u>	<u>Discount Rate</u>	<u>5.90%</u>
			<u>4.90%</u>	
Borough's proportionate share				
of the pension liability	\$	19,074,702	\$ 15,347,208	\$ 12,222,110

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions/pers1.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. **PENSION PLANS (CONTINUED)**

Government-Wide Financial Statements GASB #68 (Continued)

Police and Firemen's Retirement System (PFRS)

The information for PFRS was abstracted from State of New Jersey Police and Firemen Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2015 and June 30, 2014 Independent Auditor's Report dated April 6, 2017 and April 19, 2016, respectively.

The Borough's reported liability net of the Special Funding situation of \$16,915,852 and \$15,923,148 for its proportionate share of the net pension liability at December 31, 2016 (*measurement date of June 30, 2016*) and December 31, 2015 (*measurement date of June 30, 2015*), respectively. The net pension liability was measured as of June 30, 2016 and June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	June 30, (<i>Measurement Date</i>)	
	<u>2016</u>	<u>2015</u>
Local Group Share	\$ 19,102,557,969	\$ 16,656,514,197
Borough Proportionate Percentage	0.0885528092 %	0.0956571650 %
Difference - Decrease	0.0071043558	

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended December 31, 2016, the Borough's recognizable pension expense of \$899,579.00. At December 31, 2016, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 2,342,984	
Net difference between expected and actual experience	-	\$ 110,886
Net difference between projected and actual investment earnings on pension plan investment	1,185,260	-
Changes in proportion	77,827	938,923
Borough contributions subsequent to yearend	<u>722,007</u>	
Total	<u>\$ 4,328,078</u>	<u>\$ 1,049,809</u>

The \$4,328,078.00 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2016, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2017	\$ 818,033
2018	818,033
2019	1,102,211
2020	651,775
2021	27,306

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Additional Information:

Collective (local employers) balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$ 4,547,316,543	\$ 3,512,729,953
Collective deferred inflows of resources	\$ 2,043,911,998	\$ 871,083,367
Collective net pension liability		
Local Group	\$ 20,706,699,056	\$ 16,656,514,197
Less: Special Funding Situation (1)	<u>1,604,141,087</u>	<u>None</u>
	<u>\$ 19,102,557,969</u>	<u>\$ 16,656,514,197</u>
Borough's proportion (of Local Group)	0.0885528092 %	0.0956571560 %

(1) Special Funding Situation

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

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. The total pension liability for the December 31, 2016 measurement date was determined by an actuarial valuation as of June 30, 2016. This actuarial valuation used the following assumptions:

Inflation	3.08 Percent
Salary Increases:	
Through 2026	1.65 – 4.15 Percent (based on age)
Thereafter	2.65 – 5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

Mortality Rates

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

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

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

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

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

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

The following presents the collective net pension liability inclusive of Special Funding situation of the participating employers as of (*measurement dates*) June 30, 2016 and June 30, 2015, respectively, 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:

	December 31, 2016		
	[Measurement Date: June 30, 2016]		
	1% Decrease	At Current	1% Increase
	<u>4.55%</u>	<u>5.55%</u>	<u>6.55%</u>
Borough's proportionate share of the pension liability	\$ 23,643,396	\$ 18,336,363	\$ 14,008,798

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate (Continued)

	December 31, 2015		
	[Measurement Date: June 30, 2015]		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Borough's proportionate share of the pension liability	\$ 22,847,010	\$ 17,330,431	\$ 12,832,154

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS) or by visiting their website at www.state.nj.us/treasury/pensions/pfrs1.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 11 POST EMPLOYMENT RETIREMENT BENEFITS

In addition to the pension benefits described in Note 10, the Borough provides post retirement healthcare benefits for employees who retire with 25 years or more of service and their dependents. Benefits consist of full medical coverage as if the individuals were still employed, until they become eligible for Medicare, at which time Medicare becomes the primary insurer and the Borough plan becomes the secondary insurer.

Plan Description – New Jersey State Health Benefits Program (“NJSHBP”)

The NJSHBP as of July 1, 2015 had “local employees” statewide of 358,297 active and 244,306 retired for a total of 602,603 members. The Borough at December 31, 2016 had 99 active and 58 retired employees for a total participation of 157.

The Borough contributes to the NJSHBP, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. NJSHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. NJSHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. In accordance with GASB’s 43 and 45, the NJSHBP has been determined to be a cost-sharing multiple-employer plan. Under GASB 45, the Borough is not required to accrue reserves to fund the ultimate payment of the retirees health benefit obligation that is being earned.

The NJSHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the NJSHBP. In the early 1980’s, the Borough authorized participation in the NJSHBP’s post-retirement benefit program through resolution.

The New Jersey State Health Benefits (“NJSHB”) Commission is the executive body established by statute to be responsible for the operation of the NJSHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the NJSHBP and an annual actuarial valuation report. Those reports may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/health-benefits.shtml.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 11 POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The NJSHB Commission sets the employer contribution rate based on the annual required contribution (ARC) of the employers as established in an annual rate recommendation report.

Contributions to pay for the health premiums of participating retirees in the NJSHBP are billed to the Borough on a monthly basis. The number of employees covered and approximate cost for the past three years were as follows:

<u>Fiscal Year</u>	<u>Number of Employees</u>	<u>Employer's Cost</u>
2016	58	\$ 1,105,022.16
2015	57	1,176,716.03
2014	58	1,066,814.79

NOTE 12 DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If an eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and adjusted for membership earnings or losses. It is a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 12 **DEFINED CONTRIBUTION RETIREMENT PROGRAM (CONTINUED)**

Description of System (Continued)

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

There were no employer and employees contributions to the plan for years 2014-2016.

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 13. 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, 2016 is \$483,966.78. Amounts are provided for in the Borough's annual operating budgets to meet the obligations as they become due.

Note 14. INTERFUNDS RECEIVABLE AND PAYABLE

Interfund receivable and payable balances at December 31, 2016 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$ 81,631.71
Grant Fund	<u>\$ 81,631.71</u>	<u> </u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

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, 2016 is as follows:

	<u>Electric Utility</u>	<u>Parking Utility</u>	<u>Water Utility</u>	<u>Total Enterprise Fund</u>
Revenue and Other Income Realized:				
Operating Fund Balance				
Appropriated	\$ 3,300,000.00	\$ 24,000.00	\$ 566,509.00	\$ 3,890,509.00
Rents	14,401,911.84	58,401.32	3,364,302.73	17,824,615.89
Miscellaneous	<u>11,380.00</u>	<u>2,000.00</u>	<u>40,236.00</u>	<u>53,616.00</u>
Budget Totals	\$ 17,713,291.84	\$ 84,401.32	\$ 3,971,047.73	\$ 21,768,740.89
Nonbudget Revenue	\$ 131,534.73	\$ 43.41	\$ 42,691.05	\$ 174,269.19
Other Credits to Income:				
Current Appropriations Canceled	13,044.94	334.88	91,137.85	104,517.67
Unexpended Balance of				
Appropriation Reserves Lapsed	277,345.44	2,903.99	212,064.65	492,314.08
and Encumbrances Canceled	63.35		59.40	122.75
Other	<u>63.35</u>	<u></u>	<u>59.40</u>	<u>122.75</u>
Total Revenues	\$ 18,135,280.30	\$ 87,683.60	\$ 4,317,000.68	\$ 22,539,964.58
Expenditures:				
Operating:				
Salaries and Wages	\$ 1,405,000.00	\$ 26,000.00	\$ 720,000.00	\$ 2,151,000.00
Other Expenses	2,050,000.00	7,000.00	1,105,000.00	3,162,000.00
Purchase of Power/Water	7,000,000.00		815,000.00	7,815,000.00
Capital Improvements	20,000.00	6,500.00	320,000.00	346,500.00
Debt Service	854,500.00	21,500.00	661,689.00	1,537,689.00
Deferred Charges and Statutory				
Expenditures	305,584.00	5,000.00	185,056.00	495,640.00
Surplus - General Budget	<u>3,300,000.00</u>	<u></u>	<u></u>	<u>3,300,000.00</u>
Total Expenditures	\$ 14,935,084.00	\$ 66,000.00	\$ 3,806,745.00	\$ 18,807,829.00
Excess in Revenue	\$ 3,200,196.30	\$ 21,683.60	\$ 510,255.68	\$ 3,732,135.58
Statutory Excess to Fund Balance	\$ 3,200,196.30	\$ 21,683.60	\$ 510,255.68	\$ 3,732,135.58
Fund Balance, January 1, 2016	\$ 4,250,527.19	\$ 73,157.48	\$ 886,518.49	\$ 5,210,203.16
	<u>7,450,723.49</u>	<u>94,841.08</u>	<u>1,396,774.17</u>	<u>8,942,338.74</u>
Decreased by:				
Utilization as Anticipated Revenue	\$ 3,300,000.00	\$ 24,000.00	\$ 566,509.00	\$ 3,890,509.00
Fund Balance, December 31, 2016	<u>4,150,723.49</u>	<u>70,841.08</u>	<u>830,265.17</u>	<u>5,051,829.74</u>

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 16. 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, 2016, 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</u> <u>December 31,</u>	<u>Employer</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 40,000.00	\$ 86.24	\$ 9,456.13	\$ 129,077.45
2015	40,000.00	121.89	46,299.89	98,447.34
2014	48,828.92	83.17	1,504.94	104,625.34

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 17. 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 18. LENGTH OF SERVICE AWARDS PROGRAM

On November 2, 1999, the voters of the Borough approved a referendum authorizing the establishment of a 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 subjected 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, 2016 revealed net position available for benefits of \$1,039,552.40. The Borough's contribution for December 31, 2016 is \$66,171.36. Contributions for the past three (3) years are as follows:

		<u>Total</u>		<u>Per Member</u>
2016	\$	66,171.36	\$	1,378.54
2015		70,765.76		1,360.88
2014		76,209.28		1,360.88

BOROUGH OF SOUTH RIVER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 19. 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.

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. Reserve for State Tax Appeals

The Borough has a Reserve for State Tax Appeals at December 31, 2016 of \$75,000.00, which represents an estimate for several tax appeals that are pending for 2016. In the event the appeals are awarded in excess of that amount, then a charge to Fund Balance/(Operations) will be needed.

COMBINING AND INDIVIDUAL FUND AND
ACCOUNT GROUP STATEMENTS

CURRENT FUND

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,728,649.30	\$ 4,161,046.13
Receivables and Other Assets with Full Reserves:		
Taxes Receivable	575,742.35	638,959.22
Tax Title Liens Receivable	458,642.83	400,698.24
Property Acquired for Taxes - Assessed Valuation	47,800.00	47,800.00
Other Accounts Receivable:		
Revenue Accounts Receivable	12,221.51	18,860.63
Deferred Charges	<u>500,000.00</u>	<u> </u>
Total Current Fund	\$ <u>5,323,055.99</u>	\$ <u>5,267,364.22</u>
Grant Fund:		
Grants Receivable	\$ 68,750.52	\$ 117,186.47
Interfund Receivable - Due from Current Fund	<u>81,631.71</u>	<u>84,890.80</u>
Total Grant Fund	\$ <u>150,382.23</u>	\$ <u>202,077.27</u>
Total Assets	\$ <u><u>5,473,438.22</u></u>	\$ <u><u>5,469,441.49</u></u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
<u>LIABILITIES, RESERVES AND</u>		
<u>FUND BALANCE</u>		
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 419,060.83	\$ 579,651.93
Reserve for Encumbrances	503,573.81	373,673.88
Prepaid Taxes	175,379.34	185,158.88
Tax Overpayments	9,804.50	4,834.14
Due to Government Agencies		87,151.63
Due to State of New Jersey:		
Ch. 20,P.L. 1971	45,042.13	44,042.13
DCA Training Fees	2,318.00	3,764.00
Reserve for Revaluation, Appropriated	421,550.00	
Reserve for State Tax Appeals	75,000.00	75,000.00
Various Reserves	14,444.33	11,866.14
Local School Taxes Payable	551,094.00	914,889.00
Interfunds Payable-		
Due to Grant Fund	<u>81,631.71</u>	<u>84,890.80</u>
	\$ 2,298,898.65	\$ 2,364,922.53
Reserve for Receivables and Other Assets	1,094,406.69	1,106,318.09
Fund Balance	<u>1,929,750.65</u>	<u>1,796,123.60</u>
Total Current Fund	\$ <u>5,323,055.99</u>	\$ <u>5,267,364.22</u>
Grant Fund:		
Reserve for Grants:		
Appropriated	\$ 129,418.81	\$ 189,568.14
Unappropriated	11,831.27	3,669.21
Reserve for Encumbrances	<u>9,132.15</u>	<u>8,839.92</u>
Total Grant Fund	\$ <u>150,382.23</u>	\$ <u>202,077.27</u>
Total Liabilities, Reserves and Fund Balance	\$ <u><u>5,473,438.22</u></u>	\$ <u><u>5,469,441.49</u></u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 1,392,790.18	\$ 1,501,790.00
Miscellaneous Revenues Anticipated	5,398,200.05	5,332,262.00
State Aid	825,291.00	825,291.00
Grants	102,533.17	215,267.59
Receipts from Delinquent Taxes	636,497.88	488,139.24
Amount to be Raised by Taxation for Support of Municipal Budget	9,166,411.11	8,579,324.78
Nonbudget Revenues	252,193.30	629,785.96
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		
Lapsed and Reserve for Encumbrances Canceled	560,407.63	668,576.65
Current Appropriations Canceled	7,746.40	6,197.14
Cancellation of Prior Year Tax Overpayments	0.36	
Cancellation of Prior Year Grant Appropriated and Unappropriated Reserves	3,756.67	6.16
Taxes Allocated to School and County Taxes	<u>21,698,252.80</u>	<u>21,561,260.48</u>
Total Income	\$ <u>40,044,080.55</u>	\$ <u>39,807,901.00</u>
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	\$ 1,256,590.00	\$ 763,900.00
Land Use	81,900.00	63,300.00
Insurance	1,910,500.00	1,903,700.00
Public Safety	4,272,250.00	4,175,700.00
Public Works	2,044,300.00	2,016,500.00
Health and Human Services	257,579.00	257,857.00
Parks and Recreation	362,617.00	346,817.00
Utility Expense and Bulk Purchases	362,000.00	399,500.00
Sanitary Landfill	480,000.00	500,000.00
Construction Code	161,500.00	158,500.00
Contingent	500.00	500.00
Deferred Charges and Statutory Expenditures	1,355,250.00	1,312,808.00
Excluded from "CAPS":		
Public Safety	121,500.00	121,500.00
Public Works	185,000.00	180,000.00
Education - Library	446,130.00	430,987.00
Sewer	1,430,816.00	1,222,157.00
Insurance		1,800.00

BOROUGH OF SOUTH RIVER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
Excluded from "CAPS" (Continued):		
Grants	\$ 107,733.17	\$ 215,267.59
Capital Improvements	100,000.00	100,000.00
Municipal Debt Service	2,020,397.00	1,699,816.00
Deferred Charges and Statutory Expenditures	23,265.18	
Reserve for Uncollected Taxes	820,000.00	790,000.00
County Taxes	5,251,636.65	5,142,028.75
County Added and Omitted Taxes:		
2016	2,297.15	
2015	227.14	2,376.73
2014		630.64
Local District School Taxes	15,944,319.00	16,416,855.00
Refund of Prior Year's Revenue	7,061.36	
Cancellation of Prior Grant Receivables	3,757.00	7.00
Prior Years Senior Citizens and Veterans Disallowed	8,537.67	7,730.83
	<u>\$ 39,017,663.32</u>	<u>\$ 38,230,238.54</u>
Total Expenditures		
Excess in Revenue over Expenditures	\$ 1,026,417.23	\$ 1,577,662.46
Add: Expenditures Included Above Which are by Statute		
Deferred Charges to Budgets of Succeeding Years	<u>500,000.00</u>	
Statutory Excess to Fund Balance	\$ 1,526,417.23	\$ 1,577,662.46
Fund Balance, January 1	<u>1,796,123.60</u>	<u>1,720,251.14</u>
	\$ 3,322,540.83	\$ 3,297,913.60
Decreased by:		
Utilized as Anticipated Revenue	<u>1,392,790.18</u>	<u>1,501,790.00</u>
Fund Balance, December 31	<u>\$ 1,929,750.65</u>	<u>\$ 1,796,123.60</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	Budget as <u>Modified</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	\$ 1,392,790.18	\$ 1,392,790.18	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	\$ 15,500.00	\$ 17,238.00	\$ 1,738.00
Other	12,000.00	15,042.00	3,042.00
Fees and Permits	135,500.00	159,269.80	23,769.80
Fines and Costs - Municipal Court	300,000.00	218,007.38	(81,992.62)
Interest and Costs on Taxes	100,000.00	104,014.63	4,014.63
Anticipated Operating Surplus - Electric	<u>3,300,000.00</u>	<u>3,300,000.00</u>	
	\$ 3,863,000.00	\$ 3,813,571.81	\$ (49,428.19)
State Aid Without Offsetting Appropriations:			
Energy Receipts Tax	\$ 659,863.00	\$ 659,863.00	
Consolidated Municipal Property Tax Relief Aid	<u>165,428.00</u>	<u>165,428.00</u>	
	\$ 825,291.00	\$ 825,291.00	
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	\$ 248,084.00	\$ 48,084.00
Zoning Fees	<u>13,200.00</u>	<u>15,425.00</u>	<u>2,225.00</u>
	\$ 213,200.00	\$ 263,509.00	\$ 50,309.00
Special Items of Revenue Offset with Appropriations (Grants):			
Clean Communities Program	\$ 34,069.96	\$ 34,069.96	
Body Armor Replacement Fund	3,194.21	3,194.21	
Middlesex County Office on Aging Grant:			
Physical	4,800.00	4,800.00	
Residential Maintenance	8,020.00	8,020.00	
Information & Assistance	5,000.00	5,000.00	
State of New Jersey Body-Worn Camera	11,000.00	11,000.00	
Drive Sober or Get Pulled Over	10,000.00	10,000.00	
Click it or Ticket Grant	4,000.00	4,000.00	
Recycling Tonnage Grant	<u>22,449.00</u>	<u>22,449.00</u>	
	\$ 102,533.17	\$ 102,533.17	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	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	\$ 64,900.00	\$ 69,449.03	\$ 4,549.03
Host Community Benefits	839,965.00	839,965.53	0.53
Cable Television Percentage of Revenue - 2%	41,362.00	41,362.03	0.03
Payment in Lieu of Taxes - National Church Residence - Willet Manor	33,300.00	35,183.10	1,883.10
Payment in Lieu of Taxes - National Church Residence - South River Landing	37,600.00	35,159.55	(2,440.45)
General Capital Fund Balance	<u>300,000.00</u>	<u>300,000.00</u>	
	\$ <u>1,317,127.00</u>	\$ <u>1,321,119.24</u>	\$ <u>3,992.24</u>
Receipts from Delinquent Taxes	\$ <u>605,000.00</u>	\$ <u>636,497.88</u>	\$ <u>31,497.88</u>
Amount to be Raised by Taxation for Support of Municipal Budget:			
Local Tax for Municipal Purposes	\$ 8,534,756.00	\$ 8,720,281.11	\$ 185,525.11
Minimum Library Tax	<u>446,130.00</u>	<u>446,130.00</u>	
	\$ <u>8,980,886.00</u>	\$ <u>9,166,411.11</u>	\$ <u>185,525.11</u>
Budget Totals	\$ 17,299,827.35	\$ 17,521,723.39	\$ 221,896.04
Nonbudget Revenue		<u>252,193.30</u>	<u>252,193.30</u>
	\$ <u>17,299,827.35</u>	\$ <u>17,773,916.69</u>	\$ <u>474,089.34</u>
Detail:			
Budget as Adopted	\$ 17,250,957.39		
Added by N.J.S.A. 40A:4-87	<u>48,869.96</u>		
	\$ <u>17,299,827.35</u>		

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>GENERAL GOVERNMENT FUNCTIONS</u>						
General Administration:						
Salaries and Wages	\$ 137,000.00	\$ 137,000.00	\$ 136,218.25		\$ 781.75	
Other Expenses	8,500.00	8,500.00	8,044.90	\$ 65.00	390.10	
Cable Television	10,000.00	10,000.00	8,158.50	1,830.00	11.50	
Human Resources:						
Other Expenses	40,000.00	50,000.00	44,754.41	5,000.00	245.59	
Mayor and Council:						
Salaries and Wages	22,600.00	22,600.00	22,519.08		80.92	
Other Expenses	11,000.00	11,000.00	6,812.77	76.00	4,111.23	
Borough Clerk:						
Salaries and Wages	100,000.00	100,000.00	98,530.20		1,469.80	
Other Expenses	15,000.00	15,000.00	8,427.59	3,412.01	3,160.40	
Codification of Ordinances	8,000.00	8,000.00	3,769.67		4,230.33	
Elections:						
Salaries and Wages	3,000.00	3,000.00	2,093.59		906.41	
Other Expenses	5,500.00	5,500.00	151.20	4,858.53	490.27	
Financial Administration:						
Salaries and Wages	105,000.00	105,000.00	104,855.11		144.89	
Other Expenses	31,000.00	31,000.00	19,354.27	8,679.43	2,966.30	
Audit Services:						
Other Expenses	30,090.00	30,090.00		30,090.00		
Collection of Taxes:						
Salaries and Wages	45,000.00	45,000.00	37,335.31		7,664.69	
Other Expenses	8,000.00	8,000.00	6,940.89	65.00	994.11	
Assessment of Taxes:						
Salaries and Wages	28,900.00	28,900.00	28,793.07		106.93	
Other Expenses	16,500.00	16,500.00	3,696.12	3,004.32	9,799.56	
Revaluation of Real Property:						
Other Expenses (Special Emergency 40A:4-55)		500,000.00	456,640.25	43,359.75		
Legal Services:						
Other Expenses	85,000.00	70,000.00	66,020.23	1,500.00	2,479.77	
Engineering Services and Costs:						
Other Expenses	20,000.00	20,000.00	14,918.75	3,819.50	1,261.75	
Economic Development Commission:						
Other Expenses	1,500.00	1,500.00	1,325.00		175.00	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>LAND USE ADMINISTRATION</u>						
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):						
Planning Board:						
Salaries and Wages	\$ 10,400.00	\$ 10,400.00	\$ 10,400.00			
Other Expenses	22,500.00	15,000.00	13,162.13	\$ 400.00	\$ 1,437.87	
Board of Adjustment:						
Salaries and Wages	25,000.00	25,000.00	24,877.95		122.05	
Other Expenses	9,000.00	31,500.00	10,874.17	495.00	20,130.83	
<u>INSURANCE</u>						
Liability Insurance	195,000.00	195,000.00	192,985.46		2,014.54	
Workers' Compensation	146,500.00	146,500.00	140,117.50		6,382.50	
Group Health Benefits	1,600,000.00	1,559,000.00	1,456,430.68	20,305.70	82,263.62	
Unemployment Insurance	10,000.00	10,000.00	10,000.00			
<u>PUBLIC SAFETY FUNCTIONS</u>						
Police:						
Salaries and Wages	3,150,000.00	3,160,000.00	3,151,954.40		8,045.60	
Other Expenses	141,000.00	141,000.00	126,403.29	10,816.20	3,780.51	
Special Police:						
Salaries and Wages	25,000.00	25,000.00	14,832.00		10,168.00	
Other Expenses	6,000.00	3,200.00	1,815.00		1,385.00	
School Guards:						
Salaries and Wages	215,000.00	215,000.00	213,017.23		1,982.77	
Other Expenses	2,000.00	1,000.00	948.21		51.79	
Juvenile Conference Committee:						
Other Expenses	500.00	500.00			500.00	
Police Dispatch/911:						
Salaries and Wages	210,000.00	210,000.00	208,874.47		1,125.53	
Other Expenses	1,500.00	1,500.00	1,453.90		46.10	
Office of Emergency Management:						
Other Expenses	7,100.00	7,100.00	5,171.46	1,908.36	20.18	
Aid to Volunteer Fire Companies:						
Other Expenses	95,000.00	98,000.00	85,006.75	12,358.01	635.24	
Clothing Allowance	40,000.00	37,000.00	35,977.07		1,022.93	
Emergency Medical Services:						
Other Expenses	32,500.00	32,500.00	25,976.75	5,328.50	1,194.75	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PUBLIC SAFETY FUNCTIONS (CONTINUED)</u>						
Fire Protection Bureau(Uniform Fire Code P.L. 1983, C. 383):						
Salaries and Wages	\$ 59,000.00	\$ 59,000.00	\$ 59,000.00			
Other Expenses	2,700.00	2,700.00	1,254.59	\$ 1,445.41		
Code Enforcement:						
Salaries and Wages	58,000.00	58,000.00	57,433.49		\$ 566.51	
Other Expenses	17,500.00	17,500.00	1,167.16	15,000.00	1,332.84	
Municipal Prosecutor:						
Other Expenses	15,000.00	15,000.00	14,887.92		112.08	
Municipal Court:						
Salaries and Wages	177,000.00	177,000.00	167,968.36		9,031.64	
Other Expenses	11,000.00	11,000.00	8,187.81	1,672.34	1,139.85	
Public Defender (P.L. 1997, C.256):						
Salaries and Wages	250.00	250.00			250.00	
<u>PUBLIC WORKS FUNCTIONS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	680,000.00	680,000.00	676,554.70		3,445.30	
Other Expenses	112,000.00	112,000.00	65,058.45	8,263.94	38,677.61	
Garbage and Trash Removal:						
Salaries and Wages	650,000.00	657,000.00	650,528.29		6,471.71	
Other Expenses	20,000.00	20,000.00	12,458.65	501.28	7,040.07	
Public Buildings and Grounds:						
Other Expenses	160,000.00	160,000.00	130,747.86	9,362.11	19,890.03	
Vehicle Maintenance:						
Salaries and Wages	93,000.00	93,000.00	90,874.06		2,125.94	
Other Expenses	250,000.00	265,000.00	221,127.71	22,133.34	21,738.95	
Lease/Purchase of Police Car(s)	53,500.00	57,300.00	57,146.63		153.37	
<u>HEALTH AND HUMAN SERVICES FUNCTIONS</u>						
Board of Health:						
Salaries and Wages	11,000.00	11,000.00	10,854.00		146.00	
Other Expenses	1,500.00	1,500.00	914.55		585.45	
County Health Program (C. 329, P.L. 1975)	62,279.00	62,279.00	62,277.88		1.12	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<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	\$ 144,800.00	\$ 144,800.00	\$ 131,524.16		\$ 13,275.84	
Other Expenses	15,700.00	15,700.00	6,750.39	\$ 1,118.46	7,831.15	
Environmental Commission (N.J.S.A. 56A-1 et seq.):						
Other Expenses	1,500.00	1,500.00			1,500.00	
Animal Control:						
Other Expenses	17,000.00	17,000.00	10,515.00	625.00	5,860.00	
Municipal Alliance:						
Other Expenses	3,800.00	3,800.00	3,354.00		446.00	
<u>PARK AND RECREATION FUNCTIONS</u>						
Board of Recreation Commissioners:						
Salaries and Wages	64,000.00	64,000.00	53,990.49		10,009.51	
Other Expenses	12,500.00	12,500.00	10,875.51	457.04	1,167.45	
Celebration of Public Events, Anniversary or Holiday:						
Fireworks	10,000.00	10,000.00	8,293.98		1,706.02	
Memorial Day Parade	750.00	750.00	750.00			
Senior Events	13,800.00	13,800.00	9,594.04	236.51	3,969.45	
Holiday Lighting	500.00	500.00		167.34	332.66	
Cultural Arts Heritage Commission (N.J.S.A. 40:33A-1 et seq.):						
Other Expenses	5,567.00	5,567.00	3,616.04	1,950.96		
Maintenance of Parks:						
Salaries and Wages	232,000.00	232,000.00	226,616.07		5,383.93	
Other Expenses	23,500.00	23,500.00	18,292.58	2,558.48	2,648.94	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Telephone	62,000.00	62,000.00	54,871.08	1,570.18	5,558.74	
Heat	45,000.00	45,000.00	22,087.39	4,700.77	18,211.84	
Gasoline, Lubricants and Oil	74,500.00	59,500.00	45,796.53	4,367.89	9,335.58	
Office Supplies	35,000.00	35,000.00	27,029.91	1,379.39	6,590.70	
Postage	27,500.00	27,500.00	23,237.34		4,262.66	
Sewer Department:						
Salaries and Wages	88,000.00	92,000.00	88,909.45		3,090.55	
Other Expenses	15,000.00	15,000.00	11,240.36	823.76	2,935.88	
Computer Maintenance Service Contract	26,000.00	26,000.00	23,560.15	1,859.00	580.85	
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Sanitary Landfill - Contractual	480,000.00	480,000.00	436,370.10	43,440.48	189.42	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<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	\$ 155,000.00	\$ 155,000.00	\$ 153,970.39		\$ 1,029.61	
Other Expenses	6,500.00	6,500.00	4,609.74		1,890.26	
Accumulated Absences	30,000.00	30,000.00	30,000.00			
Total Operations within "CAPS"	\$ 10,699,236.00	\$ 11,189,236.00	\$ 10,503,934.39	\$ 281,004.99	\$ 404,296.62	
<u>CONTINGENT</u>	\$ 500.00	\$ 500.00			\$ 500.00	
Total Operations Including Contingent - within "CAPS"	\$ 10,699,736.00	\$ 11,189,736.00	\$ 10,503,934.39	\$ 281,004.99	\$ 404,796.62	
Detail:						
Salaries and Wages	\$ 6,488,950.00	\$ 6,509,950.00	\$ 6,422,524.12		\$ 87,425.88	
Other Expenses (Including Contingent)	4,210,786.00	4,679,786.00	4,081,410.27	\$ 281,004.99	317,370.74	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES -</u>						
<u>MUNICIPAL WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 295,000.00	\$ 300,000.00	\$ 298,277.38		\$ 1,722.62	
Social Security System (O.A.S.I.)	275,000.00	275,000.00	270,862.29		4,137.71	
Police & Firemen's Retirement System	780,000.00	780,000.00	777,550.00		2,450.00	
Defined Contribution Retirement Plan	250.00	250.00			250.00	
Total Deferred Charges and Statutory Expenditures - Expenditures - Municipal within "CAPS"	\$ 1,350,250.00	\$ 1,355,250.00	\$ 1,346,689.67		\$ 8,560.33	
Total General Appropriations for Municipal Purposes within "CAPS"	\$ 12,049,986.00	\$ 12,544,986.00	\$ 11,850,624.06	\$ 281,004.99	\$ 413,356.95	
<u>OPERATIONS - EXCLUDED FROM "CAPS"</u>						
Other Operations - Excluded from "CAPS":						
Sanitation:						
County Sewerage Authority Contract						
Operating and Maintenance	\$ 628,741.00	\$ 628,741.00	\$ 628,740.40		\$ 0.60	
Debt Service	518,422.00	518,422.00	518,421.20		0.80	
Deficit Prior Year	283,653.00	283,653.00	283,652.11		0.89	
Maintenance of Free Public Library	446,130.00	446,130.00	334,712.57	\$ 111,417.43		
Length of Service Award Program (LOSAP)	80,000.00	80,000.00		80,000.00		
Total Other Operations - Excluded from "CAPS"	\$ 1,956,946.00	\$ 1,956,946.00	\$ 1,765,526.28	\$ 191,417.43	\$ 2.29	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
Interlocal Municipal Service Agreements:						
Middlesex County Improvement Authority:						
Recycling:						
Other Expenses	\$ 180,000.00	\$ 185,000.00	\$ 148,490.55	\$ 31,151.39	\$ 5,358.06	
East Brunswick - Radio Safety Communications System	<u>41,500.00</u>	<u>41,500.00</u>	<u>41,156.47</u>		<u>343.53</u>	
Total Interlocal Municipal Service Agreements	<u>\$ 221,500.00</u>	<u>\$ 226,500.00</u>	<u>\$ 189,647.02</u>	<u>\$ 31,151.39</u>	<u>\$ 5,701.59</u>	
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)	\$ 34,069.96	\$ 34,069.96	\$ 34,069.96			
Drive Sober or Get Pulled Over Grant						
Salaries and Wages	10,000.00	10,000.00	10,000.00			
Click it or Ticket Grant	4,000.00	4,000.00	4,000.00			
Body Armor Replacement Fund	3,194.21	3,194.21	3,194.21			
NJ Recycling Tonnage Grant	22,449.00	22,449.00	22,449.00			
County of Middlesex:						
Older Americans Act:						
Grant:						
Residential	8,020.00	8,020.00	8,020.00			
Physical	4,800.00	4,800.00	4,800.00			
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			
State of NJ - Body Worn Camera Grant	<u>11,000.00</u>	<u>11,000.00</u>	<u>11,000.00</u>			
Total Public and Private Programs Offset by Revenues	<u>\$ 107,733.17</u>	<u>\$ 107,733.17</u>	<u>\$ 107,733.17</u>			
Total Operations - Excluded from "CAPS"	<u>\$ 2,286,179.17</u>	<u>\$ 2,291,179.17</u>	<u>\$ 2,062,906.47</u>	<u>\$ 222,568.82</u>	<u>\$ 5,703.88</u>	
Detail:						
Other Expenses	\$ 2,286,179.17	\$ 2,291,179.17	\$ 2,062,906.47	\$ 222,568.82	\$ 5,703.88	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00			
Total Capital Improvements Excluded from "CAPS"	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00			
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 765,000.00	\$ 765,000.00	\$ 765,000.00			
Payment of Bond Anticipation Notes and Capital Notes	623,000.00	623,000.00	623,000.00			
Interest on Bonds	164,000.00	164,000.00	163,528.19			\$ 471.81
Interest on Notes	407,220.00	407,220.00	405,843.60			1,376.40
NJ DEP - Wastewater Trust - Principal - Federal	23,077.00	23,077.00	23,076.28			0.72
NJ DEP - Wastewater Trust - Interest - State	8,100.00	8,100.00	3,802.85			4,297.15
NJ DEP - Wastewater Trust - Principal - State	30,000.00	30,000.00	28,399.68			1,600.32
Total Municipal Debt Service - Excluded from "CAPS"	\$ 2,020,397.00	\$ 2,020,397.00	\$ 2,012,650.60			\$ 7,746.40
<u>DEFERRED CHARGES:</u>						
Improvement Authorization Unfunded Ord. #05-05	\$ 23,265.18	\$ 23,265.18	\$ 23,265.18			
Total Deferred Charges - Excluded from "CAPS"	\$ 23,265.18	\$ 23,265.18	\$ 23,265.18			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 4,429,841.35	\$ 4,434,841.35	\$ 4,198,822.25	\$ 222,568.82	\$ 5,703.88	\$ 7,746.40
Total General Appropriations - Excluded from "CAPS"	\$ 4,429,841.35	\$ 4,434,841.35	\$ 4,198,822.25	\$ 222,568.82	\$ 5,703.88	\$ 7,746.40
Subtotal General Appropriations	\$ 16,479,827.35	\$ 16,979,827.35	\$ 16,049,446.31	\$ 503,573.81	\$ 419,060.83	\$ 7,746.40
<u>RESERVE FOR UNCOLLECTED TAXES</u>	<u>820,000.00</u>	<u>820,000.00</u>	<u>820,000.00</u>			
Total General Appropriations	\$ <u>17,299,827.35</u>	\$ <u>17,799,827.35</u>	\$ <u>16,869,446.31</u>	\$ <u>503,573.81</u>	\$ <u>419,060.83</u>	\$ <u>7,746.40</u>
<u>Detail:</u>						
Budget as Adopted		\$ 17,250,957.39				
Added by Special Emergency Authorization NJSA 40A:4-54		500,000.00				
Added by NJSA 40A:4-87		48,869.96				
		\$ <u>17,799,827.35</u>				

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

<u>Year</u>	<u>Balance</u> <u>December 31,</u> <u>2015</u>	<u>2016 Levy</u>	<u>Added</u> <u>Taxes</u>	<u>Collection</u>		<u>Due From</u> <u>State of</u> <u>New Jersey</u> <u>Chap. 20,</u> <u>P.L. 1971</u>	<u>Transferred</u> <u>to Tax</u> <u>Title Liens</u> <u>Receivable</u>	<u>Remitted</u> <u>and</u> <u>Canceled</u>	<u>Balance</u> <u>December 31,</u> <u>2016</u>
				<u>2015</u>	<u>2016</u>				
2015	\$ <u>638,959.22</u>		\$ <u>9,863.54</u>		\$ <u>636,497.88</u>		\$ <u>2,387.78</u>	\$ <u>9,937.10</u>	
	\$ 638,959.22		\$ 9,863.54		\$ 636,497.88		\$ 2,387.78	\$ 9,937.10	
2016		\$ <u>30,696,741.03</u>		\$ <u>189,992.66</u>	<u>29,732,171.25</u>	\$ <u>122,500.00</u>	<u>53,791.71</u>	<u>22,543.06</u>	\$ <u>575,742.35</u>
	\$ <u>638,959.22</u>	\$ <u>30,696,741.03</u>	\$ <u>9,863.54</u>	\$ <u>189,992.66</u>	\$ <u>30,368,669.13</u>	\$ <u>122,500.00</u>	\$ <u>56,179.49</u>	\$ <u>32,480.16</u>	\$ <u>575,742.35</u>

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	\$ 30,679,064.41
Added Taxes (54:63.1 et. seq.)	13,415.47
6% Penalty on Tax	<u>4,261.15</u>
	<u>\$ 30,696,741.03</u>

TAX LEVY

Local District School Tax:

Levy, School Year July 1, 2016 to June 30, 2017	\$ 16,444,319.00
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County Taxes:

County Tax	\$ 4,849,587.81
County Open Space Preservation Tax	402,048.84
County Added and Omitted Taxes (54:4-63.1 & 12 et. seq.)	<u>2,297.15</u>
Total County Taxes	<u>5,253,933.80</u>
	\$ 21,698,252.80

Local Tax for Municipal Purpose	\$ 8,534,756.00
Local Tax for Municipal Library	446,130.00
Add: Additional Tax Levied	<u>17,602.23</u>

Total Tax for Municipal Purpose	<u>8,998,488.23</u>
	<u>\$ 30,696,741.03</u>

DETAIL OF PRIOR YEAR ADDED TAXES

Added and Omitted	\$ 1,325.87
Senior Citizens' Deductions Disallowed	<u>8,537.67</u>
	<u>\$ 9,863.54</u>

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

<u>BALANCE, DECEMBER 31, 2015</u>		\$	400,698.24
<u>INCREASED BY</u>			
Interest and Costs Accrued to Liens	\$	1,765.10	
Transferred from Taxes Receivable		<u>56,179.49</u>	<u>57,944.59</u>
<u>BALANCE, DECEMBER 31, 2016</u>		\$	<u><u>458,642.83</u></u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF DEFERRED CHARGES

<u>Date</u>		<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Resulting from 2016</u>	<u>Balance December 31, 2016</u>
09/26/16	Special Emergency (N.J.S.A. 40A:4-54) - Municipal-Wide Revaluation including Preparation of a New Tax Map	\$ 500,000.00	\$ 100,000.00	\$ <u>500,000.00</u>	\$ <u>500,000.00</u>
				\$ <u><u>500,000.00</u></u>	\$ <u><u>500,000.00</u></u>

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance December 31, 2015		Balance		Balance
	<u>Appropriation</u>	<u>Reserve for</u>	<u>After</u>	<u>Paid or</u>	<u>Lapsed</u>
	<u>Reserves</u>	<u>Encumbrances</u>	<u>Transfers</u>	<u>Charged</u>	
Salaries and Wages:					
Operations - Within "CAPS":					
General Administration	\$ 6,603.86		\$ 6,603.86		\$ 6,603.86
Mayor and Council	80.92		80.92		80.92
Borough Clerk	1,785.11		1,785.11		1,785.11
Elections	336.00		336.00		336.00
Financial Administration	73.04		73.04		73.04
Collection of Taxes	2,289.52		2,289.52		2,289.52
Assessment of Taxes	72.06		72.06		72.06
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)-					
Planning Board	229.50		229.50		229.50
Board of Adjustment	983.80		983.80		983.80
Police	79,504.51		79,504.51		79,504.51
Special Police	1,477.84		1,477.84		1,477.84
School Guards	13,172.10		13,172.10	\$ 3,923.52	9,248.58
Police Dispatch/911	4,395.29		4,395.29		4,395.29
Code Enforcement	387.43		387.43		387.43
Municipal Court	295.27		295.27		295.27
Public Defender (P.L. 1997, C. 256)	250.00		250.00		250.00
Road Repairs and Maintenance	16,537.40		16,537.40		16,537.40
Garbage and Trash Removal	21,580.74		21,580.74		21,580.74
Vehicle Maintenance	4,728.85		4,728.85		4,728.85
Board of Health	186.86		186.86		186.86
Office on Aging	4,359.01		4,359.01		4,359.01
Board of Recreation Commissioners	3,783.67		3,783.67		3,783.67
Maintenance of Parks	37,090.49		37,090.49		37,090.49
Sewer Department	4,324.92		4,324.92		4,324.92
Uniform Construction Code - Appropriations					
Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)	1,912.40		1,912.40		1,912.40
Total Salaries and Wages	\$ 206,440.59		\$ 206,440.59	\$ 3,923.52	\$ 202,517.07

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance December 31, 2015		Balance		Balance
	<u>Appropriation</u>	<u>Reserve for</u>	<u>After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Reserves</u>	<u>Encumbrances</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Other Expenses:					
Operations - Within "CAPS":					
General Administration:					
Other Expenses	\$ 1,715.05	\$ 130.00	\$ 1,845.05	\$ 130.00	\$ 1,715.05
Cable Television	1.03	1,300.00	1,301.03	1,300.00	1.03
Human Resources	8,955.60	5,000.00	13,955.60	3,150.43	10,805.17
Mayor and Council	3,025.16	180.00	3,205.16	180.00	3,025.16
Borough Clerk:					
Other Expenses	5,741.74	920.64	6,662.38	917.14	5,745.24
Codification of Ordinances	2,578.19		2,578.19	2,578.19	
Elections	506.25	1,412.50	1,918.75	1,412.50	506.25
Financial Administration	4,469.59	6,988.98	11,458.57	7,600.22	3,858.35
Audit Services		29,500.00	29,500.00	29,500.00	
Collection of Taxes	2,183.00	100.00	2,283.00	100.00	2,183.00
Assessment of Taxes	1,729.40	275.52	2,004.92	275.52	1,729.40
Legal Services	25,485.16	6,649.03	32,134.19	7,667.52	24,466.67
Engineering Services and Costs	5,469.00	4,134.75	9,603.75	3,747.00	5,856.75
Economic Development Commission	150.00	950.00	1,100.00	950.00	150.00
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):					
Planning Board	1,615.35	4,219.24	5,834.59	3,719.24	2,115.35
Board of Adjustment	2,650.37	232.76	2,883.13	1,495.26	1,387.87
Insurance:					
Liability Insurance	3,521.62		3,521.62		3,521.62
Workers' Compensation	174.50		174.50		174.50
Group Health Benefits	33,058.53	19,115.12	52,173.65	19,156.78	33,016.87
Police	2,980.12	11,550.06	14,530.18	12,014.02	2,516.16
Special Police	151.85	64.15	216.00	64.15	151.85
School Guards	97.15	829.60	926.75	875.10	51.65
Juvenile Conference Committee	500.00		500.00		500.00
Police Dispatch - 911	104.54	272.74	377.28	272.74	104.54
Office of Emergency Management		1,661.76	1,661.76	1,421.76	240.00
Aid to Volunteer Fire Companies					
Other Expenses	0.27	16,772.94	16,773.21	16,140.87	632.34
Clothing Allowance	0.18		0.18		0.18
Emergency Medical Services	49.98	7,939.54	7,989.52	7,989.52	

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance December 31, 2015		Balance		Balance
	<u>Appropriation</u>	<u>Reserve for</u>	<u>After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Reserves</u>	<u>Encumbrances</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Fire Protection Bureau (Uniform Fire Code P.L. 1983, C. 383)	\$ 25.20	\$ 1,986.97	\$ 2,012.17	\$ 1,979.97	\$ 32.20
Code Enforcement	6,380.14	499.88	6,880.02	519.84	6,360.18
Municipal Prosecutor	112.00	1,240.74	1,352.74	1,240.74	112.00
Municipal Court	3,468.60	109.00	3,577.60	109.00	3,468.60
Road Repairs and Maintenance	14,385.76	3,180.57	17,566.33	1,251.16	16,315.17
Garbage and Trash Removal	11,564.40	1,463.01	13,027.41	1,478.71	11,548.70
Public Buildings and Grounds	46,508.65	13,623.64	60,132.29	31,412.34	28,719.95
Vehicle Maintenance:					
Other Expenses	3,512.44	19,633.43	23,145.87	20,439.56	2,706.31
Lease/Purchase of a Police Car(s)	137.98		137.98		137.98
Board of Health					
Other Expenses	35.28		35.28		35.28
County Health Program (C.329, P.L.1975)	0.25		0.25		0.25
Office on Aging	4,251.80	1,171.07	5,422.87	1,171.07	4,251.80
Environmental Commission (N.J.S.A. 56A-1 et seq.)	1,500.00		1,500.00		1,500.00
Animal Control	2,483.11	4,179.00	6,662.11	2,160.00	4,502.11
Municipal Alliance	72.26		72.26		72.26
Board of Recreation Commissioners	4,020.89	821.63	4,842.52	821.63	4,020.89
Celebration of Public Events, Anniversary or Holiday:					
Fireworks	1,425.00		1,425.00		1,425.00
Senior Events	832.94	307.95	1,140.89	307.95	832.94
Holiday Lighting	297.04	193.30	490.34	193.30	297.04
Cultural Arts Heritage Commission (N.J.S.A. 40:33A-1 et seq.)		803.00	803.00	803.00	
Maintenance of Parks	14,355.86		14,355.86		14,355.86
Telephone	7,797.24	3,822.34	11,619.58	3,822.34	7,797.24
Heat	4,682.59	6,688.61	11,371.20	3,350.10	8,021.10
Gasoline, Lubricants and Oil	17,480.03	10,337.02	27,817.05	7,021.22	20,795.83
Office Supplies	289.01	7,663.56	7,952.57	7,663.56	289.01
Postage	7,875.70		7,875.70		7,875.70
Sewer Department	15,864.67	665.00	16,529.67	225.00	16,304.67
Computer Maintenance Service Contract	1,577.70	2,722.00	4,299.70	3,993.70	306.00
Sanitary Landfill - Contractual	52,794.95	35,000.00	87,794.95	46,312.31	41,482.64

BOROUGH OF SOUTH RIVER
CURRENT FUND
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance December 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Appropriation Reserves</u>	<u>Reserve for Encumbrances</u>			
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Uniform Construction Code - Appropriations Offset by					
Dedicated Revenues (N.J.A.C. 5:23-4.17)	\$ 2,942.04		\$ 2,942.04	\$ 89.88	\$ 2,852.16
Contingent	500.00		500.00		500.00
Deferred Charges And Statutory Expenditures - Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	0.52		0.52		0.52
Social Security System (O.A.S.I.)	27,122.49		27,122.49		27,122.49
Defined Contribution Retirement Plan	250.00		250.00		250.00
Operations - Excluded from "CAPS":					
Other Operations - Excluded from "CAPS":					
Sanitation:					
County Sewerage Authority Contract	1.04		1.04		1.04
Maintenance of Free Public Library		\$ 26,776.21	26,776.21	26,776.21	
Length of Service Award Program (LOSAP)		80,000.00	80,000.00	70,765.76	9,234.24
Interlocal Municipal Service Agreements:					
Middlesex County Improvement Authority:					
Recycling	11,406.52	30,586.62	41,993.14	32,428.35	9,564.79
East Brunswick - Radio Safety Communication System	343.61		343.61		343.61
Total Other Expenses	\$ 373,211.34	\$ 373,673.88	\$ 746,885.22	\$ 388,994.66	\$ 357,890.56
Grand Total	\$ 579,651.93	\$ 373,673.88	\$ 953,325.81	\$ 392,918.18	\$ 560,407.63

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

BALANCE, DECEMBER 31, 2015

Payable	\$ 914,889.00	
Deferred School Taxes	<u>6,759,686.00</u>	\$ 7,674,575.00

INCREASED BY

Levy, School Year July 1, 2016 to June 30, 2017	<u>16,444,319.00</u>
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\$ 24,118,894.00

DECREASED BY

Cash Disbursed	<u>16,308,114.00</u>
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BALANCE, DECEMBER 31, 2016

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

2016 LIABILITY FOR LOCAL DISTRICT SCHOOL TAX

2016 School Taxes Paid	\$ 16,308,114.00
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Less: School Taxes Payable, December 31, 2015	<u>914,889.00</u>
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\$ 15,393,225.00

Add: School Taxes Payable, December 31, 2016	<u>551,094.00</u>
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<u>AMOUNT CHARGED TO OPERATIONS</u>	<u>\$ 15,944,319.00</u>
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BOROUGH OF SOUTH RIVER
GRANT FUND
STATEMENT OF GRANTS RECEIVABLE

	Balance December 31, 2015	2016 Budget Revenue Realized	Cash Received	Decreased by Transfer from Unappropriated Reserve	Canceled	Balance December 31, 2016
Federal:						
County of Middlesex:						
Office on Aging Grant:						
Physical:						
2016		\$ 4,800.00	\$ 3,403.00			\$ 1,397.00
Residential Maintenance:						
2016		8,020.00	2,799.00			5,221.00
2015	\$ 8,008.00		8,001.00		\$ 7.00	
Information and Assistance:						
2016		5,000.00	3,431.00			1,569.00
CDBG - Post Sandy Planning Assistance Grant - Phase II	76.34					76.34
CDBG - Post Sandy Planning Assistance Grant:						
Lower Main Street	49,045.00		49,039.95			5.05
Waterfront	49,045.00					49,045.00
	<u>\$ 106,174.34</u>	<u>\$ 17,820.00</u>	<u>\$ 66,673.95</u>		<u>\$ 7.00</u>	<u>\$ 57,313.39</u>
State:						
Clean Communities Program		\$ 34,069.96	\$ 34,069.96			
Body Armor Replacement Fund		3,194.21		\$ 3,194.21		
Drive Sober or Get Pulled Over Grant	\$ 6,000.00	10,000.00	5,825.00		\$ 3,750.00	\$ 6,425.00
Recycling Tonnage Grant		22,449.00	22,449.00			
Click it or Ticket		4,000.00	4,000.00			
Body Worn Camera		11,000.00	11,000.00			
Bulletproof Vest Partnership	5,012.13					5,012.13
	<u>\$ 11,012.13</u>	<u>\$ 84,713.17</u>	<u>\$ 77,343.96</u>	<u>\$ 3,194.21</u>	<u>\$ 3,750.00</u>	<u>\$ 11,437.13</u>
	<u>\$ 117,186.47</u>	<u>\$ 102,533.17</u>	<u>\$ 144,017.91</u>	<u>\$ 3,194.21</u>	<u>\$ 3,757.00</u>	<u>\$ 68,750.52</u>
Detail:						
Adopted Budget		\$ 53,663.21				
Added by NJSA 40A:4-87		48,869.96				
		<u>\$ 102,533.17</u>				

BOROUGH OF SOUTH RIVER
GRANT FUND
STATEMENT OF APPROPRIATED RESERVES

	Balance December 31, 2015	Transferred from 2016 Budget Appropriations		Paid or Charged			Balance December 31, 2016
		Budget	Appropriation by 40A:4-87	Cash Disbursed	Reserve for Encumbrances/ (Canceled)	Canceled	
Federal:							
Passed Through County of Middlesex:							
Office on Aging:							
Physical:							
2016		\$ 4,000.00	\$ 800.00	\$ 3,403.00			\$ 1,397.00
Residential Maintenance:							
2015	\$ 6.67					\$ 6.67	
2016		8,020.00		7,971.85			48.15
Information and Assistance:							
Grant:							
2016		5,000.00		5,000.00			
Match:							
2016		5,200.00		5,200.00			
CDBG - Post Sandy Planning Assistance Grant	76.34						76.34
CDBG - Post Sandy Planning Assistance Grant							
Lower Main Street	49,045.00			49,039.95			5.05
Waterfront	49,045.00						49,045.00
	<u>\$ 98,173.01</u>	<u>\$ 22,220.00</u>	<u>\$ 800.00</u>	<u>\$ 70,614.80</u>		<u>\$ 6.67</u>	<u>\$ 50,571.54</u>
State:							
Municipal Alliance on Alcoholism and Drug Abuse:							
Matching Portion:							
2014	\$ 1,900.00						\$ 1,900.00
Drunk Driving Enforcement Fund:							
2014	3,021.74			\$ 1,916.91	\$ 80.92		1,023.91
2015	3,106.72						3,106.72
Clean Communities Program:							
2015	16,757.43			16,757.43			
2016			\$ 34,069.96	21,806.03	7,731.12		4,532.81
Body Armor Replacement Fund	6,743.05	\$ 3,194.21		3,757.05			6,180.21
Drive Sober or Get Pulled Over Grant	5,500.00		10,000.00	7,075.00		\$ 3,750.00	4,675.00
Port Authority First Responder Grant	244.60						244.60
Click it or Ticket			4,000.00	4,000.00			
Body-Worn Camera		11,000.00		11,000.00			

BOROUGH OF SOUTH RIVER
GRANT FUND
STATEMENT OF APPROPRIATED RESERVES

	Balance December 31, 2015	Transferred from 2016 Budget Appropriations Budget	Appropriation by 40A:4-87	Cash Disbursed	Paid or Charged Reserve for Encumbrances/ (Canceled)	Canceled	Balance December 31, 2016
State (Continued):							
Recycling Tonnage Grant:							
2014	\$ 19,034.48			\$ 14,616.33	\$ 300.00		\$ 4,118.15
2015	23,869.92						23,869.92
2016		\$ 22,449.00		438.60			22,010.40
Alcohol Education and Rehabilitation Program:							
2006	149.73						149.73
2007	1,465.89						1,465.89
2008	1,392.18						1,392.18
2010	788.96						788.96
2011	1,055.73						1,055.73
2012	161.89						161.89
2013	738.85						738.85
2014	177.24						177.24
Bullet-Proof Vest Grant:							
2014	319.49			319.49			
2015	4,692.64			3,437.56			1,255.08
	<u>\$ 91,120.54</u>	<u>\$ 36,643.21</u>	<u>\$ 48,069.96</u>	<u>\$ 85,124.40</u>	<u>\$ 8,112.04</u>	<u>\$ 3,750.00</u>	<u>\$ 78,847.27</u>
Local:							
Motorcycle Traffic Enforcement							
	<u>\$ 274.59</u>			<u>\$ 232.48</u>	<u>\$ 42.11</u>		
	<u>\$ 274.59</u>			<u>\$ 232.48</u>	<u>\$ 42.11</u>		
	<u>\$ 189,568.14</u>	<u>\$ 58,863.21</u>	<u>\$ 48,869.96</u>	<u>\$ 155,971.68</u>	<u>\$ 8,154.15</u>	<u>\$ 3,756.67</u>	<u>\$ 129,418.81</u>

BOROUGH OF SOUTH RIVER
GRANT FUND
STATEMENT OF UNAPPROPRIATED RESERVES

	Balance December 31, 2015	Transferred to 2016 Budget <u>Appropriations</u> Budget	Received	Balance December 31, 2016
State:				
Drunk Driving Enforcement Fund			\$ 8,289.91	\$ 8,289.91
Body Armor Replacement Fund	\$ <u>3,194.21</u>	\$ <u>3,194.21</u>	<u>3,066.36</u>	<u>3,066.36</u>
	\$ <u>3,194.21</u>	\$ <u>3,194.21</u>	\$ <u>11,356.27</u>	\$ <u>11,356.27</u>
Local:				
Motorcycle Traffic Enforcement	\$ <u>475.00</u>	<u> </u>	<u> </u>	\$ <u>475.00</u>
	\$ <u><u>3,669.21</u></u>	\$ <u><u>3,194.21</u></u>	\$ <u><u>11,356.27</u></u>	\$ <u><u>11,831.27</u></u>

TRUST AND AGENCY FUNDS

BOROUGH OF SOUTH RIVER
TRUST AND AGENCY FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	<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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>										
Cash and Cash Equivalents	\$ 13,009.47	\$ 55.79	\$ 20,288.40	\$ 20,958.20	\$ 684,411.62	\$ 633,196.06	\$ 576,560.94	\$ 503,646.03	\$ 287,404.14	\$ 250,319.44
Amount Held by Plan Administrator (Unaudited)							238.50	1,066.00		
Due from Municipal Court							29,871.51	13,732.57		
Due from Vendor										
Total Assets	\$ <u>13,009.47</u>	\$ <u>55.79</u>	\$ <u>20,288.40</u>	\$ <u>20,958.20</u>	\$ <u>684,411.62</u>	\$ <u>633,196.06</u>	\$ <u>606,670.95</u>	\$ <u>518,444.60</u>	\$ <u>287,404.14</u>	\$ <u>250,319.44</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>										
Due to Vendor							\$ 24,126.39	\$ 27,967.12		
Payroll Deductions Payable	\$ 13,009.47	\$ 55.79								
Due to State of New Jersey Reserves			\$ 20,288.40	\$ 20,945.60	\$ 683,813.40	\$ 631,617.22	578,262.71	486,195.63	\$ 287,404.14	\$ 250,319.44
	\$ 13,009.47	\$ 55.79	\$ 20,288.40	\$ 20,958.20	\$ 683,813.40	\$ 631,617.22	\$ 602,389.10	\$ 514,162.75	\$ 287,404.14	\$ 250,319.44
Fund Balance					598.22	1,578.84	4,281.85	4,281.85		
Total Liabilities, Reserves and Fund Balance	\$ <u>13,009.47</u>	\$ <u>55.79</u>	\$ <u>20,288.40</u>	\$ <u>20,958.20</u>	\$ <u>684,411.62</u>	\$ <u>633,196.06</u>	\$ <u>606,670.95</u>	\$ <u>518,444.60</u>	\$ <u>287,404.14</u>	\$ <u>250,319.44</u>

BOROUGH OF SOUTH RIVER
TRUST AND AGENCY FUNDS
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	Length of Service Awards (Unaudited)		Law Enforcement		Electric Consumer Deposits		Unemployment		Totals (Memorandum Only)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<u>ASSETS</u>										
Cash and Cash Equivalents			\$ 12,554.84	\$ 17,399.02	\$ 527,790.62	\$ 523,875.25	\$ 129,077.45	\$ 98,447.34	\$ 2,251,097.48	\$ 2,047,897.13
Amount Held by Plan Administrator (Unaudited)	\$ 1,039,552.40	\$ 938,565.12							1,039,552.40	938,565.12
Due from Municipal Court									238.50	1,066.00
Due from Vendor									29,871.51	13,732.57
Total Assets	<u>\$ 1,039,552.40</u>	<u>\$ 938,565.12</u>	<u>\$ 12,554.84</u>	<u>\$ 17,399.02</u>	<u>\$ 527,790.62</u>	<u>\$ 523,875.25</u>	<u>\$ 129,077.45</u>	<u>\$ 98,447.34</u>	<u>\$ 3,320,759.89</u>	<u>\$ 3,001,260.82</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>										
Due to Vendor									\$ 24,126.39	\$ 27,967.12
Payroll Deductions Payable									13,009.47	55.79
Due to State of New Jersey										12.60
Reserves	<u>\$ 1,039,552.40</u>	<u>\$ 938,565.12</u>	<u>\$ 12,554.84</u>	<u>\$ 17,399.02</u>	<u>\$ 527,790.62</u>	<u>\$ 523,875.25</u>	<u>\$ 129,077.45</u>	<u>\$ 98,447.34</u>	<u>3,278,743.96</u>	<u>2,967,364.62</u>
	\$ 1,039,552.40	\$ 938,565.12	\$ 12,554.84	\$ 17,399.02	\$ 527,790.62	\$ 523,875.25	\$ 129,077.45	\$ 98,447.34	\$ 3,315,879.82	\$ 2,995,400.13
Fund Balance									4,880.07	5,860.69
Total Liabilities, Reserves and Fund Balance	<u>\$ 1,039,552.40</u>	<u>\$ 938,565.12</u>	<u>\$ 12,554.84</u>	<u>\$ 17,399.02</u>	<u>\$ 527,790.62</u>	<u>\$ 523,875.25</u>	<u>\$ 129,077.45</u>	<u>\$ 98,447.34</u>	<u>\$ 3,320,759.89</u>	<u>\$ 3,001,260.82</u>

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

	Balance December 31, <u>2015</u>	<u>Increased by</u>	<u>Decreased by</u>	Balance December 31, <u>2016</u>
Reserve for:				
Deposits and Performance Bonds	\$ 44,318.74	\$ 97,081.08	\$ 33,290.67	\$ 108,109.15
Engineering Inspection Fees	19,719.27	300.34	15,523.71	4,495.90
Street Opening Deposits	12,467.00	4,000.00	4,000.00	12,467.00
Developer's Escrow	141,828.59	127,898.22	124,911.72	144,815.09
Dumpster Permits	800.00	2,000.00	2,600.00	200.00
Affordable Housing	<u>412,483.62</u>	<u>1,242.64</u>	<u> </u>	<u>413,726.26</u>
	<u>\$ 631,617.22</u>	<u>\$ 232,522.28</u>	<u>\$ 180,326.10</u>	<u>\$ 683,813.40</u>

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

	Balance December 31, <u>2015</u>	<u>Increased by</u>	<u>Decreased by</u>	Balance December 31, <u>2016</u>
Reserve for:				
ABC License - Buy Back	\$ 108,407.00	\$ 4,200.00		\$ 112,607.00
Recreation Commission (Per N.J.S.A. 40A:4-39)	52,892.17	27,225.00	\$ 41,605.59	38,511.58
Recreation Commission - Recycling (Per N.J.S.A. 40A:4-39)	476.83			476.83
Water Front Development	3,000.00			3,000.00
Parking Offenses Adjudication Act (Per N.J.S.A. 40:4-39)	10,042.00	382.00		10,424.00
Shade Tree	3,413.85	3,150.00		6,563.85
Senior Program	6,023.26	4,944.00	6,737.67	4,229.59
Older Americans Act - Donations	5,218.88	2,422.00	1,200.51	6,440.37
Senior Program - Trips	38,725.46	15,690.82	10,850.23	43,566.05
Off Duty Police Services		129,225.00	129,225.00	
Fire Prevention - Code Deposit	33,863.23	23,219.33	26,169.55	30,913.01
Fire Prevention - Fire Lane Deposit	3,391.00		2,148.00	1,243.00
Fire Department - Code Deposit	4,107.06	1,900.00	3,237.47	2,769.59
Municipal Alliance Donations	24,374.08	13,245.50	10,105.87	27,513.71
Public Defender Fees	38,263.94	10,111.50	8,202.08	40,173.36
Cultural Arts Commission	11,592.88	2,560.00	548.00	13,604.88
Special Events	591.40	1,750.00		2,341.40
September 11, 2001 Memorial	5,640.72			5,640.72
Board of Health Donations	28,964.95	16,813.23	27,906.37	17,871.81
Accumulated Absences	107,206.92	90,000.00	60,739.72	136,467.20
Miscellaneous Reserves		73,904.76		73,904.76
	<u>\$ 486,195.63</u>	<u>\$ 420,743.14</u>	<u>\$ 328,676.06</u>	<u>\$ 578,262.71</u>

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

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 20,945.60
<u>INCREASED BY</u>		
Dog License Fees - Borough Share	\$ 9,355.20	
Cat License Fees - Borough Share	540.00	
Late Fees and Other Charges	<u>2,663.00</u>	<u>12,558.20</u>
		\$ 33,503.80
<u>DECREASED BY</u>		
Expenditures	\$ 2,675.75	
Statutory Excess Due to Current Fund	<u>10,539.65</u>	<u>13,215.40</u>
<u>BALANCE, DECEMBER 31, 2016</u>		<u>\$ 20,288.40</u>

BOROUGH LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2014	\$ 10,714.60
2015	<u>9,573.80</u>
	<u>\$ 20,288.40</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, 2015	Increased by Borough's Share	Payroll Deductions	Decreased by Disbursements	Balance December 31, 2016
Federal Withholding Tax			\$ 1,100,328.45	\$ 1,100,328.45	
FICA and Medicare		\$ 458,718.87	458,718.59	917,437.46	
State of New Jersey Withholding Tax			305,549.82	305,549.82	
Public Employees Retirement System	\$ 171.43		340,048.81	340,220.24	
PERS Back Deduction			1,679.07	1,679.07	
PERS Loan			102,709.43	102,709.43	
PERS Contributory Group Insurance			23,909.63	23,909.63	
PERS Back Contributory Group Insurance			195.17	195.17	
PERS Arrears			2,351.28	2,351.28	
Police and Firemen's Retirement System			299,149.95	291,727.80	\$ 7,422.15
PFRS Back Deductions			3,256.00	3,256.00	
PFRS Loan			123,860.66	123,860.66	
State Unemployment Tax			22,377.62	22,377.62	
Superior Officer Association Dues			7,140.00	7,140.00	
Police Benevolent Association Dues			20,167.36	20,167.36	
AFL/CIO Dues			2,388.55	2,388.55	
I.B.E.W.			6,804.00	6,804.00	
IUJUT Dues			13,200.00	13,200.00	
Garnishment			58,556.41	58,556.41	
Employee Health Benefit Contribution			486,782.33	486,782.33	
Disability	(115.64)		59,939.53	54,236.57	5,587.32
Employee Dental/Disability Benefit Contribution			50,806.19	50,806.19	
Flexible Spending Account			6,038.82	6,038.82	
Deferred Compensation			46,646.00	46,646.00	
	<u>\$ 55.79</u>	<u>\$ 458,718.87</u>	<u>\$ 3,542,603.67</u>	<u>\$ 3,988,368.86</u>	<u>\$ 13,009.47</u>

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

<u>BALANCE, DECEMBER 31, 2015</u>		\$	98,447.34
<u>INCREASED BY</u>			
Due from Current Fund	\$	10,000.00	
Due from Electric Utility Operating Fund		20,000.00	
Due from Water Utility Operating Fund		10,000.00	
Employees Contribution		259.02	
Interest Earned		<u>86.24</u>	<u>40,345.26</u>
		\$	138,792.60
<u>DECREASED BY</u>			
Unemployment Compensation Paid			<u>9,715.15</u>
<u>BALANCE, DECEMBER 31, 2016</u>		\$	<u><u>129,077.45</u></u>

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

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 523,875.25
<u>INCREASED BY</u>		
Deposits	\$ 85,300.00	
Interest Earned	510.73	
Cancellation of Outstanding Checks	<u>1,142.20</u>	<u>86,952.93</u>
		\$ 610,828.18
<u>DECREASED BY</u>		
Refunded		<u>83,037.56</u>
<u>BALANCE, DECEMBER 31, 2016</u>		<u>\$ 527,790.62</u>

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

<u>BALANCE, DECEMBER 31, 2015</u>		\$	17,399.02
<u>INCREASED BY</u>			
Funds Received	\$	1,039.35	
Interest Earned		<u>1.59</u>	<u>1,040.94</u>
		\$	18,439.96
<u>DECREASED BY</u>			
Expenditures			<u>5,885.12</u>
<u>BALANCE, DECEMBER 31, 2016</u>		\$	<u><u>12,554.84</u></u>

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

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 250,319.44
<u>INCREASED BY</u>	
Cash Received	<u>125,084.70</u>
	\$ 375,404.14
<u>DECREASED BY</u>	
Refunded	<u>88,000.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	\$ <u><u>287,404.14</u></u>

GENERAL CAPITAL FUND

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>2,878,274.95</u>	\$ <u>6,870,087.67</u>
Intergovernmental Accounts Receivable	\$ <u>671,126.23</u>	\$ <u>837,000.72</u>
Deferred Charges to Future Taxation:		
Funded	\$ 14,324,027.12	\$ 5,462,103.40
Unfunded	<u>14,871,595.89</u>	<u>27,917,494.28</u>
	\$ <u>29,195,623.01</u>	\$ <u>33,379,597.68</u>
Total Assets	\$ <u><u>32,745,024.19</u></u>	\$ <u><u>41,086,686.07</u></u>

BOROUGH OF SOUTH RIVER
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds	\$ 4,340,000.00	\$ 5,225,000.00
Bond Anticipation Notes	\$ 11,088,000.00	\$ 20,361,000.00
NJEIT Loans Payable	\$ 184,027.12	\$ 237,103.40
USDA Loan Payable	\$ 9,800,000.00	
Other Liabilities and Reserves:		
Capital Improvement Fund	\$ 50,946.33	\$ 35,446.33
Reserve for Encumbrances	3,610,364.47	7,260,305.06
Reserve for Fire Hoses, Appropriated	224.82	224.82
	\$ 3,661,535.62	\$ 7,295,976.21
Improvement Authorizations:		
Funded	\$ 231,924.16	\$ 496,583.62
Unfunded	3,127,326.75	7,003,577.62
	\$ 3,359,250.91	\$ 7,500,161.24
Fund Balance	\$ 312,210.54	\$ 467,445.22
Total Liabilities, Reserves and Fund Balance	\$ 32,745,024.19	\$ 41,086,686.07

There were Bonds and Notes Authorized but not Issued of \$3,783,595.89 at December 31, 2016.

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

	Balance December 31, 2015	Bond Anticipation Notes Issued	Receipts		Disbursements				Transfer		Balance December 31, 2016
			Refunding Bonds Issued	Miscellaneous	Improvement Authorizations	Refunding Bonds	Miscellaneous	From	To		
Fund Balance	\$ 467,445.22			\$ 134,620.00			\$ 300,000.00		\$ 10,145.32	\$ 312,210.54	
Capital Improvement Fund	35,446.33			100,000.00						50,946.33	
Reserve for Encumbrances	7,260,305.06						5,432,983.69	\$ 84,500.00	1,861,233.40	3,610,364.47	
Due from County of Middlesex HCD	(139,500.72)			105,874.49						(33,626.23)	
Due from NJDOT	(697,500.00)			307,719.04						(637,500.00)	
Due to/(from) Current Fund				4,323.55			4,323.55	250,000.00	2,280.96		
Reserve for Fire Hoses, Appropriated	224.82									224.82	
Improvement Authorizations:											
Ordinance Number	Description										
07-23	Acquisition of Firefighting Equipment	4,735.10						74.21		4,660.89	
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	7,604.91			\$ 576.71			2.01		7,026.19	
08-19/11-20/13-14 14-09/14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	7,964.01			21,770.77			12,281.59	26,237.53	149.18	
08-25/08-46	Acquisition of various Equipment, Road and Drainage Improvements and Various Other Improvements - 2008	153,692.81			2,210.37			183.82		151,298.62	
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	15,365.96			190.80			55.84		15,119.32	
10-09/11-26/ 13-09/16-06	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	6,301.24	\$ 200,000.00		3,310.32			247,848.97	48,453.83	3,595.78	
11-10	Improvements to Kamm Avenue Section I	(23,265.18)		23,265.18							
12-02	Various Federal Housing and Community Development Grant Improvements	6,692.96			140.00			6,552.96			
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	(12,181.96)	75,000.00		1,403.92			66,267.71		(4,853.59)	
12-22	Improvements to Kamm Avenue Section II	5,430.54			69.99			10.07		5,350.48	
12-27 12-27	Improvements to the Radio Communication System	22,809.88			513.59			80.54		22,215.75	
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	(1,193,528.35)			751.50			933.75	14,913.74	(1,180,299.86)	

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

		Balance December 31, 2015	Receipts			Disbursements			Transfer		Balance December 31, 2016
			Bond Anticipation Notes Issued	Refunding Bonds Issued	Miscellaneous	Improvement Authorizations	Refunding Bonds	Miscellaneous	From	To	
Improvement Authorizations (Continued):											
Ordinance Number	Description										
13-06	Various Federal Housing and Community Development Grant Improvements	\$ 27,447.48							\$ 27,447.48		
13-21	Various Federal Housing and Community Development Grant Improvements	31,350.00							31,350.00		
13-22	Various Road, Curb, Sidewalk and Concrete Improvements	13,165.30			\$ 5,133.21	\$ 1,372.40			23,302.23	\$ 4,270.07	\$ (2,106.05)
14-05	Various Computer Equipment and Network Upgrades	4,826.04							3,294.00		1,532.04
14-14/14-26	Various 2014 Road Improvements	160,996.44				773.21			2,388.25	59,775.65	217,610.63
14-30/15-03	Acquisition of Various Capital Equipment	11,224.00				610.68			6,680.34	585.20	4,518.18
14-33	Various Federal Housing and Community Development Grant Improvements	42,997.00							42,997.00		
15-10/16-23	Construction of a New Firehouse	72,298.74				23,158.49			189,397.25	10,000.00	(130,257.00)
15-11	Refunding Bonds - 2007	(795.00)		\$ 3,750,000.00	66,235.32	53,545.00	\$ 3,750,000.00		11,895.32		
15-16	Improvements to Montgomery Street	298,839.00	\$ 50,000.00			50.80			346,651.80		2,136.40
15-18	Acquisition of Various Capital Equipment	216,995.04	25,000.00			38,684.16			186,531.49		16,779.39
15-26	Various Federal Housing and Community Development Grant Improvements	62,701.00							87,191.60	52,886.83	28,396.23
16-05	Improvements to Montgomery Street - Phase II					345.00			59,820.00	257,500.00	197,335.00
16-07	Acquisition of Various Capital Equipment and Improvements		200,000.00			1,243.24			78,541.00	15,000.00	135,215.76
16-11	Acquisition of Various Furniture and Equipment for the New Firehouse		600,000.00			955.32			558,813.00	40,000.00	80,231.68
		\$ 6,870,087.67	\$ 1,150,000.00	\$ 3,750,000.00	\$ 747,170.79	\$ 151,676.27	\$ 3,750,000.00	\$ 5,737,307.24	\$ 2,403,282.53	\$ 2,403,282.53	\$ 2,878,274.95

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, 2015</u>	<u>Granted/ Adjusted</u>	<u>Cancellation</u>	<u>Cash Receipts</u>	<u>Balance December 31, 2016</u>
	County of Middlesex:					
	HCD Funds:					
12-02	Various Improvements	\$ 15,770.00	\$ (5,915.46)		\$ 9,854.54	
13-06	Various Improvements	15,000.00	(15,000.00)			
13-21	Various Improvements	31,350.00	(31,350.00)			
14-33	Various Improvements	16,350.00	(2,291.65)		14,058.35	
15-26	Various Improvements	<u>61,030.72</u>	<u>54,557.11</u>		<u>81,961.60</u>	<u>\$ 33,626.23</u>
	Total HCD Funds:	<u>\$ 139,500.72</u>			<u>\$ 105,874.49</u>	<u>\$ 33,626.23</u>
	State of New Jersey - Department of Transportation:					
13-22	Improvements to Kamm Avenue Section III Unreserved	\$ 310,000.00		\$ 2,280.96	\$ 307,719.04	
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			<u>250,000.00</u>
	Total NJDOT	<u>\$ 697,500.00</u>	<u>\$ 250,000.00</u>	<u>\$ 2,280.96</u>	<u>307,719.04</u>	<u>\$ 637,500.00</u>
		<u>\$ 837,000.72</u>	<u>\$ 250,000.00</u>	<u>\$ 2,280.96</u>	<u>\$ 413,593.53</u>	<u>\$ 671,126.23</u>
Detail:						
	Unreserved:					
	Middlesex County HCD	\$ 139,500.72			\$ 105,874.49	\$ 33,626.23
	NJ DOT	<u>697,500.00</u>	<u>\$ 250,000.00</u>	<u>\$ 2,280.96</u>	<u>307,719.04</u>	<u>637,500.00</u>
		<u>\$ 837,000.72</u>	<u>\$ 250,000.00</u>	<u>\$ 2,280.96</u>	<u>\$ 413,593.53</u>	<u>\$ 671,126.23</u>

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

Ordinance Number	Description	Balance December 31, 2015	2016 Authorizations	Decreased By					Balance December 31, 2016	Analysis of Balance December 31, 2016		
				2016 Budget Appropriation	Refunding Bonds Issued	Cash Received	USDA Loan Proceeds	Canceled		Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
05-41/09-29	Road Improvements to Washington Street	\$ 27,750.00		\$ 3,000.00					\$ 24,750.00	\$ 24,750.00		
06-39/09-30	Reconstruction of Burton Ave Section I	83,250.00		6,000.00					77,250.00	77,250.00		
07-21/08-51	Streets and Roads Milling and Paving	191,000.00		14,000.00					177,000.00	177,000.00		
07-22/08-49	Drainage Improvements - Paul and Wilcox	224,000.00		16,000.00					208,000.00	208,000.00		
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	42,000.00		2,000.00					40,000.00	13,000.00	\$ 27,000.00	
08-19/11-20/13-14 14-08/14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	4,748,000.00		101,000.00			\$ 2,200,000.00		2,447,000.00	2,447,000.00		
08-25/08-46	Acquisition of Various Equipment, Road and Drainage Improvements and Various Other Improvements - 2008	1,353,000.00		77,000.00					1,276,000.00	1,224,000.00		52,000.00
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	527,500.00		207,000.00					320,500.00	187,000.00		133,500.00
10-09/11-26/ 13-09/16-06	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	3,002,430.19	\$ 228,000.00	111,000.00					3,119,430.19	2,913,000.00		206,430.19
11-10	Improvements to Kamm Avenue Section I	90,265.18		2,000.00		\$ 23,265.18			65,000.00	65,000.00		
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	893,000.00		17,000.00					876,000.00	593,000.00	\$ 4,853.59	278,146.41
12-22	Improvements to Kamm Avenue Section II	71,000.00		2,000.00					69,000.00	69,000.00		
12-27	Improvements to the Radio Communication System	570,000.00		65,000.00					505,000.00	505,000.00		
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	2,094,090.39							2,094,090.39		1,180,299.86	913,790.53
13-22	Various Road, Curb, Sidewalk and Concrete Improvements	170,208.52				5,133.21			165,075.31	150,000.00	2,106.05	12,969.26
14-14/14-26	Various 2014 Road Improvements	855,000.00							855,000.00	760,000.00		95,000.00
14-30/15-03	Acquisition of Various Capital Equipment	665,000.00							665,000.00	600,000.00		65,000.00
15-10/16-23	Construction of a New Firehouse	7,600,000.00	190,000.00				7,600,000.00		190,000.00		130,257.00	59,743.00
15-11	Refunding Bonds - 2007	4,200,000.00			\$ 3,750,000.00			\$ 450,000.00				
15-16	Improvements to Montgomery Street	178,000.00							178,000.00	50,000.00		128,000.00
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			142,500.00
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
		<u>\$ 27,917,494.28</u>	<u>\$ 1,605,500.00</u>	<u>\$ 623,000.00</u>	<u>\$ 3,750,000.00</u>	<u>\$ 28,398.39</u>	<u>\$ 9,800,000.00</u>	<u>\$ 450,000.00</u>	<u>\$ 14,871,595.89</u>	<u>\$ 11,088,000.00</u>	<u>\$ 1,317,516.50</u>	<u>\$ 2,466,079.39</u>
Analysis of Balance:												
Improvement Authorizations, Unfunded												\$ 3,127,326.75
Unexpended Balance of Bond Anticipation Note Proceeds												<u>661,247.36</u>
												<u>\$ 2,466,079.39</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, 2016</u>		<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Increased By</u>	<u>Decreased By</u>	<u>Balance December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>			<u>Refunding Bonds Issued</u>		
General Obligation Bonds Series 2007	12/3/2007	\$ 8,405,000.00	12/1/2017	\$ 750,000.00	4.125%	\$ 5,225,000.00		\$ 4,475,000.00	\$ 750,000.00
General Improvement Refunding Bonds Series 2016	3/15/2016	3,630,000.00	12/1/2018	725,000.00	4.000%				
			12/1/2019	720,000.00	4.000%				
			12/1/2020	720,000.00	4.000%				
			12/1/2021	715,000.00	4.000%				
			12/1/2022	710,000.00	4.000%				
							\$ 3,630,000.00	40,000.00	3,590,000.00
						\$ 5,225,000.00	\$ 3,630,000.00	\$ 4,515,000.00	\$ 4,340,000.00
							Budget Appropriation	\$ 765,000.00	
							Refunded Bond Proceeds	3,750,000.00	
								\$ 4,515,000.00	

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, 2015</u>	<u>Increased By Bond Anticipation Notes Issued</u>	<u>Decreased by</u>		<u>Balance December 31, 2016</u>
								<u>Budget Appropriation</u>	<u>USDA Proceeds</u>	
05-41/09-29	Road Improvements to Washington Street	12/22/2009	12/13/2016	12/12/2017	2.50%	\$ 27,750.00		\$ 3,000.00		\$ 24,750.00
06-39/09-30	Reconstruction of Burton Ave Section I	12/22/2009	12/13/2016	12/12/2017	2.50%	83,250.00		6,000.00		77,250.00
07-21/08-51	Streets and Roads - Milling and Paving	12/23/2008	12/13/2016	12/12/2017	2.50%	191,000.00		14,000.00		177,000.00
07-22/08-49	Drainage Improvements - Paul and Wilcox	12/23/2008	12/13/2016	12/12/2017	2.50%	224,000.00		16,000.00		208,000.00
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	12/23/2008	12/13/2016	12/12/2017	2.50%	15,000.00		2,000.00		13,000.00
08-19/11-20/13-14 14-08/14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	12/22/2009	12/13/2016	12/12/2017	2.50%	268,000.00		8,000.00		260,000.00
08-19/11-20/13-14 14-08/14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	12/21/2010	12/13/2016	12/12/2017	2.50%	3,045,000.00		85,000.00	\$ 773,000.00	2,187,000.00
08-19/11-20/13-14 14-08/14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	12/18/2013				300,000.00		8,000.00	292,000.00	
08-19/11-20/13-14 14-08/14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	12/16/2014				760,000.00			760,000.00	
08-19/11-20/13-14 14-08/14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	12/14/2015				375,000.00			375,000.00	
08-25/08-46	Acquisition of Various Equipment, Road and Drainage Improvements and Various other Improvements	12/23/2008	12/13/2016	12/12/2017	2.50%	1,301,000.00		77,000.00		1,224,000.00
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/22/2009				113,000.00		113,000.00		
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/21/2010				73,000.00		73,000.00		
08-50/09-39/ 11-32	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/20/2011	12/13/2016	12/12/2017	2.50%	208,000.00		21,000.00		187,000.00

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, 2015</u>	<u>Increased By</u>	<u>Decreased by</u>		<u>Balance December 31, 2016</u>
							<u>Bond Anticipation Notes Issued</u>	<u>Budget Appropriation</u>	<u>USDA Proceeds</u>	
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/21/2010	12/13/2016	12/12/2017	2.50%	\$ 2,321,000.00		\$ 93,000.00		\$ 2,228,000.00
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/20/2011	12/13/2016	12/12/2017	2.50%	232,000.00		9,000.00		223,000.00
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/19/2012	12/13/2016	12/12/2017	2.50%	96,000.00		4,000.00		92,000.00
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/18/2013	12/13/2016	12/12/2017	2.50%	125,000.00		5,000.00		120,000.00
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/14/2015	12/13/2016	12/12/2017	2.50%	50,000.00				50,000.00
10-09/11-26/ 13-09	Acquisition of Various Equipment, Road Improvements and Various Other Improvements	12/13/2016	12/13/2016	12/12/2017	2.50%		\$ 200,000.00			200,000.00
11-10	Improvements to Kamm Avenue Section I	12/20/2011	12/13/2016	12/12/2017	2.50%	67,000.00		2,000.00		65,000.00
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	12/19/2012	12/13/2016	12/12/2017	2.50%	385,000.00		15,000.00		370,000.00
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	12/18/2013	12/13/2016	12/12/2017	2.50%	50,000.00		2,000.00		48,000.00
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	12/16/2014	12/13/2016	12/12/2017	2.50%	100,000.00				100,000.00
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	12/13/2016	12/13/2016	12/12/2017	2.50%		75,000.00			75,000.00
12-22	Improvements to Kamm Avenue Section II	12/18/2013	12/13/2016	12/12/2017	2.50%	71,000.00		2,000.00		69,000.00
12-27	Improvements to the Radio Communication System	12/18/2013	12/13/2016	12/12/2017	2.50%	570,000.00		65,000.00		505,000.00
13-22	Various Road, Curb, Sidewalk and Concrete Improvements	12/14/2015	12/13/2016	12/12/2017	2.50%	150,000.00				150,000.00

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, 2015</u>	<u>Increased By</u>	<u>Decreased by</u>		<u>Balance December 31, 2016</u>
							<u>Bond Anticipation Notes Issued</u>	<u>Budget Appropriation</u>	<u>USDA Proceeds</u>	
14-14/14-26	Various 2014 Road Improvements	12/16/2014	12/13/2016	12/12/2017	2.50%	\$ 510,000.00				\$ 510,000.00
14-14/14-26	Various 2014 Road Improvements	12/14/2015	12/13/2016	12/12/2017	2.50%	250,000.00				250,000.00
14-30/15-03	Acquisition of Various Capital Equipment	12/16/2014	12/13/2016	12/12/2017	2.50%	500,000.00				500,000.00
14-30/15-03	Acquisition of Various Capital Equipment	12/14/2015	12/13/2016	12/12/2017	2.50%	100,000.00				100,000.00
15-10/16-23	Construction of a New Firehouse	12/14/2015				7,600,000.00			\$ 7,600,000.00	
15-16	Improvements to Montgomery Street	12/13/2016	12/13/2016	12/12/2017	2.50%		\$ 50,000.00			50,000.00
15-18	Acquisition of Various Capital Equipment	12/14/2015	12/13/2016	12/12/2017	2.50%	200,000.00				200,000.00
15-18	Acquisition of Various Capital Equipment	12/13/2016	12/13/2016	12/12/2017	2.50%		25,000.00			25,000.00
16-07	Acquisition of Various Capital Equipment and Improvements	12/13/2016	12/13/2016	12/12/2017	2.50%		200,000.00			200,000.00
16-11	Acquisition of Various Furniture and Equipment for the New Firehouse	12/13/2016	12/13/2016	12/12/2017	2.50%		600,000.00			600,000.00
						<u>\$ 20,361,000.00</u>	<u>\$ 1,150,000.00</u>	<u>\$ 623,000.00</u>	<u>\$ 9,800,000.00</u>	<u>\$ 11,088,000.00</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, 2016</u>		<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Decreased by</u>	<u>Balance December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Sewer System Improvements - State Portion	11/01/00	\$ 430,000.00	08/01/17	\$ 30,000.00	5.250%	\$ 155,000.00	\$ 30,000.00	\$ 125,000.00
			08/01/18	30,000.00	5.250%			
			08/01/19	30,000.00	5.250%			
			08/01/20	35,000.00	5.250%			
						<u>\$ 155,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 125,000.00</u>
Sewer System Improvements - Federal Portion	11/01/00	\$ 425,000.00	02/01/17	\$ 1,987.37	-	\$ 82,103.40	\$ 23,076.28	\$ 59,027.12
			08/01/17	20,157.67	-			
			02/01/18	1,510.40	-			
			08/01/18	19,680.70	-			
			02/01/19	1,033.43	-			
			08/01/19	14,657.55	-			
						<u>\$ 82,103.40</u>	<u>\$ 23,076.28</u>	<u>\$ 59,027.12</u>
						<u>\$ 237,103.40</u>	<u>\$ 53,076.28</u>	<u>\$ 184,027.12</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding December 31, 2016</u>		<u>Interest Rate</u>	<u>Increased by</u>	<u>Balance December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>			
Community Facilities Program - Construction of a New Firehouse	12/13/16	\$ 9,800,000.00	06/13/17	\$ 112,945.00	2.375%	\$ 9,800,000.00	\$ 9,800,000.00
			12/13/17	114,286.22			
			06/13/18	115,643.37			
			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			

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding December 31, 2016</u>		<u>Interest Rate</u>	<u>Increased by</u>	<u>Balance December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>			
(Continued) Community Facilities Program - Construction of a New Firehouse			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			
			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			
						<u>\$ 9,800,000.00</u>	<u>\$ 9,800,000.00</u>

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

Ordinance Number	Description	Ordinance		Balance December 31, 2015		2016 Authorizations	Reserve for Encumbrances Canceled	Paid or Charged	Transfer	Canceled	Balance December 31, 2016	
		Date	Amount	Funded	Unfunded						Funded	Unfunded
07-23	Acquisition of Firefighting Equipment	08/27/07	\$ 100,000.00	\$ 4,735.10				\$ 74.21			\$ 4,660.89	
08-14	Improvements to Burton Avenue Section II and Improvements to Cole and Philip St.	03/10/08	245,000.00		\$ 34,604.91			578.72			\$	34,026.19
08-19/11-20/ 13-14/14-08/ 14-13/16-15	Planning, Site Acquisition and Construction of Municipal Facilities	04/28/08,06/13/11 8/12/13,03/24/14, 05/27/14	5,300,000.00		7,964.01		\$ 26,237.53	34,052.36				149.18
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		205,692.81			2,394.19				203,298.62
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		148,865.96			246.64				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		184,731.43	\$ 240,000.00	36,453.83	251,159.29				210,025.97
12-02	Various Federal Housing and Community Development Grant Improvements	02/13/12	61,848.31	6,692.96				777.50	\$ (5,915.46)			
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	07/23/12	956,000.00		345,818.04			67,671.63				278,146.41
12-22	Improvements to Kamm Avenue Section II (NJDOT \$200,000)	08/27/12	275,000.00		5,430.54			80.06				5,350.48
12-27	Improvements to the Radio Communication System	10/22/12	600,000.00		22,809.88			594.13				22,215.75
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	12/17/12	3,500,000.00		900,562.04		14,913.74	1,685.25				913,790.53
13-06	Various Federal Housing and Community Development Grant Improvements	03/11/13	50,701.00	27,447.48					(27,447.48)			
13-21	Various Federal Housing and Community Development Grant Improvements	11/12/13	72,744.00	31,350.00					(31,350.00)			
13-22	Various Road, Curb, Sidewalk and Concrete Improvements (NJDOT \$310,000)	11/12/13	500,000.00		33,373.82			1,393.67	(16,729.93)	\$ 2,280.96		12,969.26
14-05	Various Computer Equipment and Network Upgrades	03/10/14	35,000.00	4,826.04				3,294.00			1,532.04	
14-14/14-26	Various 2014 Road Improvements	5/27/2014, 08/11/14	900,000.00		255,996.44			880.50	57,494.69			312,610.63

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

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31, 2015		2016 Authorizations	Reserve for Encumbrances Canceled	Paid or Charged	Transfer	Canceled	Balance December 31, 2016	
				Funded	Unfunded						Funded	Unfunded
14-30/15-03	Acquisition of Various Capital Equipment	09/22/14	\$ 700,000.00		\$ 76,224.00		\$ 585.20	\$ 7,291.02			\$	69,518.18
14-33	Various Federal Housing and Community Development Grant Improvements	10/27/14	67,697.00	\$ 42,997.00				14,058.35	\$ (28,938.65)			
15-10/16-23	Construction of a New Firehouse	4/27/2015/ 12/29/16	8,200,000.00		72,298.74	\$ 200,000.00		212,555.74				59,743.00
15-11	Refunding Bonds - 2007	04/27/15	4,200,000.00		4,199,205.00			3,805,295.00		\$ 393,910.00		
15-16	Improvements to Montgomery Street (NJDOT \$387,500)	06/08/15	575,000.00	298,839.00	178,000.00			346,702.60				130,136.40
15-18	Acquisition of Various Capital Equipment	08/10/15	350,000.00	16,995.04	332,000.00			225,215.65				123,779.39
15-26	Various Federal Housing and Community Development Grant Improvements	11/23/15	62,701.00	62,701.00				87,191.60	52,886.83	\$ 28,396.23		
16-05	Improvements to Montgomery Street - Phase II (NJDOT \$250,000)	05/23/16	400,000.00			400,000.00		60,165.00			197,335.00	142,500.00
16-07	Acquisition of Various Capital Equipment and Improvements	06/27/16	300,000.00			300,000.00		79,784.24				220,215.76
16-11	Acquisition of Various Furniture and Equipment for the New Firehouse	08/22/16	800,000.00			800,000.00		559,768.32				240,231.68
				<u>\$ 496,583.62</u>	<u>\$ 7,003,577.62</u>	<u>\$ 1,940,000.00</u>	<u>\$ 78,190.30</u>	<u>\$ 5,762,909.67</u>		<u>\$ 396,190.96</u>	<u>\$ 231,924.16</u>	<u>\$ 3,127,326.75</u>

Detail of 2016 Authorizations:

Capital Improvement Fund	\$ 84,500.00
NJ DOT Grant	250,000.00
Deferred Charges to Future Taxation, Unfunded	<u>1,605,500.00</u>
	<u>\$ 1,940,000.00</u>

Detail of 2016 Canceled:

Capital Fund Balance	\$ 10,145.32
Deferred Charges to Future Taxation, Unfunded	383,764.68
Cancellation of Intergovernmental Accounts Receivable	<u>2,280.96</u>
	<u>\$ 396,190.96</u>

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

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 35,446.33
<u>INCREASED BY</u>	
2016 Budget Appropriation	<u>100,000.00</u>
	\$ 135,446.33
<u>DECREASED BY</u>	
Appropriated to Finance Improvement Authorizations	<u>84,500.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 50,946.33</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, 2015</u>	<u>2016 Authorizations</u>	<u>Cash Received</u>	<u>Bond Anticipation Notes Issued</u>	<u>Canceled</u>	<u>Refunding Bonds Issued</u>	<u>Balance December 31, 2016</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	178,430.19	\$ 228,000.00		\$ 200,000.00			206,430.19
12-17/16-16	Acquisition of Various Capital Equipment and Improvements	358,000.00			75,000.00			283,000.00
12-30	Rehabilitation of the Jackson Street and William Street Pump Stations and Human Resource Building	2,094,090.39						2,094,090.39
13-22	Various Road, Curb, Sidewalk and Concrete Improvements	20,208.52		\$ 5,133.21				15,075.31
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	Construction of a New Firehouse		190,000.00					190,000.00
15-11	Refunding Bonds - 2007	4,200,000.00				\$ 450,000.00	\$ 3,750,000.00	
15-16	Improvements to Montgomery Street	178,000.00			50,000.00			128,000.00
15-18	Acquisition of Various Capital Improvements	132,000.00			25,000.00			107,000.00
16-05	Improvements to Montgomery Street - Phase II		142,500.00					142,500.00
16-07	Acquisition of Various Capital Equipment and Improvements		285,000.00		200,000.00			85,000.00
16-11	Acquisition of Various Furniture and Equipment for the New Firehouse		760,000.00		600,000.00			160,000.00
		<u>\$ 7,533,229.10</u>	<u>\$ 1,605,500.00</u>	<u>\$ 5,133.21</u>	<u>\$ 1,150,000.00</u>	<u>\$ 450,000.00</u>	<u>\$ 3,750,000.00</u>	<u>\$ 3,783,595.89</u>

UTILITY OPERATING FUNDS - COMBINED STATEMENTS

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, 2016 AND 2015

	<u>Electric Utility</u>		<u>Parking Utility</u>		<u>Water Utility</u>		<u>Totals (Memorandum Only)</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 5,138,603.22	\$ 5,204,686.26	\$ 93,719.29	\$ 81,082.96	\$ 1,186,413.67	\$ 1,330,309.39	\$ 6,418,736.18	\$ 6,616,078.61
Due from Bond Registrar/Paying Agent					57,812.00	57,812.00	57,812.00	57,812.00
Consumer Accounts Receivable	1,393,869.43	1,174,948.02			320,529.80	378,141.68	1,714,399.23	1,553,089.70
Consumer Liens Receivable	41,201.24	41,146.84			8,003.39	7,775.93	49,204.63	48,922.77
Inventory	362,404.73	389,377.39			4,899.00	6,057.00	367,303.73	395,434.39
Total Assets	<u>\$ 6,936,078.62</u>	<u>\$ 6,810,158.51</u>	<u>\$ 93,719.29</u>	<u>\$ 81,082.96</u>	<u>\$ 1,577,657.86</u>	<u>\$ 1,780,096.00</u>	<u>\$ 8,607,455.77</u>	<u>\$ 8,671,337.47</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>								
Liabilities:								
Appropriation Reserves	\$ 291,639.55	\$ 293,745.00	\$ 19,076.84	\$ 2,660.99	\$ 107,111.99	\$ 205,919.29	\$ 417,828.38	\$ 502,325.28
Other Liabilities and Reserves:								
Reserve for Encumbrances	\$ 512,644.37	\$ 485,502.07	\$ 3,450.00	\$ 4,948.24	\$ 62,616.15	\$ 44,456.44	\$ 578,710.52	\$ 534,906.75
Prepaid Parking Permits			180.00	170.00			180.00	170.00
Consumer Overpayments	172,346.05	161,532.30			83,818.53	87,713.86	256,164.58	249,246.16
Accrued Interest on Bonds, Notes and Loans	10,834.36	12,508.34	171.37	146.25	20,761.83	23,565.62	31,767.56	36,220.21
Due to Vendor	415.40	871.36				295.69	415.40	1,167.05
Due to Bond Registrar/Paying Agent					81,840.00	81,840.00	81,840.00	81,840.00
	<u>\$ 696,240.18</u>	<u>\$ 660,414.07</u>	<u>\$ 3,801.37</u>	<u>\$ 5,264.49</u>	<u>\$ 249,036.51</u>	<u>\$ 237,871.61</u>	<u>\$ 949,078.06</u>	<u>\$ 903,550.17</u>
Reserve for Receivables and Other Assets	<u>\$ 1,797,475.40</u>	<u>\$ 1,605,472.25</u>			<u>\$ 391,244.19</u>	<u>\$ 449,786.61</u>	<u>\$ 2,188,719.59</u>	<u>\$ 2,055,258.86</u>
Fund Balance	<u>\$ 4,150,723.49</u>	<u>\$ 4,250,527.19</u>	<u>\$ 70,841.08</u>	<u>\$ 73,157.48</u>	<u>\$ 830,265.17</u>	<u>\$ 886,518.49</u>	<u>\$ 5,051,829.74</u>	<u>\$ 5,210,203.16</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 6,936,078.62</u>	<u>\$ 6,810,158.51</u>	<u>\$ 93,719.29</u>	<u>\$ 81,082.96</u>	<u>\$ 1,577,657.86</u>	<u>\$ 1,780,096.00</u>	<u>\$ 8,607,455.77</u>	<u>\$ 8,671,337.47</u>

ELECTRIC UTILITY OPERATING FUND

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

	<u>Year 2016</u>	<u>Year 2015</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 3,300,000.00	\$ 3,000,000.00
Electric Charges	14,401,911.84	15,665,087.65
Electric Capital Fund Balance	11,380.00	7,248.00
Nonbudget Revenue	131,534.73	141,802.79
Other Credits to Income:		
Current Appropriations Canceled	13,044.94	2,283.99
Unexpended Balance of Appropriation Reserves		
Lapsed and Reserve for Encumbrances Canceled	277,345.44	338,825.67
Cancellation of Various Payables	<u>63.35</u>	<u>18,703.63</u>
Total Income	\$ <u>18,135,280.30</u>	\$ <u>19,173,951.73</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	\$ 10,455,000.00	\$ 10,435,000.00
Capital Improvements	20,000.00	20,000.00
Debt Service	854,500.00	866,721.00
Deferred Charges and Statutory Expenditures	305,584.00	291,404.00
Surplus - General Budget	<u>3,300,000.00</u>	<u>3,350,000.00</u>
Total Expenditures	\$ <u>14,935,084.00</u>	\$ <u>14,963,125.00</u>
Statutory Excess to Fund Balance	\$ 3,200,196.30	\$ 4,210,826.73
Fund Balance, January 1	<u>4,250,527.19</u>	<u>3,039,700.46</u>
	\$ 7,450,723.49	\$ 7,250,527.19
Decreased By:		
Utilization as Anticipated Revenue	<u>\$ 3,300,000.00</u>	<u>\$ 3,000,000.00</u>
	<u>\$ 3,300,000.00</u>	<u>\$ 3,000,000.00</u>
Fund Balance, December 31	<u>\$ <u>4,150,723.49</u></u>	<u>\$ <u>4,250,527.19</u></u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 3,300,000.00	\$ 3,300,000.00	
Electric Charges	11,623,704.00	14,401,911.84	\$ 2,778,207.84
Electric Capital Fund Balance	<u>11,380.00</u>	<u>11,380.00</u>	
	\$ 14,935,084.00	\$ 17,713,291.84	\$ 2,778,207.84
Nonbudget Revenue	<u> </u>	<u>131,534.73</u>	<u>131,534.73</u>
	<u>\$ 14,935,084.00</u>	<u>\$ 17,844,826.57</u>	<u>\$ 2,909,742.57</u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Electric Charges:	
Consumer Accounts Receivable	\$ 14,368,748.84
State of New Jersey Lifeline	<u>33,163.00</u>
	<u>\$ 14,401,911.84</u>
Nonbudget Revenue:	
Interest on Investments	\$ 4,770.10
Interest on Delinquent Rents	48,961.48
Connection Fees	15,800.00
Refund of Prior Years Expenditures	16,516.43
Payment Plan Fees	70.00
Turn On/Off Fees	20,230.00
Use of Lights	6,367.00
Portal Convenience Fee	14,389.66
Returned Check Fees	2,980.00
Miscellaneous	<u>1,450.06</u>
	<u>\$ 131,534.73</u>

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<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	\$ 1,405,000.00	\$ 1,405,000.00	\$ 1,393,738.70		\$ 11,261.30	
Purchase of Power	7,000,000.00	7,000,000.00	6,522,551.38	\$ 351,295.64	126,152.98	
Other Expenses - Operating	440,000.00	440,000.00	397,093.86	12,660.47	30,245.67	
Other Expenses - Office/Administrative	20,000.00	20,000.00	2,416.98	58.13	17,524.89	
Other Expenses - Insurance	1,160,000.00	1,160,000.00	1,057,795.17		102,204.83	
Other Expenses - Professional Services	400,000.00	400,000.00	250,347.96	148,630.13	1,021.91	
Other Expenses - Accumulated Absences	30,000.00	30,000.00	30,000.00			
Total Operating	<u>\$ 10,455,000.00</u>	<u>\$ 10,455,000.00</u>	<u>\$ 9,653,944.05</u>	<u>\$ 512,644.37</u>	<u>\$ 288,411.58</u>	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00			
Total Capital Improvements	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>			
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	113,000.00	113,000.00	100,162.06			\$ 12,837.94
Interest on Notes	19,500.00	19,500.00	19,293.00			207.00
Total Debt Service	<u>\$ 854,500.00</u>	<u>\$ 854,500.00</u>	<u>\$ 841,455.06</u>			<u>\$ 13,044.94</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 175,584.00	\$ 175,584.00	\$ 175,584.00			
Social Security System (O.A.S.I.)	110,000.00	110,000.00	106,772.03		\$ 3,227.97	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	20,000.00	20,000.00	20,000.00			
Total Deferred Charges and Statutory Expenditures	<u>\$ 305,584.00</u>	<u>\$ 305,584.00</u>	<u>\$ 302,356.03</u>		<u>\$ 3,227.97</u>	
Surplus (General Budget)	<u>\$ 3,300,000.00</u>	<u>\$ 3,300,000.00</u>	<u>\$ 3,300,000.00</u>			
Total Electric Utility Appropriations	<u>\$ 14,935,084.00</u>	<u>\$ 14,935,084.00</u>	<u>\$ 14,117,755.14</u>	<u>\$ 512,644.37</u>	<u>\$ 291,639.55</u>	<u>\$ 13,044.94</u>

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

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 1,174,948.02
<u>INCREASED BY</u>		
Electric Charges Levied		<u>14,648,558.78</u>
		\$ 15,823,506.80
<u>DECREASED BY</u>		
Collections	\$ 14,207,216.54	
State of New Jersey Lifeline/Heap Credits	33,163.00	
Municipal Lifeline	27,678.72	
Cancelled	7.41	
Consumer Overpayments Applied	161,532.30	
Transferred to Consumer Liens Receivable	<u>39.40</u>	<u>14,429,637.37</u>
<u>BALANCE, DECEMBER 31, 2016</u>		\$ <u><u>1,393,869.43</u></u>

STATEMENT OF CONSUMER LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 41,146.84
<u>INCREASED BY</u>		
Transferred from Consumer Accounts Receivable	\$ 39.40	
Interest and Costs	<u>15.00</u>	<u>54.40</u>
<u>BALANCE, DECEMBER 31, 2016</u>		\$ <u><u>41,201.24</u></u>
Detail of Balance:		
Consumer Accounts Receivable	\$ 41,154.95	
Interest and Costs	<u>46.29</u>	
	\$ <u><u>41,201.24</u></u>	

BOROUGH OF SOUTH RIVER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance December 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Appropriation Reserves</u>	<u>Reserve for Encumbrances</u>			
OPERATING					
Salaries and Wages	\$ 16,849.18		\$ 16,849.18		\$ 16,849.18
Purchase of Power	128,308.21	\$ 375,609.83	503,918.04	\$ 392,348.56	111,569.48
Other Expenses:					
Operating	26,378.47	33,611.12	59,989.59	32,845.15	27,144.44
Office/Administrative	17,565.74	44.92	17,610.66	58.13	17,552.53
Insurance	77,504.47		77,504.47		77,504.47
Professional Services	25,832.81	76,236.20	102,069.01	76,649.79	25,419.22
Total Operating	<u>\$ 292,438.88</u>	<u>\$ 485,502.07</u>	<u>\$ 777,940.95</u>	<u>\$ 501,901.63</u>	<u>\$ 276,039.32</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 1,306.12		\$ 1,306.12		\$ 1,306.12
Total Deferred Charges and Statutory Expenditures	<u>\$ 1,306.12</u>		<u>\$ 1,306.12</u>		<u>\$ 1,306.12</u>
Total Electric Utility Appropriations	<u>\$ 293,745.00</u>	<u>\$ 485,502.07</u>	<u>\$ 779,247.07</u>	<u>\$ 501,901.63</u>	<u>\$ 277,345.44</u>

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

<u>BALANCE, DECEMBER 31, 2015</u>						\$ 12,508.34
<u>INCREASED BY</u>						
Budget Appropriation:						
Interest on Bonds			\$ 100,162.06			
Interest on Notes			<u>19,293.00</u>			<u>119,455.06</u>
						\$ 131,963.40
<u>DECREASED BY</u>						
Cash Disbursed						<u>121,129.04</u>
<u>BALANCE, DECEMBER 31, 2016</u>						<u>\$ 10,834.36</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2016

	Outstanding December 31, 2016	Interest Rate	From	To	Period	Amount
Serial Bonds, 2007	\$ 425,000.00	4.125%	12/1/2016	12/31/2016	1 Month	\$ 1,460.94
Refunding Bonds, 2016	2,390,000.00	4.00%	12/1/2016	12/31/2016	1 Month	7,966.67
Bond Anticipation Notes	1,141,000.00	2.50%	12/13/2016	12/31/2016	18 Days	<u>1,406.75</u>
						<u>\$ 10,834.36</u>

PARKING UTILITY OPERATING FUND

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

	<u>Year 2016</u>	<u>Year 2015</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 24,000.00	\$ 23,500.00
Parking Fees	58,401.32	49,666.54
Parking Capital Fund Balance	2,000.00	
Nonbudget Revenues	43.41	171.54
Other Credits to Income:		
Current Appropriations Canceled	334.88	1,175.67
Unexpended Balance of Appropriation Reserves		
Lapsed and Encumbrances Payable Canceled	<u>2,903.99</u>	<u>9,217.82</u>
Total Income	\$ <u>87,683.60</u>	\$ <u>83,731.57</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	\$ 33,000.00	\$ 29,000.00
Capital Improvements	6,500.00	9,000.00
Debt Service	21,500.00	21,000.00
Deferred Charges and Statutory Expenditures	<u>5,000.00</u>	<u>4,500.00</u>
Total Expenditures	\$ <u>66,000.00</u>	\$ <u>63,500.00</u>
Statutory Excess to Fund Balance	\$ 21,683.60	\$ 20,231.57
Fund Balance, January 1	<u>73,157.48</u>	<u>76,425.91</u>
	\$ 94,841.08	\$ 96,657.48
Decreased By:		
Utilization as Anticipated Revenue	<u>24,000.00</u>	<u>23,500.00</u>
Fund Balance, December 31	\$ <u><u>70,841.08</u></u>	\$ <u><u>73,157.48</u></u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 24,000.00	\$ 24,000.00	
Parking Fees	40,000.00	58,401.32	\$ 18,401.32
Parking Capital Fund Balance	<u>2,000.00</u>	<u>2,000.00</u>	<u> </u>
	\$ 66,000.00	\$ 84,401.32	\$ 18,401.32
Nonbudget Revenue	<u> </u>	\$ <u>43.41</u>	\$ <u>43.41</u>
	\$ <u><u>66,000.00</u></u>	\$ <u><u>84,444.73</u></u>	\$ <u><u>18,444.73</u></u>

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Parking Fees:	
Parking Permits	\$ 17,244.00
Parking Meters	<u>41,157.32</u>
	\$ <u><u>58,401.32</u></u>
Nonbudget Revenues:	
Interest on Investments	\$ <u><u>43.41</u></u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<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	\$ 26,000.00	\$ 26,000.00	\$ 14,729.68		\$ 11,270.32	
Other Expenses - Operating	3,000.00	3,000.00	611.00		2,389.00	
Other Expenses - Professional Services	<u>4,000.00</u>	<u>4,000.00</u>	<u>264.30</u>	\$ <u>3,450.00</u>	<u>285.70</u>	
Total Operating	\$ <u>33,000.00</u>	\$ <u>33,000.00</u>	\$ <u>15,604.98</u>	\$ <u>3,450.00</u>	\$ <u>13,945.02</u>	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00			
Capital Outlay - Meter Upgrades	<u>4,000.00</u>	<u>4,000.00</u>	<u>42.47</u>		\$ <u>3,957.53</u>	
Total Capital Improvements	\$ <u>6,500.00</u>	\$ <u>6,500.00</u>	\$ <u>2,542.47</u>		\$ <u>3,957.53</u>	
<u>DEBT SERVICE</u>						
Payment of Bond Anticipation Notes and Capital Notes	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00			
Interest on Notes	<u>3,500.00</u>	<u>3,500.00</u>	<u>3,165.12</u>			\$ <u>334.88</u>
Total Debt Service	\$ <u>21,500.00</u>	\$ <u>21,500.00</u>	\$ <u>21,165.12</u>			\$ <u>334.88</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00			
Social Security System (O.A.S.I.)	<u>2,500.00</u>	<u>2,500.00</u>	<u>1,325.71</u>		\$ <u>1,174.29</u>	
Total Deferred Charges and Statutory Expenditures	\$ <u>5,000.00</u>	\$ <u>5,000.00</u>	\$ <u>3,825.71</u>		\$ <u>1,174.29</u>	
Total Parking Utility Appropriations	\$ <u><u>66,000.00</u></u>	\$ <u><u>66,000.00</u></u>	\$ <u><u>43,138.28</u></u>	\$ <u><u>3,450.00</u></u>	\$ <u><u>19,076.84</u></u>	<u><u>334.88</u></u>

**BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance December 31, 2015		Balance		Balance
	Appropriation	Reserve for	After	Paid or	Balance
	<u>Reserves</u>	<u>Encumbrances</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
OPERATING					
Salaries and Wages	\$ 1,579.22		\$ 1,579.22		\$ 1,579.22
Other Expenses:					
Operating	182.66	\$ 79.32	261.98	\$ 79.32	182.66
Professional Services	<u>460.26</u>	<u>3,250.00</u>	<u>3,710.26</u>	<u>3,007.00</u>	<u>703.26</u>
Total Operating	\$ <u>2,222.14</u>	\$ <u>3,329.32</u>	\$ <u>5,551.46</u>	\$ <u>3,086.32</u>	\$ <u>2,465.14</u>
CAPITAL IMPROVEMENTS					
Capital Outlay - Meter Upgrades	\$ <u>1.06</u>	\$ <u>1,618.92</u>	\$ <u>1,619.98</u>	\$ <u>1,618.92</u>	\$ <u>1.06</u>
Total Capital Improvements	\$ <u>1.06</u>	\$ <u>1,618.92</u>	\$ <u>1,619.98</u>	\$ <u>1,618.92</u>	\$ <u>1.06</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ <u>437.79</u>		\$ <u>437.79</u>		\$ <u>437.79</u>
Total Deferred Charges and Statutory Expenditures	\$ <u>437.79</u>		\$ <u>437.79</u>		\$ <u>437.79</u>
Grand Total	\$ <u><u>2,660.99</u></u>	\$ <u><u>4,948.24</u></u>	\$ <u><u>7,609.23</u></u>	\$ <u><u>4,705.24</u></u>	\$ <u><u>2,903.99</u></u>

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

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 146.25
<u>INCREASED BY</u>	
Budget Appropriation:	
Interest on Notes	<u>3,165.12</u>
	\$ 3,311.37
<u>DECREASED BY</u>	
Cash Disbursed	<u>3,140.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 171.37</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2016

	Outstanding December 31, <u>2016</u>	Interest <u>Rate</u>	From	To	Period	Amount
Bond Anticipation Notes	\$ 139,000.00	2.50%	12/13/2016	12/31/2016	18 Days	\$ <u>171.37</u>
						<u>\$ 171.37</u>

WATER UTILITY OPERATING FUND

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

	<u>Year 2016</u>	<u>Year 2015</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 566,509.00	\$ 650,973.00
Water Rents	3,364,302.73	3,345,804.62
Water Capital Fund Balance	40,236.00	20,288.00
Nonbudget Revenues	42,691.05	66,793.86
Other Credits to Income:		
Current Appropriations Canceled	91,137.85	92,024.46
Unexpended Balance of Appropriation Reserves		
Lapsed and Encumbrances Payable Canceled	212,064.65	115,103.79
Cancellation of Due to Vendor	59.40	
	<u> </u>	<u> </u>
Total Income	\$ <u>4,317,000.68</u>	\$ <u>4,290,987.73</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	\$ 2,640,000.00	\$ 2,850,000.00
Capital Improvements	320,000.00	220,000.00
Debt Service	661,689.00	624,992.00
Deferred Charges and Statutory Expenditures	185,056.00	176,269.00
	<u> </u>	<u> </u>
Total Expenditures	\$ <u>3,806,745.00</u>	\$ <u>3,871,261.00</u>
Statutory Excess to Fund Balance	\$ 510,255.68	\$ 419,726.73
Fund Balance, January 1	<u>886,518.49</u>	<u>1,117,764.76</u>
	<u> </u>	<u> </u>
	\$ 1,396,774.17	\$ 1,537,491.49
Decreased By:		
Utilization as Anticipated Revenue	<u>566,509.00</u>	<u>650,973.00</u>
	<u> </u>	<u> </u>
Fund Balance, December 31	\$ <u><u>830,265.17</u></u>	\$ <u><u>886,518.49</u></u>

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	\$ 566,509.00	\$ 566,509.00	
Water Rents	3,200,000.00	3,364,302.73	\$ 164,302.73
Water Capital Fund Balance	<u>40,236.00</u>	<u>40,236.00</u>	
	\$ 3,806,745.00	\$ 3,971,047.73	\$ 164,302.73
Nonbudget Revenue	<u> </u>	<u>42,691.05</u>	<u>42,691.05</u>
	<u>\$ 3,806,745.00</u>	<u>\$ 4,013,738.78</u>	<u>\$ 206,993.78</u>

ANALYSIS OF REALIZED REVENUETotal

Water Rents:

Consumer Accounts Receivable \$ 3,364,302.73

Non Budget Revenues:

Interest on Investments	\$ 1,704.34
Reconnection Fees	600.00
Meter Installation	8,719.00
Turn Off Fees	10,075.00
Bounced Check Fees	710.00
Connection/Tap Fee	10,374.65
Portal Convenience Fee	1,999.97
Curb Box Repair	8,228.58
Miscellaneous	<u>279.51</u>
	<u>\$ 42,691.05</u>

BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<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	\$ 740,000.00	\$ 720,000.00	\$ 711,711.19		\$ 8,288.81	
Purchase of Water	850,000.00	815,000.00	812,284.74		2,715.26	
Other Expenses - Operating	225,000.00	225,000.00	199,863.89	\$ 15,280.05	9,856.06	
Other Expenses - Office/Administrative	10,000.00	5,000.00	1,580.67	38.76	3,380.57	
Other Expenses - Insurance	775,000.00	745,000.00	705,198.77		39,801.23	
Other Expenses - Professional Services	110,000.00	100,000.00	72,754.44	24,875.00	2,370.56	
Other Expenses - Accumulated Absences	30,000.00	30,000.00	30,000.00			
Total Operating	\$ 2,740,000.00	\$ 2,640,000.00	\$ 2,533,393.70	\$ 40,193.81	\$ 66,412.49	
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00			
Capital Outlay	200,000.00	300,000.00	238,990.33	\$ 22,422.34	\$ 38,587.33	
Total Capital Improvements	\$ 220,000.00	\$ 320,000.00	\$ 258,990.33	\$ 22,422.34	\$ 38,587.33	
<u>DEBT SERVICE</u>						
Payment of Bond Anticipation Notes and Capital Notes	\$ 241,000.00	\$ 241,000.00	\$ 241,000.00			
Interest on Notes	70,000.00	70,000.00	67,206.41			\$ 2,793.59
Wastewater - Year 2000 - State - Principal	170,000.00	170,000.00	110,320.02			59,679.98
Wastewater - Year 2000 - State - Interest	45,508.00	45,508.00	16,843.75			28,664.25
Wastewater - Year 2000 - Federal - Principal	135,181.00	135,181.00	135,180.97			0.03
Total Debt Service	\$ 661,689.00	\$ 661,689.00	\$ 570,551.15			\$ 91,137.85
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 117,056.00	\$ 117,056.00	\$ 117,056.00			
Social Security System (O.A.S.I.)	58,000.00	58,000.00	55,887.83		\$ 2,112.17	
Unemployment Compensation Insurance (NJSA 43:21 et seq)	10,000.00	10,000.00	10,000.00			
Total Deferred Charges and Statutory Expenditures	\$ 185,056.00	\$ 185,056.00	\$ 182,943.83		\$ 2,112.17	
Total Water Utility Appropriations	\$ 3,806,745.00	\$ 3,806,745.00	\$ 3,545,879.01	\$ 62,616.15	\$ 107,111.99	\$ 91,137.85

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

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 378,141.68
<u>INCREASED BY</u>		
Water Charges Levied		<u>3,306,917.76</u>
		\$ 3,685,059.44
<u>DECREASED BY</u>		
Collections	\$ 3,276,588.87	
Consumer Overpayments Applied	87,713.86	
Cancelled	(0.55)	
Transfer to Consumer Lien Receivable	<u>227.46</u>	<u>3,364,529.64</u>
<u>BALANCE, DECEMBER 31, 2016</u>		<u>\$ 320,529.80</u>

STATEMENT OF CONSUMER LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 7,775.93
<u>INCREASED BY</u>		
Transfer from Consumer Accounts Receivable		<u>227.46</u>
<u>BALANCE, DECEMBER 31, 2016</u>		<u>\$ 8,003.39</u>

Detail of Balance:

Consumer Accounts Receivable	\$ <u>8,003.39</u>
	\$ <u><u>8,003.39</u></u>

**BOROUGH OF SOUTH RIVER
WATER UTILITY OPERATING FUND
STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance December 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Appropriation Reserves</u>	<u>Reserve for Encumbrances</u>			
<u>OPERATING</u>					
Salaries and Wages	\$ 28,769.59		\$ 28,769.59		\$ 28,769.59
Purchase of Water	50,702.11		50,702.11		50,702.11
Other Expenses:					
Operating	18,017.46	\$ 20,396.03	38,413.49	\$ 13,951.42	24,462.07
Office/Administrative	8,437.14	29.95	8,467.09	38.76	8,428.33
Insurance	78,336.34		78,336.34		78,336.34
Professional Services	11,769.26	24,030.46	35,799.72	24,320.90	11,478.82
Total Operating	\$ 196,031.90	\$ 44,456.44	\$ 240,488.34	\$ 38,311.08	\$ 202,177.26
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay	\$ 7,324.20		\$ 7,324.20		\$ 7,324.20
Total Capital Improvements	\$ 7,324.20		\$ 7,324.20		\$ 7,324.20
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 2,563.19		\$ 2,563.19		\$ 2,563.19
Total Deferred Charges and Statutory Expenditures	\$ 2,563.19		\$ 2,563.19		\$ 2,563.19
Grand Total	\$ 205,919.29	\$ 44,456.44	\$ 250,375.73	\$ 38,311.08	\$ 212,064.65

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

<u>BALANCE, DECEMBER 31, 2015</u>						\$ 23,565.62
<u>INCREASED BY</u>						
Budget Appropriation:						
Interest on Notes			\$ 67,206.41			
Interest on Loan			<u>16,843.75</u>			<u>84,050.16</u>
						\$ 107,615.78
<u>DECREASED BY</u>						
Cash Disbursed						<u>86,853.95</u>
<u>BALANCE, DECEMBER 31, 2016</u>						<u>\$ 20,761.83</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2016

	<u>Outstanding December 31, 2016</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
NJ Environmental Infrastructure Trust - 2000	\$ 770,000.00	Var.	8/1/2016	12/31/2016	5 Months	\$ 16,843.75
Bond Anticipation Notes	3,178,000.00	2.50%	12/13/2016	12/31/2016	18 Days	<u>3,918.08</u>
						<u>\$ 20,761.83</u>

UTILITY CAPITAL FUNDS - COMBINED STATEMENTS

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, 2016 AND 2015

	Electric Utility		Parking Utility		Water Utility		Total (Memorandum Only)	
	2016	2015	2016	2015	2016	2015	2016	2015
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 1,227,617.24	\$ 872,860.34	\$ 93,520.87	\$ 91,504.45	\$ 737,197.96	\$ 792,353.74	\$ 2,058,336.07	\$ 1,756,718.53
Fixed Capital	\$ 16,048,904.88	\$ 15,519,956.09	\$ 258,203.50	\$ 256,378.85	\$ 16,383,578.64	\$ 15,882,341.99	\$ 32,690,687.02	\$ 31,658,676.93
Fixed Capital Authorized and Uncompleted	2,377,040.46	4,705,989.25	72,543.31	72,706.57	2,372,454.03	2,634,700.35	4,822,037.80	7,413,396.17
	\$ 18,425,945.34	\$ 20,225,945.34	\$ 330,746.81	\$ 329,085.42	\$ 18,756,032.67	\$ 18,517,042.34	\$ 37,512,724.82	\$ 39,072,073.10
Total Assets	\$ 19,653,562.58	\$ 21,098,805.68	\$ 424,267.68	\$ 420,589.87	\$ 19,493,230.63	\$ 19,309,396.08	\$ 39,571,060.89	\$ 40,828,791.63
<u>LIABILITIES AND RESERVES</u>								
Serial Bonds	\$ 2,815,000.00	\$ 3,325,000.00					\$ 2,815,000.00	\$ 3,325,000.00
Bond Anticipation Notes	\$ 1,141,000.00	\$ 938,000.00	\$ 139,000.00	157,000.00	\$ 3,178,000.00	\$ 3,319,000.00	\$ 4,458,000.00	\$ 4,414,000.00
Loans Payable					\$ 802,200.41	\$ 1,107,381.38	\$ 802,200.41	\$ 1,107,381.38

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, 2016 AND 2015

	<u>Electric Utility</u>		<u>Parking Utility</u>		<u>Water Utility</u>		<u>Total (Memorandum Only)</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>LIABILITIES AND RESERVES</u>								
<u>(CONTINUED)</u>								
Improvement Authorizations:								
Funded	\$ 418,666.59	\$ 203,061.75	\$ 47,702.20	\$ 47,702.20	\$ 126,889.62	\$ 126,889.62	\$ 593,258.41	\$ 377,653.57
Unfunded	<u>1,910,684.89</u>	<u>3,977,221.50</u>	<u>22,543.31</u>	<u>22,706.57</u>	<u>2,236,690.75</u>	<u>2,408,461.07</u>	<u>4,169,918.95</u>	<u>6,408,389.14</u>
	<u>\$ 2,329,351.48</u>	<u>\$ 4,180,283.25</u>	<u>\$ 70,245.51</u>	<u>\$ 70,408.77</u>	<u>\$ 2,363,580.37</u>	<u>\$ 2,535,350.69</u>	<u>\$ 4,763,177.36</u>	<u>\$ 6,786,042.71</u>
Capital Improvement Fund	\$ 158,903.15	\$ 138,903.15	\$ 21,500.00	\$ 19,000.00	\$ 221,450.63	\$ 201,450.63	\$ 401,853.78	\$ 359,353.78
Reserve for Encumbrances	<u>35,668.00</u>	<u>152,452.00</u>			<u>832.81</u>	<u>2,558.36</u>	<u>36,500.81</u>	<u>155,010.36</u>
	<u>\$ 194,571.15</u>	<u>\$ 291,355.15</u>	<u>\$ 21,500.00</u>	<u>\$ 19,000.00</u>	<u>\$ 222,283.44</u>	<u>\$ 204,008.99</u>	<u>\$ 438,354.59</u>	<u>\$ 514,364.14</u>
Reserve for Amortization	<u>\$ 13,069,945.34</u>	<u>\$ 12,262,945.34</u>	<u>\$ 176,746.81</u>	<u>\$ 107,085.42</u>	<u>\$ 12,626,832.26</u>	<u>\$ 11,791,660.96</u>	<u>\$ 25,873,524.41</u>	<u>\$ 24,161,691.72</u>
Deferred Reserve for Amortization				<u>\$ 50,000.00</u>	<u>\$ 108,000.00</u>	<u>\$ 158,000.00</u>	<u>\$ 108,000.00</u>	<u>\$ 208,000.00</u>
Fund Balance	<u>\$ 103,694.61</u>	<u>\$ 101,221.94</u>	<u>\$ 16,775.36</u>	<u>\$ 17,095.68</u>	<u>\$ 192,334.15</u>	<u>\$ 193,994.06</u>	<u>\$ 312,804.12</u>	<u>\$ 312,311.68</u>
Total Liabilities and Reserves	<u>\$ 19,653,562.58</u>	<u>\$ 21,098,805.68</u>	<u>\$ 424,267.68</u>	<u>\$ 420,589.87</u>	<u>\$ 19,493,230.63</u>	<u>\$ 19,309,396.08</u>	<u>\$ 39,571,060.89</u>	<u>\$ 40,828,791.63</u>

There were Bonds and Notes Authorized but not Issued of \$1,400,000.00 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, 2016.

ELECTRIC UTILITY CAPITAL FUND

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

	Balance December 31, 2015	Receipts			Disbursements			Transfers		Balance December 31, 2016
		Bond Anticipation Notes	Refunding Bonds Issued	Miscellaneous	Improvement Authorizations	Refunding Bonds	Miscellaneous	From	To	
Fund Balance	\$ 101,221.94			\$ 13,852.67			\$ 11,380.00			\$ 103,694.61
Capital Improvement Fund	138,903.15			20,000.00						158,903.15
Reserve for Encumbrances	152,452.00						166,115.98		\$ 49,331.98	35,668.00
Due to Electric Utility Operating Fund				379.09			379.09			
<u>Ordinance Number</u>										
03-35/06-42	Acquisition and Installation of Electric Meters							\$ 30.83		172,267.29
08-27/08-47	Acquisition of and Improvements to various Capital Equipment							2,364.33		243,503.67
12-28	Improvements to the Radio Communication System				\$ 245.32			45.26		13,144.26
14-05	Various Computer Equipment and Network Upgrades									2,895.63
14-16	Acquisition and Installation of a Standby Generator(s)				500.49			4,251.56		41,034.61
15-11	Refunding Bonds - 2007		\$ 2,415,000.00			\$ 2,415,000.00				
16-12	Improvements to the Willett Avenue Substation	\$ 500,000.00			853.98			42,640.00		456,506.02
		<u>\$ 872,860.34</u>	<u>\$ 500,000.00</u>	<u>\$ 2,415,000.00</u>	<u>\$ 34,231.76</u>	<u>\$ 1,599.79</u>	<u>\$ 2,415,000.00</u>	<u>\$ 177,875.07</u>	<u>\$ 49,331.98</u>	<u>\$ 1,227,617.24</u>

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

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 15,519,956.09
<u>INCREASED BY</u>	
Transferred from Fixed Capital Authorized and Uncompleted	528,948.79
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 16,048,904.88</u>
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)	954,770.39
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	180,000.00
	<u>\$ 16,048,904.88</u>

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

Ordinance Number	Improvement Authorizations	Ordinance		Balance December 31, 2015	Fixed Capital Authorized	Transferred to Fixed Capital	Refunding Bonds Issued	Canceled	Balance December 31, 2016
		Date	Amount						
03-35/ 06-42	Acquisition and Installation of Electric Meters	09/29/03, 12/18/06	\$ 1,950,000.00	\$ 572,298.12		\$ 30.83			\$ 572,267.29
08-27/ 08-47	Acquisition and Installation of Various Equipment	07/14/08 02/23/08	1,200,000.00	771,518.00		528,014.33			243,503.67
12-28	Improvements to the Radio Communication System	10/22/12	360,000.00	13,434.84		290.58			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	545,842.66		613.05			545,229.61
15-11	Refunding Bonds - 2007	04/27/15	2,800,000.00	2,800,000.00			\$ 2,415,000.00	\$ 385,000.00	
16-12	Improvement to the Willett Avenue Substation	08/22/16	1,000,000.00		\$ 1,000,000.00				1,000,000.00
				\$ 4,705,989.25	\$ 1,000,000.00	\$ 528,948.79	\$ 2,415,000.00	\$ 385,000.00	\$ 2,377,040.46

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, 2016</u>		<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Refunding Bonds Issued</u>	<u>Decrease</u>	<u>Balance December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Electric System Improvements	12/1/2007	5,990,000.00	12/1/2017	\$ 425,000.00	4.125%	\$ 3,325,000.00		\$ 2,900,000.00	\$ 425,000.00
Electric Utility Refunding Bonds Series 2016	3/15/2016	2,415,000.00	12/1/2018	\$ 430,000.00	4.000%				
			12/1/2019	455,000.00	4.000%				
			12/1/2020	480,000.00	4.000%				
			12/1/2021	500,000.00	4.000%				
			12/1/2022	525,000.00	4.000%				
							\$ 2,415,000.00	25,000.00	\$ 2,390,000.00
						\$ 3,325,000.00	2,415,000.00	\$ 2,925,000.00	\$ 2,815,000.00
Budget Appropriation							\$ 425,000.00		
Refunded Bond Proceeds							2,500,000.00		
							\$ 2,925,000.00		

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, 2015</u>	<u>Increased by</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2016</u>
03-35/06-42	Acquisition and Installation of Electric Meters	12/23/08				\$ 130,000.00		\$ 130,000.00	
08-27/08-47	Acquisition and Improvements to various Capital Equipment	12/22/09				88,000.00		88,000.00	
12-28	Improvements to the Radio Communication System	12/19/12	12/13/16	12/12/17	2.50%	320,000.00		79,000.00	\$ 241,000.00
14-16	Acquisition and Installation of a Standby Generator(s)	12/16/14	12/13/16	12/12/17	2.50%	400,000.00			400,000.00
16-12	Improvements to the Willett Avenue Substation	12/13/16	12/13/16	12/12/17	2.50%		\$ 500,000.00		500,000.00
						<u>\$ 938,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 297,000.00</u>	<u>\$ 1,141,000.00</u>

[illegible]

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

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 138,903.15
<u>INCREASED BY</u>	
2016 Budget Appropriation	<u>20,000.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 158,903.15</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, 2015</u>	<u>2016 Authorization</u>	<u>Bond Anticipation Notes Issued</u>	<u>Refunding Bonds Issued</u>	<u>Cancellation</u>	<u>Balance December 31, 2016</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
15-11	Refunding Bonds - 2007	2,800,000.00			\$ 2,415,000.00	\$ 385,000.00	
16-12	Improvements to the Willett Avenue Substation		\$ 1,000,000.00	\$ 500,000.00			500,000.00
		<u>\$ 3,700,000.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 2,415,000.00</u>	<u>\$ 385,000.00</u>	<u>\$ 1,400,000.00</u>

PARKING UTILITY CAPITAL FUND

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

		Balance	Receipts	Disbursements		Balance
		December 31,		Improvement		December 31,
		2015	Miscellaneous	Authorizations	Miscellaneous	2016
Fund Balance		\$ 17,095.68	\$ 1,679.68		\$ 2,000.00	\$ 16,775.36
Capital Improvement Fund		19,000.00	2,500.00			21,500.00
Due to/(from) Parking Utility Operating Fund			9.17		9.17	
Ordinance						
<u>Number</u>	<u>Description</u>					
12-20	Parking Lot Improvements and Parking Meters	47,702.20				47,702.20
14-25	Obert Street Parking Lot Improvements	<u>7,706.57</u>	<u>\$</u>	<u>163.26</u>		<u>7,543.31</u>
		<u>\$ 91,504.45</u>	<u>\$ 4,188.85</u>	<u>\$ 163.26</u>	<u>\$ 2,009.17</u>	<u>\$ 93,520.87</u>

Bracketed amounts denote deficit.

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

BALANCE, DECEMBER 31, 2015 \$ 256,378.85

INCREASED BY

Transferred from Fixed Capital Authorized and Uncompleted	\$	163.26	
Adjustment for Budget Expenditure Capital Outlay:			
2015 Appropriation Reserves		1,618.92	
2016 Appropriation		42.47	
		42.47	1,824.65

BALANCE, DECEMBER 31, 2016 \$ 258,203.50

Detail:

Land, Off-Street Parking Facilities	\$	68,975.46	
Meters and Machine		2,200.00	
Obert Street Parking Lot Improvements		177,456.69	
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		42.47	
		42.47	258,203.50
			258,203.50

\$ 258,203.50

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>Amount</u>	<u>Balance December 31, 2015</u>	<u>Decreased by Transferred to Fixed Capital</u>	<u>Balance December 31, 2016</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	<u>22,706.57</u>	\$ <u>163.26</u>	<u>22,543.31</u>
				\$ <u>72,706.57</u>	\$ <u>163.26</u>	\$ <u>72,543.31</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, 2015</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2016</u>
14-25	Obert Street Parking Lot Improvements	12/16/14	12/13/16	12/12/17	2.50%	\$ <u>157,000.00</u>	\$ <u>18,000.00</u>	\$ <u>139,000.00</u>
						\$ <u>157,000.00</u>	\$ <u>18,000.00</u>	\$ <u>139,000.00</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, 2015</u>		<u>Paid or Charged</u>	<u>Balance December 31, 2016</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		\$ 22,706.57	\$ 163.26		\$ 22,543.31
				\$ 47,702.20	\$ 22,706.57	\$ 163.26	\$ 47,702.20	\$ 22,543.31

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

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 19,000.00
<u>INCREASED BY</u>	
2016 Budget Appropriation	<u>2,500.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 21,500.00</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>	Balance December 31, <u>2015</u>	Balance December 31, <u>2016</u>
14-25	Obert Street Parking Lot Improvements	\$ <u>15,000.00</u>	\$ <u>15,000.00</u>
		\$ <u><u>15,000.00</u></u>	\$ <u><u>15,000.00</u></u>

WATER UTILITY CAPITAL FUND

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

		Receipts		Disbursements		Transfers		Balance	
		Balance December 31, 2015	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	December 31, 2016
Fund Balance		\$ 193,994.06		\$ 38,576.09		\$ 40,236.00			\$ 192,334.15
Capital Improvement Fund		201,450.63		20,000.00					221,450.63
Reserve for Encumbrances		2,558.36				147,393.43	\$ 2,256.97	\$ 147,924.85	832.81
Due to/(from) Water Utility Operating Fund				343.18		343.18			
Ordinance Number	Description								
03-18/08-26 08-48/ 10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower	55,428.99			\$ 1,259.28		187.27		53,982.44
03-36/ 06-43	Acquisition and Installation of Water Meters	124,959.15							124,959.15
08-28	Improvements to the Water Treatment Plant	90,190.58			1,178.72		179.44		88,832.42
10-10	Water System Improvements	44,937.93			255.54		3,036.86	2,256.97	43,902.50
12-23	Various Water System Improvements	6,696.28			148.48		6,245.18		302.62
12-28	Improvements to the Radio Communication System	8,957.74			256.86		30.11		8,670.77
14-05	Various Computer Equipment and Network Upgrades	1,930.47							1,930.47
15-19	Various Water Utility Improvements	61,249.55	\$ 100,000.00		23,003.56		138,245.99		
		\$ 792,353.74	\$ 100,000.00	\$ 58,919.27	\$ 26,102.44	\$ 187,972.61	\$ 150,181.82	\$ 150,181.82	\$ 737,197.96

Bracketed amounts denote deficit.

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

BALANCE, DECEMBER 31, 2015 \$ 15,882,341.99

INCREASED BY

Transferred from Fixed Capital Authorized and Uncompleted	\$ 262,246.32	
Adjustment for Budget Expenditure Capital Outlay:		
2016 Appropriation	238,990.33	501,236.65

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

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

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

Detail (Continued):

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	1,792,017.56
Improvements to the Water Treatment Plant	1,411,167.58
Water System Improvements	255,264.69
Various Water System Improvements	199,697.38
Improvements to the Radio Communication System	231,329.23
Various Computer Equipment and Network Upgrades	12,069.53
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
	<u>\$ 16,383,578.64</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>Amount</u>	<u>Balance December 31, 2015</u>	<u>Decreased by Transferred to Fixed Capital</u>	<u>Balance December 31, 2016</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	\$ 79,428.99	\$ 1,446.55	\$ 77,982.44
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	90,190.58	1,358.16	88,832.42
10-10	Water System Improvements	04/26/10	300,000.00	47,496.29	2,760.98	44,735.31
12-23	Various Water System Improvements	08/27/12	200,000.00	6,696.28	6,393.66	302.62
12-28	Improvements to the Radio Communication System	10/22/12	240,000.00	8,957.74	286.97	8,670.77
14-05	Various Computer Equipment and Network Upgrades	03/10/14	14,000.00	1,930.47		1,930.47
15-19	Various Water Utility Improvements	08/10/15	250,000.00	250,000.00	250,000.00	
				<u>\$ 2,634,700.35</u>	<u>\$ 262,246.32</u>	<u>\$ 2,372,454.03</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, 2015</u>	<u>Increased by</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2016</u>
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/22/09	12/13/16	12/12/17	2.50%	\$ 1,010,000.00		\$ 68,000.00	\$ 942,000.00
03-18/08-26/ 08-48/10-18	Resurfacing and Upgrading of the Appleby Water Storage Tower	12/21/10	12/13/16	12/12/17	2.50%	315,000.00		20,000.00	295,000.00
08-28	Improvements to the Water Treatment Plant	12/23/08	12/13/16	12/12/17	2.50%	410,000.00		77,000.00	333,000.00
08-28	Improvements to the Water Treatment Plant	12/22/09	12/13/16	12/12/17	2.50%	860,000.00		35,000.00	825,000.00
10-10	Water System Improvements	12/21/10	12/13/16	12/12/17	2.50%	179,000.00		7,000.00	172,000.00
10-10	Water System Improvements	12/19/12	12/13/16	12/12/17	2.50%	82,000.00		3,000.00	79,000.00
12-23	Water System Improvements	12/18/13	12/13/16	12/12/17	2.50%	150,000.00		4,000.00	146,000.00
12-28	Improvements to the Radio Communication System	12/19/12	12/13/16	12/12/17	2.50%	213,000.00		27,000.00	186,000.00
15-19	Water System Improvements	12/14/15	12/13/16	12/12/17	2.50%	100,000.00			100,000.00
15-19	Water System Improvements	12/13/16	12/13/16	12/12/17	2.50%		\$ 100,000.00		100,000.00
						<u>\$ 3,319,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 241,000.00</u>	<u>\$ 3,178,000.00</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, 2016</u>		<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Decreased by</u>	<u>Balance December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Water System Improvements - State Portion	11/01/00	\$ 2,620,000.00	08/01/17	\$ 180,000.00	5.250%	\$ 940,000.00	\$ 170,000.00	\$ 770,000.00
			08/01/18	190,000.00	5.250%			
			08/01/19	195,000.00	5.250%			
			08/01/20	205,000.00	5.250%			
						<u>\$ 940,000.00</u>	<u>\$ 170,000.00</u>	<u>\$ 770,000.00</u>
Water System Improvements - Federal Portion	11/01/00	\$ 2,637,500.00	02/01/17	12,468.63	-	\$ 167,381.38	\$ 135,180.97	\$ 32,200.41
			08/01/17	19,731.78	-			
						<u>\$ 167,381.38</u>	<u>\$ 135,180.97</u>	<u>\$ 32,200.41</u>
						<u>\$ 1,107,381.38</u>	<u>\$ 305,180.97</u>	<u>\$ 802,200.41</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, 2015</u>		<u>Cancellation of Reserve for Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance December 31, 2016</u>	
		<u>Date</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>			<u>Funded</u>	<u>Unfunded</u>
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		\$ 79,428.99		\$ 1,446.55	\$	77,982.44
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		90,190.58		1,358.16		88,832.42
10-10	Water System Improvements	04/26/10	300,000.00		44,937.93	\$ 2,256.97	3,292.40		43,902.50
12-23	Various Water System Improvements	08/27/12	200,000.00		6,696.28		6,393.66		302.62
12-28	Improvements to the Radio Communication System	10/22/12	240,000.00		8,957.74		286.97		8,670.77
14-05	Various Computer Equipment and Network Upgrades	03/10/14	14,000.00	1,930.47				1,930.47	
15-19	Various Water Utility Improvements	08/10/15	250,000.00		161,249.55		161,249.55		
				<u>\$ 126,889.62</u>	<u>\$ 2,408,461.07</u>	<u>\$ 2,256.97</u>	<u>\$ 174,027.29</u>	<u>\$ 126,889.62</u>	<u>\$ 2,236,690.75</u>

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

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 201,450.63
<u>INCREASED BY</u>	
2016 Budget Appropriation	<u>20,000.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 221,450.63</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, 2015</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance December 31, 2016</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	2,017,000.00		2,017,000.00
15-19	Various Water Utility Improvements	<u>100,000.00</u>	\$ <u>100,000.00</u>	<u> </u>
		\$ <u><u>2,141,000.00</u></u>	\$ <u><u>100,000.00</u></u>	\$ <u><u>2,041,000.00</u></u>

CAPITAL ASSETS ACCOUNT

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

	Balance December 31, 2016	Balance December 31, 2015
General Capital Assets:		
Land	\$ 4,848,616.00	\$ 4,850,116.00
Buildings	9,023,435.00	9,023,435.00
Vehicles	7,732,063.31	7,687,595.83
Equipment	<u>2,073,555.95</u>	<u>1,944,876.96</u>
	<u>\$ 23,677,670.26</u>	<u>\$ 23,506,023.79</u>
Investment in General Capital Assets	<u>\$ 23,677,670.26</u>	<u>\$ 23,506,023.79</u>

STATISTICAL SECTION
(UNAUDITED)

BOROUGH OF SOUTH RIVER
CURRENT FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	\$ 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	\$ 723,678.00
Public Safety	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	4,023,760.00
Public Works	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	1,890,463.00
Utility Expense and Bulk Purchases	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	298,500.00
Land Use	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	35,430.00
Sanitary Landfill	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	475,304.00
Insurance	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	1,436,000.00
Health and Human Services	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	169,325.00
Parks and Recreation	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	386,265.00
Education	446,130.00	430,987.00	437,365.00	449,822.36	480,577.70	561,000.00	561,000.00	558,283.00	570,178.00	530,962.00
Deferred Charges and Statutory Expenditures	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	885,052.00
Grants	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	621,203.90
Capital Improvements	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	327,000.00
Debt Service	2,020,397.00	1,699,816.00	1,896,277.00	1,836,126.00	1,684,043.00	1,637,035.00	1,446,398.00	1,461,686.00	1,412,797.00	1,438,283.00
Sewer	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	992,126.00	914,074.00	770,000.00
Contingent Judgements	500.00	500.00	500.00	500.00	500.00	1,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Reserve for Uncollected Taxes	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	621,797.20
	<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>	<u>\$ 14,635,523.10</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
(UNAUDITED)

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating	\$ 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	\$ 7,142,000.00
Capital Improvements	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	125,000.00
Debt Service	854,500.00	866,721.00	857,316.00	873,793.00	843,414.00	964,538.00	967,691.00	942,402.00	644,503.00	516,000.00
Deferred Charges and Statutory Expenditures	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	122,100.00
Surplus - General Budget	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		689,000.00
Other								4,362.97		
	<u>\$ 14,935,084.00</u>	<u>\$ 14,963,125.00</u>	<u>\$ 15,215,265.00</u>	<u>\$ 15,271,426.00</u>	<u>\$ 14,899,390.00</u>	<u>\$ 13,567,116.00</u>	<u>\$ 13,292,641.00</u>	<u>\$ 13,033,015.97</u>	<u>\$ 12,271,618.00</u>	<u>\$ 8,594,100.00</u>

BOROUGH OF SOUTH RIVER
PARKING UTILITY OPERATING FUND
EXPENDITURES BY FUNCTION
FOR THE LAST SIX (6) FISCAL YEAR
(UNAUDITED)

<u>Function</u>	<u>Fiscal Year</u>					
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating	\$ 33,000.00	\$ 29,000.00	\$ 29,000.00	\$ 28,000.00	\$ 27,000.00	\$ 12,650.00
Capital Improvements	6,500.00	9,000.00	14,000.00	15,000.00	8,000.00	
Debt Service	21,500.00	21,000.00				
Deferred Charges and Statutory Expenditures	<u>5,000.00</u>	<u>4,500.00</u>	<u>4,500.00</u>	<u>4,500.00</u>	<u>17,000.00</u>	<u>350.00</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
(UNAUDITED)

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating	\$ 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	\$ 2,125,000.00
Capital Improvements	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	100,000.00
Debt Service	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	537,714.00
Deferred Charges and Statutory Expenditures	185,056.00	176,269.00	182,052.00	175,508.00	155,431.00	223,051.00	125,261.00	137,384.00	107,723.00	77,286.00
Other					0.50			4,312.00		
	<u>\$ 3,806,745.00</u>	<u>\$ 3,871,261.00</u>	<u>\$ 3,766,678.00</u>	<u>\$ 3,651,006.00</u>	<u>\$ 3,584,630.50</u>	<u>\$ 3,584,630.00</u>	<u>\$ 3,496,362.00</u>	<u>\$ 3,200,669.00</u>	<u>\$ 3,192,562.00</u>	<u>\$ 2,840,000.00</u>

BOROUGH OF SOUTH RIVER
CURRENT FUND REVENUES BY SOURCE
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Source	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Surplus Anticipated	\$ 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	\$ 1,425,000.00
Taxes (1)	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	7,108,245.61
Delinquent Taxes	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	471,025.09
Miscellaneous	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	4,074,231.05
State Aid	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	1,210,798.00
Grants	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	611,903.90
Nonbudget Revenues and Other Items	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	705,608.24
	<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>	<u>\$ 15,606,811.89</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
(UNAUDITED)

<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>			
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%
2007	1.626		3.144	0.965	0.115	5.850	98.10%	2.11%

Source: Tax Collector.

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

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Collections</u>
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%
2007	24,964,954.51	24,490,127.33	98.10%

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

<u>Year Ended</u> <u>December 31,</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
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%
2007	55,090.92	469,438.26	524,529.18	2.11%

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

<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>
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
(UNAUDITED)

<u>Taxpayer</u>	<u>Assessed Value - 2016</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
LIT Industrial, LP	\$ 7,266,200	1.76%
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, 2016
(UNAUDITED)

Average Equalized Valuation	\$ <u>1,327,131,990.00</u>
Borrowing Margin - 3½% of Average Equalized Valuation Basis	\$ 46,449,619.65
Net Debt	<u>29,195,623.01</u>
Remaining Borrowing Power	\$ <u>17,253,996.64</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of South River	\$ <u>52,318,385.22</u>	\$ <u>23,122,762.21</u>	\$ 29,195,623.01
Overlapping Debt Apportioned to the Municipality: County of Middlesex (\$512,964,315 at 1.3065%) (1)			<u>6,701,878.78</u>
			\$ <u>35,897,501.79</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
(UNAUDITED)

<u>Year Ended December 31,</u>	<u>Borough Population</u>	<u>Equalized Valuation (3)</u>	<u>Net Debt (4)</u>	<u>Ratio of Net Debt to Equalized Valuation</u>	<u>Net Debt Per Capita</u>
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
2007	15,322 (2)	1,710,536,658.00	27,524,134.73	1.61%	1,796.38

(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
(UNAUDITED)

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Current Fund Governmental Fund Expenditures</u>	<u>Ratio of Debt Service to Current Fund Expenditures</u>
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%
2007	856,095.21	581,187.60	1,437,282.81	14,635,523.10	9.82%

(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
(UNAUDITED)

Cash Receipts from Fees, Rents and Other Charges		\$ 17,823,880.08
Deductions:		
Operating and Maintenance Cost	\$ 10,760,584.00	
Debt Service	<u>841,455.06</u>	
Total Deductions		<u>11,602,039.06</u>
Excess in Revenues		\$ <u><u>6,221,841.02</u></u>

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

Cash Receipts from Fees, Rents and Other Charges		\$	84,444.73
Deductions:			
Operating and Maintenance Cost	\$	38,000.00	
Debt Service		<u>21,165.12</u>	
Total Deductions			<u>59,165.12</u>
Excess/(Deficit) in Revenues		\$	<u>25,279.61</u>

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

Cash Receipts from Fees, Rents and Other Charges		\$ 4,012,749.27
Deductions:		
Operating and Maintenance Cost	\$ 2,825,056.00	
Debt Service	<u>570,551.15</u>	
Total Deductions		<u>3,395,607.15</u>
Excess in Revenues		\$ <u><u>617,142.12</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>
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
2007	15,322 (2)	5.8%	4,410	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, 2016
(UNAUDITED)

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.

SINGLE AUDIT SECTION

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Borough of South River ("Borough"), compliance with the types of compliance requirements described in *the Uniform Guidance* that could have a direct and material effect on each of Borough's major federal programs for the year ended December 31, 2016. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedules of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, the Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of the Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements – regulatory basis financial statements consisting of the activities of the Borough as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements. We issued our report thereon dated June 30, 2017 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
June 30, 2017

BOROUGH OF SOUTH RIVER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

<u>Federal Grantor/Program Title</u>	<u>State Account Number</u>	<u>Grant Period</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Current Year</u>	
					<u>Program Receipts</u>	<u>Federal Expenditures</u>
General Capital Fund:						
United State Department of Agriculture Community Facilities Program Loan	N/A	01/01/15 - 12/31/17	10.766	\$ 980,000.00	\$ 9,800,000.00	\$ 4,460,080.02
Passed Through County of Middlesex:						
Housing and Community Development HCD:						
Curb Cut Project	N/A	10/01/14 - 09/30/15	14.218	26,647.00	9,854.54	9,854.54
Curb Cut Project	N/A	10/01/12 - 09/30/13	14.218	35,701.00	14,058.35	14,058.35
Curb Cut Project	N/A	10/01/15 - 09/30/16	14.218	37,101.00	81,961.60	82,064.10
					105,874.49	105,976.99
Federal Emergency Management	066-1020-718-001	Ongoing	97.036	5,065.00	5,065.00	5,065.00
Total General Capital Fund					\$ 9,910,939.49	\$ 4,571,122.01
Grant Fund:						
Passed Through County of Middlesex:						
Older American Act Title III:						
Residential Maintenance	046-4275-100-262	01/01/16 - 12/31/16	93.044	\$ 8,020.00	\$ 2,799.00	\$ 7,971.85
Residential Maintenance	046-4275-100-262	01/01/15 - 12/31/15	93.044	4,000.00		58.94
Information and Assistance	046-4275-100-262	01/01/16 - 12/31/16	93.044	5,000.00	5,000.00	5,000.00
Physical	046-4275-100-262	01/01/16 - 12/31/16	93.044	4,800.00	3,403.00	3,403.00
Passed Through State of New Jersey:						
Post Sandy Planning Assistance Grant	022-8022-600-002	01/01/14 - 05/31/15	14.269	49,045.00		49,039.95
Total Grant Fund					\$ 11,202.00	\$ 65,473.74
Total Federal Awards					\$ 9,917,076.49	\$ 4,631,530.75

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

BOROUGH OF SOUTH RIVER
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

1. GENERAL

The accompanying schedule of expenditures of federal awards (Schedule A) includes the federal award of the Borough of South River ("Borough") under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Borough, it is not intended to and does not present the financial position, changes in net position or cash flows of the Borough.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that other than generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's regulatory basis financial statements.

3. BASIS OF PRESENTATION

The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS – REGULATORY BASIS

The accompanying schedule of expenditures of federal awards is presented using the basis of accounting as described in Note 1 for the Borough's financial statements.

5. RELATIONSHIP TO FEDERAL FINANCIAL REPORT

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal financial report.

BOROUGH OF SOUTH RIVER
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

6. DE MINIMIS INDIRECT COST RATE

The Borough has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

7. FEDERAL LOANS OUTSTANDING

The Borough had loan outstanding payable to federal entities at December 31, 2016.

<u>Federal</u>	USEPA:	
	2000 - Drinking Water	\$ 32,200.41
	2000 - Clean Water	59,027.12
	USDA	<u>9,800,000.00</u>
		<u>\$ 9,891,227.53</u>

**BOROUGH OF SOUTH RIVER
COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

MAJOR FEDERAL AWARD PROGRAMS

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified dated
June 30, 2017

Internal control over financial reporting:

1. Material weakness(es) identified? _____ yes X no
2. Significant deficiencies identified that are not
considered to be material weaknesses? _____ yes X none reported

Noncompliance material to basic financial
statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

1. Material weakness(es) identified? _____ yes X no
2. Significant deficiencies identified that are not
considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified dated
June 30, 2017

Any audit findings disclosed that are required to be reported
in accordance with Uniform Guidance _____ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>10.766</u>	<u>Community Facilities Program USDA - Firehouse</u>

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000.00

Auditee qualified as low-risk auditee? _____ Yes X No

BOROUGH OF SOUTH RIVER
COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

Section II - Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

**Section III - Schedule of Federal Awards
Findings and Questioned Costs**

No federal award or state financial assistance findings or questioned costs noted that are required to be reported in accordance with the Uniform Guidance.

BOROUGH OF SOUTH RIVER
COUNTY OF MIDDLESEX, NEW JERSEY
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

FOR THE YEAR ENDED DECEMBER 31, 2015:

There were no findings for the year ended January 31, 2015.

AUDITOR'S COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2016

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

N.J.S. 40A:11-4 states "every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500.00, due to the absence of a Qualified Purchasing Agent (QPA), except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Re-Chassis and Refurbishment of	Property Maintenance
an Emergency Medical Vehicle	Utility Billing Services
Lights and Lighting Fixtures	Kitchen Equipment
Willet Ave Electrical Substation	Vehicle Exhaust System
Preventative Maintenance	SCBA Equipment
Improvements to Mageria Street	Training/Day Room
Improvements to Montgomery Street	Gear Lockers

In addition, the following items were purchased under State Contract:

Automotive Gasoline	Various Firefighter Equipment & Supplies
Fuel Oil	Police Protective Clothing & Equipment
Tires	Vehicle Maintenance
Police Vehicles (3)	Wireless Service
Firefighter Equipment & Supplies	Turnset Gear
Shelving and Work Bench	Code Enforcement Vehicles

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2016

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

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.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "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 or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

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 and assessments on or before the date when they would become delinquent.

The Borough, on January 1, 2016, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, it is advisable that taxes and other assessments be paid promptly so to enable the Borough to meet its obligations as they fall due and payable; and

WHEREAS, N.J.S.A. 40A:54-5-67, as amended, permits a municipality to charge interest on delinquent taxes and assessments; and

WHEREAS, the Borough Council has decided that such stated interest rate shall prevail for 2014, as set forth in said Statute, be charged on any such delinquent taxes and/or assessments; and

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2016

Collection of Interest on Delinquent Taxes and Assessments (Continued)

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Borough Council of the Borough of South River in the County of Middlesex, New Jersey, that the following interest rates shall be charged:

8% per annum on the first \$1,500.00 of such delinquency;
18% per annum on any amount in excess of said \$1,500.00; and

BE IT FURTHER RESOLVED that a penalty of 6% of the amount of the delinquency with interest included, shall be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay said delinquency prior to the end of the year.

BE IT FURTHER RESOLVED that the Tax Collector of the Borough of South River is hereby authorized to allow a ten (10) day grace period (taxes are due quarterly - February 1st, May 1st, August 1st and November 1st) and if unpaid within the ten (10) days after these dates, the account becomes delinquent and subject from the due date at the interest rate above mentioned.

It appears, from an examination of the Tax Collector's records, that interest was collected in accordance with the foregoing ordinance for delinquent taxes.

Delinquent Taxes and Tax Title Liens

The detail of all unpaid taxes for 2016 is being properly carried in the Tax Collector's records. An abstract taken from these records as at December 31, 2016, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report. The detail of unpaid prior year's taxes and tax title liens is being properly carried in the Tax Collector's records.

The last tax sale was held on October 20, 2016 and was complete with respect to taxes.

The following comparison is made of the number of tax title liens receivable on December 31st of the last three (3) years:

<u>Year</u>	<u>Number of Liens</u>		
	<u>Tax</u>	<u>Water</u>	<u>Electric</u>
2016	22	6	6
2015	18	5	5
2014	19	6	5

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2016

Delinquent Electric and Water Utility Rents

The Borough contracts with a private independent service company to handle the billing, collection and inquiry phase of the Borough's two (2) utilities.

Outside Service – Internal Procedures

The Borough's outside service for Utility billings and collections is required to file a "Report on Description of the Organization's System and the Suitability of the Design and Operating Effectiveness of Controls for the billing processing system in accordance with Statement on Standards for Attestation Engagements (SSAE #16)". The new company did not provide the required SSAE#16 report on these controls; however, did provide the Borough with SSAE#16 report for the company they subcontract with to handle all the mailed in deposits for processing. The Borough should determine the adequacy of the report for future use.

Water Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Combined Comparative Statement of Assets, Liabilities, Reserves and Fund Balance (Exhibit E-1) have been proven to the detail as maintained by the outside service for utility billings and collections on file in the Water Utility Collector's office.

Electric Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Combined Comparative Statement of Assets, Liabilities, Reserves and Fund Balance (Exhibit E-1) have been proven to the detail as maintained by the outside service for utility billings and collections on file in the Electric Utility Collector's office.

Parking Utility

The Parking Utility personnel collect coins from the meters and also sell monthly permits for parking spots.

OTHER COMMENTS
DECEMBER 31, 2016

Cash Balances

The cash balances in all funds were verified by independent certifications obtained from the depositories as of December 31, 2016 and May 31, 2017 in connection with the supplemental reconciliations.

Cash counts were made at various dates in all departments of the Borough and bank balances were independently reconciled to the books and records or to such schedules of receipts and disbursements provided for audit.

Revenues

Receipts from licenses, fees, fines and costs, etc., for major departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary.

Expenditures

The vouchers for all funds were examined to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute. Our examination of expenditures revealed for the most part, compliance with procedures and requirements have been adhered to.

Payroll

An examination was made of the employees' compensation records for the year 2016 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance.

Our examination of payroll did not cover verification of the validity and reasonableness of the allocation of salaries for individuals whose job encompasses activities that relate to more than one of the Borough's operating funds or Departments. The allocation of salaries for individuals whose duties encompass more than one fund or appropriation is done at the sole discretion of the management of the Borough. It is proper and legal to allocate salaries amongst funds as long as the duties of the individuals relate to the costs charged to the fund or appropriation.

The Borough utilizes an outside vendor as a service bureau for the processing and transmitting of the Borough's net payroll and payroll (withholding) agencies. On file at the Borough is the Service Organization Control (SOC 1) Report – Payroll Service in accordance with SSAE #16.

OTHER COMMENTS (CONTINUED)
DECEMBER 31, 2016

Miscellaneous Comments

Interfunds Receivable/Payable

There is one interfund receivable/payable which relates to the Grant Fund which is caused by the Fund not having a checking account requiring the activity to be accounted for in the Current Fund.

Reserves

Reserves, unexpended appropriations and improvements authorizations in all funds (including the grant fund) should be reviewed on an ongoing basis for utilization, refund to the funding source or cancellation to the appropriate fund balance.

Surety Bonds

Surety Bonds were tested as part of our normal annual audit procedures. The Surety Bonds for the Tax Collector, Municipal Court Employees and Chief Financial Officer were tested for adequacy and deemed to be sufficient.

Technical Directives – State of New Jersey

The general ledger for 2016 was maintained in accordance with acceptable accounting control standards.

A complete encumbrance system for budgetary purposes was maintained during 2016.

A fixed assets detail was maintained in 2016.

Construction Code Official

Our examination of the Uniform Construction Code Annual Report revealed the revenues for 2016 in accordance with the report were \$248,044.00 and expenditures were \$247,478.85. The revenue and expenditures should be reviewed annually for sufficiency.

Local School District Taxes

The payment made and amount due to the Local School District as of December 31, 2016 was verified by the School Board Secretary.

OTHER COMMENTS (CONTINUED)
DECEMBER 31, 2016

Miscellaneous Comments (Continued)

Free Public Library

The Borough collects the annual municipal tax levy and appropriates the maintenance of the Free Public Library. The Borough charges the library appropriations for expenditures such as payroll and benefits on behalf of the Library and remits the balance periodically to the Library Board of Trustees. The audit report for the Borough of South River Free Public Library as of December 31, 2015 was also prepared and the December 31, 2016 was in process.

Length of Service Awards Program

The Borough by referendum authorized a Length of Service Awards Program (LOSAP) which is accounted for in a separate and distinct fund from the Borough. A separate Accountant's Review Report has been prepared for its operations as of December 31, 2016.

Financial Procedure Review

It is suggested that for all financial processes within each department and for every borough function related to finance that a review, updating and documentation of all procedures be done in order to be in compliance with recent accounting and auditing requirements related to internal control. It is essential to the operation of an entity the size of the Borough that compliance with the procedures be emphasized and adhered in order to avoid errors, misunderstandings, assist in periods of employee turnovers provide an early warning system for defalcation and also to keep pace with the ongoing technology change in the business environment.

Appreciation

I desire to express my appreciation for the cooperation received from the Borough Officials and Employees and the courtesies extended to us during the course of the audit.

A formal exit conference, in accordance with audit requirements generally accepted in the United States of America, has been held on the contents of this audit with the appropriate Borough Officials.

Corrective Action Plan

A corrective action plan was not required for the 2015 audit since there were no recommendations and no plan of action is required for 2016 as a similar condition exists.

RECOMMENDATIONS
DECEMBER 31, 2016

None.

The problems and weaknesses noted in my audit were not of such a magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Gerard Stankiewicz". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431

For the Firm
SAMUEL KLEIN AND COMPANY