

TOWNSHIP OF BERLIN

COUNTY OF CAMDEN

REPORT OF AUDIT

FOR THE YEAR 2016



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TOWNSHIP OF BERLIN

PART 1

REPORT OF AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR 2016

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Berlin
West Berlin, New Jersey 08091

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Berlin, in the County of Camden, State of New Jersey, as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

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

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

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2017 on our consideration of the Township of Berlin, in the County of Camden, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Berlin's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 22, 2017

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Berlin
West Berlin, New Jersey 08091

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of Berlin, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 22, 2017. That report indicated that the Township of Berlin's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Berlin'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 Township of Berlin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Berlin's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Berlin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 22, 2017

TOWNSHIP OF BERLIN
CURRENT FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
 As of December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Current Fund:			
Cash--Treasurer	SA-1	\$ 4,197,251.23	\$ 3,465,469.76
Cash--Change Funds	SA-3	250.00	250.00
		<u>4,197,501.23</u>	<u>3,465,719.76</u>
Receivables and Other Assets			
with Full Reserves:			
Tax Title Liens Receivable	SA-5	15,162.44	395,181.88
Property Acquired for Taxes at Assessed Valuation	SA-13	2,098,500.00	300,000.00
Delinquent Property Taxes Receivable	SA-6	562,537.03	642,982.60
Revenue Accounts Receivable	SA-7	12,203.40	10,305.98
Property Maintenance Liens Receivable	SA-18	9,940.00	1,570.00
Due from Township of Berlin Fire District No. 1	SA-1	13,800.02	
Due from Trust -- Other Fund	SB-2	230.14	101.98
Due from General Capital Fund	SC-3	78.28	42.65
Due from Federal and State Grant Fund	A	100,580.12	32,255.30
		<u>2,813,031.43</u>	<u>1,382,440.39</u>
Deferred Charges:			
Special Emergency Appropriation (40A:4-55)	SA-19	100,000.00	125,000.00
		<u>7,110,532.66</u>	<u>4,973,160.15</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	SA-20	390,041.20	381,247.29
		<u>\$ 7,500,573.86</u>	<u>\$ 5,354,407.44</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3; SA-8	\$ 792,951.63	\$ 442,750.44
Reserve for Encumbrances	A-3; SA-8	91,678.56	128,430.12
Prepaid Taxes	SA-9	214,556.40	176,173.70
Due to Open Space Trust Fund	SA-17	2,007.87	
Due County Added and Omitted Taxes	SA-12	92,894.47	34,302.97
Due State of NJ -- Senior Citizen and Veteran Deductions	SA-4	1,232.44	1,894.11
Due State of NJ -- State Training Fees	SA-10	2,912.00	4,334.00
Due State of NJ -- Marriage License Fees	SA-11	200.00	100.00
Due to Borough of Berlin	SA-1		357.50
Reserve for Developers Agreement	A-2		150,000.00
Reserve for Reassessment	SA-1	12,969.04	86,211.40
		<u>1,211,402.41</u>	<u>1,024,554.24</u>
Reserve for Receivables and Other Assets	A	2,813,031.43	1,382,440.39
Fund Balance	A-1	3,086,098.82	2,566,165.52
		<u>7,110,532.66</u>	<u>4,973,160.15</u>
Federal and State Grant Fund:			
Due to Current Fund	A	100,580.12	32,255.30
Reserve for Federal and State Grants--Appropriated	SA-22	289,461.08	348,991.99
		<u>390,041.20</u>	<u>381,247.29</u>
		<u>\$ 7,500,573.86</u>	<u>\$ 5,354,407.44</u>

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

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

	<u>2016</u>	<u>2015</u>
<u>Revenue and Other</u>		
<u>Income Realized</u>		
Fund Balance Utilized	\$ 1,280,000.00	\$ 1,150,000.00
Miscellaneous Revenue Anticipated	2,526,682.20	2,337,612.44
Receipts from Delinquent Taxes and Tax Title Liens	632,877.59	428,539.65
Revenue from Current Taxes	20,481,796.55	20,023,159.63
Non-Budget Revenue	214,355.97	142,036.30
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	430,643.86	378,823.95
Liquidation of Reserves for:		
Due from Trust--Other Funds		7,893.64
Due from General Capital Fund		19,985.30
Due from Federal and State Grant Fund		58,954.43
	<hr/>	<hr/>
Total Income	25,566,356.17	24,547,005.34
	<hr/>	<hr/>
<u>Expenditures</u>		
Budget and Emergency Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	3,183,800.00	3,058,100.00
Other Expenses	3,477,955.00	3,361,531.00
Deferred Charges and Statutory Expenditures	799,617.00	735,850.00
Excluded from "CAPS":		
Operations:		
Salaries and Wages	68,349.99	63,409.52
Other Expenses	80,928.38	285,080.05
Capital Improvements	265,000.00	315,000.00
Municipal Debt Service	1,491,725.35	1,505,971.51
Deferred Charges	25,000.00	
County Taxes	4,920,338.91	4,999,342.13
Local District School Taxes	8,526,691.00	8,494,629.00
Fire District Taxes	499,600.00	494,500.00
Due County of Added and Omitted Taxes	92,894.47	34,302.97
Municipal Open Space Taxes	230,039.14	142,880.88
Other Debits to Expenditures		
Prior Year Senior and Veteran Deductions Disallowed	2,500.00	1,000.00
Refund of Prior Year Revenue	19,695.00	20.00
Creation of Reserves for:		
Due from Township of Berlin Fire District No. 1	13,800.02	
Due from General Capital Fund	35.63	
Due from Federal and State Grant Fund	68,324.82	
Due from Trust -- Other Fund	128.16	
	<hr/>	<hr/>
Total Expenditures	23,766,422.87	23,491,617.06
	<hr/>	<hr/>
Excess in Revenue	1,799,933.30	1,055,388.28
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budget of		
Succeeding Year	<hr/> -	125,000.00
Statutory Excess to Fund Balance	1,799,933.30	1,180,388.28
<u>Fund Balance</u>		
Balance January 1	<hr/> 2,566,165.52	<hr/> 2,535,777.24
	4,366,098.82	3,716,165.52
Decreased by:		
Utilized as Revenue	<hr/> 1,280,000.00	<hr/> 1,150,000.00
Balance December 31	<hr/> <u>\$ 3,086,098.82</u>	<hr/> <u>\$ 2,566,165.52</u>

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

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

	<u>Budget</u>	<u>Anticipated</u> Special N.J.S. <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Fund Balance Anticipated	\$ 1,280,000.00	-	\$ 1,280,000.00	-
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	3,700.00		4,266.00	\$ 566.00
Other	51,300.00		59,724.00	8,424.00
Fees and Permits - Other	36,300.00		235,960.00	199,660.00
Municipal Court - Fines and Costs	181,000.00		150,835.25	(30,164.75)
Interest and Cost on Taxes	75,000.00		125,972.92	50,972.92
Interest on Investments and Deposits	2,000.00		1,982.22	(17.78)
Franchise Taxes--Cable TV	73,000.00		75,862.77	2,862.77
Energy Receipts Tax	1,287,847.00		1,287,847.00	
Dedicated Uniform Construction Code Fees offset with Appropriations (N.J.S. 40A:4-36 and N.J.A.C.5:23-23-4.17):				
Uniform Construction Code Fees	150,000.00		250,992.00	100,992.00
Public and Private Programs Off-Set with Appropriations:				
Drunk Driving Enforcement Fund		\$ 1,970.89	1,970.89	
Community Development Block Grant - Year 38		21,000.00	21,000.00	
Clean Communities Program		15,279.10	15,279.10	
Click It or Ticket		5,000.00	5,000.00	
DWI Enforcement Sobriety Checkpoint		2,000.00	2,000.00	
Body Armor Replacement Grant		1,863.38	1,863.38	
Bulletproof Vest Partnership Grant		1,860.00	1,860.00	
Drive Sober or Get Pulled Over		5,000.00	5,000.00	
Special Items of General Revenue Anticipated with Prior Written Consent of Local Government Services:				
Utility Operating Surplus of Prior Year	74,000.00		74,000.00	
Reserve for Developer's Agreement	150,000.00		150,000.00	
Reserve for Developer's Contribution	55,266.67		55,266.67	
Total Miscellaneous Revenues	2,139,413.67	53,973.37	2,526,682.20	333,295.16
Receipts From Delinquent Taxes	340,000.00	-	632,877.59	292,877.59
Amount to be Raised by Taxes for Support of Municipal Budget Including Reserve for Uncollected Taxes	6,525,963.01	-	7,113,932.71	587,969.70
Subtotal General Revenues	9,005,376.68	53,973.37	10,273,492.50	1,214,142.45
Budget Totals	10,285,376.68	53,973.37	11,553,492.50	1,214,142.45
Non-Budget Revenues	-	-	214,355.97	214,355.97
	<u>\$ 10,285,376.68</u>	<u>\$ 53,973.37</u>	<u>\$ 11,767,848.47</u>	<u>\$ 1,428,498.42</u>

(Continued)

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$ 20,481,796.55
Allocated to Local School, Regional School, County, Special District and Municipal Open Space Taxes	<u>14,269,563.52</u>
Balance for Support of Municipal Budget Appropriations	6,212,233.03
Add: Appropriation "Reserve for Uncollected Taxes"	<u>901,699.68</u>

Amount for Support of Municipal Budget Appropriations	<u><u>\$ 7,113,932.71</u></u>
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Receipts from Delinquent Taxes:

Receipts:	
Delinquent Tax Collection:	<u><u>\$ 632,877.59</u></u>

Fees and Permits--Other:

Improvement Searches	\$ 10.00
Police	3,308.00
Municipal Clerk	167,805.00
Animal Control Permits	60.00
Registrar of Vital Statistics	2,360.00
Planning Board	1,850.00
Continued Certificate of Occupancy	4,140.00
Zoning Board	56,257.00
Tax Search Fees	<u>170.00</u>
	<u><u>\$ 235,960.00</u></u>

Analysis of Non-Budget Revenue

Miscellaneous Revenue not Anticipated:

Tax Collector:		
Property Maintenance Lien Principal		\$ 11,075.00
Treasurer:		
Police Outside Services	\$ 15,373.75	
Photocopy Fees	2,750.09	
Library Sales and Fees	649.64	
NJ MVC Inspection Fees	500.00	
Engineering Services	44,427.11	
Entertainment Fee	37,055.03	
Marriage Fees	3,100.00	
Senior Citizen and Veteran Administrative Fee	1,241.62	
Homestead Rebate Administrative Fee	364.20	
FEMA Reimbursement	67,662.46	
Miscellaneous	13,324.46	
Payments In Lieu of Taxes - Taunton Run	16,807.50	
Refund of Prior Year Expenditures	<u>25.11</u>	
		<u>203,280.97</u>
		<u><u>\$ 214,355.97</u></u>

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

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

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS--WITHIN "CAPS"						
General Government						
Mayor and Council						
Salaries and Wages	\$ 58,500.00	\$ 58,500.00	\$ 58,472.70	\$	27.30	
Other Expenses	27,900.00	27,900.00	19,202.26	6,697.15	2,000.59	
Financial Administration						
Salaries and Wages	103,100.00	103,100.00	86,337.42		16,762.58	
Other Expenses	15,600.00	17,600.00	16,005.57	1,058.60	535.83	
Tax Assessment Administration						
Salaries and Wages	20,400.00	20,500.00	20,400.12		99.88	
Other Expenses	5,950.00	3,950.00	1,439.57		2,510.43	
Revenue Administration						
Salaries and Wages	70,300.00	70,300.00	70,227.04		72.96	
Other Expenses	16,700.00	16,700.00	13,178.24		3,521.76	
Township Clerk						
Salaries and Wages	98,300.00	98,300.00	98,158.45		141.55	
Other Expenses	42,100.00	58,100.00	32,191.85	7,573.80	18,334.35	
Legal Services and Costs						
Other Expenses	86,000.00	86,000.00	66,557.79	1,955.00	17,487.21	
Municipal Prosecutor						
Salaries and Wages	13,700.00	13,700.00	13,637.00		63.00	
Other Expenses	500.00	500.00			500.00	
Engineering Services and Costs						
Salaries and Wages	154,800.00	154,800.00	97,733.95		57,066.05	
Other Expenses	14,550.00	14,550.00	7,167.35	538.02	6,844.63	
Public Buildings and Grounds						
Salaries and Wages	44,500.00	45,000.00	44,780.85		219.15	
Other Expenses	37,575.00	39,575.00	33,131.54	3,794.46	2,649.00	
Audit Services						
Other Expenses	36,600.00	36,600.00	35,861.20		738.80	
Municipal Land Use Law (N.J.S.40:55D-1)						
Planning Board	14,400.00	14,400.00	14,339.26		60.74	
Other Expenses	10,000.00	8,000.00	6,500.04		1,499.96	

(Continued)

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

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
OPERATIONS--WITHIN "CAPS" (CONT'D)						
General Government (Cont'd)						
Insurance						
Health Benefit Waiver -- Opt Out	\$ 39,200.00	\$ 39,200.00	\$ 31,407.18		\$ 7,792.82	
Liability Insurance	255,000.00	205,000.00	183,809.24		21,190.76	
Workers Compensation Insurance	138,000.00	118,000.00	107,053.44		10,946.56	
Group Insurance	1,702,370.00	1,702,370.00	1,545,827.81		156,542.19	
Unemployment Compensation Insurance	14,000.00	16,000.00	13,522.34		2,477.66	
Municipal Court						
Salaries and Wages	119,000.00	119,500.00	119,248.94		251.06	
Other Expenses	51,900.00	56,900.00	47,984.74	\$ 571.62	8,343.64	
Public Defender						
Other Expenses	500.00	500.00			500.00	
Public Safety						
Police						
Salaries and Wages	1,692,800.00	1,722,300.00	1,676,027.68		46,272.32	
Other Expenses	117,800.00	130,800.00	97,132.33	12,636.03	21,031.64	
Office of Emergency Management						
Salaries and Wages	2,100.00	2,100.00	2,081.04		18.96	
Other Expenses	1,400.00	1,400.00	977.70		422.30	
Ambulance Association						
Other Expenses	34,000.00	34,000.00	32,588.81		1,411.19	
Streets and Roads						
Road Repairs and Maintenance						
Salaries and Wages	69,600.00	49,600.00	24,818.28		24,781.72	
Other Expenses	25,800.00	55,800.00	30,834.06	169.06	24,796.88	
Solid Waste Collection						
Salaries and Wages	478,900.00	438,900.00	414,866.64		24,033.36	
Other Expenses	12,900.00	12,900.00	5,603.49	339.17	6,957.34	
Vehicle Maintenance						
Salaries and Wages	68,800.00	68,800.00	67,272.73		1,527.27	
Other Expenses	114,250.00	124,250.00	90,530.71	2,874.53	30,844.76	
Traffic Signal Monitoring System						
Other Expenses	54,600.00	40,600.00			40,600.00	

(Continued)

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

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>Health and Welfare</u>						
Board of Health						
Salaries and Wages	\$ 4,800.00	\$ 4,800.00	\$ 4,780.10			19.90
Other Expenses	500.00	500.00				500.00
<u>Recreation and Education</u>						
Recreation Services and Programs						
Salaries and Wages	5,200.00	5,200.00				5,200.00
Other Expenses	5,200.00	5,200.00				5,200.00
Maintenance of Parks						
Other Expenses	36,100.00	36,100.00	20,514.31	273.34	15,312.35	
Expense of Participation in Free County Library						
Salaries and Wages	25,500.00	26,400.00	25,714.86		685.14	
Other Expenses	9,360.00	9,360.00	5,333.72	1,684.90	2,341.38	
Celebration of Public Events, Anniversary or Holiday						
Other Expenses	9,100.00	9,100.00	6,419.46		2,680.54	
Uniform Construction Code -						
Appropriations Offset by Dedicated						
Revenues (N.J.A.C. 5:23-4.17)						
Construction Office						
Salaries and Wages	96,100.00	96,100.00	95,986.80		113.20	
Other Expenses	33,400.00	34,400.00	30,883.96		3,516.04	
Code Enforcement						
Salaries and Wages	21,200.00	21,700.00	21,422.14		277.86	
Other Expenses	1,000.00	1,000.00	243.70		756.30	

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

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS--WITHIN "CAPS" (CONT'D)</u>						
<u>Unclassified</u>						
Utilities:						
Telephone	\$ 30,000.00	\$ 30,000.00	\$ 20,317.04	\$ 2,415.65	\$ 7,267.31	
Street Lighting	105,000.00	115,000.00	96,015.44	11,847.67	7,136.89	
Electricity and Natural Gas	117,900.00	117,900.00	81,520.85	12,000.00	24,379.15	
Water	5,000.00	5,000.00	3,742.60		1,257.40	
Petroleum Products	95,000.00	80,000.00	23,498.25	10,293.69	46,208.06	
Sewerage	6,200.00	6,200.00	5,632.75		567.25	
Telecommunications	3,800.00	5,800.00	3,538.99		2,261.01	
Landfill/Solid Waste Disposal	200,000.00	200,000.00	169,867.34	14,289.62	15,843.04	
Accumulated Sick leave Compensation	1,000.00	25,000.00	25,000.00			
Total Operations--Within "CAPS"	6,675,755.00	6,661,755.00	5,867,341.67	91,012.31	703,401.02	-
Detail:						
Salaries and Wages	3,187,800.00	3,183,800.00	2,998,373.92		185,426.08	
Other Expenses	3,487,955.00	3,477,955.00	2,868,967.75	91,012.31	517,974.94	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES--MUNICIPAL--WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	186,045.00	188,045.00	187,092.90		952.10	
Police and Fireman's Retirement System	354,572.00	359,572.00	358,832.55		739.45	
Social Security System (O.A.S.I.)	240,000.00	245,000.00	207,885.36		37,114.64	
Defined Contribution Retirement Plan	5,000.00	7,000.00	5,775.14	125.74	1,099.12	
Total Deferred Charges and Statutory Expenditures--Municipal--Within "CAPS"	785,617.00	799,617.00	759,585.95	125.74	39,905.31	-
Total General Appropriations for Municipal Purposes--Within "CAPS"	7,461,372.00	7,461,372.00	6,626,927.62	91,138.05	743,306.33	-

(Continued)

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

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Solid Waste Disposal	\$ 7,500.00	\$ 7,500.00	\$ 6,233.85	\$ 540.51	\$ 725.64	
Recycling Tax	27,630.00	27,630.00	27,630.00			
Employee Group Health Insurance (P.L. 2007, C.62)						
Storm Water Management	41,100.00	41,100.00	207.68		40,892.32	
Salary and Wages	19,075.00	19,075.00	11,047.66		8,027.34	
Other Expenses						
<u>Public and Private Programs Off-Set by Revenues</u>						
Clean Communities Program						
Salaries and Wages (40A:4-87 \$15,279.10)		15,279.10	15,279.10			
Drive Sober or Get Pulled Over Grant		5,000.00	5,000.00			
Salaries and Wages (40A:4-87 \$5,000.00)						
Click It or Ticket						
Salaries and Wages (40A:4-87 \$5,000.00)		5,000.00	5,000.00			
Drunk Driving Enforcement Grant						
Salaries and Wages (40A:4-87 \$1,970.89)		1,970.89	1,970.89			
Community Development Block Grant - Year 38						
Other Expenses (40A:4-87 \$21,000.00)		21,000.00	21,000.00			
Bulletproof Vest Partnership Grant						
Other Expenses (40A:4-87 \$1,860.00)		1,860.00	1,860.00			
DWI Enforcement Sobriety Checkpoint						
Other Expenses (40A:4-87 \$2,000.00)		2,000.00	2,000.00			
Body Armor Replacement Grant						
Other Expenses (40A:4-87 \$1,863.38)		1,863.38	1,863.38			
Total Operations--Excluded from "CAPS"	95,305.00	149,278.37	99,092.56	540.51	49,645.30	-
Detail:						
Salaries and Wages	41,100.00	68,349.99	27,457.67		40,892.32	
Other Expenses	54,205.00	80,928.38	71,634.89	540.51	8,752.98	

(Continued)

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

	Appropriations		Expended		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	
<u>CAPITAL IMPROVEMENTS--EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 265,000.00	\$ 265,000.00	\$ 265,000.00	-	-
<u>MUNICIPAL DEBT SERVICE--EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	980,000.00	980,000.00	980,000.00		\$ 45,000.00
Payment of Bond Anticipation Notes and Capital Notes	45,000.00	45,000.00			175.00
Interest on Bonds	507,000.00	507,000.00	506,825.00		99.65
Interest on Notes	5,000.00	5,000.00	4,900.35		
Total Municipal Debt Service-- Excluded from "CAPS"	1,537,000.00	1,537,000.00	1,491,725.35	-	45,274.65
<u>DEFERRED CHARGES EXCLUDED FROM "CAPS"</u>					
Special Emergency Appropriation - 5 Years(N.J.S.40A:4-55)	25,000.00	25,000.00	25,000.00	-	-
Total General Appropriations for Municipal Purposes--Excluded from "CAPS"	1,922,305.00	1,976,278.37	1,880,817.91	\$ 540.51	\$ 49,645.30
Subtotal General Appropriations	9,383,677.00	9,437,650.37	8,507,745.53	91,678.56	792,951.63
Reserve for Uncollected Taxes	901,699.68	901,699.68	901,699.68	-	-
Appropriation by 40A:4-87 Budget as Adopted	\$ 10,285,376.68	\$ 10,339,350.05	\$ 9,409,445.21	\$ 91,678.56	\$ 792,951.63
	\$ 53,973.37				
	10,285,376.68				
	\$ 10,339,350.05				
Reserve for Uncollected Taxes			\$ 901,699.68		
Reserve for Federal and State Grant Funds -- Appropriated			53,973.37		
Deferred Charges -- Special Emergency Appropriations:			25,000.00		
Reserve for Reassessment of Real Property			(415,117.95)		
Refunds			8,843,890.11		
Disbursed			\$ 9,409,445.21		

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

TOWNSHIP OF BERLIN
TRUST FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
 As of December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash	SB-1	\$ 6,038.00	\$ 4,127.01
Other Funds:			
Cash--Treasurer	SB-1	1,066,577.24	1,098,038.74
Municipal Open Space Fund:			
Cash	SB-1	134,324.83	62,031.88
Due from General Capital Fund	SC-6	2,653.58	2,653.08
Due from Current Fund	B-2	2,007.87	
		<u>138,986.28</u>	<u>64,684.96</u>
		<u>\$ 1,211,601.52</u>	<u>\$ 1,166,850.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	SB-3	\$ 5,638.00	\$ 4,113.81
Accounts Payable	SB-3	400.00	
Due to State Board of Health	SB-4		13.20
		<u>6,038.00</u>	<u>4,127.01</u>
Other Funds:			
Due to Sewer Operating	B	4.20	4.20
Due to Current Fund	SB-2	230.14	101.98
Reserve for Escrow Deposits	SB-5	478,357.08	518,007.02
Reserve for New Jersey Unemployment Compensation Insurance	SB-5	97,851.82	85,220.29
Reserve for Recycling Program	SB-5	49,545.98	46,743.70
Reserve for Accumulated Sick Leave	SB-5	151,197.52	126,108.72
Reserve for Redemption of Tax Sale Certificates	SB-5	1.00	21,379.16
Reserve for Premium on Tax Sale	SB-5	131,400.00	154,800.00
Reserve for Parking Offenses Adjudication Act	SB-5	1,072.00	1,004.00
Reserve for Municipal Law Enforcement Program Expenditures	SB-5	25,521.57	18,564.04
Reserve for Township Rehabilitation	SB-5	13,457.47	20,046.44
Reserve for Municipal Public Defender Fees	SB-5	1,958.68	2,467.18
Reserve for Municipal Alcohol and Drug Alliance Program	SB-5	0.37	0.37
Reserve for Storm Recovery	SB-5	64,703.99	47,505.65
Reserve for NPP - Bench Program & Old West Berlin Association	SB-5	659.38	659.14
Reserve for John J. McPeak Library	SB-5	564.68	64.53
Reserve for Berlin Township Police Department	SB-5	2,348.15	3,798.13
Reserve for Flexible Benefits Plan	SB-5	2,266.89	2,688.87
Reserve for Recreation	SB-5	3,505.91	6,371.00
Accounts Payable	SB-5	13,601.20	14,054.07
Payroll Deductions Payable	SB-6	28,329.21	28,450.25
		<u>1,066,577.24</u>	<u>1,098,038.74</u>
Municipal Open Space Fund:			
Reserve for Future Use	B-1	138,986.28	64,684.96
		<u>\$ 1,211,601.52</u>	<u>\$ 1,166,850.71</u>

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

TOWNSHIP OF BERLIN
TRUST -- MUNICIPAL OPEN SPACE FUND
Statements of Operations and Changes in Reserve for Future Use --Regulatory Basis
For the Years Ended December 31, 2016 and 2015

<u>Revenue and Other</u>		
<u>Income Realized</u>	<u>2016</u>	<u>2015</u>
Reserve for Future Use		\$ 8,430.00
Amount to be Raised by Taxation	\$ 230,039.14	142,880.88
Non-Budget Revenues	4.96	3.17
Total Income	<u>230,044.10</u>	<u>151,314.05</u>
<u>Expenditures</u>		
Operating	140,196.98	134,334.52
Debt Service	<u>15,545.80</u>	<u>15,545.80</u>
Total Expenditures	<u>155,742.78</u>	<u>149,880.32</u>
Excess (Deficit) in Revenue	<u>74,301.32</u>	<u>1,433.73</u>
Statutory Excess to Reserve	74,301.32	1,433.73
<u>Reserve for Future Use</u>		
Balance Jan. 1	<u>64,684.96</u>	<u>71,681.23</u>
	<u>138,986.28</u>	<u>73,114.96</u>
Balance Dec. 31	<u>\$ 138,986.28</u>	<u>\$ 64,684.96</u>

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

TOWNSHIP OF BERLIN
TRUST -- MUNICIPAL OPEN SPACE FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2016

	Anticipated <u>Budget</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Amount to be Raised by Taxation	\$ 225,900.00	\$ 230,039.14	\$ 4,139.14
Non-Budget Revenues	<u> </u>	<u>4.96</u>	<u>4.96</u>
	<u><u>\$ 225,900.00</u></u>	<u><u>\$ 230,044.10</u></u>	<u><u>\$ 4,144.10</u></u>

Analysis of Realized Revenues

Analysis of Current Tax Collections:

Receipts:

Open Space Tax Levy

\$ 225,900.00

Added / Omitted Taxes

2,131.27

Due Current Fund:

Added / Omitted Taxes

2,007.87

\$ 230,039.14

Analysis of Non-Budget Revenue

Treasurer:

Interest on Deposits--Due General Capital Fund

\$ 4.96

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

TOWNSHIP OF BERLIN
TRUST -- MUNICIPAL OPEN SPACE FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	<u>Appropriations</u>		<u>Paid or</u>	<u>Reserved</u>	<u>Unexpended</u>
	<u>Original</u>	<u>Budget After</u>	<u>Charged</u>		<u>Balance</u>
	<u>Budget</u>	<u>Modification</u>			<u>Canceled</u>
Operating:					
Salaries and Wages	\$ 94,400.00	\$ 94,400.00	\$ 93,396.98		\$ 1,003.02
Other Expenses	46,800.00	46,800.00	46,800.00		
Total Operating	141,200.00	141,200.00	140,196.98	-	1,003.02
Debt Service:					
Payment of Bond and Loan Principal	13,070.00	13,070.00	13,061.54		8.46
Interest on Bonds and Loans	2,490.00	2,490.00	2,484.26		5.74
Total Debt Service	15,560.00	15,560.00	15,545.80	-	14.20
Reserve for Future Use	69,140.00	69,140.00	-	-	69,140.00
	<u>\$ 225,900.00</u>	<u>\$ 225,900.00</u>	<u>\$ 155,742.78</u>	<u>-</u>	<u>\$ 70,157.22</u>
Disbursed			<u>\$ 155,742.78</u>		

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

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	SC-1	\$ 2,583,862.68	\$ 1,275,085.13
Deferred Charges to Future Taxation:			
Funded	SC-4	12,972,400.55	11,555,462.09
Unfunded	SC-5	<u>1,632,000.00</u>	<u>615,000.00</u>
		<u>\$ 17,188,263.23</u>	<u>\$ 13,445,547.22</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
General Serial Bonds	SC-10	\$ 12,858,000.00	\$ 11,428,000.00
Bond Anticipation Note	SC-11		615,000.00
Green Acres Loan	SC-12	114,400.55	127,462.09
Contracts Payable	SC-9	847,139.95	
Accounts Payable	SC-1;SC-8	209,034.00	1,290.00
Improvement Authorizations:			
Funded	SC-8	1,509,913.30	167,778.68
Unfunded	SC-8	1,632,000.00	149,510.48
Capital Improvement Fund	SC-7	15,000.00	380,000.00
Reserve for Developers Contribution	SC-1		55,266.67
Due to Current Fund	SC-3	78.28	42.65
Due to Open Space Trust Fund	SC-6	2,653.58	2,653.08
Fund Balance	C-1	<u>43.57</u>	<u>518,543.57</u>
		<u>\$ 17,188,263.23</u>	<u>\$ 13,445,547.22</u>

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

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 518,543.57
Decreased By:	
Appropriation to Finance Improvement Authorizations	<u>518,500.00</u>
Balance Dec. 31, 2016	<u><u>\$ 43.57</u></u>

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

TOWNSHIP OF BERLIN
SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
 As of December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	SD-1	\$ 1,196,744.47	\$ 1,014,404.43
Due from Trust Other Fund	D	4.20	4.20
Due from Sewer Utility Capital Fund	SD-11	2.71	1.19
		<u>1,196,751.38</u>	<u>1,014,409.82</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	SD-4	<u>14,518.36</u>	<u>21,672.53</u>
Total Operating Fund		<u>1,211,269.74</u>	<u>1,036,082.35</u>
Capital Fund:			
Cash	SD-1	421,066.74	430,817.78
Fixed Capital	SD-6	12,641,344.10	12,641,344.10
Fixed Capital Authorized and Uncompleted	SD-5	<u>965,000.00</u>	<u>750,000.00</u>
Total Capital Fund		<u>14,027,410.84</u>	<u>13,822,161.88</u>
		<u>\$ 15,238,680.58</u>	<u>\$ 14,858,244.23</u>
<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3,SD-10	\$ 38,007.24	\$ 39,667.25
Reserve for Encumbrances	D-3,SD-10	15,099.13	4,662.39
Prepaid Sewer Rents	SD-7	227,362.56	215,263.62
Accrued Interest on Bonds and Notes	SD-9	<u>80,787.23</u>	<u>84,331.02</u>
		<u>361,256.16</u>	<u>343,924.28</u>
Reserve for Receivables	D	14,518.36	21,672.53
Fund Balance	D-1	<u>835,495.22</u>	<u>670,485.54</u>
Total Operating Fund		<u>1,211,269.74</u>	<u>1,036,082.35</u>
Capital Fund:			
Serial Bonds	SD-14	5,695,000.00	5,320,000.00
Bond Anticipation Notes	SD-15		750,000.00
Improvement Authorizations Funded	SD-12	413,714.03	
Improvement Authorizations Unfunded	SD-12	215,000.00	430,816.59
Reserve for Amortization	SD-13	7,696,344.10	7,321,344.10
Accounts Payable	SD-12	7,350.00	
Due to Sewer Utility Operating Fund	SD-11	<u>2.71</u>	<u>1.19</u>
Total Capital Fund		<u>14,027,410.84</u>	<u>13,822,161.88</u>
		<u>\$ 15,238,680.58</u>	<u>\$ 14,858,244.23</u>

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

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

<u>Revenue and Other</u>		
<u>Income Realized</u>	<u>2016</u>	<u>2015</u>
Fund Balance	\$ 115,800.00	\$ 58,100.00
Rents	1,099,644.93	1,071,144.79
Miscellaneous	13,485.24	13,805.51
Non-Budget Revenue	141,301.21	180,438.10
Other Credits to Income:		
Unexpended Balances of Appropriation Reserves	39,905.09	12,504.61
Total Income	1,410,136.47	1,335,993.01
<u>Expenditures</u>		
Operating	464,900.00	448,000.00
Debt Service	567,426.79	569,108.85
Deferred Charges and Statutory Expenditures	23,000.00	22,900.00
Total Expenditures	1,055,326.79	1,040,008.85
Excess in Revenue	354,809.68	295,984.16
Adjustment in Income before Fund Balance:		
Deferred Charges to Budget of Succeeding Years	-	-
Statutory Excess to Fund Balance	354,809.68	295,984.16
<u>Fund Balance</u>		
Balance January 1	670,485.54	432,601.38
	1,025,295.22	728,585.54
Decreased by:		
Utilized as Revenue:		
Current Fund Budget	74,000.00	
Sewer Utility Fund Budget	115,800.00	58,100.00
Balance December 31	\$ 835,495.22	\$ 670,485.54

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

TOWNSHIP OF BERLIN
SEWER UTILITY OPERATING FUND
Statement of Revenues--Regulatory Basis
For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Appropriated	\$ 115,800.00	\$ 115,800.00	
Rents	990,000.00	1,099,644.93	\$ 109,644.93
Miscellaneous	6,900.00	13,485.24	6,585.24
Budget Totals	1,112,700.00	1,228,930.17	116,230.17
Non-Budget Revenues	-	141,301.21	141,301.21
	<u>\$ 1,112,700.00</u>	<u>\$ 1,370,231.38</u>	<u>\$ 257,531.38</u>

Analysis of Realized Revenues:

Rents:

Consumer Accounts Receivable:

Sewer Rents:

Collections

\$ 884,381.31

Prepaid Rents Applied

215,263.62

\$ 1,099,644.93

Miscellaneous:

Collector:

Interest on Delinquent Accounts

\$ 13,485.24

Non-Budget Revenue

Treasurer:

Interest Earned on Deposits--Due Sewer Utility Capital Fund

\$ 26.57

Other

2,074.64

Collector:

Connection Fees

139,200.00

\$ 141,301.21

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

TOWNSHIP OF BERLIN
SEWER UTILITY OPERATING FUND
Statement of Expenditures--Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Original Budget	Budget After Modification		Encumbered	Reserved	
Operating:						
Salaries and Wages	\$ 166,800.00	\$ 168,800.00	\$ 167,657.65		\$ 1,142.35	
Other Expenses	301,100.00	296,100.00	245,545.29	\$ 15,099.13	35,455.58	
Total Operating	467,900.00	464,900.00	413,202.94	15,099.13	36,597.93	-
Debt Service:						
Payment of Bond Principal	375,000.00	375,000.00	375,000.00			\$ 55,000.00
Payment of Bond Anticipation Notes	55,000.00	55,000.00				830.54
Interest on Bonds	185,000.00	188,000.00	187,169.46			1,542.67
Interest on Notes	6,800.00	6,800.00	5,257.33			
Total Debt Service	621,800.00	624,800.00	567,426.79	-	-	57,373.21
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	9,800.00	9,800.00	9,800.00			
Social Security System (O.A.S.I.)	12,800.00	12,800.00	11,699.63		1,100.37	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)	400.00	400.00	91.06		308.94	
Total Statutory Expenditures	23,000.00	23,000.00	21,590.69	-	1,409.31	-
	\$ 1,112,700.00	\$ 1,112,700.00	\$ 1,002,220.42	\$ 15,099.13	\$ 38,007.24	\$ 57,373.21
Disbursed			\$ 809,793.63			
Accrued Interest on Bonds			192,426.79			
			\$ 1,002,220.42			

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

TOWNSHIP OF BERLIN
GENERAL FIXED ASSETS ACCOUNT GROUP
Statement of General Fixed Assets Account Group -- Regulatory Basis
For the Year Ended December 31, 2016

	Balance <u>Dec 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec 31, 2016</u>
General Fixed Assets:				
Land and Improvements	\$ 2,736,583.90	\$ 1,506,200.00		\$ 4,242,783.90
Buildings	6,682,952.08	40,800.00		6,723,752.08
Furnishings	95,474.29		\$ 974.99	94,499.30
Equipment	1,277,153.22	290,827.62	3,323.15	1,564,657.69
Vehicles	<u>2,161,165.47</u>	<u>635,002.49</u>	<u>35,202.19</u>	<u>2,760,965.77</u>
Total General Fixed Assets	<u>\$ 12,953,328.96</u>	<u>\$ 2,472,830.11</u>	<u>\$ 39,500.33</u>	<u>\$ 15,386,658.74</u>
 Total Investments in General Fixed Assets	 <u>\$ 12,953,328.96</u>	 <u>\$ 2,472,830.11</u>	 <u>\$ 39,500.33</u>	 <u>\$ 15,386,658.74</u>

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

TOWNSHIP OF BERLIN
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - Originally a portion of the Township of Waterford, Berlin Township was created by an act of legislation on April 11, 1910. On April 29, 1927, the Borough of Berlin seceded from the Township. Today, the Township covers an area of 3.27 square miles.

The Township of Berlin is governed by a Township Council which is comprised of a Mayor and four Council Members, all of whom are elected at large. The Mayor's term of office is four years and the terms of the Council Members are three years, staggered, ending December 31. Executive and administrative responsibility rests with the Mayor, who is assisted by the Township Clerk.

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

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

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Township of Berlin School District, and the Township of Berlin Fire District No. 1. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Berlin School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

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

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Berlin Fire District No. 1. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

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

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

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

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2016, the Township's bank balances of \$10,231,955.51 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 9,692,940.09
Uninsured and Uncollateralized	<u>539,015.42</u>
Total	<u>\$ 10,231,955.51</u>

New Jersey Cash Management Fund - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2016, the Township's deposits with the New Jersey Cash Management Fund were \$177,541.49.

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the calendar year (CY) 2016, 2015, 2014 and 2013, where indicated and the six month reversion period (RP) ended December 31, 2012, where indicated, as follows:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>CY 2016 (A)</u>	<u>CY 2015</u>	<u>CY 2014</u>	<u>CY 2013</u>	<u>CY 2012</u>
Tax Rate	\$ 3.667	\$ 5.787	\$ 5.695	\$ 5.585	\$ 5.474
Apportionment of Tax Rate:					
Municipal	\$ 1.155	\$ 1.803	\$ 1.784	\$ 1.742	\$ 1.742
Municipal Open Space	.040	.039	.039	.039	.040
County	.873	1.411	1.341	1.319	1.259
Local School	1.510	2.394	2.392	2.349	2.303
Fire District	.089	.140	.139	.136	.130

Assessed Valuation

<u>Year</u>	<u>Amount</u>
CY 2016 (A)	\$ 564,661,568.00
CY 2015	354,828,443.00
CY 2014	349,053,978.00
CY 2013	349,301,628.00
CY 2012	350,468,328.00

(A) = A Reassessment was performed in 2016.

Comparison of Tax Levies and Collections

<u>Period</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
CY 2016	\$ 21,095,420.97	\$ 20,481,796.55	97.09%
CY 2015	20,674,886.90	20,023,159.63	96.85%
CY 2014	20,200,232.73	19,694,962.56	97.50%
CY 2013	19,617,140.24	19,238,946.16	98.07%
RP 2012	9,634,815.18	9,397,711.31	97.54%

Delinquent Taxes and Tax Title Liens

<u>Period</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
CY 2016	\$ 15,162.44	\$ 562,537.03	\$ 577,699.47	2.74%
CY 2015	395,181.88	642,982.60	1,038,164.48	5.02%
CY 2014	333,975.09	474,339.29	808,314.38	4.00%
CY 2013	277,597.28	316,491.83	594,089.11	3.03%
RP 2012	223,855.68	207,461.10	431,316.78	NA

Note 3: PROPERTY TAXES (CONT'D)

The following comparison is made of the number of tax title liens receivable for the calendar years (CY) ended December 31, 2016, 2015, 2014 and 2013, where indicated and the six month reversion period (RP) ended December 31, 2012, where indicated as follows:

<u>Period</u>	<u>Number</u>
CY 2016	7
CY 2015	13
CY 2014	10
CY 2013	11
RP 2012	11

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens for the calendar years (CY) ended December 31, 2016, 2015, 2014 and 2013, where indicated and the six month reversion period (RP) ended December 31, 2012, where indicated as follows:

<u>Period</u>	<u>Amount</u>
CY 2016	\$ 2,098,500.00
CY 2015	300,000.00
CY 2014	300,000.00
CY 2013	300,000.00
RP 2012	300,000.00

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the calendar years (CY) ended December 31, 2016, 2015, 2014 and 2013, where indicated and the six month reversion period (RP) ended December 31, 2012, where indicated as follows:

<u>Period</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
CY 2016	\$ 21,672.53	-	\$ 1,094,308.26	\$ 1,115,980.79	\$ 1,099,644.93
CY 2015	15,007.92	-	1,078,059.40	1,093,067.32	1,071,144.79
CY 2014	15,400.26	-	1,063,706.67	1,079,106.93	1,063,726.13
CY 2013	10,758.19	-	1,024,324.28	1,035,082.47	1,019,387.21
RP 2012	123.06	-	510,808.07	510,931.13	500,025.44

Note 6: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the calendar years (CY) ended December 31, 2016, 2015, 2014 and 2013, where indicated and the six month reversion period (RP) ended December 31, 2012, where indicated as follows:

Current Fund

<u>Period</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
CY 2016	\$ 3,086,098.82	\$ 1,780,000.00	57.68%
CY 2015	2,566,165.52	1,280,000.00	49.88%
CY 2014	2,535,777.24	1,150,000.00	45.35%
CY 2013	2,206,473.69	950,000.00	43.06%
RP 2012	1,810,499.06	950,000.00	52.47%

Sewer Utility Fund

<u>Period</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
CY 2016	\$ 835,495.22	\$ 115,800.00	13.86%
CY 2015	670,485.54	115,800.00	17.27%
CY 2014	432,601.38	58,100.00	13.43%
CY 2013	256,433.57	57,250.00	22.33%
RP 2012	194,497.23	25,190.00	12.95%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 100,888.54	\$ 2,007.87
Federal and State Grant		100,580.12
Trust - Open Space	4,661.45	
Trust - Other		234.34
General Capital		2,731.86
Sewer Utility - Operating	6.91	
Sewer Utility - Capital		2.71
	<u>\$ 105,556.90</u>	<u>\$ 105,556.90</u>

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

Note 8: PENSION PLANS

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

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

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

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

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

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

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

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

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

Contributions

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

The Township's contractually required contribution rate for the year ended December 31, 2016 was 13.6% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$191,487.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$192,153.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$101,140.93.

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

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

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

The Township's contractually required contribution rate for the year ended December 31, 2016 was 25.50% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$361,123.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$354,572.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$141,609.80.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2016 was 1.92% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2016 is \$27,224.00, and is payable by April 1, 2017. Based on the PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2015 was \$33,168.00, which was paid on April 1, 2016.

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

For the year ended December 31, 2016, employee contributions totaled \$7,872.31, and the Township's contributions were \$4,288.03. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2016, the Township's proportionate share of the PERS net pension liability was \$6,383,823.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Township's proportion was .0215544949%, which was a decrease of (.0007958753%) from its proportion measured as of June 30, 2015.

At December 31, 2016, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$620,787.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Township's contribution to PERS was \$192,153.00, and was paid on April 1, 2016.

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

Township's Proportionate Share of Net Pension Liability	\$ 8,460,726.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>710,491.00</u>
	<u><u>\$ 9,171,217.00</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2016 measurement date, the Township's proportion was .0442910611%, which was an increase of .0006702661% from its proportion measured as of June 30, 2015. Likewise, at June 30, 2016, the State of New Jersey's proportion, on-behalf of the Township, was .0442910611%, which was an increase of .0006702661% from its proportion, on-behalf of the Township, measured as of June 30, 2015.

At December 31, 2016, the Township's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$901,789.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Township's contribution to PFRS were \$354,572.00, and was paid on April 1, 2016.

At December 31, 2016, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the plan as of the June 30, 2016 measurement date is \$90,746.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

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

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 118,720.00	\$ -	\$ 118,720.00	\$ -	\$ 55,461.00	\$ 55,461.00
Changes of Assumptions	1,322,387.00	1,171,880.00	2,494,267.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	243,421.00	592,826.00	836,247.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	132,438.00	112,323.00	244,761.00	123,592.00	96,029.00	219,621.00
Township Contributions Subsequent to the Measurement Date	95,744.00	180,562.00	276,306.00	-	-	-
	<u>\$ 1,912,710.00</u>	<u>\$ 2,057,591.00</u>	<u>\$ 3,970,301.00</u>	<u>\$ 123,592.00</u>	<u>\$ 151,490.00</u>	<u>\$ 275,082.00</u>

\$95,774.00 and \$180,562.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2017. These amounts were based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2016 to the Township's year end of December 31, 2016.

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

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

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

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

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2017	\$ 390,524.00	\$ 405,670.00	\$ 796,194.00
2018	390,524.00	405,670.00	796,194.00
2019	450,649.00	547,806.00	998,455.00
2020	359,631.00	342,969.00	702,600.00
2021	102,046.00	23,424.00	125,470.00
	<u>\$ 1,693,374.00</u>	<u>\$ 1,725,539.00</u>	<u>\$ 3,418,913.00</u>

Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

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

	PERS		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 7,822,630.00</u>	<u>\$ 6,383,823.00</u>	<u>\$ 5,195,963.00</u>

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

	PFRS		
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Township's Proportionate Share of the Net Pension Liability	\$ 10,909,486.00	\$ 8,460,726.00	\$ 6,463,910.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>916,126.05</u>	<u>710,491.00</u>	<u>542,807.99</u>
	<u>\$ 11,825,612.05</u>	<u>\$ 9,171,217.00</u>	<u>\$ 7,006,717.99</u>

Pension Plan Fiduciary Net Position

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

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

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

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

	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0215544949%	0.0223503702%	0.0222789867%	0.0210755733%
Township's Proportionate Share of the Net Pension Liability	\$ 6,383,823.00	\$ 5,017,210.01	\$ 4,171,235.30	\$ 4,027,960.68
Township's Covered Payroll (Plan Measurement Period)	\$ 1,467,740.00	\$ 1,540,968.00	\$ 1,492,344.00	\$ 1,453,840.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	434.94%	325.59%	279.51%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

	Year Ended December 31,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 191,487.00	\$ 192,153.24	\$ 183,664.75	\$ 158,800.14
Township's Contribution in Relation to the Contractually Required Contribution	(191,487.00)	(192,153.24)	(183,664.75)	(158,800.14)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 1,407,804.00	\$ 1,416,251.00	\$ 1,539,785.00	\$ 1,421,298.00
Township's Contributions as a Percentage of its Covered Payroll	13.60%	13.57%	11.93%	11.17%

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

	Measurement Date Ended June 30,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0442910611%	0.0436207950%	0.0432087444%	0.0446147106%
Township's Proportionate Share of the Net Pension Liability	\$ 8,460,726.00	\$ 7,265,704.00	\$ 5,435,259.00	\$ 5,931,123.00
State's Proportionate Share of the Net Pension Liability associated with the Township	710,491.00	637,178.00	585,286.00	552,853.00
Total	\$ 9,171,217.00	\$ 7,902,882.00	\$ 6,020,545.00	\$ 6,483,976.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,415,652.00	\$ 1,367,788.00	\$ 1,356,800.00	\$ 1,400,160.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	597.66%	531.20%	400.59%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%

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

	Year Ended December 31,			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 361,123.00	\$ 354,572.00	\$ 331,873.00	\$ 325,499.00
Township's Contribution in Relation to the Contractually Required Contribution	(361,123.00)	(354,572.00)	(331,873.00)	(325,499.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 1,416,098.00	\$ 1,416,900.00	\$ 1,368,808.00	\$ 1,356,594.00
Township's Contributions as a Percentage of its Covered Payroll	25.50%	25.02%	24.25%	23.99%

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

Changes in Benefit Terms - None

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

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

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

Note 9: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN

Plan Description - The Township contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, administered by the State of New Jersey Division of Pensions and Benefits. SHBP 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. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1991, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 91-139A. The Township provides postemployment health care benefits, at its cost, to all Township retirees who at the date of retirement have not less than twenty-five (25) years of service credit in a State locally administered retirement system and have served at least twenty (20) years as an employee of the Township. Benefits provided include health insurance, dental coverage, and prescription coverage for retirees and their dependents only during the retired employees' life.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. 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 SHBP. That report 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/.

Note 9: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (CONT'D)

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.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The Township's contributions to SHBP for the years ended December 31, 2016, 2015, and 2014, were \$447,156.28, \$409,442.71, and \$346,593.36, respectively, which equaled the required contributions each year. There were approximately 22 retired participants eligible at December 31, 2016.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - In addition to the benefits described in note 9, the Township provides a sole employer and agent defined postemployment healthcare plan which provides postemployment dental insurance benefits, at its cost, to certain police officers hired prior to January 1, 2010. This entitlement requires that police officers retire from service with the Township, be covered by any collective bargaining agreement between the Township and the Fraternal Order of Police and have served at least twenty-five years as a police officer in any capacity and in any jurisdiction in which that service is eligible for credit in the Police and Firemen's Pension System. The dental benefits will be in a form consistent with that provided to all active members of the Township Police Department whose service is covered by any collective bargaining agreement between the Township and the Fraternal Order of Police. Additionally Medicare Part B reimbursement is provided to all employees who retire with at least twenty-five years as a Berlin Township employee.

Funding Policy - The contribution requirements of plan members and the Township are established and may be amended by the Township's governing body.

Retirees - The Township presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis and therefore does not record accrued expenses related to these benefits. The Township's contributions to the plan for the years ended December 31, 2016 were \$30,000.00.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Township is required to disclose the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$260,000.00 at an unfunded discount rate of 4.5%. As stated above, the Township has funded the cost of existing retirees in the amount of \$30,000.00, and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Annual OPEB Cost - For year ended December 31, 2016, the Township's annual OPEB cost (expense) of \$260,000.00 for the plan was equal to the ARC. The Township's annual required contribution (ARC), the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the 2016 plan year, the first year an actuarial valuation has been performed for the program.

	<u>2016</u>
Normal Cost	\$ 80,000.00
Unfunded Actuarial Liability	<u>180,000.00</u>
Annual Required Contribution (ARC)	260,000.00
Interest on Net OPEB Obligation	<u>-</u>
Annual OPEB Cost	260,000.00
Contributions Made	<u>(30,000.00)</u>
Increase (Decrease) in the Net OPEB Obligation	230,000.00
Net OPEB Obligation, January 1	<u>-</u>
Net OPEB Obligation, December 31	<u><u>\$ 230,000.00</u></u>

Funded Status and Funding Progress - The funded status of the plan for the 2016 actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
12/31/2016	-	\$ 2,830,000.00	\$ 2,830,000.00	0%	\$ 3,420,000.00	82.75%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown above, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Methods and Assumptions - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (level dollar) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* RP 2014 mortality table with MP-2014 projection.
- *Turnover.* Sarason T-5 Table.
- *Assumed Retirement Age.* At first eligibility after completing 25 years of service.
- *Full Attribution Period.* Service to assumed retirement age.
- *Annual Discount Rate.* Future costs have been discounted at the rate of 4.5% compounded annually for GASB 45 purposes.
- *Rates of Retirement, Rates of Withdrawal, and Rates of Disability.* The same table used to value the Public Employees' Retirement System of New Jersey - Local liability.
- *Medical Trend.* 8.0% in 2017, 7.5% in 2018, 7.0% in 2019, 6.5% in 2020, 6.0% in 2021, 5.5% in 2022 and 5.0% in 2023 and thereafter.
- *Medical Cost Aging Factor.* NJSHBP Medical Morbidity Rates

During the year ended December 31, 2016 the Township dissolved the previous postemployment benefits program which was in existence from the fiscal year ended June 30, 2010 and replaced the program with the forgoing information. The 2016 plan year represents the first year in which an actuarial calculation was performed on the new plan.

Note 11: COMPENSATED ABSENCES

Township employees are entitled to varying amounts of sick leave depending upon their department. All employees may accumulate unused sick leave with no limit. General personnel may carry unused vacation days forward to a maximum of five days. However, after one year the unused vacation leave will be forfeited. Police personnel have the option of carrying forward their unused vacation or selling days at one hundred percent (100%) of their prevailing salary rate.

Only police personnel may be compensated for accumulated sick leave upon retirement or resignation at one hundred percent (100%) of their prevailing rate for a maximum of six hundred eighty (680) hours. Any police personnel hired after January 1, 1983 must be employed continuously for a period of fifteen years before unused sick leave may be sold back to the Township. The Township does not record accrued expenses related to, compensated absences. However, it is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$304,074.11. A reserve in the Trust Fund has been created to fund a portion of these accrued benefits. Additional amounts required will be provided in the year's budget in which any required payments are to be made.

Note 12: DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 13: LEASE OBLIGATIONS

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

Capital:

One (1) 2015 Ford Explorer

Operating:

Seven (7) Copiers

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

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2016</u>	<u>2015</u>
Vehicles	\$ 11,349.99	\$ 44,479.15

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

<u>Year</u>	<u>Amount</u>
2017	\$ 11,906.83

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

<u>Year</u>	<u>Amount</u>
2017	\$ 4,872.42
2018	2,323.44

Rental payments under operating leases for the year 2016 were \$6,693.12.

Note 14: CAPITAL DEBT**General Improvement Bonds**

General & Open Space Trust Fund Improvement Bonds, Series 2005 - On March 1, 2005, the Township issued \$1,900,000.00 of general improvement bonds and 955,000.00 of open space trust fund improvement bonds, with interest rates ranging from 3.75% to 4.00%. The purpose of the bonds is to fund various capital ordinances, specifically 2000-26, 2001-11, 2001-12, 2002-04, 2002-12, 2002-13, 2003-01, 2003-22, 2004-5 and 2004-10. The final maturity of the bonds is March 1, 2018.

Note 14: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

Sewer Improvement Refunding Bonds, Series 2008 - On May 13, 2008, the Township issued \$3,115,000.00 of sewer improvement refunding bonds, with interest rates ranging from 3.25% to 5.00% to advance refund \$2,156,358.90 outstanding 1998 rural development bonds with an interest rate of 4.75%. The final maturity of the bonds is September 15, 2025.

General Improvement Bonds, Series 2010 - On November 16, 2010, the Township issued \$10,318,000.00 of general improvement bonds, with interest rates ranging from 4.25% to 5.00%. The purpose of the bonds is to fund various capital ordinances, specifically 2005-01, 2006-01, 2006-09, 2007-08, 2007-10, 2008-07 and 2009-02. The final maturity of the bonds is January 1, 2035.

General & Sewer Improvement Refunding Bonds, Series 2012 - On May 17, 2012, the Township issued \$335,000.00 of general improvement refunding bonds and \$4,550,000.00 of sewer improvement refunding bonds, with interest rates ranging from 2.00% to 4.00% to refund outstanding 2003 general improvement bonds with interest rates of ranging from 3.90% to 4.25% and outstanding 2003 sewer refunding bonds with interest rates ranging from 2.00% to 4.65%. The final maturities of the bonds are January 1, 2017 and January 1, 2028 respectively.

General & Sewer Improvement Bonds, Series 2016 - On October 27, 2016, the Township issued \$2,410,000.00 of general improvement bonds and \$750,000.00 of sewer improvement bonds, with interest rates ranging from 1.50% to 3.00%. The purpose of the bonds is to fund various capital ordinances, specifically 2011-26, 2013-12 and 2016-05. The final maturity of the bonds is November 15, 2029.

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

<u>Year</u>	<u>General</u>		<u>Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 945,000.00	\$ 531,462.50	\$ 435,000.00	\$ 196,081.26	\$ 2,107,543.76
2018	905,000.00	497,012.50	430,000.00	180,331.26	2,012,343.76
2019	425,000.00	473,525.00	455,000.00	165,512.51	1,519,037.51
2020	480,000.00	458,525.00	465,000.00	149,818.76	1,553,343.76
2021	580,000.00	439,175.00	480,000.00	131,106.26	1,630,281.26
2022-26	3,400,000.00	1,826,512.50	2,520,000.00	373,818.80	8,120,331.30
2027-31	3,455,000.00	1,070,200.00	910,000.00	34,496.89	5,469,696.89
2032-35	2,668,000.00	271,900.00			2,939,900.00
	<u>\$ 12,858,000.00</u>	<u>\$ 5,568,312.50</u>	<u>\$ 5,695,000.00</u>	<u>\$ 1,231,165.74</u>	<u>\$ 25,352,478.24</u>

Note 14: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Green Acres Loan**

On December 10, 2004, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$250,000.00, at an interest rate of 2.0%. The proceeds were used to fund the redevelopment of the Township's Luke Avenue Recreation Park. Semi-annual debt payments are due March 10th and September 10th through 2024.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

General			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 13,324.07	\$ 2,221.73	\$ 15,545.80
2018	13,591.90	1,953.90	15,545.80
2019	13,865.08	1,680.72	15,545.80
2020	14,143.77	1,402.02	15,545.79
2021	14,428.06	1,117.73	15,545.79
2022-24	45,047.67	1,589.74	46,637.41
	<u>\$ 114,400.55</u>	<u>\$ 9,965.84</u>	<u>\$ 124,366.39</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 12,972,400.55	\$ 12,170,462.09	\$ 13,143,266.27
Sewer Utility:			
Bonds and Notes	5,695,000.00	6,070,000.00	6,435,000.00
Total Issued	<u>18,667,400.55</u>	<u>18,240,462.09</u>	<u>19,578,266.27</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	1,632,000.00	-	-
Sewer Utility:			
Bonds and Notes	215,000.00	-	-
Total Authorized but not Issued	<u>1,847,000.00</u>	<u>-</u>	<u>-</u>
Total Issued and Authorized but not Issued	<u>20,514,400.55</u>	<u>18,240,462.09</u>	<u>19,578,266.27</u>
<u>Deductions</u>			
Open Space Debt	114,400.55	127,462.09	140,266.27
Self-Liquidating	5,910,000.00	6,070,000.00	6,435,000.00
Total Deductions	<u>6,024,400.55</u>	<u>6,197,462.09</u>	<u>6,575,266.27</u>
<u>Net Debt</u>	<u>\$ 14,490,000.00</u>	<u>\$ 12,043,000.00</u>	<u>\$ 13,003,000.00</u>

Note 14: CAPITAL DEBT (CONT'D)**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 2.604%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 3,654,000.00	\$ 3,654,000.00	
Sewer Utility	5,910,000.00	5,910,000.00	
General	14,604,400.55	114,400.55	\$ 14,490,000.00
	<u>\$ 24,168,400.55</u>	<u>\$ 9,678,400.55</u>	<u>\$ 14,490,000.00</u>

Net debt \$14,490,000.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$556,485,988.67, equals 2.604%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 19,477,009.60
Less: Net Debt	<u>14,490,000.00</u>
Remaining Borrowing Power	<u>\$ 4,987,009.60</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 1,370,231.38
Deductions:	
Operating and Maintenance Costs	\$ 487,900.00
Debt Service	<u>567,426.79</u>
Total Deductions	<u>1,055,326.79</u>
Excess in Revenue	<u>\$ 314,904.59</u>

The foregoing debt information is in agreement with the revised annual debt statement filed by the chief financial officer.

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance December 31, 2016</u>	<u>2017 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorization	\$ 100,000.00	\$ 25,000.00

The appropriations in the 2017 Budget as adopted are not less than that required by the statutes.

Note 16: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township 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 Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 17,058.72	\$ 4,427.19	\$ 97,851.82
2015	16,531.63	4,123.70	85,220.29
2014	17,643.20	473.00	72,812.36

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

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

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

Note 16: RISK MANAGEMENT (CONT'D)

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

Property - Blanket Building and Grounds
Boiler and Machinery
General, Automobile & Environmental Liability
Worker's Compensation
Public Official and Employment Liability
Public Employee Dishonesty – Crime Policy
Excess Liability

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

The Fund publishes its own financial report for the year ended December 31, 2016, which can be obtained from:

Camden County Municipal Joint Insurance Fund
MEL/JIF Underwriting Unit
9 Campus Drive
Suite 16
Parsippany, New Jersey 07054

Note 17: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 2, 1999 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Berlin Open Space, Recreation and Farmland Preservation Trust Fund effective December 27, 1999, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. The Township levies a tax not to exceed four cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Berlin Open Space, Recreation and Farmland Preservation Trust Funds.

Note 18: CONTINGENCIES

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

Litigation - The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 19: CONCENTRATIONS

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

Note 20: SUBSEQUENT EVENTS

Refunding of Debt - On January 19, 2017 the Township issued \$9,540,000.00 of Refunding Bonds with an interest rate ranging from 2.00% to 5.00%. The proceeds of the Issue were utilized to advance refund all or portions of all of the callable and outstanding sewer utility bonds dated May 13, 2008 and general improvement bonds dated November 16, 2010.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Current Cash per N.J.S 40A:5-5--Chief Financial Officer
For the Year Ended December 31, 2016

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance Dec. 31, 2015	\$ 3,465,469.76	
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 203,280.97	
Utility Operating Surplus of Prior Year	74,000.00	
Reserve for Developer's Contribution	55,266.67	
Tax Collector	21,237,309.44	
Due from State of New Jersey:		
Senior Citizen and Veteran Deductions	62,080.80	
State Training Fees--Due State of New Jersey	17,783.00	
Marriage License Fees-- Due State of New Jersey	1,000.00	
Revenue Accounts Receivable	2,066,339.04	
Due Trust Other Funds	185.63	
Due General Capital Fund	780.78	
Due Current Fund		\$ 68,324.82
Petty Cash	400.00	
Due from Township of Berlin Fire District No. 1	13,800.02	
2016 Appropriation Refunds	415,117.95	
Federal and State Grants Receivable		39,916.25
Contra	836,426.55	
	<u>24,983,770.85</u>	<u>\$ 108,241.07</u>
	28,449,240.61	108,241.07
Decreased by Disbursements:		
2016 Appropriations	8,843,890.11	
2015 Appropriation Reserves	140,536.70	
Due Borough of Berlin	357.50	
State Training Fees--Due State of New Jersey	19,205.00	
Marriage License Fees--Due State of New Jersey	900.00	
Fire District Taxes Payable	499,600.00	
County Taxes Payable	4,920,338.91	
County Added Omitted Taxes	34,302.97	
Local District School Taxes Payable	8,526,691.00	
Municipal Open Space Taxes Payable	228,031.27	
Petty Cash	400.00	
Due from Township of Berlin Fire District No. 1	27,600.04	
Refund of Tax Overpayments	12,447.15	
Reserve for Reassessment	73,242.36	
Operations - Refund of Prior Year Revenue	19,695.00	
Reserve for Federal and State Grant Funds--Appropriated		108,241.07
Due Federal and State Grant Fund	68,324.82	
Contra	836,426.55	
	<u>24,251,989.38</u>	<u>108,241.07</u>
Balance Dec. 31, 2016	<u>\$ 4,197,251.23</u>	<u>-</u>

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Current Cash and Reconciliation per N.J.S. 40A:5-5--Collector
For the Year Ended December 31, 2016

Receipts:

Interest and Cost on Taxes	\$ 125,972.92	
Taxes Receivable	20,873,257.97	
Miscellaneous Revenue Not Anticipated:		
Property Maintenance Liens Receivable	11,075.00	
Tax Overpayments	12,447.15	
Prepaid Taxes	<u>214,556.40</u>	
		\$ 21,237,309.44
Decreased by:		
Turnovers to Treasurer		<u><u>\$ 21,237,309.44</u></u>

Exhibit SA-3

CURRENT FUND
Schedule of Change Funds
As of December 31, 2016

<u>Office</u>	<u>Amount</u>
Tax Collector	\$ 50.00
Clerk of Municipal Court	100.00
Township Clerk	50.00
Utility Collector	25.00
Library	<u>25.00</u>
	<u><u>\$ 250.00</u></u>

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Due To State of New Jersey
Veterans' and Senior Citizens' Deductions
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 1,894.11
Increased by:		
Cash Received		<u>62,080.80</u>
		63,974.91
Decreased by:		
Deductions per Tax Billings	\$ 65,750.00	
Deductions Allowed by Tax Collector	<u>1,000.00</u>	
		<u>66,750.00</u>
		(2,775.09)
Increased by Deductions Disallowed by Tax Collector:		
Current Year Taxes	1,507.53	
Prior Year Taxes Charged to Operations	<u>2,500.00</u>	
		<u>4,007.53</u>
Balance Dec. 31, 2016		<u><u>\$ 1,232.44</u></u>

Exhibit SA-5

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

Balance Dec. 31, 2015		\$ 395,181.88
Increased by:		
Transfers from Taxes Receivable	\$ 27,637.83	
Transfer from Sewer Liens Receivable	413.45	
Transfer from Property Maintenance Liens Receivable	150.00	
Year End Penalty Added	499.22	
Interests and Costs from Tax Sale	<u>847.91</u>	
		<u>29,548.41</u>
		424,730.29
Decreased by:		
Transferred to Property Acquired for Taxes--Assessed Valuation		<u>409,567.85</u>
Balance Dec. 31, 2016		<u><u>\$ 15,162.44</u></u>

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

<u>Year</u>	<u>Balance Dec. 31, 2015</u>	<u>Levy</u>	<u>Additional</u>	<u>2015</u>	<u>Collections</u>	<u>2016</u>	<u>Due from State of New Jersey</u>	<u>Appeals</u>	<u>Canceled</u>	<u>Transferred to Tax Title Liens</u>	<u>Balance Dec. 31, 2016</u>
2013	\$ 27,633.90					\$ 23,408.89					\$ 4,225.01
2014	18,328.57					14,750.87					3,577.70
2015	597,020.13		\$ 2,500.00			594,717.83				\$ 4,802.30	
	642,982.60	-	2,500.00		-	632,877.59	-	-		4,802.30	7,802.71
2016	-	\$ 21,095,420.97	14,117.04	\$ 176,173.70	20,240,380.38	\$ 65,242.47	\$ 9,361.85	\$ 40,809.76		22,835.53	554,734.32
	\$ 642,982.60	\$ 21,095,420.97	\$ 16,617.04	\$ 176,173.70	\$ 20,873,257.97	\$ 65,242.47	\$ 9,361.85	\$ 40,809.76		\$ 27,637.83	\$ 562,537.03

Analysis of 2016 Property Tax Levy

<u>Tax Yield</u>	
General Purpose Tax	\$ 20,705,860.51
Added and Omitted Taxes	389,560.46
	<u>\$ 21,095,420.97</u>

<u>Tax Levy</u>	
Local District School Tax	\$ 8,526,691.00
Municipal Open Space Tax:	
General Tax	\$ 225,900.00
Added and Omitted Tax	4,139.14

Total Municipal Open Space Taxes	230,039.14
County Taxes:	
County Taxes	4,524,560.37
County Library Tax	284,549.88
County Open Space Tax	111,228.66
	<u>4,920,338.91</u>
Due County for Added and Omitted Taxes	92,894.47

Total County Taxes	5,013,233.38
Special District Taxes:	
Fire	499,600.00

Local Tax for Municipal Purposes	6,525,963.01
Add: Added and Omitted Tax	292,526.85
Add: Additional Tax Levied	7,367.59

Local Tax for Municipal Purposes Levied	6,825,857.45
	<u>\$ 21,095,420.97</u>

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

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Accrued</u>	<u>Collections</u>	<u>Interfunds</u> <u>Receivable</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Licenses - Municipal Clerk:					
Alcoholic Beverages		\$ 4,266.00	\$ 4,266.00		
Other		59,724.00	59,724.00		
Fees and Permits:					
Improvement Searches		10.00	10.00		
Police		3,308.00	3,308.00		
Municipal Clerk	\$ 500.00	168,805.00	167,805.00		\$ 1,500.00
Animal Control Permits		60.00	60.00		
Registrar of Vital Statistics		2,360.00	2,360.00		
Planning Board		1,850.00	1,850.00		
Continued Certificate of Occupancy		4,140.00	4,140.00		
Zoning Board		56,257.00	56,257.00		
Tax Search Fees		170.00	170.00		
Construction Code Fees and Permits		250,992.00	250,992.00		
Municipal Court Fines and Costs	9,805.98	151,732.67	150,835.25		10,703.40
Cable TV Franchise Fee		75,862.77	75,862.77		
Energy Receipts Tax		1,287,847.00	1,287,847.00		
Interest on Investments:					
Current Fund		852.02	852.02		
Trust Other Fund		313.79		\$ 313.79	
General Capital Fund		816.41		816.41	
	<u>\$ 10,305.98</u>	<u>\$ 2,069,366.66</u>	<u>\$ 2,066,339.04</u>	<u>\$ 1,130.20</u>	<u>\$ 12,203.40</u>

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

	Balance Dec. 31, 2015				
	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance After Transfers</u>	<u>Disbursed</u>	<u>Balance Lapsed</u>
<u>Operations Within CAPs</u>					
<u>General Government</u>					
Mayor and Council					
Salaries and Wages		\$ 73.90	\$ 73.90		\$ 73.90
Other Expenses	\$ 2,378.77	11,686.29	14,065.06	\$ 3,434.65	10,630.41
Financial Administration					
Salaries and Wages		6,357.72	6,357.72		6,357.72
Other Expenses	1,406.10	1,217.89	2,623.99	1,642.35	981.64
Tax Assessment Administration					
Salaries and Wages		115.40	115.40		115.40
Other Expenses		4,436.13	4,436.13		4,436.13
Revenue Administration					
Salaries and Wages		224.41	224.41		224.41
Other Expenses		4,336.65	4,336.65		4,336.65
Township Clerk					
Salaries and Wages		279.40	279.40		279.40
Other Expenses	341.27	2,185.65	2,526.92	341.27	2,185.65
Legal Services and Costs					
Other Expenses	4,842.55	7,434.48	12,277.03	4,842.55	7,434.48
Municipal Prosecutor					
Salaries and Wages		30.02	30.02		30.02
Other Expenses		500.00	500.00		500.00
Engineering Services and Costs					
Salaries and Wages		17,873.28	17,873.28		17,873.28
Other Expenses	5,110.57	5,550.54	10,661.11	5,110.57	5,550.54
Public Buildings and Grounds					
Salaries and Wages		2,229.45	2,229.45		2,229.45
Other Expenses	7,165.23	3,946.43	11,111.66	10,736.28	375.38
Municipal Land Use Law (N.J.S.40:55D-1)					
Planning Board					
Salaries and Wages		41.54	41.54		41.54
Other Expenses		3,499.96	3,499.96		3,499.96
Insurance					
Health Benefit Waiver -- Opt Out		835.89	835.89		835.89
Liability Insurance		5,236.01	5,236.01		5,236.01
Workers Compensation Insurance		4,378.29	4,378.29		4,378.29
Group Insurance		93,655.94	93,655.94		93,655.94
Unemployment Compensation Insurance		994.00	994.00		994.00
Municipal Court					
Salaries and Wages		392.88	392.88		392.88
Other Expenses	200.00	5,776.93	5,976.93	283.00	5,693.93
Public Defender					
Other Expenses		500.00	500.00		500.00
<u>Public Safety</u>					
Police					
Salaries and Wages		12,772.55	12,772.55		12,772.55
Other Expenses	27,591.16	3,602.87	31,194.03	31,093.40	100.63
Office of Emergency Management					
Salaries and Wages		60.04	60.04		60.04
Other Expenses		1,226.00	1,226.00		1,226.00
Ambulance Association					
Other Expenses		2,157.45	2,157.45		2,157.45
<u>Streets and Roads</u>					
Road Repairs and Maintenance					
Salaries and Wages		5,784.39	5,784.39		5,784.39
Other Expenses	5,765.12	7,833.73	13,598.85	7,023.86	6,574.99

(Continued)

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

	Balance Dec. 31, 2015				
	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance After Transfers</u>	<u>Disbursed</u>	<u>Balance Lapsed</u>
<u>Streets and Roads (Cont'd)</u>					
Solid Waste Collection					
Salaries and Wages		\$ 595.56	\$ 595.56		\$ 595.56
Other Expenses	\$ 838.74	7,294.23	8,132.97	\$ 838.74	7,294.23
Vehicle Maintenance					
Salaries and Wages		276.46	276.46		276.46
Other Expenses	13,472.90	20,063.57	33,536.47	13,938.74	19,597.73
Traffic Signal Monitoring System					
Other Expenses		600.00	600.00		600.00
<u>Health and Welfare</u>					
Board of Health					
Salaries and Wages		13.50	13.50		13.50
Other Expenses		500.00	500.00		500.00
<u>Recreation and Education</u>					
Recreation Service and Programs					
Salaries and Wages		5,200.00	5,200.00		5,200.00
Other Expenses		5,200.00	5,200.00		5,200.00
Maintenance of Parks					
Other Expenses	571.13	26,723.78	27,294.91	571.13	26,723.78
Expense of Participation in Free County Library					
Salaries and Wages		2,515.25	2,515.25		2,515.25
Other Expenses	1,115.37	1,539.96	2,655.33	1,254.24	1,401.09
Celebration of Public Events, Anniversary or Holiday					
Other Expenses		8,929.73	8,929.73	194.85	8,734.88
Uniform Construction Code - Appropriation Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)					
Construction Office					
Salaries and Wages		95.08	95.08		95.08
Other Expenses		1,902.90	1,902.90	18.45	1,884.45
Code Enforcement					
Salaries and Wages		693.54	693.54		693.54
Other Expenses		514.99	514.99		514.99
<u>Unclassified</u>					
Utilities:					
Telephone	2,050.00	8,981.20	11,031.20	3,298.65	7,732.55
Street Lighting	9,455.00	9,320.86	18,775.86	9,552.53	9,223.33
Electricity and Natural Gas	10,000.00	8,209.74	18,209.74	10,235.23	7,974.51
Water		1,210.20	1,210.20		1,210.20
Petroleum Products	7,686.36	62,660.41	70,346.77	7,686.36	62,660.41
Sewerage		503.50	503.50		503.50
Telecommunications		1,124.35	1,124.35		1,124.35
Landfill/Solid Waste Disposal	27,797.67	264.66	28,062.33	27,797.67	264.66
Accumulated Sick leave Compensation		1,000.00	1,000.00		1,000.00
<u>Deferred Charges and Statutory Expenditures</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		3,206.32	3,206.32		3,206.32
Social Security System (O.A.S.I.)		13,086.81	13,086.81		13,086.81
Defined Contribution Retirement Plan		85.47	85.47		85.47
<u>Operations Excluded from CAPs</u>					
Recycling Tax	642.18	795.90	1,438.08	642.18	795.90
Storm Water Management					
Salaries and Wages		24,749.40	24,749.40		24,749.40
Other Expenses		7,666.96	7,666.96		7,666.96
	<u>\$ 128,430.12</u>	<u>\$ 442,750.44</u>	<u>\$ 571,180.56</u>	<u>\$ 140,536.70</u>	<u>\$ 430,643.86</u>

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 176,173.70
Increased by:	
Receipts - Collector	<u>214,556.40</u>
	390,730.10
Decreased by:	
Application to 2016 Taxes Receivable	<u>176,173.70</u>
Balance Dec. 31, 2016	<u><u>\$ 214,556.40</u></u>

Exhibit SA-10

CURRENT FUND
Statement of Due to State of New Jersey--State Training Fees
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 4,334.00
Increased by:	
Collections	<u>17,783.00</u>
	22,117.00
Decreased by:	
Payments	<u>19,205.00</u>
Balance Dec. 31, 2016	<u><u>\$ 2,912.00</u></u>

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Due to State of New Jersey -- Marriage License Fees
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 100.00
Increased by:	
Collections	<u>1,000.00</u>
	1,100.00
Decreased by:	
Payments	<u>900.00</u>
Balance Dec. 31, 2016	<u><u>\$ 200.00</u></u>

Exhibit SA-12

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

Balance Dec. 31, 2015	\$ 34,302.97
Increased by:	
County Share of 2016 Levy	
Added / Omitted Taxes	<u>92,894.47</u>
	127,197.44
Decreased by:	
Payments	<u>34,302.97</u>
Balance Dec. 31, 2016	<u><u>\$ 92,894.47</u></u>

Exhibit SA-13

CURRENT FUND
Statement of Property Acquired for Taxes at Assessed Valuation
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 300,000.00
Increased by:	
Transferred from Tax Title Liens	\$ 409,567.85
Adjustment to Assessed Valuation	<u>1,388,932.15</u>
	<u>1,798,500.00</u>
Balance Dec. 31, 2016	<u><u>\$ 2,098,500.00</u></u>

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Fire District Taxes Payable
For the Year Ended December 31, 2016

Increased by:	
Levy -- 2016	\$ 499,600.00
Decreased by:	
Payments	<u>\$ 499,600.00</u>

Exhibit SA-15

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

Levy -- 2016	
County Tax	\$ 4,524,560.37
County Library Tax	284,549.88
County Open Space Tax	<u>111,228.66</u>
	\$ 4,920,338.91
Decreased by:	
Payments	<u>\$ 4,920,338.91</u>

TOWNSHIP OF BERLIN
CURRENT FUND
Statement of Local District School Taxes Payable
For the Year Ended December 31, 2016

Increased by:		
Levy -- 2016		\$ 8,526,691.00
Decreased by:		
Payments		<u>\$ 8,526,691.00</u>

Exhibit SA-17

CURRENT FUND
Statement of Municipal Open Space Taxes Payable
For the Year Ended December 31, 2016

Increased by:			
Levy -- 2016		\$ 225,900.00	
Added / Omitted		<u>4,139.14</u>	
			\$ 230,039.14
Decreased by:			
Payments		228,031.27	
Due to Municipal Open Space Fund		<u>2,007.87</u>	
			<u>\$ 230,039.14</u>

Exhibit SA-18

CURRENT FUND
Statement of Property Maintenance Liens Receivable
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 1,570.00
Increased by:		
Maintenance Services		<u>19,685.00</u>
		21,255.00
Decreased by:		
Receipts - Collector	\$ 11,075.00	
Canceled	90.00	
Transferred to Municipal Liens	<u>150.00</u>	
		<u>11,315.00</u>
Balance Dec. 31, 2016		<u>\$ 9,940.00</u>

TOWNSHIP OF BERLIN
CURRENT FUND

Statement of Deferred Charges
 N.J.S. 40A:4-55 -- Special Emergency -- Reassessment
 For the Year Ended December 31, 2016

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance Dec. 31, 2015</u>	<u>Added in 2016</u>	<u>Raised in 2016 Budget</u>	<u>Balance Dec. 31, 2016</u>
5-11-15	Reassessment of Real Property	\$ 125,000.00	\$ 25,000.00	\$ 125,000.00	-	\$ 25,000.00	\$ 100,000.00

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

<u>Program</u>	<u>Balance Dec. 31, 2015</u>	<u>Accrued</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
State:				
Clean Communities Grant		\$ 15,279.10	\$ 15,279.10	
Drunk Driving Enforcement Grant		1,970.89	1,970.89	
Body Armor Replacement Grant		1,863.38	1,863.38	
NJDOT Grant - Hazel Avenue	\$ 201,000.00			\$ 201,000.00
Total State	201,000.00	19,113.37	19,113.37	201,000.00
Federal:				
Drive Sober or Get Pulled Over	5,000.00	5,000.00	10,000.00	
Bulletproof Vest Partnership Grant	4,149.75	1,860.00	1,740.00	4,269.75
Click It or Ticket Grant		5,000.00	5,000.00	
DWI Enforcement Sobriety Checkpoint Grant		2,000.00	2,000.00	
Community Development Block Grant - Year 35	20,490.35		4,030.30	16,460.05
Community Development Block Grant - Year 35 Supplement	3,807.19		1,698.25	2,108.94
Community Development Block Grant - Year 36	21,000.00		1,597.54	19,402.46
Community Development Block Grant - Year 37	25,800.00			25,800.00
Community Development Block Grant - Year 38		21,000.00		21,000.00
Total Federal	80,247.29	34,860.00	26,066.09	89,041.20
County:				
C.C. Recreation Enhancement Grant - Luke Avenue	50,000.00			50,000.00
C.C. Recreation Enhancement Grant - Spruce Avenue	25,000.00			25,000.00
C.C. Recreation Enhancement Grant - Dog Park	25,000.00			25,000.00
Total County	100,000.00	-	-	100,000.00
Total Grants	\$ 381,247.29	\$ 53,973.37	\$ 45,179.46	\$ 390,041.20
Received			\$ 39,916.25	
Canceled to Grants Appropriated			5,263.21	
			\$ 45,179.46	

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

<u>Program</u>	<u>Balance Dec. 31, 2015</u>	<u>Grants Receivable</u>	<u>Realized as Miscellaneous Revenue</u>	<u>Balance Dec. 31, 2016</u>
State:				
Clean Communities Grant		\$ 15,279.10	\$ 15,279.10	
Drunk Driving Enforcement Grant		1,970.89	1,970.89	
Body Armor Replacement Grant		1,863.38	1,863.38	
Total State	-	19,113.37	19,113.37	-
Federal:				
Drive Sober or Get Pulled Over		5,000.00	5,000.00	
Bulletproof Vest Partnership Grant		1,860.00	1,860.00	
Click It or Ticket Grant		5,000.00	5,000.00	
DWI Enforcement Sobriety Checkpoint Grant		2,000.00	2,000.00	
Community Development Block Grant - Year 38		21,000.00	21,000.00	
Total Federal	-	34,860.00	34,860.00	-
Total Grants	-	\$ 53,973.37	\$ 53,973.37	-

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

<u>Program</u>	<u>Balance Dec. 31, 2015</u>	<u>Transferred from 2016 Budget Appropriation</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
State:				
Clean Communities Grant		\$ 15,279.10	\$ 15,279.10	
Drunk Driving Enforcement Grant	\$ 4,272.64	1,970.89	1,504.65	\$ 4,738.88
Body Armor Replacement Grant	2,002.67	1,863.38	3,020.56	845.49
NJDOT Grant - Hazel Avenue	201,000.00			201,000.00
Total State	207,275.31	19,113.37	19,804.31	206,584.37
Federal:				
Drive Sober or Get Pulled Over	3,684.97	5,000.00	8,684.97	
Bulletproof Vest Partnership Grant	4,149.75	1,860.00	3,015.00	2,994.75
Click It or Ticket Grant		5,000.00	5,000.00	
DWI Enforcement Sobriety Checkpoint Grant		2,000.00	2,000.00	
Community Development Block Grant - Year 35	1,040.70			1,040.70
Community Development Block Grant - Year 35 Supplement	1,970.30			1,970.30
Community Development Block Grant - Year 36	5,070.96			5,070.96
Community Development Block Grant - Year 37	25,800.00			25,800.00
Community Development Block Grant - Year 38		21,000.00		21,000.00
Total Federal	41,716.68	34,860.00	18,699.97	57,876.71
County:				
Recreation Enhancement Grant - Luke Avenue Park	50,000.00		50,000.00	
Recreation Enhancement Grant - Spruce Avenue Court	25,000.00			25,000.00
Recreation Enhancement Grant - Dog Park	25,000.00		25,000.00	
Total County	100,000.00	-	75,000.00	25,000.00
Total Grants	\$ 348,991.99	\$ 53,973.37	\$ 113,504.28	\$ 289,461.08
Disbursed			\$ 108,241.07	
Canceled to Grants Receivable			5,263.21	
			\$ 113,504.28	

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF BERLIN
TRUST FUND
Statement of Trust Cash Per N.J.S.40A:5-5--Chief Financial Officer
For the Year Ended December 31, 2016

	<u>Animal Control</u>	<u>Other</u>	<u>Municipal Open Space</u>
Balance Dec. 31, 2015	\$ 4,127.01	\$ 1,098,038.74	\$ 62,031.88
Increased by Receipts:			
Reserve for Dog Fund Expenditures	\$ 16,065.40		
Due to State Department of Health	1,086.60		
Due Current Fund		\$ 313.79	
2016 Budget Revenue			\$ 228,031.27
Due General Capital Fund			4.46
Payroll Deductions		2,272,703.36	
Reserve for:			
Escrow Deposits		67,295.69	
New Jersey Unemployment Compensation Insurance		17,058.72	
Recycling Program		8,937.14	
Accumulated Sick Leave		25,088.80	
Redemption of Tax Sale Certificates		912,239.09	
Premiums at Tax Sale		321,100.00	
Parking Offenses Adjudication Act		68.00	
Municipal Law Enforcement Program Expenditures		12,775.53	
Township Rehabilitation		14.03	
Municipal Public Defender Fees		6,316.50	
Storm Recovery		20,000.00	
NPP - Bench Program & Old West Berlin Association		0.24	
Reserve for John J. McPeak Library		500.15	
Berlin Township Police Department		2,200.00	
Tax Collector Utility		131,457.93	
Flexible Benefits Plan		8,011.16	
Recreation		17,125.00	
Net Payroll		1,986,506.50	
	<u>17,152.00</u>	<u>5,809,711.63</u>	<u>228,035.73</u>
	21,279.01	6,907,750.37	290,067.61
Decreased by Disbursements:			
Due State Department of Health	1,099.80		
Expenditures Under R.S. 4:19-15.11	14,141.21		
Due Current Fund		185.63	
Payroll Deductions		2,272,824.40	
2016 Budget Appropriations			155,742.78
Reserve for:			
Escrow Deposits		114,045.50	
New Jersey Unemployment Compensation Insurance		4,427.19	
Recycling Program		6,134.86	
Municipal Law Enforcement Program Expenditures		5,818.00	
Redemption of Tax Sale Certificates		933,617.25	
Premiums at Tax Sale		344,500.00	
Township Rehabilitation		331.00	
Municipal Public Defender Fees		6,450.00	
Storm Recovery		2,801.66	
Berlin Township Police Department		3,649.98	
Tax Collector Utility		131,457.93	
Flexible Benefits Plan		8,433.14	
Recreation		19,990.09	
Net Payroll		1,986,506.50	
	<u>15,241.01</u>	<u>5,841,173.13</u>	<u>155,742.78</u>
Balance Dec. 31, 2016	<u>\$ 6,038.00</u>	<u>\$ 1,066,577.24</u>	<u>\$ 134,324.83</u>

TOWNSHIP OF BERLIN
TRUST--OTHER FUNDS
Statement of Due To Current Fund
For the Year Ended December 31, 2016

	<u>Total</u>	<u>Recycling Program</u>	<u>Contractors Escrow</u>	<u>Planning Board Escrow</u>
Balance December 31, 2015	\$ 101.98	\$ 84.44	\$ 0.17	\$ 17.37
Increased by:				
Interest Earned on Deposits	<u>313.79</u>	<u>108.15</u>	<u>2.08</u>	<u>203.56</u>
	<u>415.77</u>	<u>192.59</u>	<u>2.25</u>	<u>220.93</u>
Decreased by:				
Disbursements:				
Interfund Loans Returned	84.61	84.44	0.17	
Interest Disbursed to Current	<u>101.02</u>	<u>99.12</u>	<u>1.90</u>	
	<u>185.63</u>	<u>183.56</u>	<u>2.07</u>	<u>-</u>
Balance December 31, 2016	<u>\$ 230.14</u>	<u>\$ 9.03</u>	<u>\$ 0.18</u>	<u>\$ 220.93</u>

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

Balance December 31, 2015		\$ 4,113.81
Increased by:		
Collections		
Dog License Fees	\$ 13,153.40	
Cat License Fees	<u>2,912.00</u>	
		<u>16,065.40</u>
		20,179.21
Decreased by:		
Expenditures Under R.S.4:19-15.11--Cash	14,141.21	
Accounts Payable	<u>400.00</u>	
		<u>14,541.21</u>
Balance December 31, 2016		<u><u>\$ 5,638.00</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	\$ 17,027.40
2014	<u>13,732.20</u>
	<u><u>\$ 30,759.60</u></u>

TRUST--ANIMAL CONTROL FUND
Statement of Due to State Department of Health
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 13.20
Increased by:	
Dog Registration Fees Collected	<u>1,086.60</u>
	1,099.80
Decreased by:	
Payments	<u><u>\$ 1,099.80</u></u>

TOWNSHIP OF BERLIN
TRUST—OTHER FUNDS
Statement of Trust Other Reserves
For the Year Ended December 31, 2016

Reserve	Balance Dec 31, 2015	Increased		Decreased		Balance Dec 31, 2016
		Receipts	Accounts Payable	Disbursements	Accounts Payable	
Reserve for Escrow Deposits	\$ 518,007.02	\$ 67,295.69	\$ 14,054.07	\$ 114,045.50	\$ 6,954.20	\$ 478,357.08
Reserve for New Jersey Unemployment Compensation Insurance	85,220.29	17,058.72		4,427.19		97,851.82
Reserve for Net Payroll		1,986,506.50		1,986,506.50		
Reserve for Recycling Program	46,743.70	8,937.14		6,134.86		49,545.98
Reserve for Accumulated Sick Leave	126,108.72	25,088.80				151,197.52
Reserve for Redemption of Tax Sale Certificates	21,379.16	912,239.09				1,000
Reserve for Premium on Tax Sale	154,800.00	321,100.00		933,617.25		131,400.00
Reserve for Parking Offenses Adjudication Act	1,004.00	68.00		344,500.00		1,072.00
Reserve for Municipal Law Enforcement Program Expenditures	18,564.04	12,775.53		5,818.00		25,521.57
Reserve for Township Rehabilitation	20,046.44	14.03		331.00	6,272.00	13,457.47
Reserve for Municipal Public Defender Fees	2,467.18	6,316.50		6,450.00	375.00	1,958.68
Reserve for Municipal Alcohol and Drug Alliance Program	0.37					0.37
Reserve for Storm Recovery	47,505.65	20,000.00		2,801.66		64,703.99
Reserve for NPP - Bench Program & Old West Berlin Association	659.14	0.24				659.38
Reserve for John J. McPeak Library	64.53	500.15				564.68
Reserve for Berlin Township Police Department	3,798.13	2,200.00		3,649.98		2,348.15
Reserve for Flexible Benefits Plan	2,688.87	8,011.16		8,433.14		2,266.89
Reserve for Recreation	6,371.00	17,125.00		19,990.09		3,505.91
Reserve for Tax Collector Utility		131,457.93		131,457.93		
Accounts Payable	14,054.07		(14,054.07)		(13,601.20)	13,601.20
	<u>\$ 1,069,482.31</u>	<u>\$ 3,536,694.48</u>	<u>-</u>	<u>\$ 3,568,163.10</u>	<u>-</u>	<u>\$ 1,038,013.69</u>

TOWNSHIP OF BERLIN
TRUST--OTHER FUND
Statement of Payroll Deductions Payable
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 28,450.25
Increased by:	
Payroll Deductions	<u>2,272,703.36</u>
	2,301,153.61
Decreased by:	
Payments	<u>2,272,824.40</u>
Balance December 31, 2016	<u><u>\$ 28,329.21</u></u>

Analysis of Balance December 31, 2016

Workforce Development/Health Care Subsidy	\$ 506.33
Public Employees' Retirement System	11,714.20
Police and Firemen's Retirement System	15,234.11
Family Leave Insurance	94.33
AFLAC	142.31
Other	<u>637.93</u>
	<u><u>\$ 28,329.21</u></u>

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of General Capital Cash per N.J.S. 40A:5-5--Chief Financial Officer
For the Year Ended December 31, 2016

Balance Dec. 31, 2015		\$ 1,275,085.13
Increased by Receipts:		
Due Current Fund	\$ 816.41	
Due Open Space Trust Fund	4.96	
Budget Appropriation:		
Capital Improvement Fund	265,000.00	
Serial Bonds	2,410,000.00	
Contra	<u>1,494,462.57</u>	
		<u>4,170,283.94</u>
		5,445,369.07
Decreased by Disbursements:		
Due Current Fund	780.78	
Due Open Space Trust Fund	4.46	
Improvement Authorizations	694,701.91	
Bond Anticipation Notes	615,000.00	
Reserve for Developer's Contribution -- Current		
Fund Budget Revenue	55,266.67	
Accounts Payable	1,290.00	
Contra	<u>1,494,462.57</u>	
		<u>2,861,506.39</u>
Balance Dec. 31, 2016		<u><u>\$ 2,583,862.68</u></u>

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2016

	Balance (Overdraft) Dec. 31, 2015	Receipts		Disbursements				Balance (Overdraft) Dec. 31, 2016
		Budget Appropriations	Serial Bonds	Improvement Authorizations	Anticipation Notes	Miscellaneous	Transfers From To	
Fund Balance	\$ 518,543.57							
Capital Improvement Fund	380,000.00	\$ 265,000.00						\$ 43.57
Improvement Authorizations:								15,000.00
04-10 Acquisition, Construction, Repair and Installation of Various Capital	68,407.06							68,407.06
Various Capital Improvements and the Acquisition of Various Pieces of Capital Equipment	5,929.31							5,929.31
06-01 Various Capital Improvements and the Acquisition of Various Pieces of Equipment	40,398.16							40,398.16
07-08; 09-10 Acquisition of Certain Real Property and Existing Facilities Together with the Completion of Various Renovations and Improvements	53,044.15							
09-02 Completion of Various Capital Improvements	149,510.48			\$ 5,204.63				47,839.52
11-26 and the Acquisition of Various Equipment			\$ 615,000.00	19,102.20	\$ 615,000.00			130,408.28
16-04.1 Refurbishment of Trash Trucks				5,130.61			\$ 65,000.00	59,869.39
16-04.2 Acquisition of Public Works Equipment				18,498.00				78,502.00
16-04.3 Acquisition of Vehicles for Public Works							103,701.00	46,299.00
16-04.4 Various Improvements to Municipal Buildings and Land				1,925.00				67,575.00
16-04.5 Acquisition of Police Equipment				43,472.95				43,527.05
16-04.6 Acquisition of Computer Equipment				3,669.05			1,057.00	45,273.95
16-05.1 Reconstruction and/or Resurfacing of Various Roads			339,644.00	21,850.00			119,206.00	437,000.00
16-05.2 Drainage Improvements to Various Locations			253,761.00	33,846.14			89,064.00	308,978.86
16-05.3 Acquisition of Trash Collection Equipment			723,589.00	539,695.12			374,535.95	63,318.93
16-05.4 Acquisition of Public Works Equipment			310,887.00	54.24			396,897.00	23,048.76
16-05.5 Improvements to Recreational Facilities			32,643.00	2,198.25			11,457.00	41,901.75
16-05.6 Acquisition of Ambulance			134,476.00	55.72			179,983.00	1,636.28
Due Current Fund	42.65					\$ 780.78		78.28
Contracts Payable								847,139.95
Accounts Payable	1,290.00					1,290.00		209,034.00
Reserve for Developers Contribution	55,266.67					55,266.67		
Due Open Space Trust Fund	2,653.08					4.46		
Contra						1,494,462.57		2,653.58
	\$ 1,275,085.13	\$ 265,000.00	\$ 2,410,000.00	\$ 694,701.91	\$ 615,000.00	\$ 1,551,804.48	\$ 2,204,673.95	\$ 2,583,862.68

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of Due To Current Fund
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 42.65
Increased by:	
Receipts:	
Interest Earned on Investments	<u>816.41</u>
	859.06
Decreased by:	
Disbursements:	
Interfund Loans Returned	<u>780.78</u>
Balance Dec. 31, 2016	<u><u>\$ 78.28</u></u>

Exhibit SC-4

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

Balance Dec. 31, 2015	\$ 11,555,462.09
Increased by:	
Serial Bonds Issued	<u>2,410,000.00</u>
	13,965,462.09
Decreased by:	
Budget Appropriation:	
Payment of Bond Principal	\$ 980,000.00
Payment of Loan Principal	<u>13,061.54</u>
	<u>993,061.54</u>
Balance Dec. 31, 2016	<u><u>\$ 12,972,400.55</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Bonds Issued	Balance Dec. 31, 2016	Analysis of Balance Dec. 31, 2016		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
	General Improvements:							
16-05.1	Reconstruction and/or Resurfacing of Various Roads		\$ 339,644.00	\$ 339,644.00				
16-05.2	Drainage Improvements to Various Locations		253,761.00	253,761.00				
16-05.3	Acquisition of Trash Collection Equipment		723,589.00	723,589.00				
16-05.4	Acquisition of Public Works Equipment		310,887.00	310,887.00				
16-05.5	Improvements to Recreational Facilities		32,643.00	32,643.00				
16-05.6	Acquisition of Ambulance		134,476.00	134,476.00				
16-17	Refunding Bonds		1,632,000.00		\$ 1,632,000.00			\$ 1,632,000.00
		-	\$ 3,427,000.00	\$ 1,795,000.00	\$ 1,632,000.00	-	-	\$ 1,632,000.00

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of Due to Open Space Trust Fund
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 2,653.08
Increased by:	
Interest Earned on Deposits	<u>4.96</u>
	2,658.04
Decreased by:	
Interfund Loans Returned	<u>4.46</u>
Balance Dec. 31, 2016	<u><u>\$ 2,653.58</u></u>

Exhibit SC-7

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

Balance Dec. 31, 2015	\$ 380,000.00
Increased by Receipts:	
Receipts -- 2016 Budget Appropriation	<u>265,000.00</u>
	645,000.00
Decreased by:	
Appropriation to Finance	
Improvement Authorizations	<u>630,000.00</u>
Balance Dec. 31, 2016	<u><u>\$ 15,000.00</u></u>

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

Ordinance Number	Improvement Description	Date	Amount	Balance		2016 Authorizations			Capital Fund Balance	Paid or Charged	Balance	
				Dec. 31, 2015 Funded	Dec. 31, 2015 Unfunded	Capital Improvement Fund	Deferred Charges To Future Taxation Unfunded	Dec. 31, 2016 Funded			Dec. 31, 2016 Unfunded	
04-10	Acquisition, Construction, Repair and Installation of Various Capital Improvements	11-22-04	\$ 610,000.00	\$ 68,407.06							\$ 68,407.06	
06-01	Various Capital Improvements and the Acquisition of Various Pieces of Capital Equipment	02-13-06	595,000.00	5,929.31							5,929.31	
07-08; 09-10	Various Capital Improvements and the Acquisition of Various Pieces of Equipment	04-23-07	704,000.00	40,398.16							40,398.16	
09-02	Acquisition of Certain Real Property and Existing Facilities with the Completion of Renovations and Improvements	03-23-09	7,950,000.00	53,044.15						\$ 5,204.63	47,839.52	
11-26	Completion of Various Capital Improvements and the Acquisition of Various Equipment	12-12-11	650,000.00		\$ 149,510.48						130,408.28	
16-04.1	Refurbishment of Trash Trucks	03-14-16	65,000.00					\$ 65,000.00		19,102.20	59,869.39	
16-04.2	Acquisition of Public Works Equipment	03-14-16	97,000.00					97,000.00		18,496.00	78,502.00	
16-04.3	Acquisition of Vehicles for Public Works	03-14-16	150,000.00					150,000.00		103,701.00	46,299.00	
16-04.4	Various Improvements to Municipal Buildings and Land	03-14-16	69,500.00					69,500.00		1,925.00	67,575.00	
16-04.5	Acquisition of Police Equipment	03-14-16	87,000.00					87,000.00		43,472.95	43,527.05	
16-04.6	Acquisition of Computer Equipment	03-14-16	50,000.00					50,000.00		4,726.05	45,273.95	
16-05.1	Reconstruction and/or Resurfacing of Various Roads	03-14-16	458,850.00			\$ 119,206.00	\$ 339,644.00			21,850.00	437,000.00	
16-05.2	Drainage Improvements to Various Locations	03-14-16	342,825.00			89,064.00	253,761.00			33,846.14	308,978.86	
16-05.3	Acquisition of Trash Collection Equipment	03-14-16	977,550.00			253,961.00	723,589.00			914,231.07	63,318.93	
16-05.4	Acquisition of Public Works Equipment	03-14-16	420,000.00			109,113.00	310,887.00			396,951.24	23,048.76	
16-05.5	Improvements to Recreational Facilities	03-14-16	44,100.00			11,457.00	32,643.00			2,196.25	41,901.75	
16-05.6	Acquisition of Ambulance	03-14-16	181,675.00			47,199.00	134,476.00			180,038.72	1,636.28	
16-17	Refunding Bonds	09-26-16	1,632,000.00				1,632,000.00				\$ 1,632,000.00	
				\$ 167,778.68	\$ 149,510.48	\$ 630,000.00	\$ 3,427,000.00	\$ 518,500.00	\$ 1,750,875.86	\$ 1,509,913.30	\$ 1,632,000.00	
Disbursed												
Contracts Payable									\$ 694,701.91			
Accounts Payable									847,139.95			
									209,034.00			
									\$ 1,750,875.86			

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

Increased by:

Contracts Awarded and Charged to
Improvement Authorizations

\$ 847,139.95

Balance December 31, 2016

\$ 847,139.95

Analysis of Balance December 31, 2016

<u>Name</u>	<u>Date</u>	<u>Ordinance Number</u>	<u>Amount</u>
Schaefer Systems	7-11-16	16-05.3	\$ 341,290.95
Hunter Peterbuilt	7-11-16	16-05.4	325,866.00
VCI Ambulance	9-26-16	16-05.6	<u>179,983.00</u>
			<u><u>\$ 847,139.95</u></u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2015	Increased	Paid by Budget Appropriation	Balance Dec. 31, 2016
			Outstanding	Date					
General Bonds--Series 2005	3-1-05	\$ 1,900,000.00		3-1-17	\$ 332,749.56	4.000%			
				3-1-18	\$ 362,697.02	4.000%	\$ 928,371.26	\$ 232,924.69	\$ 695,446.57
Open Space Bonds--Series 2005	3-1-05	955,000.00		3-1-17	167,250.44	4.000%			
				3-1-18	182,302.98	4.000%	466,628.74	117,075.31	349,553.43
General Bonds--Series 2010	11-16-10	10,318,000.00		1-1-17/18	250,000.00	4.250%			
				1-1-19	250,000.00	4.500%			
				1-1-20	300,000.00	4.500%			
				1-1-21/22	400,000.00	4.500%			
				1-1-23/25	500,000.00	4.500%			
				1-1-26	500,000.00	4.625%			
				1-1-27/28	500,000.00	4.875%			
				1-1-29/32	600,000.00	5.000%			
				1-1-33/34	700,000.00	5.000%	9,518,000.00	200,000.00	9,318,000.00
				1-1-35	668,000.00	5.000%			
Refunding Bonds--Series 2010	11-16-10	1,955,000.00					345,000.00	345,000.00	
Refunding Bonds--Series 2012	5-17-12	335,000.00		1-1-17	85,000.00	3.000%	170,000.00	85,000.00	85,000.00
General Bonds--Series 2016	10-27-16	2,410,000.00		11-15-17/18	110,000.00	1.500%			
				11-15-19	175,000.00	1.500%			
				11-15-20/21	180,000.00	2.000%			
				11-15-22	190,000.00	2.000%			
				11-15-23	195,000.00	2.000%			
				11-15-24	200,000.00	3.000%			
				11-15-25	205,000.00	3.000%			
				11-15-26	210,000.00	3.000%			
				11-15-27	215,000.00	3.000%			
				11-15-28/29	220,000.00	3.000%			
							\$ 2,410,000.00		2,410,000.00
							\$ 11,428,000.00	\$ 980,000.00	\$ 12,858,000.00
							\$ 1,795,000.00		
							615,000.00		
							\$ 2,410,000.00		

Issued for Cash
Issued to Pay Notes

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Date</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Increased</u>	<u>Paid by Bond Proceeds</u>	<u>Balance Dec. 31, 2016</u>
11-26	Completion of Various Capital Improvements and the Acquisition of Various Equipment	11-21-13	11-17-15	11-16-16	0.800%	\$ 615,000.00	-	\$ 615,000.00	-

TOWNSHIP OF BERLIN
GENERAL CAPITAL FUND
Statement of Green Acres Loan
For the Year Ended December 31, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Issued for Cash</u>	<u>Paid by</u>	
			<u>Outstanding</u>	<u>December 31, 2016</u>				<u>Open Space Budget</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				<u>Appropriation</u>	
Green Acres Loan	12-10-04	\$ 250,000.00	3-10-17	\$ 6,628.89	2.00%				
			9-10-17	6,695.18	2.00%				
			3-10-18	6,762.13	2.00%				
			9-10-18	6,829.76	2.00%				
			3-10-19	6,898.05	2.00%				
			9-10-19	6,967.03	2.00%				
			3-10-20	7,036.70	2.00%				
			9-10-20	7,107.07	2.00%				
			3-10-21	7,178.14	2.00%				
			9-10-21	7,249.92	2.00%				
			3-10-22	7,322.42	2.00%				
			9-10-22	7,395.65	2.00%				
			3-10-23	7,469.60	2.00%				
			9-10-23	7,544.30	2.00%				
			3-10-24	7,619.74	2.00%				
			9-10-24	7,695.94	2.00%				
						\$ 127,462.09	-	\$ 13,061.54	\$ 114,400.55

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Notes Paid from Bond Funds	Bonds Issued	Balance Dec. 31, 2016
	General Improvements:					
11-26	Completion of Various Capital Improvements			\$ 615,000.00	\$ 615,000.00	
16-05.1	and the Acquisition of Various Equipment		\$ 339,644.00		339,644.00	
16-05.2	Reconstruction and/or Resurfacing of Various Roads		253,761.00		253,761.00	
16-05.3	Drainage Improvements to Various Locations		723,589.00		723,589.00	
16-05.4	Acquisition of Trash Collection Equipment		310,887.00		310,887.00	
16-05.5	Acquisition of Public Works Equipment		32,643.00		32,643.00	
16-05.6	Improvements to Recreational Facilities		134,476.00		134,476.00	
16-17	Acquisition of Ambulance		1,632,000.00			\$ 1,632,000.00
	Refunding Bonds					
		-	\$ 3,427,000.00	\$ 615,000.00	\$ 2,410,000.00	\$ 1,632,000.00

SUPPLEMENTAL EXHIBITS

SEWER UTILITY FUND

TOWNSHIP OF BERLIN
SEWER UTILITY FUND
Statement of Sewer Utility Cash per N.J.S.40A:5-5--Chief Financial Officer
For the Year Ended December 31, 2016

	<u>Operating</u>	<u>Capital</u>
Balance Dec. 31, 2015	\$ 1,014,404.43	\$ 430,817.78
Increased by Receipts:		
Utility Collector	\$ 1,264,654.11	
Due Sewer Utility Operating Fund		\$ 26.57
Serial Bonds		750,000.00
Non-Budget Revenue:		
Due Sewer Utility Capital Fund	25.05	
Other Miscellaneous	2,074.64	
Contra	<u>89,152.70</u>	
	<u>1,355,906.50</u>	<u>750,026.57</u>
	2,370,310.93	1,180,844.35
Decreased by Disbursements:		
2016 Budget Appropriations	809,793.63	
Due Berlin Borough -- Water Reconnection Fees	225.00	
Accrued Interest on Bonds and Notes	195,970.58	
Bond Anticipation Notes		750,000.00
2015 Appropriation Reserves	4,424.55	
Due Sewer Utility Operating Fund		25.05
Improvement Authorizations		9,752.56
Fund Balance Utilized as Revenue in the Current Fund	74,000.00	
Contra	<u>89,152.70</u>	
	<u>1,173,566.46</u>	<u>759,777.61</u>
Balance Dec. 31, 2016	<u><u>\$ 1,196,744.47</u></u>	<u><u>\$ 421,066.74</u></u>

TOWNSHIP OF BERLIN
SEWER UTILITY CAPITAL FUND
 Analysis of Sewer Utility Capital Cash
 For the Year Ended December 31, 2016

	Balance (Overdraft) Dec. 31, 2015	<u>Receipts</u>		<u>Disbursements</u>			<u>Transfers</u>		Balance (Overdraft) Dec. 31, 2016
		Serial Bonds	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Improvement Authorizations:									
Ordinance									
Number									
13-12 Various Improvements to the Sewerage Collection System	\$ 430,816.59	\$ 750,000.00		\$ 9,752.56	\$ 750,000.00		\$ 7,350.00		\$ 413,714.03
Accounts Payable	1.19		\$ 26.57			\$ 25.05		\$ 7,350.00	7,350.00
Due Sewer Utility Operating Fund	\$ 430,817.78	\$ 750,000.00	\$ 26.57	\$ 9,752.56	\$ 750,000.00	\$ 25.05	\$ 7,350.00	\$ 7,350.00	\$ 421,066.74

TOWNSHIP OF BERLIN
SEWER UTILITY OPERATING FUND
Statement of Sewer Cash and Reconciliation per N.J.S.40A:5-5--Collector
For the Year Ended December 31, 2016

Receipts:	
Consumer Accounts Receivable	\$ 884,381.31
Prepaid Sewer Rents	227,362.56
Due Berlin Borough -- Water Connection Fees	225.00
Connection Fees	139,200.00
Interest on Delinquent Rents	13,485.24
	<u>1,264,654.11</u>
	1,264,654.11
Decreased by:	
Turnovers to Treasurer	<u>\$ 1,264,654.11</u>

Exhibit SD-4

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

Balance Dec. 31, 2015	\$ 21,672.53
Increased by:	
Net Billings	<u>1,094,308.26</u>
	1,115,980.79
Decreased by:	
Collections	\$ 884,381.31
Canceled	1,330.00
Transfer to Sewer Liens Receivable	487.50
Prepays Applied	<u>215,263.62</u>
	<u>1,101,462.43</u>
Balance Dec. 31, 2016	<u>\$ 14,518.36</u>

TOWNSHIP OF BERLIN
SEWER UTILITY CAPITAL FUND
Statement of Fixed Capital Authorized and Uncompleted
For the Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance Dec. 31, 2015</u>	<u>Deferred Charges to Future Revenue</u>	<u>Balance Dec. 31, 2016</u>
13-12	Various Improvements to the Sewerage Collection System	10-28-13	\$ 750,000.00	\$ 750,000.00		\$ 750,000.00
16-17	Refunding Bonds	09-26-16	215,000.00		\$ 215,000.00	215,000.00
				<u>\$ 750,000.00</u>	<u>\$ 215,000.00</u>	<u>\$ 965,000.00</u>

TOWNSHIP OF BERLIN
SEWER UTILITY CAPITAL FUND
Statement of Fixed Capital
For the Year Ended December 31, 2016

<u>Description</u>	<u>Balance Dec. 31, 2015</u>	<u>Additions</u>	<u>Balance Dec. 31, 2016</u>
Sewerage Collection System	\$ 12,641,344.10	-	\$ 12,641,344.10

Exhibit SD-7

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

Balance Dec. 31, 2015 (2016 Rents)	\$ 215,263.62
Increased by:	
Collections	227,362.56
	442,626.18
Decreased by:	
Application to Sewer Consumer Accounts Receivable	215,263.62
Balance Dec. 31, 2016 (2017 Rents)	\$ 227,362.56

Exhibit SD-8

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

Increased by:	
Transferred from Consumer Accounts Receivable	\$ 487.50
Decreased by:	
Transferred to Municipal Tax Title Liens	\$ 487.50

TOWNSHIP OF BERLIN
SEWER UTILITY OPERATING FUND
Statement of Accrued Interest on Bonds
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 84,331.02
Increased by:	
Charges to Utility Operating Budget	<u>192,426.79</u>
	276,757.81
Decreased by:	
Interest Paid by Utility Operating Fund	<u>195,970.58</u>
Balance Dec. 31, 2016	<u><u>\$ 80,787.23</u></u>

Analysis of Accrued Interest Dec. 31, 2016

Principal Outstanding Dec. 31, 2016	Interest Rate	From	To	Period	Amount
Serial Bonds:					
\$ 1,270,000.00	Variable	09-15-16	12-31-16	106 Days	\$ 18,031.04
3,675,000.00	Variable	07-01-16	12-31-16	180 Days	60,459.38
750,000.00	Variable	10-27-16	12-31-16	64 Days	<u>2,296.81</u>
					<u><u>\$ 80,787.23</u></u>

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

	Balance Balance Dec. 31, 2015			Balance Lapsed
	<u>Encumbered</u>	<u>Reserves</u>	<u>Disbursed</u>	
Operating:				
Salaries and Wages		\$ 2,859.44		\$ 2,859.44
Other Expenses	\$ 4,662.39	35,035.88	\$ 4,424.55	35,273.72
	<u>4,662.39</u>	<u>37,895.32</u>	<u>4,424.55</u>	<u>38,133.16</u>
Deferred Charges and Statutory Expenditures				
Statutory Expenditures:				
Contribution to:				
Public Employees Retirement System		500.00		500.00
Social Security System		962.14		962.14
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et seq.)		309.79		309.79
	<u>-</u>	<u>1,771.93</u>	<u>-</u>	<u>1,771.93</u>
	<u>\$ 4,662.39</u>	<u>\$ 39,667.25</u>	<u>\$ 4,424.55</u>	<u>\$ 39,905.09</u>

Exhibit SD-11

SEWER UTILITY CAPITAL FUND
Statement of Due to Sewer Utility Operating Fund
For the Year Ended December 31, 2016

Balance Dec. 31, 2015	\$ 1.19
Increased by:	
Receipts:	
Interest Earned on Deposits	<u>26.57</u>
	27.76
Decreased by:	
Disbursed -- Non-Budget Revenue	<u>25.05</u>
Balance Dec. 31, 2016	<u>\$ 2.71</u>

TOWNSHIP OF BERLIN

Disbursed
Accounts Payable

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

Balance Dec. 31, 2015	\$ 7,321,344.10
Increased by:	
Long Term Bonded Debt Paid by Operating Budget	<u>375,000.00</u>
Balance Dec. 31, 2016	<u><u>\$ 7,696,344.10</u></u>

TOWNSHIP OF BERLIN
SEWER UTILITY CAPITAL FUND
Statement of Long Term Bonded Debt
For the Year Ended December 31, 2016

<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 Dec. 31, 2015</u>	<u>Bonds Issued To Pay Notes</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 2008	5-13-08	\$ 3,115,000.00	9-15-17	\$ 115,000.00	5.000%				
			9-15-18	120,000.00	5.000%				
			9-15-19	130,000.00	5.000%				
			9-15-20	135,000.00	4.750%				
			9-15-21	140,000.00	4.750%				
			9-15-22	145,000.00	4.750%				
			9-15-23	155,000.00	4.750%				
			9-15-24	160,000.00	4.750%				
			9-15-25	170,000.00	4.750%	\$ 1,380,000.00		\$ 110,000.00	\$ 1,270,000.00
Refunding Bonds of 2012	5-17-12	4,550,000.00	1-01-17	270,000.00	3.000%				
			1-01-18	260,000.00	4.000%				
			1-01-19	270,000.00	2.125%				
			1-01-20	275,000.00	4.000%				
			1-01-21	285,000.00	4.000%				
			1-01-22	300,000.00	4.000%				
			1-01-23	310,000.00	2.750%				
			1-01-24	320,000.00	2.875%				
			1-01-25	330,000.00	3.250%				
			1-01-26	340,000.00	3.250%				
			1-01-27	350,000.00	3.250%				
			1-01-28	365,000.00	3.125%	3,940,000.00		265,000.00	3,675,000.00
General Bonds--Series 2016	10-27-16	750,000.00	11-15-17/18	50,000.00	1.500%				
			11-15-19	55,000.00	1.500%				
			11-15-20/21/22/23	55,000.00	2.000%				
			11-15-24/25/26	60,000.00	3.000%				
			11-15-27/28/29	65,000.00	3.000%				
						\$ 5,320,000.00	\$ 750,000.00	\$ 375,000.00	\$ 5,695,000.00

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Increased</u>	<u>Paid by Bond Proceeds</u>	<u>Balance Dec. 31, 2016</u>
13-12	Various Improvements to the Sewerage Collection System	11-19-14	11-17-15	11-16-16	0.800%	\$ 750,000.00	-	\$ 750,000.00	-

TOWNSHIP OF BERLIN
SEWER UTILITY CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Authorizations</u>	<u>Bonds Issued</u>	<u>Balance Dec. 31, 2016</u>
16-17	Refunding Bonds	09-26-16	-	\$ 215,000.00	-	\$ 215,000.00

TOWNSHIP OF BERLIN

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF BERLIN
Schedule of Findings and Recommendations
For the Year Ended December 31, 2016

Schedule of Financial Statement Findings

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

None.

TOWNSHIP OF BERLIN
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

None.

TOWNSHIP OF BERLIN
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>	
Phyllis Magazzu	Mayor	\$1,000,000.00	(A)
Christopher Morris	Council President	1,000,000.00	(A)
Marion Bodanza	Councilmember	1,000,000.00	(A)
Frank Epifanio	Councilmember	1,000,000.00	(A)
Jerome McIntosh	Councilmember	1,000,000.00	(A)
Lori Campisano	Chief Financial Officer/Treasurer; Qualified Purchasing Agent	1,000,000.00	(A)
Cathy Underwood	Township Clerk, Improvement Search Clerk, Registrar of Vital Statistics	1,000,000.00	(A)
Kathleen Jamison	Deputy Registrar of Vital Statistics	1,000,000.00	(A)
Stuart A. Platt	Solicitor		
Nicholas Trabosh, Esq.	Judge of the Municipal Court	1,000,000.00	(A)
Maria Reed	Court Administrator and Violations Clerk	1,000,000.00	(A)
Vicki Taylor	Deputy Court Administrator and Violations Clerk	1,000,000.00	(A)
Kelly McCauley	Secretary to the Building Inspector, Planning Board and Zoning Board	1,000,000.00	(A)
Charles Riebel, Jr.	Engineer and Public Works Director	1,000,000.00	(A)
Joshua Shellenberger	Secretary to Board of Health and Property Maintenance Inspector / Animal Control Officer / Zoning Officer	1,000,000.00	(A)
Dana O'Hara	Tax and Sewer Clerk Tax and Sewer Utility Collector and Tax Search Clerk	1,000,000.00	(A)
Colleen Dawson	Tax and Sewer Clerk	1,000,000.00	(A)
Michael DePalma	Building Subcode Official/Inspector and Construction Code Officer / Plumbing Inspector	1,000,000.00	(A)
Ralph Jones	Fire Subcode Official/Inspector	1,000,000.00	(A)
Sal Cantania	Electrical Inspector	1,000,000.00	(A)
Dan Gatti	Tax Assessor		
Leonard Check	Police Chief	1,000,000.00	(A)

(A) Employees not individually bonded are covered through the Camden County Joint Insurance Fund for \$1,000,000.00 per each loss.

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APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink that reads "Daniel M. DiGangi". The script is cursive and fluid.

Daniel M. DiGangi
Certified Public Accountant
Registered Municipal Accountant

