

**TOWNSHIP OF DEERFIELD
COUNTY OF CUMBERLAND
REPORT OF AUDIT
FOR THE YEAR 2017**

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TOWNSHIP OF DEERFIELD
PART 1
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Deerfield
Rosenhayn, New Jersey 08352

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 Deerfield, in the County of Cumberland, State of New Jersey, as of December 31, 2017 and 2016, 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, 2017, 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.

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 Deerfield, in the County of Cumberland, State of New Jersey, as of December 31, 2017 and 2016, 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 Deerfield, in the County of Cumberland, State of New Jersey, as of December 31, 2017 and 2016, 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, 2017, 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

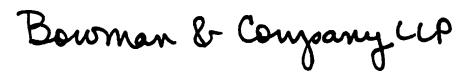
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018 on our consideration of the Township of Deerfield's, in the County of Cumberland, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Deerfield's 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 Deerfield's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 20, 2018

**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 Committee
Township of Deerfield
Rosenhayn, New Jersey 08352

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 Deerfield, in the County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2017, 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 20, 2018. That report indicated that the Township of Deerfield'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 Deerfield'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 Deerfield's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Deerfield'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Recommendations*, that we consider to be a significant deficiency: finding no. 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Deerfield'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 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, and which are described in the accompanying *Schedule of Findings and Recommendations* as findings no.: 2017-001 and 2017-002.

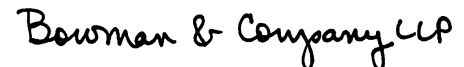
The Township of Deerfield's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 20, 2018

TOWNSHIP OF DEERFIELD

CURRENT FUND

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

As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Regular Fund:			
Cash:			
Treasurer	SA-1	\$ 3,215,768.18	\$ 3,486,693.04
Collector	SA-2	614,339.00	442,962.77
Change Fund	SA-3	325.00	325.00
Due from State of New Jersey (Ch.73, P.L.1976)	SA-6	16,327.96	16,077.96
		<u>3,846,760.14</u>	<u>3,946,058.77</u>
Receivables and Other Assets with			
Full Reserves:			
Delinquent Property Taxes Receivable	SA-4	158,428.99	186,054.24
Tax Title Liens Receivable	SA-5	202,514.63	228,206.46
Property Acquired for Taxes - Assessed Valuation	SA-8	406,800.00	128,900.00
Revenue Accounts Receivable	SA-9	44,881.85	48,436.13
Due from General Capital Fund	SC-5	72,340.65	
		<u>884,966.12</u>	<u>591,596.83</u>
Deferred Charges:			
Emergency Authorizations (40A:4-46)	SA-7		20,000.00
		<u>4,731,726.26</u>	<u>4,557,655.60</u>
Federal, State and Other Grant Fund:			
Cash	SA-1	27,684.47	27,684.47
Due from Current Fund	SA-21	115,861.92	28,443.24
Federal, State and Other Grants Receivable	SA-18	4,677.99	4,677.99
		<u>148,224.38</u>	<u>60,805.70</u>
		<u>\$ 4,879,950.64</u>	<u>\$ 4,618,461.30</u>

(Continued)

TOWNSHIP OF DEERFIELD

CURRENT FUND

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

As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves	A-3;SA-10	\$ 197,583.89	\$ 210,265.78
Reserve for Encumbrances	A-3;SA-10	47,041.15	63,751.70
Accounts Payable	A		4,772.90
Payroll Deductions Payable	SA-11	14,580.75	10,779.13
Prepaid Taxes	SA-12	132,114.39	102,674.37
Tax Overpayments	SA-13	3,599.83	20,612.13
Reserve for Revaluation Program	A	18,423.98	18,423.98
Due to Federal, State and Other Grant Fund	SA-21	115,861.92	28,443.24
Due to General Capital Fund	SC-5		97,610.27
Due to Trust Other Fund	SB-6	9,385.71	18,458.74
Due County for Added and Omitted Taxes	SA-15	5,193.94	5,528.23
Local District School Tax Payable	SA-16	1,401,696.59	1,350,394.57
Regional High School Tax Payable	SA-17	541,471.75	558,985.75
		<u>2,486,953.90</u>	<u>2,490,700.79</u>
Reserves for Receivables	A	884,966.12	591,596.83
Fund Balance	A-1	<u>1,359,806.24</u>	<u>1,475,357.98</u>
		<u>4,731,726.26</u>	<u>4,557,655.60</u>
Federal, State and Other Grant Fund:			
Reserve for:			
Federal, State and Other Grants Unappropriated	SA-19	83,070.40	
Federal, State and Other Grants Appropriated	SA-20	<u>65,153.98</u>	<u>60,805.70</u>
		<u>148,224.38</u>	<u>60,805.70</u>
		<u>\$ 4,879,950.64</u>	<u>\$ 4,618,461.30</u>

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

TOWNSHIP OF DEERFIELD

CURRENT FUND

Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Revenue and Other Income Realized:</u>		
Fund Balance Utilized	\$ 476,000.00	\$ 500,000.00
Miscellaneous Revenues Anticipated	969,087.30	974,009.66
Receipts from Delinquent Taxes	181,160.62	195,174.78
Receipts from Current Taxes	6,182,327.06	6,135,995.98
Nonbudget Revenues	145,964.33	136,487.70
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	206,829.72	172,058.26
Cancellation of Accounts Payable	4,772.90	
Cancellation of Tax Overpayments	4,041.83	6,555.49
Refund of Prior Year Expenditures		646.55
Reserves Liquidated:		
Trust Other Fund		48,939.29
General Capital Fund		12,157.34
	<u>8,170,183.76</u>	<u>8,182,025.05</u>
<u>Expenditures:</u>		
Budget Appropriations:		
Appropriations Within "CAPS"		
Operations (Salaries and Wages)	410,705.00	397,330.00
Operations (Other Expenses)	669,172.00	692,672.00
Statutory Expenditures	85,000.00	85,000.00
Appropriations Excluded from "CAPS"		
Operations (Salaries and Wages)	75,800.00	72,000.00
Operations (Other Expenses)	123,348.65	123,406.10
Capital Improvements	80,500.00	60,000.00
Debt Service	52,876.44	30,000.00
Deferred Charges and Statutory Expenditures	20,000.00	
County Taxes	2,279,458.06	2,233,109.45
Due County for Added and Omitted Taxes	5,193.94	5,528.23
Local District School Tax	2,803,393.00	2,700,789.00
Regional High School District Tax	1,131,583.00	1,173,479.00
Prior Year Senior Citizens Disallowed	364.76	1,436.30
Reserves Created:		
General Capital Fund	72,340.65	
	<u>7,809,735.50</u>	<u>7,574,750.08</u>
Excess in Revenue (Carried Forward)	<u>360,448.26</u>	<u>607,274.97</u>

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statements of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Excess in Revenue (Brought Forward)	\$ 360,448.26	\$ 607,274.97
Adjustments to Income before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u> </u>	<u>20,000.00</u>
Statutory Excess to Fund Balance	360,448.26	627,274.97
<u>Fund Balance:</u>		
Fund Balance January 1	<u>1,475,357.98</u>	<u>1,348,083.01</u>
	1,835,806.24	1,975,357.98
Decreased by:		
Utilization as Anticipated Revenue	<u>476,000.00</u>	<u>500,000.00</u>
Fund Balance December 31	<u>\$ 1,359,806.24</u>	<u>\$ 1,475,357.98</u>

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

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017

	Anticipated <u>Budget</u>	Special <u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	\$ 476,000.00	\$	\$ 476,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	3,750.00		3,750.00	
Other	500.00		783.00	283.00
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	300,406.00		300,406.00	
Shared Services Agreements Offset with Appropriations:				
Zoning Officer - Lawrence Township	12,000.00		7,948.26	(4,051.74)
Additional Revenue Offset with Appropriations:				
EMS/Ambulance Service	69,000.00		77,082.54	8,082.54
Public and Private Revenues Offset With Appropriations:				
Clean Communities Grant		6,048.65	6,048.65	
Other Special Items of Revenues:				
Host Benefit Fee (PL 1985 CH 38)	570,000.00		573,068.85	3,068.85
	<u>955,656.00</u>	<u>6,048.65</u>	<u>969,087.30</u>	<u>7,382.65</u>
Receipts from Delinquent Taxes	<u>150,000.00</u>		<u>181,160.62</u>	<u>31,160.62</u>
Subtotal General Revenues	1,581,656.00	6,048.65	1,626,247.92	38,543.27
Amount to be Raised by Taxes for				
Support to Municipal Budget -				
Local Tax for Municipal Purposes	<u>172,814.43</u>		<u>205,692.49</u>	<u>32,878.06</u>
Budget Totals	1,754,470.43	6,048.65	1,831,940.41	71,421.33
Nonbudget Revenues			<u>145,964.33</u>	<u>145,964.33</u>
	<u>\$ 1,754,470.43</u>	<u>\$ 6,048.65</u>	<u>\$ 1,977,904.74</u>	<u>\$ 217,385.66</u>

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017

Analysis of Realized Revenue:

Allocation of Current Tax Collections:

Revenue from Collections	\$ 6,182,327.06
Allocated to:	
Local School, Regional High School and County Taxes	<u>6,219,628.00</u>
Balance for Support of Municipal Budget Appropriations	(37,300.94)
Add:	
Appropriation: "Reserve for Uncollected Taxes"	<u>242,993.43</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 205,692.49</u>
<u>Receipts from Delinquent Taxes:</u>	
Delinquent Tax Collections	\$ 175,012.61
Tax Title Liens Collections	<u>6,148.01</u>
	<u>\$ 181,160.62</u>

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017

Analysis of Non-Budget Revenue

Miscellaneous Revenue Not Anticipated:

Revenue Accounts Receivable:

Fees and Permits:

Housing Inspector	\$ 12,620.00
Miscellaneous Clerk Receipts	1,077.71
Planning Board Secretary	1,200.00
Municipal Court	43,258.30
Cable TV Franchise Fee	<u>19,854.34</u>

\$ 78,010.35

Tax Collector:

Tax Search Fees	<u>32.00</u>
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32.00

Treasurer:

Interest on Bank Deposits	7,916.40
Property Lists	80.00
Administrative Cost of Senior Citizen and Veterans Program	617.70
Street Opening Permits	944.00
Election Account Receipts	1,950.00
Payments in Lieu of Taxes	5,500.00
Vacant Building Registration and Renewal	8,708.33
Other Miscellaneous	3,514.43
Refunds	<u>195.00</u>

29,425.86

Tax Collector:

Interest on Bank Deposits	1,513.48
Interest and Costs on Taxes	<u>35,988.05</u>

37,501.53

Interest Earned - Due from Other Funds:

Trust Other Funds - Interest Earned	543.67
General Capital Fund - Interest Earned	<u>450.92</u>

994.59

\$ 145,964.33

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

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Cancelled
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive						
Salaries and Wages	\$ 140,600.00	\$ 140,600.00	\$ 137,679.90		\$ 2,920.10	\$
Other Expenses:						
Miscellaneous Other Expenses	47,450.00	47,450.00	37,628.55	771.63	9,049.82	
Municipal Clerk						
Salaries and Wages	57,500.00	57,500.00	57,296.69		203.31	
Other Expenses	10,500.00	10,500.00	4,719.25	223.10	5,557.65	
Election Expenses						
Salaries and Wages	500.00	500.00			500.00	
Other Expenses	5,000.00	5,000.00	4,672.67		327.33	
Financial Administration						
Salaries and Wages	19,700.00	19,700.00	19,669.22		30.78	
Annual Audit	35,000.00	35,000.00	34,250.00		750.00	
Other Expenses	9,000.00	5,000.00	1,039.17	184.36	3,776.47	
Collection of Taxes						
Salaries and Wages	20,400.00	20,400.00	20,091.22		308.78	
Other Expenses	5,000.00	6,000.00	4,774.80	1,045.00	180.20	
Assessment of Taxes						
Salaries and Wages	17,500.00	17,500.00	17,483.75		16.25	
Other Expenses	21,000.00	20,250.00	5,914.46	50.94	14,284.60	
Liquidation of Tax Title Liens and Foreclosed Property						
Other Expenses	1,000.00	1,000.00			1,000.00	
Legal Services and Costs:						
Other Expenses	31,000.00	31,000.00	23,860.68		7,139.32	
Engineering Services and Costs						
Other Expenses	7,500.00	7,500.00	3,410.24		4,089.76	
Economic Development						
Other Expenses	4,000.00	4,000.00	2,750.00		1,250.00	
Historical Society						
Other Expenses	500.00	500.00			500.00	
Planning Board						
Salaries and Wages	12,200.00	12,200.00	12,102.73		97.27	
Other Expenses	8,100.00	8,100.00	7,177.07	730.59	192.34	

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Cancelled
<u>OPERATIONS WITHIN "CAPS" (CONT'D)</u>						
<u>GENERAL GOVERNMENT (CONT'D)</u>						
Affordable Housing						
Other Expenses	\$ 500.00	\$ 500.00	\$	\$	500.00	\$
Housing and Zoning Officer						
Salaries and Wages	23,250.00	23,250.00	15,488.18		7,761.82	
Other Expenses	650.00	650.00	133.31		516.69	
Flood Insurance Officer						
Salaries and Wages	100.00	100.00			100.00	
Other Expenses	100.00	100.00			100.00	
Insurance						
Liability Insurance	27,500.00	27,500.00	27,500.00			
Workers Compensation	55,722.00	55,722.00	44,869.69		10,852.31	
Group Health	80,000.00	80,000.00	74,831.13		5,168.87	
Health Insurance Opt-out Payment	2,000.00	2,000.00	1,845.58		154.42	
Disability and Life Insurance	1,950.00	1,950.00	831.60		1,118.40	
Insurance - Fire Company	4,300.00	4,300.00	2,626.00		1,674.00	
<u>PUBLIC SAFETY</u>						
Emergency Management						
Salaries and Wages	4,730.00	4,730.00	3,892.84		837.16	
Other Expenses	5,500.00	5,500.00	144.00		5,356.00	
First Aid Organization						
Other Expenses	35,300.00	35,300.00	18,956.85	7,569.22	8,773.93	
Fire - Other Expenses						
Rosenhayn Fire Company - Miscellaneous Other Expenses	53,500.00	53,500.00	23,200.39	30,210.10	89.51	
Educational Materials	5,000.00	5,000.00	1,766.00	2,986.00	248.00	
<u>STREETS AND ROADS</u>						
Road Repair and Maintenance						
Salaries and Wages	500.00	500.00	500.00			
Other Expenses	7,000.00	7,000.00	1,435.00		5,565.00	
Public Buildings and Grounds						
Salaries and Wages	83,500.00	86,500.00	85,471.69		1,028.31	
Other Expenses	40,200.00	40,200.00	25,369.37	2,199.78	12,630.85	
Snow Removal						
Salaries and Wages	500.00	500.00	75.30		424.70	
Other Expenses	4,500.00	4,500.00		190.80	4,309.20	

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Cancelled
<u>OPERATIONS WITHIN "CAPS" (CONT'D)</u>						
<u>HEALTH AND WELFARE</u>						
Senior Citizen Director						
Salaries and Wages	\$ 19,500.00	\$ 19,500.00	\$ 15,232.75	\$	4,267.25	\$
Other Expenses	1,100.00	1,100.00	923.29	24.78	151.93	
Nutritional Center						
Other Expenses	950.00	950.00			950.00	
Dog Regulation						
Salaries and Wages	3,500.00	3,500.00	2,652.20		847.80	
Other Expenses	6,000.00	6,000.00	6,000.00			
Environmental Control Officer						
Salaries and Wages	1,000.00	1,000.00			1,000.00	
Other Expenses	100.00	100.00			100.00	
Infectious Control Officer						
Salaries and Wages	475.00	475.00	454.46		20.54	
<u>RECREATION AND EDUCATION</u>						
Board of Recreation Commissioners						
Salaries and Wages	2,100.00	2,100.00	1,906.40		193.60	
Other Expenses	22,000.00	22,000.00	18,558.67	25.00	3,416.33	
<u>UTILITIES</u>						
Street Lighting	40,000.00	40,000.00	35,263.23		4,736.77	
Electric	32,500.00	32,500.00	24,850.87		7,649.13	
Telephone	15,500.00	15,500.00	14,207.07		1,292.93	
Gas/Fuel	12,000.00	12,750.00	6,695.65	392.85	5,661.50	
Natural Gas	9,800.00	9,800.00	7,857.30		1,942.70	
Telecommunications- Internet	5,000.00	5,000.00	3,837.38		1,162.62	
<u>LANDFILL AND SOLID WASTE DISPOSAL COSTS</u>						
Landfill Post Closure Costs	5,100.00	5,100.00	3,722.50		1,377.50	
Sanitary Landfill						
Other Expenses	6,750.00	6,750.00	6,705.00		45.00	
Recycling Coordinator						
Salaries and Wages	150.00	150.00	150.00			

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Cancelled
<u>OPERATIONS WITHIN "CAPS" (CONT'D)</u>						
<u>UNCLASSIFIED</u>						
Celebration of a Public Event	\$ 500.00	\$ 500.00	\$	\$	\$ 500.00	\$
Accumulated Absences	1,000.00	1,000.00	1,000.00			
Contingent	100.00	100.00			100.00	
Uniform Construction Code--Appropriation Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17) (Cont'd)						
Demolition Official						
Other Expenses	5,000.00	5,000.00			5,000.00	
TOTAL OPERATIONS - WITHIN "CAPS"	1,079,877.00	1,079,877.00	873,474.10	46,604.15	159,798.75	
TOTAL OPERATIONS - WITHIN "CAPS"						
Detail:						
Salaries and Wages	407,705.00	410,705.00	390,147.33		20,557.67	
Other Expenses	672,172.00	669,172.00	483,326.77	46,604.15	139,241.08	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
<u>- MUNICIPAL WITHIN "CAPS"</u>						
STATUTORY EXPENDITURES:						
Contribution to:						
Pubic Employees' Retirement System	40,000.00	40,000.00	36,049.00		3,951.00	
Social Security System (O.A.S.I.)	42,000.00	42,000.00	36,173.98		5,826.02	
Defined Contribution Retirement Program	3,000.00	3,000.00	1,717.65		1,282.35	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	85,000.00	85,000.00	73,940.63		11,059.37	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,164,877.00	1,164,877.00	947,414.73	46,604.15	170,858.12	

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Cancelled
OPERATIONS EXCLUDED FROM "CAPS":						
Matching Funds for Grants	\$ 20,000.00	\$ 20,000.00	\$	\$	20,000.00	\$
Length of Service Award Program (LOSAP)	7,100.00	7,100.00	7,100.00			
Zoning Officer - Shared Services						
Salaries and Wages - Lawrence	8,000.00	8,000.00	7,744.09		255.91	
Shared Municipal Court - Other Expenses	89,000.00	89,000.00	83,397.64		5,602.36	
Additional Revenue Offset with Appropriations:						
EMS/Ambulance Service						
Salaries and Wages	64,000.00	67,800.00	66,940.50		859.50	
Other Expenses	5,000.00	1,200.00	755.00	437.00	8.00	
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	193,100.00	193,100.00	165,937.23	437.00	26,725.77	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:						
Clean Communities (40A:4-87 \$6,048.65+)		6,048.65	6,048.65			
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES		6,048.65	6,048.65			
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	193,100.00	199,148.65	171,985.88	437.00	26,725.77	
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"						
Detail:						
Salaries and Wages	72,000.00	75,800.00	74,684.59		1,115.41	
Other Expenses	121,100.00	123,348.65	97,301.29	437.00	25,610.36	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	60,500.00	60,500.00	60,500.00			
Reserve for Purchase of Emergency Vehicle	20,000.00	20,000.00	20,000.00			
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	80,500.00	80,500.00	80,500.00			
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Loan Repayments for Principal and Interest	53,000.00	53,000.00	52,876.44			123.56
TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"	53,000.00	53,000.00	52,876.44			123.56

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>DEFERRED CHARGES - EXCLUDED FROM "CAPS"</u>						
Emergency Authorizations	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$	\$	\$
TOTAL DEFERRED CHARGES - EXCLUDED FROM "CAPS"	20,000.00	20,000.00	20,000.00			
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	346,600.00	352,648.65	325,362.32	437.00	26,725.77	123.56
SUBTOTAL GENERAL APPROPRIATIONS	1,511,477.00	1,517,525.65	1,272,777.05	47,041.15	197,583.89	123.56
RESERVE FOR UNCOLLECTED TAXES	242,993.43	242,993.43	242,993.43			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 1,754,470.43</u>	<u>\$ 1,760,519.08</u>	<u>\$ 1,515,770.48</u>	<u>\$ 47,041.15</u>	<u>\$ 197,583.89</u>	<u>\$ 123.56</u>
Budget		\$ 1,754,470.43				
Appropriation by 40A:4-87		6,048.65				
Emergency Authorizations by 40A:4-46			\$ 20,000.00			
Reserve for Federal, State and Other Grants Appropriated			6,048.65			
Reserve for Uncollected Taxes			242,993.43			
Due to General Capital Fund			80,500.00			
Disbursed			1,166,228.40			
		<u>\$ 1,760,519.08</u>	<u>\$ 1,515,770.48</u>			

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

TOWNSHIP OF DEERFIELD

TRUST FUNDS

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

As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash - Treasurer	SB-1	\$ <u>1,005.09</u>	\$ <u>1,059.09</u>
Other Funds:			
Cash - Treasurer	SB-1	247,786.61	222,687.54
Investment - Length of Service Awards Program	SB-2	217,414.83	189,435.53
Due from Current Fund	SB-6	<u>9,385.71</u>	<u>18,458.74</u>
		<u>474,587.15</u>	<u>430,581.81</u>
		\$ <u><u>475,592.24</u></u>	\$ <u><u>431,640.90</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	SB-3	\$ <u>1,005.09</u>	\$ <u>1,059.09</u>
		<u>1,005.09</u>	<u>1,059.09</u>
Other Funds:			
Due to General Capital Fund	SB-8	10,179.00	
Due to State of N.J.-Sales Tax	SB-7	147.00	126.00
Miscellaneous Trust Reserves:			
Unemployment Compensation	SB-8	16,735.56	17,820.89
Developers' Escrow	SB-8	44,533.64	54,883.53
Developers' Bid Bonds	SB-8	127.69	127.69
Fire Penalties and Fines	SB-8	41,519.62	45,994.36
Accumulated Absences	SB-8	18,688.85	17,688.85
Snow Removal	SB-8	13,117.52	10,587.49
Recreation Fund	SB-8	71,135.49	49,428.76
Miscellaneous Trust Escrows:			
Sanitary Landfill Escrow	SB-9	9,334.58	9,315.96
Security Deposit Tent Rentals	SB-9	272.75	272.75
Tax Sale Premiums	SB-9	13,500.00	34,900.00
Redemption of Tax Title Liens	SB-9	17,880.62	
Length of Service Awards Program	SB-9	<u>217,414.83</u>	<u>189,435.53</u>
		<u>474,587.15</u>	<u>430,581.81</u>
		\$ <u><u>475,592.24</u></u>	\$ <u><u>431,640.90</u></u>

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

TOWNSHIP OF DEERFIELD**GENERAL CAPITAL FUND**

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

As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Cash	SC-1	\$ 252,480.26	\$ 668,881.33
Due from Current Fund	SC-5		97,610.27
Due from Trust Other Fund	SC-4	10,179.00	
Deferred Charges to Future Taxation:			
Funded	SC-3	<u>469,983.47</u>	<u>521,556.00</u>
		<u>\$ 732,642.73</u>	<u>\$ 1,288,047.60</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Cumberland County Improvement Authority -			
Loans Payable	SC-8	\$ 469,983.47	\$ 521,556.00
Improvement Authorizations:			
Funded	SC-4	78,979.69	147,495.68
Due to Current Fund	SC-5	72,340.65	
Reserve for Encumbrances	SC-4	50,179.00	34,780.00
Capital Improvement Fund	SC-6	40,652.07	62,152.07
Reserve for Purchase of Emergency Vehicle	SC-7	20,000.00	521,556.00
Fund Balance	C	<u>507.85</u>	<u>507.85</u>
		<u>\$ 732,642.73</u>	<u>\$ 1,288,047.60</u>

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

TOWNSHIP OF DEERFIELD
GENERAL FIXED ASSET GROUP OF ACCOUNTS
Statement of General Fixed Asset Group of Accounts - Regulatory Basis
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2017</u>
General Fixed Assets:				
Land	\$ 406,000.00	\$	\$	\$ 406,000.00
Buildings and Improvements	1,010,453.32	15,084.00		1,025,537.32
Machinery and Equipment	<u>1,415,284.03</u>	<u>604,556.00</u>		<u>2,019,840.03</u>
Total General Fixed Assets	\$ <u>2,831,737.35</u>	\$ <u>619,640.00</u>	\$ <u>-</u>	\$ <u>3,451,377.35</u>
 Total Investment in General Fixed Assets	 \$ <u>2,831,737.35</u>	 \$ <u>619,640.00</u>	 \$ <u>-</u>	 \$ <u>3,451,377.35</u>

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

TOWNSHIP OF DEERFIELD
Notes to Financial Statements
For the Year Ended December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Deerfield was incorporated in 1798. The Township is located in Cumberland County and is primarily a rural farming area approximately 16.8 square miles in land area. The Township provides its citizens the following services: public improvements, planning and zoning, construction and housing code enforcement, recreational activities, as well as, general administrative services. The population according to the 2010 census is 3,119.

A Township Committee consisting of five members represents the Township's governmental structure. Members of the Township Committee are elected every three years. Among the members of the Township Committee, the mayor is appointed at the annual reorganization meeting. Executive responsibility rests with the Mayor, who is assisted by the Township Committee. The Township Administrator handles the daily administrative tasks.

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, No. 61 and No. 80.

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* (the "*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 and an account group 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.

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 fund 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. Investments recorded in the trust fund for the Township's length of service awards program, however, are stated at fair value.

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.

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 balance included in the current fund represents the amount 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 to 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 Cumberland, the Township of Deerfield School District and the Cumberland Regional High School District. 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 Deerfield School District and the Cumberland Regional High School District. Operations is charged for the full amount required to be raised by taxation to operate the local school district for the period from July 1, 2017 to June 30, 2018. Operations is charged for the Township's share of the amount required to be raised by taxation for the regional high school district for the period from July 1, 2017 to June 30, 2018.

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

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the 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 bonds and notes are provided on the cash basis.

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.

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. 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.

Pensions - 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 fiduciary net position of the Public Employees' Retirement System (PERS), and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, 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.

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, 2017, the Township's bank balances of \$4,353,581.67 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	<u>\$ 4,353,581.67</u>
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Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$ 3.346</u>	<u>\$ 3.306</u>	<u>\$ 3.093</u>	<u>\$ 2.992</u>	<u>\$ 2.967</u>
Apportionment of Tax Rate:					
Municipal	\$.091	\$.080	\$.081	\$.081	\$.070
County	1.129	1.089	1.058	1.033	1.032
County Health	.054	.054	.053	.053	.043
County Open Space	.011	.011	.011	.012	.012
Local School	1.468	1.395	1.373	1.326	1.338
Regional School	.593	.558	.517	.487	.472

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 191,057,852.00
2016	189,991,364.00
2015	189,208,919.00
2014	189,201,358.00
2013	187,959,971.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 6,422,208.88	\$ 6,182,327.06	96.26%
2016	6,360,332.64	6,135,995.98	96.47%
2015	6,094,732.37	5,867,727.28	96.28%
2014	5,902,935.47	5,686,139.43	96.33%
2013	5,676,242.55	5,478,516.74	96.52%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 202,514.63	\$ 158,428.99	\$ 360,943.62	5.62%
2016	228,206.46	186,054.24	414,260.70	6.51%
2015	197,818.69	189,464.08	387,282.77	6.35%
2014	150,611.62	186,672.54	337,284.16	5.71%
2013	128,735.47	156,320.25	285,055.72	5.02%

Note 3: PROPERTY TAXES (CONT'D)

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

<u>Year</u>	<u>Number</u>
2017	64
2016	65
2015	59
2014	51
2013	32

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2017	\$ 406,800.00
2016	128,900.00
2015	128,900.00
2014	128,900.00
2013	128,900.00

Note 5: FUND BALANCES APPROPRIATED

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 1,359,806.24	\$ 473,500.00	34.82%
2016	1,475,357.98	476,000.00	32.26%
2015	1,348,083.01	500,000.00	37.09%
2014	1,106,676.88	584,000.00	52.77%
2013	1,130,466.73	586,000.00	51.84%

Note 6: 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, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 72,340.65	\$ 125,247.63
Federal, State and Other Grant	115,861.92	
Trust - Other	9,385.71	10,179.00
General Capital	10,179.00	72,340.65
	<u>\$ 207,767.28</u>	<u>\$ 207,767.28</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 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

A substantial number of the Township's employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan which is 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.state.nj.us/treasury/pensions/financial-reports.shtml>

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.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)**

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****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 7.20% in State fiscal year 2017. 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) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2017 was 13.77% 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, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$34,131.00, and is payable by April 1, 2018. 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, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$35,741.00, which was paid on April 1, 2017. Employee contributions to the plan during the year ended December 31, 2017 were \$18,958.25.

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, 2017, employee contributions totaled \$4,069.83 and the Township's contributions were \$1,717.65. There were no forfeitures during the year.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - PERS Only**

At December 31, 2017, the Township's proportionate share of the net pension liability was \$857,644.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. 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, 2017 measurement date, the Township's proportion was .0036842887%, which was a decrease of .0003388512% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of pension expense, calculated by the plan as of the June 30, 2017 measurement date is \$36,206.00. 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, 2017, the Township's contribution to PERS was \$35,741.00, and was paid on April 1, 2017.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 20,195.00	\$ -
Changes of Assumptions	172,786.00	172,152.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,840.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	43,993.00	161,031.00
Township Contributions Subsequent to the Measurement Date	17,066.00	-
	<u>\$ 259,880.00</u>	<u>\$ 333,183.00</u>

\$17,066.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. This amount is based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans measurement date of June 30, 2017 to the Township's year end of December 31, 2017.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - PERS Only (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:

	<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	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	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
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - PERS Only (Cont'd)**

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

Year Ending Dec 31,	
2018	\$ (5,464.00)
2019	4,813.00
2020	(14,920.00)
2021	(50,431.00)
2022	(24,367.00)
	<u>\$ (90,369.00)</u>

Actuarial Assumptions - PERS Only

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

<u>PERS</u>	
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions - PERS Only (Cont'd)**

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement 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).

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions - PERS Only (Cont'd)**

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

Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate - PERS Only

The following presents the Township's proportionate share of the net pension liability at June 30, 2017, the plans measurement date, calculated using a discount rate of 5.00%, 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:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 1,063,965.00</u>	<u>\$ 857,644.00</u>	<u>\$ 685,752.00</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 additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. 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, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASB 68, the following information is also presented for the PERS Pension Plan. 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 (Last Five Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0036842887%	0.0040231399%	0.0046329564%
Township's Proportionate Share of the Net Pension Liability \$	857,644.00	\$ 1,191,539.00	\$ 1,040,006.00
Township's Covered Payroll (Plan Measurement Period) \$	255,244.00	\$ 276,764.00	\$ 291,600.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	336.01%	430.53%	356.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0048842436%	0.0042766919%	
Township's Proportionate Share of the Net Pension Liability \$	914,464.00	\$ 817,361.00	
Township's Covered Payroll (Plan Measurement Period) \$	320,140.00	\$ 295,008.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	285.65%	277.06%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 34,131.00	\$ 35,741.00	\$ 39,831.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(34,131.00)</u>	<u>(35,741.00)</u>	<u>(39,831.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 247,926.00	\$ 254,050.00	\$ 268,860.00
Township's Contributions as a Percentage of Covered Payroll	13.77%	14.07%	14.81%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 40,625.00	\$ 32,224.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(40,625.00)</u>	<u>(32,224.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 293,435.00	\$ 331,347.00	
Township's Contributions as a Percentage of Covered Payroll	13.84%	9.73%	

Note 7: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information**

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, 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 \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Note 8: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The Township's length of service awards program ("LOSAP"), which is reported in the Township's trust fund, was created by a Township Ordinance adopted on August 30, 2000 pursuant to Section 457 (e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The voters of the Township approved the adoption of the LOSAP at the general election held on November 7, 2000, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2002. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency service volunteers of the Rosenhayn Volunteer Fire and Rescue, consisting of the volunteer fire department and the first aid organization, come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Note 8: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Plan Amendments - The Township may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Township, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Township's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Township's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Township shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Township may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Township shall notify all participants in writing prior to making any amendment to the Plan.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Township elected to contribute between \$200.00 and \$500.00 for the year ended December 31, 2017, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2017, the Township's total expenditure to the Plan was \$7,100.00.

Participant Accounts - Each participant's account is credited with the Township's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Township to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Township. These funds, however, are not available for funding the operations of the Township.

Vesting - The Township, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

Note 8: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Payment of Benefits - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

Forfeited Accounts - For the year ended December 31, 2017, no accounts were forfeited.

Investments - The investments of the length of service awards program reported in the trust - other funds on the statements of assets, liabilities, reserves, and fund balance - regulatory basis are recorded at fair value.

Plan Information - Additional information about the Township's length of service awards program can be obtained by contacting the Plan Administrator.

Supplementary Length of Service Award Program Information

In accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the following schedule of Township contributions to the length of service award program is presented. This schedule is presented to illustrate the requirements to show information for 10 years.

	Year Ended December 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Township's Plan Calculated Contribution	\$ 7,100.00	\$ 5,000.00	\$ 5,200.00	\$ 6,900.00	\$ 8,900.00	\$ 9,000.00	\$ 7,900.00	\$ 9,700.00	\$ 11,100.00	\$ 12,000.00
Township's Contributions in Relation to the Plan Calculated Contribution	7,100.00	5,000.00	5,200.00	6,900.00	8,900.00	9,000.00	7,900.00	9,700.00	11,100.00	12,000.00
Township's Plan Calculated Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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 2005, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 2005-141. Upon retirement, full-time employees with a minimum of twenty-five years of service with the Township are entitled to paid health benefits for themselves and their spouse for a period of up to 15 years or until the employee attains the age of 65 and is eligible for enrollment in Medicare. Currently, the Township pays 100% of the cost for each eligible employee for a period of five years after retirement.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Plan Description (Cont'd) - After the five year period, health benefit premiums are paid on a 80/20 split of the retiree's current health plan, with the Township paying 80% of the health benefit premium and the retiree paying 20% of the health benefit premium for a maximum period of ten years or upon the retiree receiving Medicare, whichever is sooner.

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/.

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. Because there were no retired participants eligible, the Township has not made any contributions to SHBP for the last three years ended December 31, 2017, 2016, and 2015.

Note 10: COMPENSATED ABSENCES

Under the existing policy of the Township, full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward. The Township also allows for employees to accumulate overtime as comp time but unused amounts are used prior to termination or retirement.

The Township of Deerfield compensates employees for one-half of the unused sick leave upon termination or retirement. The current policy provides one compensated day for every two days accumulated. There is a maximum pay-out of \$13,000.00. Time is paid at the rate of pay upon termination or retirement.

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2017, the balance of the fund was \$18,688.85. It is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$40,630.03.

Note 11: 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 12: SANITARY LANDFILL ESCROW CLOSURE FUND

The Township operated a municipal landfill until 1986 at which time the Cumberland County Improvement Authority selected the site as the Cumberland County Solid Waste complex in the Township of Deerfield (Host Community). The Sanitary Landfill Facility Closure and Contingency Fund Act of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy. This escrow account has a balance of \$9,334.58 as of December 31, 2017.

On December 30, 1998, the Township of Deerfield received notification of approval from the State of New Jersey Department of Environmental Protection relative to the Sanitary Landfill Closure/Post-Closure Plan. The total costs associated with closure and post-closure care was projected to be approximately \$663,695.00 at that time. The Township so far has expended about \$300,000.00 on closure costs. Any funding needed for any closure and post closure costs other than amounts funded by the Sanitary Landfill Facility Closure and Contingency Fund Escrow would need to be appropriated through the Township budget, a capital ordinance or other funding source. The Township did not expend any funds during 2017 for post-closure costs.

Note 13: CAPITAL DEBT**Loan Agreements – Cumberland County Improvement Authority**

On May 25, 2016, the Township entered into a 0.25% interest \$521,566.00 loan agreement with the Cumberland County Improvement Authority. The proceeds of the loan will be used to purchase a Special Emergency and Fire Rescue Vehicle. The final maturity of the loan is July 1, 2026.

The following schedule represents the remaining debt service, through maturity, for the Cumberland County Improvement Authority Loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 51,701.46	\$ 1,174.98	\$ 52,876.44
2019	51,830.71	1,045.73	52,876.44
2020	51,960.29	916.15	52,876.44
2021	52,090.19	786.25	52,876.44
2022	52,220.41	656.03	52,876.44
2023-2026	210,180.41	1,315.33	211,495.74
	<u>\$ 469,983.47</u>	<u>\$ 5,894.47</u>	<u>\$ 475,877.94</u>

Note 13: CAPITAL DEBT (CONT'D)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 469,983.47	\$ 521,556.00	\$ 30,000.00
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	-	-	-
Total Issued and Authorized but not Issued	469,983.47	521,556.00	30,000.00
Net Debt	<u>\$ 469,983.47</u>	<u>\$ 521,556.00</u>	<u>\$ 30,000.00</u>

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 0.241%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 1,742,813.41	\$ 1,742,813.41	
General	469,983.47		\$ 469,983.47
	<u>\$ 2,212,796.88</u>	<u>\$ 1,742,813.41</u>	<u>\$ 469,983.47</u>

Net debt \$469,983.47 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$194,686,198.67.00, equals 0.241%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 6,814,016.95
Less: Net Debt	<u>469,983.47</u>
Remaining Borrowing Power	<u>\$ 6,344,033.48</u>

Note 14: 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>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ -	\$ -	\$ 35.51	\$ 1,120.84	\$ 16,735.56
2016	-	-	37.97	2,430.00	17,820.89
2015	-	-	39.80	-	20,212.92

Joint Insurance Pool - The Township is a member of the Atlantic County Municipal 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
Public Employee Liability

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.

The Fund provides the Township with the following coverage:

Crime and Public Employee Dishonesty
Casualty – General Liability
Property - Blanket Building and Grounds
Automobile Liability
Workers' Compensation and Employer's Liability

Contributions to the Fund, are payable in an 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 \$300,000.00 based on the line of coverage for each insured event.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Atlantic County Municipal Joint Insurance Fund
6000 Sagemore Drive, Suite 6203
PO Box 488
Marlton, New Jersey 08053

Note 15: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the 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 16: 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 17: TAX ABATEMENTS

The Township is authorized to enter into property tax abatement agreements for commercial and industrial structures under N.J.S.A. 40A:21-1 (Chapter 441, P.L. 1991) known as the "Five Year Exemption and Abatement Law", Chapter 174 of the Township Code of the Township of Deerfield, Taxation, Article I, and Ordinance No. 1998-8. Under these laws, the Township may grant property tax abatements for a period of five years from the date of completion of construction for the purpose of encouraging the construction of new commercial and industrial structures. The first calendar year following completion, 0 percent of taxes are due, and each subsequent calendar the percentage of taxes due increases by 20 percent. During the 6th calendar year, 100 percent of taxes are assessed and due. The property owner agrees that the payment in lieu of taxes shall be made to the Township in quarterly installments on those dates when real estate tax payments are due. Failure to make timely payments shall result in interest being assessed at the highest rate permitted for unpaid taxes and a real property tax lien on the land.

For the year ended December 31, 2017, the Township abated property taxes totaling \$3,722.76 under this program, including the following property tax abatement agreements for property improvements or new construction that each exceeded 10 percent of the total, which is the percentage the Township considers to be material for purposes of individual disclosure:

<u>Business Name</u>	<u>Purpose</u>	Property Taxes Abated during the year ended Dec. 31, 2017	
		<u>Percent</u>	<u>Amount</u>
Lartland, LLC	Commercial Property	20%	2,425.85
White Dog Corporation	Restaurant Equipment Sales	20%	1,296.91

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS
CURRENT FUND

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Current Cash--Treasurer
For the Year Ended December 31, 2017

	Current Fund	Federal, State and Other Grant Fund
Balance Dec. 31, 2016	\$ 3,486,693.04	\$ 27,684.47
Increased by Receipts:		
Collector	\$ 6,099,518.78	\$
Homestead Rebate	115,095.75	
Miscellaneous Revenue Not Anticipated	29,425.86	
Energy Receipts Tax	300,406.00	
Due from State of New Jersey (CH.73, P.L. 1976)	30,885.24	
Revenue Accounts Receivable	740,643.00	
Payroll Funds	596,456.68	
Trust Other Fund	75,818.39	
Federal, State and Other Grant Fund	89,119.05	
	<u>8,077,368.75</u>	
	11,564,061.79	27,684.47
Decreased by Disbursements:		
2017 Appropriations	1,166,228.40	
2016 Appropriation Reserves	67,187.76	
County Taxes	2,279,458.06	
Due County for Added and Omitted Taxes	5,528.23	
Local District School Tax	2,752,090.98	
Regional High School Tax	1,149,097.00	
Payroll Funds	592,655.06	
General Capital Fund	250,000.00	
Trust Other Fund	84,347.75	
Federal, State and Other Grant Fund	1,700.37	
	<u>8,348,293.61</u>	
Balance Dec. 31, 2017	<u>\$ 3,215,768.18</u>	<u>\$ 27,684.47</u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Current Cash--Collector
For the Year Ended December 31, 2017

Balance Dec. 31, 2016		\$ 442,962.77
Increased by:		
Taxes Receivable	\$ 6,093,421.96	
Tax Title Liens	6,148.01	
Revenue Accounts Receivable	32.00	
Prepaid Taxes	132,114.39	
Tax Overpayments	1,677.12	
Miscellaneous Revenue Not Anticipated	<u>37,501.53</u>	
		<u>6,270,895.01</u>
		6,713,857.78
Decreased by:		
Payments to Treasurer		<u>6,099,518.78</u>
		<u>6,099,518.78</u>
Balance Dec. 31, 2017		\$ <u><u>614,339.00</u></u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Schedule of Change Funds
As of December 31, 2017

<u>Office</u>	<u>Amount</u>
Municipal Clerk	\$ 25.00
Municipal Court Administrator	50.00
Tax Collector	200.00
Construction Code Official	<u>50.00</u>
	\$ <u><u>325.00</u></u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2017

<u>Year</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>2017 Levy</u>	<u>Added/Rollback</u> <u>Taxes</u>	<u>Collections</u>		<u>Canceled</u>	<u>Transfer from</u> <u>Overpayments</u>	<u>To Tax</u> <u>Title Liens</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
				<u>2016</u>	<u>2017</u>				
Arrears	\$ 1,890.16	\$	\$	\$	\$	\$	\$	\$	\$ 1,890.16
2012	427.18					213.59			213.59
2013	2,151.27								2,151.27
2014	4,416.80								4,416.80
2015	4,600.44		11,976.37		11,976.37				4,600.44
2016	172,568.39		364.76		163,036.24			5,073.45	4,823.46
	186,054.24		12,341.13		175,012.61	213.59		5,073.45	18,095.72
2017		6,407,327.18	14,881.70	102,674.37	6,065,005.10	46,426.42	14,647.59	53,122.13	140,333.27
	<u>\$ 186,054.24</u>	<u>\$ 6,407,327.18</u>	<u>\$ 27,222.83</u>	<u>\$ 102,674.37</u>	<u>\$ 6,240,017.71</u>	<u>\$ 46,640.01</u>	<u>\$ 14,647.59</u>	<u>\$ 58,195.58</u>	<u>\$ 158,428.99</u>
Taxes Receivable					\$ 6,093,421.96				
Homestead Rebate					115,095.75				
Senior Citizens and Veterans					31,500.00				
					<u>\$ 6,240,017.71</u>				
<u>Analysis of 2017 Property Tax Levy</u>									
<u>Tax Yield:</u>									
General Property Tax					\$ 6,392,795.58				
Added & Omitted Taxes (54:4-63.1 et. seq.)					14,531.60				
								<u>\$ 6,407,327.18</u>	
<u>Tax Levy:</u>									
Local School District Tax					\$ 2,803,393.00				
Regional High School Tax					1,131,583.00				
County Taxes:									
County Tax					\$ 2,156,506.19				
Local Health Service Tax					103,041.49				
Open Space Preservation Trust Fund Tax					19,910.38				
Due County for Added & Omitted Taxes					5,193.94				
Total County Taxes						2,284,652.00			
Local Tax for Municipal Purposes					172,814.43				
Add: Additional Tax Levied -- Added Taxes					9,337.66				
Add: Additional Tax Levied -- Rounding of Tax Rate					5,547.09				
						<u>187,699.18</u>			
								<u>\$ 6,407,327.18</u>	

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2017

Balance Dec. 31, 2016		\$ 228,206.46
Increased by:		
Transfers from Taxes Receivable	\$ 58,195.58	
Interest and Costs on Taxes	535.99	
		<u>58,731.57</u>
		286,938.03
Decreased by:		
Collections - Tax Collector	6,148.01	
Transferred to Property Acquired for Taxes	78,275.39	
		<u>84,423.40</u>
Balance Dec. 31, 2017		<u><u>\$ 202,514.63</u></u>

Exhibit SA-6

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Due From State of New Jersey
Veterans' And Senior Citizens' Deductions
For the Year Ended December 31, 2017

Balance Dec. 31, 2016		\$ 16,077.96
Increased by:		
Deductions per Tax Billing:		
Senior Citizens	\$ 10,250.00	
Veterans	20,750.00	
		<u>31,000.00</u>
Deductions Allowed by Collector - 2017 Taxes	500.00	
		<u>31,500.00</u>
		47,577.96
Decreased by:		
Senior Citizens Deductions Disallowed by Tax Collector - 2016 Taxes	364.76	
Collections	30,885.24	
		<u>31,250.00</u>
Balance Dec. 31, 2017		<u><u>\$ 16,327.96</u></u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Deferred Charges
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	Raised in <u>2017 Budget</u>
Emergency Authorizations (N.J.S.A. 40A:4-46)	\$ <u>20,000.00</u>	\$ <u>20,000.00</u>

Exhibit SA-8

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Property Acquired for Taxes (At Assessed Valuation)
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 128,900.00
Increased by:		
Transferred from Tax Title Lien	\$ 78,275.39	
Adjustment to Assessed Valuation	<u>199,624.61</u>	
		<u>277,900.00</u>
Balance December 31, 2017		<u>\$ 406,800.00</u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	Accrued <u>In 2017</u>	<u>Collected</u>		Balance <u>Dec. 31, 2017</u>
			<u>Treasurer</u>	<u>Collector</u>	
Township Clerk:					
Licenses:					
Alcoholic Beverages	\$	\$ 3,750.00	\$ 3,750.00	\$	\$
Other		783.00	783.00		
Miscellaneous Fees		1,077.71	1,077.71		
Tax Collector:					
Tax Searches		32.00		32.00	
Return Check Fees					
Municipal Court:					
Fines and Costs	1,844.79	44,118.33	43,258.30		2,704.82
Housing Inspector:					
Fees and Permits	125.00	12,495.00	12,620.00		
Planning Board Secretary:					
Fees and Permits		1,200.00	1,200.00		
Shared Services - Zoning Officer		7,948.26	7,948.26		
EMS/Ambulance Service		77,082.54	77,082.54		
Cable TV Franchise Fee		19,854.34	19,854.34		
Host Benefit Fee (Ch. 38, PL 1985)	46,466.34	568,779.54	573,068.85		42,177.03
	<u>\$ 48,436.13</u>	<u>\$ 737,120.72</u>	<u>\$ 740,643.00</u>	<u>\$ 32.00</u>	<u>\$ 44,881.85</u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2017

	<u>Balance Dec. 31, 2016</u>		<u>Balance After</u>	<u>Disbursed</u>	<u>Balance</u>
	<u>Reserved</u>	<u>Encumbered</u>	<u>Transfers</u>		<u>Lapsed</u>
<u>General Government</u>					
Administrative and Executive					
Salaries and Wages	\$ 3,931.74	\$	\$ 3,931.74	\$	\$ 3,931.74
Other Expenses					
Miscellaneous Other Expenses	12,270.66	3,107.21	15,377.87	2,684.71	12,693.16
Municipal Clerk					
Salaries and Wages	136.28		136.28		136.28
Other Expenses	5,219.23	183.19	5,402.42	414.35	4,988.07
Election Expenses					
Election Salaries	500.00		500.00		500.00
Other Expenses	958.07		958.07		958.07
Financial Administration					
Salaries and Wages	53.77		53.77		53.77
Annual Audit	750.00		750.00		750.00
Other Expenses	4,122.59		4,122.59		4,122.59
Collection of Taxes					
Salaries and Wages	394.01		394.01	180.00	214.01
Other Expenses	905.31	1,582.97	2,488.28	1,582.97	905.31
Assessment of Taxes					
Salaries and Wages	275.41		275.41		275.41
Other Expenses	14,070.07	1,041.71	15,111.78	1,041.71	14,070.07
Tax Appeals	79.47	920.53	1,000.00	920.53	79.47
Legal Services and Costs					
Other Expenses	5,033.11	557.60	5,590.71	557.60	5,033.11
Engineering Services and Costs					
Other Expenses	5,631.31	467.99	6,099.30	467.99	5,631.31
Economic Development					
Other Expenses	500.00		500.00		500.00
Historical Society					
Other Expenses	500.00		500.00		500.00

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2017

	<u>Balance Dec. 31, 2016</u>		<u>Balance After</u>	<u>Disbursed</u>	<u>Balance</u>
	<u>Reserved</u>	<u>Encumbered</u>	<u>Transfers</u>		<u>Lapsed</u>
<u>General Government (Cont'd)</u>					
Planning Board					
Salaries and Wages	\$ 49.80	\$	\$ 49.80	\$	\$ 49.80
Other Expenses	587.39	797.47	1,384.86	797.47	587.39
Affordable Housing					
Other Expenses	500.00		500.00		500.00
Housing and Zoning Officer					
Salaries and Wages	7,969.61		7,969.61		7,969.61
Other Expenses	244.84	68.91	313.75	68.91	244.84
Flood Insurance Officer					
Salaries and Wages	100.00		100.00		100.00
Other Expenses	100.00		100.00		100.00
Insurance					
Liability Insurance	239.56		239.56		239.56
Disability and Life Insurance	1,264.20		1,264.20		1,264.20
Workers Compensation	7,068.00		7,068.00		7,068.00
Group Health	21,958.61		21,958.61		21,958.61
Health Insurance Opt-out Payment	2,000.00		2,000.00		2,000.00
Insurance - Fire Company	1,657.00		1,657.00		1,657.00
<u>Public Safety</u>					
Emergency Management					
Salaries and Wages	536.22		536.22		536.22
Other Expenses	2,979.00		2,979.00		2,979.00
First Aid Organization					
Other Expenses	8,002.67	3,585.94	11,588.61	3,654.94	7,933.67
Fire					
Rosenhayn Fire Company					
Miscellaneous Other Expenses	283.27	33,927.41	34,210.68	33,896.21	314.47
<u>Streets and Roads</u>					
Road Repair and Maintenance					
Salaries and Wages	439.76		439.76		439.76
Other Expenses	4,230.93	62.50	4,293.43	62.50	4,230.93

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016		Balance After		Balance
	<u>Reserved</u>	<u>Encumbered</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Lapsed</u>
<u>Streets and Roads (Cont'd)</u>					
Snow Removal					
Other Expenses	\$ 4,213.86	\$	\$ 4,213.86	\$ 4,213.86	\$
Public Buildings and Grounds					
Salaries and Wages	1,853.87		1,853.87		1,853.87
Miscellaneous Other Expense	4,579.96	6,293.82	10,873.78	5,739.71	5,134.07
<u>Health and Welfare</u>					
Senior Citizen Director					
Salaries and Wages	2,045.33		2,045.33		2,045.33
Other Expenses	3.18	172.19	175.37	172.19	3.18
Nutritional Center					
Other Expenses	950.00		950.00		950.00
Dog Regulation					
Salaries and Wages	925.19		925.19		925.19
Other Expenses	100.00		100.00		100.00
Environmental Control Officer					
Salaries and Wages	1,000.00		1,000.00		1,000.00
Other Expenses	100.00		100.00		100.00
Infectious Control Officer					
Salaries and Wages	9.28		9.28		9.28
<u>Recreation and Education</u>					
Board of Recreation Commissioners					
Salaries & Wages	3,049.42		3,049.42		3,049.42
Other Expenses	1,666.45	563.89	2,230.34	383.69	1,846.65
<u>Utilities</u>					
Street Lighting	7,822.10	3,124.43	10,946.53	3,124.43	7,822.10
Electric	7,052.79	1,819.44	8,872.23	1,819.44	7,052.79
Telephone	582.37	195.14	777.51	195.14	582.37
Gas/Fuel	11,555.26	614.34	12,169.60	614.34	11,555.26
Natural Gas	4,157.88	909.52	5,067.40	909.52	4,157.88
Telecommunications - Internet	164.97	454.72	619.69	384.77	234.92

(Continued)

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016		Balance After Transfers	Disbursed	Balance Lapsed
	<u>Reserved</u>	<u>Encumbered</u>			
<u>Landfill and Solid Waste Disposal Costs</u>					
Landfill Post Closure Costs	\$ 4.00	\$ 749.00	\$ 753.00	\$ 749.00	\$ 4.00
Sanitary Landfill					
Other Expenses	215.00	770.00	985.00	770.00	215.00
Recycling Coordinator					
Other Expenses	150.00		150.00		150.00
Accumulated Absences	1,000.00		1,000.00		1,000.00
<u>Uniform Construction Code - Appropriation Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Construction Code Official					
Other Expenses	1,000.00		1,000.00		1,000.00
Demolition Official					
Other Expenses	1,150.00		1,150.00		1,150.00
Contingent	100.00		100.00		100.00
<u>Statutory Expenditures</u>					
Contribution to:					
Public Employees' Retirement System	169.00		169.00		169.00
Social Security System (O.A.S.I.)	7,635.52		7,635.52		7,635.52
Defined Contribution Retirement Program	1,916.89	124.94	2,041.83	124.94	1,916.89
Matching Funds for Grants	20,000.00		20,000.00		20,000.00
Shared Municipal Court - Other Expenses	4,576.90		4,576.90		4,576.90
Lenth of Service Award Program(LOSAP)	500.00		500.00		500.00
Zoning Officer - Shared Services					
Salaries and Wages - Lawrence	100.09		100.09		100.09
Additional Revenue Offset with Appropriations:					
EMS/Ambulance Service					
Salaries and Wages	2,729.30		2,729.30		2,729.30
Other Expenses	1,645.28	1,656.84	3,302.12	1,656.84	1,645.28
	<u>\$ 210,265.78</u>	<u>\$ 63,751.70</u>	<u>\$ 274,017.48</u>	<u>\$ 67,187.76</u>	<u>\$ 206,829.72</u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Payroll Deductions Payable
For the Year Ended December 31, 2017

Balance Dec. 31, 2016		\$	10,779.13
Increased by:			
Payroll Deposits	\$	522,516.05	
Employer Contributions		<u>73,940.63</u>	
			<u>596,456.68</u>
			607,235.81
Decreased by:			
Net Payroll		379,638.90	
Payroll Agencies		<u>213,016.16</u>	
			<u>592,655.06</u>
Balance Dec. 31, 2017		\$	<u><u>14,580.75</u></u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2017

Balance Dec. 31, 2016 (2017 Taxes)	\$ 102,674.37
Increased by:	
Collection (2018 Taxes)	<u>132,114.39</u>
	234,788.76
Decreased by:	
Applied to 2017 Taxes	<u>102,674.37</u>
Balance Dec. 31, 2017 (2018 Taxes)	<u><u>\$ 132,114.39</u></u>

Exhibit SA-13

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2017

Balance Dec. 31, 2016	\$ 20,612.13
Increased by:	
Overpayments in 2017:	
Cash Receipts	<u>1,677.12</u>
	22,289.25
Decreased by:	
Other Adjustments to Overpayments	\$ 4,041.83
Applied to Taxes Receivable	<u>14,647.59</u>
	<u>18,689.42</u>
Balance Dec. 31, 2017	<u><u>\$ 3,599.83</u></u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of County Taxes Payable
For the Year Ended December 31, 2017

2017 Levy -		
County General	\$ 2,156,506.19	
County Health Tax	103,041.49	
County Open Space	<u>19,910.38</u>	
		\$ 2,279,458.06
Decreased by:		
Disbursements		<u><u>\$ 2,279,458.06</u></u>

Exhibit SA-15

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Amount Due to County For Added and Omitted Taxes
For the Year Ended December 31, 2017

Balance Dec. 31, 2016		
Rollback Assessment	\$ 1,795.04	
Added Assessment	2,149.90	
Added/Omitted Assessment	<u>1,583.29</u>	
		\$ 5,528.23
Increased by:		
County Share of Added and Omitted Taxes		<u>5,193.94</u>
		10,722.17
Decreased by:		
Disbursements		<u>5,528.23</u>
Balance Dec. 31, 2017		
Rollback Assessment	2,273.01	
Added Assessment	<u>2,920.93</u>	
		<u><u>\$ 5,193.94</u></u>

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Local District School Tax Payable
For the Year Ended December 31, 2017

Balance Dec. 31, 2016	\$ 1,350,394.57
Increased by:	
Levy--School Year July 1, 2017 to June 30, 2018	<u>2,803,393.00</u>
	4,153,787.57
Decreased by:	
Payments	<u>2,752,090.98</u>
Balance Dec. 31, 2017	\$ <u><u>1,401,696.59</u></u>

Exhibit SA-17

TOWNSHIP OF DEERFIELD
CURRENT FUND
Statement of Regional High School Tax Payable
For the Year Ended December 31, 2017

Balance Dec. 31, 2016	\$ 558,985.75
Increased by:	
Levy--School Year July 1, 2017 to June 30, 2018	<u>1,131,583.00</u>
	1,690,568.75
Decreased by:	
Payments	<u>1,149,097.00</u>
Balance Dec. 31, 2017	\$ <u><u>541,471.75</u></u>

TOWNSHIP OF DEERFIELD
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Federal, State and Other Grants Receivable
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec,31,2016</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance Dec,31,2017</u>
Federal Grants:				
New Jersey Transportation Trust Fund				
Irving Avenue	\$ 3,014.94	\$	\$	\$ 3,014.94
Cedar Street	1,663.05			1,663.05
Total Federal Grants	4,677.99			4,677.99
State Grants:				
Recycling Tonnage Grant - 2014		72,622.99	72,622.99	
Recycling Tonnage Grant - 2015		10,447.41	10,447.41	
Clean Communities Program		6,048.65	6,048.65	
Total State Grants		89,119.05	89,119.05	
Grand Total	\$ 4,677.99	\$ 89,119.05	\$ 89,119.05	\$ 4,677.99
		Transferred from Unappropriated \$ 89,119.05		
		Deposited in Current Fund	\$ 89,119.05	

TOWNSHIP OF DEERFIELD
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Reserve for Federal, State and Other Grants - Unappropriated
For the Year Ended December 31, 2017

<u>Program</u>	Federal, State and Other Grants <u>Receivable</u>	Realized as Revenue in <u>2017 Budget</u>	Balance <u>Dec. 31, 2017</u>
State Grants:			
Recycling Tonnage Grant - 2014	\$ 72,622.99	\$	\$ 72,622.99
Recycling Tonnage Grant - 2015	10,447.41		10,447.41
Clean Communities	<u>6,048.65</u>	<u>6,048.65</u>	<u></u>
Grand Total	<u>\$ 89,119.05</u>	<u>\$ 6,048.65</u>	<u>\$ 83,070.40</u>

TOWNSHIP OF DEERFIELD
FEDERAL, STATE AND OTHER GRANT FUND
Statement of Reserve for Federal, State and Other Grants Appropriated
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec,31,2016 Reserved</u>	<u>Transferred from 2017 Budget Appropriation</u>	<u>Disbursed in Current Fund</u>	<u>Balance Dec,31,2017</u>
Federal Grants:				
NJ Transportation Trust Fund:				
Irving Avenue	\$ 3,014.94	\$	\$	\$ 3,014.94
Cedar Street	4,255.92			4,255.92
Cedar Street - Matching Funds	50.00			50.00
Stormwater Grant	5,000.00			5,000.00
	<u>12,320.86</u>			<u>12,320.86</u>
Total Federal Grants				
	<u>12,320.86</u>			<u>12,320.86</u>
State Grants:				
2012 Clean Communities Program	2,068.83			2,068.83
2013 Clean Communities Program	4,604.09			4,604.09
2014 Clean Communities Program	2,785.06			2,785.06
2015 Clean Communities Program	2,987.70			2,987.70
2016 Clean Communities Program	5,099.72		1,700.37	3,399.35
2017 Clean Communities Program		6,048.65		6,048.65
Recycling Tonnage Grant	30,939.44			30,939.44
	<u>48,484.84</u>	<u>6,048.65</u>	<u>1,700.37</u>	<u>52,833.12</u>
Total State Grants				
	<u>48,484.84</u>	<u>6,048.65</u>	<u>1,700.37</u>	<u>52,833.12</u>
Grand Total	\$ <u>60,805.70</u>	\$ <u>6,048.65</u>	\$ <u>1,700.37</u>	\$ <u>65,153.98</u>

TOWNSHIP OF DEERFIELD
FEDERAL STATE AND OTHER GRANT FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2017

Balance Dec. 31, 2016		\$ 28,443.24
Increased by:		
Federal and State Grants Appropriated	\$ 6,048.65	
Grant Cash Received in Current Fund - Grant Receivable	<u>89,119.05</u>	
		<u>95,167.70</u>
		123,610.94
Decreased by:		
Expenditures Paid by the Current Fund	1,700.37	
Grants Anticipated as Revenue in Current Fund	<u>6,048.65</u>	
		<u>7,749.02</u>
Balance Dec. 31, 2017		<u><u>\$ 115,861.92</u></u>

SUPPLEMENTAL EXHIBITS
TRUST FUND

TOWNSHIP OF DEERFIELD
TRUST FUNDS
Statement of Trust Fund Cash--Treasurer
For the Year Ended December 31, 2017

	<u>Animal Control</u>	<u>Other Trust</u>
Balance Dec. 31, 2016	\$ 1,059.09	\$ 222,687.54
Increased by Receipts:		
Reserve for Animal Control	\$ 516.00	\$
Current Fund	2.70	84,891.42
Due to State of N.J.-- Dog License Fees	145.80	
Reserve for Miscellaneous Trust Reserves:		
Unemployment Compensation		35.51
Developers' Escrow		31,307.39
Fire Penalties and Fines		7,472.00
Accumulated Absences		1,000.00
Snow Removal		4,213.86
Recreation Fund		173,683.45
Reserve for Miscellaneous Trust Escrows:		
Sanitary Landfill Escrow		18.62
Security Deposit Tent Rentals		150.00
Redemption of Tax Title Liens		77,177.08
Due to State of N.J.--Sales Tax		21.00
	<u>664.50</u>	<u>379,970.33</u>
	1,723.59	602,657.87
Decreased by Disbursements:		
Reserve for Animal Control	570.00	
Current Fund	2.70	65,680.24
Due to State of N.J.-- Dog License Fees	145.80	
Reserve for Miscellaneous Trust Reserves:		
Unemployment Compensation		1,120.84
Developers' Escrow		41,657.28
Fire Penalties and Fines		11,905.89
Snow Removal		1,683.83
Recreation Fund		151,976.72
Reserve for Miscellaneous Trust Escrows:		
Security Deposit Tent Rentals		150.00
Tax Sale Premiums		21,400.00
Redemption of Tax Title Liens		59,296.46
	<u>718.50</u>	<u>354,871.26</u>
Balance Dec. 31, 2017	<u>\$ 1,005.09</u>	<u>\$ 247,786.61</u>

TOWNSHIP OF DEERFIELD**TRUST OTHER FUND**

Statement of Investments - Length of Service Awards Program - Trust Other Fund

For the Year Ended December 31, 2017

Balance Dec. 31, 2016		\$	189,435.53
Increased by:			
Township Contributions	\$	7,100.00	
Interest Earned		1,598.28	
Unrealized Gain on Investments		19,281.02	
			<u>27,979.30</u>
Balance Dec. 31, 2017		\$	<u><u>217,414.83</u></u>

Schedule of Investments, December 31, 2017

<u>Description</u>	<u>Amount</u>
Fixed Annuity Contract	\$ 62,198.20
Mutual Funds	<u>155,216.63</u>
	<u><u>\$ 217,414.83</u></u>

TOWNSHIP OF DEERFIELD
ANIMAL CONTROL FUND
Statement of Reserve for Animal Control Expenditures
For the Year Ended December 31, 2017

Balance Dec. 31, 2016	\$ 1,059.09
Increased by:	
Dog License Fees Collected	<u>516.00</u>
	1,575.09
Decreased by:	
Disbursements	<u>570.00</u>
Balance Dec. 31, 2017	<u><u>\$ 1,005.09</u></u>

Dog License Fees Collected

<u>Year</u>	<u>Amount</u>
2015	\$ 545.00
2016	<u>488.00</u>
	<u><u>\$ 1,033.00</u></u>

TOWNSHIP OF DEERFIELD
ANIMAL CONTROL FUND
Statement of Due Current Fund
For the Year Ended December 31, 2017

Accrued in 2017:	
Interest Earned - Due to Current Fund	\$ 2.70
Decreased by:	
Interest Turned Over to Current Fund	<u><u>\$ 2.70</u></u>

TOWNSHIP OF DEERFIELD
ANIMAL CONTROL FUND
Statement of Due to State of New Jersey - Department of Health
Dog License Fees
For the Year Ended December 31, 2017

Accrued in 2017:

Receipts in Clerk's Account	\$ 145.80
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Decreased by:

Disbursements in Clerk's Account	\$ <u>145.80</u>
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TOWNSHIP OF DEERFIELD
TRUST OTHER FUND
Statement of Due to/from Current Fund
For the Year Ended December 31, 2017

Balance Dec. 31, 2016, Due From		\$ 18,458.74
Increased by:		
Prior Year Interfund Returned	\$ 65,680.24	
Fire Penalties Received in the Current Fund	<u>10,138.15</u>	
		<u>75,818.39</u>
		94,277.13
Decreased by:		
Interfund Received from Current Fund	84,347.75	
Interest Earned - Trust Other Accounts	<u>543.67</u>	
		<u>84,891.42</u>
Balance Dec. 31, 2017, Due From		<u><u>\$ 9,385.71</u></u>

Analysis of Balance as of Dec. 31, 2017

Recreation	\$ (13.02)
Developers Escrow	(559.30)
Fire Penalty	10,071.70
Snow Removal	(28.76)
Tax Title Lien Redemption	(49.45)
Accumulated Absences	<u>(35.46)</u>
	<u><u>\$ 9,385.71</u></u>

TOWNSHIP OF DEERFIELD
TRUST OTHER FUND
Statement of Due to State of New Jersey--Sales Tax
For the Year Ended December 31, 2017

Balance Dec. 31, 2016	\$ 126.00
Increased by:	
Sales Tax Collected	<u>21.00</u>
Balance Dec. 31, 2017	<u><u>\$ 147.00</u></u>

TOWNSHIP OF DEERFIELD
TRUST OTHER FUND
Statement of Miscellaneous Trust Reserves
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	Receipts Fees, Fines and Other	Disbursements	Balance <u>Dec. 31, 2017</u>
Reserve for Unemployment Compensation	\$ 17,820.89	\$ 35.51	\$ 1,120.84	\$ 16,735.56
Reserve for Developers' Escrow	54,883.53	31,307.39	41,657.28	44,533.64
Reserve for Developers' Bid Bonds	127.69			127.69
Reserve for Fire Penalties and Fines	45,994.36	17,610.15	22,084.89	41,519.62
Reserve for Accumulated Absences	17,688.85	1,000.00		18,688.85
Reserve for Storm Recovery	10,587.49	4,213.86	1,683.83	13,117.52
Reserve for Recreation Fund	49,428.76	173,683.45	151,976.72	71,135.49
	<u>\$ 196,531.57</u>	<u>\$ 227,850.36</u>	<u>\$ 218,523.56</u>	<u>\$ 205,858.37</u>
Cash Received/Disbursed	\$	217,712.21	\$ 208,344.56	
Due General Capital Fund			10,179.00	
Due Current Fund		<u>10,138.15</u>		
		<u>\$ 227,850.36</u>	<u>\$ 218,523.56</u>	

TOWNSHIP OF DEERFIELD
TRUST OTHER FUND
Statement of Miscellaneous Trust Escrows
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>Dec. 31, 2017</u>
Reserve for Sanitary Landfill Escrow	\$ 9,315.96	\$ 18.62	\$	\$ 9,334.58
Reserve for Security Deposit Tent Rentals	272.75	150.00	150.00	272.75
Reserve for Tax Sale Premiums	34,900.00		21,400.00	13,500.00
Reserve for Redemption of Tax Title Liens		77,177.08	59,296.46	17,880.62
Reserve for Length of Service Awards Program	<u>189,435.53</u>	<u>27,979.30</u>		<u>217,414.83</u>
	<u>\$ 233,924.24</u>	<u>\$ 105,325.00</u>	<u>\$ 80,846.46</u>	<u>\$ 258,402.78</u>
Cash Received		\$ 77,345.70	\$ 80,846.46	
Losap Investments		<u>27,979.30</u>		
		<u>\$ 105,325.00</u>	<u>\$ 80,846.46</u>	

SUPPLEMENTAL EXHIBITS
GENERAL CAPITAL FUND

TOWNSHIP OF DEERFIELD
GENERAL CAPITAL FUND
Statement of General Capital Cash--Treasurer
For the Year Ended December 31, 2017

Balance Dec. 31, 2016			\$	668,881.33
Increased by Receipts:				
Due From/To Current Fund				<u>251,179.15</u>
				920,060.48
Decreased by Disbursements:				
Due From/To Current Fund	\$	728.23		
Improvement Authorizations		<u>666,851.99</u>		
				<u>667,580.22</u>
Balance Dec. 31, 2017			\$	<u><u>252,480.26</u></u>

TOWNSHIP OF DEERFIELD
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2017

	Balance	Receipts	Disbursements	Transfers		Balance
	<u>Dec. 31, 2016</u>	Miscell- <u>aneous</u>	Improvement <u>Authorizations</u>	Miscell- <u>aneous</u>	<u>From</u> <u>To</u>	<u>Dec. 31, 2017</u>
Fund Balance	\$ 507.85	\$	\$	\$	\$	\$ 507.85
Capital Improvement Fund	62,152.07			82,000.00	60,500.00	40,652.07
Reserve for Encumbrances	34,780.00			34,780.00	50,179.00	50,179.00
Reserve for Emergency Vehicle	521,556.00			521,556.00	20,000.00	20,000.00
Deferred Charges to Future Taxation - Funded	(521,556.00)				51,572.53	(469,983.47)
Notes Payable	521,556.00			51,572.53		469,983.47
Due from Trust Other Fund				10,179.00		(10,179.00)
Current Fund	(97,610.27)	251,179.15		728.23	80,500.00	72,340.65
<u>Improvement Authorizations:</u>						
<u>Ordinance</u>						
<u>Number</u>						
2014-7	Reconstruction and Renovation of Stage and Roof Canopy	52,500.00				52,500.00
2015-2	Various Improvements to the Municipal Building and Grounds	7,010.68				7,010.68
2016-3	Purchase of Tractor for Public Works Department	3,625.00				3,625.00
2016-6 / 2017-9	Acquisition of A New Rescue Truck	83,000.00	604,556.00		521,556.00	
2016-7	Purchase of Vehicle for Animal Control	240.00				240.00
2016-11	Installation of New Roof for Public Works Garage	1,120.00	16,280.00		16,280.00	1,120.00
2016-12	Installation of Pole Barn		15,084.00		18,500.00	3,416.00
2017-6	Resurfacing of the Basketball Court and Improvements at Rosenhayn Park		7,681.99		15,000.00	7,318.01
2017-7	Resurfacing of Parking Lot, Installation of Handicap Door Opener and Concrete Floor for Pole Barn		23,250.00		27,000.00	3,750.00
2017-10	Purchase of Chief's Vehicle				50,179.00	50,179.00
	<u>\$ 668,881.33</u>	<u>\$ 251,179.15</u>	<u>\$ 666,851.99</u>	<u>\$ 728.23</u>	<u>\$ 830,766.53</u>	<u>\$ 830,766.53</u>
						<u>\$ 252,480.26</u>

TOWNSHIP OF DEERFIELD
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation--Funded
For the Year Ended December 31, 2017

Balance Dec. 31, 2016	\$ 521,556.00
Decreased by:	
2017 Budget Appropriation to Pay CCIA Loan	<u>51,572.53</u>
Balance Dec. 31, 2017	<u><u>\$ 469,983.47</u></u>

TOWNSHIP OF DEERFIELD
GENERAL CAPITAL FUND
Statement of Improvement Authorizations
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Dec. 31, 2016 Funded	2017 Authorizations			Prior Year Encumbrances	Current Year Encumbrances	Disbursed	Dec. 31, 2017 Funded
					Capital Improvement Fund	Due from Trust Other Fund	Transfer from Reserve for Purchase of Emergency Vehicle				
General Improvements:											
2014-7	Reconstruction and Renovation of Stage and Roof Canopy	06/18/14	\$ 52,500.00	\$ 52,500.00	\$		\$		\$		\$ 52,500.00
2015-2	Various Improvements to the Municipal Building and Grounds	05/06/15	30,000.00	7,010.68							7,010.68
2016-3	Purchase of Tractor for Public Works Department	05/04/16	25,000.00	3,625.00							3,625.00
2016-6 / 2017-9	Acquisition of A New Rescue Truck	06/15/16	83,000.00	83,000.00						83,000.00	
		07/05/17	521,556.00			521,556.00		521,556.00			
2016-7	Purchase of Vehicle for Animal Control	07/20/16	5,000.00	240.00							240.00
2016-11	Installation of New Roof for Public Works Garage	11/02/16	26,000.00	1,120.00				16,280.00		16,280.00	1,120.00
2016-12	Installation of Pole Barn	10/19/16	20,000.00					18,500.00		15,084.00	3,416.00
2017-6	Resurfacing of the Basketball Court and Improvements at Rosenhayn Park	05/17/17	15,000.00		15,000.00					7,681.99	7,318.01
2017-7	Resurfacing of the Parking Lot, Installation of Handicap Door Opener and Concrete Floor for Pole Barn	05/17/17	27,000.00		27,000.00					23,250.00	3,750.00
2017-10	Purchase of Chief's Vehicle	09/20/17	50,179.00		40,000.00	10,179.00			50,179.00		
				\$ 147,495.68	\$ 82,000.00	\$ 10,179.00	\$ 521,556.00	\$ 34,780.00	\$ 50,179.00	666,851.99	\$ 78,979.69

TOWNSHIP OF DEERFIELD
GENERAL CAPITAL FUND
Statement of Due from/to Current Fund
For the Year Ended December 31, 2017

Balance Dec. 31, 2016, Due from		\$	97,610.27
Increased by:			
Disbursement to the Current Fund - Interest Earned	\$	728.23	
2017 Budget Appropriation:			
Capital Improvement Fund		60,500.00	
Reserve for Purchase of Emergency Vehicle		<u>20,000.00</u>	
			<u>81,228.23</u>
			178,838.50
Decreased by:			
Interest Earned		1,179.15	
Receipt from the Current Fund		<u>250,000.00</u>	
			<u>251,179.15</u>
Balance Dec. 31, 2017, (Due to)		\$	<u><u>(72,340.65)</u></u>

Exhibit SC-6

TOWNSHIP OF DEERFIELD
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2017

Balance Dec. 31, 2016		\$	62,152.07
Increased by:			
Due from Current Fund:			
2017 Budget Appropriation			<u>60,500.00</u>
			122,652.07
Decreased by:			
Appropriation to Finance Improvement Authorizations			<u>82,000.00</u>
Balance Dec. 31, 2017		\$	<u><u>40,652.07</u></u>

TOWNSHIP OF DEERFIELD
GENERAL CAPITAL FUND
Statement of Reserve for Purchase of Emergency Vehicle
For the Year Ended December 31, 2017

Balance Dec. 31, 2016	\$ 521,556.00
Increased by:	
Due From / To Current Fund:	
2017 Budget Appropriation	<u>20,000.00</u>
	541,556.00
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>521,556.00</u>
Balance Dec. 31, 2017	<u><u>\$ 20,000.00</u></u>

TOWNSHIP OF DEERFIELD
GENERAL CAPITAL FUND
Statement of Cumberland County Improvement Authority Loans Payable
For the Year Ended December 31, 2017

Ord. Number	Improvement Description	Date of Issue	Maturities of Notes Outstanding December 31, 2017			Balance Dec. 31, 2016	Paid by Budget Appropriation	Balance Dec. 31, 2017
			Date	Amount	Interest Rate			
2016-6 / 2017-9	Acquisition of A New Rescue Truck	5/25/16	7/1/18	\$ 51,701.46	0.25%			
			7/1/19	51,830.71	0.25%			
			7/1/20	51,960.29	0.25%			
			7/1/21	52,090.19	0.25%			
			7/1/22	52,220.41	0.25%			
			7/1/23	52,350.96	0.25%			
			7/1/24	52,481.84	0.25%			
			7/1/25	52,613.05	0.25%			
			7/1/26	52,734.56	0.25%	\$ <u>521,556.00</u>	\$ <u>51,572.53</u>	\$ <u>469,983.47</u>

PART 2

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF DEERFIELD
Schedule of Findings and Recommendations
For the Year Ended December 31, 2017

Schedule of Financial Statement Findings

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

Finding No. 2017-001

Criteria or Specific Requirement

A sound framework of internal controls is necessary to afford a reasonable basis for the Chief Financial Officer to assert that the information they provide can be relied upon. P.L. 2007 c. 92 and 103 governs the Defined Contribution Retirement Program (DCRP) and all eligible employees should be enrolled in the proper retirement system.

Condition

The Township did not prepare and maintain an analysis of payroll deductions payable during the year; certain pension contributions, unemployment withholdings and waiver payments were not calculated or accounted for properly; and employees were not properly enrolled in the pension system.

Context

During our audit tests and procedures performed over payroll we noted the following: 1) An analysis of payroll deductions payable was not prepared during the year; 2) deductions for PERS were withheld from one employee subsequent to that employee being removed from the Township's pension system; 3) unemployment taxes withheld from employees are not timely transferred to the unemployment bank account; 4) one employee was properly enrolled in DCRP but the Township did not withhold the proper contribution amount; 5) one employee is enrolled in DCRP through the Township but is also enrolled in PERS through another municipality which is only allowed if their salary exceeds the established annual maximum compensation limit; 6) one employee waived health insurance coverage during 2017 and did not receive the approved stipend amount per the salary ordinance.

Effect

Noncompliance with P.L. 2007 c. 92 and 103 and inefficient internal controls within the Township.

Cause

Client oversight.

Recommendation

That the Township implement internal controls to ensure all payroll and pension requirements are calculated and accounted for properly.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF DEERFIELD
Schedule of Findings and Recommendations
For the Year Ended December 31, 2017

Schedule of Financial Statement Findings (Cont'd)

Finding No. 2017-002

Criteria or Specific Requirement

N.J.S.A. 40A:11-6 states:

Any contract may be negotiated or awarded for a contracting unit without public advertising for bids and bidding therefor, notwithstanding that the contract price will exceed the bid threshold, when an emergency affecting the public health, safety or welfare requires the immediate delivery of goods or the performance of services; provided that the awarding of such contracts is made ... in accordance with this statute.

Condition

The Township awarded a contract over the bid threshold for an emergency purchase and did follow Local Public Contracts Law and NJ Division of Local Government Services laws and regulations.

Context

The Township's purchasing agent was not notified of the need for performance of a contract, the nature of the emergency, the time of its occurrence and the need for invoking N.J.S.A. 40A:11-6 for repairs to the fire hall.

Effect

The Township was not in compliance with Local Public Contracts Law.

Cause

Client oversight.

Recommendation

That the Township comply with the Local Public Contracts Law when an emergency purchase is required.

View of Responsible Officials and Planned Corrective Action

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

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

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

FINANCIAL STATEMENT FINDINGS

Finding No. 2016-001

Condition

A bond ordinance approved during 2016 did not include the funding from a loan agreement and a supplemental debt statement was not prepared and filed. Additionally, the journal entries posted that were related to the bond ordinance were not properly recorded in the general ledger of the capital fund.

Current Status

This finding has been resolved.

Finding No. 2016-002

Condition

The Township did not obtain an IRS Form W-9 from all vendors; and did not properly issue IRS Form 1099-MISC to all vendors paid in excess of \$600 during 2016 that should have received it.

Current Status

This finding has been resolved.

TOWNSHIP OF DEERFIELD
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</u>
Frank Spatola, Jr.	Mayor	
Abigail O'Brien	Deputy Mayor	
Rudy Danna, Jr.	Committeeperson	
John Stanzione	Committeeperson	
Bruce Murphy, II	Committeeperson	
Karen Seifrit	Township Administrator/Clerk, Registrar of Vital Statistics and Dog Registrar	(A)
Lorraine Boyer	Chief Financial Officer	(A)
Maria Schiano Branson	Tax Collector and Tax Search Officer	(A)
Lisa Perella	Assessor	(A)
Cheryl L. Tramontana	Deputy Registrar of Vital Statistics and Administrative Secretary	(A)
Christopher Williams	Fire Marshall	(A)
Jeryl Goff	Building Inspector	(A)
Anthony Lamanteer	Zoning / Housing Officer	(A)
Brenda Closser	Land Use Board Secretary and Administrative Secretary	(A)
Michael L. Testa	Solicitor	

(A) \$1,000,000.00 in coverage is provided by Atlantic County and Municipal Excess Liability Joint Insurance Funds with a \$1,000.00 deductible.

All of the bonds were examined and were properly executed.

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, reading "Carol A. McAllister". The signature is written in a cursive, flowing style.

Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

