

BOROUGH OF MEDFORD LAKES
County of Burlington

Report of Audit of Financial Statements
For the Year Ended December 31, 2016

BOROUGH OF MEDFORD LAKES
COUNTY OF BURLINGTON

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BOROUGH OF MEDFORD LAKES

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2016

INVERSO & STEWART, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Medford Lakes
County of Burlington
Medford Lakes, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Information

My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The supplemental financial statements presented for the various funds 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 supplementary financial statements 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 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 my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 28, 2017 on my consideration of the Borough of Medford Lakes', in the County of Burlington, State of New Jersey, internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Medford Lakes' internal control over financial reporting.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R. P. Inverso', with a stylized flourish at the end.

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 28, 2017

INVERSO & STEWART, LLC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Medford Lakes
County of Burlington
Medford Lakes, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued my report thereon dated April 28, 2017. That report indicated that the Borough of Medford Lakes' 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 my audit of the financial statements, I considered the Borough of Medford Lakes' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, I do not express an opinion on the effectiveness of the Borough of Medford Lakes' internal control.

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

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

Compliance and Other Matters

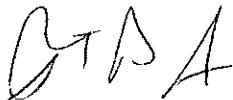
As part of obtaining reasonable assurance about whether the Borough of Medford Lakes' financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

Purpose of this Report

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

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R P Inverso', is written over the printed name.

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 28, 2017

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 5,605,080.72	\$ 5,419,178.38
Cash - Tax Collector	A-5	180,138.81	219,344.06
Cash - Collector's Change Fund		500.00	500.00
Total		5,785,719.53	5,639,022.44
Due from State of NJ - Vets & SC Deductions	A-13	1,603.98	547.32
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	205,892.70	257,964.26
Tax Title Lien Receivable	A-7	112,591.31	15,898.62
Revenue Accounts Receivable	A-8	8,261.46	6,087.41
Other Accounts Receivable			
Due from Federal and State Grant Fund	A	23,792.06	23,792.06
Due from Capital Fund	C		52.89
Due from Other Trust Fund	B	807.19	780.81
Total		351,344.72	304,576.05
Deferred Charges:			
Special Emergency Authorization	A-19	120,000.00	200,000.00
Total Regular Fund		6,258,668.23	6,144,145.81
Federal and State Grant Fund:			
Cash - Treasurer	A-4	143,808.69	253,628.98
Federal and State Grants Receivable	A-20	119,766.55	131,504.12
Total Federal and State Grant Fund		263,575.24	385,133.10
Total		\$ 6,522,243.47	\$ 6,529,278.91

(Continued)

BOROUGH OF MEDFORD LAKES

EXHIBIT A

CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 174,540.92	\$ 255,349.63
Reserve for Encumbrances	A-3/A-9	143,741.74	140,010.96
Reserve for Farmers Market	A-10	3,306.91	3,306.91
Reserve for Leon Tood Memorial Park	A-11	6,927.33	7,680.62
Reserve for POAA	A-12	12.00	12.00
Tax Overpayments	A-14	22,423.36	30,728.39
Prepaid Taxes	A-4	66,144.29	65,853.18
Reserve for Tax Sale Premiums	A-15	180,138.81	219,344.06
Reserve for Storm damage		58,089.56	60,589.56
Due State of New Jersey:			
Construction Code Fees		1,121.00	1,208.00
Marriage License Fees		50.00	125.00
Due to Trust Other Fund	B	9,000.00	
Due County for Added Taxes	A-16	3,600.59	2,667.63
Regional High School Tax Payable	A-17	1,393,954.93	1,403,240.95
Local District School Tax Payable	A-18	2,274,661.27	2,219,825.77
Total Liabilities		4,337,712.71	4,409,942.66
Reserve for Receivables and Other Assets	A	351,344.72	304,576.05
Fund Balance	A-1	1,569,610.80	1,429,627.10
Total Regular Fund		6,258,668.23	6,144,145.81
Federal and State Grant Fund:			
Unappropriated Reserves	A-21	13,336.75	3,257.75
Reserve for Encumbrances	A-22	17,608.23	111,048.39
Due to Current Fund	A	23,792.06	23,792.06
Due to Capital Fund	C	50,000.00	50,000.00
Appropriated Reserves	A-22	158,838.20	197,034.90
Total Federal and State Grant Fund		263,575.24	385,133.10
Total		\$ 6,522,243.47	\$ 6,529,278.91

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

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 820,500.00	\$ 787,000.00
Miscellaneous Revenue Anticipated	896,846.31	1,087,488.40
Receipts from Delinquent Taxes	183,675.12	146,353.77
Receipts from Current Taxes	13,391,160.38	13,280,403.96
Nonbudget Revenues	293,258.49	214,849.09
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	217,373.67	277,091.64
Cancellation of Reserve Balances	615.00	
Interfunds Liquidated	233.05	457.72
Total Revenue and Other Income Realized	<u>15,803,662.02</u>	<u>15,793,644.58</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,357,350.00	1,328,013.00
Other Expenses	1,328,849.00	1,332,693.00
Deferred Charges and Statutory Expenditures Within "CAPS"	269,805.00	287,573.00
Operations Excluded from "CAPS":		
Other Expenses	24,041.50	253,596.61
Capital Improvements Excluded from "CAPS"	165,000.00	52,500.00
Municipal Debt Service Excluded from "CAPS"	537,500.65	537,500.64
Deferred Charges Excluded from "CAPS"	370,000.01	340,000.00
Local District School Tax	6,249,999.00	6,140,328.00
Regional High School Tax	2,706,125.00	2,724,697.00
County Taxes	1,830,907.57	1,883,561.58
Due County for Added Taxes	3,600.59	2,667.63
Interfund Receivables Created		
Total	<u>14,843,178.32</u>	<u>14,883,130.46</u>
Excess	960,483.70	910,514.12
Fund Balance January 1	<u>1,429,627.10</u>	<u>1,306,112.98</u>
Total	2,390,110.80	2,216,627.10
Decreased by Utilization as Anticipated Revenue	<u>820,500.00</u>	<u>787,000.00</u>
Balance December 31,	<u>\$ 1,569,610.80</u>	<u>\$ 1,429,627.10</u>

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

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2016

	BUDGET	SPECIAL NJS 40A:4-87	REALIZED	EXCESS (DEFICIT)
Fund Balance Anticipated	\$ 820,500.00	\$ -	\$ 820,500.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcohol	1,125.00		1,431.00	306.00
Fees and Permits - Other	15,000.00		37,490.53	22,490.53
Fines and Costs - Municipal Court	54,000.00		87,657.95	33,657.95
Interest and Costs on Taxes	45,000.00		46,541.90	1,541.90
Cellular Tower Rental	120,000.00		184,274.68	64,274.68
Consolidated Municipal Property Tax Relief Aid	12,554.00		12,554.00	-
Energy Receipts Taxes	277,046.00		277,046.00	-
Uniform Construction Code Fees	39,000.00		62,436.00	23,436.00
Reserve for Payment of Debt Service Cost	165,000.00		165,000.00	-
Miscellaneous Revenues Offset with Appropriations:				
Body Armor	1,257.75		1,257.75	
Clean Communities		12,647.50	12,647.50	
Drunk Driving Enforcement Fund	2,000.00		2,000.00	
Municipal Alliance		6,509.00	6,509.00	
Total	731,982.75	19,156.50	896,846.31	145,707.06
Receipts from Delinquent Taxes	160,000.00		183,675.12	23,675.12
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	2,779,297.57		3,058,917.89	279,620.32
Budget Totals	4,491,780.32	19,156.50	4,959,939.32	\$ 449,002.50
Nonbudget Revenues			293,258.49	
Total	\$ 4,491,780.32	\$ 19,156.50	\$ 5,253,197.81	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2016Analysis of Realized Revenue**Allocation of Current Tax Collections:**

Revenue from Collections	\$ 13,391,160.38
Allocated to School and County Taxes	10,790,632.16
Balance for Support of Municipal Budget Appropriations	2,600,528.22
Add Appropriation - Reserve for Uncollected Taxes	458,389.67
Amount for Support of Municipal Budget Appropriations	<u>\$ 3,058,917.89</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u>\$ 183,675.12</u>
----------------------------	----------------------

Fees and Permits - Other:

Historic Commission Permits	60.00
Street Opening Permits	19,250.00
Firearm Permits	214.00
Zoning Permits	4,575.00
Land Use Board Fees	800.00
Tree Removal Permits	3,060.00
Permits and Fees	1,368.00
Fire Official Permits and Fees	8,163.53
Total	<u>\$ 37,490.53</u>

Miscellaneous Revenue Not Anticipated:

Collected - Treasurer	
Cable TV Franchise Fee	\$ 66,866.07
Vet & Senior Citizen Admin Fee	828.22
JIF Dividend	6,455.42
DMV Inspection Fees	1,100.00
Photocopies	791.65
Admin Fee - Off Duty Police	13,254.87
Interest on Bank Deposits	16,495.02
Sale of Assets	16,495.02
Police Reports	186.60
Raffle License	320.00
Prior Year Refunds	260.99
FEMA Reimbursement	162,531.00
Miscellaneous	<u>7,673.63</u>
Total Treasurer	<u>\$ 293,258.49</u>

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

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
General Government						
General Administration:						
Salaries and Wages	\$ 103,500.00	\$ 110,500.00	\$ 109,232.81	\$ -	\$ 1,267.19	\$ -
Other Expenses	16,250.00	16,250.00	12,233.61	2,876.94	1,139.45	
Mayor and Council:						
Salaries and Wages	8,500.00	8,500.00	8,500.00			
Other Expenses	5,675.00	5,675.00	5,605.20	50.10	19.70	
Borough Clerk:						
Salaries and Wages	47,500.00	47,500.00	45,644.03		1,855.97	
Other Expenses	21,900.00	21,900.00	14,594.08	7,202.82	103.10	
Financial Administration:						
Salaries and Wages	26,600.00	26,600.00	26,729.28		70.72	
Other Expenses	2,500.00	2,500.00	532.50		1,967.50	
Audit Services:						
Other Expenses	18,500.00	18,500.00	16,900.00		1,600.00	
Computerized Data Processing:						
Other Expenses	14,000.00	14,000.00	8,825.40	2,816.49	2,358.11	
Collection of Taxes:						
Salaries and Wages	23,000.00	23,000.00	22,808.05		191.95	
Other Expenses	2,725.00	2,725.00	930.39	495.40	1,299.21	
Assessment of Taxes:						
Other Expenses	26,000.00	27,600.00	27,069.00		531.00	
Legal Services & Costs:						
Other Expenses	35,000.00	35,000.00	26,076.94		8,923.06	
Engineering Services:						
Other Expenses	18,000.00	26,000.00	20,723.34	4,500.00	776.66	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<i>Operations Within "CAPS" (Continued)</i>						
General Government						
Historic Preservation Commission:						
Salaries and Wages	\$ 1,600.00	\$ 1,600.00	\$ 875.00	\$ -	\$ 725.00	\$ -
Other Expenses	100.00	100.00			100.00	
Land Use Administration:						
Plannin						
Salaries & Wages	4,350.00	4,350.00	3,969.78		380.22	
Other Expenses	9,900.00	9,900.00	1,193.76	138.74	8,567.50	
Insurance:						
Liability Insurance	171,000.00	171,000.00	170,088.00		912.00	
Employees Group Insurance	308,200.00	282,399.00	252,736.42		29,662.58	
Unemployment Compensation	6,000.00	8,000.00	7,820.89		179.11	
Health Benefit Waiver	22,000.00	22,000.00	13,806.70		8,193.30	
Public Safety:						
Police:						
Salaries and Wages	770,000.00	760,000.00	735,156.31		24,843.69	
Other Expenses	37,000.00	41,500.00	29,316.12	11,168.40	1,015.48	
Office of Emergency Management:						
Salaries and Wages	3,500.00	3,500.00	1,999.92		1,500.08	
Other Expenses	2,000.00	2,000.00	692.70	883.72	423.58	
Emergency Medical Services:						
Salaries and Wages						
Other Expenses	2,000.00	2,000.00			2,000.00	
Fire Department:						
Other Expenses	62,000.00	62,000.00	25,529.84	34,611.90	1,858.26	
Fire Official:						
Salaries & Wages	14,000.00	15,500.00	14,757.96		742.04	
Other Expenses	1,100.00	1,100.00			1,100.00	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<i>Operations Within "CAPS" (Continued)</i>						
Borough Prosecutor:						
Other Expenses	\$ 6,300.00	\$ 6,300.00	\$ 5,250.00	\$ 525.00	\$ 525.00	\$ -
Public Works:						
Streets & Roads:						
Salaries and Wages	286,000.00	286,000.00	285,192.65		807.35	
Other Expenses	89,700.00	77,200.00	59,849.52	13,370.65	3,979.83	
Solid Waste Collection:						
Salaries & Wages	22,000.00	22,000.00	21,163.00		837.00	
Other Expenses	48,000.00	60,500.00	35,888.51	24,558.49	53.00	
Public Buildings and Grounds:						
Salaries & Wages	2,000.00					
Other Expenses	36,700.00	50,700.00	41,784.98	6,251.14	2,663.88	
Vehicle Maintenance:						
Other Expenses	56,000.00	58,000.00	46,363.29	9,387.33	2,249.38	
Utility Expenses and Bulk Purchases:						
Electricity	32,000.00	32,000.00	22,896.75		9,103.25	
Street Lighting	12,000.00	12,000.00	7,445.57		4,554.43	
Telephone	13,000.00	15,000.00	12,043.37		2,956.63	
Natural Gas	11,000.00	11,000.00	5,027.14		5,972.86	
Gasoline	50,000.00	42,000.00	25,055.71		16,944.29	
Printing & Postage	6,500.00	6,500.00	5,500.00		1,000.00	
Landfill/Solid Waste Disposal Costs:						
Landfill Fees	145,000.00	145,000.00	126,037.06	13,630.87	5,332.07	
Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	14,500.00	15,500.00	15,145.44		354.56	
Other Expenses	23,700.00	23,700.00	20,873.20	1,149.97	1,676.83	
Zoning Code Enforcement Officer:						
Salaries and Wages	11,600.00	11,600.00	11,540.31		59.69	
Other Expenses	300.00	300.00			300.00	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Operations Within "CAPS" (Continued)						
Accumulated Sick Leave Compensation						
Salaries and Wages	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00	\$ -	\$ -	\$ -
Municipal Court:						
Salaries and Wages	9,000.00	9,000.00	8,156.54		843.46	
Other Expenses	16,000.00	16,000.00	12,064.40	1,479.44	2,456.16	
Public Defender						
Salaries and Wages	3,000.00	3,000.00	2,625.00		375.00	
Other Expenses						
Total Operations - Within "CAPS"	2,687,700.00	2,685,699.00	2,383,250.47	135,097.40	167,351.13	
Contingent	500.00	500.00			500.00	
Total Operations Including Contingent - within "CAPS"	2,688,200.00	2,686,199.00	2,383,250.47	135,097.40	167,851.13	
Detail:						
Salaries and Wages	1,359,650.00	1,357,350.00	1,322,496.08		34,853.92	
Other Expenses	1,328,550.00	1,328,849.00	1,060,754.39	135,097.40	132,997.21	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS";						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	46,887.00	46,887.00	46,887.00			
Social Security System (O.A.S.I.)	107,000.00	109,000.00	105,388.18		3,611.82	
Police and Firemen's Retirement System	110,918.00	110,918.00	110,918.00			
Defined Contribution Retirement Fund	3,000.00	3,000.00			3,000.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	267,805.00	269,805.00	263,193.18		6,611.82	
Total General Appropriations - For Municipal Purposes Within "CAPS"	2,956,005.00	2,956,004.00	2,646,443.65	135,097.40	174,462.95	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<i>Operations Excluded from "CAPS":</i>						
Employee Group Insurance	\$ -	\$ 6,509.00	6,509.00	\$ -	\$ -	\$ -
Public and Private Programs Offset By Revenues:						
Municipal Alliance for Alcoholism and Drug Abuse						
State Share	1,627.25	1,627.25	1,627.25			
Borough Share		12,647.50	12,647.50			
Clean Communities	2,000.00	2,000.00	2,000.00			
Drunk Driving Enforcement Fund	1,257.75	1,257.75	1,257.75			
Body Armor						
Total Operations - Excluded From "CAPS"	4,885.00	24,041.50	24,041.50			
Detail:						
Salaries and Wages						
Other Expenses	4,885.00	24,041.50	24,041.50			
<i>Capital Improvements - Excluded From "CAPS"</i>						
Capital Improvement Fund	15,000.00	15,000.00	15,000.00			
Road Reconstruction	150,000.00	150,000.00	148,046.78	1,875.25	77.97	
Total Capital Improvements - Excluded From "CAPS"	165,000.00	165,000.00	163,046.78	1,875.25	77.97	
<i>Municipal Debt Service - Excluded From "CAPS"</i>						
Loan Repayment - Principal	433,985.11	433,985.11	433,985.01			0.10
Loan Repayment - Interest	103,515.53	103,515.53	103,515.64			0.89
Total Municipal Debt Service - Excluded From "CAPS"	537,500.64	537,501.64	537,500.65			0.99

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Deferred Charges - Municipal - Excluded From "CAPS"						
Special Emergency Authorizations	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ -	\$ -	\$ -
Deferred Charges to Future Revenue - Unfunded:						
Ordinance 518	113,342.60	113,342.60	113,342.60			
Ordinance 569	75,000.00	75,000.00	75,000.00			
Ordinance 563	101,657.41	101,657.41	101,657.41			
Total Deferred Charges - Municipal - Excluded From "CAPS"	370,000.01	370,000.01	370,000.01			
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	1,077,385.65	1,096,543.15	1,094,588.94	1,875.25	77.97	0.99
Subtotal General Appropriations	4,033,390.65	4,052,547.15	3,741,032.59	136,972.65	174,540.92	0.99
Reserve for Uncollected Taxes	458,389.67	458,389.67	458,389.67			
TOTAL GENERAL APPROPRIATIONS	\$ 4,491,780.32	\$ 4,510,936.82	\$ 4,199,422.26	\$ 136,972.65	\$ 174,540.92	\$ 0.99
Analysis of Budget After Modification:						
Original Budget		\$ 4,491,780.32				
Appropriation by 40A: 4-87		19,156.50				
Total		\$ 4,510,936.82				
Analysis of Expended - Paid or Charged:						
Reserve for Federal and State Grants		\$ 22,414.25				
Deferred Charges - Emergency		80,000.00				
Reserve for Uncollected Taxes		458,389.67				
Disbursed		3,638,618.34				
Total		\$ 4,199,422.26				

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

BOROUGH OF MEDFORD LAKES

TRUST FUND

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

<u>ASSETS</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 2,322.36	\$ 5,431.06
Other Funds:			
Cash - Treasurer	B-1	59,911.89	164,465.84
Due from Current Fund	A	9,000.00	
Total Other Funds		68,911.89	164,465.84
Total		\$ 71,234.25	\$ 169,896.90
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Department of Health		\$ -	\$ 6.00
Reserve for Animal Control Fund Expenditures	B-2	2,322.36	5,425.06
Total Animal Control Fund		2,322.36	5,431.06
Other Funds:			
Due to Current Fund	A	807.19	780.81
Payroll Deductions Payable	B-3	19,313.44	17,588.83
Reserve for Planning and Zoning Escrow Deposits	B-4	1,577.27	1,677.27
Reserve for Unemployment Compensation Trust	B-5	3,737.80	8,456.03
Reserve for Public Defender Fund	B-6	3,094.92	1,894.92
Reserve for Compensated Absences	B-7	9,000.00	
Reserve for Special Law Enforcement Fund	B-8	2,197.94	2,197.94
Reserve for Street Opening Deposits	B-9	23,205.82	17,862.37
Reserve for EMS	B-10	353.72	108,617.12
Reserve for Health Care	B-11	5,623.79	5,390.55
Total Other Funds		68,911.89	164,465.84
Total		\$ 71,234.25	\$ 169,896.90

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

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	Reference	2016	2015
<u>ASSETS</u>			
Cash	C-2	\$ 589,320.37	\$ 827,397.25
Investments - Bond Anticipation Notes			
Deferred Charges to Future Taxation:			
Funded	C-4	4,849,748.15	5,283,733.26
Unfunded	C-5	2,147,496.62	1,972,046.63
Due from Federal & State Grant Fund	A	50,000.00	50,000.00
Due from Sewer Utility Fund	D		234,000.00
Due from Sewer Capital Fund	D	208,917.20	79,000.00
Total		<u>\$ 7,845,482.34</u>	<u>\$ 8,446,177.14</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Encumbrances Payable	C-7	\$ 265,464.60	\$ 108,500.62
Due to Current Fund	A		52.89
EDA Loan Payable	C-6	4,849,748.15	5,283,733.26
Improvement Authorizations:			
Funded	C-7	654,407.41	676,235.26
Unfunded	C-7	753,122.20	880,365.13
Capital Improvement Fund	C-8	1,272.76	10,822.76
Reserve for Payment of Debt Service Costs	C-3	1,161,405.58	1,326,405.58
Reserve for Payment of Loan	C-3	147,421.75	147,421.75
Fund Balance	C-1	12,639.89	12,639.89
Total		<u>\$ 7,845,482.34</u>	<u>\$ 8,446,177.14</u>

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

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2016

Balance December 31, 2015 and 2016

\$ 12,639.89

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

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	Reference	2016	2015
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	D-5	\$ 1,441,457.16	\$ 1,468,716.36
Due from Sewer Utility Capital Fund	D		6.50
Receivables with Full Reserves:			
Sewer Service Charges Receivable	D-7	122,822.08	128,832.24
Sewer Service Lien Receivable	D-8	16,640.25	5,053.30
Total Operating Fund		1,580,919.49	1,602,608.40
Capital Fund:			
Cash - Treasurer	D-5	239,288.66	3,529.83
Fixed Capital	D-9	5,533,651.24	5,533,651.24
Fixed Capital Authorized & Uncompleted	D-10	943,900.00	813,900.00
Total Capital Fund		6,716,839.90	6,351,081.07
Total		\$ 8,297,759.39	\$ 7,953,689.47

(Continued)

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	Reference	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Due to General Capital	C	\$ -	\$ 234,000.00
Appropriation Reserves	D-4	80,673.36	144,071.14
Encumbrances Payable	D-4	90,421.19	60,341.97
Prepaid Sewer Service Charges	D-5	47,921.69	47,480.28
Sewer Rent Overpayments		<u>1,961.07</u>	<u>1,763.17</u>
Total		220,977.31	487,656.56
Reserve for Receivables	D	139,462.33	133,885.54
Fund Balance	D-1	<u>1,220,479.85</u>	<u>981,066.30</u>
Total Operating Fund		<u>1,580,919.49</u>	<u>1,602,608.40</u>
Capital Fund:			
Encumbrances Payable		183,894.82	67,330.57
Due to General Capital Fund	C	208,917.20	79,000.00
Due to Sewer Utility Operating Fund	D		6.50
Improvement Authorization			
Funded	D-13	2,945.00	2,945.00
Unfunded	D-13	542,327.16	657,043.28
Reserve for Amortization	D-14	5,533,651.24	5,054,550.97
Deferred Reserve for Amortization	D-15	227,004.57	472,104.84
Reserve for Debt		990.16	990.16
Capital Improvement Fund	D-12	3,458.25	3,458.25
Capital Fund Balance	D-2	<u>13,651.50</u>	<u>13,651.50</u>
Total Capital Fund		<u>6,716,839.90</u>	<u>6,351,081.07</u>
Total		<u>\$ 8,297,759.39</u>	<u>\$ 7,953,689.47</u>

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

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 119,990.00	\$ 100,000.00
Sewer Service Charges	1,255,125.19	1,245,538.83
Miscellaneous	35,812.78	28,468.41
Reserve for Debt Service		
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	153,823.58	130,416.86
Total Revenues	<u>1,564,751.55</u>	<u>1,504,424.10</u>
Expenditures:		
Operating	903,900.00	889,100.00
Debt Service	234,000.00	236,000.22
Deferred Charges and Statutory Expenditures	67,448.00	62,258.00
Total Expenditures	<u>1,205,348.00</u>	<u>1,187,358.22</u>
Excess in Revenues	359,403.55	317,065.88
Fund Balance January 1	981,066.30	764,000.42
	1,340,469.85	1,081,066.30
Decreased by Utilization by Sewer Utility Operating Budget	119,990.00	100,000.00
Fund Balance Balance December 31	<u>\$ 1,220,479.85</u>	<u>\$ 981,066.30</u>

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

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Statement of Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2016 and 2015

Balance December 31, 2015 and 2016\$ 13,651.50

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

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2016

	Anticipated	Realized	Excess (Deficit)
Fund Balance	\$ 119,990.00	\$ 119,990.00	\$ -
Sewer Service Charges	1,097,358.00	1,255,125.19	157,767.19
Total	1,217,348.00	1,375,115.19	157,767.19
Miscellaneous		35,812.78	35,812.78
Total	\$ 1,217,348.00	\$ 1,410,927.97	\$ 193,579.97

Analysis of Realized Revenues

Sewer Service Charges:	
Consumer Accounts Receivable:	
Collections - 2016	\$ 1,207,644.91
Prepayments Applied	47,480.28
Total	\$ 1,255,125.19
Miscellaneous:	
Sewer Late Fee Charges	\$ 29,374.13
Interest Earned on Investments	4,199.03
Sump Pump Fees	2,225.00
Miscellaneous	14.62
Total	\$ 35,812.78

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

BOROUGH OF MEDFORD LAKES
SEWER UTILITY OPERATING FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2016

	Appropriations		Paid or Charged	Expended Encumbrances Payable	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification				
Operating:						
Salaries and Wages	\$ 260,000.00	\$ 260,000.00	\$ 255,252.05	\$ -	\$ 4,747.95	\$ -
Other Expenses	643,900.00	643,900.00	484,974.63	90,421.19	68,504.18	-
Debt Service:						
Payment of Bond Principal						
Payment of Note Principal	234,000.00	234,000.00	234,000.00	-	-	-
Interest on Bonds						
Interest on Notes	12,000.00	12,000.00				12,000.00
Statutory Expenditures:						
Public Employees Retirement System	36,448.00	36,448.00	36,448.00			
Social Security System	24,000.00	24,000.00	19,747.29		4,252.71	
Defined Contribution Retirement	3,000.00	3,000.00			3,000.00	
Unemployment Compensation						
Insurance (NJSA 43:21-3 et. seq.)	4,000.00	4,000.00	3,831.48		168.52	
Total	\$ 1,217,348.00	\$ 1,217,348.00	\$ 1,034,253.45	\$ 90,421.19	\$ 80,673.36	\$ 12,000.00

Analysis of Paid or Charged:
Interest on Bonds and Notes
Disbursed
Total

1,034,253.45
\$ 1,034,253.45

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

BOROUGH OF MEDFORD LAKES

ACCOUNT GROUP

Statement of General Fixed Assets Group of Accounts
For the Year Ended December 31, 2016

	Balance December 31, 2015	Additions	Retirements	Balance December 31, 2016
General Fixed Assets:				
Buildings	\$ 6,634,023.26	\$ -	\$ -	\$ 6,634,023.26
Improvements Other Than to Buildings	170,444.15			170,444.15
Furniture and Equipment	9,000.00	16,856.07	9,000.00	16,856.07
Vehicles and Equipment	2,710,941.00	382,019.00	291,447.00	2,801,513.00
Total General Fixed Assets	\$ 9,524,408.41	\$ 398,875.07	\$ 300,447.00	\$ 9,622,836.48
 Total Investment in General Fixed Assets	 \$ 9,524,408.41	 \$ 398,875.07	 \$ 300,447.00	 \$ 9,622,836.48

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Medford Lakes (hereafter referred to as the "Borough") is located in the western portion of the County of Burlington, State of New Jersey. The present population according to the 2010 census is 4,110.

The Borough was incorporated in 1939 and operates under the provisions of the Municipal Manager's Act of Chapter 113 of the 1923 Laws of New Jersey, as amended. Under this act the Borough is governed by a five member Borough Council. At least one councilmember is elected every two years to a four year term. At its reorganization the council selects a mayor and appoints a professionally qualified Manager. The Council is the legislative body of the Borough, while the Mayor acts as the Chief Executive Officer. The Borough Manager monitors the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

Component Units - The Borough of Medford Lakes had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

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

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

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

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

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. 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 the adopted budgets, if any, are detailed in the statements of revenues and expenditures.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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 Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000 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. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid.

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft. No depreciation of general fixed assets is recorded.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for dispositions and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements and contributed capital. Depreciation is not recorded on these fixed assets.

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 Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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 Borough 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 and Utility Operating Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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 fiscal year. Lapsed appropriation reserves are recorded as income.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation and sick leave 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.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Medford Lakes Borough School District and the Lenape Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

County Taxes - The Borough is responsible for levying, collecting and remitting county taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

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

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

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

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest on Delinquent Taxes – It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

Comparative Data – Comparative total data for the prior year have been presented in the accompanying statements of assets, liabilities, reserves and fund balance and statement of operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the Municipality's deposits may not be recovered. Although the Municipality 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 Unit. Under the Act, the first \$250,000 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 trust funds such as salary withholdings or funds that may pass to the Municipality relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized. Of the Municipality's amount on deposit of \$8,280,296 as of December 31, 2016, \$250,000 was insured under FDIC and the remaining balance of \$8,030,296 was collateralized under GUDPA.

NOTE 3. PROPERTY TAXES

The following is a comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years ending December 31.

<u>Comparative Schedule of Tax Rates</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Tax Rate without Business					
Improvement District Tax Rate	<u>\$ 3.017</u>	<u>\$ 2.998</u>	<u>\$ 2.928</u>	<u>\$ 2.877</u>	<u>\$ 2.818</u>
Apportionment of Tax Rate:					
Municipal	\$ 0.617	\$ 0.608	\$ 0.600	\$ 0.601	\$ 0.587
County	0.408	0.420	0.391	0.391	0.401
Local School	1.390	1.365	1.320	1.272	1.237
Regional High School Tax	0.602	0.605	0.617	0.613	0.593

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 3. PROPERTY TAXES (CONTINUED)

Assessed Valuation

2016	\$	449,787,093
2015		450,102,534
2014		450,478,663
2013		450,990,502
2012		452,710,270

R = Revaluation Year

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2016	\$ 13,596,671	\$ 13,391,160	98.49%
2015	13,513,123	13,280,404	98.28%
2014	13,202,124	13,024,054	98.65%
2013	12,979,897	12,684,228	97.72%
2012	12,774,326	12,454,524	97.50%

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ 112,591	\$ 205,893	\$ 318,484	2.34%
2015	15,899	257,964	273,863	2.03%
2014	11,366	203,510	214,876	1.63%
2013	6,939	299,622	306,561	2.36%
2012	-	289,651	289,651	2.27%

The following comparison is made of the number of tax title liens receivable on December 31, of the current year and previous four years.

<u>Year</u>	<u>Number</u>
2016	2
2015	1
2014	1
2013	1
2012	0

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 4. SEWER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Cash</u>	<u>Percentage</u>
	<u>Receivables</u>	<u>Liens</u>			<u>Collections</u>	
2016	\$ 128,832	\$ 5,053	\$ 1,256,749	\$ 1,390,634	\$ 1,255,125	90.26%
2015	122,944	3,653	1,252,827	1,379,424	1,245,538	90.29%
2014	142,779	2,253	1,258,182	1,403,214	1,276,618	90.98%
2013	143,369	-	1,251,464	1,394,833	1,232,620	88.37%
2012	144,299	-	1,263,509	1,407,808	1,264,439	89.82%

NOTE 5. FUND BALANCES APPROPRIATED

The following schedule details 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>
<u>Current Fund</u>			
2016	\$ 1,569,611	\$ 970,500	61.83%
2015	1,429,627	820,500	57.39%
2014	1,306,113	787,000	60.26%
2013	1,131,589	545,000	48.16%
2012	1,020,157	545,000	53.42%
<u>Sewer Utility Fund</u>			
2016	\$ 1,220,480	\$ 212,800	17.44%
2015	981,066	119,990	12.23%
2014	764,000	100,000	13.09%
2013	650,534	100,000	15.37%
2012	575,225	81,003	14.08%

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 6. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 24,599.25	\$ 9,000.00
Federal & State Grant Fund		73,792.06
Trust Fund:		
Other Trust Funds	9,000.00	807.19
General Capital Fund	258,917.20	
Sewer Utility Fund		
Capital Fund		208,917.20
	<u>\$ 292,516.45</u>	<u>\$ 292,516.45</u>

NOTE 7. PENSION PLANS

Substantially all of the Borough's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Police and Firemen's Retirement System (PFRS), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). 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 the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age from age 55 to 65 for Tier 5 members
- The eligible age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increases in active member contribution rates for PERS active members from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. For fiscal year 2012, the member contribution rates will increase in 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by law.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 7. PENSION PLANS (CONTINUED)

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4 year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay.)

Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System was established in 1944. The PFRS provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B. The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 10.0% in October, 2011. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Police & Firemen's Retirement System					
Borough Contributions					
Year	Pension			Non-Contributory Life Insurance	Employee Contributions
	Normal Contribution	Percentage of Covered Payrolls	Accrued Liability		
2016	\$ 37,186	6.30%	\$ 68,787	\$ 4,945	\$ 60,711
2015	44,794	9.68%	79,934	5,858	47,376
2014	54,213	10.86%	70,157	5,227	51,195

At June 30, 2016, the Borough's net pension liability for PFRS was \$2,719,911.

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

Inflation rate: 3.08%
Salary Increases:
 Through 2026: 2.10-8.98% based on age
 Thereafter: 3.10-9.98% based on age
Investment Rate of Return: 7.65%

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 7. PENSION PLANS (CONTINUED)

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

Post-retirement mortality rates for female service retirement and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales.

Disability mortality rates were based on special mortality tables used for the period after disability retirement.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	<u>100.00%</u>	

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 7. PENSION PLANS (CONTINUED)

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

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 5.55%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.55%) or 1 percentage point higher (6.55%) than the current rate:

	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
Borough's proportionate share of the net pension liability	\$ 3,507,126	\$ 2,719,911	\$ 2,077,985

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008.

Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contribution plus any accrued liability. The Borough's contributions, equal to the required contribution for each fiscal year, were as follows:

Public Employee's Retirement System					
Borough Contributions					
Year	Pension			Non-Contributory Life Insurance	Employee Contributions
	Normal Contribution	Percentage of Covered Payrolls	Accrued Liability		
2016	\$ 14,108	2.13%	\$ 64,992	\$ 4,235	\$ 50,943
2015	13,009	2.00%	60,179	4,957	45,798
2014	12,509	1.83%	54,999	1,148	49,512

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

At June 30, 2016, the Borough's net pension liability for PERS was \$2,866,214.

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

Inflation rate: 3.08%
Salary Increases:
 Through 2026: 1.65-4.15% based on age
 Thereafter: 2.65-5.15% based on age
Investment Rate of Return: 7.65%

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

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

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 7. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	00.87%
U.S. Treasuries	01.50%	01.74%
Investment Grade Credit	08.00%	01.79%
Mortgages	02.00%	01.67%
High Yield Bonds	02.00%	04.56%
Inflation Indexed Bonds	01.50%	03.44%
Broad US Equities	26.00%	08.53%
Developed Foreign Equities	13.25%	06.83%
Emerging Market Equities	06.50%	09.95%
Private Equity	09.00%	12.40%
Hedge Funds/Absolute Ret	12.50%	04.68%
Real Estate (Property)	02.00%	06.91%
Commodities	00.50%	05.45%
Global Debt ex US	05.00%	-0.25%
REIT	05.25%	05.63%
	<u>100.00%</u>	

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

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.98%) or 1 percentage point higher (4.98%) than the current rate:

	<u>1% Decrease (2.98%)</u>	<u>Current Discount Rate (3.98%)</u>	<u>1% Increase (4.98%)</u>
Borough's proportionate share of the net pension liability	\$ 3,512,211	\$ 2,866,214	\$ 2,332,888

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 7. PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program was established in 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), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Divisions of Pensions and Benefits. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. 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. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the Borough's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Borough's contributions, equal to the required contribution for each fiscal year, were as follows:

Fiscal Year	Total Liability	Employee Contribution	Paid by Borough
2016	\$ -	\$ -	\$ -
2015	345	223	122
2014	310	232	78

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the Borough.

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The financial statements of the Borough are not prepared in accordance with Governmental Standards Board Statement No. 45. The following information is provided in accordance with the requirements of the Statement.

Plan Description – The Borough 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 Pension 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. The Borough's defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees. A Borough employee will receive paid health insurance benefits upon retirement from the Borough provided they 1) retire from the Borough with at least twenty-five years of service in the New Jersey Public Employees Retirement System, 2) retire from the Borough with at least twenty years of service with the Borough, and 3) at the time of retirement the employee is at least sixty-two years of age. Retirees will not be eligible to receive paid health coverage for their spouses or for their dependents.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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 SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

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.

NOTE 9. COMPENSATED ABSENCES

Borough employees are entitled to sick leave, personal days and vacation days each year in varying amounts as outlined in the employee handbook. Unused sick leave may be accumulated and carried forward to the subsequent year. Personal days cannot be carried forward to the subsequent year. Vacation days are earned based on years of service. Unused vacation days may not be carried forward to the subsequent year unless specifically approved by Council. Vacations days carried forward must be used in the next succeeding year or be forfeited.

Police officers, regardless of the number of years serving the Borough and upon retirement from the Borough, will be compensated for any accumulated unused sick leave at 100% of their final pay. The maximum benefit payable under this provision shall be limited to a maximum of seventy-five thousand dollars (\$75,000).

All other Borough employees do not receive compensation for any accumulated unused sick leave.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$344,035.

The Borough has established a Compensated Absences Trust Fund to set aside funds for the future payments of compensated absences. At December 31, 2016 the balance of the fund is \$9,000.

NOTE 10. DEFERRED COMPENSATION SALARY ACCOUNT

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

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 11. JOINT INSURANCE POOL

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

- Public Employees Bond
- Public Official Bonds
- Business Automobile
- Workers' Compensation and Employer's Liability
- Environmental Liability
- Property Damage

Annual 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 publishes its own financial report which can be obtained by writing to: Camden County Municipal Joint Insurance Fund, 9 Campus Drive, Suite 16, Parsippany, New Jersey, 07054.

NOTE 12. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>Borough Contributions</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 15,700	\$ 19	\$ 2,875	\$ 23,312	\$ 3,738
2015	-	-	2,665	1,068	8,456
2014	-	-	2,642	3,816	6,859

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 13. CAPITAL DEBT

Summary of Municipal Debt

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued:</u>			
General Bonds and Notes	\$ -	\$ -	\$ -
Sewer Utility Bonds and Notes	-	-	234,000
Loans	<u>4,849,748</u>	<u>5,283,733</u>	<u>5,709,167</u>
Total Issued	4,849,748	5,283,733	5,943,167
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	2,147,497	1,972,047	1,986,832
Sewer Utility Bonds and Notes	<u>716,895</u>	<u>820,895</u>	<u>790,895</u>
Net Debt	<u>\$ 7,714,140</u>	<u>\$ 8,076,675</u>	<u>\$ 8,720,894</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.474%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 2,280,000	\$ 2,280,000	
Regional School District Debt	1,548,844	1,548,844	
Sewer Utility Debt	716,895	716,895	
General Debt	<u>6,997,245</u>	<u>4,849,748</u>	<u>\$ 2,147,497</u>
Total	<u>\$ 11,542,984</u>	<u>\$ 9,395,487</u>	<u>\$ 2,147,497</u>

Net Debt, \$2,147,497 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$453,139,521 equals 0.474%.

Equalized Valuation Basis:

2014	\$ 455,983,894
2015	449,901,370
2016	<u>453,533,300</u>
Average	<u>\$ 453,139,521</u>

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 13. CAPITAL DEBT (CONTINUED)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 15,859,883
Net Debt	<u>2,147,497</u>
Remaining Borrowing Power	<u><u>\$ 13,712,386</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 1,375,115
Deductions:	
Operating and Maintenance Costs	\$ 971,348
Debt Service Costs	<u>234,000</u>
	<u>1,205,348</u>
Total Excess in Revenues	<u><u>\$ 169,767</u></u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

NJDEP Loan Payable

The Borough received two (2) loan proceeds totaling \$8,684,442 from the State of New Jersey Department of Environmental Protection Loan Program. The loan has a stated interest rate of 2.00% with a final maturity on September 15, 2026. As of December 31, 2016, the balance payable amounts to \$4,849,748

Future principal and interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 442,708	\$ 94,792	\$ 537,500
2018	451,607	85,894	537,501
2019	460,684	76,817	537,501
2020	469,944	67,557	537,501
2021	479,389	58,111	537,500
2022-26	<u>2,545,416</u>	<u>142,087</u>	<u>2,687,503</u>
Total	<u><u>\$ 4,849,748</u></u>	<u><u>\$ 525,258</u></u>	<u><u>\$ 5,375,006</u></u>

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 13. CAPITAL DEBT (CONTINUED)

Bond Anticipation Notes Payable

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the Notes can not exceed one year from the date of issuance, however the Notes may be renewed from time to time for a period not to exceed one year. Generally, such Notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original Notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original Note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such Notes were issued be paid or retired. A second and third legal installment must be paid if the Notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

As of December 31, 2016, the Borough had no outstanding bond anticipation notes.

NOTE 14. SCHOOL TAXES

Local District School Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund Liabilities as follows:

	Local District School Tax		Regional High School Tax	
	Balance December 31,		Balance December 31,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance of Tax	\$ 2,791,351	\$ 2,736,516	\$ 1,685,766	\$ 1,695,052
Deferred	<u>516,690</u>	<u>516,690</u>	<u>291,811</u>	<u>291,811</u>
School Tax Payable	<u><u>\$ 2,274,661</u></u>	<u><u>\$ 2,219,826</u></u>	<u><u>\$ 1,393,955</u></u>	<u><u>\$ 1,403,241</u></u>

NOTE 15. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance</u>	<u>2017 Budget</u>
	<u>December 31, 2016</u>	<u>Appropriation</u>
Current Fund:		
Severe Storm	\$ 120,000	\$ 30,000
Total	<u><u>\$ 120,000</u></u>	<u><u>\$ 30,000</u></u>

The appropriation in the 2017 Budget is not less than that required by the statutes.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2016**

NOTE 16. CONTINGENCIES

The Borough participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

NOTE 17. GUARANTOR OF DEBT

On November 2, 2006 the Borough of Medford Lakes (Borough) approved a loan agreement with the State of New Jersey, Department of Environmental Protection (State) whereby, the Borough acts as a co-borrower with the State for a loan in an amount not to exceed \$2,245,000 to be made to the Medford Lakes Colony (Colony) a not-for-profit corporation located in the Borough. The terms of the agreement are such that the Borough agrees to complete the dredging and lake restoration project and to reimburse the State in accordance with the terms and conditions set forth in the loan agreement, in the event of a default on the part of the Colony. The dredging and lake restoration project has been completed by the Colony. The final loan amount borrowed by the Colony was \$2,171,451.50 and has a 2% interest rate with a maturity date of January 13, 2027. As of the date of this report the Colony has not defaulted on its loan obligation.

SUPPLEMENTAL EXHIBITS

CURRENT FUND

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Cash - Treasurer
For the Year Ended December 31, 2016

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2015	\$ 5,419,178.38	\$ 253,628.98
Receipts:		
Taxes Receivable	\$ 13,440,678.06	\$ -
Tax Title Liens		
Prepaid 2017 Taxes	66,144.29	
Revenue Accounts Receivable	874,432.06	
Reserve for Leon Todd Memorial Park	350.00	
Reserve for Off Duty Police	22,672.50	
Tax Overpayments	33,342.46	
Due from State of New Jersey - Senior Citizens and Veterans Deductions	41,411.14	
Due to State of New Jersey:		
Marriage License Fees	350.00	
DCA Training Fees	3,802.00	
Federal and State Grants Receivable		45,858.07
Miscellaneous Revenue Not Anticipated	293,258.49	
Due to/from Trust Other	9,180.16	
Due from Capital Fund	52.89	
Contra	2,720.33	
Budget Refunds	6,075.74	
Total Receipts	<u>14,794,470.12</u>	<u>45,858.07</u>
Total Funds Available	<u>20,213,648.50</u>	<u>299,487.05</u>
Disbursements:		
2016 Appropriations	3,638,618.34	
County Taxes Payable	1,830,907.57	
Due County for Added Taxes	2,667.63	
Refund of Tax Overpayments	15,811.03	
Due to Trust Other Fund		
Due to State of New Jersey:		
Marriage License Fees	425.00	
DCA Training Fees	3,889.00	
Local District School Tax	6,195,163.50	
Regional High School Tax	2,715,411.02	
2015 Appropriation Reserves and		
Reserve for Encumbrances	170,602.83	
Reserve for Storm Damage	2,500.00	
Reserve for Off Duty Police	22,672.50	
Reserve for Leon Todd Memorial Park	1,103.29	
Contra	2,720.33	
Budget Refunds	6,075.74	
Reserve for Federal and State Grant Funds:		
Appropriated		155,678.36
Total Disbursements	<u>14,608,567.78</u>	<u>155,678.36</u>
Balance December 31, 2016	<u>\$ 5,605,080.72</u>	<u>\$ 143,808.69</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Cash - Collector
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 219,344.06
Receipts:	
Tax Sale Premiums	<u>273,408.22</u>
Total Funds Available	492,752.28
Disbursements:	
Refund of Tax Premiums Redeemed	<u>312,613.47</u>
Balance December 31, 2016	<u><u>\$ 180,138.81</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2016

Year	Balance December 31, 2015	Added Taxes	2016 Levy	2015	2016	State Share of Senior Citizen and Veterans Deductions Allowed	Transfer to Tax Title Liens	Overpayments Applied	Canceled	Balance December 31, 2016
2008	\$ 4,576.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,576.00	\$ -	\$ -	\$ -
2009	6,642.12	-	-	-	-	-	6,642.12	-	-	-
2010	5,693.21	-	-	-	-	-	5,693.21	-	-	-
2011	5,424.55	-	-	-	-	-	5,424.55	-	-	-
2012	5,819.11	-	-	-	-	-	5,819.11	-	-	-
2013	12,568.90	-	-	-	-	-	5,941.07	-	-	-
2014	17,202.00	-	-	-	-	-	6,046.32	-	-	6,627.83
2015	200,038.37	1,250.00	-	-	-	-	6,190.87	-	-	11,155.68
	257,964.26	1,250.00	-	-	-	-	46,333.25	-	-	11,422.38
2016			13,596,670.54	65,853.18	183,675.12	42,467.80	10,791.81	25,836.46	18,031.54	29,205.89
Total	\$ 257,964.26	\$ 1,250.00	\$ 13,596,670.54	\$ 65,853.18	\$ 13,440,678.06	\$ 42,467.80	\$ 57,125.06	\$ 25,836.46	\$ 18,031.54	\$ 205,892.70

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 13,596,670.54
Total	\$ 13,596,670.54

Tax Levy:

Local District School Tax (Abstract)	\$ 6,249,999.00
Regional High School District Tax (Abstract)	2,706,125.00
County Taxes:	
County Tax (Abstract)	\$ 1,510,556.54
County Library Tax (Abstract)	140,509.12
County Open Space Tax (Abstract)	179,841.91
Amount Due County for Added Taxes (54-4-63.1 et seq.)	3,600.59
Local Tax for Municipal Purposes	2,779,297.57
Additional Tax Levies	26,740.81
Total	\$ 13,596,670.54

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Tax Title Liens
For the Year Ended December 31, 2016

Balance December 31, 2015		\$	15,898.62
Increased by:			
Interest and Cost on Tax Sale of October 20, 2016	\$	39,587.63	
Transfers from Taxes Receivable		<u>57,125.06</u>	<u>96,712.69</u>
Total			112,611.31
Decreased by:			
Cancelled			<u>20.00</u>
Balance December 31, 2016		\$	<u>112,591.31</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2016

	Balance December 31, 2015	Accrued in 2016	Collected	Balance December 31, 2016	Remarks
Borough Clerk:					
Alcohol Licenses	\$ -	\$ 1,431.00	\$ 1,431.00	\$ -	
Fees and Permits		37,490.53	37,490.53		
Interest and Costs on Taxes		46,541.90	46,541.90		
Construction Official - Fees and Permits		62,436.00	62,436.00		
Energy Receipt Taxes		277,046.00	277,046.00		
Consolidated Municipal Property Tax Relief		12,554.00	12,554.00		
Municipal Court - Fines and Costs	6,087.41	88,072.50	87,657.95	6,501.96	Rec'd Jan 2017
Reserve for Payment of Debt		165,000.00	165,000.00		
Cell Tower Rental		184,274.68	184,274.68		
Off Duty Police Services		1,759.50		1,759.50	Rec'd Jan 2017
Total	\$ 6,087.41	\$ 876,606.11	\$ 874,432.06	\$ 8,261.46	

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2015 Appropriation Reserves
For The Year Ended December 31, 2016

	Balance December 31, 2015		Balance	Paid or	Balance
	Reserved	Encumbered	After Transfers	Charged	Lapsed
Salaries and Wages:					
General Administration	\$ 2,544.07	\$ -	\$ 2,544.07	\$ -	\$ 2,544.07
Mayor and Council	0.01		0.01		0.01
Borough Clerk	913.46		913.46		913.46
Financial Administration	777.64		777.64		777.64
Collection of Taxes	523.60		523.60		523.60
Historic Preservation Commission	350.00		350.00		350.00
Planning Board	549.35		549.35		549.35
Police	21,551.09		21,551.09		21,551.09
Office of Emergency Management	643.16		643.16		643.16
Emergency Medical Services	2,250.00		2,250.00		2,250.00
Fire Official	22.04		22.04		22.04
Streets and Roads	6,641.28		6,641.28		6,641.28
Solid Waste Collection	16,205.40		16,205.40		16,205.40
Public Buildings and Grounds	15,240.00		15,240.00		15,240.00
Construction Official	464.37		464.37		464.37
Zoning Code Enforcement	472.32		472.32		472.32
Municipal Court	1,070.92		1,070.92		1,070.92
Public Defender	375.00		375.00		375.00
Other Expenses:					
General Administration	145.30	966.75	1,112.05	740.05	372.00
Mayor and Council	88.25		88.25		88.25
Borough Clerk	8,521.79	1,473.09	9,994.88	1,670.75	8,324.13
Financial Administration	679.50	120.50	800.00	120.50	679.50
Computerized Data Processing	32.00	200.00	232.00	150.00	82.00
Collection of Taxes	927.30	13.50	940.80	13.50	927.30
Assessment of Taxes	342.50		342.50		342.50
Legal Services	1,909.90	2,250.00	4,159.90	2,121.00	2,038.90
Engineering Services	9,420.66		9,420.66	8,191.86	1,228.80
Historic Preservation Commission	25.00		25.00		25.00
Planning Board	2,053.32	115.00	2,168.32	1,225.00	943.32
Insurance					
Unemployment Compensation	5,230.58		5,230.58	5,000.00	230.58
Employee Group Insurance	18,744.68		18,744.68	4,070.54	14,674.14
Liability Insurance	692.72	484.60	1,177.32	996.59	180.73
Health Benefit Waiver	5,769.66		5,769.66		5,769.66
Police	3,009.45	54,637.81	57,647.26	55,843.48	1,803.78
Office of Emergency Management	1,975.00		1,975.00		1,975.00
Emergency Medical Services	515.04		515.04		515.04
Fire	20,345.78	12,285.56	32,631.34	32,542.47	88.87
Fire Official	1,100.00		1,100.00		1,100.00
Borough Prosecutor	525.00	525.00	1,050.00	1,050.00	
Streets and Roads	7,787.93	15,500.53	23,288.46	5,393.07	17,895.39
Solid Waste Collection	23,269.90	12,818.99	36,088.89	9,231.03	26,857.86
Public Buildings and Grounds	2,286.73	1,663.00	3,949.73	3,110.08	839.65
Vehicle Maintenance	5,704.65	13,518.66	19,223.31	9,939.71	9,283.60
Forward	191,696.35	116,572.99	308,269.34	141,409.63	166,859.71

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2015 Appropriation Reserves
For The Year Ended December 31, 2016

	Balance December 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Forward	\$ 191,696.35	\$ 116,572.99	\$ 308,269.34	\$ 141,409.63	\$ 166,859.71
Other Expenses (Cont'd):					
Construction Code Official	2,045.80		2,045.80		2,045.80
Zoning Code Enforcement	250.00		250.00		250.00
Municipal Court	2,227.35	216.99	2,444.34	171.99	2,272.35
Electricity	5,124.43		5,124.43	1,740.29	3,384.14
Street Lighting	2,150.00		2,150.00	1,463.39	686.61
Telephone	166.95		166.95		166.95
Natural Gas	2,925.26		2,925.26		2,925.26
Gasoline	24,276.21		24,276.21	7,276.12	17,000.09
Printing & Postage	6,000.00		6,000.00		6,000.00
Landfill Fees	6,440.54	9,658.96	16,099.50	12,463.48	3,636.02
Contingent	500.00		500.00		500.00
Social Security System	8,631.49		8,631.49		8,631.49
Defined Contribution Retirement Fund	2,915.25		2,915.25		2,915.25
Capital Improvements					
Road Construction		12,947.02	12,947.02	12,847.02	100.00
Total	<u>\$ 255,349.63</u>	<u>\$ 139,395.96</u>	<u>\$ 394,745.59</u>	<u>\$ 177,371.92</u>	<u>\$ 217,373.67</u>
				Cash Disbursed	\$ 170,602.83
				Encumbrance Payable	6,769.09
					<u>\$ 177,371.92</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Reserve for Farmers' Market
For the Year Ended December 31, 2016

Balance December 31, 2015 and 2016	\$ 3,306.91
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EXHIBIT A-11

Schedule of Reserve for Leon Todd Memorial Park
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 7,680.62
Increased by:	
Collected	350.00
Subtotal	8,030.62
Decreased by:	
Disbursements	1,103.29
Balance December 31, 2016	\$ 6,927.33

EXHIBIT A-12

Schedule of Reserve for POAA
For the Year Ended December 31, 2016

Balance December 31, 2015 and 2016	\$ 12.00
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BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Due State of New Jersey-
 Senior Citizen and Veterans' Deductions
 For the Year Ended December 31, 2016

Balance due to(from) December 31, 2015		\$ (547.32)
Increased by:		
Cash Received		<u>41,411.14</u>
Total		40,863.82
Decreased by:		
Accrued in 2016:		
Senior Citizens Deductions Per Billings	\$ 5,500.00	
Veterans Deductions Per Billings	37,250.00	
Senior Citizens and Veteran Deductions Allowed by Collector	<u>250.00</u>	
	43,000.00	
Less - Senior Citizen Deductions Disallowed by Collector	<u>532.20</u>	
Total		<u>42,467.80</u>
Balance due to(from) December 31, 2016		<u><u>\$ (1,603.98)</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Tax Overpayments
For the Year Ended December 31, 2016

Balance December 31, 2015		\$	30,728.39
Increased by:			
Collected			<u>33,342.46</u>
Subtotal			64,070.85
Decreased by:			
Applied to 2016 Taxes	\$	25,836.46	
Refunded		<u>15,811.03</u>	<u>41,647.49</u>
Balance December 31, 2016		\$	<u><u>22,423.36</u></u>

Schedule of Tax Sale Premiums
For the Year Ended December 31, 2016

Balance December 31, 2015		\$	219,344.06
Increased by:			
Collected			<u>273,408.22</u>
Subtotal			492,752.28
Decreased by:			
Disbursed			<u>312,613.47</u>
Balance December 31, 2016		\$	<u><u>180,138.81</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of County Tax Payable
For the Year Ended December 31, 2016

Balance December 31, 2015		\$	2,667.63
Increased by:			
County Tax	\$	1,510,556.54	
County Library Tax		140,509.12	
County Open Space Tax		179,841.91	
County Added and Omitted		<u>3,600.59</u>	<u>1,834,508.16</u>
Total			1,837,175.79
Decreased by:			
Payments			<u>1,833,575.20</u>
Balance December 31, 2016		\$	<u><u>3,600.59</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Regional School Tax Payable
For the Year Ended December 31, 2016

Balance December 31, 2015:		
School Tax Payable	\$ 1,403,240.95	
School Tax Deferred	<u>291,811.49</u>	\$ 1,695,052.44
Increased by:		
Levy - School Year July 1, 2016 to June 30, 2017		<u>2,706,125.00</u>
Total		4,401,177.44
Decreased by:		
Payments		<u>2,715,411.02</u>
Balance December 31, 2016:		
School Tax Payable	1,393,954.93	
School Tax Deferred	<u>291,811.49</u>	<u>\$ 1,685,766.42</u>
2016 Liability for Local District School Tax:		
Tax Paid		\$ 2,715,411.02
Tax Payable December 31, 2016		<u>1,393,954.93</u>
Total		4,109,365.95
Less:		
Tax Payable December 31, 2015		<u>1,403,240.95</u>
Amount Charged to 2016 Operations		<u>\$ 2,706,125.00</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Local District School Tax Payable
For the Year Ended December 31, 2016

<hr/>		
Balance December 31, 2015:		
School Tax Payable	\$ 2,219,825.77	
School Tax Deferred	<u>516,689.81</u>	\$ 2,736,515.58
Increased by:		
Levy - School Year July 1, 2016 to June 30, 2017		<u>6,249,999.00</u>
Total		8,986,514.58
Decreased by:		
Payments		<u>6,195,163.50</u>
Balance December 31, 2016:		
School Tax Payable	2,274,661.27	
School Tax Deferred	<u>516,689.81</u>	<u>\$ 2,791,351.08</u>
2016 Liability for Local District School Tax:		
Tax Paid		\$ 6,195,163.50
Tax Payable December 31, 2016		<u>2,274,661.27</u>
Total		8,469,824.77
Less:		
Tax Payable December 31, 2015		<u>2,219,825.77</u>
Amount Charged to 2016 Operations		<u>\$ 6,249,999.00</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

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

83	Date Authorized	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Balance December 31, 2015	Increased in 2016	Decreased in 2016	Balance December 31, 2016
	7/23/15	Severe Storm	\$ 150,000.00	\$ 30,000.00	\$ 150,000.00	\$ -	\$ 30,000.00	\$ 120,000.00
	9/14/11	Hurricane Irene	250,000.00	50,000.00	50,000.00		50,000.00	-
		Total	\$ 400,000.00	\$ 80,000.00	\$ 200,000.00	\$ -	\$ 80,000.00	\$ 120,000.00

BOROUGH OF MEDFORD LAKES
FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2016

	Balance December 31, 2015	Accrued	Received	Transferred from Unappropriated Reserves	Canceled	Transferred to Unappropriated Reserves	Balance December 31, 2016
Federal Grants:							
Safer Grant	\$ 107,000.00	\$ -	\$ 9,500.00	\$ -	\$ -	\$ -	\$ 97,500.00
NJ Transportation Trust Fund							
Total Federal	107,000.00		9,500.00				97,500.00
State Grants:							
Municipal Alliance Grant	6,892.99	6,509.00	3,746.57				9,655.42
Municipal Alliance - Match		1,627.25	1,627.25				
Clean Communities Grant		12,647.50	12,647.50				
Drive Sober or Get Pulled Over	5,000.00		5,000.00				
Body Armor Grant		1,257.75	1,301.99	1,257.75		1,301.99	
Drunk Driving Enforcement Fund		2,000.00	7,100.00	2,000.00		7,100.00	
Recycling Tonnage			4,934.76			4,934.76	
Burlington City Park Development	12,611.13						12,611.13
Total State	24,504.12	24,041.50	36,358.07	3,257.75		13,336.75	22,266.55
Total	\$ 131,504.12	\$ 24,041.50	\$ 45,858.07	\$ 3,257.75	\$ -	\$ 13,336.75	\$ 119,766.55

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

**Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2016**

	Balance December 31, 2015	Appropriated in 2016 Budget Appropriation	Transferred From Grants Receivable	Balance December 31, 2016
State Grants:				
Body Armor Grant	\$ 1,257.75	\$ 1,257.75	\$ 1,301.99	\$ 1,301.99
Drunk Driving Enforcement Grant	2,000.00	2,000.00	7,100.00	7,100.00
Recycling Tonnage Grant			4,934.76	4,934.76
Total State Grants	<u>\$ 3,257.75</u>	<u>\$ 3,257.75</u>	<u>\$ 13,336.75</u>	<u>\$ 13,336.75</u>

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year ended December 31, 2016

	Balance December 31, 2015	Transferred from: 2016 Budget Appropriation	Appropriated by NJ 40A:4-87	Prior Year Encumbrances	Paid or Charged	Canceled	Balance December 31, 2016
Federal Grants:							
NJ Transportation Trust Fund	\$ -	\$ -	\$ -	\$ 656.30	\$ 511.90	\$ -	\$ 144.40
NJ DOT Grant - 2014 Lenape Trail Ph1				758.25	758.25		-
Safer Grant	107,000.00				19,001.31		87,998.69
Firefighters Grant				102,858.00	102,858.00		-
Over the Limit	4,400.00						4,400.00
Total Federal	111,400.00			104,272.55	123,129.46		92,543.09
State Grants:							
Alcoholic Ed. Rehab Fund	5,082.44						5,082.44
Body Armor Fund		1,257.75		727.26	1,985.01		-
Burlington Cty Park Development Prog.	10,703.00			360.00	10,720.00		343.00
Clean Communities Grant	26,705.02		12,647.50	751.58	11,446.08		28,658.02
Click It or Ticket	1,174.81						1,174.81
Drive Sober or Get Pulled Over	800.00				800.00		-
Drunk Driving Enforcement Grant	3,853.93	2,000.00		1,087.00	3,802.09		3,138.84
Medford Lakes Colony Grant							-
Municipal Alliance Grant	22,856.94	1,627.25	6,509.00	3,850.00	9,192.05		25,651.14
Recycling Tonnage Grant	14,458.76				12,211.90		2,246.86
Shared Services Grant							-
Smart Future Award							
Total State	85,634.90	4,885.00	19,156.50	6,775.84	50,157.13		66,295.11
Total State Grants	\$ 197,034.90	\$ 4,885.00	\$ 19,156.50	\$ 111,048.39	\$ 173,286.59	\$ -	\$ 158,838.20

Analysis of Paid or Charged:

Cash Disbursed	\$ 155,678.36
Encumbrances	17,608.23
	<u>\$ 173,286.59</u>

TRUST FUND

BOROUGH OF MEDFORD LAKES

Trust Fund

Schedule of Cash - Treasurer
For the Year Ended December 31, 2016

	Animal Control	Total Other Trust Funds	Payroll	Planning and Zoning	Unemployment	Public Defender	Special Law Enforcement	Street Opening	EMS	Health Care
Balance December 31, 2015	\$ 5,431.06	\$164,465.84	\$ 17,760.89	\$ 1,679.98	\$ 8,456.03	\$ 1,897.10	\$ 2,202.44	\$ 18,336.54	\$ 108,732.55	\$ 5,400.31
Receipts:										
Dog License Fees:										
Municipal Licenses	2,989.20									
State Registration Fees	471.60									
Late Fees/Miscellaneous	944.60									
Net Payroll		1,102,643.29	1,102,643.29							
Payroll Deductions Payable		665,167.23	665,167.23							
Planning and Zoning Escrows		1,100.00		1,100.00						
Employee Withholdings		1,211.66			1,211.66					
Street Openings		20,550.00				1,200.00		20,550.00		
Public Defender Fees		1,200.00								
EMS Deposits		1,521.63							1,521.63	
Due from Current Fund		75,700.00			15,700.00					60,000.00
Due from Sewer		0.00								
Interest Earned	10.93	320.69	103.51	5.27	18.74	6.82	5.57	59.69	103.33	17.76
Total Receipts	4,416.33	1,869,414.50	1,767,914.03	1,105.27	16,930.40	1,206.82	5.57	20,609.69	1,624.96	60,017.76
Disbursements:										
Expenditures Under RS4:19-15,11	7,053.43									
State Registration Fees	471.60									
Net Payroll		1,102,643.29	1,102,643.29							
Payroll Deductions Payable		661,779.29	661,779.29							
Annual Pension Billing		0.00								
Escrow Refunds		16,406.55						15,206.55		
Unemployment Claims		23,311.96		1,200.00	23,311.96					
EMS Expense		109,785.03							109,785.03	
Health Care Expense		59,766.76								59,766.76
Due to Current Fund		275.57	275.57							
Total Disbursements	7,525.03	1,973,988.45	1,764,698.15	1,200.00	23,311.96	0.00	0.00	15,206.55	109,785.03	59,786.76
Balance December 31, 2016	\$ 2,322.36	\$ 59,911.89	\$ 20,976.77	\$ 1,585.25	\$ 2,074.47	\$ 3,103.92	\$ 2,208.01	\$ 23,739.68	\$ 572.48	\$ 5,651.31

BOROUGH OF MEDFORD LAKES

ANIMAL CONTROL FUND

Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 5,425.06
Increased by:		
2016 Dog License Fees Collected	\$ 2,366.00	
2016 Cat Licenses Collected	623.20	
Late Fees/Miscellaneous	950.60	
Interest Earned	10.93	
		<u>3,950.73</u>
Total		9,375.79
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		<u>7,053.43</u>
Balance December 31, 2016		<u>\$ 2,322.36</u>

License Fees Collected

Year:	
2014	\$ 2,275.00
2015	<u>2,926.00</u>
Total	<u>\$ 5,201.00</u>

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 17,588.83
Increased by:		
Payroll Deductions Received	\$ 665,167.23	
Net Pay	<u>1,102,643.29</u>	
		<u>1,767,810.52</u>
Total		1,785,399.35
Decreased by:		
Payroll Deductions Disbursed	663,442.62	
Net Pay	<u>1,102,643.29</u>	
		<u>1,766,085.91</u>
Balance December 31, 2016		<u>\$ 19,313.44</u>

EXHIBIT B-4

Schedule of Reserve For Planning and Zoning Escrow Deposits
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 1,677.27
Increased by:	
2016 Deposits	<u>1,100.00</u>
Total	2,777.27
Decreased by:	
Disbursed	<u>1,200.00</u>
Balance December 31, 2016	<u>\$ 1,577.27</u>

A permanent list of individual account balances is on file in the Treasurer's office.

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Reserve For Unemployment Compensation Insurance Trust
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 8,456.03
Increased by:		
Interest Earned	\$ 18.74	
Employer Contribution	15,700.00	
Employee Withholdings	<u>2,874.99</u>	
		<u>18,593.73</u>
Total		27,049.76
Decreased by:		
Disbursed to State Department of Labor		<u>23,311.96</u>
Balance December 31, 2016		<u><u>\$ 3,737.80</u></u>

Schedule of Reserve For Public Defender Trust Fund
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 1,894.92
Increased by:		
Receipts		<u>1,200.00</u>
		3,094.92
Decreased by:		
Disbursed		<u> </u>
Balance December 31, 2016		<u><u>\$ 3,094.92</u></u>

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Reserve For Compensated Absences
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ -
Add:	
Budget Appropriation	<u>9,000.00</u>
Balance December 31, 2016	<u>\$ 9,000.00</u>

Schedule of Reserve For Special Law Enforcement Fund
For the Year Ended December 31, 2016

Balance December 31, 2015 and 2016	<u>\$ 2,197.94</u>
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BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Reserve For Street Openings
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 17,862.37
Increased by:	
Escrow Deposits	<u>20,550.00</u>
	38,412.37
Decreased by:	
Disbursed	<u>15,206.55</u>
Balance December 31, 2016	<u>\$ 23,205.82</u>

Schedule of Reserve For EMS
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 108,617.12
Increased by:	
Deposits	<u>\$ 1,521.63</u>
	<u>1,521.63</u>
	110,138.75
Decreased by:	
Disbursed	<u>109,785.03</u>
Balance December 31, 2016	<u>\$ 353.72</u>

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

Schedule of Reserve For Health Care
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 5,390.55
Increased by:		
Deposits	\$ 60,000.00	<u>60,000.00</u>
		65,390.55
Decreased by:		
Disbursed		<u>59,766.76</u>
Balance December 31, 2016		<u>\$ 5,623.79</u>

GENERAL CAPITAL FUND

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Cash - Treasurer
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 827,397.25
Receipts:		
Interest Earned on Investments	\$ 1,833.32	
Investment - Utility Fund Bond Anticipation Note	234,000.00	
Deferred Charges to Future Taxation -Unfunded	290,000.01	
Capital Improvement Fund	15,000.00	
		<u>540,833.33</u>
Total		1,368,230.58
Disbursements:		
Improvement Authorizations	482,024.00	
Due to Current Fund	1,886.21	
Due from Sewer Capital Fund	130,000.00	
Reserve for Payment of Debt Service Costs	165,000.00	
		<u>778,910.21</u>
Balance December 31, 2016		<u>\$ 589,320.37</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2016

Capital Improvement Fund	\$	1,272.76
Fund Balance		12,639.89
Encumbrances Payable		265,464.60
Due to Current Fund		
Reserve for Payment of Debt Service Costs		1,161,405.58
Reserve for Loan		147,421.75
Due from Federal & State Grant Fund		(50,000.00)
Due from Sewer Utility Fund		
Due from Sewer Capital Fund		(208,917.20)
Improvement Authorizations:		
Ordinance		
Number		
468	Multi-Purpose:	
	Improvements to Municipal Building	1,172.79
	Improvements to Public Works Department Building	622,620.00
518	Various Road Repairs	189.22
534	Purchase of Public Works Dept. Equipment	5,000.00
550	Multi-Purpose:	
	Construction of Drainage Improvements	25.40
563	Acquisition of Trash Truck	(32,540.00)
564	Multi-Purpose:	
	Construction of Maintenance Improv. To Mishemokwa Dam	(200,656.85)
	Construction of Maintenance Improv. To Quoque Dam	(273,390.58)
569	Purchase of Fire Truck	(19,950.00)
581	Multi-Purpose:	
	Acquisition of Brush Chipper	
	Acquisition of Dump Truck	
	Acquisition of Police Vehicle	
	Acquisition of Natural Gas Generator	
588	Multi-Purpose:	
	Acquisition of Heavy Equip for PWD	(58,500.00)
	Acquisition of 4 Wheel Drive Police Vehicle	(30,743.00)
	Improvements to Oaks Hall	(33,244.62)
	Storm Water Drainage Improvements	(34,804.00)
598	Acquisition of Public Works Dept. Equipment	1,710.00
605	Multi-Purpose:	
	Acquisition of Public Works Dept. Equipment	352.00
	Acquisition of Fire Dept. Equipment	
	Acquisition of Police Dept. Equipment	828.29
	Emergency Management Communication Equipment	13,209.71
620	Multi-Purpose:	
	New Truck and Tractor	(154,048.00)
	Various Paving and Storm Water Drainage	(58,322.74)
	Acquisition of SCBA	(42,750.00)
	New Telephone System	(16,043.48)
	Acquisition of New Weapons/Guns	(6,125.17)
627	Multi-Purpose:	
	Public Works Flatbread Truck	7,500.00
	Fire Equipment - SCBA	(47,184.28)
	Public Works Leaf Machine	(32,156.00)
	Police Equipment	(9,189.00)
636	Multi-Purpose:	
	Public Works Equipment	(67,736.62)
	Road Improvements	(142,499.40)
	Public Works (2) Ford 450 Dump Trucks	(103,876.00)
	Police Equipment	(30,614.68)
	Construction of Building Improvements	1,800.00
	Total	\$ 589,320.37

BOROUGH OF MEDFORD LAKES
General Capital Fund
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 5,283,733.26
Decreased By:	
Budget Appropriations:	
NJDEP Loan Payable	<u>433,985.11</u>
Balance December 31, 2016	<u><u>\$ 4,849,748.15</u></u>

BOROUGH OF MEDFORD LAKES
GENERAL CAPITAL FUND

Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Balance December 31, 2015	2016 Authorizations	Funded by: Budget Appropriation	Balance December 31, 2016	Analysis of Balance - December 31, 2016	
		\$	\$	\$	\$	Expenditures	Unexpended Improvement Authorizations
518	Various Road Improvements						
550	Multi-Purpose:						
	Construction of Drainage Improv. To Mudjeteewis and Tontionava Trails						
563	Acquisition of Utility Truck	197,762.00		155,222.00	32,540.00	32,540.00	
564	Purchase of Trash Truck						
	Multi-purpose						
	Construction of Maintenance Improv. To Mishemokwa Dam	266,000.00			266,000.00	200,666.85	65,343.15
	Construction of New Improvements to Quoique Dam	600,000.00			600,000.00	271,390.58	328,609.42
569	Purchase of Fire Truck	94,950.00		75,000.00	19,950.00	199,950.00	
581	Multi-purpose						
	Acquisition of Brush Chipper						
	Acquisition of Dump Truck	27,243.51		27,243.51	-		
	Acquisition of Police Vehicle	22,534.50		22,534.50	-		
	Acquisition of Natural Gas Generator						
588	Multi-purpose						
	Acquisition of Heavy Equip for PWD	58,500.00			58,500.00	58,500.00	
	Acquisition of 4 Wheel Drive Police Vehicle	30,743.00			30,743.00	30,743.00	
	Improvements to Oaks Hall	33,244.62			33,244.62	33,244.62	
	Storm Water Drainage Improvements	34,804.00			34,804.00	34,804.00	
620	Multi-Purpose						
	New Truck and Tractor	171,300.00			171,300.00	154,048.00	17,252.00
	Various Paving and Storm Water Drainage	71,400.00			71,400.00	58,322.74	13,077.26
	Acquisition of SCBA	42,750.00			42,750.00	42,750.00	
	Acquisition of new Telephone System	33,250.00			33,250.00	16,043.48	17,206.52
	Acquisition of New Weapons/Guns	12,350.00			12,350.00	6,125.17	6,224.83
627	Multi-Purpose:						
	Public Works Flatbread Truck	142,500.00			142,500.00		142,500.00
	Fire Equipment - SCBA	85,500.00			85,500.00	47,184.28	38,315.72
	Public Works Leaf Machine	38,000.00			38,000.00	32,156.00	5,844.00
	Police Equipment	9,215.00			9,215.00	9,169.00	26.00
630	Multi-Purpose:						
	Public Works Equipment		149,150.00		149,150.00	67,736.62	81,413.38
	Road Improvements		142,500.00		142,500.00	142,499.40	0.60
	Public Works (2) Ford 450 Dump Trucks		104,500.00		104,500.00	103,876.00	624.00
	Police Equipment		36,100.00		36,100.00	30,614.68	5,485.32
	Construction of Building Improvements		33,200.00		33,200.00		33,200.00
Total		\$ 1,972,046.63	\$ 485,450.00	\$ 280,000.01	\$ 2,147,496.62	\$ 1,572,374.42	\$ 755,122.20
Improvement Authorizations Unfunded:							
Less: Unexpended Proceeds of Bond							\$ 753,122.20
Anticipation Notes Issued							\$ 753,122.20

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Environmental Protection Loan Payable
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 5,283,733.26
Decreased by:	
Paid by Budget Appropriation	<u>433,985.11</u>
Balance December 31, 2016	<u>\$ 4,849,748.15</u>

Year	Principal	Interest	Total
2017	\$ 442,708.21	\$ 94,792.43	\$ 537,500.64
2018	451,606.64	85,894.00	537,500.64
2019	460,683.93	76,816.71	537,500.64
2020	469,943.69	67,556.96	537,500.65
2021	479,389.55	58,111.09	537,500.64
2022	489,025.28	48,475.36	537,500.64
2023	498,854.69	38,645.96	537,500.65
2024	508,881.67	28,618.99	537,500.66
2025	519,110.20	18,390.46	537,500.66
2026	529,544.29	7,956.33	537,500.62
	<u>\$ 4,849,748.15</u>	<u>\$ 525,258.29</u>	<u>\$ 5,375,006.44</u>

BOROUGH OF MEDFORD LAKES
GENERAL CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2015		2016 Authorizations		Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Due to Sewer Capital	Balance December 31, 2016	
				Funded	Unfunded	Deferred Charge	Unfunded					Funded	Unfunded
488	Multi-Purpose: Improvements to Municipal Building	06/12/01	\$ 2,100,000	\$ 1,255.59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82.80	\$ 1,172.79	\$ -
512	Improvements to Public Works Dept. Building	09/09/05	8,846,561.00	622,620.00	-	-	-	14,552.50	-	14,552.50	-	622,620.00	-
513	Multi-Purpose: Construction of Dams	05/25/06	-	-	-	-	-	1,275.00	-	1,275.00	-	-	-
534	Various Road Improvements	10/11/07	150,000.00	44.48	-	-	-	-	-	-	-	189.22	-
550	Purchase of PWD Equipment	05/08/08	8,405.00	5,000.00	-	-	-	144.74	-	-	-	5,000.00	-
564	Multi-Purpose: Construction of Drainage Improv. To Mudjekewis and Tontona Trails	06/27/08	70,000.00	25.40	-	-	-	-	-	-	-	25.40	-
564	Multi-Purpose: Acquisition of Utility Truck	-	45,000.00	-	-	-	-	-	-	-	-	-	-
564	Multi-Purpose: Construction of Maintenance Improv. To Mishemokwa Dam	-	280,000.00	-	65,565.73	-	-	22,140.00	-	6,165.00	-	-	65,343.15
588	Multi-Purpose: Construction of New Improvements to Queue Dam	09/14/11	600,000.00	-	329,235.92	-	-	4,500.00	-	6,123.50	-	-	329,639.42
598	Multi-Purpose: Acquisition of Heavy Equip for PWD Acquisition of 4 Wheel Drive Police Vehicle Improvements to Ocas Hall	08/15/12	33,595.00 21,000.00 35,000.00	1,710.00 -	-	-	-	500.00	-	-	-	1,710.00	-
605	Multi-Purpose: Sewer Water Drainage Improvements Acquisition of Public Works Dept Equipment Acquisition of Fire Dept. Equipment Acquisition of Police Dept. Equipment	-	56,000.00 33,595.00 21,000.00 12,000.00	- 1,710.00 -	-	-	-	-	1,040.84	-	-	-	-
620	Multi-Purpose: New Truck and Tractor Various Paving and Storm Water Drainage Refurbishment of existing Fire Apparatus and Equipment Acquisition of new Telephone System Acquisition of New Weapons/Guns	10/22/14	30,000.00 180,000.00 75,000.00 45,000.00 35,000.00 13,000.00	30,000.00 145,844.00 39,115.09 42,750.00 33,250.00 6,224.83	-	-	-	-	16,750.29	899.50	-	13,209.71	-
627	Multi-Purpose: Public Works Fuel/road Truck Fire Equipment - SCBA Public Works Leaf Machine Police Equipment	08/31/15	150,000.00 90,000.00 40,000.00 9,700.00	7,500.00 38,315.72 2,000.00 -	142,500.00 51,684.28 38,000.00 26.00	-	-	4,030.10	-	2,899.00 22,320.88 45,000.00	-	7,500.00	-
636	Multi-Purpose: Public Works Equipment Road Improvements Public Works (2) Ford 450 Dump Trucks Police Equipment Construction of Building Improvements	06/23/16	157,000.00 150,000.00 110,000.00 38,000.00 35,000.00	157,000.00 142,500.00 104,500.00 38,100.00 1,800.00	7,650.00 7,000.00 5,500.00 1,900.00 -	-	-	51,684.28 9,674.00	-	46,276.00 16,700.92 109,376.00	-	1,800.00	-
	Total			\$ 676,235.28	\$ 880,955.13	\$ 465,450.00	\$ 24,550.00	\$ 108,500.62	\$ 462,024.00	\$ 205,464.60	\$ 82.80	\$ 654,407.41	\$ 753,122.20

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

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

Balance December 31, 2015	\$ 10,822.76
Increased by:	
2016 Budget Appropriation	<u>15,000.00</u>
Subtotal	25,822.76
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>24,550.00</u>
Balance December 31, 2016	<u>\$ 1,272.76</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Bonds and Notes Authorized but not Issued
For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Balance December 31, 2015	2016 Authorization	Funded by Budget Appropriation	Balance December 31, 2016
518	Various Road Improvements	\$ -	\$ -	\$ -	\$ -
550	Multi-purpose				
	Construction of Drainage Improv. To Mudjekeewis and Tontonava Trails				
	Acquisition of Utility Truck				
563	Purchase of Trash Truck	197,762.00		165,222.00	32,540.00
564	Multi-purpose				
	Construction of Maintenance Improv. to Mishemokwa Dam	266,000.00			266,000.00
	Construction of New Improvements to Quoque Dam	600,000.00			600,000.00
569	Purchase of Fire Truck	94,950.00		75,000.00	19,950.00
581	Multi-purpose				
	Acquisition of Brush Chipper				
	Acquisition of Dump Truck				
	Acquisition of Police Vehicle	27,243.51		27,243.51	
	Acquisition of Natural Gas Generator	22,534.50		22,534.50	
588	Multi-Purpose:				
	Acquisition of Heavy Equip for PWD	58,500.00			58,500.00
	Acquisition of 4 Wheel Drive Police Vehicle	30,743.00			30,743.00
	Improvements to Oaks Hall	33,244.62			33,244.62
	Storm Water Drainage Improvements	34,804.00			34,804.00
620	Multi-Purpose:				
	New Truck and Tractor	171,300.00			171,300.00
	Various Paving and Storm Water Drainage	71,400.00			71,400.00
	Acquisition of SCBA	42,750.00			42,750.00
	Acquisition of new Telephone System	33,250.00			33,250.00
	Acquisition of New Weapons/Guns	12,350.00			12,350.00
627	Multi-Purpose:				
	Public Works Flatbread Truck	142,500.00			142,500.00
	Fire Equipment - SCBA	85,500.00			85,500.00
	Public Works Leaf Machine	38,000.00			38,000.00
	Police Equipment	9,215.00			9,215.00
636	Multi-Purpose:				
	Public Works Equipment		149,150.00		149,150.00
	Road Improvements		142,500.00		142,500.00
	Acquisition of two (2) Ford 450		104,500.00		104,500.00
	Police Equipment		36,100.00		36,100.00
	Building Improvements		33,200.00		33,200.00
Total		<u>\$ 1,972,046.63</u>	<u>\$ 465,450.00</u>	<u>\$ 290,000.01</u>	<u>\$ 2,147,496.62</u>

SEWER UTILITY FUND

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Cash - Collector/Treasurer
For the Year Ended December 31, 2016

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	\$ 1,468,716.36	\$ 3,529.83
Receipts:		
Sewer Service Charges Receivable	\$ 1,207,644.91	\$ -
Sewer Overpayments	323.85	
Prepaid Sewer Rent	47,921.69	
Bond Anticipation Note Payable		234,000.00
Due to Sewer Operating Fund		67.27
Due to General Capital		130,000.00
Due from Sewer Capital Fund	6.50	
Contra - Budget Refunds	150.95	
Miscellaneous Revenue	35,812.78	
Total Receipts	<u>1,291,860.68</u>	<u>364,067.27</u>
Total	2,760,577.04	367,597.10
Disbursements:		
2016 Appropriations	1,034,253.45	
Appropriation Reserves and Encumbrances Payable	50,589.53	
Interest on Bonds and Notes		
Refund Overpayments	125.95	
Improvement Authorizations		128,151.87
Due to General Capital Fund	234,000.00	82.80
Contra - Budget Refunds	150.95	
Due to Operating Fund		73.77
Total Disbursements	<u>1,319,119.88</u>	<u>128,308.44</u>
Balance December 31, 2016	<u>\$ 1,441,457.16</u>	<u>\$ 239,288.66</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Analysis of Capital Cash
At December 31, 2016

Fund Balance	\$	13,651.50
Capital Improvement Fund		3,458.25
Reserve for Debt Service		990.16
Due to Sewer Utility Operating Fund		
Due to General Capital Fund		208,917.20
Improvement Authorization		
Ord. 515 Acquisition of Sewer Collection Line Cleaning Equipment		
Ord. 518 Construction and Repairs to Sewer Collection System		12,552.19
Ord. 588 Various Capital Improvements		4,335.66
Ord. 588 Acquisition of Computer Equipment		58,900.00
Ord. 620 Various Capital Improvements to Treatment and Collection System		22,900.57
Ord. 620 Upgrades to Cochise Circle Pump Station		(33,309.25)
Ord. 627 New Circulation Pump		(29,100.00)
Ord. 636 Cochise Circle Pump Station		(24,007.62)
		<hr/>
Total	\$	<u>239,288.66</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Schedule of Sewer Service Charges Receivable
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 128,832.24
Increased by:		
Sewer Billings		<u>1,256,749.10</u>
Total		1,385,581.34
Decreased by:		
2016 Collections	\$ 1,207,644.91	
Prepayments Applied	47,480.28	
Transfer to Municipal Liens	7,316.62	
Cancelled	<u>317.45</u>	<u>1,262,759.26</u>
Balance December 31, 2016		<u>\$ 122,822.08</u>

Schedule of Sewer Service Liens Receivable
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 5,053.30
Increased by:		
Interest & Cost of Tax Sale	\$ 4,270.33	
Transfer from Receivables	<u>7,316.62</u>	<u>11,586.95</u>
Total		16,640.25
Decreased by:		
2016 Collections		<u> </u>
Balance December 31, 2016		<u>\$ 16,640.25</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital
For the Year Ended December 31, 2016

	Balance December 31, 2015	Increase By Additions	Less Retirements	Balance December 31, 2016
Sewer Plant	\$ 5,194,990.12	\$ -	\$ -	\$ 5,194,990.12
Pumping Station and Structures	64,031.95			64,031.95
General Equipment	274,629.17			274,629.17
Total	<u>\$ 5,533,651.24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,533,651.24</u>

NOTE - The Fixed Capital reported above is taken from the Municipal Records and does not necessarily show the true value.

BOROUGH OF MEDFORD LAKES
SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital Authorized and Uncompleted
For the Year Ended December 31, 2016

Improvement Description	Date	Ordinance	Amount	Balance December 31, 2015	Deferred Charges To Future Revenue	Transfer To Fixed Capital	Canceled	Balance December 31, 2016
Ord. 588: Multipurpose Construction of Various Capital Improvements	9/14/11		\$ 83,000.00	\$ 83,000.00	\$ -	\$ -	-	\$ 83,000.00
Acquisition of Computer			58,900.00	58,900.00				58,900.00
Ord. 620: Multipurpose Various Capital Improvements to treatment and collections buildings	10/22/14		200,000.00	200,000.00				200,000.00
Various Capital Improvements to treatment and collections system			175,000.00	175,000.00				175,000.00
Acquisition of SCADA Computer for Plant			142,000.00	142,000.00				142,000.00
Upgrades to Cochise Circle Pump Station			125,000.00	125,000.00				125,000.00
Ord. 627: Acquisition of New Circulation Pump	8/13/15		30,000.00	30,000.00				30,000.00
Ord. 636: Cochise Circle Pump Station	6/23/16		130,000.00		130,000.00			130,000.00
Total				\$ 813,900.00	\$ 130,000.00	\$ -	\$ -	\$ 943,900.00

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of 2015 Appropriation Reserves
For the Year Ended December 31, 2016

	Balance December 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	Encumbrances Payable	Reserves			
Operating:					
Salaries and Wages	\$ -	\$ 624.17	\$ 624.17	\$ -	\$ 624.17
Other Expenses	60,341.97	130,641.19	190,983.16	50,589.53	140,393.63
Public Employees Retirement					
Social Security System		5,976.12	5,976.12		5,976.12
Defined Contribution Retirement		2,963.07	2,963.07		2,963.07
Unemployment Compensation		3,866.59	3,866.59		3,866.59
Total	<u>\$ 60,341.97</u>	<u>\$ 144,071.14</u>	<u>\$ 204,413.11</u>	<u>\$ 50,589.53</u>	<u>\$ 153,823.58</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Capital Improvement Fund
For the Year Ended December 31, 2016

Balance December 31, 2015 and 2016

\$ 3,458.25

BOROUGH OF MEDFORD LAKES
SEWER UTILITY CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2015

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2015		2016 Authorizations	Prior Year Encumbrances Canceled	Paid or Charged	Current Year Encumbrances Payable	Balance December 31, 2016	
				Funded	Unfunded					Funded	Unfunded
588	Multipurpose Various Capital Improvements Acquisition of Computer Equipment	9/14/2011	\$ 83,000.00 58,900.00	\$ - 2,945.00	\$ 4,335.66 55,955.00	\$ - -	\$ - -	\$ - -	\$ - -	\$ - 2,945.00	\$ 4,335.66 55,955.00
620	Multipurpose Various Capital Improvements to treatment and collections buildings Various Capital Improvements to treatment and collections system Acquisition of SCADA Computer for Plant Upgrades to Cochise Circle Pump Station	10/22/2014	200,000.00 175,000.00 142,000.00 125,000.00		168,626.00 175,000.00 142,000.00 83,126.62		32,000.00	30,330.00 30,500.00 14,214.25	5,670.00 5,587.50 89,814.13		- 162,626.00 136,912.50 142,000.00 1,876.62
627	Acquisition of New Circulation Pump	8/13/2015	30,000.00		30,000.00			29,100.00			900.00
635	Cochise Circle Pump Station	6/23/2016	130,000.00			130,000.00		24,007.62	70,271.00		35,721.38
				\$ 2,945.00	\$ 667,043.28	\$ 130,000.00	\$ 54,778.38	\$ 128,151.87	\$ 171,342.63	\$ 2,945.00	\$ 542,327.16

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Reserve for Amortization
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 5,054,550.97
Increased by:	
Transfer from Deferred Reserve for Amortization	<u>479,100.27</u>
Balance December 31, 2016	<u>\$ 5,533,651.24</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Deferred Reserve for Amortization
For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Date of Ordinance	Balance December 31, 2015	Paid From Operating Budget - Notes	Transfer To Reserve For Amortization	Canceled	Balance December 31, 2016
518	Construction and Repair to Sewer Collection System	5/11/06	\$ 389,750.47	\$ 14,090.43	\$ 403,840.90	\$ -	\$ -
558	Multipurpose Replacement of Wastewater Mixers Acquisition of Computer	4/8/09	75,259.37		75,259.37		-
588	Multipurpose Construction of Various Capital Improvements Acquisition of Computer	9/14/11	4,150.00 2,945.00	78,850.00 55,955.00			83,000.00 58,900.00
620	Multipurpose Upgrades to Cochise Circle Pump Station	10/22/14		85,104.57			85,104.57
			<u>\$ 472,104.84</u>	<u>\$ 234,000.00</u>	<u>\$ 479,100.27</u>	<u>\$ -</u>	<u>\$ 227,004.57</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes Authorized But Not Issued
For the Year Ended December 31, 2016

Ordinance Number	Improvement Description	Balance December 31, 2015	2016 Authorizations	Bond Anticipation Notes Issued	Balance December 31, 2016
515	Acquisition of Sewer Collection Line Cleaning Equipment	\$ 14,090.43	\$ -	\$ 14,090.43	\$ -
588	Multipurpose				
	Construction of Various Capital Improvements	78,850.00		78,850.00	-
	Acquisition of Computer	55,955.00		55,955.00	-
620	Multipurpose				
	Construction of Various Capital Improvements to treatment buildings	200,000.00			200,000.00
	Construction of Various Capital Improvements to treatment systems	175,000.00			175,000.00
	Acquisition of SCADA Computer	142,000.00			142,000.00
	Upgrades to Cochise Circle Pump Station	125,000.00		85,104.57	39,895.43
627	New Circulation Pump	30,000.00			30,000.00
636	Cochise Circle Pump Station		130,000.00		130,000.00
		<u>\$ 820,895.43</u>	<u>\$ 130,000.00</u>	<u>\$ 234,000.00</u>	<u>\$ 716,895.43</u>

BOROUGH OF MEDFORD LAKES

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2016

**BOROUGH OF MEDFORD LAKES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

1) Material weaknesses identified?

 yes X no

2) Were reportable conditions identified that were
not considered to be material weaknesses?

 yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

A Federal Single Audit was not required

State Awards

A State Single Audit was not required

BOROUGH OF MEDFORD LAKES
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Schedule of Financial Statement Findings

This section identifies the reportable conditions, 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 requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

No Findings Identified

BOROUGH OF MEDFORD LAKES
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

A state single audit was not required.

BOROUGH OF MEDFORD LAKES
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 and federal and state grant awards that are required to be reported in accordance with *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings in the prior year.

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

A State Single Audit was not required.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2016:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Thomas J. Cranston	Mayor		
Robert D. Hannold	Deputy Mayor		
Robert J. Burton	Councilman		
William R. Fields	Councilman		
Kathryn Merkh	Councilman		
Julie Horner-Keizer	Borough Manager	\$ 1,000,000	(A)
Mark J. McIntosh	Borough Clerk	1,000,000	(A)
Donna A. Condo	Chief Financial Officer	1,000,000	(A)
Sherri Rockhill	Tax Collector, Administrative Clerk and Utility Rent Collector	1,000,000 1,000,000	(A) (A)
Peter Lange, Jr.	Municipal Magistrate	1,000,000	(A)
Stacey McBride	Court Administrator	1,000,000	(A)
Shared Services:			
Medford Township	Construction Code Official		
Evesham Township	Assessor		
Douglas L. Heinold	Solicitor		

All Bonds were examined and properly executed.

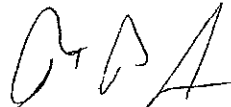
(A) The Borough has a Crime Policy - Excess Public Officials Bond in the amount of \$1,000,000 subject to a \$1,000 deductible with the Camden County Municipal Joint Insurance Fund. This policy covers all employees.

ACKNOWLEDGMENT

We express our appreciation for the assistance and courtesies extended to us by the Borough Officials during the course of our audit.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountant



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

April 28, 2017