

**BOROUGH OF MEDFORD LAKES**  
**County of Burlington**

**Report of Audit of Financial Statements**  
**For the Year Ended December 31, 2017**

**BOROUGH OF MEDFORD LAKES**

**PART I**

**Report of Audit of Financial Statements**

**For the Year Ended December 31, 2017**

**BOROUGH OF MEDFORD LAKES**  
**COUNTY OF BURLINGTON**

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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, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2017 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, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

### ***Opinion on Regulatory Basis of Accounting***

In 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, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2017 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Other 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

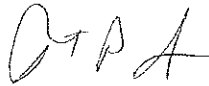
The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures 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 May 31, 2018 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 dark ink, appearing to read 'R P A', is positioned above the printed name of Robert P. Inverso.

Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
May 31, 2018



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

### **INDEPENDENT AUDITOR'S REPORT**

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, 2017, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued my report thereon dated May 31, 2018. 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. I did however identify the following deficiency in internal control, described in the accompanying *Schedule of Findings and Recommendations* that I consider to be a significant deficiency which is Findings no.: 2017-1.

### ***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 instances 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 and which is described in the accompanying *Schedule of Findings and Recommendations* as Finding no.: 2017-1.

### ***The Borough of Medford Lakes' Response to Findings***

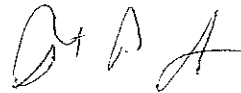
The Borough of Medford Lakes' response to the finding identified in my report is described in the accompanying *Schedule of Findings and Recommendations*. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### ***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



Robert P. Inverso  
Certified Public Accountant  
Registered Municipal Accountant

Marlton, New Jersey  
May 31, 2018

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
For the Years Ended December 31, 2017 and 2016

	Reference	2017	2016
<b><u>ASSETS</u></b>			
<b>Regular Fund:</b>			
Cash - Treasurer	A-4	\$ 6,284,330.61	\$ 5,605,080.72
Cash - Tax Collector	A-5	251,278.58	180,138.81
Cash - Collector's Change Fund		500.00	500.00
Investment - Bond Anticipation Note		400,000.00	
Total		6,936,109.19	5,785,719.53
Due from State of NJ - Vets & SC Deductions	A-13		1,603.98
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	309,344.00	205,892.70
Tax Title Lien Receivable	A-7	123,658.55	112,591.31
Revenue Accounts Receivable	A-8	7,470.24	6,501.96
Other Accounts Receivable		1,857.25	1,759.50
Due from Federal and State Grant Fund	A	23,792.06	23,792.06
Due from Capital Fund	C	2,586.65	
Due from Other Trust Fund	B	9,193.03	807.19
Total		477,901.78	351,344.72
Deferred Charges:			
Emergency Appropriation		2,000.00	
Special Emergency Authorization	A-19	90,000.00	120,000.00
Total Regular Fund		7,506,010.97	6,258,668.23
<b>Federal and State Grant Fund:</b>			
Cash - Treasurer	A-4	153,982.03	143,808.69
Federal and State Grants Receivable	A-20	328,569.94	119,766.55
Total Federal and State Grant Fund		482,551.97	263,575.24
Total		\$ 7,988,562.94	\$ 6,522,243.47

(Continued)

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

**Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis**  
**For the Years Ended December 31, 2017 and 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
<b>Regular Fund:</b>			
Liabilities:			
Appropriation Reserves	A-3	\$ 231,271.83	\$ 174,540.92
Reserve for Encumbrances	A-3	169,318.93	143,741.74
Reserve for Farmers Market	A-10	3,306.91	3,306.91
Reserve for Leon Todd Memorial Park	A-11	6,856.49	6,927.33
Reserve for POAA	A-12		12.00
Tax Overpayments	A-14	12,271.79	22,423.36
Prepaid Taxes	A-4	730,851.28	66,144.29
Reserve for Tax Sale Premiums	A-15	251,278.58	180,138.81
Reserve for Storm Damage		58,089.56	58,089.56
Due State of New Jersey:			
Construction Code Fees		629.00	1,121.00
Marriage License Fees		75.00	50.00
Vets & SC Deductions	A-13	750.00	
Due to Trust Other Fund	B	9,012.00	9,000.00
Due to Capital Fund	C	15,000.00	
Due to Sewer Operating	D	757.90	
Due to Sewer Capital	D	400,000.00	
Due County for Added Taxes	A-16	5,947.98	3,600.59
Regional High School Tax Payable	A-17	1,460,764.69	1,393,954.93
Local District School Tax Payable	A-18	2,334,296.29	2,274,661.27
Total Liabilities		5,690,478.23	4,337,712.71
Reserve for Receivables and Other Assets	A	477,901.78	351,344.72
Fund Balance	A-1	1,337,630.96	1,569,610.80
Total Regular Fund		7,506,010.97	6,258,668.23
<b>Federal and State Grant Fund:</b>			
Unappropriated Reserves	A-21	29,464.97	13,336.75
Reserve for Encumbrances	A-22	9,310.98	17,608.23
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	369,983.96	158,838.20
Total Federal and State Grant Fund		482,551.97	263,575.24
Total		\$ 7,988,562.94	\$ 6,522,243.47

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, 2017 and 2016

	2017	2016
<b>Revenue and Other Income Realized:</b>		
Fund Balance Utilized	\$ 970,500.00	\$ 820,500.00
Miscellaneous Revenue Anticipated	1,141,139.95	896,846.31
Receipts from Delinquent Taxes	165,942.04	183,675.12
Receipts from Current Taxes	13,656,837.39	13,391,160.38
Nonbudget Revenues	229,177.23	293,258.49
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	146,847.05	217,373.67
Cancellation of Accounts Payable	2,488.07	
Cancellation of Reserve Balances		615.00
Cancellation of Overpayments	14,191.43	
Interfunds Liquidated		233.05
Total Revenue and Other Income Realized	<u>16,327,123.16</u>	<u>15,803,662.02</u>
<b>Expenditures:</b>		
Operations Within "CAPS":		
Salaries and Wages	1,457,878.00	1,357,350.00
Other Expenses	1,301,050.00	1,328,849.00
Deferred Charges and Statutory Expenditures Within "CAPS"	286,817.00	269,805.00
Operations Excluded from "CAPS":		
Other Expenses	261,581.60	24,041.50
Capital Improvements Excluded from "CAPS"	165,000.00	165,000.00
Municipal Debt Service Excluded from "CAPS"	537,500.64	537,500.65
Deferred Charges Excluded from "CAPS"	520,000.03	370,000.01
Local District School Tax	6,369,269.00	6,249,999.00
Regional High School Tax	2,839,745.00	2,706,125.00
County Taxes	1,843,011.15	1,830,907.57
Due County for Added Taxes	5,947.98	3,600.59
Cancellation of receivable	2,802.60	
Total	<u>15,590,603.00</u>	<u>14,843,178.32</u>
Excess	736,520.16	960,483.70
Adjustment to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	2,000.00	
Statutory Excess to Fund Balance	738,520.16	960,483.70
Fund Balance January 1	1,569,610.80	1,429,627.10
Total	2,308,130.96	2,390,110.80
Decreased by Utilization as Anticipated Revenue	<u>970,500.00</u>	<u>820,500.00</u>
Balance December 31,	<u>\$ 1,337,630.96</u>	<u>\$ 1,569,610.80</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, 2017

	BUDGET	SPECIAL NJS 40A:4-87	REALIZED	EXCESS (DEFICIT)
Fund Balance Anticipated	\$ 970,500.00	\$ -	\$ 970,500.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcohol	1,125.00		1,431.00	306.00
Fees and Permits - Other	15,000.00		57,851.69	42,851.69
Fines and Costs - Municipal Court	63,250.00		74,123.64	10,873.64
Interest and Costs on Taxes	45,000.00		48,605.24	3,605.24
Cellular Tower Rental	120,000.00		189,667.78	69,667.78
Consolidated Municipal Property Tax Relief Aid	11,085.00		11,085.00	-
Energy Receipts Taxes	278,515.00		278,515.00	-
Uniform Construction Code Fees	39,000.00		53,279.00	14,279.00
Reserve for Payment of Debt Service Cost	165,000.00		165,000.00	-
Miscellaneous Revenues Offset with Appropriations:				
Recycling Tonnage Grant	4,934.76		4,934.76	
Body Armor	1,301.99		1,301.99	
Burlington County Park Grant	35,000.00		35,000.00	
Drunk Driving Enforcement Fund	7,100.00		7,100.00	
Firefighters Grant	9,500.00		9,500.00	
NJ DOT Grant		193,000.00	196,000.00	
Clean Communities		10,744.85	10,744.85	
Total	795,811.75	203,744.85	1,144,139.95	141,583.35
Receipts from Delinquent Taxes	160,000.00		165,942.04	5,942.04
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	2,860,421.88		3,061,515.47	201,093.59
Budget Totals	4,786,733.63	203,744.85	5,342,097.46	\$ 348,618.98
Nonbudget Revenues			229,177.23	
Total	\$ 4,786,733.63	\$ 203,744.85	\$ 5,571,274.69	

(Continued)

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2017Analysis of Realized Revenue**Allocation of Current Tax Collections:**

Revenue from Collections	\$ 13,656,837.39
Allocated to School and County Taxes	11,057,973.13
Balance for Support of Municipal Budget Appropriations	2,598,864.26
Add Appropriation - Reserve for Uncollected Taxes	462,651.21
Amount for Support of Municipal Budget Appropriations	<u>\$ 3,061,515.47</u>

**Receipts from Delinquent Taxes:**

Delinquent Tax Collections	<u>\$ 165,942.04</u>
----------------------------	----------------------

**Fees and Permits - Other:**

Historic Commission Permits	\$ 90.00
Street Opening Permits	37,500.00
Firearm Permits	196.00
Zoning Permits	5,226.00
Land Use Board Fees	850.00
Tree Removal Permits	2,990.00
Permits and Fees	2,473.56
Fire Official Permits and Fees	8,526.13
Total	<u>\$ 57,851.69</u>

**Miscellaneous Revenue Not Anticipated:**

Collected - Treasurer	
Cable TV Franchise Fee	\$ 68,730.75
Vet & Senior Citizen Admin Fee	785.00
JIF Dividend	12,133.01
Vacant Property	7,375.00
Photocopies	658.60
Admin Fee - Off Duty Police	20,099.89
Interest on Bank Deposits	46,261.75
Auction Proceeds	15,726.74
Raffle License	600.00
Insurance Refund	21,498.00
FEMA Reimbursement	12,928.37
Burlington County Salt Reimbursements	6,624.00
State Inspection Fines	6,425.00
Sale of Property	9,256.00
Miscellaneous	75.12
Total Treasurer	<u>\$ 229,177.23</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, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>GENERAL APPROPRIATIONS:</b>						
<i>Operations Within "CAPS":</i>						
General Government						
General Administration:						
Salaries and Wages	\$ 103,500.00	\$ 109,200.00	\$ 109,153.71	\$ -	46.29	\$ -
Other Expenses	17,050.00	18,375.00	12,604.70	5,398.12	372.18	
Mayor and Council:						
Salaries and Wages	8,500.00	8,500.00	8,216.68		283.32	
Other Expenses	5,675.00	5,675.00	5,675.00			
Borough Clerk:						
Salaries and Wages	48,288.00	55,388.00	55,352.72		35.28	
Other Expenses	21,900.00	21,900.00	10,575.75	2,111.18	9,213.07	
Financial Administration:						
Salaries and Wages	26,600.00	31,800.00	29,241.74		2,558.26	
Other Expenses	2,500.00	2,500.00	873.57		1,626.43	
Audit Services:						
Other Expenses	18,500.00	18,500.00	18,500.00			
Computerized Data Processing:						
Other Expenses	16,000.00	18,700.00	15,037.40	1,800.00	1,862.60	
Collection of Taxes:						
Salaries and Wages	23,000.00	23,000.00	22,958.10		41.90	
Other Expenses	2,675.00	2,675.00	1,655.03	385.00	624.97	
Assessment of Taxes:						
Other Expenses	28,000.00	28,000.00	27,950.46		49.54	
Legal Services & Costs:						
Other Expenses	35,000.00	41,100.00	35,297.43	2,875.00	2,927.57	
Engineering Services:						
Other Expenses	18,000.00	11,900.00	11,001.67		898.33	

(Continued)



## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2017

	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	\$ 1,125.00	\$ -	\$ 475.00	\$ -
Other Expenses	100.00	100.00			100.00	
Land Use Administration:						
Planning Board:						
Salaries & Wages	4,865.00	4,865.00	4,709.44		155.56	
Other Expenses	9,900.00	9,600.00	1,996.83	5,200.00	2,403.17	
Insurance:						
Liability Insurance	172,000.00	172,000.00	170,015.18		1,984.82	
Employees Group Insurance	308,200.00	276,100.00	268,933.37		7,166.63	
Unemployment Compensation	11,000.00	11,000.00	919.47		10,080.53	
Health Benefit Waiver	22,000.00	22,000.00	21,870.50		129.50	
Public Safety:						
Police:						
Salaries and Wages	800,500.00	800,500.00	793,423.03		7,076.97	
Other Expenses	40,325.00	40,325.00	35,824.77	2,933.36	1,566.87	
Office of Emergency Management:						
Salaries and Wages	3,500.00	3,500.00	1,937.36		1,562.64	
Other Expenses	2,000.00	2,000.00	591.26		1,408.74	
Emergency Medical Services:						
Salaries and Wages						
Other Expenses						
Fire Department:						
Other Expenses	65,000.00	65,000.00	24,554.71	32,678.02	7,767.27	
Fire Official:						
Salaries & Wages	14,200.00	16,600.00	15,563.89		1,036.11	
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, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>Operations Within "CAPS" (Continued)</b>						
Borough Prosecutor:						
Other Expenses	\$ 6,300.00	\$ 6,300.00	\$ 4,800.00	\$ 600.00	\$ 900.00	\$ -
Public Works:						
Streets & Roads:						
Salaries and Wages	308,000.00	313,300.00	312,671.60		628.40	
Other Expenses	89,250.00	89,250.00	72,745.19	12,144.85	4,359.96	
Solid Waste Collection:						
Salaries & Wages	34,000.00	23,475.00	18,640.34		4,834.66	
Other Expenses	51,500.00	51,500.00	21,149.68	20,721.38	9,628.94	
Public Buildings and Grounds:						
Salaries & Wages	13,500.00	8,000.00	7,899.91		100.09	
Other Expenses	25,200.00	31,700.00	30,309.38	1,106.18	284.44	
Vehicle Maintenance:						
Other Expenses	58,000.00	58,000.00	42,504.97	15,202.29	292.74	
Utility Expenses and Bulk Purchases:						
Electricity	30,000.00	30,000.00	18,976.27		11,023.73	
Street Lighting	12,000.00	12,000.00	8,041.95		3,958.05	
Telephone	14,500.00	14,500.00	11,850.64		2,649.36	
Natural Gas	9,000.00	9,000.00	7,148.03		1,851.97	
Gasoline	50,000.00	36,700.00	27,780.55	3,865.00	5,054.45	
Printing & Postage	6,500.00	6,500.00	6,000.85		499.15	
Landfill/Solid Waste Disposal Costs:						
Landfill Fees	145,000.00	145,000.00	132,946.65	9,136.26	2,917.09	
Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	14,500.00	18,000.00	17,543.87		456.13	
Other Expenses	23,000.00	23,000.00	2,619.80	358.76	20,021.44	
Zoning Code Enforcement Officer:						
Salaries and Wages	11,900.00	11,900.00	11,773.44		126.56	
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, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>Operations Within "CAPS" (Continued)</b>						
Accumulated Sick Leave Compensation	\$ 9,000.00	\$ 9,000.00	\$ -	\$ -	\$ 9,000.00	\$ -
Salaries and Wages						
Municipal Court:						
Salaries and Wages	8,800.00	18,500.00	17,473.84		1,026.16	
Other Expenses	16,000.00	16,000.00	2,722.70	7,293.53	5,983.77	
Public Defender						
Salaries and Wages	3,000.00	750.00			750.00	
Other Expenses		2,250.00	2,250.00			
<b>Total Operations - Within "CAPS"</b>	<b>2,770,428.00</b>	<b>2,758,428.00</b>	<b>2,483,408.43</b>	<b>123,818.93</b>	<b>151,200.64</b>	
Contingent	500.00	500.00			500.00	
<b>Total Operations Including Contingent - within "CAPS"</b>	<b>2,770,928.00</b>	<b>2,758,928.00</b>	<b>2,483,408.43</b>	<b>123,818.93</b>	<b>151,700.64</b>	
Detail:						
Salaries and Wages	1,436,953.00	1,457,878.00	1,427,684.67		21,193.33	
Other Expenses	1,333,975.00	1,301,050.00	1,055,723.76	123,818.93	130,507.31	
<b>Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":</b>						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	48,725.00	48,725.00	48,725.00			
Social Security System (O.A.S.I.)	107,000.00	119,000.00	117,403.14		1,596.86	
Police and Firemen's Retirement System	116,092.00	116,092.00	116,092.00			
Defined Contribution Retirement Fund	3,000.00	3,000.00	1,193.17		1,806.83	
<b>Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"</b>	<b>274,817.00</b>	<b>286,817.00</b>	<b>283,413.31</b>		<b>3,403.69</b>	
<b>Total General Appropriations - For Municipal Purposes Within "CAPS"</b>	<b>3,045,745.00</b>	<b>3,045,745.00</b>	<b>2,766,821.74</b>	<b>123,818.93</b>	<b>155,104.33</b>	

(Continued)

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>Operations Excluded from "CAPS":</b>						
Employee Group Insurance	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ -	\$ -	\$ -
Public and Private Programs Offset By Revenues:						
Homeland Security - Fire Fighters	35,000.00	35,000.00	35,000.00			
Burlington County Park	4,934.76	4,934.76	4,934.76			
Recycling Tonnage	7,100.00	7,100.00	7,100.00			
Drunk Driving Enforcement Fund	1,301.99	1,301.99	1,301.99			
Body Armor		193,000.00	193,000.00			
NJ Department of Transportation		10,744.85	10,744.85			
Clean Communities Program		261,581.60	261,581.60			
<b>Total Operations - Excluded From "CAPS"</b>	<b>57,836.75</b>					
Detail:						
Salaries and Wages		261,581.60	261,581.60			
Other Expenses	57,836.75					
<b>Capital Improvements - Excluded From "CAPS"</b>						
Capital Improvement Fund	13,000.00	15,000.00	15,000.00			
Road Reconstruction	150,000.00	150,000.00	28,332.50	45,500.00	76,167.50	
<b>Total Capital Improvements - Excluded From "CAPS"</b>	<b>163,000.00</b>	<b>165,000.00</b>	<b>43,332.50</b>	<b>45,500.00</b>	<b>76,167.50</b>	
<b>Municipal Debt Service - Excluded From "CAPS"</b>						
Loan Repayment - Principal	442,708.21	442,708.21	442,708.21			-
Loan Repayment - Interest	94,792.43	94,792.43	94,792.43			
<b>Total Municipal Debt Service - Excluded From "CAPS"</b>	<b>537,500.64</b>	<b>537,500.64</b>	<b>537,500.64</b>			

(Continued)

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>Deferred Charges - Municipal - Excluded From "CAPS"</b>						
Special Emergency Authorizations						
Deferred Charges to Future Revenue - Unfunded:	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ -	\$ -	\$ -
Ordinance 569	19,950.00	19,950.00	19,950.00			
Ordinance 563	32,540.00	32,540.00	32,540.00			
Ordinance 588	157,291.62	157,291.62	157,291.62			
Ordinance 620	130,218.41	130,218.41	130,218.41			
Ordinance 636	150,000.00	150,000.00	150,000.00			
<b>Total Deferred Charges - Municipal - Excluded From "CAPS"</b>	<b>520,000.03</b>	<b>520,000.03</b>	<b>520,000.03</b>			
<b>Total General Appropriations for Municipal</b>						
<b>Purposes Excluded From "CAPS"</b>						
Subtotal General Appropriations	1,278,337.42	1,484,082.27	1,362,414.77	45,500.00	76,167.50	-
Reserve for Uncollected Taxes	4,324,082.42	4,529,827.27	4,129,236.51	169,318.93	231,271.83	
	462,651.21	462,651.21	462,651.21			
<b>TOTAL GENERAL APPROPRIATIONS</b>	<b>\$ 4,786,733.63</b>	<b>\$ 4,992,478.48</b>	<b>\$ 4,591,887.72</b>	<b>\$ 169,318.93</b>	<b>\$ 231,271.83</b>	<b>\$ -</b>
<b>Analysis of Budget After Modification:</b>						
Original Budget		\$ 4,786,733.63				
Emergency Appropriation		2,000.00				
Appropriation by 40A: 4-87		203,744.85				
Total		<b>\$ 4,992,478.48</b>				
<b>Analysis of Expended - Paid or Charged:</b>						
Reserve for Federal and State Grants		\$ 261,581.60				
Deferred Charges - Special Emergency		30,000.00				
Due to General Capital Fund		15,000.00				
Reserve for Uncollected Taxes		462,651.21				
Disbursed		3,822,654.91				
Total		<b>\$ 4,591,887.72</b>				

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, 2017 and 2016

<u>ASSETS</u>	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b>Animal Control Fund:</b>			
Cash - Treasurer	B-1	\$ 288.20	\$ 2,322.36
<b>Other Funds:</b>			
Cash - Treasurer	B-1	69,438.79	59,911.89
Due from Current Fund	A	9,012.00	9,000.00
Total Other Funds		78,450.79	68,911.89
Total		\$ 78,738.99	\$ 71,234.25
<b><u>LIABILITIES AND RESERVES</u></b>			
<b>Animal Control Fund:</b>			
Reserve for Animal Control Fund Expenditures	B-2	\$ 288.20	\$ 2,322.36
Total Animal Control Fund		288.20	2,322.36
<b>Other Funds:</b>			
Due to Current Fund	A	9,193.03	807.19
Payroll Deductions Payable	B-3	11,165.82	19,313.44
Reserve for Planning and Zoning Escrow Deposits	B-4	2,973.15	1,577.27
Reserve for Unemployment Compensation Trust	B-5	5,525.73	3,737.80
Reserve for Public Defender Fund	B-6	3,589.42	3,094.92
Reserve for Compensated Absences	B-7	9,000.00	9,000.00
Reserve for Special Law Enforcement Fund	B-8	197.64	2,197.94
Reserve for Street Opening Deposits	B-9	26,763.32	23,205.82
Reserve for EMS	B-10	102.80	353.72
Reserve for Health Care	B-11	9,927.88	5,623.79
Reserve for POAA	B-12	12.00	
Total Other Funds		78,450.79	68,911.89
Total		\$ 78,738.99	\$ 71,234.25

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, 2017 and 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>			
Cash	C-2	\$ 288,072.85	\$ 589,320.37
Investments - Bond Anticipation Notes			
Federal Aid Receivable	C-7	247,620.00	-
Deferred Charges to Future Taxation:			
Funded	C-4	4,554,461.69	4,849,748.15
Unfunded	C-5	1,782,724.84	2,147,496.62
Due from Federal & State Grant Fund	A	50,000.00	50,000.00
Due from Current Fund	A	15,000.00	-
Due from Sewer Capital Fund	D	149,917.20	208,917.20
Total		<u>\$ 7,087,796.58</u>	<u>\$ 7,845,482.34</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Encumbrances Payable	C-7	\$ 428,642.03	\$ 265,464.60
Due to Current Fund	A	2,586.65	
EDA Loan Payable	C-6	4,554,461.69	4,849,748.15
Improvement Authorizations:			
Funded	C-7	639,428.13	654,407.41
Unfunded	C-7	451,709.85	753,122.20
Capital Improvement Fund	C-8	1,922.76	1,272.76
Reserve for Payment of Debt Service Costs	C-3	996,405.58	1,161,405.58
Reserve for Payment of Loan	C-3	-	147,421.75
Fund Balance	C-1	12,639.89	12,639.89
Total		<u>\$ 7,087,796.58</u>	<u>\$ 7,845,482.34</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, 2017

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Balance December 31, 2017 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, 2017 and 2016

	Reference	2017	2016
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
<b>Operating Fund:</b>			
Due to Sewer Utility Capital Fund	D	\$ 246,000.00	\$ -
Appropriation Reserves	D-4	198,751.14	80,673.36
Encumbrances Payable	D-4	54,680.17	90,421.19
Prepaid Sewer Service Charges		54,011.18	47,921.69
Sewer Rent Overpayments		3,836.83	1,961.07
Total		557,279.32	220,977.31
Reserve for Receivables	D	146,341.51	139,462.33
Fund Balance	D-1	1,328,588.83	1,220,479.85
Total Operating Fund		2,032,209.66	1,580,919.49
<b>Capital Fund:</b>			
Encumbrances Payable		38,526.59	183,894.82
Bond Anticipation Notes Payable	D-16	400,000.00	-
Due to General Capital Fund	C	149,917.20	208,917.20
Due to Sewer Utility Operating Fund	D	161.88	-
Improvement Authorization			
Funded	D-13	2,945.00	2,945.00
Unfunded	D-13	859,347.62	542,327.16
Reserve for Amortization	D-14	5,533,651.24	5,533,651.24
Deferred Reserve for Amortization	D-15	473,004.57	227,004.57
Reserve for Debt		990.16	990.16
Capital Improvement Fund	D-12	3,458.25	3,458.25
Capital Fund Balance	D-2	13,651.50	13,651.50
Total Capital Fund		7,475,654.01	6,716,839.90
Total		\$ 9,507,863.67	\$ 8,297,759.39

The accompanying Notes to the 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, 2017 and 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
<b>Operating Fund:</b>			
Due to General Capital	C	\$ 246,000.00	\$ -
Appropriation Reserves	D-4	198,751.14	80,673.36
Encumbrances Payable	D-4	54,680.17	90,421.19
Prepaid Sewer Service Charges		54,011.18	47,921.69
Sewer Rent Overpayments		<u>3,836.83</u>	<u>1,961.07</u>
 Total		 557,279.32	 220,977.31
 Reserve for Receivables	 D	 146,341.51	 139,462.33
Fund Balance	D-1	<u>1,328,588.83</u>	<u>1,220,479.85</u>
 Total Operating Fund		 <u>2,032,209.66</u>	 <u>1,580,919.49</u>
 <b>Capital Fund:</b>			
Encumbrances Payable		38,526.59	183,894.82
Bond Anticipation Notes Payable	D-16	400,000.00	-
Due to General Capital Fund	C	149,917.20	208,917.20
Due to Sewer Utility Operating Fund	D	161.88	-
Improvement Authorization			
Funded	D-13	2,945.00	2,945.00
Unfunded	D-13	859,347.62	542,327.16
Reserve for Amortization	D-14	5,533,651.24	5,533,651.24
Deferred Reserve for Amortization	D-15	473,004.57	227,004.57
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>7,475,654.01</u>	 <u>6,716,839.90</u>
 Total		 <u>\$ 9,507,863.67</u>	 <u>\$ 8,297,759.39</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, 2017 and 2016

	2017	2016
<b>Revenue and Other Income Realized:</b>		
Fund Balance Utilized	\$ 212,800.00	\$ 119,990.00
Sewer Service Charges	1,239,078.19	1,255,125.19
Miscellaneous	104,984.28	35,812.78
Reserve for Debt Service		
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	76,846.51	153,823.58
<b>Total Revenues</b>	<u>1,633,708.98</u>	<u>1,564,751.55</u>
<b>Expenditures:</b>		
Operating	997,800.00	903,900.00
Debt Service	246,000.00	234,000.00
Deferred Charges and Statutory Expenditures	69,000.00	67,448.00
<b>Total Expenditures</b>	<u>1,312,800.00</u>	<u>1,205,348.00</u>
Excess in Revenues	320,908.98	359,403.55
Fund Balance January 1	1,220,479.85	981,066.30
	1,541,388.83	1,340,469.85
Decreased by Utilization by Sewer Utility Operating Budget	212,800.00	119,990.00
<b>Fund Balance Balance December 31</b>	<u><u>\$ 1,328,588.83</u></u>	<u><u>\$ 1,220,479.85</u></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, 2017 and 2016

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Balance December 31, 2017 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, 2017

	Anticipated	Realized	Excess (Deficit)
Fund Balance	\$ 212,800.00	\$ 212,800.00	\$ -
Sewer Service Charges	1,100,000.00	1,239,078.19	139,078.19
Total	1,312,800.00	1,451,878.19	139,078.19
Miscellaneous		104,984.28	104,984.28
Total	\$ 1,312,800.00	\$ 1,556,862.47	\$ 244,062.47

Analysis of Realized Revenues

## Sewer Service Charges:

## Consumer Accounts Receivable:

Collections - 2017

\$ 1,191,156.50

Prepayments Applied

47,921.69

Total

\$ 1,239,078.19

## Miscellaneous:

Sewer Late Fee Charges

\$ 23,127.00

Interest Earned on Investments

15,921.69

Sump Pump Fees

2,450.00

Flood Insurance Refunds

63,320.00

Miscellaneous

165.59

Total

\$ 104,984.28

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, 2017

	Appropriations		Paid or Charged	Expended Encumbrances Payable	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification				
Operating:						
Salaries and Wages	\$ 261,000.00	\$ 308,000.00	\$ 292,277.61	\$ -	\$ 15,722.39	\$ -
Other Expenses	736,800.00	689,800.00	459,635.16	54,680.17	175,484.67	
Debt Service:						
Payment of Note Principal	246,000.00	246,000.00	246,000.00	-	-	
Statutory Expenditures:						
Public Employees Retirement System	38,000.00	38,000.00	38,000.00	-	-	
Social Security System	24,000.00	24,000.00	22,936.72		1,063.28	
Defined Contribution Retirement	3,000.00	3,000.00	351.78		2,648.22	
Unemployment Compensation					-	
Insurance (NJSA 43:21-3 et. seq.)	4,000.00	4,000.00	167.42		3,832.58	
Total	<u>\$ 1,312,800.00</u>	<u>\$ 1,312,800.00</u>	<u>\$ 1,059,368.69</u>	<u>\$ 54,680.17</u>	<u>\$ 198,751.14</u>	<u>\$ -</u>

## Analysis of Paid or Charged:

Disbursed	\$ 813,368.69
Due to Sewer Utility Capital Fund	<u>246,000.00</u>
Total	<u>\$ 1,059,368.69</u>

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, 2017**

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017
<b>General Fixed Assets:</b>				
Buildings	\$ 6,634,023.26	\$ -	\$ -	\$ 6,634,023.26
Improvements Other Than to Buildings	170,444.15	-	-	170,444.15
Furniture and Equipment	16,856.07	-	-	16,856.07
Vehicles and Equipment	<u>2,801,513.00</u>	<u>51,042.68</u>	<u>52,000.00</u>	<u>2,800,555.68</u>
<b>Total General Fixed Assets</b>	<u><u>\$ 9,622,836.48</u></u>	<u><u>\$ 51,042.68</u></u>	<u><u>\$ 52,000.00</u></u>	<u><u>\$ 9,621,879.16</u></u>
 <b>Total Investment in General Fixed Assets</b>	 <u><u>\$ 9,622,836.48</u></u>	 <u><u>\$ 51,042.68</u></u>	 <u><u>\$ 52,000.00</u></u>	 <u><u>\$ 9,621,879.16</u></u>

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

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2016 and decreased by the amount deferred at December 31, 2017.

**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, 2017**

**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 31<sup>st</sup>, 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 \$8,761,872 as of December 31, 2017, \$250,000 was insured under FDIC and the remaining balance of \$8,511,872 was collateralized under GUDPA.

**NOTE 3. INVESTMENTS**

New Jersey municipalities are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipalities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations approved by the Division of Investment in the Department of Treasury for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the repurchase of fully collateralized securities with certain provisions. The Borough has no investment policy that would further limit its investment choices.

**Custodial Credit Risk Related to Investments** – For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough, and are held by either the counterparty or the counterparty's trust department or agent but not in the Borough's name.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 3. INVESTMENTS (CONTINUED)**

As of December 31, 2017 the Borough had the following investments bearing a zero rate of interest:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Bond Anticipation Note	December 14, 2018	N/A	\$ 400,000
			<u>\$ 400,000</u>

**NOTE 4. 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Tax Rate without Business					
Improvement District Tax Rate	<u>\$ 3.094</u>	<u>\$ 3.017</u>	<u>\$ 2.998</u>	<u>\$ 2.928</u>	<u>\$ 2.877</u>
Apportionment of Tax Rate:					
Municipal	\$ 0.636	\$ 0.617	\$ 0.608	\$ 0.600	\$ 0.601
County	0.411	0.408	0.420	0.391	0.391
Local School	1.416	1.390	1.365	1.320	1.272
Regional High School Tax	0.631	0.602	0.605	0.617	0.613

**Assessed Valuation**

2017	\$ 449,676,490
2016	449,787,093
2015	450,102,534
2014	450,478,663
2013	450,990,502

Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017

**NOTE 4. PROPERTY TAXES**

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 13,957,648	\$ 13,656,837	97.84%
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%

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 123,659	\$ 309,344	\$ 433,003	3.10%
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%

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>
2017	2
2016	2
2015	1
2014	1
2013	1

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 5. 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 Collections</u>	<u>Percentage</u>
	<u>Receivables</u>	<u>Liens</u>				
2017	\$ 122,822	\$ 16,640	\$ 1,247,541	\$ 1,387,003	\$ 1,239,078	89.33%
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%

**NOTE 6. 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>			
2017	\$ 1,337,631	\$ 775,000	57.94%
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%
<u>Sewer Utility Fund</u>			
2017	\$ 1,328,589	\$ 212,800	16.02%
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%

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 7. 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, 2017:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 35,572	\$ 424,770
Federal & State Grant Fund		73,792
Trust Fund:		
Other Trust Funds	9,012	9,193
General Capital Fund	214,917	2,587
Sewer Utility Fund	920	246,000
Sewer Utility Capital Fund	646,000	150,079
	<u>\$ 906,421</u>	<u>\$ 906,421</u>

**NOTE 8. 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.

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

*Plan Description* - The Police and Firemen's Retirement System is a cost sharing multiple-employer defined benefit pension plan 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.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011



**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 8. PENSION PLANS (CONTINUED)**

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

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

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 25.89% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$160,324 and is payable by April 1, 2018. Due to the basis of accounting described in Note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$116,092, which was paid by April 1, 2017. Employee contributions to the pension plan during the year ended December 31, 2017 were \$61,917.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2017 was 2.53% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 is \$15,664 and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2016 was \$8,752, which was paid on April 1, 2017.

Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017

**NOTE 8. PENSION PLANS (CONTINUED)**

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

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by Borough</u>
2017	\$ 39,515	\$ 71,530	\$ 5,047	\$ 116,092
2016	37,186	68,787	4,945	110,918
2015	44,794	79,934	5,858	130,586

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PFRS and additions to/deductions from PFRS fiduciary net position have been determined on the same basis as they are reported by PFRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended December 31, 2017, the Borough's proportionate share of pension expense is \$38,317. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1. At December 31, 2017, the Borough proportionate share of the net pension liability is \$2,796,656 and deferred outflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,143	\$ 16,414
Changes of assumptions	344,859	458,011
Net Difference between projected and actual earnings on pension plan investments	53,367	
Changes in proportion	538,560	241,214
Borough contributions subsequent to the measurement date	160,324	
Total	\$ 1,115,253	\$ 715,639

\$160,324 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 8. PENSION PLANS (CONTINUED)**

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2018	\$ 51,013
2019	51,013
2020	51,013
2021	51,014
2022	35,237
Total	\$ 239,290

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	5.59
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017		5.59
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	5.00
June 30, 2015	5.00	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	5.00
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	-	6.17
June 30, 2015	-	5.53
June 30, 2016	-	5.58

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 8. PENSION PLANS (CONTINUED)**

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

**Additional Information**

Collective balances at June 30, 2017 and 2016 are as follows:

	6/30/2017	6/30/2016
Collective deferred outflows of resources	\$ 2,941,952,753	\$ 4,547,316,543
Collective deferred inflows of resources	\$ 3,262,432,093	\$ 688,197,590
Collective net pension liability	\$ 17,167,260,198	\$ 20,706,699,056
Borough's Proportion	.0181153284%	.0142384668%

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

Inflation rate: 2.25%

Salary Increases:

Through 2026: 2.10-8.98% based on age

Thereafter: 3.10-9.98% based on age

Investment Rate of Return: 7.00%

**Additional Information**

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

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 8. PENSION PLANS (CONTINUED)**

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

Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	05.00%	05.51%
Cash equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real assets	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	13.08%
	<u>100.00%</u>	

*Discount rate.* The discount rate used to measure the State's total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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  
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**NOTE 8. 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 and State's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate of 6.14%, 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 (5.14%) or 1 percentage point higher (7.14%) than the current rate:

	<b>1% Decrease (5.14%)</b>	<b>Current Discount Rate (6.14%)</b>	<b>1% Increase (7.14%)</b>
Borough's proportionate share of the net pension liability	\$ 3,684,825	\$ 2,796,656	\$ 2,066,925
State's proportionate share of the net pension liability associated with the Borough	<u>370,729</u>	<u>313,249</u>	<u>266,132</u>
	<u><u>\$ 4,055,554</u></u>	<u><u>\$ 3,109,905</u></u>	<u><u>\$ 2,333,056</u></u>

*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)**

*Plan Description* - 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 Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

*Vesting and Benefit Provisions* - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 8. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 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. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Borough's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 12.49% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the fiscal year ended December 31 2017 was \$84,553 and is payable by April 1, 2018. Based on the PERS measurement date of June 30, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$85,974, which was paid by April 1, 2017. Employee contributions to the pension plan during the year ended December 31, 2017 were \$50,737.

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by Borough</u>
2017	\$ 13,448	\$ 68,439	\$ 4,087	\$ 85,974
2016	14,108	64,992	4,235	83,335
2015	13,009	60,179	4,957	78,145

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 8. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

At December 31, 2017, the Borough's proportionate share of the PERS net pension liability was \$2,124,647. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended December 31, 2017, the Borough's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2017 measurement date is \$148,893. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1. At December 31, 2017, the Borough proportionate share of the PERS net pension liability was \$2,124,647 and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,028	\$ -
Changes of assumptions	428,043	426,474
Net Difference between projected and actual earnings on pension plan investments	14,467	
Changes in proportion	46,184	100,090
Borough contributions subsequent to the measurement date	84,553	
Total	\$ 623,275	\$ 526,564

\$84,553 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2018	\$ 24,925
2019	24,925
2020	24,925
2021	25,559
2022	(88,176)
Total	\$ 12,158



**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 8. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

**Additional Information**

Collective balances at June 30, 2017 and 2016 are as follows:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	\$ 5,700,625,981	\$ 870,133,595
Collective net pension liability	\$ 23,278,401,588	\$ 29,617,131,759
Borough's Proportion	.0091271179%	.0096775532%

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 8. PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

*Actuarial assumptions* – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate: 2.24%

Salary Increases:

Through 2026: 1.65-4.15% based on age

Thereafter: 2.65-5.15% based on age

Investment Rate of Return: 7.00%

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

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017

**NOTE 8. 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	05.00%	05.51%
Cash equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real assets	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	13.08%
	<u>100.00%</u>	

*Discount rate.* The discount rate used to measure the State's total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension 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, 2017, calculated using the discount rate of 5.00%, 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 (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	<u>1% Decrease (4.00%)</u>	<u>Current Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Borough's proportionate share of the net pension liability	\$ 2,635,769	\$ 2,124,647	\$ 1,698,819

*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  
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**NOTE 8. 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:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by Borough</u>
2017	\$ 1,545	\$ 1,545
2016	-	-
2015	122	122

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

**NOTE 9. 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, 2017**

**NOTE 9. 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 10. 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, 2017, accrued benefits for compensated absences are valued at \$325,730.

The Borough has established a Compensated Absences Trust Fund to set aside funds for the future payments of compensated absences. At December 31, 2017 the balance of the fund is \$9,000.

**NOTE 11. 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, 2017**

**NOTE 12. 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 13. 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>
2017	\$ -	\$ 23	\$ 3,280	\$ 1,515	\$ 5,526
2016	15,700	19	2,875	23,312	3,738
2015	-	-	2,665	1,068	8,456

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 14. CAPITAL DEBT**

**Summary of Municipal Debt**

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<b><u>Issued:</u></b>			
General Bonds and Notes	\$ -	\$ -	\$ -
Sewer Utility Bonds and Notes	400,000	-	-
Loans	4,554,462	4,849,748	5,283,733
Total Issued	<u>4,954,462</u>	<u>4,849,748</u>	<u>5,283,733</u>
<b><u>Authorized But Not Issued:</u></b>			
General Bonds and Notes	1,782,725	2,147,497	1,972,047
Sewer Utility Bonds and Notes	<u>420,895</u>	<u>716,895</u>	<u>820,895</u>
Net Debt	<u>\$ 7,158,082</u>	<u>\$ 7,714,140</u>	<u>\$ 8,076,675</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 0.421%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 4,939,000	\$ 4,939,000	
Regional School District Debt	1,417,535	1,417,535	
Sewer Utility Debt	820,895	820,895	
General Debt	<u>6,337,187</u>	<u>4,407,040</u>	<u>\$ 1,930,147</u>
Total	<u>\$ 13,514,617</u>	<u>\$ 11,584,470</u>	<u>\$ 1,930,147</u>

Net Debt, \$1,930,147 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$458,247,750 equals 0.421%.

**Equalized Valuation Basis:**

2015	\$ 449,901,370
2016	453,533,300
2017	<u>471,308,580</u>
Average	<u>\$ 458,247,750</u>

Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017

**NOTE 14. CAPITAL DEBT (CONTINUED)**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 16,038,671
Net Debt	<u>1,930,147</u>
Remaining Borrowing Power	<u><u>\$ 14,108,524</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		\$ 1,335,237
Deductions:		
Operating and Maintenance Costs	\$ 1,066,800	
Debt Service Costs	<u>246,000</u>	
		<u>1,312,800</u>
Total Excess in Revenues		<u><u>\$ 22,437</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 three (3) loan proceeds totaling \$8,831,864 from the State of New Jersey Department of Environmental Protection Loan Program. The loans have a stated interest rate of 2.00% with a final maturity on September 15, 2026. As of December 31, 2017, the balance payable amounts to \$4,554,462

Future principal and interest payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 455,687	\$ 87,368	\$ 543,055
2019	468,967	79,642	548,609
2020	478,393	70,216	548,609
2021	488,009	60,600	548,609
2022	497,817	50,792	548,609
2023-2027	2,103,076	102,469	2,205,545
2028-2032	51,569	3,973	55,542
2033	<u>10,944</u>	<u>165</u>	<u>11,109</u>
Total	<u>\$ 4,554,462</u>	<u>\$ 455,225</u>	<u>\$ 5,009,687</u>



**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 14. 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, 2017, the Borough had the following outstanding bond anticipation notes.

<u>Fund</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Sewer Capital	\$ 400,000	(1)	December 19, 2018
Total	<u>\$ 400,000</u>		

(1) There is no interest rate as the Current Fund of the Borough holds these notes as an investment. See Note 3.

**NOTE 15. 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:

	<u>Local District School Tax</u> <u>Balance December 31,</u>		<u>Regional High School Tax</u> <u>Balance December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Balance of Tax	\$ 2,850,986	\$ 2,791,351	\$ 1,752,576	\$ 1,685,766
Deferred	<u>516,690</u>	<u>516,690</u>	<u>291,811</u>	<u>291,811</u>
School Tax Payable	<u>\$ 2,334,296</u>	<u>\$ 2,274,661</u>	<u>\$ 1,460,765</u>	<u>\$ 1,393,955</u>

**Borough of Medford Lakes  
Notes to Financial Statements  
December 31, 2017**

**NOTE 16. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following funds:

	<u>Balance December 31, 2017</u>	<u>2018 Budget Appropriation</u>
Current Fund:		
Severe Storm	\$ 90,000	\$ 30,000
	<hr/>	<hr/>
Total	<u>\$ 90,000</u>	<u>\$ 30,000</u>

The appropriation in the 2018 Budget is not less than that required by the statutes.

**NOTE 17. 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 18. 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, 2017

	CURRENT FUND	FEDERAL AND STATE GRANT FUND
Balance December 31, 2016	\$ 5,605,080.72	\$ 143,808.69
Receipts:		
Taxes Receivable	\$ 13,716,185.29	\$ -
Prepaid 2018 Taxes	730,851.28	
Revenue Accounts Receivable	879,558.35	
Reserve for Leon Todd Memorial Park	250.00	
Reserve for Off Duty Police	45,075.00	
Tax Overpayments	6,465.96	
Due from State of New Jersey - Senior Citizens and Veterans Deductions	39,250.00	
Due to State of New Jersey:		
Marriage License Fees	325.00	
DCA Training Fees	2,447.00	
Federal and State Grants Receivable		59,406.43
Miscellaneous Revenue Not Anticipated	229,177.23	
Due to Sewer Utility Fund	757.90	
Contra	5,720.00	
Budget Refunds	11,782.12	
Total Receipts	15,667,845.13	59,406.43
Total Funds Available	21,272,925.85	203,215.12
Disbursements:		
2017 Appropriations	3,822,654.91	
County Taxes Payable	1,843,011.15	
Due County for Added Taxes	3,600.59	
Refund of Tax Overpayments	1,674.87	
Due to State of New Jersey:		
Marriage License Fees	300.00	
DCA Training Fees	2,939.00	
Local District School Tax	6,309,633.98	
Regional High School Tax	2,772,935.24	
2016 Appropriation Reserves and		
Reserve for Encumbrances	164,666.52	
Accounts Payable	4,281.02	
Reserve for Off Duty Police	45,075.00	
Reserve for Leon Todd Memorial Park	320.84	
Contra	5,720.00	
Budget Refunds	11,782.12	
Reserve for Federal and State Grant Funds:		
Appropriated		49,233.09
Total Disbursements	14,988,595.24	49,233.09
Balance December 31, 2017	\$ 6,284,330.61	\$ 153,982.03

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of Cash - Collector  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 180,138.81
Receipts:	
Tax Sale Premiums	<u>410,407.75</u>
Total Funds Available	<u>590,546.56</u>
Disbursements:	
Refund of Tax Premiums Redeemed	<u>339,267.98</u>
Balance December 31, 2017	<u><u>\$ 251,278.58</u></u>

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy  
For the Year Ended December 31, 2017

Year	Balance December 31, 2016	Added Taxes	2017 Levy	2016	Collections by Cash 2017	State Share of Senior Citizen and Veterans Deductions Allowed	Transfer to Tax Title Liens	Overpayments Applied	Canceled	Balance December 31, 2017
2013	\$ 6,627.83	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,627.83
2014	11,155.68	-	-	-	-	-	-	-	-	11,155.68
2015	11,422.38	-	-	-	-	-	-	-	-	11,422.38
2016	176,686.81	1,834.37	-	-	165,942.04	-	-	-	834.37	11,744.77
	205,892.70	1,834.37	-	-	165,942.04	-	-	-	834.37	40,950.66
2017	-	-	13,957,647.52	66,144.29	13,650,243.25	39,698.62	11,067.24	751.23	21,349.55	288,393.34
Total	\$ 205,892.70	\$ 1,834.37	\$ 13,957,647.52	\$ 66,144.29	\$ 13,716,185.29	\$ 39,698.62	\$ 11,067.24	\$ 751.23	\$ 22,183.92	\$ 309,344.00

## ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:  
General Purpose Tax

\$ 13,957,647.52

Total

\$ 13,957,647.52

## Tax Levy:

Local District School Tax (Abstract) \$ 6,369,268.00  
 Regional High School District Tax (Abstract) 2,839,745.00  
 County Taxes:  
   County Tax (Abstract) \$ 1,521,158.29  
   County Library Tax (Abstract) 140,575.90  
   County Open Space Tax (Abstract) 181,276.96

Amount Due County for Added Taxes  
 (\$4,463.1 et seq.) 5,947.98  
 Local Tax for Municipal Purposes 2,860,421.88  
 Additional Tax Levies 39,252.51

Total

\$ 13,957,647.52

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Schedule of Tax Title Liens  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$	112,591.31
Increased by:			
Interest and Cost on Tax Sale of October 25, 2017	\$	-	
Transfers from Taxes Receivable		<u>11,067.24</u>	<u>11,067.24</u>
Total			123,658.55
Decreased by:			
Cancelled			<u>                    </u>
Balance December 31, 2017		\$	<u><u>123,658.55</u></u>



## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Schedule of Revenue Accounts Receivable  
For the Year Ended December 31, 2017

	Balance December 31, 2016	Accrued in 2017	Collected	Balance December 31, 2017	Remarks
Borough Clerk:					
Alcohol Licenses	\$ -	\$ 1,431.00	\$ 1,431.00	\$ -	
Fees and Permits		57,851.69	57,851.69		
Interest and Costs on Taxes		48,605.24	48,605.24		
Construction Official - Fees and Permits		53,279.00	53,279.00		
Energy Receipt Taxes		278,515.00	278,515.00		
Consolidated Municipal Property Tax Relief		11,085.00	11,085.00		
Municipal Court - Fines and Costs	6,501.96	75,091.92	74,123.64	7,470.24	Rec'd Jan 18
Reserve for Payment of Debt		165,000.00	165,000.00		
Cell Tower Rental		189,667.78	189,667.78		
Total	<u>\$ 6,501.96</u>	<u>\$ 880,526.63</u>	<u>\$ 879,558.35</u>	<u>\$ 7,470.24</u>	

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of 2016 Appropriation Reserves  
For The Year Ended December 31, 2017

	Balance December 31, 2016		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
<b>Salaries and Wages:</b>					
General Administration	\$ 1,267.19	\$ -	\$ 1,267.19	\$ -	\$ 1,267.19
Mayor and Council					
Borough Clerk	1,855.97		1,855.97		1,855.97
Financial Administration	70.72		70.72		70.72
Collection of Taxes	191.95		191.95		191.95
Historic Preservation Commission	725.00		725.00		725.00
Planning Board	380.22		380.22		380.22
Police	24,843.69		24,843.69		24,843.69
Office of Emergency Management	1,500.08		1,500.08		1,500.08
Emergency Medical Services	-		-		-
Fire Official	742.04		742.04		742.04
Streets and Roads	807.35		807.35		807.35
Solid Waste Collection	837.00		837.00		837.00
Public Buildings and Grounds	-		-		-
Construction Official	354.56		354.56		354.56
Zoning Code Enforcement	59.69		59.69		59.69
Municipal Court	843.46		843.46		843.46
Public Defender	375.00		375.00		375.00
<b>Other Expenses:</b>					
General Administration	1,139.45	2,876.94	4,016.39	3,508.68	507.71
Mayor and Council	19.70	50.10	69.80	50.10	19.70
Borough Clerk	103.10	7,202.82	7,305.92	6,865.05	440.87
Financial Administration	1,967.50	-	1,967.50	12.76	1,954.74
Audit Services	1,600.00		1,600.00	-	1,600.00
Computerized Data Processing	2,358.11	2,816.49	5,174.60	2,816.49	2,358.11
Collection of Taxes	1,299.21	495.40	1,794.61	599.05	1,195.56
Assessment of Taxes	531.00		531.00		531.00
Legal Services	8,923.06	-	8,923.06	2,718.66	6,204.40
Engineering Services	776.66	4,500.00	5,276.66	101.25	5,175.41
Historic Preservation Commission	100.00		100.00	-	100.00
Planning Board	8,567.50	138.74	8,706.24	8,465.83	240.41
Insurance	-		-	-	-
Unemployment Compensation	179.11		179.11	-	179.11
Employee Group Insurance	29,662.58		29,662.58	15,325.21	14,337.37
Liability Insurance	912.00	-	912.00	484.82	427.18
Health Benefit Waiver	8,193.30		8,193.30		8,193.30
Police	1,015.48	11,168.40	12,183.88	11,404.29	779.59
Office of Emergency Management	423.58	883.72	1,307.30	883.72	423.58
Emergency Medical Services	2,000.00		2,000.00		2,000.00
Fire	1,858.26	34,611.90	36,470.16	32,822.66	3,647.50
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	3,979.83	13,370.65	17,350.48	13,353.96	3,996.52
Solid Waste Collection	53.00	24,558.49	24,611.49	22,457.49	2,154.00
Public Buildings and Grounds	2,663.88	6,251.14	8,915.02	7,232.07	1,682.95
Vehicle Maintenance	2,249.38	9,387.33	11,636.71	8,827.20	2,809.51
<b>Forward</b>	<b>117,054.61</b>	<b>118,837.12</b>	<b>235,891.73</b>	<b>138,979.29</b>	<b>96,912.44</b>

(Continued)

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Statement of 2016 Appropriation Reserves  
For The Year Ended December 31, 2017

	Balance December 31, 2016		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Forward	\$ 117,054.61	\$ 118,837.12	\$ 235,891.73	\$ 138,979.29	\$ 96,912.44
Other Expenses (Cont'd):					
Construction Code Official	1,676.83	1,149.97	2,826.80	1,149.97	1,676.83
Zoning Code Enforcement	300.00		300.00		300.00
Municipal Court	2,456.16	1,479.44	3,935.60	1,572.73	2,362.87
Electricity	9,103.25		9,103.25	1,617.41	7,485.84
Street Lighting	4,554.43		4,554.43	1,372.04	3,182.39
Telephone	2,956.63		2,956.63	1,123.09	1,833.54
Natural Gas	5,972.86		5,972.86	553.49	5,419.37
Gasoline	16,944.29		16,944.29	6,065.81	10,878.48
Printing & Postage	1,000.00		1,000.00		1,000.00
Landfill Fees	5,332.07	13,630.87	18,962.94	10,370.21	8,592.73
Contingent	500.00		500.00		500.00
Social Security System	3,611.82		3,611.82		3,611.82
Defined Contribution Retirement Fund	3,000.00		3,000.00		3,000.00
Capital Improvements					
Road Construction	77.97	1,875.25	1,953.22	1,862.46	90.74
Total	<u>\$ 174,540.92</u>	<u>\$ 136,972.65</u>	<u>\$ 311,513.57</u>	<u>\$ 164,666.52</u>	<u>\$ 146,847.05</u>
Cash Disbursed				\$ 164,666.52	
				<u>\$ 164,666.52</u>	

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Schedule of Reserve for Farmers' Market  
For the Year Ended December 31, 2017

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Balance December 31, 2016 and 2017	\$ 3,306.91
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EXHIBIT A-11

Schedule of Reserve for Leon Todd Memorial Park  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 6,927.33
Increased by:	
Collected	250.00
Subtotal	7,177.33
Decreased by:	
Disbursements	320.84
Balance December 31, 2017	\$ 6,856.49

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EXHIBIT A-12

Schedule of Reserve for POAA  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 12.00
Decreased by:	
Transfer to Other Trust Fund	12.00
Balance December 31, 2017	\$ -

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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, 2017

Balance due to(from) December 31, 2016		\$ (1,603.98)
Increased by:		
Cash Received	\$ 39,250.00	
Cancellation of prior year balance	<u>2,802.60</u>	<u>42,052.6</u>
Total		40,448.62
Decreased by:		
Accrued in 2017:		
Senior Citizens Deductions Per Billings	\$ 5,000.00	
Veterans Deductions Per Billings	34,750.00	
Senior Citizens and Veteran Deductions Allowed by Collector	<u>698.62</u>	
	40,448.62	
Less - Senior Citizen Deductions Disallowed by Collector	<u>750.00</u>	
Total		<u>39,698.62</u>
Balance due to(from) December 31, 2017		<u>\$ 750.00</u>

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Schedule of Tax Overpayments  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$ 22,423.36
Increased by:		
Collected		<u>6,465.96</u>
Subtotal		28,889.32
Decreased by:		
Applied to 2017 Taxes	\$ 751.23	
Refunded	1,674.87	
Canceled	<u>14,191.43</u>	<u>16,617.53</u>
Balance December 31, 2017		<u><u>\$ 12,271.79</u></u>

EXHIBIT A-15

Schedule of Tax Sale Premiums  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$ 180,138.81
Increased by:		
Collected		<u>410,407.75</u>
Subtotal		590,546.56
Decreased by:		
Disbursed		<u>339,267.98</u>
Balance December 31, 2017		<u><u>\$ 251,278.58</u></u>

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Schedule of County Tax Payable  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$	3,600.59
Increased by:			
County Tax	\$	1,521,158.29	
County Library Tax		140,575.90	
County Open Space Tax		181,276.96	
County Added and Omitted		<u>5,947.98</u>	<u>1,848,959.13</u>
Total			1,852,559.72
Decreased by:			
Payments			<u>1,846,611.74</u>
Balance December 31, 2017		\$	<u><u>5,947.98</u></u>

## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Schedule of Regional School Tax Payable  
For the Year Ended December 31, 2017

<hr/>		
Balance December 31, 2016:		
School Tax Payable	\$ 1,393,954.93	
School Tax Deferred	<u>291,811.49</u>	\$ 1,685,766.42
Increased by:		
Levy - School Year July 1, 2017 to June 30, 2018		<u>2,839,745.00</u>
Total		4,525,511.42
Decreased by:		
Payments		<u>2,772,935.24</u>
Balance December 31, 2017:		
School Tax Payable	1,460,764.69	
School Tax Deferred	<u>291,811.49</u>	<u>\$ 1,752,576.18</u>
2017 Liability for Regional District School Tax:		
Tax Paid		\$ 2,772,935.24
Tax Payable December 31, 2017		<u>1,460,764.69</u>
Total		4,233,699.93
Less:		
Tax Payable December 31, 2016		<u>1,393,954.93</u>
Amount Charged to 2017 Operations		<u>\$ 2,839,745.00</u>



## BOROUGH OF MEDFORD LAKES

## CURRENT FUND

Schedule of Local District School Tax Payable  
For the Year Ended December 31, 2017

<hr/>		
Balance December 31, 2016:		
School Tax Payable	\$ 2,274,661.27	
School Tax Deferred	<u>516,689.81</u>	\$ 2,791,351.08
Increased by:		
Levy - School Year July 1, 2017 to June 30, 2018		<u>6,369,269.00</u>
Total		9,160,620.08
Decreased by:		
Payments		<u>6,309,633.98</u>
Balance December 31, 2017:		
School Tax Payable	2,334,296.29	
School Tax Deferred	<u>516,689.81</u>	<u>\$ 2,850,986.10</u>
2017 Liability for Local District School Tax:		
Tax Paid		\$ 6,309,633.98
Tax Payable December 31, 2017		<u>2,334,296.29</u>
Total		8,643,930.27
Less:		
Tax Payable December 31, 2016		<u>2,274,661.27</u>
Amount Charged to 2017 Operations		<u>\$ 6,369,269.00</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, 2017

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance December 31, 2016</u>	<u>Increased in 2017</u>	<u>Decreased in 2017</u>	<u>Balance December 31, 2017</u>
7/23/15	Severe Storm	\$ 150,000.00	\$ 30,000.00	\$ 120,000.00	\$ -	\$ 30,000.00	\$ 90,000.00
	Total	\$ 150,000.00	\$ 30,000.00	\$ 120,000.00	\$ -	\$ 30,000.00	\$ 90,000.00

## BOROUGH OF MEDFORD LAKES

## FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable  
For the Year Ended December 31, 2017

	Balance December 31, 2016	Accrued	Received	Transferred from Unappropriated Reserves	Canceled	Transferred to Unappropriated Reserves	Balance December 31, 2017
<b>Federal Grants:</b>							
Safer Grant	\$ 97,500.00	\$ -	\$ 14,625.00	\$ -	\$ -	\$ -	\$ 82,875.00
Firefighters Grant		9,500.00			9,500.00		
NJ Transportation Trust Fund		193,000.00					193,000.00
<b>Total Federal</b>	<b>97,500.00</b>	<b>202,500.00</b>	<b>14,625.00</b>		<b>9,500.00</b>		<b>275,875.00</b>
<b>State Grants:</b>							
Municipal Alliance Grant	9,655.42		4,571.61				5,083.81
Municipal Alliance - Match							
Clean Communities Grant		10,744.85	10,744.85				
Drive Sober or Get Pulled Over							
Body Armor Grant		1,301.99	1,223.11	1,301.99		1,223.11	
Drunk Driving Enforcement Fund		7,100.00	8,275.00	7,100.00		8,275.00	
Recycling Tonnage		4,934.76	19,966.86	4,934.76		19,966.86	
Burlington County Park Development	12,611.13	35,000.00					47,611.13
<b>Total State</b>	<b>22,266.55</b>	<b>59,081.60</b>	<b>44,781.43</b>	<b>13,336.75</b>		<b>29,464.97</b>	<b>52,694.94</b>
<b>Total</b>	<b>\$ 119,766.55</b>	<b>\$ 261,581.60</b>	<b>\$ 59,406.43</b>	<b>\$ 13,336.75</b>	<b>\$ 9,500.00</b>	<b>\$ 29,464.97</b>	<b>\$ 328,569.94</b>

## BOROUGH OF MEDFORD LAKES

## FEDERAL AND STATE GRANT FUND

**Schedule of Reserve for Federal and State Grants - Unappropriated  
For the Year Ended December 31, 2017**

	Balance December 31, 2016	Appropriated in 2017 Budget Appropriation	Transferred From Grants Receivable	Balance December 31, 2017
<b>State Grants:</b>				
Body Armor Grant	\$ 1,301.99	\$ 1,301.99	\$ 1,223.11	\$ 1,223.11
Drunk Driving Enforcement Grant	7,100.00	7,100.00	8,275.00	8,275.00
Recycling Tonnage Grant	4,934.76	4,934.76	19,966.86	19,966.86
<b>Total State Grants</b>	<b>\$ 13,336.75</b>	<b>\$ 13,336.75</b>	<b>\$ 29,464.97</b>	<b>\$ 29,464.97</b>

## BOROUGH OF MEDFORD LAKES

## FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated  
For the Year ended December 31, 2017

	Balance December 31, 2016	Transferred from 2017 Budget Appropriation	Appropriated by NJ 40A:4-87	Prior Year Encumbrances	Paid or Charged	Canceled	Balance December 31, 2017
<b>Federal Grants:</b>							
NJ Transportation Trust Fund	\$ 144.40	\$ -	\$ 193,000.00	\$ 511.90	\$ 1,270.15	\$ -	\$ 192,386.15
NJ DOT Grant - 2014 Lenape Trail Ph1				758.25			758.25
Safer Grant	87,898.69				19,113.68		68,885.01
Firefighters Grant		9,500.00				9,500.00	-
Over the Limit	4,400.00						4,400.00
<b>Total Federal</b>	<b>92,543.09</b>	<b>9,500.00</b>	<b>193,000.00</b>	<b>1,270.15</b>	<b>20,383.83</b>	<b>9,500.00</b>	<b>286,429.41</b>
<b>State Grants:</b>							
Alcoholic Ed. Rehab Fund	5,082.44						5,082.44
Body Armor Fund		1,301.99					1,301.99
Burlington County Park Development Prog.	343.00	35,000.00		360.00	360.00		35,343.00
Clean Communities Grant	28,658.02		10,744.85	903.31	11,272.68		29,033.50
Click It or Ticket	1,174.81						1,174.81
Drunk Driving Enforcement Grant	3,138.84	7,100.00		1,046.77	5,972.32		5,313.29
Municipal Alliance Grant	25,651.14			3,850.00	9,252.24		20,248.90
Recycling Tonnage Grant	2,246.86	4,934.76		10,178.00	11,303.00		6,056.62
Smart Future Award							
<b>Total State</b>	<b>66,295.11</b>	<b>48,336.75</b>	<b>10,744.85</b>	<b>16,338.08</b>	<b>38,160.24</b>		<b>103,554.55</b>
<b>Total State Grants</b>	<b>\$ 158,838.20</b>	<b>\$ 57,836.75</b>	<b>\$ 203,744.85</b>	<b>\$ 17,608.23</b>	<b>\$ 58,544.07</b>	<b>\$ 9,500.00</b>	<b>\$ 389,983.96</b>

## Analysis of Paid or Charged:

Cash Disbursed	\$ 49,233.09
Encumbrances	9,310.98
	<u>\$ 58,544.07</u>

TRUST FUND

## BOROUGH OF MEDFORD LAKES

## Trust Fund

Schedule of Cash - Treasurer  
For the Year Ended December 31, 2017

	Animal Control	Total Other Trust Funds	Payroll	Planning and Zoning	Unemployment	Public Defender	Special Law Enforcement	Street Opening	EMS	Health Care
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
Receipts:										
Dog License Fees:										
Municipal Licenses	3,560.00	-								
State Registration Fees	580.80	-								
Late Fees/Miscellaneous	588.79	-								
Net Payroll		1,253,230.67	1,253,230.67							
Payroll Deductions Payable		576,639.75	576,639.75							
Planning and Zoning Escrows		2,700.00		2,700.00						
Employee Withholdings		2,375.18			2,375.18					
Health Care Deposits		70,100.00								70,100.00
Street Openings		15,600.00						15,600.00		
Public Defender Fees		494.50				494.50		214.71	2.94	86.16
Interest Earned		8,408.58	8,023.09	22.35	22.74	28.70	7.89	15,814.71	2.94	70,186.16
Total Receipts	4,729.59	1,929,548.68	1,837,893.51	2,722.35	2,397.92	523.20	7.89			
Disbursements:										
Expenditures Under RS4:19-15.11	6,182.95	-								
State Registration Fees	580.80	-								
Net Payroll		1,253,230.67	1,253,230.67							
Payroll Deductions Payable		583,882.60	583,882.60							
Escrow Refunds		1,304.12		1,304.12						
Unemployment Claims		1,514.76			1,514.76					
Special Law Enforcement		2,000.30					2,000.30			
Street Openings		12,042.50						12,042.50		
EMS Expense		250.92							250.92	
Health Care Expense		65,795.91								65,795.91
Total Disbursements	6,763.75	1,920,021.78	1,837,113.27	1,304.12	1,514.76	-	2,000.30	12,042.50	250.92	65,795.91
Balance December 31, 2017	\$ 288.20	\$ 69,438.79	\$ 21,757.01	\$ 3,003.48	\$ 2,957.63	\$ 3,627.12	\$ 215.80	\$ 27,511.89	\$ 324.50	\$ 10,041.56

## BOROUGH OF MEDFORD LAKES

## ANIMAL CONTROL FUND

Schedule of Reserve for Animal Control Fund Expenditures  
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 2,322.36
Increased by:		
2017 Dog License Fees Collected	\$ 2,863.00	
2017 Cat Licenses Collected	697.00	
Late Fees/Miscellaneous	580.00	
Interest Earned	8.79	
		<u>4,148.79</u>
Total		6,471.15
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		<u>6,182.95</u>
Balance December 31, 2017		<u>\$ 288.20</u>

License Fees Collected

<u>Year:</u>	
2015	\$ 2,926.00
2016	<u>2,989.20</u>
Total	<u>\$ 5,915.20</u>



## BOROUGH OF MEDFORD LAKES

## TRUST - OTHER FUNDS

Schedule of Payroll Deductions Payable  
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 19,313.44
Increased by:		
Payroll Deductions Received	\$ 576,639.75	
Net Pay	<u>1,253,230.67</u>	
		<u>1,829,870.42</u>
Subtotal		1,849,183.86
Decreased by:		
Payroll Deductions Disbursed	584,787.37	
Net Pay	<u>1,253,230.67</u>	
		<u>1,838,018.04</u>
Balance December 31, 2017		<u>\$ 11,165.82</u>

## EXHIBIT B-4

Schedule of Reserve For Planning and Zoning Escrow Deposits  
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 1,577.27
Increased by:	
2017 Deposits	<u>2,700.00</u>
Subtotal	4,277.27
Decreased by:	
Disbursed	<u>1,304.12</u>
Balance December 31, 2017	<u>\$ 2,973.15</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, 2017**

Balance December 31, 2016		\$ 3,737.80
Increased by:		
Interest Earned	\$ 22.74	
Employee Withholdings	<u>3,279.95</u>	
		<u>3,302.69</u>
Subtotal		7,040.49
Decreased by:		
Disbursed to State Department of Labor		<u>1,514.76</u>
Balance December 31, 2017		<u><u>\$ 5,525.73</u></u>

**Schedule of Reserve For Public Defender Trust Fund  
For the Year Ended December 31, 2017**

Balance December 31, 2016		\$ 3,094.92
Increased by:		
Receipts		<u>494.50</u>
Balance December 31, 2017		<u><u>\$ 3,589.42</u></u>

## BOROUGH OF MEDFORD LAKES

## TRUST - OTHER FUNDS

Schedule of Reserve For Compensated Absences  
For the Year Ended December 31, 2017

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Balance December 31, 2017 and 2016	<u>\$ 9,000.00</u>
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Schedule of Reserve For Special Law Enforcement Fund  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 2,197.94
Decreased by:	
Disbursed	<u>2,000.30</u>
Balance December 31, 2017	<u>\$ 197.64</u>

## BOROUGH OF MEDFORD LAKES

## TRUST - OTHER FUNDS

Schedule of Reserve For Street Openings  
For the Year Ended December 31, 2017

---

Balance December 31, 2016	\$ 23,205.82
Increased by:	
Escrow Deposits	<u>15,600.00</u>
	38,805.82
Decreased by:	
Disbursed	<u>12,042.50</u>
Balance December 31, 2017	<u>\$ 26,763.32</u>

Schedule of Reserve For EMS  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 353.72
Decreased by:	
Disbursed	<u>250.92</u>
Balance December 31, 2017	<u>\$ 102.80</u>

## BOROUGH OF MEDFORD LAKES

## TRUST - OTHER FUNDS

Schedule of Reserve For Health Care  
For the Year Ended December 31, 2017

---

Balance December 31, 2016		\$ 5,623.79
Increased by:		
Deposits	\$ 70,100.00	<u>70,100.00</u>
		75,723.79
Decreased by:		
Disbursed		<u>65,795.91</u>
Balance December 31, 2017		<u>\$ 9,927.88</u>

## EXHIBIT B-12

Schedule of Reserve For POAA  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ -
Increased by:	
Transfer from Current Fund	<u>12.00</u>
Balance December 31, 2017	<u>\$ 12.00</u>

**GENERAL CAPITAL FUND**

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Schedule of Cash - Treasurer  
For the Year Ended December 31, 2017

---

Balance December 31, 2016		\$	589,320.37
Receipts:			
Interest Earned on Investments	\$	2,586.65	
Due from Sewer Capital Fund		234,000.00	
Deferred Charges to Future Taxation -Unfunded		490,000.03	
			<u>726,586.68</u>
Total			1,315,907.05
Disbursements:			
Improvement Authorizations		687,834.20	
Due to Sewer Capital Fund		175,000.00	
Reserve for Payment of Debt Service Costs		165,000.00	
			<u>1,027,834.20</u>
Balance December 31, 2017		\$	<u><u>288,072.85</u></u>

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Analysis of General Capital Cash and Investments  
For the Year Ended December 31, 2017

Capital Improvement Fund		\$ 1,922.76
Fund Balance		12,639.89
Encumbrances Payable		428,642.03
Reserve for Payment of Debt Service Costs		996,405.58
Federal Grant Receivable		(247,620.00)
Due from Current Fund		(12,413.35)
Due from Federal & State Grant Fund		(50,000.00)
Due from Sewer Capital Fund		(149,917.20)
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
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
564	Multi-Purpose:	
	Construction of Maintenance Improv. To Mishemokwa Dam	(265,846.85)
	Construction of Maintenance Improv. To Quoque Dam	(125,968.83)
598	Acquisition of Public Works Dept. Equipment	1,710.00
605	Multi-Purpose:	
	Acquisition of Public Works Dept. Equipment	352.00
	Emergency Management Communication Equipment	8,358.72
620	Multi-Purpose:	
	New Truck and Tractor	(83,831.59)
	Various Paving and Storm Water Drainage	(58,322.74)
	New Telephone System	(18,943.49)
	Acquisition of New Weapons/Guns	(12,315.81)
627	Multi-Purpose:	
	Public Works Flatbread Truck	(142,500.00)
	Fire Equipment - SCBA	(47,184.28)
	Public Works Leaf Machine	(38,000.00)
	Police Equipment	(9,189.00)
636	Multi-Purpose:	
	Public Works Equipment	(127,058.42)
	Road Improvements	(2,499.40)
	Public Works (2) Ford 450 Dump Trucks	(103,876.00)
	Police Equipment	(30,779.26)
	Construction of Building Improvements	(10,411.00)
640	Multi-Purpose	
	Acquisition of Tanker Truck for Fire Department	(76,000.00)
	Construction of Improvements to Mishemokwa Dam	(57,957.00)
646	Multi-Purpose	
	Construction of Improvements to Oak Hall Municipal Bldg	(47,150.00)
	Acquisition of Police Vehicle	(31,290.25)
	Installation of Flashing Cross Walk Signs	(5,228.07)
647	Purchase of Police Vehicle	(36,663.00)
Total		<u>\$ 288,072.85</u>



**BOROUGH OF MEDFORD LAKES**  
**General Capital Fund**  
Statement of Deferred Charges to Future Taxation - Funded  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 4,849,748.15
Increased By:	
NJDEP Loan Issued	<u>147,421.75</u>
Subtotal	4,997,169.90
Decreased By:	
Budget Appropriations:	
NJDEP Loan Payable	<u>442,708.21</u>
Balance December 31, 2017	<u><u>\$ 4,554,461.69</u></u>

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Schedule of Deferred Charges to Future Taxation - Unfunded  
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance December 31, 2016	2017 Authorizations	Funded by: Budget Appropriation	Funded by: NJ DEP Loan Issued	Balance December 31, 2017	Analysis of Balance - December 31, 2017	
							Expenditures	Unexpended Improvement Authorizations
563	Purchase of Trash Truck	\$ 32,540.00	\$ -	\$ 32,540.00	\$ -	\$ -	\$ -	\$ -
564	Multi-purpose Construction of Maintenance Improvements to Mishemokwa Dam	266,000.00	-	-	-	266,000.00	266,846.85	153.15
569	Construction of New Improvements to Quoque Dam	500,000.00	-	-	147,421.75	452,578.25	125,968.83	325,609.42
588	Purchase of Fire Truck	19,950.00	-	19,950.00	-	-	-	-
	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	-	87,488.41	-	83,811.59	83,831.59	-
	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	-	-	-	-
	Acquisition of New Telephone System	33,250.00	-	-	-	33,250.00	18,943.49	14,306.51
627	Acquisition of New Weapons/Guns	12,350.00	-	-	-	12,350.00	12,315.81	34.19
	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	38,000.00	-
	Police Equipment	9,215.00	-	-	-	9,215.00	9,189.00	26.00
636	Multi-Purpose: Public Works Equipment	149,150.00	-	10,000.00	-	139,150.00	127,058.42	12,091.58
	Road Improvements	142,500.00	-	140,000.00	-	2,500.00	2,459.40	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	30,779.26	5,320.74
640	Construction of Building Improvements	33,200.00	-	-	-	33,200.00	10,411.00	22,789.00
	Multi-Purpose: Acquisition of Tanker Truck for Fire Dept	-	76,000.00	-	-	76,000.00	76,000.00	-
	Construction of Improvements to Mishemokwa Dam	-	56,500.00	-	-	56,500.00	57,957.00	8,543.00
646	Multi-Purpose Construction of Improvements to Oak Hall	-	54,150.00	-	-	54,150.00	47,150.00	7,000.00
	Municipal Building	-	32,300.00	-	-	32,300.00	31,290.25	1,009.75
	Acquisition of Police Vehicle	-	5,700.00	-	-	5,700.00	5,228.07	471.93
647	Installation of Flashing Cross Walk Signs	-	38,000.00	-	-	38,000.00	36,563.00	1,437.00
	Purchase of Police Vehicle	-	-	-	-	-	-	-
Total		\$ 2,147,495.62	\$ 272,650.00	\$ 490,000.03	\$ 147,421.75	\$ 1,782,724.84	\$ 1,331,014.99	\$ 451,709.85

Improvement Authorizations Unfunded:  
Less: Unexpended Proceeds of Bond  
Anticipation Notes Issued

\$ 451,709.85

\$ 451,709.85

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Schedule of Environmental Protection Loan Payable  
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 4,849,748.15
Increased by:	
Environmental Protection Loan Issued	<u>147,421.75</u>
Subtotal	4,997,169.90
Decreased by:	
Paid by Budget Appropriation	<u>442,708.21</u>
Balance December 31, 2017	<u><u>\$ 4,554,461.69</u></u>

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 455,686.64	\$ 87,368.22	\$ 543,054.86
2019	468,966.74	79,642.34	548,609.08
2020	478,392.99	70,216.10	548,609.09
2021	488,008.69	60,600.40	548,609.09
2022	497,817.66	50,791.42	548,609.08
2023	507,823.79	40,785.30	548,609.09
2024	518,031.05	30,578.05	548,609.10
2025	528,443.49	20,165.62	548,609.11
2026	539,065.18	9,543.89	548,609.07
2027	9,712.26	1,396.18	11,108.44
2028	9,907.47	1,200.97	11,108.44
2029	10,106.61	1,001.84	11,108.45
2030	10,309.75	798.69	11,108.44
2031	10,516.98	591.46	11,108.44
2032	10,728.37	380.07	11,108.44
2033	<u>10,944.02</u>	<u>164.45</u>	<u>11,108.47</u>
	<u><u>\$ 4,554,461.69</u></u>	<u><u>\$ 455,225.00</u></u>	<u><u>\$ 5,009,686.69</u></u>

**BOROUGH OF MEDFORD LAKES**  
**GENERAL CAPITAL FUND**

**Schedule of Improvement Authorizations  
For the Year Ended December 31, 2017**

Ordinance Number	Improvement Description	Date	Ordinance Amount	2017 Authorizations				Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Balance December 31, 2017	
				Balance December 31, 2016	Deferred Charge Unfunded	FEIMA Grant	Down Payment on Improvements				Funded	Unfunded
488	Multi-Purpose: Improvements to Municipal Building	06/12/01	\$ 2,100,000	\$ 1,172.79	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,172.79	\$ -
512	Improvements to Public Works Department Building			622,620.00				14,552.50		14,552.50	622,620.00	-
518	Construction of Dams	09/08/05	8,845,561.00	-	-	-	-	1,275.00	-	1,275.00	-	-
534	Multi-Purpose: Various Road Improvements	05/25/06	150,000.00	189.22	-	-	-	-	-	-	189.22	-
534	Purchase of PWD Equipment		6,405.00	5,000.00	-	-	-	-	-	-	5,000.00	-
550	Multi-Purpose: Construction of Drainage Improvements to Mudjolekwa and Tontona Trails	05/08/09	70,000.00	25.40	-	-	-	-	-	-	25.40	-
564	Multi-Purpose: Construction of Maintenance Improvements to Mishemokwa Dam	05/27/09	280,000.00	-	65,343.15	-	-	-	33,414.66	37,940.34	-	163.15
598	Construction of New Improvements to Quogue Dam		600,000.00	-	326,009.42	-	-	-	-	-	-	326,009.42
605	Multi-Purpose: Acquisition of Public Works Department Equipment	08/15/12	33,585.00	1,710.00	-	-	-	-	-	-	1,710.00	-
605	Acquisition of Public Works Department Equipment		50,000.00	352.00	-	-	-	-	-	-	352.00	-
620	Acquisition of Police Department Equipment		32,000.00	828.28	-	-	-	-	-	-	828.28	-
620	Emergency Management Communication Equipment		30,000.00	13,209.71	-	-	-	-	-	-	13,209.71	-
627	Multi-Purpose: New Truck and Tractor	10/02/14	180,000.00	-	17,252.00	-	-	-	-	-	-	-
627	Various Paving and Storm Water Drainage		75,000.00	-	13,077.26	-	-	-	-	-	-	-
627	Refurbishment of Existing Fire Apparatus and Equipment		45,000.00	-	-	-	-	-	-	-	-	-
627	Acquisition of New Telephone System		35,000.00	-	17,206.52	-	-	-	-	-	-	-
627	Acquisition of New Weapons/Guns		13,000.00	-	6,224.83	-	-	-	-	-	-	-
635	Multi-Purpose: Public Works Flarehead Truck	08/13/15	150,000.00	7,500.00	142,500.00	-	-	-	150,000.00	-	-	-
635	Fire Equipment - SCBA		90,000.00	-	39,315.72	-	-	-	-	-	-	-
635	Public Works Leaf Machine		40,000.00	-	5,844.00	-	-	-	-	-	-	-
635	Police Equipment		9,700.00	-	26.00	-	-	-	-	-	-	-
640	Multi-Purpose: Public Works Equipment	06/23/16	157,000.00	-	61,413.38	-	-	-	-	-	-	-
640	Road Improvements		150,000.00	-	0.60	-	-	-	-	-	-	-
640	Public Works (2) Ford 450 Dump Trucks		110,000.00	-	624.00	-	-	-	-	-	-	-
640	Police Equipment		38,000.00	-	5,666.32	-	-	-	-	-	-	-
640	Construction of Building Improvements		35,000.00	1,800.00	33,200.00	-	-	-	-	-	-	-
646	Multi-Purpose: Acquisition of Tanker Truck for Fire Department	02/09/17	327,520.00	-	-	247,620.00	-	-	-	327,520.00	-	-
646	Construction of Improvements to Mishemokwa Dam		70,000.00	-	68,500.00	-	-	-	61,457.00	-	-	8,543.00
647	Multi-Purpose: Construction of Improvements to Oak Hill Municipal Bldg	05/11/17	57,000.00	-	54,150.00	-	-	-	50,000.00	-	-	7,000.00
647	Acquisition of Police Vehicle		34,000.00	-	32,300.00	-	-	-	32,990.25	-	-	1,009.75
647	Installation of Flashing Cross Walk Signs		6,000.00	-	5,700.00	-	-	-	5,528.07	-	-	471.93
647	Purchase of Police Vehicle	08/10/17	42,000.00	-	38,000.00	-	2,000.00	-	35,683.00	-	-	1,317.00
Total				\$ 654,407.41	\$ 753,122.20	\$ 247,620.00	\$ 2,000.00	\$ 255,464.60	\$ 897,854.20	\$ 429,642.03	\$ 639,428.13	\$ 451,709.85

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Statement of Capital Improvement Fund  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 1,272.76
Increased by:	
2017 Budget Appropriation	<u>13,000.00</u>
Subtotal	14,272.76
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>12,350.00</u>
Balance December 31, 2017	<u>\$ 1,922.76</u>

## BOROUGH OF MEDFORD LAKES

## GENERAL CAPITAL FUND

Statement of Bonds and Notes Authorized but not Issued  
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance December 31, 2016	2017 Authorization	Funded by Budget Appropriation	Funded by NJ DEP Loan Issued	Balance December 31, 2017
563	Purchase of Trash Truck	\$ 32,540.00	\$ -	\$ 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			147,421.75	452,578.25
569	Purchase of Fire Truck	19,950.00		19,950.00		-
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		87,468.41		83,831.59
	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		10,000.00		139,150.00
	Road Improvements	142,500.00		140,000.00		2,500.00
	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
640	Multi-Purpose:					
	Acquisition of Tanker Truck for Fire Dept	-	76,000.00			76,000.00
	Construction of Improvements to Mishemokwa Dam	-	66,500.00			66,500.00
646	Multi-Purpose					
	Construction of Improvements to Oak Hall Municipal Building	-	54,150.00			54,150.00
	Acquisition of Police Vehicle	-	32,300.00			32,300.00
	Installation of Flashing Cross Walk Signs	-	5,700.00			5,700.00
647	Purchase of Police Vehicle	-	38,000.00			38,000.00
Total		<u>\$ 2,147,496.62</u>	<u>\$ 272,650.00</u>	<u>\$ 490,000.03</u>	<u>\$ 147,421.75</u>	<u>\$ 1,782,724.84</u>

**SEWER UTILITY FUND**

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING FUND

Statement of Cash - Collector/Treasurer  
For the Year Ended December 31, 2017

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2016	\$ 1,441,457.16	\$ 239,288.66
Receipts:		
Sewer Service Charges Receivable	\$ 1,191,156.50	\$ -
Sewer Overpayments	1,875.76	-
Prepaid Sewer Rent	53,253.28	-
Due to Sewer Operating Fund		161.88
Due to General Capital		175,000.00
Miscellaneous Revenue	<u>104,822.40</u>	<u>-</u>
Total Receipts	<u>1,351,107.94</u>	<u>175,161.88</u>
Total	2,792,565.10	414,450.54
Disbursements:		
2017 Appropriations	813,368.69	-
Appropriation Reserves and Encumbrances Payable	94,248.04	-
Improvement Authorizations		178,347.77
Due to General Capital Fund	<u></u>	<u>234,000.00</u>
Total Disbursements	<u>907,616.73</u>	<u>412,347.77</u>
Balance December 31, 2017	<u>\$ 1,884,948.37</u>	<u>\$ 2,102.77</u>



## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Analysis of Capital Cash  
At December 31, 2017

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Fund Balance	\$	13,651.50
Capital Improvement Fund		3,458.25
Reserve for Debt Service		990.16
Due from Current Fund		(400,000.00)
Due from Sewer Utility Operating Fund		(245,838.12)
Due to General Capital Fund		149,917.20
Improvement Authorization		
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 Building		(4,809.20)
Ord. 620 Various Capital Improvements to Treatment and Collection System		144,500.00
Ord. 620 Acquisition of SCADA Computer		222,015.00
Ord. 620 Upgrades to Cochise Circle Pump Station		5,808.75
Ord. 627 New Circulation Pump		900.00
Ord. 636 Cochise Circle Pump Station		35,721.38
Ord. 646 Construction of New Administrative Building		--
Total		<u>\$ 2,102.77</u>

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## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING FUND

**Schedule of Sewer Service Charges Receivable  
For the Year Ended December 31, 2017**

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Balance December 31, 2016		\$ 122,822.08
Increased by:		
Sewer Billings		<u>1,247,541.37</u>
Total		1,370,363.45
Decreased by:		
2017 Collections	\$ 1,191,156.50	
Prepayments Applied	47,921.69	
Transfer to Municipal Liens	2,100.00	
Cancelled	<u>1,584.00</u>	<u>1,242,762.19</u>
Balance December 31, 2017		<u>\$ 127,601.26</u>

**Schedule of Sewer Service Liens Receivable  
For the Year Ended December 31, 2017**

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Balance December 31, 2016		\$ 16,640.25
Increased by:		
Interest & Cost of Tax Sale	\$ -	
Transfer from Receivables	<u>2,100.00</u>	<u>2,100.00</u>
Balance December 31, 2017		<u>\$ 18,740.25</u>

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital  
For the Year Ended December 31, 2017

	Balance December 31, 2016	Increase By Additions	Less Retirements	Balance December 31, 2017
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, 2017**

Improvement Description	Date	Ordinance	Amount	Balance December 31, 2016	Deferred Charges To Future Revenue	Transfer To Fixed Capital	Canceled	Balance December 31, 2017
Ord. 588: Multipurpose Construction of Various Capital Improvements Acquisition of Computer	9/14/11	\$	83,000.00 58,900.00	\$ 83,000.00 58,900.00	\$ -	\$ -	-	\$ 83,000.00 58,900.00
Ord. 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	10/22/14		200,000.00 175,000.00 142,000.00 125,000.00	200,000.00 175,000.00 142,000.00 125,000.00				200,000.00 175,000.00 142,000.00 125,000.00
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
Ord. 646: New Administrative Building	5/15/17		350,000.00	-	350,000.00			350,000.00
Total				\$ 943,900.00	\$ 350,000.00	\$ -	\$ -	\$ 1,293,900.00

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY OPERATING FUND

Statement of 2016 Appropriation Reserves  
For the Year Ended December 31, 2017

	Balance December 31, 2016		Balance After Transfers	Paid or Charged	Balance Lapsed
	Encumbrances Payable	Reserves			
Operating:					
Salaries and Wages	\$ -	\$ 4,747.95	\$ 4,747.95	\$ -	\$ 4,747.95
Other Expenses	90,421.19	68,504.18	158,925.37	94,248.04	64,677.33
Social Security System	-	4,252.71	4,252.71		4,252.71
Defined Contribution Retirement	-	3,000.00	3,000.00		3,000.00
Unemployment Compensation	-	168.52	168.52		168.52
Total	<u>\$ 90,421.19</u>	<u>\$ 80,673.36</u>	<u>\$ 171,094.55</u>	<u>\$ 94,248.04</u>	<u>\$ 76,846.51</u>

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Schedule of Capital Improvement Fund  
For the Year Ended December 31, 2017

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Balance December 31, 2016 and 2017\$ 3,458.25

**BOROUGH OF MEDFORD LAKES**  
**SEWER UTILITY CAPITAL FUND**

**Schedule of Improvement Authorizations  
For the Year Ended December 31, 2017**

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2016		2017 Authorizations	Reappropriated	Prior Year Encumbrances Canceled	Paid or Charged	Current Year Encumbrances Payable	Balance December 31, 2017	
				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		162,626.00 138,912.50 142,000.00 1,876.62		(100,000.00)	5,670.00 5,587.50 89,814.13	2,209.77	2,209.77 5,587.50 14,015.00 4,162.13		63,876.46 138,912.50 208,000.00 1,646.62
627	Acquisition of New Circulation Pump	8/13/2015	30,000.00		900.00							900.00
636	Cochise Circle Pump Station	6/23/2016	130,000.00		35,721.38			70,271.00	70,271.00			35,721.38
646	Construction of Administration Building for Sewer Utility	5/15/2017	350,000.00		-	350,000.00						350,000.00
				\$ 2,945.00	\$ 542,927.16	\$ 350,000.00	\$ -	\$ 171,342.63	\$ 176,347.77	\$ 25,974.40	\$ 2,945.00	\$ 859,347.62

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Schedule of Reserve for Amortization  
For the Year Ended December 31, 2017

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Balance December 31, 2017 and 2016	\$ 5,533,651.24
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## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Schedule of Deferred Reserve for Amortization  
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of Ordinance	Balance December 31, 2016	Paid From Operating Budget - Notes	Balance December 31, 2017
588	Multipurpose Construction of Various Capital Improvements Acquisition of Computer	9/14/11	\$ 83,000.00 58,900.00	\$ - -	\$ 83,000.00 58,900.00
620	Multipurpose Upgrades to Cochise Circle Pump Station	10/22/14	85,104.57	86,000.00	171,104.57
627	Acquisition of New Circulation Pump	8/13/15	-	30,000.00	30,000.00
636	Cochise Circle Pump	6/23/16	-	130,000.00	130,000.00
			<u>\$ 227,004.57</u>	<u>\$ 246,000.00</u>	<u>\$ 473,004.57</u>

**BOROUGH OF MEDFORD LAKES**  
**SEWER UTILITY CAPITAL FUND**

**Schedule of Bond Anticipation Notes**  
**For the Year Ended December 31, 2017**

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2016	Increased	Decreased	Balance December 31, 2017
620	Multi-Purpose	3/23/17	3/23/17	11/09/17	0.00%	\$ -	\$ 86,000.00	\$ 86,000.00	\$ -
620	Multi-Purpose	12/20/17	12/20/17	12/19/18	0.00%	-	400,000.00	-	400,000.00
627	Acquisition of New Circulation Pump	3/23/17	3/23/17	11/09/17	0.00%	-	30,000.00	30,000.00	-
636	Cochise Circle Pump	3/23/17	3/23/17	11/09/17	0.00%	-	130,000.00	130,000.00	-
<b>Total</b>						<u>\$ -</u>	<u>\$ 646,000.00</u>	<u>\$ 246,000.00</u>	<u>\$ 400,000.00</u>
						Issued for Cash	\$ 646,000.00	\$ -	
						Paid by Budget Appropriation	-	246,000.00	
							<u>\$ 646,000.00</u>	<u>\$ 246,000.00</u>	

## BOROUGH OF MEDFORD LAKES

## SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes Authorized But Not Issued  
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance December 31, 2016	2017 Authorizations	Bond Anticipation Notes Issued	Balance December 31, 2017
620	Multipurpose				
	Construction of Various Capital				
	Improvements to Treatment Buildings	\$ 200,000.00	\$ -	\$ 129,104.57	\$ 70,895.43
	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	39,895.43		39,895.43	-
627	New Circulation Pump	30,000.00		30,000.00	-
636	Cochise Circle Pump Station	130,000.00		130,000.00	-
646	New Administration Building	-	350,000.00		350,000.00
		<u>\$ 716,895.43</u>	<u>\$ 350,000.00</u>	<u>\$ 646,000.00</u>	<u>\$ 420,895.43</u>

**BOROUGH OF MEDFORD LAKES**

**PART II**

**Schedule of Findings and Recommendations**

**For the Year Ended December 31, 2017**

BOROUGH OF MEDFORD LAKES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

*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?

  X   yes               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, 2017**

**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.

**Finding #2017-1**

**Condition:**

Our audit of compliance with the Local Public Contracts Law revealed that bids were not publicly requested for two purchases that exceeded the bid threshold.

**Criteria or specific requirement:**

The Local Public Contracts Law requires that sealed bids be received whenever the expenditure in any category exceeds the statutory threshold of \$17,500.

**Context:**

Bids were required for the purchase of fire equipment and the recycling of brush/leaf disposal.

**Effect:**

The Borough did not comply with the Local Public Contracts Law.

**Cause:**

Oversight on part of the Borough Officials.

**Recommendation:**

Sealed bids should be requested by public advertisement for all contracts and agreements when required by the statutes.

**View of Responsible Official and Planned Corrective Action:**

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

**BOROUGH OF MEDFORD LAKES**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2017**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

**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 prior year findings.

**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, 2017:

<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		
William R. Fields	Councilman		
Kathryn Merkh	Councilman		
Gary A. Miller	Councilman		
Robert Burton	Borough Manager, Acting Chief Financial Officer	\$ 1,000,000	(A)
Mark J. McIntosh	Borough Clerk	1,000,000	(A)
Sherri Rockhill	Tax Collector, Administrative Clerk and Utility Rent Collector	1,000,000	(A)
Peter Lange, Jr.	Municipal Magistrate	1,000,000	(A)
Elizabeth Tommasi	Court Administrator	1,000,000	(A)
Shared Services:			
Medford Township	Construction Code Official		
Medford Township	Assessor		
Douglas L. Heinold	Solicitor		

All Bonds were examined and properly executed.

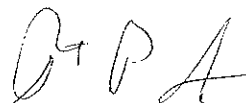
- (A) The Borough has a Crime Policy - Excess Public Officials Bond in the amount of \$1,000,000 subject to a \$1,000 deductible with the Camden County Municipal Joint Insurance Fund. This policy covers all employees.

### 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

May 31, 2018