

**TOWNSHIP OF COMMERCIAL
COUNTY OF CUMBERLAND
REPORT OF AUDIT
FOR THE YEAR 2016**

TOWNSHIP OF COMMERCIAL
PART I
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Commercial
Port Norris, New Jersey 08349

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

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

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

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

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

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2017 on our consideration of the Township of Commercial's, in the County of Cumberland, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Commercial's internal control over financial reporting and compliance.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
April 26, 2017

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Commercial
Port Norris, New Jersey 08349

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of Commercial, in the County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated April 26, 2017. That report indicated that the Township of Commercial's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that could not have been identified. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Recommendations*, that we consider to be a significant deficiency as finding no.: 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Commercial's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which is described in the accompanying *Schedule of Findings and Recommendations* as finding no.: 2016-001.

The Township of Commercial's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
April 26, 2017

TOWNSHIP OF COMMERCIAL
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2016 and 2015

| | Ref. | 2016 | 2015 |
|---|-------|------------------------|------------------------|
| Assets: | | | |
| Regular Fund: | | | |
| Cash - Treasurer | SA-1 | \$ 2,795,589.91 | \$ 2,221,392.76 |
| Cash - Tax Collector | SA-2 | 199,988.58 | 157,754.70 |
| Cash - Clerk | SA-3 | 5,872.07 | 143.40 |
| Cash - Change Fund | SA-4 | 1,100.00 | 1,100.00 |
| Due From State of New Jersey - Veterans and Senior Citizens Deductions | SA-8 | 7,398.48 | 9,323.15 |
| | | <u>3,009,949.04</u> | <u>2,389,714.01</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | SA-5 | 255,262.15 | 347,525.85 |
| Tax Title Liens Receivable | SA-6 | 435,395.88 | 369,031.36 |
| Property Acquired / Assessed Valuation | SA-7 | 2,885,200.00 | 2,636,700.00 |
| Revenue Accounts Receivable | SA-9 | 2,702.43 | 6,098.58 |
| Due from Federal, State and Other Grants Fund | SA-21 | | 145,514.08 |
| Due from Animal Control Fund | SB-3 | 175.57 | 479.93 |
| Due from General Capital Fund | SC-2 | | 22,425.77 |
| | | <u>3,578,736.03</u> | <u>3,527,775.57</u> |
| | | <u>6,588,685.07</u> | <u>5,917,489.58</u> |
| Federal, State and Other Grant Fund: | | | |
| Grants Receivable | SA-22 | 374,301.72 | 559,509.04 |
| Due to Current Fund | SA-21 | 202,316.79 | |
| | | <u>576,618.51</u> | <u>559,509.04</u> |
| | | <u>\$ 7,165,303.58</u> | <u>\$ 6,476,998.62</u> |

(Continued)

TOWNSHIP OF COMMERCIAL
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balances - Regulatory Basis
As of December 31, 2016 and 2015

| | Ref. | 2016 | 2015 |
|--|-----------|------------------------|------------------------|
| Liabilities, Reserves and Fund Balance: | | | |
| Regular Fund: | | | |
| Appropriation Reserves | A-3;SA-10 | \$ 189,779.96 | \$ 150,568.78 |
| Reserve for Encumbrances | A-3;SA-10 | 64,392.74 | 46,724.43 |
| Accounts Payable | SA-19 | 1,775.00 | 16,245.53 |
| Prepaid Taxes | SA-11 | 118,150.25 | 97,580.55 |
| Tax Overpayment | SA-12 | 593.38 | 1,813.53 |
| Due to County for Added and Omitted Taxes | SA-14 | 10,933.73 | 1,312.56 |
| Due to Local School District | SA-15 | 171,832.50 | 214,625.00 |
| Due to State of New Jersey: | | | |
| Marriage Fees | SA-17 | 100.00 | 100.00 |
| Uniform Construction Code Fees | SA-18 | 651.00 | 963.00 |
| Reserve for Equipment Replacement | A | 13,550.43 | 3,801.00 |
| Due to Federal, State and Other Grant Fund | SA-21 | 202,316.79 | |
| Due to Trust Other Fund | SB-6 | 5,812.12 | 2,844.93 |
| Due to General Capital Fund | SC-2 | 140,261.06 | |
| | | <u>920,148.96</u> | <u>536,579.31</u> |
| Reserves for Receivables | A | 3,578,736.03 | 3,527,775.57 |
| Fund Balance | A-1 | <u>2,089,800.08</u> | <u>1,853,134.70</u> |
| | | <u>6,588,685.07</u> | <u>5,917,489.58</u> |
| Federal, State and Other Grant Fund: | | | |
| Due to Current Fund | SA-21 | | 145,514.08 |
| Reserve for Oyster Grant Loans | A | 175.00 | 175.00 |
| Reserves for Federal and State Grants: | | | |
| Appropriated | SA-24 | 539,777.51 | 386,532.30 |
| Reserve for Encumbrances | SA-24 | 36,666.00 | 27,287.66 |
| | | <u>576,618.51</u> | <u>559,509.04</u> |
| | | <u>\$ 7,165,303.58</u> | <u>\$ 6,476,998.62</u> |

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

TOWNSHIP OF COMMERCIAL
CURRENT FUND

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

| | 2016 | 2015 |
|--|------------------------|------------------------|
| <u>Revenue and Other Income Realized:</u> | | |
| Fund Balance Utilized | \$ 340,000.00 | \$ 325,000.00 |
| Miscellaneous Revenues Anticipated | 1,279,075.98 | 1,250,211.35 |
| Receipts from Delinquent Taxes | 316,993.40 | 357,639.66 |
| Receipts from Current Taxes | 6,542,765.48 | 6,564,100.63 |
| Non-budget Revenues | 60,710.25 | 195,615.18 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | 129,864.21 | 154,152.78 |
| Interfund Returned | 168,244.21 | |
| Statutory Excess - Animal Control Fund | 1,968.12 | 2,738.06 |
| Cancellation of Reserve for Land Sale | | 100.00 |
| Cancellation of Accounts Payable | 3,965.53 | 16,923.86 |
| | <u>8,843,587.18</u> | <u>8,866,481.52</u> |
| <u>Expenditures:</u> | | |
| Budget and Emergency Appropriations: | | |
| Appropriations Within "CAPS": | | |
| Salaries and Wages | 779,676.48 | 749,592.00 |
| Other Expenses | 1,490,783.00 | 1,469,118.00 |
| Deferred Charges and Statutory Expenditures | 130,004.00 | 114,660.00 |
| Cash Deficit of Proceeding Year | | 2,170.00 |
| Appropriations Excluded from "CAPS": | | |
| Other Expenses | 255,510.17 | 265,294.76 |
| Capital Improvements | 120,000.00 | 66,000.00 |
| Municipal Debt Service | 199,530.28 | 217,652.86 |
| Special Emergency Deferred Charges | | 40,000.00 |
| Transferred to Boards of Education | 5,834.00 | 5,834.00 |
| County Taxes | 2,504,777.14 | 2,576,625.48 |
| Due County for Added and Omitted Taxes | 10,933.73 | 1,312.56 |
| Local District School Tax | 1,939,337.00 | 2,013,254.00 |
| Special District Taxes | 822,286.00 | 803,857.00 |
| Senior Citizen and Veterans Deduction Disallowed | 8,250.00 | 6,073.29 |
| Interfund Created | | 110,183.34 |
| | <u>8,266,921.80</u> | <u>8,441,627.29</u> |
| Statutory Excess of Fund Balance | 576,665.38 | 424,854.23 |
| Fund Balance January 1 | <u>1,853,134.70</u> | <u>1,753,280.47</u> |
| | 2,429,800.08 | 2,178,134.70 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | <u>340,000.00</u> | <u>325,000.00</u> |
| Fund Balance December 31 | <u>\$ 2,089,800.08</u> | <u>\$ 1,853,134.70</u> |

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

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

| | Anticipated Budget | Special N.J.S. 40A:4-87 | Realized | Excess or (Deficit) |
|--|------------------------|----------------------------|------------------------|------------------------|
| Fund Balance Anticipated | \$ 340,000.00 | \$ | \$ 340,000.00 | \$ |
| Miscellaneous Revenues: | | | | |
| Fines and Costs: | | | | |
| Municipal Court | 28,950.00 | | 32,891.65 | 3,941.65 |
| Interest and Costs on Taxes | 50,000.00 | | 71,229.23 | 21,229.23 |
| Interest on Investments and Deposits | 2,700.00 | | 6,469.86 | 3,769.86 |
| Rental Property - NJ State Police Barrack | 102,375.00 | | 102,375.00 | |
| Rental Property - Post Office | 40,880.00 | | 40,880.04 | 0.04 |
| Salt Mining Annual Fee | 50,981.25 | | 50,181.25 | (800.00) |
| Rental Registrations | 75,000.00 | | 121,300.00 | 46,300.00 |
| Cable Franchise Fees | 15,896.57 | | 15,896.57 | |
| Nextel Tower Rental | 24,362.00 | | 34,957.21 | 10,595.21 |
| Consolidated Municipal Property Tax Relief Aid | 29,703.00 | | 29,703.00 | |
| Energy Receipts Tax (P.L. 1997, Chapters 162 & 167) | 431,510.00 | | 431,510.00 | |
| Garden State Trust | 73,093.00 | | 73,093.00 | |
| Uniform Construction Codes Fees | 40,091.00 | | 34,450.00 | (5,641.00) |
| Public and Private Revenues Offset With Appropriations: | | | | |
| Municipal Alliance on Alcoholism and Drug Abuse | 9,695.00 | | 9,695.00 | |
| NJDOT Municipal Aid Program - Raymond Drive Phase III | | 181,000.00 | 181,000.00 | |
| Recycling Tonnage Grants | 6,448.32 | | 6,448.32 | |
| Clean Communities Grant | | 19,995.85 | 19,995.85 | |
| Reserve for Payment in Lieu of Taxes | 17,000.00 | | 17,000.00 | |
| | <u>998,685.14</u> | <u>200,995.85</u> | <u>1,279,075.98</u> | <u>79,394.99</u> |
| Receipts from Delinquent Taxes | <u>330,000.00</u> | | <u>316,993.40</u> | <u>(13,006.60)</u> |
| Subtotal General Revenues | 1,668,685.14 | 200,995.85 | 1,936,069.38 | 66,388.39 |
| Amount to be Raised by Taxes for Support of Municipal Budget | | | | |
| Local Tax for Municipal Purposes | <u>1,611,451.26</u> | | <u>1,765,204.95</u> | <u>153,753.69</u> |
| Budget Totals | 3,280,136.40 | 200,995.85 | 3,701,274.33 | 220,142.08 |
| Nonbudget Revenues | | | <u>60,710.25</u> | <u>60,710.25</u> |
| | <u>\$ 3,280,136.40</u> | <u>\$ 200,995.85</u> | <u>\$ 3,761,984.58</u> | <u>\$ 280,852.33</u> |

(Continued)

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

Analysis of Realized Revenue:Allocation of Current Tax Collections:

| | |
|---|-------------------------------|
| Revenue from Collections | \$ 6,542,765.48 |
| Allocated to: | |
| School, County, and Special District Taxes | <u>5,277,333.87</u> |
| Balance for Support of Municipal Budget Revenues | 1,265,431.61 |
| Add: | |
| Appropriation: "Reserve for Uncollected Taxes" | <u>499,773.34</u> |
| Amount for Support of Municipal Budget Appropriations | <u><u>\$ 1,765,204.95</u></u> |

Receipts from Delinquent Taxes:

| | |
|----------------------------|-----------------------------|
| Delinquent Tax Collections | \$ 259,267.05 |
| Tax Title Lien Collections | <u>57,726.35</u> |
| | <u><u>\$ 316,993.40</u></u> |

Analysis of Non-Budget Revenue:

| | | |
|---|-----------------|--------------|
| Township Clerk: | | |
| Copies | \$ 530.91 | |
| ABC License Renewal | 2,150.00 | |
| Property Lists | 160.00 | |
| Sales of Equipment | 15,142.00 | |
| Land Use Fee | 900.00 | |
| Road Opening | 500.00 | |
| Site Plan Application | 125.00 | |
| Tires | <u>492.00</u> | |
| | | \$ 19,999.91 |
| Township Clerk: | | |
| Property Acquired for Taxes - Land Sale | | 15,500.00 |
| Revenue Accounts Receivable: | | |
| Municipal Court Fines - Downe Township | 3,379.24 | |
| Joint Court Service Fee | 1,666.67 | |
| Zone Applications | 1,431.00 | |
| Certificate of Occupancy | <u>3,715.00</u> | |
| | | 10,191.91 |
| Due from Animal Control Fund: | | |
| Cat License Fees | | 358.00 |

(Continued)

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

Analysis of Non-Budget Revenue (Cont'd):

Treasurer:

| | | | |
|---|----|----------|-----------|
| Senior Citizens and Veterans Administrative Fee | \$ | 1,455.03 | |
| Court Interest | | 7.44 | |
| Rental of Community Center | | 1,150.00 | |
| Refunds of Prior Year Expenditures | | 2,726.02 | |
| Scrap Metal | | 868.75 | |
| Workers Compensation Reimbursement | | 4,230.57 | |
| Homestead Rebate Postage Refund | | 349.80 | |
| Road and Street Opening Fees | | 1,500.00 | |
| Sales of Library Books | | 220.00 | |
| Miscellaneous | | 570.82 | |
| Proceeds from Land Donation | | 600.00 | |
| Registrar Fees | | 812.00 | |
| | | 812.00 | |
| | \$ | | 14,490.43 |

Tax Collector:

| | | | |
|---------------------|----|--------|-----------|
| Duplicate Tax Bills | | 40.00 | |
| Tax Search Fees | | 10.00 | |
| NSF Checks | | 120.00 | |
| | | 170.00 | |
| | \$ | | 60,710.25 |

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

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

| | Appropriations | | Paid or Charged | | | Unexpended Balance Canceled |
|--|----------------|------------------------------|-----------------|-------------|-------------|-----------------------------------|
| | Budget | Budget After Modification | Expended | Encumbered | Reserved | |
| OPERATIONS WITHIN "CAPS": | | | | | | |
| GENERAL GOVERNMENT FUNCTIONS: | | | | | | |
| General Administration: | | | | | | |
| Other Expenses | \$ 34,805.00 | \$ 34,805.00 | \$ 30,136.71 | \$ 1,139.06 | \$ 3,529.23 | \$ |
| Mayor and Committee: | | | | | | |
| Salaries and Wages | 32,700.00 | 32,700.00 | 30,737.70 | | 1,962.30 | |
| Other Expenses | 5,000.00 | 5,000.00 | 2,959.07 | | 2,040.93 | |
| Municipal Clerk: | | | | | | |
| Salaries and Wages | 112,628.00 | 112,628.00 | 110,580.75 | | 2,047.25 | |
| Other Expenses | 22,000.00 | 20,400.00 | 18,638.27 | 412.59 | 1,349.14 | |
| Financial Administration - Treasury: | | | | | | |
| Salaries and Wages | 32,700.00 | 32,700.00 | 32,017.07 | | 682.93 | |
| Other Expenses | 11,500.00 | 11,500.00 | 7,153.30 | 527.43 | 3,819.27 | |
| Audit Services: | | | | | | |
| Other Expenses | 27,750.00 | 27,750.00 | 27,750.00 | | | |
| Data Processing Center: | | | | | | |
| Other Expenses | 15,500.00 | 15,500.00 | 7,116.26 | 5,967.00 | 2,416.74 | |
| Revenue Administration - Tax Collection: | | | | | | |
| Salaries and Wages | 86,000.00 | 86,000.00 | 85,745.60 | | 254.40 | |
| Other Expenses | 20,500.00 | 20,500.00 | 13,485.26 | | 7,014.74 | |
| Tax Title Lien Manager: | | | | | | |
| Other Expenses | 45,000.00 | 30,000.00 | 18,571.04 | 10,690.62 | 738.34 | |
| Tax Assessment Administration: | | | | | | |
| Salaries and Wages | 27,100.00 | 20,100.00 | 18,000.00 | | 2,100.00 | |
| Other Expenses | 24,300.00 | 22,300.00 | 13,335.14 | 3,156.81 | 5,808.05 | |
| Legal Services: | | | | | | |
| Other Expenses | 60,000.00 | 94,000.00 | 87,228.62 | | 6,771.38 | |
| Engineering Services: | | | | | | |
| Other Expenses | 15,000.00 | 40,000.00 | 25,582.84 | 2,700.00 | 11,717.16 | |
| Municipal Court: | | | | | | |
| Salaries and Wages | 86,400.00 | 87,100.00 | 87,003.23 | | 96.77 | |
| Other Expenses | 11,030.00 | 10,330.00 | 6,610.42 | 142.72 | 3,576.86 | |
| Public Defender: | | | | | | |
| Salaries and Wages | 7,000.00 | 7,000.00 | | | 7,000.00 | |
| Municipal Land Use Law (N.J.S.A 40:55D-1): | | | | | | |
| Planning Board: | | | | | | |
| Salaries and Wages | 700.00 | 700.00 | 412.24 | | 287.76 | |
| Other Expenses | 10,400.00 | 10,400.00 | 5,156.15 | | 5,243.85 | |

(Continued)

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

| | Appropriations | | Paid or Charged | | | Unexpended Balance Canceled |
|---|----------------|------------------------------|-----------------|--------------|--------------|-----------------------------------|
| | Budget | Budget After Modification | Expended | Encumbered | Reserved | |
| OPERATIONS WITHIN "CAPS" (CONT'D): | | | | | | |
| SANITATION: | | | | | | |
| Public Buildings and Grounds: | | | | | | |
| Other Expenses | \$ 101,860.00 | \$ 101,860.00 | \$ 58,224.60 | \$ 14,893.55 | \$ 28,741.85 | \$ |
| Garbage and Trash Removal: | | | | | | |
| Other Expenses | 256,000.00 | 256,000.00 | 255,000.00 | | 1,000.00 | |
| Sanitary Landfill: | | | | | | |
| Other Expenses: | | | | | | |
| Miscellaneous Other Expenses | 162,000.00 | 137,000.00 | 116,094.97 | 1,630.77 | 19,274.26 | |
| Sanitary Sluice and Ditch: | | | | | | |
| Other Expenses | 5,000.00 | | | | | |
| PUBLIC SAFETY FUNCTIONS: | | | | | | |
| Office Of Emergency Management: | | | | | | |
| Salaries and Wages | 3,028.48 | 3,028.48 | 3,028.48 | | | |
| Other Expenses | 8,000.00 | 8,000.00 | 5,209.00 | | 2,791.00 | |
| Court Professionals: | | | | | | |
| Salaries and Wages | 11,000.00 | 11,000.00 | 10,741.56 | | 258.44 | |
| STREETS AND ROADS: | | | | | | |
| Road Repairs and Maintenance: | | | | | | |
| Salaries and Wages | 250,800.00 | 255,800.00 | 251,888.99 | | 3,911.01 | |
| Other Expenses | 70,000.00 | 70,000.00 | 55,284.97 | 8,743.95 | 5,971.08 | |
| HEALTH AND HUMAN SERVICES FUNCTIONS: | | | | | | |
| Senior Center: | | | | | | |
| Salaries and Wages | 11,000.00 | 11,000.00 | 10,695.58 | | 304.42 | |
| Other Expenses | 3,400.00 | 3,400.00 | 2,678.27 | | 721.73 | |
| Dog Regulation: | | | | | | |
| Other Expenses | 32,000.00 | 32,000.00 | 28,999.32 | | 3,000.68 | |
| Environmental Commission: | | | | | | |
| Other Expenses | 1,000.00 | 1,100.00 | 1,095.30 | | 4.70 | |
| Community Food Bank: | | | | | | |
| Other Expenses | 1,500.00 | 1,500.00 | 863.14 | | 636.86 | |

(Continued)

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

| | Appropriations | | Paid or Charged | | | Unexpended Balance Canceled |
|---|---------------------|------------------------------|---------------------|------------------|-------------------|-----------------------------------|
| | Budget | Budget After Modification | Expended | Encumbered | Reserved | |
| OPERATIONS WITHIN "CAPS" (CONT'D): | | | | | | |
| RECREATION AND EDUCATION: | | | | | | |
| Parks and Playgrounds: | | | | | | |
| Salaries and Wages | \$ 5,000.00 | \$ | \$ | \$ | \$ | \$ |
| Other Expenses | 3,500.00 | 3,500.00 | | | 3,500.00 | |
| Maintenance of Parks: | | | | | | |
| Other Expenses | 2,500.00 | 2,500.00 | 1,087.50 | | 1,412.50 | |
| Library Operations: | | | | | | |
| Salaries and Wages | 7,500.00 | 7,500.00 | 6,900.40 | | 599.60 | |
| Other Expenses | 3,100.00 | 3,100.00 | 1,932.01 | | 1,167.99 | |
| OTHER COMMON OPERATING FUNCTIONS: | | | | | | |
| Accumulated Leave Compensation: | | | | | | |
| Other Expenses | 10,000.00 | | | | | |
| Celebration of Public Events: | | | | | | |
| Other Expenses | 3,338.00 | 3,338.00 | 331.00 | | 3,007.00 | |
| UTILITY EXPENSES AND BULK PURCHASES: | | | | | | |
| Electricity | 35,000.00 | 45,000.00 | 39,110.06 | 5,889.94 | | |
| Street Lighting | 70,000.00 | 70,000.00 | 63,706.88 | 6,293.12 | | |
| Telephone | 22,000.00 | 22,000.00 | 15,439.46 | 174.92 | 6,385.62 | |
| Natural Gas | 15,000.00 | 15,000.00 | 7,842.60 | 706.37 | 6,451.03 | |
| Gasoline and Diesel Fuel | 29,000.00 | 25,000.00 | 10,562.08 | 282.10 | 14,155.82 | |
| Insurance: | | | | | | |
| Liability Insurance | 20,000.00 | 20,000.00 | 20,000.00 | | | |
| Workers Compensation | 33,000.00 | 33,000.00 | 31,338.50 | | 1,661.50 | |
| Group Insurance Plans for Employees | 280,000.00 | 280,000.00 | 272,543.70 | | 7,456.30 | |
| STATE UNIFORM CONSTRUCTION CODE: | | | | | | |
| Construction Official: | | | | | | |
| Salaries and Wages | 61,460.00 | 61,460.00 | 61,327.50 | | 132.50 | |
| Other Expenses | 9,200.00 | 9,200.00 | 7,051.32 | 141.79 | 2,006.89 | |
| Housing Inspector: | | | | | | |
| Salaries and Wages | 50,960.00 | 50,960.00 | 50,960.00 | | | |
| Other Expenses | 5,800.00 | 5,800.00 | 1,894.84 | 900.00 | 3,005.16 | |
| Total Operations Within "CAPS" | 2,270,959.48 | 2,270,459.48 | 2,020,051.70 | 64,392.74 | 186,015.04 | - |

(Continued)

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

| | Appropriations | | Paid or Charged | | | Unexpended Balance Canceled |
|--|----------------|------------------------------|-----------------|------------|--------------|-----------------------------------|
| | Budget | Budget After Modification | Expended | Encumbered | Reserved | |
| <u>OPERATIONS WITHIN "CAPS" (CONT'D):</u> | | | | | | |
| Detail: | | | | | | |
| Salaries and Wages | \$ 780,976.48 | \$ 779,676.48 | \$ 760,039.10 | \$ - | \$ 19,637.38 | \$ - |
| Other Expenses | 1,489,983.00 | 1,490,783.00 | 1,260,012.60 | 64,392.74 | 166,377.66 | - |
| <u>DEFERRED CHARGES AND STATUTORY</u> | | | | | | |
| <u>EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u> | | | | | | |
| STATUTORY EXPENDITURES: | | | | | | |
| Contribution to: | | | | | | |
| Public Employees' Retirement System of NJ | 67,504.00 | 67,504.00 | 67,504.00 | | | |
| Social Security System (O.A.S.I.) | 59,500.00 | 59,500.00 | 55,977.16 | | 3,522.84 | |
| Defined Contribution Retirement Program | 1,000.00 | 1,000.00 | 757.92 | | 242.08 | |
| Unemployment Compensation | 1,500.00 | 2,000.00 | 2,000.00 | | | |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" | 129,504.00 | 130,004.00 | 126,239.08 | - | 3,764.92 | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | 2,400,463.48 | 2,400,463.48 | 2,146,290.78 | 64,392.74 | 189,779.96 | - |
| <u>OPERATIONS EXCLUDED FROM "CAPS" :</u> | | | | | | |
| Recycling Tax | 6,000.00 | 6,000.00 | 6,000.00 | | | |
| Interlocal Municipal Service Agreements: SFSP Fire District Payment | 1,871.00 | 1,871.00 | 1,871.00 | | | |
| PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES: | | | | | | |
| NJ Department of Environmental Projection: | | | | | | |
| Clean Communities (N.J.S.A. 40A-4:87, \$19,995.85+) | | 19,995.85 | 19,995.85 | | | |
| Municipal Alliance for Alcohol and Drug Abuse | 9,695.00 | 9,695.00 | 9,695.00 | | | |
| Municipal Alliance for Alcohol and Drug Abuse - Grant Match | 2,500.00 | 2,500.00 | 2,500.00 | | | |
| 2015 Forest Service Program - Match | 3,000.00 | 3,000.00 | 3,000.00 | | | |
| NJDOT Raymond Drive Phase III (N.J.S.A. 40A-4:87, \$181,000.00+) | | 181,000.00 | 181,000.00 | | | |
| Recycling Tonnage Grants | 6,448.32 | 6,448.32 | 6,448.32 | | | |
| Matching Funds for Grants - DOT Grants | 25,000.00 | 25,000.00 | 25,000.00 | | | |
| TOTAL OPERATIONS - EXCLUDED FROM "CAPS" | 54,514.32 | 255,510.17 | 255,510.17 | - | - | - |

(Continued)

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

| | Appropriations | | Paid or Charged | | | Unexpended Balance Canceled |
|---|-----------------|------------------------------|-----------------|--------------|---------------|-----------------------------------|
| | Budget | Budget After Modification | Expended | Encumbered | Reserved | |
| <u>OPERATIONS EXCLUDED FROM "CAPS" (CONT'D):</u> | | | | | | |
| Detail: | | | | | | |
| Other Expenses | \$ 54,514.32 | \$ 255,510.17 | \$ 255,510.17 | \$ - | \$ - | \$ - |
| <u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u> | | | | | | |
| Capital Improvement Fund | 55,000.00 | 55,000.00 | 55,000.00 | | | |
| Reserve for Equipment Replacement | 15,000.00 | 15,000.00 | 15,000.00 | | | |
| Reserve for Buildings and Grounds - Senior Center Heater | 50,000.00 | 50,000.00 | 50,000.00 | | | |
| TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | 120,000.00 | 120,000.00 | 120,000.00 | - | - | - |
| <u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS":</u> | | | | | | |
| Payment of Bond Anticipation Notes | 192,000.00 | 192,000.00 | 192,000.00 | | | |
| Interest on Notes | 7,551.26 | 7,551.26 | 7,530.28 | | | 20.98 |
| TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | 199,551.26 | 199,551.26 | 199,530.28 | - | - | 20.98 |
| TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOLS | 5,834.00 | 5,834.00 | 5,834.00 | - | - | - |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS" | 379,899.58 | 580,895.43 | 580,874.45 | - | - | 20.98 |
| SUBTOTAL GENERAL APPROPRIATIONS | 2,780,363.06 | 2,981,358.91 | 2,727,165.23 | 64,392.74 | 189,779.96 | 20.98 |
| RESERVE FOR UNCOLLECTED TAXES | 499,773.34 | 499,773.34 | 499,773.34 | - | - | - |
| TOTAL GENERAL APPROPRIATIONS | \$ 3,280,136.40 | \$ 3,481,132.25 | \$ 3,226,938.57 | \$ 64,392.74 | \$ 189,779.96 | \$ 20.98 |
| Appropriation by 40A: 4-87 | | \$ 200,995.85 | | | | |
| Adopted Budget | | 3,280,136.40 | | | | |
| | | \$ 3,481,132.25 | | | | |

(Continued)

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

| | Appropriations | | Paid or Charged | | | Unexpended Balance Canceled |
|--|----------------|------------------------------|------------------------|------------|----------|-----------------------------------|
| | Budget | Budget After Modification | Expended | Encumbered | Reserved | |
| Federal State and Other Grants Appropriated | | | \$ 217,139.17 | | | |
| Due to Federal, State and Other Grant Fund | | | 30,500.00 | | | |
| Transferred to Local School District Payable | | | 5,834.00 | | | |
| Due to Trust Other Fund - Unemployment Appropriation | | | 2,000.00 | | | |
| Due to Trust Other Fund - Storm Recovery Trust | | | 5,500.00 | | | |
| Due to General Capital Fund -- Reserve for Buildings and Grounds | | | 50,000.00 | | | |
| Due to General Capital Fund -- Capital Improvement Fund | | | 55,000.00 | | | |
| Reserve for Equipment | | | 15,000.00 | | | |
| Reserve for Uncollected Taxes | | | 499,773.34 | | | |
| Disbursed | | | <u>2,346,192.06</u> | | | |
| | | | <u>\$ 3,226,938.57</u> | | | |

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

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

| | Ref. | 2016 | 2015 |
|--|------|----------------------|----------------------|
| Assets: | | | |
| Animal Control Fund: | | | |
| Cash - Chief Financial Officer | SB-1 | \$ 5,115.37 | \$ 5,233.53 |
| | | <u>5,115.37</u> | <u>5,233.53</u> |
| Trust Other Fund: | | | |
| Cash - Chief Financial Officer | SB-1 | 319,887.23 | 319,802.37 |
| Cash - Tax Collector | SB-2 | 12,587.89 | 41,817.79 |
| Due from Current Fund | SB-6 | 5,812.12 | 2,844.93 |
| | | <u>338,287.24</u> | <u>364,465.09</u> |
| | | <u>\$ 343,402.61</u> | <u>\$ 369,698.62</u> |
| Liabilities and Reserves: | | | |
| Animal Control Fund: | | | |
| Due to Current Fund | SB-3 | \$ 175.57 | \$ 479.93 |
| Reserve for Animal Control Fund Expenditures | SB-5 | 4,939.80 | 4,753.60 |
| | | <u>5,115.37</u> | <u>5,233.53</u> |
| Trust Other Fund: | | | |
| Fish and Game -- Due to State or Agent | SB-7 | 1,165.27 | 1,099.43 |
| Miscellaneous Trust Reserves | | | |
| Deposits for Redemption of Tax Sale Certificates | SB-8 | 1,760.66 | 27,276.98 |
| Tax Sale Premiums | SB-8 | 10,700.00 | 14,500.00 |
| Unemployment | SB-8 | 42,617.55 | 40,433.26 |
| Sanitary Landfill Closure: | | | |
| Post Closure Landfill Escrow | SB-8 | 151,814.67 | 151,435.65 |
| DEP Closure Escrow Account | SB-8 | 29,756.63 | 29,682.33 |
| Recreational Donations | SB-8 | 11,434.34 | 11,424.34 |
| Planning Board Escrow | SB-8 | 13,207.87 | 15,425.58 |
| Public Defender Fees | SB-8 | 318.38 | 3,320.50 |
| Accumulated Absences | SB-8 | 67,823.51 | 67,654.18 |
| Storm Recovery | SB-8 | 5,500.00 | |
| Payroll Taxes Payable | SB-8 | 2,188.36 | 2,212.84 |
| | | <u>338,287.24</u> | <u>364,465.09</u> |
| | | <u>\$ 343,402.61</u> | <u>\$ 369,698.62</u> |

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

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

| Assets: | Ref. | 2016 | 2015 |
|---|------|------------------------|------------------------|
| Due from Current Fund | SC-2 | \$ 140,261.06 | \$ |
| Deferred Charges to Future Taxation: | | | |
| Unfunded | SC-3 | <u>1,103,408.00</u> | <u>1,057,908.00</u> |
| | | <u>\$ 1,243,669.06</u> | <u>\$ 1,057,908.00</u> |
| | | | |
| Liabilities, Reserves and Fund Balance: | | | |
| Due to Current Fund | SC-2 | \$ | \$ 22,425.77 |
| Bond Anticipation Notes | SC-7 | 865,908.00 | 943,908.00 |
| Improvement Authorizations: | | | |
| Funded | SC-4 | 4,406.00 | 4,010.00 |
| Unfunded | SC-4 | 13,528.94 | 9,491.93 |
| Reserve for Encumbrances | SC-4 | 267,704.82 | 396.00 |
| Reserve for Buildings and Grounds | SC-6 | 43,540.00 | 14,000.00 |
| Capital Improvement Fund | SC-5 | 38,337.24 | 54,387.24 |
| Fund Balance | C-1 | <u>10,244.06</u> | <u>9,289.06</u> |
| | | <u>\$ 1,243,669.06</u> | <u>\$ 1,057,908.00</u> |

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

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

| | |
|--------------------------------|----------------------------|
| Balance December 31, 2015 | \$ 9,289.06 |
| Increased by: | |
| Premium Received in Notes Sale | <u>955.00</u> |
| Balance December 31, 2016 | <u><u>\$ 10,244.06</u></u> |

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

TOWNSHIP OF COMMERCIAL
GENERAL FIXED ASSET GROUP OF ACCOUNTS
Statement of Changes General Fixed Asset Group of Accounts - Regulatory Basis
For the Year Ended December 31, 2016

| | <u>Balance</u> <u>Dec. 31, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|---|--|-------------------------|-------------------------|--|
| General Fixed Assets: | | | | |
| Land, Buildings and Improvements | \$ 3,811,000.00 | \$ 46,760.00 | \$ | \$ 3,857,760.00 |
| Furniture, Fixtures, and Equipment | 367,073.00 | | | 367,073.00 |
| Vehicles | <u>765,759.00</u> | <u>10,580.00</u> | <u>50,000.00</u> | <u>726,339.00</u> |
| Total General Fixed Assets | <u>\$ 4,943,832.00</u> | <u>\$ 57,340.00</u> | <u>\$ 50,000.00</u> | <u>\$ 4,951,172.00</u> |
| Total Investment in General Fixed Assets | <u>\$ 4,943,832.00</u> | <u>\$ 57,340.00</u> | <u>\$ 50,000.00</u> | <u>\$ 4,951,172.00</u> |

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Commercial (hereafter referred to as the "Township") was incorporated in February 27, 1874 and is located in in southwest New Jersey approximately sixty miles south of the City of Philadelphia. The Township has a total area of 34.5 square miles. The population according to the 2010 census is 5,178.

The Township of Commercial is governed under the Township form of government with a three-member Township Committee. The Township Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis with one seat coming up for election each year. At an annual reorganization meeting, the Township Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Executive and administrative responsibility rests with the Mayor, who is assisted by the Township Clerk.

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

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity.

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

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

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

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

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

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

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

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

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

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

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

Fund Balance - Fund balance included in the current fund represents amount available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Cumberland, the Township of Commercial School District, the Township of Commercial Fire District No. 1, the Township of Commercial Fire District No. 2, and the Township of Commercial Fire District No. 3. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

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

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Commercial Fire District No. 1, the Township of Commercial Fire District No. 2, and the Township of Commercial Fire District No. 3. Operations is charged for the full amount required to be raised from taxation to operate the Fire Districts for the period from January 1 to December 31.

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

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

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2016, all the Township's bank balances of \$3,357,682.11 were insured by FDIC and GUDPA.

New Jersey Cash Management Fund - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2016, the Township's deposits with the New Jersey Cash Management Fund were \$16,016.47.

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

| | <u>Year Ended</u> | | | | |
|----------------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Tax Rate | <u>\$ 2.133</u> | <u>\$ 2.164</u> | <u>\$ 2.076</u> | <u>\$ 2.070</u> | <u>\$ 2.065</u> |
| Apportionment of Tax Rate: | | | | | |
| Municipal | \$.568 | \$.567 | \$.567 | \$.587 | \$.587 |
| County | .882 | .897 | .899 | .852 | .848 |
| Local School | .683 | .700 | .610 | .631 | .630 |

Assessed Valuation

| <u>Year</u> | <u>Amount</u> |
|-------------|-------------------|
| 2016 | \$ 284,191,200.00 |
| 2015 | 287,983,329.00 |
| 2014 | 289,045,452.00 |
| 2013 | 290,452,484.00 |
| 2012 | 292,186,242.00 |

Comparison of Tax Levies and Collections

| <u>Year</u> | <u>Tax Levy</u> | <u>Collections</u> | <u>Percentage of Collections</u> |
|-------------|-----------------|--------------------|----------------------------------|
| 2016 | \$ 6,915,141.51 | \$ 6,542,765.48 | 94.62% |
| 2015 | 7,040,798.12 | 6,564,100.63 | 93.23% |
| 2014 | 6,796,895.94 | 6,321,380.98 | 93.00% |
| 2013 | 6,758,292.35 | 6,273,807.62 | 92.83% |
| 2012 | 6,788,124.36 | 6,268,969.88 | 92.35% |

Delinquent Taxes and Tax Title Liens

| <u>Year</u> | <u>Tax Title Liens</u> | <u>Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------|------------------------|-------------------------|-------------------------|-------------------------------|
| 2016 | \$ 435,395.88 | \$ 255,262.15 | \$ 690,658.03 | 9.99% |
| 2015 | 369,031.36 | 347,525.85 | 716,557.21 | 10.18% |
| 2014 | 609,594.70 | 354,889.41 | 964,484.11 | 14.19% |
| 2013 | 484,516.08 | 355,082.62 | 839,598.70 | 12.42% |
| 2012 | 470,242.36 | 417,702.63 | 887,944.99 | 13.08% |

Note 3: PROPERTY TAXES (CONT'D)

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

| <u>Year</u> | <u>Number</u> |
|-------------|---------------|
| 2016 | 231 |
| 2015 | 194 |
| 2014 | 238 |
| 2013 | 242 |
| 2012 | 244 |

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

| <u>Year</u> | <u>Amount</u> |
|-------------|-----------------|
| 2016 | \$ 2,885,200.00 |
| 2015 | 2,636,700.00 |
| 2014 | 985,500.00 |
| 2013 | 985,500.00 |
| 2012 | 876,000.00 |

Note 5: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balance 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> |
|-------------|---------------------------------|--|--|
| 2016 | \$ 2,089,800.08 | \$ 323,750.00 | 15.49% |
| 2015 | 1,853,134.70 | 340,000.00 | 18.35% |
| 2014 | 1,753,280.47 | 325,000.00 | 18.54% |
| 2013 | 847,756.12 | 330,000.00 | 38.93% |
| 2012 | 1,250,756.12 | 403,000.00 | 32.22% |

Note 6: INTERFUND RECEIVABLES AND PAYABLES

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

| <u>Fund</u> | <u>Interfunds Receivable</u> | <u>Interfunds Payable</u> |
|--------------------------------|----------------------------------|-------------------------------|
| Current | \$ 175.57 | \$ 348,389.97 |
| Federal, State and Other Grant | 202,316.79 | |
| Trust - Animal Control | | 175.57 |
| Trust - Other | 5,812.12 | |
| General Capital | 140,261.06 | |
| | <u>\$ 348,565.54</u> | <u>\$ 348,565.54</u> |

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

Note 7: PENSION PLANS

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

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

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

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

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

Contributions

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

The Township's contractually required contribution rate for the year ended December 31, 2016 was 12.42% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$73,001.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$67,504.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$41,916.98.

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

For the year ended December 31, 2016, employee contributions totaled \$1,389.50, and the Township's contributions were \$757.92. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2016, the Township's proportionate share of the PERS net pension liability was \$2,433,718.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Township's proportion was 0.0082172640%, which was an increase of 0.0003655131% from its proportion measured as of June 30, 2015.

At December 31, 2016, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$261,777.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Township's contributions to PERS were \$67,504.00, and were paid on April 1, 2016.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| | <u>PERS</u> | <u>PERS</u> |
| Differences between Expected and Actual Experience | \$ 45,260.00 | \$ - |
| Changes of Assumptions | 504,136.00 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 92,800.00 | - |
| Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions | 212,470.00 | 85,009.00 |
| Township Contributions Subsequent to the Measurement Date | 36,501.00 | - |
| | <u>\$ 891,167.00</u> | <u>\$ 85,009.00</u> |

Note 7: **PENSION PLANS (CONT'D)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - \$36,501.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2017. These amounts were based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2016 to the Township's year end of December 31, 2016.

The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| 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 | - |
| Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |

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

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

| Year Ending Dec 31, | <u>PERS</u> |
|--------------------------------|----------------------|
| 2017 | \$ 174,009.00 |
| 2018 | 174,009.00 |
| 2019 | 196,930.00 |
| 2020 | 172,489.00 |
| 2021 | 52,220.00 |
| | <u>\$ 769,657.00</u> |

Actuarial Assumptions

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

| | |
|--|------------------------------|
| Inflation | 3.08% |
| Salary Increases: | |
| Through 2026 | 1.65% - 4.15% Based on Age |
| Thereafter | 2.65% - 5.15% Based on Age |
| Investment Rate of Return | 7.65% |
| Mortality Rate Table | RP-2000 |
| Period of Actuarial Experience Study upon which Actuarial Assumptions were Based | July 1, 2011 - June 30, 2014 |

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

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

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

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

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

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

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

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

| | 1% Decrease (2.98%) | Current Discount Rate (3.98%) | 1% Increase (4.98%) |
|--|------------------------------------|--|------------------------------------|
| Township's Proportionate Share of the Net Pension Liability | <u>\$ 2,982,237.00</u> | <u>\$ 2,433,718.00</u> | <u>\$ 1,980,868.00</u> |

Pension Plan Fiduciary Net Position

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

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

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

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

| | <u>Measurement Date Ended June 30,</u> | | | |
|--|--|-----------------|-----------------|-----------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Township's Proportion of the Net Pension Liability | 0.0082172640% | 0.0078517509% | 0.0066303926% | 0.0074631087% |
| Township's Proportionate Share of the Net Pension Liability | \$ 2,433,718.00 | \$ 1,762,561.00 | \$ 1,241,391.00 | \$ 1,426,348.00 |
| Township's Covered Payroll (Plan Measurement Period) | \$ 565,288.00 | \$ 541,616.00 | \$ 482,772.00 | \$ 514,828.00 |
| Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 430.53% | 325.43% | 257.14% | 277.05% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 40.14% | 47.93% | 52.08% | 48.72% |

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

| | <u>Year Ended December 31,</u> | | | |
|--|--------------------------------|---------------|---------------|---------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Township's Contractually Required Contribution | \$ 73,001.00 | \$ 67,504.00 | \$ 54,660.00 | \$ 56,233.00 |
| Township's Contribution in Relation to the Contractually Required Contribution | (73,001.00) | (67,504.00) | (54,660.00) | (56,233.00) |
| Township's Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Township's Covered Payroll (Calendar Year) | \$ 587,896.00 | \$ 565,133.00 | \$ 523,365.00 | \$ 496,362.00 |
| Township's Contributions as a Percentage of its Covered Payroll | 12.42% | 11.94% | 10.44% | 11.33% |

Note 7: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

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

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Township contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1975, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 75-11. In 2009, the Township authorized participation in the SHBP's post-retirement dental coverage effective July 1, 2009 through resolution number 2009-45. The Township will pay 100% of the premium for health and dental benefits for all employees who retire from the Township with 25 years or more of service credited in the NJ pension system.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/.

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The Township's contributions to SHBP for the years ended December 31, 2016, 2015, and 2014, were \$59,924.76, \$60,197.18, and \$57,818.88, respectively, which equaled the required contributions each year. There were approximately 3 retired participants eligible at December 31, 2016.

Note 9: COMPENSATED ABSENCES

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward.

The Township of Commercial compensates employees for unused sick leave and vacation days upon termination or retirement. The current policy for unused sick pay is that an employee that has reached the age of 55 and accumulated 10 years of service at the Township will be compensated for ½ of the sick pay at the current rate of pay upon retirement. The unused vacation days will be paid out at the full number of days the employee has accumulated on a pro-rated basis.

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2016, the balance of the fund was \$67,823.51. It is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$122,391.82.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 11: SANITARY LANDFILL ESCROW CLOSURE FUND

On February 21, 1996, an administrative consent order was entered into pursuant to the authority vested in the Commissioner of the New Jersey Department of Environmental Protection, the Solid Waste Management Act, the Sanitary Landfill Closure and Contingency Fund Act, and the New Jersey Water Pollution Control Act. The consent order commits Commercial Township to provide financing for Closure and Post-Closure activities at its facility, and to provide written documentation of the financing to NJDEP, and also provides stipulated penalties for any failure to do so. The sanitary landfill closure period is 1996 and the post-closure period is 1996-2026.

There is a financial plan that has been adopted by the Township and requires the Township to budget a pre-determined amount for these costs each year. The accumulated reserve for post-closure costs as of December 31, 2016 and 2015 was \$181,571.30 and \$181,117.98. These monies are placed in a trust fund that may not be expended without the approval of the New Jersey Department of Environmental Protection. The estimates of the required amounts are based on investment and inflation assumption factors developed by the Department of Environmental Protection. However, the escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure and post closure cost as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with closure are not known. The plan is required to be modified and updated, if necessary, every two years; however the Township is currently not in compliance with this requirement.

On February 17, 2011, the Township Committee adopted Resolution 2011-24 declaring the site of landfill and surrounding area to be an area in need of redevelopment pursuant to the Local Redevelopment and Housing Law and designating this area as the Landfill Redevelopment Area; which received New Jersey Department of Community Affairs' conditional approval on March 3, 2011. The Resolution further directed the Township Engineer to prepare a Redevelopment Plan for the Landfill Redevelopment Area.

In resolution 2012-109, adopted August 16, 2012, the Township indicated it was in negotiations to redevelop the landfill property as a solar energy power production facility.

Note 12: LEASE OBLIGATIONS

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

Operating:
 Savin Digital Copier System
 Pitney Bowes Digital Mailing System

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2017 | \$ 4,532.64 |
| 2018 | 2,337.20 |

Rental payments under operating leases for the year 2016 were \$4,532.64.

Note 13: CAPITAL DEBT

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

| | <u>2015</u> | <u>2015</u> | <u>2014</u> |
|---|------------------------|------------------------|------------------------|
| <u>Issued</u> | | | |
| General: | | | |
| Bonds, Loans and Notes | \$ 865,908.00 | \$ 943,908.00 | \$ 1,151,408.00 |
| <u>Authorized but not Issued</u> | | | |
| General: | | | |
| Bonds, Loans and Notes | <u>237,500.00</u> | <u>114,000.00</u> | <u>150,000.00</u> |
| Total Issued and Authorized but not Issued | <u>1,103,408.00</u> | <u>1,057,908.00</u> | <u>1,301,408.00</u> |
| <u>Deductions</u> | | | |
| General: | | | |
| Funds Temporarily Held To Pay Debt | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Debt | <u>\$ 1,103,408.00</u> | <u>\$ 1,057,908.00</u> | <u>\$ 1,301,408.00</u> |

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .481%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-----------------|------------------------|------------------------|------------------------|
| School Purposes | \$ 1,155,000.00 | \$ 1,155,000.00 | |
| General | <u>1,103,408.00</u> | | <u>\$ 1,103,408.00</u> |
| | <u>\$ 2,258,408.00</u> | <u>\$ 1,155,000.00</u> | <u>\$ 1,103,408.00</u> |

Net debt \$1,103,408.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$229,521,401.67, equals .481%.

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

| | |
|---|------------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 8,033,249.06 |
| Less: Net Debt | <u>1,103,408.00</u> |
| Remaining Borrowing Power | <u>\$ 6,929,841.06</u> |

Note 14: SCHOOL TAXES

Local School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

| | <u>Balance December 31,</u> | |
|----------------|------------------------------------|-----------------------------|
| | <u>2016</u> | <u>2015</u> |
| Balance of Tax | \$ 966,751.50 | \$ 1,009,544.00 |
| Deferred | <u>794,919.00</u> | <u>794,919.00</u> |
| | <u>\$ 171,832.50</u> | <u>\$ 214,625.00</u> |

Note 15: RISK MANAGEMENT

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

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

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

| <u>Year</u> | <u>Township Contributions</u> | <u>Employee Contributions</u> | <u>Interest Earnings</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|--------------------------------------|--------------------------------------|---------------------------------|---------------------------------|------------------------------|
| 2016 | \$ 2,000.00 | \$ 1,621.90 | \$ 102.22 | \$ 1,539.83 | \$ 42,617.55 |
| 2015 | 1,500.00 | 1,600.70 | 31.15 | 1,913.24 | 40,433.26 |
| 2014 | 1,500.00 | 1,549.76 | 19.19 | 6,385.42 | 39,214.65 |

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

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

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

Note 15: RISK MANAGEMENT (CONT'D)

The Fund provides the Township with the following coverage:

Property – Blanket Building and Grounds
General and Automobile Liability
Workers' Compensation and Employer's Liability
Public Employee and Official Bonds

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

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

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

Note 16: CONTINGENCIES

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

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

Note 17: CONCENTRATIONS

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

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Current Cash - Chief Financial Officer
For the Year Ended December 31, 2016

| | | | |
|--|----|-------------------|----------------------------|
| Balance December 31, 2015 | | \$ | 2,221,392.76 |
| Increased by Receipts: | | | |
| Tax Collector | \$ | 6,734,785.31 | |
| Township Clerk | | 79,966.73 | |
| Due from State - Senior Citizens & Veterans Deductions | | 72,501.38 | |
| Federal, State and Other Grant Fund | | 421,962.11 | |
| Trust Other Fund | | 1,469.00 | |
| Animal Control Trust Fund | | 2,644.20 | |
| General Capital Fund | | 114,955.00 | |
| Revenue Accounts Receivable | | 949,475.18 | |
| Miscellaneous Revenue Not Anticipated | | 14,490.43 | |
| Uniform Construction Code Fees -Due to State of New Jersey | | 2,864.00 | |
| Homestead Rebate | | <u>118,796.08</u> | |
| | | | <u>8,513,909.42</u> |
| | | | 10,735,302.18 |
| Decreased by Disbursements: | | | |
| 2015 Appropriation Reserves | | 65,654.00 | |
| 2016 Appropriations | | 2,346,192.06 | |
| County Taxes | | 2,504,777.14 | |
| Due County for Added and Omitted Taxes | | 1,312.56 | |
| Local School District Taxes | | 1,987,963.50 | |
| Fire District Taxes | | 822,286.00 | |
| Refund Tax Overpayments | | 23,098.31 | |
| Uniform Construction Code Fees -Due to State of New Jersey | | 3,176.00 | |
| Accounts Payable | | 12,280.00 | |
| Reserve for Equipment Replacemenet | | 5,250.57 | |
| Federal, State and Other Grant Fund | | 104,631.24 | |
| Trust Other Fund | | 5,822.72 | |
| General Capital Fund | | <u>57,268.17</u> | |
| | | | <u>7,939,712.27</u> |
| Balance December 31, 2016 | | \$ | <u><u>2,795,589.91</u></u> |

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Current Cash - Collector
For the Year Ended December 31, 2016

| | | |
|---------------------------------------|-----------------|-----------------------------|
| Balance December 31, 2015 | | \$ 157,754.70 |
| Increased by Receipts: | | |
| Taxes Receivable | \$ 6,506,829.19 | |
| Tax Title Liens | 57,726.35 | |
| Prepaid Taxes | 115,164.02 | |
| Tax Overpayments | 24,864.39 | |
| Revenue Accounts Receivable: | | |
| Interest and Costs on Taxes | \$ 71,229.23 | |
| Interest on Investments | <u>1,036.01</u> | |
| | 72,265.24 | |
| Miscellaneous Revenue Not Anticipated | <u>170.00</u> | |
| | | <u>6,777,019.19</u> |
| | | 6,934,773.89 |
| Decreased by Disbursements: | | |
| Payment to Treasurer | | <u>6,734,785.31</u> |
| Balance December 31, 2016 | | <u><u>\$ 199,988.58</u></u> |

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Current Cash - Township Clerk
For the Year Ended December 31, 2016

| | | |
|--|--------------|-------------|
| Balance December 31, 2015 | | \$ 143.40 |
| Increased by Receipts: | | |
| Revenue Accounts Receivable | | |
| Interest Earned | \$ 14.24 | |
| Salt Mining Annual Fee | 50,181.25 | |
| | \$ 50,195.49 | |
| Due to State of New Jersey - Marriage License Fees | | 500.00 |
| Election Reimbursements (Contra) | | 6,800.00 |
| Clerk - Miscellaneous Revenue Not Anticipated | | 19,999.91 |
| Property Acquired for Taxes: | | |
| Land Sale - Miscellaneous Revenue Not Anticipated | | 15,500.00 |
| | | 92,995.40 |
| | | 93,138.80 |
| Decreased by Disbursements: | | |
| Payment to Treasurer | | 79,966.73 |
| Payment to State of New Jersey - Marriage License Fees | | 500.00 |
| Election Costs (Contra) | | 6,800.00 |
| | | 87,266.73 |
| Balance December 31, 2016 | | \$ 5,872.07 |
| <u>Analysis of Balance, December 31, 2016</u> | | |
| Due to Treasurer's Account | | \$ 5,772.07 |
| Marriage License Fees | | 100.00 |
| | | \$ 5,872.07 |
| | | \$ 5,872.07 |

Exhibit SA-4

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Schedule of Change Funds
As of December 31, 2016

| <u>Office</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|-----------------|--|
| Tax Collector | \$ 800.00 |
| Clerk | 100.00 |
| Animal Control | 50.00 |
| Municipal Court | 150.00 |
| | \$ 1,100.00 |
| | \$ 1,100.00 |

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

| Year | Balance | 2016 Levy | Added Taxes | Collections | | Canceled | Transfer to Arrears | Transferred to Tax Title Liens | Balance |
|---------|--|------------------------|--------------------|---------------------|------------------------|---------------------|------------------------|--------------------------------|----------------------|
| | Dec. 31, 2015 | | | 2015 | 2016 | | | | Dec. 31, 2016 |
| Arrears | \$ 31,788.78 | \$ | \$ | \$ | \$ 2,635.77 | \$ 618.34 | \$ 326.07 | \$ 432.69 | \$ 28,428.05 |
| 2010 | 82.13 | | | | 82.13 | | | | |
| 2011 | 108.90 | | | | 108.90 | | | | |
| 2012 | 106.52 | | | | 106.52 | | | | |
| 2013 | 10,634.99 | | | | 5,327.26 | | | 4,645.57 | 662.16 |
| 2014 | 16,503.05 | | | | 9,185.74 | | | 4,664.27 | 2,653.04 |
| 2015 | <u>288,301.48</u> | | <u>8,250.00</u> | | <u>241,820.73</u> | | <u>(326.07)</u> | <u>49,355.96</u> | <u>5,048.72</u> |
| | 347,525.85 | - | 8,250.00 | - | 259,267.05 | 618.34 | - | 59,098.49 | 36,791.97 |
| 2016 | | <u>6,915,141.51</u> | | <u>97,580.55</u> | <u>6,445,184.93</u> | <u>41,724.90</u> | | <u>112,180.95</u> | <u>218,470.18</u> |
| | <u>\$ 347,525.85</u> | <u>\$ 6,915,141.51</u> | <u>\$ 8,250.00</u> | <u>\$ 97,580.55</u> | <u>\$ 6,704,451.98</u> | <u>\$ 42,343.24</u> | <u>\$ -</u> | <u>\$ 171,279.44</u> | <u>\$ 255,262.15</u> |
| | Taxes Receivable | | | | \$ 6,506,829.19 | | | | |
| | Homestead Rebate | | | | 118,796.08 | | | | |
| | Senior Citizens and Veterans | | | | <u>78,826.71</u> | | | | |
| | | | | | <u>\$ 6,704,451.98</u> | | | | |
| | <u>Analysis of 2016 Property Tax Levy</u> | | | | | | | | |
| | <u>Tax Yield:</u> | | | | | | | | |
| | General Property Tax | | | | | \$ 6,885,300.06 | | | |
| | Added Taxes (54:4-63.1 et. seq.) | | | | | <u>29,841.45</u> | | | |
| | | | | | | | <u>\$ 6,915,141.51</u> | | |
| | <u>Tax Levy:</u> | | | | | | | | |
| | Local School District Tax (Abstract) | | | | | \$ 1,939,337.00 | | | |
| | <u>County Taxes:</u> | | | | | | | | |
| | County Tax (Abstract) | | | | \$ 2,367,249.90 | | | | |
| | County Library Tax (Abstract) | | | | 114,954.68 | | | | |
| | County Open Space Tax (Abstract) | | | | 22,572.56 | | | | |
| | Due County for Added Taxes | | | | <u>10,933.73</u> | | | | |
| | | | | | | 2,515,710.87 | | | |
| | <u>Fire Districts Taxes:</u> | | | | | | | | |
| | Fire District No. 1 | | | | 212,244.00 | | | | |
| | Fire District No. 2 | | | | 203,893.00 | | | | |
| | Fire District No. 3 | | | | <u>406,149.00</u> | | | | |
| | | | | | | 822,286.00 | | | |
| | Local Tax for Municipal Purposes | | | | 1,611,451.26 | | | | |
| | Add: Additional Tax Levied - Added Taxes | | | | 18,907.72 | | | | |
| | Add: Additional Tax Levied by Rounding of Tax Rate | | | | <u>7,448.66</u> | | | | |
| | | | | | | <u>1,637,807.64</u> | | | |
| | | | | | | | <u>\$ 6,915,141.51</u> | | |

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

| | |
|--|---------------|
| <hr/> | |
| Balance December 31, 2015 | \$ 369,031.36 |
| Increased by: | |
| Transfers from Taxes Receivable | \$ 171,279.44 |
| Interest and Costs at Tax Sale | 10,558.44 |
| | 181,837.88 |
| | 550,869.24 |
| Decreased by: | |
| Collections | 57,726.35 |
| Canceled | 222.56 |
| Transferred to Property Acquired for Taxes | 57,524.45 |
| | 115,473.36 |
| Balance December 31, 2016 | \$ 435,395.88 |

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Property Acquired for Taxes (At Assessed Valuation)
For the Year Ended December 31, 2016

| | |
|----------------------------------|-----------------|
| <hr/> | |
| Balance December 31, 2015 | \$ 2,636,700.00 |
| Increased by: | |
| Transferred from Tax Title Lien | \$ 57,524.45 |
| Adjustment to Assessed Valuation | 442,075.55 |
| | 499,600.00 |
| | 3,136,300.00 |
| Decreased by: | |
| Sales of Property: | |
| Cash - Township Clerk | 15,500.00 |
| Loss on Sale | 235,600.00 |
| | 251,100.00 |
| Balance December 31, 2016 | \$ 2,885,200.00 |

TOWNSHIP OF COMMERCIAL
CURRENT FUND

Statement of Due From State of New Jersey - Veterans and Senior Citizens Deductions
For the Year Ended December 31, 2016

| | | | |
|--|----|-----------|----------------------------|
| Balance December 31, 2015 | | \$ | 9,323.15 |
| Increased by: | | | |
| Deductions per Tax Billing: | | | |
| Senior Citizen | \$ | | 42,500.00 |
| Veterans | | 38,000.00 | <u>38,000.00</u> |
| | | 80,500.00 | |
| Deductions Allowed by Tax Collector - 2016 Taxes | | 1,000.00 | <u>1,000.00</u> |
| | | 81,500.00 | |
| Deductions Disallowed by Tax Collector - 2016 Taxes | | 2,673.29 | <u>2,673.29</u> |
| | | | <u>78,826.71</u> |
| | | | 88,149.86 |
| Decreased by: | | | |
| Received from State of New Jersey | | 72,501.38 | |
| Deductions Disallowed by Tax Collector - Prior Years | | 8,250.00 | <u>8,250.00</u> |
| | | | <u>80,751.38</u> |
| Balance December 31, 2016 | | \$ | <u><u>7,398.48</u></u> |
| <u>Analysis of Amount Realized:</u> | | | |
| Senior Citizens' and Veterans' Deductions Per Tax Billings | \$ | 80,500.00 | |
| Senior Citizens' and Veterans' | | 1,000.00 | <u>1,000.00</u> |
| Deductions Allowed by Tax Collector - 2016 Taxes | | | <u>1,000.00</u> |
| | | | \$ 81,500.00 |
| Less: | | | |
| Senior Citizens' and Veterans' | | | <u>2,673.29</u> |
| Deductions Diallowed by Tax Collector - 2016 Taxes | | | <u>2,673.29</u> |
| | | | <u><u>\$ 78,826.71</u></u> |

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

| | <u>Balance Dec. 31, 2015</u> | <u>Accrued In 2016</u> | <u>Collected</u> | <u>Balance Dec. 31, 2016</u> |
|---|----------------------------------|----------------------------|-------------------------------|----------------------------------|
| Miscellaneous Revenue Anticipated: | | | | |
| Fines and Costs: | | | | |
| Municipal Court | \$ 4,500.26 | \$ 31,045.16 | \$ 32,891.65 | \$ 2,653.77 |
| Interest and Costs on Taxes | | 71,229.23 | 71,229.23 | |
| Investment Interest | | 6,471.48 | 6,469.86 | 1.62 |
| Rental Property - New Jersey State Police | | 102,375.00 | 102,375.00 | |
| Rental Property - Post Office | | 40,880.04 | 40,880.04 | |
| Salt Mining Annual Fee | | 50,181.25 | 50,181.25 | |
| Rental Registrations | | 121,300.00 | 121,300.00 | |
| Cable Franchise Fees | | 15,896.57 | 15,896.57 | |
| Nextel Tower Rental | | 34,957.21 | 34,957.21 | |
| Consolidated Municipal Property Tax Relief Aid | | 29,703.00 | 29,703.00 | |
| Energy Receipts Tax (P.L. 1997, Chapters 162 & 167) | | 431,510.00 | 431,510.00 | |
| Garden State Trust | | 73,093.00 | 73,093.00 | |
| Uniform Construction Codes Fees | | 34,450.00 | 34,450.00 | |
| Payment in Lieu of Taxes | | 17,000.00 | 17,000.00 | |
| Miscellaneous Revenue not Anticipated: | | | | |
| Municipal Court Fines - Downe Township | 1,598.32 | 1,827.96 | 3,379.24 | 47.04 |
| Joint Court Service Fee | | 1,666.67 | 1,666.67 | |
| Uniform Construction Codes Fees: | | | | |
| Zone Applications | | 1,431.00 | 1,431.00 | |
| Certificate of Occupancy | | 3,715.00 | 3,715.00 | |
| | <u>\$ 6,098.58</u> | <u>\$ 1,068,732.57</u> | <u>\$ 1,072,128.72</u> | <u>\$ 2,702.43</u> |
| | | | Current Fund - Treasurer | \$ 949,475.18 |
| | | | Current Fund - Tax Collector | 72,265.24 |
| | | | Current Fund - Township Clerk | 50,195.49 |
| | | | Due from Animal Control Fund | 13.72 |
| | | | Due from Trust Other Fund | 179.09 |
| | | | <u>\$ 1,072,128.72</u> | |

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

| | <u>December 31, 2015</u> | | Balance After Transfers | Disbursed | Accounts Payable | Balance Lapsed |
|--|--------------------------|-------------------|----------------------------|-----------|---------------------|-------------------|
| | <u>Reserved</u> | <u>Encumbered</u> | | | | |
| OPERATIONS WITHIN "CAPS": | | | | | | |
| GENERAL GOVERNMENT FUNCTIONS: | | | | | | |
| General Administration: | | | | | | |
| Other Expenses | \$ 3,479.71 | \$ | \$ 3,479.71 | \$ 151.47 | \$ | \$ 3,328.24 |
| Mayor and Committee: | | | | | | |
| Salaries and Wages | 205.92 | | 205.92 | | | 205.92 |
| Other Expenses | 168.62 | | 168.62 | | | 168.62 |
| Municipal Clerk: | | | | | | |
| Salaries and Wages | 2,514.63 | | 2,514.63 | | | 2,514.63 |
| Other Expenses | 1,145.18 | 452.18 | 1,597.36 | 809.49 | | 787.87 |
| Financial Administration - Treasury: | | | | | | |
| Salaries and Wages | 806.30 | | 806.30 | | | 806.30 |
| Other Expenses | 2,095.01 | 738.03 | 2,833.04 | 1,011.53 | | 1,821.51 |
| Data Processing Center: | | | | | | |
| Other Expenses | 2,490.78 | | 2,490.78 | | | 2,490.78 |
| Revenue Administration - Tax Collection: | | | | | | |
| Salaries and Wages | 303.78 | | 303.78 | | | 303.78 |
| Other Expenses | 7,443.79 | 333.48 | 7,777.27 | 333.48 | | 7,443.79 |
| Tax Title Lien Manager: | | | | | | |
| Other Expenses | 235.34 | | 235.34 | | | 235.34 |
| Tax Assessment Administration: | | | | | | |
| Salaries and Wages | 2,121.63 | | 2,121.63 | | | 2,121.63 |
| Other Expenses | 2,633.01 | 5,646.14 | 8,279.15 | 3,865.97 | | 4,413.18 |
| Reserve for Tax Appeals | 1,000.00 | | 1,000.00 | | | 1,000.00 |
| Legal Services: | | | | | | |
| Other Expenses | 3,671.91 | | 3,671.91 | 1,980.98 | | 1,690.93 |
| Engineering Services: | | | | | | |
| Other Expenses | 574.50 | | 574.50 | | | 574.50 |
| Municipal Court: | | | | | | |
| Salaries and Wages | 692.06 | | 692.06 | | | 692.06 |
| Other Expenses | 6,660.16 | 387.37 | 7,047.53 | 399.36 | | 6,648.17 |
| Public Defender: | | | | | | |
| Salaries and Wages | 2,942.25 | | 2,942.25 | | | 2,942.25 |
| Municipal Land Use Law (N.J.S.A 40:55D-1): | | | | | | |
| Planning Board: | | | | | | |
| Salaries and Wages | 175.00 | | 175.00 | | | 175.00 |
| Other Expenses | 3,408.66 | | 3,408.66 | 130.00 | | 3,278.66 |

(Continued)

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

| | <u>December 31, 2015</u> | | Balance After Transfers | Disbursed | Accounts Payable | Balance Lapsed |
|--|--------------------------|-------------------|----------------------------|--------------|---------------------|-------------------|
| | <u>Reserved</u> | <u>Encumbered</u> | | | | |
| <u>OPERATIONS WITHIN "CAPS": (CONT'D)</u> | | | | | | |
| SANITATION: | | | | | | |
| Public Buildings and Grounds: | | | | | | |
| Other Expenses | \$ 15,959.16 | \$ 10,393.80 | \$ 36,352.96 | \$ 21,352.98 | \$ 1,775.00 | \$ 13,224.98 |
| Garbage and Trash Removal: | | | | | | |
| Other Expenses | 2,000.00 | | 2,000.00 | | | 2,000.00 |
| Sanitary Landfill: | | | | | | |
| Other Expenses: | | | | | | |
| Miscellaneous Other Expenses | 24,224.54 | 10,582.05 | 24,806.59 | 10,582.05 | | 14,224.54 |
| Sanitary Sluice and Ditch: | | | | | | |
| Other Expenses | 2,764.00 | | 2,764.00 | | | 2,764.00 |
| PUBLIC SAFETY FUNCTIONS: | | | | | | |
| Office Of Emergency Management: | | | | | | |
| Other Expenses | 48.06 | | 48.06 | | | 48.06 |
| Court Professionals: | | | | | | |
| Salaries and Wages | 258.44 | | 258.44 | | | 258.44 |
| STREETS AND ROADS: | | | | | | |
| Road Repairs and Maintenance: | | | | | | |
| Salaries and Wages | 4,646.79 | | 4,646.79 | | | 4,646.79 |
| Other Expenses | 648.32 | 15,940.00 | 16,588.32 | 10,425.78 | | 6,162.54 |
| HEALTH AND HUMAN SERVICES FUNCTIONS: | | | | | | |
| Senior Center: | | | | | | |
| Salaries and Wages | 80.22 | | 80.22 | | | 80.22 |
| Other Expenses | 1,510.80 | | 1,510.80 | | | 1,510.80 |
| Dog Regulation: | | | | | | |
| Other Expenses | 5,455.00 | | 5,455.00 | 1,720.00 | | 3,735.00 |
| Environmental Commission: | | | | | | |
| Other Expenses | 260.00 | | 260.00 | | | 260.00 |
| Community Food Bank: | | | | | | |
| Other Expenses | 861.04 | | 861.04 | | | 861.04 |
| RECREATION AND EDUCATION: | | | | | | |
| Parks and Playgrounds: | | | | | | |
| Other Expenses | 2,500.00 | | 2,500.00 | | | 2,500.00 |
| Maintenance of Parks: | | | | | | |
| Other Expenses | 306.00 | | 306.00 | | | 306.00 |
| Library Operations: | | | | | | |
| Other Expenses | 1,397.99 | 676.13 | 2,074.12 | 626.79 | | 1,447.33 |

(Continued)

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

| | <u>December 31, 2015</u> | | Balance After Transfers | Disbursed | Accounts Payable | Balance Lapsed |
|---|--------------------------|---------------------|----------------------------|---------------------|---------------------|----------------------|
| | <u>Reserved</u> | <u>Encumbered</u> | | | | |
| OPERATIONS WITHIN "CAPS": (CONT'D) | | | | | | |
| OTHER COMMON OPERATING FUNCTIONS: | | | | | | |
| Celebration of Public Events: | | | | | | |
| Other Expenses | \$ 3,007.00 | | \$ 3,007.00 | | | \$ 3,007.00 |
| UTILITY EXPENSES AND BULK PURCHASES: | | | | | | |
| Electricity | 1,389.10 | | 4,389.10 | 4,097.53 | | 291.57 |
| Street Lighting | 6,838.97 | | 6,838.97 | 6,252.28 | | 586.69 |
| Telephone | 4,970.17 | 106.57 | 5,076.74 | 445.63 | | 4,631.11 |
| Natural Gas | 1,854.73 | 1,322.11 | 3,176.84 | 1,322.11 | | 1,854.73 |
| Gasoline and Diesel Fuel | 9,946.77 | | 6,946.77 | | | 6,946.77 |
| Insurance: | | | | | | |
| Liability Insurance | 2,841.35 | | 2,841.35 | | | 2,841.35 |
| Group Insurance Plans for Employees | 2,191.92 | | 2,191.92 | | | 2,191.92 |
| STATE UNIFORM CONSTRUCTION CODE: | | | | | | |
| Construction Official: | | | | | | |
| Salaries and Wages | 416.28 | | 416.28 | | | 416.28 |
| Other Expenses | 1,151.14 | 146.57 | 1,297.71 | 146.57 | | 1,151.14 |
| Housing Inspector: | | | | | | |
| Salaries and Wages | 444.77 | | 444.77 | | | 444.77 |
| Other Expenses | 3,256.56 | | 3,256.56 | | | 3,256.56 |
| STATUTORY EXPENDITURES: | | | | | | |
| Contribution to: | | | | | | |
| Defined Contribution Retirement Program | 1,000.00 | | 1,000.00 | | | 1,000.00 |
| Social Security System (O.A.S.I.) | 3,571.42 | | 3,571.42 | | | 3,571.42 |
| GRAND TOTAL | \$ 150,568.78 | \$ 46,724.43 | \$ 197,293.21 | \$ 65,654.00 | \$ 1,775.00 | \$ 129,864.21 |

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

| | | | |
|---|----|-----------------|--------------------------|
| Balance December 31, 2015 (2015) Taxes | | \$ | 97,580.55 |
| Increased by: | | | |
| Collection (2016 Taxes) | \$ | 115,164.02 | |
| Transfer from Overpayments | | <u>2,986.23</u> | |
| | | | <u>118,150.25</u> |
| | | | 215,730.80 |
| Decreased by: | | | |
| Application to 2016 Taxes | | | <u>97,580.55</u> |
| Balance December 31, 2016 (2016) Taxes | | \$ | <u><u>118,150.25</u></u> |

Exhibit SA-12

TOWNSHIP OF COMMERCIAL
CURRENT FUND
 Statement of Tax Overpayments
 For the Year Ended December 31, 2016

| | | | |
|------------------------------|----|-----------------|----------------------|
| Balance December 31, 2015 | | \$ | 1,813.53 |
| Accrued in 2016 | | | |
| Cash Received | | | <u>24,864.39</u> |
| | | | 26,677.92 |
| Decreased by: | | | |
| Refunds | \$ | 23,098.31 | |
| Transferred to Prepaid Taxes | | <u>2,986.23</u> | |
| | | | <u>26,084.54</u> |
| Balance December 31, 2016 | | \$ | <u><u>593.38</u></u> |

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

| | | | |
|------------------------------|----|------------------|-------------------------------|
| Accrued in 2016: | | | |
| 2016 Levy: | | | |
| County General | \$ | 2,367,249.90 | |
| County Health Services Taxes | | 114,954.68 | |
| County Open Space | | <u>22,572.56</u> | |
| | | | \$ 2,504,777.14 |
| Decreased by: | | | |
| Disbursements | | | <u><u>\$ 2,504,777.14</u></u> |

Exhibit SA-14

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Amount Due to County For Added Taxes
For the Year Ended December 31, 2016

| | | |
|-----------------------------|----|-------------------------|
| Balance December 31, 2015 | \$ | 1,312.56 |
| Increased by: | | |
| County Share of Added Taxes | | <u>10,933.73</u> |
| | | 12,246.29 |
| Decreased by: | | |
| Disbursements | | <u>1,312.56</u> |
| Balance December 31, 2016 | \$ | <u><u>10,933.73</u></u> |

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Local School District Tax
For the Year Ended December 31, 2016

| | | |
|--|-------------------|------------------------|
| <hr/> | | |
| Balance December 31, 2015 | | |
| School Tax Payable | \$ 214,625.00 | |
| School Tax Deferred | <u>794,919.00</u> | |
| | | \$ 1,009,544.00 |
| Increased by: | | |
| Accrued in 2016: | | |
| Levy-School Fiscal Year (July 1, 2015 to June 30, 2016) | 1,939,337.00 | |
| Budget Appropriation - Business Personal Property Tax Appreciation Adjustment | <u>5,834.00</u> | |
| | | <u>1,945,171.00</u> |
| | | 2,954,715.00 |
| Decreased by: | | |
| Disbursements | | <u>1,987,963.50</u> |
| Balance December 31, 2016 | | |
| School Tax Payable | \$ 171,832.50 | |
| School Tax Deferred | <u>794,919.00</u> | |
| | | <u>\$ 966,751.50</u> |
| 2016 Liability for Local District School Tax: | | |
| Tax Paid | | \$ 1,987,963.50 |
| Tax Payable December 31, 2016 | | <u>171,832.50</u> |
| | | 2,159,796.00 |
| Less: Tax Payable December 31, 2015 | | <u>214,625.00</u> |
| | | 1,945,171.00 |
| Less: Business Personal Property Tax Appreciation Adjustment | | <u>5,834.00</u> |
| | | \$ <u>1,939,337.00</u> |
| Amount Charged to 2016 Operation | | |
| | | <u>\$ 1,939,337.00</u> |

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due to Fire Districts
For the Year Ended December 31, 2016

Increased by:

Levy-Calendar Year:

| | | | |
|---------------------|----|-------------------|------------|
| Fire District No. 1 | \$ | 212,244.00 | |
| Fire District No. 2 | | 203,893.00 | |
| Fire District No. 3 | | <u>406,149.00</u> | |
| | \$ | | 822,286.00 |

Decreased by:

Disbursements:

| | | | |
|---------------------|----|-------------------|--------------------------|
| Fire District No. 1 | | 212,244.00 | |
| Fire District No. 2 | | 203,893.00 | |
| Fire District No. 3 | | <u>406,149.00</u> | |
| | \$ | | <u><u>822,286.00</u></u> |

Exhibit SA-17

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

| | | | |
|----------------------------|----|---------------|----------------------|
| Balance December 31, 2015 | \$ | 100.00 | |
| Increased by: | | | |
| Receipts by Township Clerk | | <u>500.00</u> | |
| | | | 600.00 |
| Decreased by: | | | |
| Payments by Township Clerk | | <u>500.00</u> | |
| Balance December 31, 2016 | \$ | | <u><u>100.00</u></u> |

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due State of New Jersey
Uniform Construction Code - State Training Fees
For the Year Ended December 31, 2016

| | | |
|---------------------------|--|-------------------------|
| Balance December 31, 2015 | | \$ 963.00 |
| Increased by: | | |
| Receipts | | <u>2,864.00</u> |
| | | 3,827.00 |
| Decreased by: | | |
| Payments | | <u>3,176.00</u> |
| Balance December 31, 2016 | | <u><u>\$ 651.00</u></u> |

Exhibit SA-19

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Accounts Payable
For the Year Ended December 31, 2016

| | | |
|---|-----------------|---------------------------|
| Balance December 31, 2015 | | \$ 16,245.53 |
| Increased by: | | |
| Transferred from 2015 Appropriation Reserve | | <u>1,775.00</u> |
| | | 18,020.53 |
| Decreased by: | | |
| Disbursed | \$ 12,280.00 | |
| Canceled | <u>3,965.53</u> | |
| | | <u>16,245.53</u> |
| Balance December 31, 2016 | | <u><u>\$ 1,775.00</u></u> |

Exhibit SA-20

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Reserve for Equipment Replacement
For the Year Ended December 31, 2016

| | | |
|---------------------------|--|----------------------------|
| Balance December 31, 2015 | | \$ 3,801.00 |
| Increased by: | | |
| 2016 Budget Appropriation | | <u>15,000.00</u> |
| | | 18,801.00 |
| Decreased by: | | |
| Disbursed | | <u>5,250.57</u> |
| Balance December 31, 2016 | | <u><u>\$ 13,550.43</u></u> |

TOWNSHIP OF COMMERCIAL
CURRENT FUND
Statement of Due from Federal, State and Other Grant Fund
For the Year Ended December 31, 2016

| | | | |
|---|----|-------------------|----------------------------|
| Balance December 31, 2015 Due from | | \$ | 145,514.08 |
| Increased by: | | | |
| Expenditures Paid by the Current Fund - Grants Appropriated | | | <u>104,631.24</u> |
| | | | 250,145.32 |
| Decreased by: | | | |
| Local Match Due from Current Fund - Grants Appropriated | | \$ | 30,500.00 |
| Cash Received in Current Fund: | | | |
| Grants Receivable | \$ | 402,346.49 | |
| Reimbursements to Grants Appropriated | | <u>19,615.62</u> | |
| | | <u>421,962.11</u> | |
| | | | <u>452,462.11</u> |
| Balance December 31, 2016 (Due to) | | \$ | <u><u>(202,316.79)</u></u> |

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

| <u>Program</u> | Balance Dec. 31, 2015 | Accrued | Received in Current Fund | Balance Dec. 31, 2016 |
|--|--------------------------|----------------------|-----------------------------|--------------------------|
| Federal Grants: | | | | |
| Small Cities Grant Laurel Lake | \$ 22,246.00 | \$ | \$ | \$ 22,246.00 |
| Federal Emergency Management Agency | | | | |
| Hazard Mitigation Grant Program -- Laurel Lake | 3,575.52 | | | 3,575.52 |
| Bivalve Shore Protection | 40,050.00 | | | 40,050.00 |
| Green Communities Grant - Urban and Community Forestry Program | 3,000.00 | | | 3,000.00 |
| | <u>68,871.52</u> | <u>-</u> | <u>-</u> | <u>68,871.52</u> |
| Total Federal Grants | | | | |
| | <u>68,871.52</u> | <u>-</u> | <u>-</u> | <u>68,871.52</u> |
| State Grants: | | | | |
| New Jersey Transportation Trust Fund Authority Act of 1984 | | | | |
| Samuel Drive | 19,220.20 | | | 19,220.20 |
| Osborne Lane | 14,007.60 | | | 14,007.60 |
| Laurel Lake | 45,000.00 | | 45,000.00 | |
| Miller Ave, Ogden Ave & Berry Ave | 47,257.81 | | 47,257.81 | |
| Raymond Drive | 47,500.00 | | 44,739.11 | 2,760.89 |
| Doris, Ferry, and Maurice Roads | 170,000.00 | | 158,725.40 | 11,274.60 |
| Raymond Drive Phase III | | 181,000.00 | | 181,000.00 |
| NJ Department of Environmental Protection | | | | |
| Berry Avenue Flood Control Structure | 70,000.00 | | 70,000.00 | |
| Bivalve Shore Protection | 75,000.00 | | | 75,000.00 |
| Municipal Alliance Grant | 1,871.34 | 9,695.00 | 9,695.00 | 1,871.34 |
| Recycling Tonnage Grant | | 6,448.32 | 6,448.32 | |
| 2014 ANJEC Grant - Lake Audrey Project | 500.00 | | 485.00 | 15.00 |
| Clean Communities Grant | 280.57 | 19,995.85 | 19,995.85 | 280.57 |
| | <u>490,637.52</u> | <u>217,139.17</u> | <u>402,346.49</u> | <u>305,430.20</u> |
| Total State Grants | <u>490,637.52</u> | <u>217,139.17</u> | <u>402,346.49</u> | <u>305,430.20</u> |
| | <u>\$ 559,509.04</u> | <u>\$ 217,139.17</u> | <u>\$ 402,346.49</u> | <u>\$ 374,301.72</u> |

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

| <u>Program</u> | <u>Transferred to Grants Receivable</u> | <u>Realized as Revenue</u> |
|---|---|--------------------------------|
| State Grants: | | |
| Municipal Alliance for Alcohol and Drug Abuse | \$ 9,695.00 | \$ 9,695.00 |
| NJDOT - Raymond Drive Phase III | 181,000.00 | 181,000.00 |
| Clean Communities Grant | 19,995.85 | 19,995.85 |
| Recycling Tonnage Grant | <u>6,448.32</u> | <u>6,448.32</u> |
| | <u>\$ 217,139.17</u> | <u>\$ 217,139.17</u> |

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

| <u>Program</u> | <u>Balance</u> <u>December 31, 2015</u> | | <u>Transferred from</u> <u>2016 Budget</u> | | <u>Reimbursement</u> | <u>Encumbered</u> | <u>Balance</u> <u>Dec. 31, 2016</u> |
|---|--|-------------------|---|------------------|----------------------|-------------------|--|
| | <u>Reserved</u> | <u>Encumbered</u> | <u>Appropriation</u> | <u>Disbursed</u> | | | |
| Federal Grants: | | | | | | | |
| Department of Housing and Urban Development | | | | | | | |
| CDBG 2009 - Bayshore Housing VI | \$ 6,500.00 | \$ | \$ | \$ | \$ | \$ | 6,500.00 |
| CDBG 2009 - Bayshore Housing - VI Match | 11,264.18 | | | | | | 11,264.18 |
| CDBG 2011 - Bayshore Housing VII | 75.03 | | | | | | 75.03 |
| CDBG 2011 - Small Cities Match | 1,620.00 | | | | | | 1,620.00 |
| Laurel Lake Small Cities Grant | 26,500.00 | 746.00 | | | | 746.00 | 26,500.00 |
| Federal Emergency Management Agency | | | | | | | |
| Hazard Mitigation Grant Program -- Laurel Lake | 3,575.52 | | | | | | 3,575.52 |
| Bivalve Shore Protection | 12,350.00 | 12,000.00 | | | | 12,000.00 | 12,350.00 |
| Loading Dock Ramp & Roadway | 19,615.62 | 2,859.63 | | 22,475.25 | | | |
| Dike | 30,008.00 | | | | | | 30,008.00 |
| Urban and Community Forestry Program | 3,000.00 | | | | | | 3,000.00 |
| Urban and Community Forestry Program - Local Match | | | 3,000.00 | | | | 3,000.00 |
| Total Federal Grants | 114,508.35 | 15,605.63 | 3,000.00 | 22,475.25 | - | 12,746.00 | 97,892.73 |
| State Grants: | | | | | | | |
| New Jersey Transportation Trust Fund Authority Act of 1984 | | | | | | | |
| Samuel Drive | 11,199.10 | | | | | | 11,199.10 |
| Osborne Drive | 9,082.40 | | | | | | 9,082.40 |
| Laurel Lake - Match | 25,000.00 | | | | | | 25,000.00 |
| Miller Ave, Ogden Ave & Berry Ave | 343.75 | 950.69 | | 950.69 | | | 343.75 |
| Miller Ave, Ogden Ave & Berry Ave - Local Match | 7,000.00 | | | | 19,615.62 | | 26,615.62 |
| Raymond Drive | 2,500.00 | 314.86 | | 314.86 | | | 2,500.00 |
| Doris, Ferry & Maurice Roads | 10,891.95 | 9,496.48 | | 9,850.33 | | | 10,538.10 |
| Raymond Drive Phase III | | | 181,000.00 | | | 14,500.00 | 166,500.00 |
| Raymond Drive Phase III - Local Match | | | 25,000.00 | 20,000.00 | | 5,000.00 | |

(Continued)

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

| Program | Balance December 31, 2015 | | Transferred from 2016 Budget | | Reimbursement | Encumbered | Balance Dec. 31, 2016 |
|--|------------------------------|---------------------|---------------------------------|----------------------|---------------------|---------------------|--------------------------|
| | Reserved | Encumbered | Appropriation | Disbursed | | | |
| State Grants (Cont'd): | | | | | | | |
| NJ Department of Environmental Protection | | | | | | | |
| Berry Avenue Flood Control Structure --Match | \$ 8,525.24 | \$ | \$ | \$ | \$ | \$ | \$ 8,525.24 |
| Bivalve Shore Protection | 75,000.00 | | | | | | 75,000.00 |
| Bivalve Shore Protection Match | 18,750.00 | | | | | | 18,750.00 |
| Clean Communities Act | 11,433.55 | 500.00 | 19,995.85 | 16,639.68 | | 4,420.00 | 10,869.72 |
| Oyster Grant | 48,238.00 | | | | | | 48,238.00 |
| ANJEC Grant | 15.00 | | | | | | 15.00 |
| Recycling Tonnage Grant | 15,355.27 | | 6,448.32 | 9,167.84 | | | 12,635.75 |
| Alcohol Education and Rehabilitation | 3,199.00 | | | | | | 3,199.00 |
| Municipal Drug Alliance | 10,130.55 | | 9,695.00 | 9,554.71 | | | 10,270.84 |
| Municipal Drug Alliance - Grant Match | | | 2,500.00 | 2,500.00 | | | |
| Total State Grants | 256,663.81 | 11,262.03 | 244,639.17 | 68,978.11 | 19,615.62 | 23,920.00 | 439,282.52 |
| Local Grants: | | | | | | | |
| JIF Safety Awards Program | 580.14 | | | 484.88 | | | 95.26 |
| Petsmart Charities Grant | 14,780.00 | 420.00 | | 12,693.00 | | | 2,507.00 |
| Total Local Grants | 15,360.14 | 420.00 | - | 13,177.88 | - | - | 2,602.26 |
| | \$ 386,532.30 | \$ 27,287.66 | \$ 247,639.17 | \$ 104,631.24 | \$ 19,615.62 | \$ 36,666.00 | \$ 539,777.51 |
| Realized as Revenue in Budget | | | \$ 217,139.17 | \$ | | | |
| Local Match - Due from Current Fund | | | 30,500.00 | | | | |
| Expenditures by Current Fund | | | | 104,631.24 | | | |
| | | | \$ 247,639.17 | \$ 104,631.24 | | | |

SUPPLEMENTAL EXHIBITS

TRUST FUND

TOWNSHIP OF COMMERCIAL
TRUST FUND
Statement of Trust Cash - Chief Financial Officer
For the Year Ended December 31, 2016

| | Animal Control | | Trust Other |
|---|----------------|-------------|---------------|
| Balance December 31, 2015 | \$ 5,233.53 | | \$ 319,802.37 |
| Increased by Receipts: | | | |
| Animal Control Fees | \$ 2,279.20 | | |
| Due to State of New Jersey - Animal Control | 1,024.80 | | |
| Current Fund | 371.72 | | \$ 92.67 |
| Fish and Game - Due State/Agent | | | 5,257.09 |
| Miscellaneous Trust Reserves: | | | |
| Unemployment | | \$ 1,724.12 | |
| Sanitary Landfill Closure: | | | |
| Post Closure Landfill Escrow | | 379.02 | |
| DEP Closure Escrow Account | | 74.30 | |
| Recreational Donations | | 10.00 | |
| Planning Board Escrow | | 6,972.39 | |
| Compensated Absences | | 169.33 | |
| Net Payroll | | 489,016.23 | |
| Payroll Taxes Payable | | 400,084.67 | |
| | 3,675.72 | | 898,430.06 |
| | 8,909.25 | | 903,779.82 |
| Decreased by Disbursements: | | | 1,223,582.19 |
| Expenditures Under N.J.S.A. 4:19-15-1 | 124.88 | | |
| Due to State of New Jersey - Animal Control | 1,024.80 | | |
| Current Fund | 2,644.20 | | |
| Fish and Game - Due State/Agent | | | 5,191.25 |
| Miscellaneous Trust Reserves | | | |
| Unemployment | | 188.23 | |
| Planning Board Escrow | | 9,190.10 | |
| Net Payroll | | 489,016.23 | |
| Payroll Taxes Payable | | 400,109.15 | |
| | 3,793.88 | | 898,503.71 |
| | 5,115.37 | | 903,694.96 |
| Balance December 31, 2016 | \$ 5,115.37 | | \$ 319,887.23 |

TOWNSHIP OF COMMERCIAL
TRUST FUND
Trust Other Fund
Statement of Trust Cash - Tax Collector
For the Year Ended December 31, 2016

| | | |
|---|------------------|----------------------------|
| Balance December 31, 2015 | | \$ 41,817.79 |
| Increased by Receipts: | | |
| Interest Earned -- Due to Current Fund | \$ 86.42 | |
| Miscellaneous Trust Reserves and Liabilities: | | |
| Tax Sale Certificates | 378,898.74 | |
| Tax Sale Premiums | <u>9,100.00</u> | |
| | | <u>388,085.16</u> |
| | | 429,902.95 |
| Decreased by Disbursements: | | |
| Miscellaneous Trust Reserves and Liabilities: | | |
| Tax Sale Certificates | 404,415.06 | |
| Tax Sale Premiums | <u>12,900.00</u> | |
| | | <u>417,315.06</u> |
| Balance December 31, 2016 | | <u><u>\$ 12,587.89</u></u> |

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Animal Control Fund
 Statement of Due to Current Fund
 For the Year Ended December 31, 2016

| | | | |
|--|----|----|----------|
| Balance December 31, 2015 | | \$ | 479.93 |
| Increased by: | | | |
| Receipts: | | | |
| Interest Earned | \$ | | 13.72 |
| Cat License Fees Collected | | | 358.00 |
| | | | 371.72 |
| Statutory Excess Animal Control Fund Reserve | | | 1,968.12 |
| | | | 2,339.84 |
| | | | 2,819.77 |
| Decreased by: | | | |
| Disbursements | | | 2,644.20 |
| Balance December 31, 2016 | | \$ | 175.57 |

TOWNSHIP OF COMMERCIAL
TRUST FUND
 Animal Control Fund
 Statement of Due to State of New Jersey - Department of Health
 For the Year Ended December 31, 2016

| | | | |
|----------------------------|--|----|----------|
| Receipts | | | |
| 2016 State License Fees | | \$ | 1,024.80 |
| Decreased by: | | | |
| Disbursements to the State | | \$ | 1,024.80 |

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

| | | | |
|---------------------------------------|----|--------|----------|
| Balance December 31, 2015 | | \$ | 4,753.60 |
| Increased by: | | | |
| Dog License Fees Collected | | | 2,279.20 |
| | | | 7,032.80 |
| Decreased by: | | | |
| Expenditures Under N.J.S.A. 4:19-15.1 | \$ | 124.88 | |
| Statutory Excess Due to Current Fund | | | 1,968.12 |
| | | | 2,093.00 |
| Balance December 31, 2016 | | \$ | 4,939.80 |

| License Fees Collected | |
|------------------------|-------------|
| Year | Amount |
| 2014 | \$ 2,316.40 |
| 2015 | 2,623.40 |
| | \$ 4,939.80 |

TOWNSHIP OF COMMERCIAL
TRUST FUND
Trust Other Fund
Statement of Due from Current Fund
For the Year Ended December 31, 2016

| | | | |
|--|-------|----------|-----------|
| Balance December 31, 2015 | | \$ | 2,844.93 |
| Increased by: | | | |
| Miscellaneous Trust Reserves: | | | |
| 2016 Budget Appropriation: | | | |
| Reserve for Unemployment Insurance | \$ | 2,000.00 | |
| Storm Recovery Trust | | 5,500.00 | |
| Public Defender Fees Collected in Current Fund | | 1,469.00 | |
| | | | 8,969.00 |
| | | | 11,813.93 |
| Decreased by: | | | |
| Amounts Disbursed in Current Fund: | | | |
| Public Defender Fees | \$ | 4,471.12 | |
| Unemployment Insurance | | 1,351.60 | |
| | | | 5,822.72 |
| Interest Collected in Payroll Account by Treasurer | 92.67 | | |
| Interest Collected by Tax Collector | 86.42 | | |
| | | | 179.09 |
| | | | 6,001.81 |
| Balance December 31, 2016 | | \$ | 5,812.12 |
| <u>Analysis of Balance December 31, 2016</u> | | | |
| Public Defender Fees | | \$ | 318.38 |
| Storm Recovery Trust | | | 5,500.00 |
| Payroll | | | (92.67) |
| Unemployment Trust Fund | | | 213.64 |
| Tax Title Lien/Tax Sale Premium Account | | | (127.23) |
| | | \$ | 5,812.12 |

TOWNSHIP OF COMMERCIAL
TRUST FUND
Trust Other Fund
Statement of Due to State/Agent
For the Year Ended December 31, 2016

| | | | |
|--|----|-----------------|------------------------|
| Balance December 31, 2015 | | \$ | 1,099.43 |
| Increased by: | | | |
| Interest Earned | \$ | 1.09 | |
| Fish and Game License Fees Collected | | <u>5,256.00</u> | |
| | | | <u>5,257.09</u> |
| | | | 6,356.52 |
| Decreased by: | | | |
| Paid to State of New Jersey | | | <u>5,191.25</u> |
| Balance December 31, 2016 | | \$ | <u><u>1,165.27</u></u> |
| <u>Analysis of Balance December 31, 2016</u> | | | |
| Due to the State of New Jersey | | \$ | 691.50 |
| Due to Agent | | | 453.25 |
| Unallocated | | | <u>20.52</u> |
| | | \$ | <u><u>1,165.27</u></u> |

TOWNSHIP OF COMMERCIAL
TRUST FUND
Trust Other Fund
Statement of Miscellaneous Trust Reserves and Liabilities
For the Year Ended December 31, 2016

| | Balance Dec. 31, 2015 | Receipts Fees, Refunds and Donations | | | Disbursements | | | Balance Dec. 31, 2016 |
|---|--------------------------|--------------------------------------|----------------------|--------------------------|----------------------|----------------------|------------------------------|--------------------------|
| | | Treasurer | Collector | Due from Current Fund | Treasurer | Collector | Disbursed in Current Fund | |
| Deposits for Redemption of Tax Sale Certificates | \$ 27,276.98 | \$ | \$ 378,898.74 | \$ | \$ | \$ 404,415.06 | \$ | 1,760.66 |
| Reserve for Tax Sale Premiums | 14,500.00 | | 9,100.00 | | | 12,900.00 | | 10,700.00 |
| Reserve for Unemployment | 40,433.26 | 1,724.12 | | 2,000.00 | 188.23 | | 1,351.60 | 42,617.55 |
| Reserve for Sanitary Landfill Closure: | | | | | | | | |
| Post Closure Landfill Escrow | 151,435.65 | 379.02 | | | | | | 151,814.67 |
| DEP Closure Escrow Account | 29,682.33 | 74.30 | | | | | | 29,756.63 |
| Recreational Donations | 11,424.34 | 10.00 | | | | | | 11,434.34 |
| Reserve for Planning Board Escrow | 15,425.58 | 6,972.39 | | | 9,190.10 | | | 13,207.87 |
| Reserve for Public Defender Fees | 3,320.50 | | | 1,469.00 | | | 4,471.12 | 318.38 |
| Reserve for Accumulated Absences | 67,654.18 | 169.33 | | | | | | 67,823.51 |
| Reserve for Storm Recovery | | | | 5,500.00 | | | | 5,500.00 |
| Net Payroll | | 489,016.23 | | | 489,016.23 | | | |
| Payroll Taxes Payable | 2,212.84 | 400,084.67 | | | 400,109.15 | | | 2,188.36 |
| | <u>\$ 363,365.66</u> | <u>\$ 898,430.06</u> | <u>\$ 387,998.74</u> | <u>\$ 8,969.00</u> | <u>\$ 898,503.71</u> | <u>\$ 417,315.06</u> | <u>\$ 5,822.72</u> | <u>\$ 337,121.97</u> |

SUPPLEMENTAL EXHIBITS

GENERAL CAPITAL FUND

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

| | Balance Dec. 31, 2015 | Transfers | | Balance Dec. 31, 2016 |
|------------------------------------|---|--------------|----------------------|--------------------------|
| | | From | To | |
| Fund Balance | \$ 9,289.06 | \$ | \$ 955.00 | \$ 10,244.06 |
| Capital Improvement Fund | 54,387.24 | 71,050.00 | 55,000.00 | 38,337.24 |
| Reserve for Encumbrances | 396.00 | 396.00 | 267,704.82 | 267,704.82 |
| Reserve for Buildings and Grounds | 14,000.00 | 20,460.00 | 50,000.00 | 43,540.00 |
| Due from/to Current Fund | 22,425.77 | 219,955.00 | 57,268.17 | (140,261.06) |
| <u>Improvement Authorizations:</u> | | | | |
| <u>Ordinance</u> | | | | |
| <u>Date</u> | | | | |
| 04-455 | Various General Improvements | 4,010.00 | | 4,010.00 |
| 06-467 | Various General Improvements | 3,632.83 | 3,312.99 | 319.84 |
| 07-479/11-524 | Purchase of Building Generator, Engineering Fees, Purchase of 2 YD Dump Truck & Road Repairs | 5,859.10 | | 5,859.10 |
| 13-544 | Library Renovations | | 396.00 | 396.00 |
| 15-566 | Acquisition and Renovation of Certain Property | (114,000.00) | 114,000.00 | |
| 16-577 | Acquisition of A Side-Arm Tractor | | 112,650.00 | (106,650.00) |
| 16-578 | Installation of Street Lighting in Haleyville | | 130,000.00 | (123,500.00) |
| 16-579 | General Improvement for Haleyville Street Lights | | 58,550.00 | |
| | | <u>\$ -</u> | <u>\$ 616,373.99</u> | <u>\$ 616,373.99</u> |
| | | | | <u>\$ -</u> |

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Due to/from Current Fund
For the Year Ended December 31, 2016

| | | |
|--|-------------------|-----------------------------|
| Balance December 31, 2015 (Due to) | | \$ (22,425.77) |
| Increased by: | | |
| 2016 Budget Appropriation: | | |
| Capital Improvement Fund | \$ 55,000.00 | |
| Reserve for Buildings and Grounds | <u>50,000.00</u> | |
| | | \$ <u>105,000.00</u> |
| Cash Received in Current Fund: | | |
| Premium on Notes Sale | 955.00 | |
| Proceeds of Bond Anticipation Notes | <u>114,000.00</u> | |
| | | <u>114,955.00</u> |
| | | <u>219,955.00</u> |
| Decreased by: | | 197,529.23 |
| Amounts Disbursed in Current Fund | | |
| Reserve for Buildings and Grounds Expenditures | 20,460.00 | |
| Improvement Authorizations Expenditures | <u>36,808.17</u> | |
| | | <u>57,268.17</u> |
| Balance December 31, 2016, Due from | | <u><u>\$ 140,261.06</u></u> |

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

| Ordinance No. | Improvement Description | Balance Dec. 31, 2015 | 2016 Authorizations | Notes Funded by Budget Appropriation | Balance Dec. 31, 2016 | Analysis of Balance Dec. 31, 2016 | | |
|---------------|--|------------------------|----------------------|--------------------------------------|------------------------|-------------------------------------|----------------------|--------------------------------------|
| | | | | | | Financed by Bond Anticipation Notes | Expended | Unexpended Improvement Authorization |
| 06-467 | Various General Improvements | \$ 105,408.00 | \$ | \$ 53,000.00 | \$ 52,408.00 | \$ 52,408.00 | \$ | \$ |
| 06-475 | Construction of Post Office and Other Municipal Building Improvements | 85,500.00 | | 42,500.00 | 43,000.00 | 43,000.00 | | |
| 08-495 | Various Capital Improvements | 130,000.00 | | 32,500.00 | 97,500.00 | 97,500.00 | | |
| 11-520 | Various General Improvements | 352,000.00 | | 50,000.00 | 302,000.00 | 302,000.00 | | |
| 07-479/11-524 | Purchase of Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs | 134,500.00 | | 8,000.00 | 126,500.00 | 126,500.00 | | |
| 07-483/11-525 | Road and Drainage Improvements | 136,500.00 | | 6,000.00 | 130,500.00 | 130,500.00 | | |
| 15-566 | Acquisition and Renovation of Certain Property | 114,000.00 | | | 114,000.00 | 114,000.00 | | |
| 16-577 | Acquisition of A Side-Arm Tractor | | 114,000.00 | | 114,000.00 | | 106,650.00 | 7,350.00 |
| 16-578 | Installation of Street Lighting in Haleyville | | 123,500.00 | | 123,500.00 | | 123,500.00 | |
| | | <u>\$ 1,057,908.00</u> | <u>\$ 237,500.00</u> | <u>\$ 192,000.00</u> | <u>\$ 1,103,408.00</u> | <u>\$ 865,908.00</u> | <u>\$ 230,150.00</u> | <u>\$ 7,350.00</u> |
| | Improvement Authorizations - Unfunded | | | | | | | \$ 13,528.94 |
| | Less: | | | | | | | |
| | Unexpended Balance of Notes: | | | | | | | |
| 06-467 | Various General Improvements | | | | | | \$ 319.84 | |
| 07-479/11-524 | Purchase of Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs | | | | | | 5,859.10 | |
| | | | | | | | | <u>6,178.94</u> |
| | | | | | | | | <u>\$ 7,350.00</u> |

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

| Improvement Description | Ord. No. | Ordinance Date | Ordinance Amount | Dec. 31, 2015 | | | 2016 Authorizations | | | Dec. 31, 2016 | |
|--|-----------------|----------------|------------------|--------------------|--------------------|------------------|--------------------------|---|----------------------|--------------------|---------------------|
| | | | | Funded | Unfunded | Encumbrances | Capital Improvement Fund | Deferred Charges to Future Taxation- Unfunded | Paid or Charged | Funded | Unfunded |
| Various General Improvements | 04-455 | 5/23/02 | \$ 151,000.00 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | | 3/18/04 | 600,000.00 | 4,010.00 | | | | | | | 4,010.00 |
| Various General Improvements | 06-467 | 4/28/06 | 958,000.00 | | 3,632.83 | | | | 3,312.99 | | 319.84 |
| Purchase of a Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs | 07-479 / 11-524 | 4/19/07 | 150,000.00 | | 5,859.10 | | | | | | 5,859.10 |
| Library Renovations | 13-544 | 6/20/13 | 18,768.97 | | | 396.00 | | | | | 396.00 |
| Acquisition of A Side-Arm Tractor | 16-577 | 6/16/16 | 120,000.00 | | | | 6,000.00 | 114,000.00 | 112,650.00 | | 7,350.00 |
| Installation of Street Lighting in Haleyville | 16-578 | 8/18/16 | 130,000.00 | | | | 6,500.00 | 123,500.00 | 130,000.00 | | |
| General Improvement for Haleyville Street Lights | 16-579 | 8/18/16 | 58,550.00 | | | | 58,550.00 | | 58,550.00 | | |
| | | | | <u>\$ 4,010.00</u> | <u>\$ 9,491.93</u> | <u>\$ 396.00</u> | <u>\$ 71,050.00</u> | <u>\$ 237,500.00</u> | <u>\$ 304,512.99</u> | <u>\$ 4,406.00</u> | <u>\$ 13,528.94</u> |
| | | | | | | | Reserve for Encumbrances | \$ 267,704.82 | | | |
| | | | | | | | Paid by Current Fund: | | | | |
| | | | | | | | Expenditures | 36,808.17 | | | |
| | | | | | | | | <u>\$ 304,512.99</u> | | | |

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

| | | |
|--|----|------------|
| Balance December 31, 2015 | \$ | 54,387.24 |
| Increased by: | | |
| 2016 Budget Appropriation--Due from Current Fund | | 55,000.00 |
| | | 109,387.24 |
| Decreased by: | | |
| Appropriations to Finance Improvement Authorizations | | 71,050.00 |
| Balance December 31, 2016 | \$ | 38,337.24 |

Exhibit SC-6

TOWNSHIP OF COMMERCIAL
GENERAL CAPITAL FUND
Statement of Reserve for Buildings and Grounds
For the Year Ended December 31, 2016

| | | |
|--|----|-----------|
| Balance December 31, 2015 | \$ | 14,000.00 |
| Increased by: | | |
| 2016 Budget Appropriation--Due from Current Fund | | 50,000.00 |
| | | 64,000.00 |
| Decreased by: | | |
| Expenditures Paid by Current Fund | | 20,460.00 |
| Balance December 31, 2016 | \$ | 43,540.00 |

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

| Ordinance Number | Improvement Description | Date of Original Issue | Date of Issue | Maturity Date | Interest Rate | Balance Dec. 31, 2015 | Increased | Decreased | Balance Dec. 31, 2016 |
|------------------------------|---|------------------------------|----------------------|----------------------|------------------|--------------------------|----------------------|----------------------|--------------------------|
| 06-467 | Various General Improvements | 12/01/06 | 04/30/15 04/28/16 | 04/29/16 04/28/17 | 0.80% 2.25% | \$ 105,408.00 | \$ 52,408.00 | \$ 105,408.00 | \$ 52,408.00 |
| 06-475 | Construction of Post Office and Other Municipal Building Improvements | 12/01/06 | 04/30/15 04/28/16 | 04/29/16 04/28/17 | 0.80% 2.25% | 85,500.00 | 43,000.00 | 85,500.00 | 43,000.00 |
| 08-495 | Various Capital Improvements | 04/17/08 | 04/30/15 04/28/16 | 04/29/16 04/28/17 | 0.80% 2.25% | 130,000.00 | 97,500.00 | 130,000.00 | 97,500.00 |
| 11-520 | Various Capital Improvements | 08/17/11 | 04/30/15 04/28/16 | 04/29/16 04/28/17 | 0.80% 2.25% | 352,000.00 | 302,000.00 | 352,000.00 | 302,000.00 |
| 07-479/11-524 | Purchase of Building Generator, Engineering Fees, Purchase of a 2 Yard Dump Truck and Road Repairs | 08/17/12 | 04/30/15 04/28/16 | 04/29/16 04/28/17 | 0.80% 2.25% | 134,500.00 | 126,500.00 | 134,500.00 | 126,500.00 |
| 07-483/11-525 | Road and Drainage Improvements | 08/17/12 | 04/30/15 04/28/16 | 04/29/16 04/28/17 | 0.80% 2.25% | 136,500.00 | 130,500.00 | 136,500.00 | 130,500.00 |
| 15-566 | Acquisition and Renovation of Certain Property | 05/02/16 | 05/02/16 | 04/28/17 | 0.95% | _____ | 114,000.00 | _____ | 114,000.00 |
| | | | | | | <u>\$ 943,908.00</u> | <u>\$ 865,908.00</u> | <u>\$ 943,908.00</u> | <u>\$ 865,908.00</u> |
| | | | | | | | \$ | \$ 192,000.00 | |
| | | | | | | | 114,000.00 | | |
| | | | | | | | <u>751,908.00</u> | <u>751,908.00</u> | |
| | | | | | | | <u>\$ 865,908.00</u> | <u>\$ 943,908.00</u> | |
| Paid by Budget Appropriation | | | | | | | \$ | \$ 192,000.00 | |
| New Issues | | | | | | | 114,000.00 | | |
| Rollover | | | | | | | <u>751,908.00</u> | <u>751,908.00</u> | |
| | | | | | | | <u>\$ 865,908.00</u> | <u>\$ 943,908.00</u> | |

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

| Ordinance No. | Improvement Description | Balance Dec. 31, 2015 | 2016 Authorizations | Notes Issued | Balance Dec. 31, 2016 |
|------------------|--|--------------------------|------------------------|----------------------|--------------------------|
| 15-566 | Acquisition and Renovation of Certain Property | \$ 114,000.00 | | \$ 114,000.00 | |
| 16-577 | Acquisition of A Side-Arm Tractor | | 114,000.00 | | 114,000.00 |
| 16-578 | Installation of Street Lighting in Haleyville | | 123,500.00 | | 123,500.00 |
| | | <u>\$ 114,000.00</u> | <u>\$ 237,500.00</u> | <u>\$ 114,000.00</u> | <u>\$ 237,500.00</u> |

PART II
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Schedule of Financial Statement Findings

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

Finding No. 2016-001

Criteria or Specific Requirement

N.J. Rules of Court Rule 7:14-4 establishes financial controls regarding fines and costs collected, payment of moneys due and record-keeping of fiscal forms in accordance with procedures prescribed by the Administrative Director of the Courts.

Condition

Monthly disbursement checks do not equal account totals on Part V of the ATS/ACS Monthly Cashbook; specifically, amounts disbursed to the Township do not agree with corresponding reports for November and December of 2016.

Additionally, Cumberland / Gloucester / Salem Vicinage Municipal Division noted the following issues during their annual visitation:

- Expungement petitions and final orders had not been processed timely
- Monies collected were placed in an unsecured drawer and were not verified to automated Daily Journal
- Municipal Court Administrator was depositing monthly disbursement checks on behalf of Municipal Treasurer

Context

December 2016 Municipal Court General Account was reconciled to the ATS/ACS Cashbook with an unidentified adjustment. Audit procedures indicated that the adjustment was due to incorrect amounts turned over to the Municipality in November and December 2016.

Effect

Discrepancies between monthly disbursement totals and ATS/ACT Monthly Cashbook create adjustments on the books of Municipal Court General Account. These adjustments, if not properly and timely identified, could create difficulty in monthly reconciliation.

Cause

Procedures were not consistently followed to accurately identify amounts to be turned over to the Municipality.

Recommendation

That the Township Municipal Court Administrator establish and implement procedures to identify correct amount of disbursement to the Municipality so that monthly disbursement totals are in agreement with corresponding reports; and that the Municipality take corrective action to address issues discovered by the Vicinage Municipal Division.

View of Responsible Officials and Planned Corrective Action

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

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

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

FINANCIAL STATEMENT FINDINGS

Finding No. 2015-001

Condition

During 2015 the Municipal Court general bank account was not reconciled to the monthly ATS/ACS Cashbook; and in several instances fines and costs received during 2015 were not disbursed to the proper agencies by the 15th day of the next month following such collection.

Current Status

This finding has been resolved with the assistance received from the Cumberland / Gloucester / Salem Vicinage Municipal Division Manager's Office.

TOWNSHIP OF COMMERCIAL
Officials in Office and Surety Bonds

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

| <u>Name</u> | <u>Title</u> | <u>Amount of Surety Bond</u> |
|-----------------------|--|----------------------------------|
| Judson Moore, Jr. | Mayor (until March 2016) | |
| Fletcher Jamison | Deputy Mayor | |
| Ronald Sutton, Sr. | Committee Member (until March 2016) | |
| | Mayor (since March 2016) | |
| Warren (Mike) Vizzard | Committee Member (since June 2016) | |
| Pamela Humphries | Chief Financial Officer | (A) |
| Hannah Nichols | Township Clerk/ Register of Vital Statistics/ Dog Registrar/Fish & Game Agent | (A) |
| Heather Sparks | Deputy Township Clerk | (A) |
| Leslie Kraus | Tax Collector | (A) |
| Heather Whitaker | Deputy Tax Collector | (A) |
| Brian Rosenberger | Tax Assessor | (A) |
| Edward Duffy | Judge | (A) |
| William Reilly | Public Defender | (A) |
| Maryann Sheppard | Court Administrator | (A) |
| David Dean | Construction Code Official | |
| | Housing/Zoning Officer | (A) |
| Frank DiDomenico | Land Use Board Solicitor | (A) |
| Frederick A. Hundt | Emergency Management Coordinator | (A) |
| Thomas Mahoney | Fire Sub-code Official | (A) |
| Wayne Shelton | Plumbing Sub-code Official | (A) |
| Cindy Tawes | Senior Center Coordinator and Librarian | (A) |
| Edward Dennis, Jr. | Engineer | (A) |
| Thomas Seeley | Solicitor | (A) |

(A) Covered by Atlantic County Municipal Joint Insurance Fund \$1,000,000

All Copies of the bonds and policy were examined and found to be properly executed.

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APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Carol A. McAllister
Certified Public Accountant
Registered Municipal Accountant