



Township of Verona

**TOWNSHIP OF VERONA
ESSEX COUNTY, NEW JERSEY
REPORT ON
EXAMINATION OF ACCOUNTS
DECEMBER 31, 2016 AND 2015**

TOWNSHIP OF VERONA
COUNTY OF ESSEX, NEW JERSEY

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PART I
REPORT ON EXAMINATION
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2016 AND 2015

Independent Auditors' Report

**The Honorable Mayor and Members
of the Township Council
Township of Verona
Verona, New Jersey**

Report on the Financial Statements

We have audited the accompanying regulatory-basis financial statements of the various funds and account group of the Township of Verona, Essex County, New Jersey (the "Township") which comprise the balance sheets as of and for the years ended December 31, 2016 and 2015, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, statements of revenues, statements of expenditures 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 (the "Division"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of the United States; and the audit requirements prescribed by the Division. Those standards and requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory-basis financial statements are free of material misstatement.

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

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

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

As described in Note 2, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division to demonstrate compliance with Division's regulatory-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

As described in Note 17, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and were not required by the Division to be audited nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements. The LOSAP's financial activities are included in the Township's Trust Fund, and represent 13.68% and 13.11% of the assets and liabilities of the Township's Trust Fund as of December 31, 2016 and 2015, respectively.

Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statement as part of our audit of the Township's financial statements, we do not express an opinion on the LOSAP financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to the above present fairly, in all material respects the respective financial position of the various funds and account group of the Township as of December 31, 2016 and 2015 and the results of its operations and changes in fund balances for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year then ended December 31, 2016 in accordance with the financial reporting provisions of the Division as described in Note 2 of the financial statements.

Report on Supplementary Information as Required by the Division in Accordance with Regulatory-Basis

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information, as identified as exhibits A-4 through H-1, the comments and recommendations and supplementary information in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the 2016 regulatory-basis financial statements of the Township. Such information is the responsibility of management and was derived from and relates 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

**The Honorable Mayor and Members
of the Township Council
Township of Verona
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In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2017 on our consideration of the Township's 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's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

May 23, 2017

John Lauria

John Lauria, RMA
Licensed Registered Municipal Accountant # 403

**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 Auditors' Report

**The Honorable Mayor and Members
of the Township Council
Township of Verona
Verona, New Jersey**

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 prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the regulatory-basis financial statements of the various funds and account group of the Township of Verona, Essex County, New Jersey (the "Township"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Township's basic financial statements, and have issued our report thereon dated May 23, 2017, in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the Township'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 regulatory-basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

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

Compliance and Other Matters

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

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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Livingston, New Jersey
May 23, 2017

John Lauria

John Lauria, RMA
Licensed Registered Municipal Accountant # 403

TOWNSHIP OF VERONA
CURRENT FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

A
Sheet # 1

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Regular Fund</u>			
Current Assets:			
Cash - Checking	A-4	\$ 9,584,743.62	\$ 4,917,694.50
Cash - Money Market	A-6		3,488,408.85
Cash - Savings	A-7		20,000.00
Cash - Change Funds	A-8	425.00	425.00
		<u>9,585,168.62</u>	<u>8,426,528.35</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-11	595,811.59	552,810.78
Tax Title Liens Receivable	A-11a	1,122.63	576.96
Property Acquired for Taxes at Assessed Valuation	A-12	267,817.00	267,817.00
Other Accounts Receivable	A-13	8,050.57	8,050.57
Revenue Accounts Receivable	A-14	21,871.24	16,293.99
Interfund Accounts Receivable	A-16	44,288.98	19,828.05
		<u>938,962.01</u>	<u>865,377.35</u>
		<u>10,524,130.63</u>	<u>9,291,905.70</u>
<u>Federal and State Grant Fund</u>			
State Grants Receivable	A-28	2,594.77	7,484.28
Interfunds Receivable	A-29	116,578.75	109,908.41
		<u>119,173.52</u>	<u>117,392.69</u>
		<u>\$ 10,643,304.15</u>	<u>\$ 9,409,298.39</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

A
Sheet # 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Regular Fund</u>			
Appropriation Reserves:			
Committed	A-3, A-17	\$ 876,283.12	\$ 429,664.57
Uncommitted	A-3, A-17	1,326,152.55	1,401,189.54
Due to State of New Jersey, Ch. 129, P.L. 1976	A-10	3,814.33	929.40
Reserve for Maintenance of Free Public Library	A-18	7,681.07	6,940.76
Due to State of New Jersey	A-19	2,417.00	575.00
Tax Overpayments	A-20	115,607.49	111,086.57
Local School District Tax	A-21	3,534,887.75	3,000,000.00
County Taxes Payable	A-22	33,975.67	
Accounts Payable	A-23	59,436.29	46,463.74
Interfunds Payable	A-24	182,354.36	142,431.12
Prepaid Taxes	A-25	321,235.92	250,745.58
Prepaid Revenue	A-26	7,785.00	9,000.53
Sale of Township-Owned Property	A-27	19,248.19	19,248.19
		<u>6,490,878.74</u>	<u>5,418,275.00</u>
Reserve for Receivables		938,962.01	865,377.35
Fund Balance	A-1	<u>3,094,289.88</u>	<u>3,008,253.35</u>
		<u>10,524,130.63</u>	<u>9,291,905.70</u>
<u>Federal and State Grant Fund</u>			
Reserve for State Grants	A-30	111,921.77	114,199.63
Unappropriated Grant Reserves	A-31	7,251.75	3,193.06
		<u>119,173.52</u>	<u>117,392.69</u>
		<u>\$ 10,643,304.15</u>	<u>\$ 9,409,298.39</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015

A-1

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	A-2	\$ 2,822,500.00	\$ 2,828,000.00
Miscellaneous Revenue Anticipated	A-2	4,421,380.94	4,377,101.27
Receipts from Current Taxes	A-2c	61,353,103.46	59,913,803.39
Receipts from Delinquent Taxes	A-2c	553,335.80	542,990.89
Nonbudget Revenue	A-2d	126,900.64	64,006.04
Other Credits to Income:			
Other Accounts Receivable Liquidated			369.89
Unexpended Balance of Appropriation			
Reserves	A-17	1,142,190.17	968,577.00
Prior Year Interfunds Returned	A-16	539.07	5,409.03
Accounts Payable Cancelled			37,462.52
6% Delinquent Penalty	A-14	16,293.99	12,773.66
Tax Overpayments Canceled	A-20	20,343.25	8,289.81
Increase in Deferred School Tax			456,362.25
		<u>70,456,587.32</u>	<u>69,215,145.75</u>
 Budget Appropriations:			
Operations:			
Salaries and Wages		8,058,927.00	7,816,471.00
Other Expenses		8,490,281.02	9,112,207.96
Capital Improvements		25,000.00	25,000.00
Statutory Expenditures and Deferred Charges		1,711,751.00	1,814,542.00
Debt Service		<u>3,260,091.62</u>	<u>2,991,854.46</u>
	A-3	<u>21,546,050.64</u>	<u>21,760,075.42</u>
 Prior Year Senior Citizens' Exemptions Disallowed	A-10	500.00	1,000.00
Interfunds Receivable Established	A-16	25,000.00	19,828.05
Local School District Taxes	A-21	33,837,415.00	32,855,808.00
County Taxes	A-22	<u>12,139,085.15</u>	<u>11,649,914.65</u>
		<u>67,548,050.79</u>	<u>66,286,626.12</u>
 Excess in Revenue		2,908,536.53	2,928,519.63
 <u>Fund Balance</u>			
Balance, Beginning of Year	A	<u>3,008,253.35</u>	<u>2,907,733.72</u>
		5,916,789.88	5,836,253.35
 Decreased by:			
Utilized as Anticipated Revenue	A-2	<u>2,822,500.00</u>	<u>2,828,000.00</u>
 Balance, End of Year	A	<u>\$ 3,094,289.88</u>	<u>\$ 3,008,253.35</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-2

	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>Excess</u>
<u>General Revenue</u>				
Fund Balance Anticipated	A-1	\$ 2,822,500.00	\$ 2,822,500.00	
Miscellaneous Revenue	A-1, A-2a	4,075,595.02	4,421,380.94	\$ 345,785.92
Receipts from Delinquent Taxes	A-1, A-2c	540,000.00	553,335.80	13,335.80
Amount to be Raised by Taxes for Support of Municipal Budget	A-11, A-2c	<u>15,842,770.00</u>	<u>16,766,428.31</u>	<u>923,658.31</u>
Budget Totals	A-3	23,280,865.02	24,563,645.05	1,282,780.03
Nonbudget Revenue	A-1, A-2d		<u>126,900.64</u>	<u>126,900.64</u>
Total Revenue		<u>\$ 23,280,865.02</u>	<u>\$ 24,690,545.69</u>	<u>\$ 1,409,680.67</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
MISCELLANEOUS REVENUE ANTICIPATED
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-2a

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Licenses:				
Alcoholic Beverages	A-14	\$ 9,700.00	\$ 11,730.00	\$ 2,030.00
Other	A-2b	15,000.00	28,151.00	13,151.00
Fees and Permits	A-2b	74,000.00	83,230.73	9,230.73
Fines and Costs:				
Municipal Court	A-14	98,000.00	148,120.83	50,120.83
Interest and Costs on Taxes	A-4	145,000.00	121,954.23	(23,045.77)
Parking Meters	A-14	20,000.00	34,753.25	14,753.25
Recreation Fees	A-14	285,000.00	334,486.00	49,486.00
Payments in Lieu of Taxes:				
Verona Senior Citizens' Associates				
HFA #661	A-14	175,000.00	178,777.86	3,777.86
Children's Institute	A-14	18,000.00	16,785.00	(1,215.00)
Hilltop - I	A-14	350,000.00	383,592.15	33,592.15
Hilltop - II	A-14	275,000.00	460,697.39	185,697.39
Community Center Rental	A-14	60,000.00	61,160.00	1,160.00
Energy Receipts Tax	A-14	1,087,394.00	1,087,394.00	
Consolidated CMPTRA Allocation	A-14	72,228.00	72,228.00	
Uniform Construction Code Fees	A-14	310,000.00	302,146.00	(7,854.00)
Interlocal Agreements - Roseland	A-14	127,293.00	127,293.00	
Clean Communities Program	A-24	28,747.06	28,747.06	
Municipal Alliance on Alcoholism and Drug				
Abuse	A-24	39,000.00	39,000.00	
Library Grant	A-24	5,830.00		(5,830.00)
Body Armor Replacement Fund	A-24	2,905.96	2,905.96	
Medical Transport	A-24	50.00	50.00	
Essex County Sheriff ILEI Project	A-24	27,840.00	27,840.00	
Shaping New Jersey	A-24	5,000.00	5,000.00	
Uniform Fire Safety Act	A-14	8,000.00	16,885.58	8,885.58
Comcast - Franchise Fee	A-14	90,000.00	91,946.76	1,946.76
Verizon - Franchise Fee	A-14	140,000.00	155,223.89	15,223.89
Local Recycling Program	A-14	8,000.00	3,307.30	(4,692.70)
Leaf Bag Sales	A-14	8,707.00	7,738.35	(968.65)
General Capital Surplus	A-14	468,900.00	468,900.00	
Tower Lease	A-14	121,000.00	121,336.60	336.60
	A-2	<u>\$ 4,075,595.02</u>	<u>\$ 4,421,380.94</u>	<u>\$ 345,785.92</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF OTHER LICENSES, OTHER FEES AND PERMITS
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-2b

	<u>Ref.</u>		
Other Licenses:			
Township Clerk	A-14	\$ 9,225.00	
Health Officer	A-14	17,050.00	
Registrar of Vital Statistics	A-14	<u>1,876.00</u>	
	A-2a		<u>\$ 28,151.00</u>
 Township Clerk	A-14	\$ 6,857.55	
Public Works	A-14	16,264.40	
Registrar of Vital Statistics	A-14	4,770.00	
Health Transportation	A-14	16,307.00	
Tax Collector	A-14	10.00	
Parking Permits	A-14	18,160.00	
Police	A-14	4,356.78	
Fire	A-14	14,775.00	
Board of Adjustment	A-14	<u>1,730.00</u>	
	A-2a		<u>\$ 83,230.73</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF REALIZED TAX COLLECTIONS
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-2c

	<u>Ref.</u>		
<u>Receipts from Delinquent Taxes</u>			
Delinquent Tax Collections	A-1, A-11		<u>\$ 553,335.80</u>
<u>Allocation of Current Taxes</u>			
Due from State of New Jersey	A-11	\$ 85,615.07	
2015 Collections	A-11	250,745.58	
2016 Collections	A-11	<u>61,016,742.81</u>	
	A-1		\$ 61,353,103.46
Allocated to:			
Local School District Tax	A-11, A-21	33,837,415.00	
County Taxes	A-11, A-22	<u>12,139,085.15</u>	
			<u>45,976,500.15</u>
			15,376,603.31
Plus: Appropriation for "Reserve for Uncollected Taxes"			
	A-3		<u>1,389,825.00</u>
Amount for Support of Municipal Budget Appropriations			
	A-2		<u>\$ 16,766,428.31</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF REVENUE
ANALYSIS OF NON BUDGET REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-2d

	<u>Ref.</u>	
Miscellaneous Revenue Not Anticipated:		
Interest Earned on Investments	\$	39,394.97
Administrative Fee - Senior Citizens and Veterans		1,779.20
Stale Dated Checks Cancelled		198.06
Maintenance Lien		16,450.00
Solar Energy		6,601.00
Protested Check Fees		664.00
Escrow Fees		820.62
Mailing Rebate		646.80
Duplicate Copies		326.00
Sandy Reimbursement		36,302.50
Public Works		530.00
Other		<u>3,936.00</u>
	A-4	\$ 107,649.15
Interest Earned - Investment Account	A-6	19,151.49
Adjustment		<u>100.00</u>
	A-1, A-2	<u>\$ 126,900.64</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND
 STATEMENT OF EXPENDITURES
 REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-3
Sheet # 1

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages:						
Manager's Office	\$ 89,500.00	\$ 89,500.00	\$ 79,356.27	\$ 132.51	\$ 10,011.22	
Other Expenses	44,950.00	44,950.00	32,848.89	3,389.54	8,711.57	
Elections:						
Other Expenses	27,737.00	27,737.00	9,721.71		18,015.29	
Financial Administration:						
Annual Audit	38,000.00	38,000.00	38,000.00			
Assessment of Taxes:						
Salaries and Wages	150,710.00	150,710.00	146,586.25		4,123.75	
Other Expenses	6,725.00	6,725.00	3,725.76	980.97	2,018.27	
Collection of Taxes:						
Salaries and Wages	317,590.00	317,590.00	309,381.42	8,208.58		
Other Expenses:						
Tax Sale Costs	1,000.00	1,000.00			1,000.00	
Miscellaneous Other Expenses	42,000.00	42,000.00	32,129.36	7,869.47	2,001.17	
Liquidation of Tax Title Liens	2,000.00	2,000.00			2,000.00	
Legal Services and Costs:						
Salaries and Wages	49,211.00	49,211.00	45,019.12	1,200.00	2,991.88	
Other Expenses	239,900.00	239,900.00	164,730.84	9,480.27	65,688.89	
Public Buildings and Grounds:						
Salaries and Wages	494,122.00	494,122.00	461,323.93	508.38	32,289.69	
Other Expenses	195,200.00	195,200.00	143,451.23	27,280.55	24,468.22	
Tree Removal						
Municipal Land Use Law (N.J.S.A. 40:55D-1):						
Planning Board:						
Salaries and Wages	5,000.00	5,000.00	1,498.59		3,501.41	
Other Expenses	5,300.00	5,300.00	3,207.50	89.63	2,002.87	
Board of Adjustment:						
Salaries and Wages	5,000.00	5,000.00	732.00	88.09	4,179.91	
Other Expenses	11,625.00	11,625.00	1,473.23		10,151.77	

TOWNSHIP OF VERONA
CURRENT FUND
 STATEMENT OF EXPENDITURES
 REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-3
 Sheet # 2

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Rent Leveling Board:						
Salaries and Wages	\$ 500.00	\$ 500.00			\$ 500.00	
Other Expenses	500.00	500.00	\$ 376.43		123.57	
Shade Trees:						
Other Expenses	100,000.00	115,000.00	92,902.27	\$ 16,550.00	5,547.73	
Municipal Court:						
Salaries and Wages	197,507.00	197,507.00	174,011.01		23,495.99	
Other Expenses	17,650.00	17,650.00	9,577.77	125.00	7,947.23	
Insurance (N.J.S.A. 40a:4-45(00) P.L. 2003, C92 S-906)						
General Liability	390,000.00	390,000.00	390,000.00			
Dental	130,000.00	130,000.00	84,806.30		45,193.70	
Health Waivers	50,000.00	50,000.00	31,810.51		3,189.49	\$ 15,000.00
Employee Group Health	2,330,000.00	2,330,000.00	2,158,826.30	77,262.33	93,911.37	
	<u>5,064,327.00</u>	<u>5,079,327.00</u>	<u>4,522,253.31</u>	<u>153,165.32</u>	<u>388,908.37</u>	<u>15,000.00</u>
<u>PUBLIC SAFETY</u>						
Fire:						
Other Expenses:						
Miscellaneous Other Expenses	140,000.00	145,500.00	131,719.06	10,419.26	3,361.68	
Fire Prevention:						
Salaries and Wages	52,000.00	47,000.00	36,179.09	4,198.00	6,622.91	
Other Expenses	2,300.00	7,300.00	4,655.15	1,581.98	1,062.87	
Police:						
Salaries and Wages	4,137,524.00	4,137,524.00	3,745,567.87	26,724.15	235,231.98	130,000.00
Other Expenses	293,300.00	293,300.00	206,906.27	60,821.62	25,572.11	
Communications	155,210.00	155,210.00	142,074.64	3,699.96	9,435.40	
Other Expense Control						
Parking Meter Maintenance:						
Other Expenses	3,500.00	3,500.00	774.53	15.00	2,710.47	
Purchase Police Vehicle						
Rescue Squad:						
Other Expenses	55,000.00	55,000.00	50,000.00		5,000.00	
Police Dispatchers:						
Salaries and Wages	284,456.00	284,456.00	228,818.89	3,802.42	21,834.69	30,000.00

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-3
Sheet # 3

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>PUBLIC SAFETY</u>						
Emergency Management Services:						
Other Expenses	\$ 5,000.00	\$ 5,000.00		\$ 5,000.00		
Road Repairs and Maintenance:						
Salaries and Wages	932,178.00	932,178.00	\$ 823,760.40	29,209.50	\$ 79,208.10	
Other Expenses	427,250.00	412,250.00	306,142.05	88,830.94	17,277.01	
Street Lighting	220,000.00	220,000.00	178,883.81	31,116.19	10,000.00	
	<u>6,707,718.00</u>	<u>6,698,218.00</u>	<u>5,855,481.76</u>	<u>265,419.02</u>	<u>417,317.22</u>	<u>\$ 160,000.00</u>
<u>HEALTH AND WELFARE</u>						
Board of Health - Local Health Agency:						
Board of Health:						
Salaries and Wages	120,508.00	120,508.00	112,345.22	474.00	7,688.78	
Other Expenses	90,200.00	90,200.00	83,050.65	147.00	7,002.35	
Dog Regulation:						
Other Expenses	10,000.00	10,000.00	5,200.00		4,800.00	
Administration of Public Assistance:						
Salaries and Wages	3,000.00	3,000.00	3,000.00			
Other Expenses	100.00	100.00			100.00	
	<u>223,808.00</u>	<u>223,808.00</u>	<u>203,595.87</u>	<u>621.00</u>	<u>19,591.13</u>	
<u>RECREATION AND EDUCATION</u>						
Recreation:						
Salaries and Wages	672,443.00	672,443.00	659,655.25	5,325.16	7,462.59	
Rental of School Facilities	10,000.00	10,000.00	10,000.00			
Other Expenses	177,350.00	177,350.00	149,634.50	6,352.13	21,363.37	
Field Maintenance	35,000.00	35,000.00	27,418.78	4,815.37	2,765.85	
Celebration of Public Event, Anniversary or Holiday:						
Other Expenses	96,000.00	96,000.00	72,490.58	18,076.33	5,433.09	
Contribution to Senior Citizens' Center (N.J.S.A. 40:48-9.4):						
Salaries and Wages	22,000.00	22,000.00	18,309.40	1,095.00	2,595.60	
Other Expenses	10,000.00	10,000.00	4,751.24	5,037.08	211.68	
	<u>1,022,793.00</u>	<u>1,022,793.00</u>	<u>942,259.75</u>	<u>40,701.07</u>	<u>39,832.18</u>	

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-3
Sheet # 4

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>MISCELLANEOUS AND OTHER</u>						
Mandatory Recycling:						
Salaries and Wages	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00			
Other Expenses	357,640.00	357,640.00	260,014.93	\$ 62,527.75	\$ 35,097.32	
Single Audit Act of 1984:						
Financial Administration:						
Other Expenses	7,500.00	7,500.00	4,500.00	3,000.00		
Garbage and Trash Removal - Contractual	1,283,077.00	1,283,077.00	926,845.17	248,848.08	107,383.75	
Commercial Revitalization:						
Other Expenses	5,000.00	5,000.00			5,000.00	
	<u>1,661,217.00</u>	<u>1,661,217.00</u>	<u>1,199,360.10</u>	<u>314,375.83</u>	<u>147,481.07</u>	
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</u>						
<u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
State Uniform Construction Code:						
Construction Official (Chief Administrator of Enforcement Agency):						
Salaries and Wages	372,078.00	372,078.00	359,327.48	480.00	12,270.52	
Other Expenses	18,925.00	18,925.00	18,693.04	110.00	121.96	
	<u>391,003.00</u>	<u>391,003.00</u>	<u>378,020.52</u>	<u>590.00</u>	<u>12,392.48</u>	

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-3
Sheet # 5

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>UNCLASSIFIED</u>						
Utilities:						
Electricity	\$ 200,000.00	\$ 200,000.00	\$ 155,543.89	\$ 35,881.36	\$ 8,574.75	
Gasoline	130,000.00	124,500.00	54,506.76	13,793.47	56,199.77	
Telephone and Telegraph	70,000.00	70,000.00	69,473.20	300.50	226.30	
Salary and Wage Adjustment	20,000.00	20,000.00			20,000.00	
Purchase Police Vehicle	50,000.00	50,000.00	24,976.00	24,976.00	48.00	
Compensated Absences Liability	50,000.00	50,000.00	50,000.00			
	520,000.00	514,500.00	354,499.85	74,951.33	85,048.82	
<u>CONTINGENT</u>	25,000.00	25,000.00	5,735.36	4,100.00	15,164.64	
Total Operations Within "CAPS"	15,615,866.00	15,615,866.00	13,461,206.52	853,923.57	1,125,735.91	\$ 175,000.00
Detail:						
Salaries and Wages	8,063,927.00	8,058,927.00	7,328,005.24	81,445.79	489,475.97	
Other Expenses	7,551,939.00	7,556,939.00	6,133,201.28	772,477.78	636,259.94	\$ 175,000.00
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
Deferred Charges:						
Contributions to:						
Public Employees' Retirement System	514,500.00	514,500.00	514,500.00			
Social Security System (OASI)	410,000.00	410,000.00	347,904.54	8,030.12	29,065.34	25,000.00
Police and Firemen's Retirement System of N.J.	797,251.00	797,251.00	797,251.00			
Defined Contribution Retirement Plan	15,000.00	15,000.00	4,844.68		10,155.32	
Total Deferred Charges and Statutory Expenditures	1,736,751.00	1,736,751.00	1,664,500.22	8,030.12	39,220.66	25,000.00
Total Appropriations Within "CAPS"	17,352,617.00	17,352,617.00	15,125,706.74	861,953.69	1,164,956.57	200,000.00

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-3
Sheet # 6

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>OTHER OPERATIONS</u>						
Maintenance of Free Public Library	\$ 869,992.00	\$ 869,992.00	\$ 644,887.07	\$ 10,329.43	\$ 109,775.50	\$ 105,000.00
Length of Service Award Program - LOSAP	40,000.00	40,000.00	40,000.00			
Recycling - State Tax	12,764.00	12,764.00			12,764.00	
Reserve for Tax Appeals	50,000.00	50,000.00	50,000.00			
	<u>972,756.00</u>	<u>972,756.00</u>	<u>734,887.07</u>	<u>10,329.43</u>	<u>122,539.50</u>	<u>105,000.00</u>
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>						
Roseland:						
Construction Code Official	110,653.00	110,653.00	68,956.52	3,040.00	38,656.48	
Fire Sub-Code Official	16,640.00	16,640.00	15,680.00	960.00		
	<u>127,293.00</u>	<u>127,293.00</u>	<u>84,636.52</u>	<u>4,000.00</u>	<u>38,656.48</u>	
<u>STATE AND FEDERAL PROGRAMS</u>						
<u>OFFSET BY REVENUES</u>						
Clean Communities - Ch. 187, P.L. 1986	28,747.06	28,747.06	28,747.06			
Municipal Alliance Committee Fund - Grant Award	48,750.00	48,750.00	48,750.00			
New Jersey Shaping Help Grant	5,000.00	5,000.00	5,000.00			
Essex County Sheriff ILEI Project	27,840.00	27,840.00	27,840.00			
Library Grant	5,830.00	5,830.00				5,830.00
Body Armor Replacement Fund	2,905.96	2,905.96	2,905.96			
Medical Transport Grant	50.00	50.00	50.00			
	<u>119,123.02</u>	<u>119,123.02</u>	<u>113,293.02</u>			<u>5,830.00</u>
Total Operations Excluded from "CAPS"	<u>1,219,172.02</u>	<u>1,219,172.02</u>	<u>932,816.61</u>	<u>14,329.43</u>	<u>161,195.98</u>	<u>110,830.00</u>
Detail:						
Salaries and Wages						
Other Expenses	<u>1,219,172.02</u>	<u>1,219,172.02</u>	<u>932,816.61</u>	<u>14,329.43</u>	<u>161,195.98</u>	<u>110,830.00</u>
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00			

TOWNSHIP OF VERONA
CURRENT FUND

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

A-3
Sheet #7

Appropriation	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Modified Budget	Paid or Charged	Encumbered	Reserved	
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
<u>DEBT SERVICE</u>						
Payment of Bond Principal	\$ 2,300,000.00	\$ 2,300,000.00	\$ 2,300,000.00			
Legal Installments	86,400.00	86,400.00	86,400.00			
Interest on Bonds	597,813.00	597,813.00	564,175.46			\$ 33,637.54
Interest on Notes	187,848.00	187,848.00	187,326.19			521.81
Loan Repayments for Principal and Interest	122,190.00	122,190.00	122,189.97			0.03
	<u>3,294,251.00</u>	<u>3,294,251.00</u>	<u>3,260,091.62</u>			<u>34,159.38</u>
<u>DEFERRED CHARGES</u>						
Emergency Authorizations						
Total Appropriations Excluded from "CAPS"	<u>4,538,423.02</u>	<u>4,538,423.02</u>	<u>4,217,908.23</u>	<u>\$ 14,329.43</u>	<u>\$ 161,195.98</u>	<u>144,989.38</u>
Sub-Total	21,891,040.02	21,891,040.02	19,343,614.97	876,283.12	1,326,152.55	344,989.38
Reserve for Uncollected Taxes	<u>1,389,825.00</u>	<u>1,389,825.00</u>	<u>1,389,825.00</u>			
Total General Appropriations	<u>\$ 23,280,865.02</u>	<u>\$ 23,280,865.02</u>	<u>\$ 20,733,439.97</u>	<u>\$ 876,283.12</u>	<u>\$ 1,326,152.55</u>	<u>\$ 344,989.38</u>
	A-2	Below	Below	A	A	Below
	<u>Ref.</u>					
Adopted Budget	Above	\$ 23,280,865.02				
Reserve for Uncollected Taxes	A-2c	(1,389,825.00)	\$ 1,389,825.00			
Cash Expenditures	A-5		19,108,880.99			
Petty Cash Reimbursements	A-9		290.96			
Interfunds Payable	A-24		121,150.00			
Reserve for State Grants	A-24		113,293.02			
Canceled	Above	(344,989.38)				
		<u>\$ 21,546,050.64</u>	<u>\$ 20,733,439.97</u>			
	<u>Ref.</u>	A-1	Above			

TOWNSHIP OF VERONA
TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

B

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Animal Control Trust Fund</u>			
Cash - Checking	B-2	\$ 98.54	\$ 16,577.39
<u>Trust Other Fund</u>			
Cash - Checking	B-2	2,476,198.14	808,250.27
Cash - Investments	B-3		1,412,167.91
Due from Essex County	B-4	365,778.00	442,214.00
		<u>2,841,976.14</u>	<u>2,662,632.18</u>
<u>Special Health Fund</u>			
Cash - Checking	B-2	11,410.43	11,410.43
<u>LOSAP (unaudited)</u>			
LOSAP Invesments	B	452,265.27	405,989.48
		<u>\$ 3,305,750.38</u>	<u>\$ 3,096,609.48</u>

LIABILITIES, RESERVES AND FUND BALANCE

<u>Animal Control Trust Fund</u>			
Reserve for Expenditures	B-9	\$ 98.54	\$ 16,577.39
<u>Trust Other Fund</u>			
Interfunds Payable	B-5	510,985.89	518,786.96
Special Deposits	B-6	1,749,200.46	1,605,468.63
Unemployment Compensation Insurance Fund	B-7	398,287.76	392,846.43
Reserve for Community Development Block Grant	B-8	1.00	1.00
Escrow Deposits	B-10	183,500.65	145,528.78
Fund Balance	B-1	0.38	0.38
		<u>2,841,976.14</u>	<u>2,662,632.18</u>
<u>Special Health Fund</u>			
Reserve for Health Clinic	B-11	11,410.43	11,410.43
<u>LOSAP (unaudited)</u>			
Reserve for LOSAP		452,265.27	405,989.48
		<u>\$ 3,305,750.38</u>	<u>\$ 3,096,609.48</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
TRUST FUND

STATEMENT OF FUND BALANCE
GENERAL TRUST FUND
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

B-1

	<u>Ref.</u>	
Balance, December 31, 2015	B	<u>\$ 0.38</u>
Balance, December 31, 2016	B	<u><u>\$ 0.38</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	C-2	\$ 6,255,268.97	\$ 402,220.85
Investment Account	C-3		7,495,800.00
	C-4	<u>6,255,268.97</u>	<u>7,898,020.85</u>
Due from State of New Jersey:			
Grants and Aid	C-5	246,199.60	200,000.00
Due from Current Fund	C-6	94,093.93	89,267.62
Due from General Trust Fund	C-7	434,952.00	326,214.00
Deferred Charges to Future Taxation:			
Funded	C-8	17,877,067.08	20,218,748.06
Unfunded	C-9	<u>13,855,599.60</u>	<u>11,978,300.00</u>
		<u>\$ 38,763,181.18</u>	<u>\$ 40,710,550.53</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds	C-19	\$ 16,725,000.00	\$ 18,969,000.00
Bond Anticipation Notes	C-17	11,186,500.00	9,392,400.00
Green Acres Loan Payable	C-18	1,152,067.08	1,249,748.06
Capital Improvement Fund	C-10	405,231.65	560,231.65
Reserve for:			
Debt Service	C-11	1,131.81	1,131.81
Future Improvements	C-12	500,050.00	500,050.00
State Grants and Aid Receivable	C-13	246,199.60	200,000.00
Community Development Block Grants	C-14	218,952.00	110,214.00
Refunding Bond Sale Costs	C-15	17,578.32	
Improvement Authorizations:			
Funded	C-16	2,331,491.33	2,562,659.04
Unfunded	C-16	5,256,229.81	6,111,726.56
Fund Balance	C-1	<u>722,749.58</u>	<u>1,053,389.41</u>
		<u>\$ 38,763,181.18</u>	<u>\$ 40,710,550.53</u>
Bonds and Notes Authorized but Not Issued	C-20	<u>\$ 2,669,099.60</u>	<u>\$ 2,585,900.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

C-1

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 1,053,389.41
Increased by:		
Cash Receipts:		
Premium on Bond Anticipation Notes Issued	C-2	<u>138,260.17</u> 1,191,649.58
Decreased by:		
Amount Utilized in Current Fund Budget	C-2	<u>468,900.00</u>
Balance, December 31, 2016	C	<u><u>\$ 722,749.58</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

D
Sheet # 1

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Operating Fund</u>			
Cash - Checking	D-5	\$ 1,486,871.02	\$ 1,107,199.86
Cash - Investment Account	D-6	690,000.00	686,618.51
		<u>2,176,871.02</u>	<u>1,793,818.37</u>
Change Fund		130.00	130.00
		<u>2,177,001.02</u>	<u>1,793,948.37</u>
Receivables and Inventory with Full Reserves:			
Water/Sewer Rents Receivable	D-9	425,679.01	520,194.42
Inventory - Materials and Supplies	D-10		195,735.61
		<u>425,679.01</u>	<u>715,930.03</u>
		<u>2,602,680.03</u>	<u>2,509,878.40</u>
<u>Capital Fund</u>			
Cash - Checking	D-5	744,931.54	80,003.82
Cash - Investment Account	D-6	2,572,500.00	3,072,500.00
	D-7	<u>3,317,431.54</u>	<u>3,152,503.82</u>
Interfunds Receivable	D-8	10,000.00	181,000.00
Fixed Capital	D-11	43,917,378.10	43,801,378.10
Fixed Capital Authorized and Uncompleted	D-12	4,207,321.21	3,623,321.69
		<u>51,452,130.85</u>	<u>50,758,203.61</u>
		<u>\$ 54,054,810.88</u>	<u>\$ 53,268,082.01</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

D
Sheet # 2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves:			
Committed	D-4, D-13	\$ 425,780.82	\$ 421,430.33
Uncommitted	D-4, D-13	526,704.05	502,744.69
Interfunds Payable	D-8	10,000.00	65,000.00
Accrued Interest on Notes	D-14	11,968.67	3,848.89
Accrued Interest on Bonds	D-15	37,815.24	42,072.54
Accrued Interest on Loans	D-16	14,986.98	16,570.32
Water/Sewer Overpayments	D-17	98,479.29	5,874.05
		<u>1,125,735.05</u>	<u>1,057,540.82</u>
Reserve for Receivables		425,679.01	715,930.03
Fund Balance	D-1	<u>1,051,265.97</u>	<u>736,407.55</u>
		<u>2,602,680.03</u>	<u>2,509,878.40</u>
<u>Capital Fund</u>			
Serial Bonds	D-24	4,378,000.00	4,961,000.00
Environmental Infrastructure Loans Payable	D-23	1,320,232.31	1,486,436.74
Bond Anticipation Notes	D-22	1,505,000.00	433,000.00
Capital Improvement Fund	D-18	289,800.00	289,800.00
Reserve for:			
Amortization	D-19	39,973,167.00	39,095,463.05
Deferred Amortization	D-20	189,300.00	305,300.00
Improvement Authorizations:			
Funded	D-21	2,192,729.39	2,311,146.00
Unfunded	D-21	1,506,953.15	1,312,175.69
Fund Balance	D-2	<u>96,949.00</u>	<u>563,882.13</u>
		<u>51,452,130.85</u>	<u>50,758,203.61</u>
		<u>\$ 54,054,810.88</u>	<u>\$ 53,268,082.01</u>
Bonds and Notes Authorized but Not Issued	D-25	<u>\$ 759,000.00</u>	<u>\$ 1,143,500.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - OPERATING FUND
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015

D-1

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	D-3	\$ 700,000.00	\$ 1,110,000.00
Water/Sewer Rents	D-3	5,323,095.41	4,969,921.39
Miscellaneous	D-3	41,686.20	97,060.43
Interest on Investments	D-5	17,008.59	
Capital Surplus	D-3	485,427.00	100,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves	D-13	538,932.03	437,408.88
		<u>7,106,149.23</u>	<u>6,714,390.70</u>
<u>Expenditures</u>			
Operating	D-4	4,772,408.00	4,908,342.00
Capital Improvements			55,000.00
Debt Service	D-4	962,927.81	973,926.10
Deferred Charges and Statutory			
Expenditures	D-4	355,955.00	150,955.00
		<u>6,091,290.81</u>	<u>6,088,223.10</u>
Excess in Revenue		1,014,858.42	626,167.60
<u>Fund Balance</u>			
Balance, Beginning of Year	D	736,407.55	1,220,239.95
		<u>1,751,265.97</u>	<u>1,846,407.55</u>
Decreased by:			
Amount Utilized in Operating Budget	D-3	700,000.00	1,110,000.00
Balance, End of Year	D	<u>\$ 1,051,265.97</u>	<u>\$ 736,407.55</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

D-2

	<u>Ref.</u>	
Balance, December 31, 2015	D	\$ 563,882.13
Increased by:		
Premium on Sale of Notes	D-5	<u>18,493.87</u>
		582,376.00
Decreased by:		
Amount Anticipated in Operating Budget	D-5	<u>485,427.00</u>
Balance, December 31, 2016	D	<u><u>\$ 96,949.00</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

D-3

<u>Revenue</u>	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance Anticipated	D-1	\$ 700,000.00	\$ 700,000.00	
Rents	D-1, D-9	4,965,000.00	5,323,095.41	\$ 358,095.41
Water/Sewer Capital Surplus	D-1, D-5	485,427.00	485,427.00	
Miscellaneous	D-1, D-5,6	95,000.00	41,686.20	(53,313.80)
	D-4	<u>\$ 6,245,427.00</u>	<u>\$ 6,550,208.61</u>	<u>\$ 304,781.61</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2016

D-4

<u>Appropriations</u>	<u>Budget</u>	<u>Modified Budget</u>	<u>Expended</u>			<u>Unexpended Balance Canceled</u>
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>Operating</u>						
Salaries and Wages	\$ 1,783,658.00	\$ 1,783,658.00	\$ 1,521,131.47	\$ 14,094.40	\$ 163,432.13	\$ 85,000.00
Other Expenses	3,123,750.00	3,123,750.00	2,328,791.66	411,686.42	333,271.92	50,000.00
<u>Debt Service</u>						
Payment of Bond Principal	590,000.00	590,000.00	590,000.00			
Payment of Bond Anticipation Notes	12,500.00	12,500.00	12,500.00			
Interest on Bonds	153,150.00	153,150.00	149,341.94			3,808.06
Interest on Notes	19,145.00	19,145.00	16,755.73			2,389.27
State of New Jersey:						
Loan Principal	166,500.00	166,500.00	166,203.95			296.05
Loan Interest	40,769.00	40,769.00	28,126.19			12,642.81
<u>Statutory Expenditures</u>						
Contribution to:						
Public Employees' Retirement System	175,000.00	175,000.00	175,000.00			
Social Security System (OASI)	150,955.00	150,955.00	150,955.00			
Unemployment Compensation Insurance	30,000.00	30,000.00			30,000.00	
Total Water/Sewer Utility Appropriations	<u>\$ 6,245,427.00</u>	<u>\$ 6,245,427.00</u>	<u>\$ 5,138,805.94</u>	<u>\$ 425,780.82</u>	<u>\$ 526,704.05</u>	<u>\$ 154,136.19</u>

Ref.

D-3

Below

D

D

Below

Ref.

Adopted Budget
Cash Disbursed
Accrued Interest on Notes
Accrued Interest on Bonds
Accrued Interest on Loans
Canceled

D-3
D-5
D-14
D-15
D-16
Above

\$ 6,245,427.00

\$ 4,944,582.08
16,755.73
149,341.94
28,126.19

(154,136.19)

\$ 6,091,290.81

\$ 5,138,805.94

Ref.

D-1

Above

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

E

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Operating Fund</u>			
Cash - Checking Accounts	E-5	\$ 453,352.85	\$ 125,845.59
Cash - New Jersey Cash Management Fund			285,900.00
		<u>453,352.85</u>	<u>411,745.59</u>
<u>Capital Fund</u>			
Cash - Checking Account	E-5	425,492.39	58,425.71
Cash - New Jersey Cash Management Fund	E-6		297,678.00
	E-7	<u>425,492.39</u>	<u>356,103.71</u>
Interfunds Receivable	E-10	6,000.00	36,000.00
Fixed Capital	E-9	4,532,626.18	4,532,626.18
Fixed Capital Authorized and Uncompleted	E-11	<u>347,165.09</u>	<u>317,165.09</u>
		<u>5,311,283.66</u>	<u>5,241,894.98</u>
		<u>\$ 5,764,636.51</u>	<u>\$ 5,653,640.57</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves:			
Encumbered	E-4, E-12	\$ 15,788.66	\$ 20,057.65
Uncommitted	E-4, E-12	209,857.23	100,433.30
Accrued Interest on Bonds	E-13	16,191.17	17,502.63
Interfunds Payable	E-17	6,000.00	36,000.00
Accrued Interest on Notes	E-14	<u>1,467.72</u>	<u>1,289.67</u>
		<u>249,304.78</u>	<u>175,283.25</u>
Fund Balance	E-1	<u>204,048.07</u>	<u>236,462.34</u>
		<u>453,352.85</u>	<u>411,745.59</u>
<u>Capital Fund</u>			
Serial Bonds	E-21	1,328,000.00	1,473,000.00
Bond Anticipation Notes	E-20	171,000.00	146,000.00
Capital Improvement Fund	E-15	236,925.00	221,925.00
Reserve for Amortization	E-16	3,276,341.27	3,115,341.27
Deferred Reserve for Amortization	E-18	40,750.00	46,750.00
Improvement Authorizations:			
Funded	E-19	59,278.81	60,198.81
Unfunded	E-19	192,869.04	174,673.04
Fund Balance	E-2	<u>6,119.54</u>	<u>4,006.86</u>
		<u>5,311,283.66</u>	<u>5,241,894.98</u>
		<u>\$ 5,764,636.51</u>	<u>\$ 5,653,640.57</u>
Bonds and Notes Authorized but Not Issued	E-22	<u>\$ 63,700.00</u>	<u>\$ 68,700.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015

E-1

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	E-3	\$ 200,000.00	\$ 215,467.00
Membership Fees	E-3	473,697.00	452,135.00
Miscellaneous	E-3	104,140.49	73,402.07
Other Credits to Income			10,000.00
Appropriation Reserves	E-12	112,596.01	105,717.78
		<u>890,433.50</u>	<u>856,721.85</u>
<u>Expenditures</u>			
Operating	E-4	481,700.00	438,765.00
Capital Improvements	E-4	15,000.00	30,000.00
Capital Outlay	E-4	5,000.00	5,000.00
Debt Service	E-4	200,147.77	200,588.89
Statutory Expenditures and Deferred Charges	E-4	21,000.00	25,233.00
		<u>722,847.77</u>	<u>699,586.89</u>
Excess in Revenue		167,585.73	157,134.96
<u>Fund Balance</u>			
Balance, Beginning of Year	E	236,462.34	294,794.38
		<u>404,048.07</u>	<u>451,929.34</u>
Decreased by:			
Amount Utilized in Operating Budget	Above	<u>200,000.00</u>	<u>215,467.00</u>
Balance, End of Year	E	<u>\$ 204,048.07</u>	<u>\$ 236,462.34</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

E-2

	<u>Ref.</u>	
Balance, December 31, 2015	E	\$ 4,006.86
Increased by:		
Premium on Sale of Notes	E-5	<u>2,112.68</u>
Balance, December 31, 2016	E	<u><u>\$ 6,119.54</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

STATEMENT OF REVENUE
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

E-3

	<u>Ref.</u>	<u>Budget Revenue</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	E-1	\$ 200,000.00	\$ 200,000.00	
Membership Fees	E-1, E-5	452,000.00	473,697.00	\$ 21,697.00
Miscellaneous	E-1, E-5	73,400.00	104,140.49	30,740.49
	E-4	<u>\$ 725,400.00</u>	<u>\$ 777,837.49</u>	<u>\$ 52,437.49</u>
 <u>Analysis of Miscellaneous:</u>				
Pool Party			\$ 8,350.00	
Caldwell Swim Team Rental			5,700.00	
Interest Revenue - Treasurer			9,937.66	
Snack Stand Vendor			15,000.00	
Guest Passes			42,366.00	
Gazebo Rental			4,600.00	
Swim Lesson			13,510.00	
	E-5		<u>99,463.66</u>	
Interest Revenue - CMF			<u>4,676.83</u>	
	Above		<u>\$104,140.49</u>	

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

STATEMENT OF EXPENDITURES
REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	Budget	Modified Budget	Expended			Unexpended Balance Canceled
			Paid or Charged	Encumbered	Reserved	
<u>Appropriations</u>						
<u>Operating</u>						
Salaries and Wages	\$ 260,000.00	\$ 260,000.00	\$ 162,005.29		\$ 97,994.71	
Other Expenses	221,700.00	221,700.00	119,408.32	\$ 15,788.66	86,503.02	
<u>Capital Improvements</u>						
Capital Improvement Fund	15,000.00	15,000.00	15,000.00			
Capital Outlay	5,000.00	5,000.00			5,000.00	
<u>Debt Service</u>						
Payment of Bond Principal	145,000.00	145,000.00	145,000.00			
Payment of Bond Anticipation Notes	10,000.00	10,000.00	10,000.00			
Interest on Bonds	44,200.00	44,200.00	42,057.83			\$ 2,142.17
Interest on Notes	3,500.00	3,500.00	3,089.94			410.06
<u>Statutory Expenditures</u>						
Contribution to:						
Social Security System (OASI)	20,000.00	20,000.00			20,000.00	
Insurance (N.J.S.A. 43:54-3 et seq):	1,000.00	1,000.00	640.50		359.50	
Total Appropriations	<u>\$ 725,400.00</u>	<u>\$ 725,400.00</u>	<u>\$ 497,201.88</u>	<u>\$ 15,788.66</u>	<u>\$ 209,857.23</u>	<u>\$ 2,552.23</u>
<u>Ref.</u>	E-3	Below	Below	E	E	Below
<u>Ref.</u>						
Budget Appropriation Canceled	E-3	\$ 725,400.00				
Cash Disbursed	Above	(2,552.23)				
Accrued Interest on Bonds	E-5		\$ 452,054.11			
Accrued Interest on Notes	E-13		42,057.83			
	E-14		3,089.94			
		<u>\$ 722,847.77</u>	<u>\$ 497,201.88</u>			
<u>Ref.</u>	E-1		Above			

TOWNSHIP OF VERONA
PUBLIC ASSISTANCE TRUST FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

F

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash - Checking	F-1	<u>\$ 2,945.65</u>	<u>\$ 2,937.60</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Reserves for Expenditures	F-2	<u>\$ 2,945.65</u>	<u>\$ 2,937.60</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
FREE PUBLIC LIBRARY

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

G

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash - Fees Account	G-2	\$ 49,803.28	\$ 52,155.83
Cash - Memorial Account	G-2	<u>138,767.76</u>	<u>138,401.62</u>
		<u>\$ 188,571.04</u>	<u>\$ 190,557.45</u>
 <u>FUND BALANCE</u>			
Fund Balances:			
Fees Account	G-1	\$ 49,803.28	\$ 52,155.83
Memorial Account	G-1	<u>138,767.76</u>	<u>138,401.62</u>
		<u>\$ 188,571.04</u>	<u>\$ 190,557.45</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
PAYROLL FUND

COMPARATIVE BALANCE SHEETS
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

H

<u>ASSETS</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash - Checking Account	H-1	\$ 427.98	\$ 3,013.84
Due from Current Fund	H-1	<u>3,426.49</u>	<u> </u>
		<u>\$ 3,854.47</u>	<u>\$ 3,013.84</u>
 <u>LIABILITIES AND RESERVES</u>			
Accounts Payable	H-1		\$ 26.88
Payroll Taxes and Deductions Payable	H-1	<u>\$ 3,854.47</u>	<u>2,986.96</u>
		<u>\$ 3,854.47</u>	<u>\$ 3,013.84</u>

See accompanying notes to financial statements.

TOWNSHIP OF VERONA
GENERAL FIXED ASSET ACCOUNT GROUP

COMPARATIVE BALANCE SHEET
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

!

<u>FIXED ASSETS</u>	<u>2016</u>	<u>2015</u>
Land, Buildings, and Site Improvements	\$ 36,240,900.00	\$ 39,156,610.94
Fixed and Moveable Equipment	<u>9,804,535.00</u>	<u>9,973,018.19</u>
	<u>\$ 46,045,435.00</u>	<u>\$ 49,129,629.13</u>
<u>RESERVE</u>		
Investment in General Fixed Assets	<u>\$ 46,045,435.00</u>	<u>\$ 49,129,629.13</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. REPORTING ENTITY

The Township of Verona, Essex County, New Jersey (the "Township") is organized as a Council-Manager municipality under the provisions of N.J.S.A. 40:69A-81 et seq. The Township is governed by an elected Council and by an appointed Municipal Manager, and by such other officers and employees as may be duly appointed. The Council shall consist of five members elected at large by voters of the municipality and shall serve for a term of four years beginning on the first day of July next following their election and that the Mayor shall be elected by the members of the Council.

Each member of the Council carries a legislative vote.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the Township include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by the provisions of N.J.S.A. 40A:5-5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting policies of the Township conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), which is another reporting framework other than accounting principles generally accepted in the United States of America ("GAAP"). Such principles and practices 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. Under this method of accounting, the Township accounts for its financial transactions through the separate funds, which differ from the fund structure in accordance with GAAP.

The Governmental Accounting Standards Board and subsequent Codification (collectively, "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with GAAP.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by the provisions of N.J.S.A. 40A:5-5.

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Township has the following funds and account groups:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Trust Fund, General Trust Fund, LOSAP and Special Health Trust Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Utilities Funds - Water and Sewer and Swimming Pool Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity. The Water and Sewer Utilities were consolidated into one fund beginning with calendar year 1996. Budget appropriations are combined, but separate records are maintained for rents receivable and capital activity.

Free Public Library (the "Library") - Budget Appropriations and State Aid are transferred to the Free Public Library bank account and are expended with the approval of the Library for its purposes. Interest on investments, Library fines and other revenue are retained by the Library and expended therefrom.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Township which are not covered under the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund.

Payroll Fund - Net salaries, payroll deductions and social security contributions of municipal and utility operations are deposited into the bank account of the Payroll Fund. A Payroll Fund does not exist under GAAP.

General Fixed Asset Account Group - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Township as discussed under the caption of "Basis of Accounting".

Basis of Accounting

The Township follows the regulatory basis of accounting. Under this method of accounting, revenues, except for Federal and State Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from US GAAP applicable to local government units.

The more significant differences are as follows:

Property Taxes and Other Revenue

Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The School levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30 of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Township also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the 11th month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Township may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. US GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Grant Revenue

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township budget. GAAP requires such revenue to be recognized in the accounting period when they become subject to accrual.

Expenditures

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances

As of January 1, 1986, all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31st are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriation Reserves

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 additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes

Property acquired for taxes ("Foreclosed Property") is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the capital fixed assets at market value on the date of acquisition.

Interfunds Receivable/Payable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

The cost of inventories for all funds are recorded as expenditures at the time individual items are purchased.

Capital Fixed Assets

General:

In accordance with the Administrative Code, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Township has developed a fixed asset accounting and reporting system.

Fixed assets used in governmental operations (capital fixed assets) are accounted for in the Capital Fixed Assets. Public domain ("infrastructure") capital fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems, are not capitalized.

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record. Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Township.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Utilities:

Capital acquisitions, including utility infrastructure costs of the Water and Sewer and Swimming Pool Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the Utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility, but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift, as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are as recorded in the records of the Township and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only.

Basic Financial Statements

The GASB also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements, which are required by the Division and differ from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

Recent Pronouncements

The GASB issued Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in June 2015. This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. Management has not yet determined the impact of the Statement on the financial statements.

The GASB issued Statement 77, Tax Abatement Disclosures in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. The Township has implemented this standard in the current year. The detail is reflected in footnote 18.

Use of Estimates

The preparation of financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. DEPOSITS AND INVESTMENTS

Deposits

New Jersey Statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation ("FDIC") or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund (the "Fund").

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based on GASB criteria, the Township considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts, short-term investments and cash management money market mutual funds. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

In addition, by regulation of the Division, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey (GUDPA), public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or;

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

Cash and cash equivalents have original maturities of three months or less from the date of purchase. Investments are stated at cost, which approximates fair value.

At December 31, 2016 and 2015, the book values of the deposits of the Township consisted of the following:

	Book Balance	
	December 31,	December 31,
	2016	2015
Cash (Demand Accounts)	\$24,892,812.17	\$23,945,183.10
Change Funds (On-Hand)	425.00	400.00
	<u>\$24,893,237.17</u>	<u>\$23,945,583.10</u>

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The government does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute and to deposit all of its funds in banks covered by FDIC and GUDPA. At least five percent of the Township's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Township. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

At December 31, 2016 and 2015 the Township had the following depository accounts. All deposits are carried at cost. \$96,576.82 and \$0 held in agency and payroll accounts for the years ended December 31, 2016 and 2015, respectively, are not covered by GUDPA.

	Bank Balance	
	December 31, 2016	December 31, 2015
<u>Depository Account</u>		
FDIC Insured	\$ 938,571.04	\$ 770,000.00
GUPDA Insured	25,681,435.43	\$23,517,456.18
	<u>\$26,620,006.47</u>	<u>\$24,287,456.18</u>

Investments

New Jersey statutes permit the Township to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury Bills, Notes and Bonds
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of December 31, 2016 and 2015, the Township had no investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds is assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

4. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Township, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation (the "Board") by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

4. TAXES AND TAX TITLE LIENS RECEIVABLE (continued)

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes become in arrears are subject to the tax sale provisions of the New Jersey Statutes. The Township may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections:

Comparative Schedule of Tax Rates

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 3.063</u>	<u>\$ 3.000</u>	<u>\$ 2.946</u>
Apportionment of Tax Rate:			
Municipal	\$ 0.747	\$ 0.748	\$ 0.785
Library	0.038	0.037	
County	0.601	0.578	0.568
School	<u>1.677</u>	<u>1.637</u>	<u>1.593</u>

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2016	\$ 2,017,752,400.00
2015	2,000,963,500.00
2014	2,007,841,900.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	Percentage of <u>Collections</u>
2016	\$ 61,977,029.47	\$ 61,353,103.46	98.99 %
2015	60,499,570.17	59,913,803.39	99.03
2014	59,068,647.94	58,473,470.58	98.99

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

4. TAXES AND TAX TITLE LIENS RECEIVABLE (continued)

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ 1,122.63	\$ 595,811.59	\$ 596,934.22	0.96 %
2015	576.96	552,810.76	553,387.72	0.91
2014		542,256.97	542,256.97	0.91

5. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens, on the basis of the last assessed valuation of such properties in the year of acquisition, was as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 267,817.00
2015	267,817.00
2014	267,817.00

6. WATER/SEWER CONSUMER ACCOUNTS RECEIVABLE

The Township maintains a Utility fund for the billing and collection of water/sewer rents. The Township is divided into three sections for the purposes of billings which are done on a quarterly basis.

A comparison of Water/Sewer billings and collections for the past three years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collection*</u>
2016	\$ 5,228,580.00	\$ 5,317,221.36
2015	5,183,528.32	4,969,921.39
2014	5,156,593.38	5,198,252.96

*Collections of prior year balances are included in the above sum amounts.

7. SWIMMING POOL MEMBERSHIP FEES

A comparison of Swimming Pool Membership Fees for the past three years are as follows:

<u>Year</u>	<u>Collections</u>
2016	\$ 473,697.00
2015	452,135.00
2014	470,330.75

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

8. FUND BALANCES APPROPRIATED

Year	Current Fund		Swimming Pool Utility Operating Fund		Water Sewer Utility Operating Fund	
	Balance	Utilized in Budget of Succeeding	Balance	Utilized in Budget of Succeeding	Balance	Utilized in Budget of Succeeding
	<u>Dec. 31st</u>	<u>Year</u>	<u>Dec. 31st</u>	<u>Year</u>	<u>Dec. 31st</u>	<u>Year</u>
2016	\$ 3,094,289.88	\$ 2,820,000.00	\$204,048.07	\$ 165,000.00	\$ 1,051,265.97	\$ 950,000.00
2015	3,008,253.35	2,822,500.00	236,462.34	200,000.00	736,407.55	700,000.00
2014	2,907,733.72	2,828,000.00	294,794.38	215,467.00	1,220,239.95	1,110,000.00

9. PENSION PLANS

Public Employee Retirement System

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2016 and 2015:

	2016	2015
Inactive plan members or beneficiaries currently receiving benefits	\$ 170,685	\$ 166,637
Inactive plan members entitled to but not yet receiving benefits	650	703
Active plan members	<u>254,685</u>	<u>259,161</u>
Total	<u>\$ 426,020</u>	<u>\$ 426,501</u>

Contributing Employers – 1,710

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2016, the State was required to make a minimum contribution representing 5/7th of the actuarially determined contribution amount based on the July 1, 2014 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

9. PENSION PLANS (continued)

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2016 and 2015 the Township's total payroll for all employees was \$10,190,885.24 and \$10,681,288, respectively. Total PERS covered payroll was \$4,703,159 and \$4,936,362 respectively. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 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 6.92% in State fiscal year 2015 and increased to 7.06% for State fiscal year 2016, commencing July 1, 2016. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year.

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Township payments to PERS for the years ending December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Total Regular Billing	\$658,073	\$604,322

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 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 tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members 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 retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

9. PENSION PLANS (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$21,938,933 or 0.0740751441%, which was an increase of 0.0037832232% from its proportion measured as of June 30, 2015.

The pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2016.

At June 30, 2015, the PERS reported a net pension liability of \$22,447,996,119 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$15,779,128 or 0.07029192%.

At December 31, 2016, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources, if GASB #68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 407,998	\$
Changes in assumptions	4,544,575	
Net difference between projected and actual earnings on pension plan investments	836,551	
Changes in proportion and differences between Township contributions and proportionate share of contributions	862,675	
Township contributions subsequent to the measurement date	<u>658,073</u>	<u> </u>
	<u>\$ 7,309,872</u>	<u>\$</u>

\$658,073 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

<u>Year ended</u> <u>December 31,</u>	<u>Amount</u>
2017	\$1,506,399
2018	1,506,400
2019	1,698,324
2020	1,449,090
2021	<u>491,586</u>
Total	<u>\$ 6,651,799</u>

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

9. PENSION PLANS (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2016	June 30, 2015
Inflation	3.08%	3.04%
Salary Increases (2012-2026)	1.65-4.15% Based on age	2.15-4.40% Based on age
Thereafter	2.65-5.15% Based on age	3.15-5.40% Based on age
Investment rate of return	7.65%	7.90%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

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 Investment 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 and 2015 are summarized in the following table:

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

9. PENSION PLANS (continued)

Asset Class	June 30, 2016		June 30, 2015	
	Target <u>Allocation</u>	Long-Term Expected Real <u>Rate of Return</u>	Target <u>Allocation</u>	Long-Term Expected Real <u>Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Markets	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Returns	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
U.S. Treasuries	1.50%	1.64%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
PERS	\$26,883,602	\$21,938,933	\$17,856,680

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2016 and 2015 were \$26,762,070,610 and \$28,553,566,906 respectively. The portion of the Plan Fiduciary Net Position was allocable to the Local (Non-Sate) Groups at June 30, 2016 and 2015 was \$19,857,566,387 and \$20,661,583,919, respectively.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

9. PENSION PLANS (continued)

Additional Information

Collective balances at June 30, 2016 are as follows:

Collective deferred outflows of resources	\$ 8,658,338,380
Collective deferred inflows of resources	870,133,595
Collective net pension liability – Local group	29,617,131,759
Township's Proportion	0.0740751441%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 and 2015 was \$2,830,763,540 and \$1,481,308,816, respectively. The average of the expected remaining service lives of all plan members is 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014, respectively.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2016 and 2015:

	2016	2015
Inactive plan members or beneficiaries currently receiving benefits	40,789	44,252
Inactive plan members entitled to but not yet receiving benefits	47	51
Active plan members	<u>45,625</u>	<u>40,359</u>
Total	<u>86,461</u>	<u>84,662</u>

Contributing Employers – 585

In addition to the State, who is the sole payer of regular employer contributions to the fund, PFR's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay toward their incurred liability. The current number of ERIP contributing employers is 26.

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2016, the State was required to make a minimum contribution representing 5/7th of the actuarially determined contribution amount based on the July 1, 2014 actuarial valuation.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2016 and 2015 the Township's total payroll for all employees was \$10,190,885 and \$10,681,288, respectively. Total PFRS covered payroll was \$2,918,464 and \$2,901,274, respectively. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

9. PENSION PLANS (continued)

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

Township payments to PFRS for the years ending December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Total Regular Billing	\$719,342	\$749,837

The Township recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory-basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2016, the PFRS reported a net pension liability of \$20,706,699,056 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$16,853,414, or 0.0882259520% which was a decrease of 0.0040218454% from its proportion measured as of June 30, 2015. Then pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016.

At June 30, 2015, the PFRS reported a net pension liability of \$18,117,234,618 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$15,365,267, or 0.09224779%.

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

9. PENSION PLANS (continued)

At December 31, 2016, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources; if GASB #68 was recognized:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience		\$ 110,477
Changes in assumptions	\$ 2,334,336	
Net difference between projected and actual earnings on pension plan investments	1,180,885	
Changes in proportion and differences between Township contributions and proportionate share of	169,332	777,319
Township contributions subsequent to the measurement date	719,342	
	<u>\$ 4,403,895</u>	<u>\$ 887,796</u>

\$719,342 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2017	676,466
2018	676,468
2019	984,319
2020	502,448
2021	(42,944)
Total	<u>\$2,796,757</u>

Actuarial Assumptions- The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation	3.08%	3.04%
Salary Increases (2012-2026)	2.10-8.98% based on age	2.60-9.48% based on age
Thereafter	3.10-9.98% based on age	3.60-10.48% based on age
Investment rate of return	7.65%	7.90%

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

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

9. PENSION PLANS (continued)

the plan actuary's modified 2014 projection scales. Disability mortality tables were based on special mortality tables used for the period after disability retirement.

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

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 Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	<u>Target</u>	<u>Long-Term</u>	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Real</u>	<u>Allocation</u>	<u>Expected Real</u>
		<u>Rate of Return</u>		<u>Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Markets	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Returns	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
U.S. Treasuries	1.50%	1.64%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. 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

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

9. PENSION PLANS (continued)

to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
PFRS	<u>\$21,731,242</u>	<u>\$16,853,414</u>	<u>\$12,875,839</u>

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2016 and 2015 was \$23,984,726,664 and \$25,106,858,921, respectively.

Additional Information

Collective balances at June 30, 2016 are as follows:

Collective deferred outflows of resources	\$ 4,547,316,543
Collective deferred inflows of resources	688,197,590
Collective net pension liability – Local group	20,706,699,056
Township's Proportion	0.0882259520%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 and 2015 was \$2,255,296,958 and \$1,645,612,699, respectively. The average of the expected remaining service lives of all plan members is 5.58, 5.53 and 6.17 years for 2016, 2015 and 2014, respectively.

Special Funding Situation- Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2016 and 2015 for police and fire is 0.0882259520% and 0.0922477974%, respectively. The non-employer contributing entities' contribution for the year ended June 30, 2016 and 2015 was \$54,229 and \$70,143, respectively. The state's proportionate share of net pension liability attributable to the Township as of June 30, 2016 and 2015 was \$1,415,269 and \$1,347,482, respectively.

Defined Contribution Retirement Plan

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation.

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

9. PENSION PLANS (continued)

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or 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 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2016 and 2015, the membership in the DCRP, based on the information within the Division's database, was 36,808 and 28,270.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

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.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.06% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

10. HEALTH BENEFITS

P.L. 2011 Ch. 78 Section 39 established guidelines for implementing employee contributions to the cost of their health insurance coverage.

The benefit cost of coverage is the premium. For State Health Benefit Plan ("SHBP") employers, the cost of coverage is the cost of medical and prescription coverage. For non-SHBP employers, the law requires that the cost of coverage includes all health care benefits; medical, prescription, dental, vision etc.

The base salary of the employees determines the percent of premium cost that is contributed.

The contribution is phased in at 25% per year:

- a) Immediately, for employees hired on June 28, 2011 and not subject to Collective Negotiations Agreement ("CNA") that is in effect
- b) when a CNA that is in effect on June 28, 2011 expires or is in almost any way modified

Full contribution (Year 4) takes effect immediately for employees hired after June 28, 2011 who are not covered by a CNA or would be covered by a CNA that has expired.

When contributions begin, if the 1.5% of base salary calculation under Ch. 2 is greater than the standard contribution that amount is paid until the new contribution percentage is greater.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

11. POST-RETIREMENT BENEFITS

The Township contributed to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment health care plan administered by the Division of Pensions. The 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. The SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. Effective October 1, 2016 the Township enrolled in the Bergen Municipal Employee Fund for medical, prescription drugs and dental coverage, which is another cost-sharing multiple-employer defined benefit plan. The Bergen Municipal Employee Benefits Fund is a regional health insurance fund that offers public entities a cost effective source for providing quality health benefits to their employees.

The SHBP was extended to employees, retirees, and dependents of participating local public employees in 1964. Local employers are required to adopt a resolution to participate in the SHBP and in November 2005, the Township authorized participation in the SHBP's post-retirement benefits program through resolution number 148B, effective January 1, 2006. In 1989, the Township agreed to provide medical insurance coverage for all police officers who retire from the Verona Police Department with 25 or more years of credited police service, or who are authorized a disability retirement. This medical coverage benefit shall be administered by the Township at no cost to the retiree. Participation is mandatory for all officers and 2.10% of their annual base compensation is deducted for two years. Contributions to pay for the health premiums of participating retirees are billed to the Township on a monthly basis.

Effective June 1, 1993, all other employees were offered a "window" to participate for 60 days. Participation was voluntary and 2.10% of their annual base compensation was deducted for two years. Employees hired after December 31, 2005, are not eligible for retiree's medical coverage. In 2007, another "window" was offered from May to August for any employee employed in 1993, and still active, to buy in at 2.10% for two years.

The State Health Benefits Commission is the executive body established by Statute to be responsible for the operation of the SHBP. The Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information of 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 08625-09295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf.

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

Contributions to pay for the health insurance premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township assumes cost through taxation.

The Township contributions to SHBP for the years ended December 31, 2016, and 2015 were \$944,343.10 and \$961,040.28 respectively, which equaled the required contributions for each year. There were approximately 56 and 53 retired participants eligible at December 31, 2016, and 2015, respectively.

12. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within 10 years and 5 months or retired by the issuance of bonds.

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

12. MUNICIPAL DEBT (continued)

The Township's debt as of December 31st is summarized as follows:

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued</u>		
General:		
Bonds, Notes and Loans	\$ 29,063,567.08	\$ 29,611,148.06
Water/Sewer Utility:		
Bonds, Notes and Loans	7,203,232.31	6,880,436.74
Swimming Pool Utility:		
Bonds and Notes	1,499,000.00	1,619,000.00
	<u>37,765,799.39</u>	<u>38,110,584.80</u>
Less:		
Reserve to Pay Debt Service:		
Water/Sewer		
General	1,131.81	1,131.81
	<u>1,131.81</u>	<u>1,131.81</u>
Net Debt Issued	<u>37,764,667.58</u>	<u>38,109,452.99</u>
<u>Authorized but Not Issued</u>		
General:		
Bonds and Notes	2,669,099.60	2,585,900.00
Water/Sewer Utility:		
Bonds and Notes	759,000.00	1,143,500.00
Swimming Pool Utility:		
Bonds and Notes	63,700.00	68,700.00
Total Authorized but Not Issued	<u>3,491,799.60</u>	<u>3,798,100.00</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 41,256,467.18</u>	<u>\$ 41,907,552.99</u>

The summarized statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.382% at December 31, 2016:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 38,080,000.00	\$ 38,080,000.00	
Water/Sewer Utility Debt	7,962,232.31	7,962,232.31	
Swimming Pool Utility Debt	1,562,700.00	1,562,700.00	
General Debt	<u>31,732,666.68</u>		<u>\$ 31,732,666.68</u>
	<u>\$ 79,337,598.99</u>	<u>\$ 47,604,932.31</u>	<u>\$ 31,732,666.68</u>

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

12. MUNICIPAL DEBT (continued)

Net debt, \$31,732,666.68 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,296,120,967.33 equals 1.382%.

Summary of Statutory Debt Condition - Annual Debt Statement Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis	\$ 80,364,233.86
Net Debt	<u>31,732,666.68</u>
 Remaining Borrowing Power	 <u><u>\$ 48,631,567.18</u></u>

School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local District.

Calculation of "Self-Liquidating Purposes" Water/Sewer Utility per N.J.S.A. 40A:2-45

Surplus and Cash Receipts from Fees, Rent or Other Charges for Year		\$ 6,567,217.20
Deductions:		
Operating and Maintenance Costs	\$ 5,128,363.00	
Debt Service per Water/Sewer Utility	<u>962,927.81</u>	
		<u>6,091,290.81</u>
Excess in Revenue		<u><u>\$ 475,926.39</u></u>

As there is an excess in revenue, all Water/Sewer Utility Debt is deductible for Debt Statement purposes.

Calculation of "Self-Liquidating Purposes" Swimming Pool Utility Per N.J.S.A. 40A:2-45

Surplus and Cash Receipts from Fees, Rent or Other Charges for Year		\$ 777,837.49
Deductions:		
Operating and Maintenance Costs	\$ 522,700.00	
Debt Service per Swimming Pool		
Utility Operating Fund	<u>200,147.77</u>	
		<u>722,847.77</u>
Excess in Revenue		<u><u>\$ 54,989.72</u></u>

As there is an excess in revenue, all Swimming Pool Utility Debt is deductible for Debt Statement purposes.

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

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

12. MUNICIPAL DEBT (continued)

General Capital Improvement Bonds

As of December 31, 2016, the Township's long-term debt is as follows:

	<u>2016</u>	<u>2015</u>
<u>General Obligation Bonds</u>		
\$5,764,000, 2004 Bonds refunded during 2016		\$ 2,249,000.00
\$6,827,000, 2008 Bonds due in annual installments of \$600,000 to \$602,000 through May 2023, interest ranging from 3.45% to 5.00%	\$ 4,202,000.00	4,802,000.00
\$8,665,000, 2010 Bonds due in annual installments of \$640,000 to \$750,000 through May 2023, interest ranging from 2.25% to 3.25%	5,140,000.00	5,890,000.00
\$6,558,000, 2013 Bonds due in annual installments of \$500,000 to \$528,000 through July 2027, interest ranging from 2.50% to 3.00%	5,528,000.00	6,028,000.00
\$1,855,000, 2016 Refunding Bonds due in annual installments of \$450,000 to \$477,000 through November 2020, interest of 1.44%	1,855,000.00	
	<u>\$ 16,725,000.00</u>	<u>\$ 18,969,000.00</u>
<u>Water/Sewer Utility Bonds</u>		
\$858,000, 2004 Bonds refunded during 2016		\$ 278,000.00
\$2,886,000, 2008 Bonds due in annual installments of \$200,000 to \$226,000 through May 2023, interest ranging from 3.45% to 5.00%	\$ 1,526,000.00	1,746,000.00
\$1,819,000, 2010 Bonds due in annual installments of \$169,000 to \$200,000 through November 2021, interest ranging from 2.25% to 3.00%	919,000.00	1,094,000.00
\$2,043,000, 2013 Bonds due in annual installments of \$118,000 to \$150,000 through July 2028, interest ranging from 2.25% to 3.00%	1,718,000.00	1,843,000.00
\$215,000, 2016 Refunding Bonds due in annual installments of \$69,000 to \$73,000 through November 2019, interest of 1.44%	215,000.00	
	<u>\$ 4,378,000.00</u>	<u>\$ 4,961,000.00</u>
<u>Swimming Pool Utility Bonds</u>		
\$462,000, 2004 Bonds due in one remaining annual installment of \$22,000 through November 2017, interest at 3.60%	\$ 22,000.00	\$ 62,000.00
\$272,000, 2008 Bonds due in annual installments of \$60,000 to \$62,000 through May 2018, interest at 5.00%	122,000.00	162,000.00
\$1,379,000, 2013 Bonds due in remaining annual installments of \$65,000 to \$130,000 through July 2026, interest ranging from 2.50% to 3.00%	1,184,000.00	1,249,000.00
	<u>\$ 1,328,000.00</u>	<u>\$ 1,473,000.00</u>

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

12. MUNICIPAL DEBT (continued)

2016 Refunding Bonds

The difference between cumulative cash flows required to service the old debt and the cumulative cash flows to service the new debt was \$85,555.20. The economic gain (net present value) resulting from the refunding was \$89,400.87. As a result of the refunding, \$1,799,000 and \$208,000 of the defeased debt for the general capital fund and water capital fund, respectively is still outstanding at December 31, 2016.

Changes in Long-Term Municipal Debt

The Township's long-term debt activity for 2016 and 2015 is as follows:

	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016
Bonds Payable				
General Capital Fund	\$ 18,969,000	\$ 1,855,000	\$ 4,099,000	\$ 16,725,000
Water/Sewer Utility Capital Fund	4,961,000	215,000	798,000	4,378,000
Pool Utility Capital Fund	1,473,000		145,000	1,328,000
Total Bonds Payable	<u>\$ 25,403,000</u>	<u>\$ 2,070,000</u>	<u>\$ 5,042,000</u>	<u>\$ 22,431,000</u>
Green Acres Loan Payable				
General Capital Fund	1,249,748		97,681	1,152,067
Environmental Infrastructure Loans Payable				
Water Capital Fund	1,486,436		166,204	1,320,232
Total Long-Term Debt	<u>\$ 28,139,184</u>	<u>\$ 2,070,000</u>	<u>\$ 5,305,885</u>	<u>\$ 24,903,299</u>
	Balance, December 31, 2014	Additions	Reductions	Balance, December 31, 2015
Bonds Payable				
General Capital Fund	\$ 21,034,000	\$	\$ 2,065,000	\$ 18,969,000
Water/Sewer Utility Capital Fund	5,551,000		590,000	4,961,000
Pool Utility Capital Fund	1,618,000		145,000	1,473,000
Total Bonds Payable	<u>\$ 28,203,000</u>	<u>\$</u>	<u>\$ 2,800,000</u>	<u>\$ 25,403,000</u>
Green Acres Loan Payable				
General Capital Fund	\$ 1,345,504	\$	\$ 95,756	\$ 1,249,748
Environmental Infrastructure Loans Payable				
Water Capital Fund	\$ 1,655,115	\$	\$ 168,680	\$ 1,486,436
Total Long-Term Debt	<u>\$ 31,203,620</u>	<u>\$</u>	<u>\$ 3,064,436</u>	<u>\$ 28,139,184</u>

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

12. MUNICIPAL DEBT (continued)

A schedule of annual debt service for future principal and interest for bonded debt is as follows:

Year	Cash Basis						
	General		Water/Sewer Utility		Swimming Pool Utility		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 2,327,000.00	\$ 489,003.00	\$ 593,000.00	\$ 133,650.00	\$ 147,000.00	\$ 38,212.00	\$ 3,727,865.00
2018	2,319,000.00	418,183.00	599,000.00	113,862.00	147,000.00	32,745.00	3,629,790.00
2019	2,311,000.00	351,058.00	639,000.00	94,991.00	130,000.00	29,070.00	3,555,119.00
2020	2,300,000.00	288,570.00	570,000.00	76,602.00	130,000.00	25,820.00	3,390,992.00
2021	1,850,000.00	225,940.00	539,000.00	59,097.00	130,000.00	22,570.00	2,826,607.00
2022-2026	5,090,000.00	418,088.00	1,170,000.00	124,825.00	644,000.00	57,597.00	7,504,510.00
2027-2028	528,000.00	16,632.00	268,000.00	12,159.00			824,791.00
	\$ 16,725,000.00	\$ 2,207,474.00	\$ 4,378,000.00	\$ 615,186.00	\$ 1,328,000.00	\$ 206,014.00	\$ 25,459,674.00

A schedule of annual debt service for future principal and interest for Green Acres debt is as follows:

Year	General		Total
	Principal	Interest	
2017	\$ 99,644.37	\$ 22,545.60	\$ 122,189.97
2018	101,647.22	20,542.75	122,189.97
2019	103,690.33	18,499.63	122,189.96
2020	105,774.50	16,415.46	122,189.96
2021	107,900.58	14,289.40	122,189.98
2022- 2026	572,920.00	38,029.84	610,949.84
2027	60,490.08	604.90	61,094.98
	<u>\$ 1,152,067.08</u>	<u>\$ 130,927.58</u>	<u>\$ 1,282,994.66</u>

Waste Water Treatment Loans:

Loan Number 3:

On November 1, 2002, loan agreements were entered into by the Township for the construction of potable ground wells and other improvements. Loans payable in the amount of \$1,435,250.00 were originally authorized detailed as follows:

Fund Share	\$ 700,000.00
Trust Share	735,250.00

Loan Number 4:

On November 1, 2004, loan agreements were entered into by the Township for the continued construction of potable ground wells and other improvements. Loans payable in the amount of \$1,714,348.00 were originally authorized detailed as follows:

Environmental Infrastructure Loans:

Fund Share	\$ 864,348.00
Trust Share	850,000.00

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

12. MUNICIPAL DEBT (continued)

Schedules of future annual principal and interest payments remaining for the two combined loans are detailed as follows:

<u>Year</u>	<u>Loan Number 3</u>		<u>Loan Number 4</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 83,980.40	\$ 14,612.50	\$ 88,018.32	\$ 21,356.26	\$ 207,967.48
2018	82,509.12	12,362.50	94,801.13	19,106.26	208,779.01
2019	89,307.34	10,112.50	93,180.39	16,606.26	209,206.49
2020	87,672.60	7,612.50	99,801.12	14,106.26	209,192.48
2021	86,037.86	5,112.50	98,018.32	11,356.26	200,524.94
2022-2024	92,672.32	2,612.50	324,233.39	17,056.28	436,574.49
	<u>\$ 522,179.64</u>	<u>\$ 52,425.00</u>	<u>\$ 798,052.67</u>	<u>\$ 99,587.58</u>	<u>\$ 1,472,244.89</u>

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

Short-Term Debt

	<u>Balance, December 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2016</u>
Bond Anticipation Notes				
General Capital Fund	\$9,392,400	\$11,186,500	\$9,392,400	\$11,186,500
Water/Sewer Utility Capital Fund	433,000	1,505,000	433,000	1,505,000
Pool Utility Capital Fund	146,000	171,000	146,000	171,000
Total	<u>\$9,971,400</u>	<u>\$12,862,500</u>	<u>\$9,971,400</u>	<u>\$12,862,500</u>
	<u>Balance, December 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2015</u>
Bond Anticipation Notes				
General Capital Fund	\$7,378,000	\$9,392,400	\$7,378,000	\$9,392,400
Water/Sewer Utility Capital Fund	188,000	433,000	188,000	433,000
Pool Utility Capital Fund	152,000	146,000	152,000	146,000
Total	<u>\$7,718,000</u>	<u>\$9,971,400</u>	<u>\$7,718,000</u>	<u>\$9,971,400</u>

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

12. MUNICIPAL DEBT (continued)

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
General Capital Fund:		
General Improvements	\$ 2,669,099.60	\$ 2,585,900.00
Water/Sewer Utility Capital Fund:		
General Improvements	\$ 759,000.00	\$ 1,143,500.00
Swimming Pool Utility Capital Fund:		
General Improvements	\$ 63,700.00	\$ 68,700.00

13. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2016, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>2016</u>		<u>2015</u>	
	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Current Fund	\$ 44,288.98	\$ 182,354.26	\$ 19,828.05	\$ 142,431.12
Federal and State Grant Fund	116,578.75		109,908.41	
General Trust Fund		510,985.89		518,786.96
General Capital Fund	529,045.93		415,481.62	
Water/Sewer Operating Fund		10,000.00		65,000.00
Water/Sewer Capital Fund	10,000.00		181,000.00	
Swimming Pool Operating Fund		6,000.00		36,000.00
Swimming Pool Capital Fund	6,000.00		36,000.00	
Payroll Fund	3,426.49			
	<u>\$ 709,340.15</u>	<u>\$ 709,340.15</u>	<u>\$ 762,218.08</u>	<u>\$ 762,218.08</u>

TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

14. DEFERRED SCHOOL TAX

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows:

	Balance Dec. 31, 2016	Balance Dec. 31, 2015	Increase
*Balance of Tax	\$ 12,769,158.01	\$ 12,234,270.26	\$ 534,887.75
Amount of Deferred	<u>9,234,270.26</u>	<u>9,234,270.26</u>	<u>-</u>
Total Payable (Cash Liability)	<u>\$ 3,534,887.75</u>	<u>\$ 3,000,000.00</u>	<u>\$ 534,887.75</u>
	Balance Dec. 31, 2015	Balance Dec. 31, 2014	(Decrease)
*Balance of Tax	\$ 12,234,270.26	\$ 11,527,906.01	\$ 706,364.25
Amount of Deferred	<u>9,234,270.26</u>	<u>8,777,906.01</u>	<u>456,364.25</u>
Total Payable (Cash Liability)	<u>\$ 3,000,000.00</u>	<u>\$ 2,750,000.00</u>	<u>\$ 250,000.00</u>

*Required for school operations for the six month period following December 31st.

15. RISK MANAGEMENT

The Township is a member of the North Jersey Intergovernmental Insurance Fund for various insurance coverages.

16. CONTINGENT LIABILITIES

a. Compensated Absences

The Township permits its employees to accrue unused vacation and sick pay, which may be taken as compensatory time off or paid at a later date, at an agreed upon rate. It is estimated that the sum of \$2,271,372.00 and \$2,129,416.88 is due and payable to employees and officials of the Township as of December 31, 2016 and 2015, respectively upon their retirements or other separations. This amount was not verified by audit.

The Township has set aside a reserve of \$69,409.41 and \$206,396.63 in the General Trust Fund to fund a portion of the liability for the years ended December 31, 2016 and 2015, respectively.

b. Tax Appeals

As of May 23, 2017, the Township Attorney indicated that there were 85 State Tax Appeals pending before the New Jersey Tax Court.

Judgments, adverse to the Township, would apply to the year of appeal plus at least two subsequent years. Refunds or tax credits, including statutory interest thereon, would be chargeable to operations or future budget appropriations.

County taxes paid on the reductions in assessed valuations are subject to credits against County Tax Levy of the year subsequent to the year in which appeals were adjudicated.

TOWNSHIP OF VERONA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

Judgments, adverse to the Township, would apply to the year of appeal plus at least two subsequent years. Refunds or tax credits, including statutory interest thereon, would be chargeable to operations or future budget appropriations.

County taxes paid on the reductions in assessed valuations are subject to credits against County Tax Levy of the year subsequent to the year in which appeals were adjudicated.

16. CONTINGENT LIABILITIES (continued)

c. Federal and State Awards

The Township participates in several Federal and State grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grant, refunds of any money received may be required and the collectability of any related receivable at December 31, 2016 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

d. Litigation

The Township is involved in claims incidental to its operation which has been referred to and are being handled by the Township's liability insurance carrier. No claims are to be in excess of insurance coverage limits.

17. LOSAP PROGRAM (Unaudited)

The Township has established a Length of Service Award Program (LOSAP) Deferred Compensation Plan. The LOSAP is an incentive award program for volunteers who meet specified service criteria and is a qualified plan under Internal Revenue Code Section 457(e). Funding for the plan is provided via Township budget appropriations and the Township has authorized Variable Annuity Life Insurance Company, as the plan provider. As of December 31, 2016 and 2015, the cumulative balance of the Length of Service Award Program was \$452,265.27 and \$405,989.49 respectively and is recorded in the Other Trust Fund of the Township. In accordance with N.J.A.C. 5:30-14, the funds held in the LOSAP remain the assets of the Township until they are distributed and as such are subject to the claims of the Township's general creditors.

18. GASB 77 Tax Abatements

The Township has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's most significant tax abatement agreements:

Entity Name	Commencement Date	Termination Date	Pilot Billing	Taxes If Billed In Full	Abated Taxes
Hilltop Pilot 1	March 28, 2007	March 28, 2041	\$ 367,266.30	\$ 408,279.52	\$ 41,013.22
Hilltop Pilot 2	August 11, 2011	August 11, 2045	387,659.16	731,609.80	343,950.64
Children's Institute	August 6, 1996		16,785.00	134,487.14	117,702.14
Verona Urban Renewal Housing	July 16, 2015	July 16, 2050	176,901.16	612,220.19	435,319.03
Total			<u>\$ 948,611.62</u>	<u>\$ 1,886,596.65</u>	<u>\$ 937,985.03</u>

TOWNSHIP OF VERONA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

19. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets account group as of December 31, 2016 and 2015:

General Fixed Assets

	Balance December 31, 2015	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2016
Land and Site Improvements	\$ 39,156,610.94	\$	\$ 2,915,710.94	\$ 36,240,900.00
Improvements				
Fixed and Movable Equipment	9,973,018.19		168,483.19	9,804,535.00
	<u>\$ 49,129,629.13</u>	<u>\$</u>	<u>\$ 3,084,194.13</u>	<u>\$ 46,045,435.00</u>

	Balance December 31, 2014	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2015
Land and Site Improvements	\$ 39,156,610.94	\$	\$	\$ 39,156,610.94
Improvements				
Fixed and Movable Equipment	9,973,018.19			9,973,018.19
	<u>\$ 49,129,629.13</u>	<u>\$</u>	<u>\$</u>	<u>\$ 49,129,629.13</u>

Water Sewer Utility Fund

Water Sewer Fund

	Balance December 31, 2015	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2016
Land and Site Improvements	\$ 43,801,378.10	\$ 116,000.00	\$	\$ 43,917,378.10
Fixed and Movable Equipment				
	<u>\$ 43,801,378.10</u>	<u>\$ 116,000.00</u>	<u>\$</u>	<u>\$ 43,917,378.10</u>

Fixed Capital Authorized and Uncompleted	<u>\$ 3,623,321.21</u>	<u>\$ 700,000.00</u>	<u>\$ 116,000.00</u>	<u>\$ 4,207,321.21</u>
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	Balance December 31, 2014	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2015
Land and Site Improvements	\$ 42,896,608.84	\$ 904,769.26	\$	\$ 43,801,378.10
Fixed and Movable Equipment				
	<u>\$ 42,896,608.84</u>	<u>\$ 904,769.26</u>	<u>\$</u>	<u>\$ 43,801,378.10</u>

Fixed Capital Authorized and Uncompleted	<u>\$ 4,663,992.58</u>	<u>\$</u>	<u>\$ 1,040,670.89</u>	<u>\$ 3,623,321.69</u>
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TOWNSHIP OF VERONA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

The following is a summary of changes in the Utility Fund Fixed Assets as of December 31, 2016 and 2015:

Pool Utility Fund

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2016</u>
Land and Site Improvements	\$ 4,274,626.18	\$	\$	\$ 4,274,626.18
Buildings and Building Improvements	258,000.00			258,000.00
	<u>\$ 4,532,626.18</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,532,626.18</u>
 Fixed Capital Authorized and Uncompleted	 <u>\$ 317,165.09</u>	 <u>\$ 30,000.00</u>	 <u>\$</u>	 <u>\$ 347,165.09</u>
	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2015</u>
Land and Site Improvements	\$ 4,274,626.18	\$	\$	\$ 4,274,626.18
Buildings and Building Improvements	258,000.00			258,000.00
	<u>\$ 4,532,626.18</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,532,626.18</u>
 Fixed Capital Authorized and Uncompleted	 <u>\$ 282,165.09</u>	 <u>\$ 35,000.00</u>	 <u>\$</u>	 <u>\$ 317,165.09</u>

20. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2016 through the date of May 23, 2017, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that no subsequent events have occurred which require disclosure in the financial statements.

TOWNSHIP OF VERONA
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2016

A-4

	<u>Ref.</u>	<u>Regular Fund</u>
Balance, December 31, 2015	A	\$ 4,917,694.50
Increased by:		
Interest and Cost on Taxes	A-2a	\$ 121,954.23
Miscellaneous Revenue Not Anticipated	A-2d	107,649.15
Transferred from Cash Management Fund	A-6	3,507,560.34
Petty Cash Fund Returned	A-9	259.04
Citizens' and Veterans' Tax Deductions	A-10	88,000.00
Taxes Receivable	A-11	61,570,078.61
Revenue Accounts Receivable	A-14	4,203,177.15
Transferred from Savings	A-7	20,000.00
Interfunds Receivable	A-16	23,444.23
State Library Aid	A-18	5,800.00
Due to State of New Jersey		
License Surcharges	A-19	1,735.00
Tax Overpayments	A-20	26,693.10
Accounts Payable	A-23	44,436.29
Interfunds Payable	A-24	582,266.36
Prepaid Taxes	A-25	319,406.99
Prepaid Revenue	A-26	7,785.00
Protested Checks	A-15	26,423.25
		<hr/>
		70,656,668.74
		<hr/> 75,574,363.24
Decreased by:		
Disbursements per Schedule	A-5	<hr/> 65,989,619.62
Balance, December 31, 2016	A	<hr/> <hr/> \$ 9,584,743.62

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

CASH DISBURSEMENTS - COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2016

A-5

	<u>Ref.</u>	<u>Regular Fund</u>
Budget Appropriations	A-3	\$ 19,108,880.99
Petty Cash Funds	A-9	550.00
Protested Checks	A-15	26,423.25
Interfunds Receivable	A-16	25,455.16
Appropriation Reserves	A-17	688,563.94
Reserve for Maintenance of Free Public Library with State Aid	A-18	5,059.69
Due to State of New Jersey Surcharge	A-19	22,343.00
Local School District Tax	A-21	33,302,527.25
County Taxes	A-22	12,105,109.48
Accounts Payable	A-23	31,463.74
Interfunds Payable	A-24	673,243.12
	A-4	<u>\$ 65,989,619.62</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS-INVESTMENTS
YEAR ENDED DECEMBER 31, 2016

A-6

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 3,488,408.85
Increased by:		
Interest Earned	A-2d	19,151.49
		<u>3,507,560.34</u>
Decreased by:		
Transferred to Checking Account	A-4	<u>3,507,560.34</u>
Balance, December 31, 2016	A	<u>\$</u>

CASH SAVINGS
YEAR ENDED DECEMBER 31, 2016

A-7

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 20,000.00
Decreased by:		
Transferred to Checking Account	A-4	<u>20,000.00</u>
Balance, December 31, 2016	A	<u>\$</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

CHANGE FUND
DECEMBER 31, 2016

A-8

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 425.00
Balance, December 31, 2016	A	\$ 425.00
Tax Collector		\$ 75.00
Library		75.00
Recreation		50.00
Clerk		25.00
Construction Code Official		50.00
Public Works		50.00
		<u>\$ 425.00</u>

PETTY CASH FUNDS
DECEMBER 31, 2016

A-9

	<u>Ref.</u>	
Increased by:		
Petty Cash Funds Advanced:		
Administration		\$ 200.00
Pool Utility		100.00
Library		100.00
Recreation		100.00
Board of Health		50.00
	A-5	<u>\$ 550.00</u>
Decreased by:		
Charge to Budget Appropriation	A-3	290.96
Petty Cash Funds Returned	A-4	259.04
		<u>550.00</u>
		<u>\$</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

DUE FROM STATE OF NEW JERSEY
VETERANS AND SENIOR CITIZENS TAX DEDUCTIONS
YEAR ENDED DECEMBER 31, 2016

A-10

	<u>Ref.</u>		
Balance, December 31, 2015 (Due To)	A		\$ (929.40)
Increased by:			
Tax Deductions:			
Per Tax Duplicate:			
Senior Citizens		\$ 7,000.00	
Veterans		<u>80,000.00</u>	
	A-11		<u>87,000.00</u>
			86,070.60
Decreased by:			
Prior Year Tax Deduction Disallowed:			
Current Year	A-11	1,384.93	
Prior Year	A-1	500.00	
Collections	A-4	<u>88,000.00</u>	
			<u>89,884.93</u>
Balance, December 31, 2016 (Due To)	A		<u><u>\$ (3,814.33)</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2016

A-11

Year	Balance Dec. 31, 2015	2016 Levy	Added Taxes	Collected 2015	2016	Due from State of New Jersey	Transfer to Tax Title Lien	Cancelled	Balance Dec. 31, 2016
2015	\$ 552,810.78		\$ 795.02		\$ 553,335.80		\$ 270.00		
	552,810.78		795.02		553,335.80		270.00		
2016		\$ 61,977,029.47		\$ 250,745.58	61,016,742.81	\$ 85,615.07	275.67	\$ 27,838.75	\$ 595,811.59
	\$ 552,810.78	\$ 61,977,029.47	\$ 795.02	\$ 250,745.58	\$ 61,570,078.61	\$ 85,615.07	\$ 545.67	\$ 27,838.75	\$ 595,811.59
Ref.	A	Below	Reserve	A-2c, A-25	A-2c, A-4	A-2c, A-10	A-11a	Reserve	A

ANALYSIS OF 2016 PROPERTY TAX LEVY

Ref.

Tax Yield

General Purpose Tax:

Tax Levy	\$ 61,803,756.01
Added Taxes	173,273.46

Above	<u>\$ 61,977,029.47</u>
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Tax Levy

Local School District Tax (Abstract)

A-2c, A-21	\$ 33,837,415.00
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County Taxes:

County Tax (Abstract)	A-22	\$ 12,105,109.46
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Due County for Added Taxes
(N.J.S.A. 54:4-63.1)

A-22	33,975.69
A-2c	12,139,085.15

Local Tax for Municipal Purpose (Budget)

A-2	15,842,770.00
Plus: Additional Taxes Levied	<u>157,759.32</u>
	16,000,529.32

Above	<u>\$ 61,977,029.47</u>
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TOWNSHIP OF VERONA
CURRENT FUND

A-11a

TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2016

	Ref	
Balance, December 31, 2015	A	\$ 576.96
Increased by:		
Transferred from Taxes Receivable	A-11	<u>545.67</u>
Balance, December 31, 2016	A	<u>\$ 1,122.63</u>

PROPERTY ACQUIRED FOR TAXES AT ASSESSED VALUATION
DECEMBER 31, 2016

A-12

	<u>Ref.</u>	
Balance, December 31, 2015	A	<u>\$ 267,817.00</u>
Balance, December 31, 2016	A	<u>\$ 267,817.00</u>

Analysis of Balance

<u>Block</u>	<u>Lot</u>	
42	51	\$ 6,800.00
86	106	6,300.00
58	15	10,200.00
62	100.01	69,563.00
62	100.04	12,004.00
68	12	7,200.00
112	87	3,600.00
127	8	4,350.00
128	22	103,000.00
39	43	11,700.00
42	48	25,500.00
42	52	3,000.00
59	8	1,500.00
86	106	2,100.00
88-01	9	<u>1,000.00</u>
		<u>\$ 267,817.00</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

OTHER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

A-13

	<u>Ref.</u>	
Balance, December 31, 2015	A	<u>\$ 8,050.57</u>
Balance, December 31, 2016	A	<u><u>\$ 8,050.57</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

A-14

	Ref.	Balance December 31, 2015	Accrued	2015	Collections 2016	Balance December 31, 2016
Township Clerk:						
Alcoholic Beverage Licenses	A-2a		\$ 11,730.00		\$ 11,730.00	\$
Other Business Licenses	A-2b		9,225.00		9,225.00	
Other Fees and Permits	A-2b		6,857.55		6,857.55	
Construction Code Official:						
Building Fees and Permits	A-2a		302,146.00		302,146.00	
Health Department:						
Health Licenses	A-2b		17,050.00		17,050.00	
Fire Department:						
State of New Jersey Rebate	A-2a		16,885.58		16,885.58	
Fire Detectors	A-2b		14,775.00		14,775.00	
Registrar of Vital Statistics:						
Marriage Licenses	A-2b		1,876.00		1,876.00	
Fees and Permits	A-2b		4,770.00		4,770.00	
Tax Collector:						
Fees and Permits	A-2b		10.00		10.00	
Parking Permits	A-2b		18,160.00	\$ 5,000.00	13,160.00	
Parking Meters	A-2a		34,753.25		34,753.25	
Health Transport Fees	A-2b		16,307.00		16,307.00	
6% Delinquent Penalty	A-1	\$ 16,293.99	13,078.84		16,293.99	\$ 13,078.84
Public Works Department:						
Fees and Permits	A-2b		16,264.40		16,264.40	
Police Department:						
Fees and Permits	A-2b		4,356.78		4,356.78	
Board of Adjustment:						
Fees and Permits	A-2b		1,730.00		1,730.00	
Recreation Department:						
Fees and Permits	A-2a		334,486.00		334,486.00	
Municipal Court:						
Fines and Costs	A-2a		156,913.23		148,120.83	8,792.40
Treasurer:						
Community Center Rental	A-2a		61,160.00		61,160.00	
Comcast Cablevision Franchise Fee	A-2a		91,946.76		91,946.76	
Payments in Lieu of Taxes:						
Senior Citizens' Associates	A-2a		178,777.86		178,777.86	
Children's Institute	A-2a		16,785.00		16,785.00	
Hilltop - I	A-2a		383,592.15		383,592.15	
Hilltop - II	A-2a		460,697.39		460,697.39	
Recycling	A-2a		3,307.30		3,307.30	
Verizon Franchise Fee	A-2a		155,223.89		155,223.89	
General Capital Surplus	A-2a		468,900.00		468,900.00	
Leaf Bag Sales	A-2a		7,738.35		7,738.35	
Tower Lease	A-2a		121,336.60	4,000.53	117,336.07	
Interlocal Agreements:						
Roseland	A-2a		127,293.00		127,293.00	
State of New Jersey:						
Net CMPTRA Allocation	A-2a		72,228.00		72,228.00	
Energy Receipts Tax	A-2a		1,087,394.00		1,087,394.00	
		<u>\$ 16,293.99</u>	<u>\$ 4,217,754.93</u>	<u>\$ 9,000.53</u>	<u>\$ 4,203,177.15</u>	<u>\$ 21,871.24</u>
	Ref.	A	Reserve	A-26	A-4	A

TOWNSHIP OF VERONA
CURRENT FUND

PROTESTED CHECKS
YEAR ENDED DECEMBER 31, 2016

A-15

	<u>Ref.</u>	
Increased by:		
Returned by Depository	A-5	\$ 26,423.25
Decreased by:		
Collections	A-4	<u>26,423.25</u>
Balance, December 31, 2016		<u><u>\$</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

INTERFUNDS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

A-16

<u>Interfund Account</u>	<u>Balance</u> <u>December 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>December 31, 2016</u>
General Trust Fund	\$ 19,828.05	\$ 22,450.00	\$ 22,989.07	\$ 19,288.98
Water/Sewer Utility Operating Fund		455.16	455.16	
General Capital Fund		25,000.00		25,000.00
	<u>\$ 19,828.05</u>	<u>\$ 47,905.16</u>	<u>\$ 23,444.23</u>	<u>\$ 44,288.98</u>
<u>Ref.</u>	A	Below	A-4	A
Due St. of New Jersey	A-19	\$ 22,450.00		
Cash Disbursements	A-5	<u>25,455.16</u>		
		<u>\$ 47,905.16</u>		
<u>Analysis of Balance</u>			<u>Ref.</u>	
Balance 12-31-16			\$ 44,288.98	
Balance 12-31-15			<u>19,828.05</u>	
			A-1	<u>\$ 24,460.93</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 1

APPROPRIATION RESERVES
DECEMBER 31, 2016

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2015</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Committed</u>	<u>Uncommitted</u>			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages:					
Manager's Office		\$ 22,669.41	\$ 22,669.41		\$ 22,669.41
Mayor and Council		261.84	261.84		261.84
Township Clerk		586.28	586.28		586.28
Other Expenses	\$ 4,325.85	2,489.65	6,815.50	\$ 6,296.06	519.44
Assessment of Taxes:					
Salaries and Wages		4,686.14	4,686.14		4,686.14
Other Expenses	1,616.36	755.95	2,372.31	1,392.82	979.49
Collection of Taxes:					
Salaries and Wages		10,590.97	10,590.97	10,366.07	224.90
Other Expenses:					
Tax Sale Costs		133.45	133.45		133.45
Miscellaneous Other Expenses	4,532.76	3,098.19	7,630.95	6,853.87	777.08
Liquidation of Tax Title Liens		2,000.00	2,000.00		2,000.00
Legal Services and Costs:					
Salaries and Wages		3,335.96	3,335.96	650.00	2,685.96
Other Expenses	1,983.42	7,139.68	9,123.10	9,123.10	0.00
Public Buildings and Grounds:					
Salaries and Wages		25,791.96	25,791.96	235.08	25,556.88
Other Expenses	27,440.69	6,662.45	34,103.14	28,683.57	5,419.57
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries and Wages		3,035.58	3,035.58		3,035.58
Other Expenses		3,345.05	3,345.05	761.25	2,583.80
Board of Adjustment:					
Salaries and Wages		3,451.20	3,451.20		3,451.20
Other Expenses		11,658.29	11,658.29		11,658.29
Rent Leveling Board:					
Salaries and Wages		500.00	500.00		500.00
Other Expenses		338.46	338.46		338.46

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 2

APPROPRIATION RESERVES
DECEMBER 31, 2016

Appropriation	Balance December 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	Committed	Uncommitted			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Shade Trees:					
Other Expenses		\$ 13,755.00	\$ 13,755.00	\$ 12,850.00	\$ 905.00
Municipal Court:					
Salaries and Wages		24,896.21	24,896.21	130.73	24,765.48
Other Expenses	\$ 233.83	7,604.82	7,838.65	848.06	6,990.59
Insurance:					
General Liability		36,345.85	36,345.85		36,345.85
Dental		9,885.55	9,885.55		9,885.55
Employee Group Health		183,743.95	183,743.95	300.00	183,443.95
<u>PUBLIC SAFETY</u>					
Fire:					
Other Expenses:					
Miscellaneous Other Expenses	35,806.78	2,654.40	38,461.18	20,336.45	18,124.73
Fire Prevention:					
Salaries and Wages		1,000.02	1,000.02		1,000.02
Other Expenses		358.12	358.12		358.12
Police:					
Salaries and Wages	50,000.00	47,275.32	97,275.32	34,444.89	62,830.43
Other Expenses	42,036.72	3,268.63	45,305.35	43,171.81	2,133.54
Communication	4,645.69	27,985.93	32,631.62	5,196.06	27,435.56
Parking Meter Maintenance:					
Other Expenses	3,225.00		3,225.00	3,225.00	
Rescue Squad:					
Other Expenses		15,390.00	15,390.00		15,390.00
Police Dispatchers:					
Salaries and Wages		3,158.45	3,158.45	2,713.86	444.59
Office of Emergency Management:					
Other Expenses		2,000.00	2,000.00		2,000.00
Road Repairs and Maintenance:					
Salaries and Wages	25,000.00	53,628.11	78,628.11	28,467.00	50,161.11
Other Expenses	68,935.22	41.21	68,976.43	53,554.52	15,421.91
Street Lighting	18,375.00	20,896.88	39,271.88	20,352.37	18,919.51

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 3

APPROPRIATION RESERVES
DECEMBER 31, 2016

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2015</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Committed</u>	<u>Uncommitted</u>			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>HEALTH AND WELFARE</u>					
(Board of Health - Local Health Agency):					
Board of Health:					
Salaries and Wages		\$ 11,008.38	\$ 11,008.38	\$ 577.50	\$ 10,430.88
Other Expenses	\$ 777.80	13,851.18	14,628.98	500.86	14,128.12
Dog Regulation:					
Other Expenses		35,000.00	35,000.00		35,000.00
Administration of Public Assistance:					
Salaries and Wages					
Other Expenses		0.48	0.48		0.48
		100.00			
<u>RECREATION AND EDUCATION</u>					
Recreation:					
Salaries and Wages		22,715.91	22,715.91	3,335.96	19,379.95
Rental of School Facilities		10,000.00	10,000.00		10,000.00
Other Expenses	26,439.59	4,427.73	30,867.32	21,219.02	9,648.30
Field Maintenance	239.00	2,975.68	3,214.68	222.04	2,992.64
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses	374.02	2,376.97	2,750.99	2,750.99	
Contribution to Senior Citizens' Center					
(N.J.S.A. 40:48-9.4):					
Salaries and Wages		12,452.19	12,452.19	672.75	11,779.44
Other Expenses	749.56	3,946.43	4,695.99	758.78	3,937.21
<u>MISCELLANEOUS AND OTHER</u>					
Mandatory Recycling:					
Salaries and Wages		8,345.25	8,345.25	951.00	7,394.25
Other Expenses	67,546.05	31,550.20	99,096.25	51,059.20	48,037.05
Single Audit Act:					
Financial Administration:					
Other Expenses		2,722.64	2,722.64	2,680.94	41.70

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 4

APPROPRIATION RESERVES
DECEMBER 31, 2016

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2015</u>		<u>Balance</u> <u>After</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Committed</u>	<u>Uncommitted</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>MISCELLANEOUS AND OTHER</u>					
Garbage and Trash Removal - Contractual	\$ 14,840.45	\$ 262,660.46	\$ 277,500.91	\$ 192,615.82	\$ 84,885.09
Commercial Revitalization:					
Other Expenses		7,500.00	7,500.00		7,500.00
<u>UNIFORM CONSTRUCTION CODE -</u> <u>APPROPRIATIONS OFFSET BY</u> <u>DEDICATED REVENUES (N.J.A.C.</u> <u>5:23-4.17)</u>					
State Uniform Construction Code:					
Construction Official (Chief Administrator					
of Enforcement Agency):					
Salaries and Wages		7,982.95	7,982.95	800.00	7,182.95
Other Expenses	1,820.54	11,310.40	13,130.94	3,531.19	9,599.75
<u>UNCLASSIFIED</u>					
Utilities:					
Electricity	11,115.00	53,318.05	64,433.05	36,632.72	27,800.33
Telephone and Telegraph		21,918.99	21,918.99	10,910.97	11,008.02
Gasoline	15,465.68	98,620.98	114,086.66	10,108.99	103,977.67
Salary and Wage Adjustment		25,000.00	25,000.00		25,000.00
<u>CONTINGENT</u>	1,997.96	19,932.18	21,930.14	5,492.75	16,437.39

TOWNSHIP OF VERONA
CURRENT FUND

A-17
Sheet # 5

APPROPRIATION RESERVES
DECEMBER 31, 2016

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2015</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Committed</u>	<u>Uncommitted</u>			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>STATUTORY EXPENDITURES</u>					
Contributions to:					
Social Security System (OASI)		\$ 39,216.36	\$ 39,216.36		\$ 39,216.36
Defined Contribution Retirement Plan		5,000.00	5,000.00		5,000.00
Total Appropriations Within "CAPS"	<u>\$ 429,664.57</u>	<u>1,281,761.47</u>	<u>1,711,326.04</u>	<u>\$ 635,699.05</u>	<u>1,075,626.99</u>
<u>OTHER OPERATIONS</u>					
Maintenance of Free Public Library		25,014.29	25,014.29	9,164.89	15,849.40
Length of Service Award Program - LOSAP		40,000.00	40,000.00	40,000.00	
Recycling - State Tax		12,764.00	12,764.00		12,764.00
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>					
Roseland:					
Construction Code Official		40,849.78	40,849.78	3,060.00	37,789.78
Fire Sub-Code Official		800.00	800.00	640.00	160.00
Communications			0.00		
Total Appropriations Excluded from "CAPS"		<u>119,428.07</u>	<u>119,428.07</u>	<u>52,864.89</u>	<u>66,563.18</u>
Total Appropriations	<u>\$ 429,664.57</u>	<u>\$ 1,401,189.54</u>	<u>\$ 1,830,754.11</u>	<u>\$ 688,563.94</u>	<u>\$ 1,142,190.17</u>
<u>Ref.</u>	A	A		A-5	A-1

TOWNSHIP OF VERONA
CURRENT FUND

RESERVE FOR MAINTENANCE OF FREE PUBLIC LIBRARY
WITH STATE AID

YEAR ENDED DECEMBER 31, 2016 A-18

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 6,940.76
Increased by:		
Receipts	A-4	5,800.00
		<u>> 12,740.76</u>
Decreased by:		
Payments	A-5	5,059.69
Balance, December 31, 2016	A	<u>\$ 7,681.07</u>

DUE TO STATE OF NEW JERSEY
MARRIAGE LICENSE AND BUILDING FEE SURCHARGE
YEAR ENDED DECEMBER 31, 2016

A-19

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 575.00
Increased by:		
Receipts	A-4	\$ 1,735.00
Due from General Trust Fund	A-16	<u>22,450.00</u>
		24,185.00
		<u>24,760.00</u>
Decreased by:		
Payments	A-5	22,343.00
Balance, December 31, 2016	A	<u>\$ 2,417.00</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2016

A-20

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ 111,086.57
Increased by:			
Collections	A-4		26,693.10
			<u>137,779.67</u>
Decreased by:			
Cancelled	A-1	\$ 20,343.25	
Transferred to Prepaid Taxes	A-25	<u>1,828.93</u>	
			<u>22,172.18</u>
Balance, December 31, 2016	A		<u>\$ 115,607.49</u>

LOCAL SCHOOL DISTRICT TAX
YEAR ENDED DECEMBER 31, 2016

A-21

	<u>Ref.</u>	<u>School Tax Payable</u>	<u>Deferred School Tax</u>
Balance, December 31, 2015	A	\$ 3,000,000.00	\$ 9,234,270.26
Increased by:			
Levy for Fiscal Year 2016-2017	A-1, A-2c, A-11	33,837,415.00	
		<u>36,837,415.00</u>	<u>9,234,270.26</u>
Decreased by:			
Payments	A-5	33,302,527.25	
		<u>33,302,527.25</u>	
Balance, December 31, 2016	A	<u>\$ 3,534,887.75</u>	<u>\$ 9,234,270.26</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

COUNTY TAXES
YEAR ENDED DECEMBER 31, 2016

A-22

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$
Increased by:			
General Levy	A-11	\$ 11,753,917.45	
County Open Space	A-11	351,192.01	
Due County for Added Taxes per N.J.S.A. 54:4-63.1 et seq.	A-11 A-1,2c	<u>33,975.69</u>	
			<u>12,139,085.15</u>
			12,139,085.15
Decreased by:			
Payments	A-5		<u>12,105,109.48</u>
Balance, December 31, 2016	A		<u>\$ 33,975.67</u>

ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2016

A-23

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ 46,463.74
Increased by:			
Cash Received	A-4		<u>44,436.29</u>
			90,900.03
Decreased by:			
Cash Disbursed	A-5		<u>31,463.74</u>
Balance, December 31, 2016	A, Below		<u>\$ 59,436.29</u>
<u>Analysis of Balance</u>			
Accounting Services - LOSAP			\$ 15,000.00
County of Essex - 5% PILOT			<u>44,436.29</u>
	Above		<u>\$ 59,436.29</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2016

A-24

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ 142,431.12
Increased by:			
Grant Budget	A-3	\$ 113,293.02	
Budget Appropriation	A-3	121,150.00	
Cash Receipts	A-4	<u>582,266.36</u>	
			<u>816,709.38</u>
			959,140.50
Decreased by:			
Cash Disbursements	A-5	673,243.12	
Grant Anticipated Revenue	A-2a	<u>103,543.02</u>	
			<u>776,786.14</u>
Balance, December 31, 2016	A		<u><u>\$ 182,354.36</u></u>
<u>Analysis of Balance</u>			
General Capital Fund			\$ 119,093.93
Payroll Fund			3,426.49
Due Federal/State Grant Fund			<u>59,833.94</u>
			<u><u>\$ 182,354.36</u></u>

PREPAID TAXES
YEAR ENDED DECEMBER 31, 2016

A-25

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ 250,745.58
Increased by:			
Collections	A-4	\$ 319,406.99	
Transferred from Tax Overpayments	A-20	<u>1,828.93</u>	
			<u>321,235.92</u>
			571,981.50
Decreased by:			
Applied to Taxes Receivable	A-11		<u>250,745.58</u>
Balance, December 31, 2016	A		<u><u>\$ 321,235.92</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

PREPAID REVENUE
YEAR ENDED DECEMBER 31, 2016

A-26

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 9,000.53
Increased by:		
Prepaid Fees	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;"><u>7,785.00</u></div> <div>16,785.53</div> </div>
Decreased by:		
Realized as Current Year Revenue	A-14	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;"><u>9,000.53</u></div> <div></div> </div>
Balance, December 31, 2016	A	<u><u>\$ 7,785.00</u></u>

RESERVE FOR SALE OF TOWNSHIP-OWNED PROPERTY
YEAR ENDED DECEMBER 31, 2016

A-27

	<u>Ref.</u>	
Balance, December 31, 2015	A	<u>\$ 19,248.19</u>
Balance, December 31, 2016	A	<u><u>\$ 19,248.19</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

FEDERAL AND STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

A-28

	Balance December 31, 2015	Budget Revenue Realized	Collections	Balance December 31, 2016
Municipal Alliance on Alcoholism and Drug Abuse	\$ 320.45	\$ 39,000.00	\$ 38,889.51	\$ 430.94
Medical Transport		50.00	50.00	
Clean Communities Program		28,747.06	28,747.06	
Body Armor Grant	2,163.83	2,905.96	2,905.96	2,163.83
DEA Equitable Sharing		27,840.00	27,840.00	
Sustainable New Jersey	5,000.00		5,000.00	
	<u>\$ 7,484.28</u>	<u>\$ 103,543.02</u>	<u>\$ 108,432.53</u>	<u>\$ 2,594.77</u>
<u>Ref.</u>	A	A-30	Below	A
		<u>Ref.</u>		
Due from Current Fund		A-29	\$ 105,239.47	
Unappropriated Grant Reserves		A-31	<u>3,193.06</u>	
		Above	<u>\$ 108,432.53</u>	

TOWNSHIP OF VERONA
FEDERAL/STATE GRANT FUND

INTERFUNDS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

A-29

	<u>Ref.</u>	<u>Federal and State Grant Fund</u>	
Balance, December 31, 2015	A		\$ 109,908.41
Increased by:			
Grants Receivable	A-28	\$ 105,239.47	
Unappropriated Revenue	A-31	7,251.75	
Grant Match	A-30	<u>9,750.00</u>	
			<u>122,241.22</u>
			232,149.63
Expenses Paid Through Current Fund	A-30		<u>115,570.88</u>
Balance, December 31, 2016	A		<u><u>\$ 116,578.75</u></u>
<u>Analysis of Balance</u>			
Due from Current Fund			\$ 59,833.84
Due from General Trust Fund			<u>56,744.91</u>
			<u><u>\$ 116,578.75</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
CURRENT FUND

APPROPRIATED RESERVES FOR STATE GRANTS
YEAR ENDED DECEMBER 31, 2016

A-30

<u>Grant</u>	<u>Balance</u> <u>December 31, 2015</u>	<u>Transferred</u> <u>from Budget</u> <u>Appropriations</u>	<u>Local</u> <u>Match</u>	<u>Expended</u>	<u>Balance</u> <u>December 31, 2016</u>
Municipal Alliance Committee - DARE	\$	\$ 39,000.00	\$ 9,750.00	\$ 42,313.99	\$ 6,436.01
Clean Communities Program	22,461.26	28,747.06		37,186.66	14,021.66
Drunk Driving Enforcement Fund	9,811.77			1,102.55	8,709.22
United Way Medical Transport	4,368.08				4,368.08
Body Armor Grant	12,218.92	2,905.96			15,124.88
Library Grant	2,646.42			2,646.42	
Environmental Grant	952.70				952.70
Medical Transport	28,287.51	50.00			28,337.51
DEA Equitable Sharing	21,954.93	27,840.00		19,502.26	30,292.67
	<u>\$ 114,199.63</u>	<u>\$ 103,543.02</u>	<u>\$ 9,750.00</u>	<u>\$ 115,570.88</u>	<u>\$ 111,921.77</u>
<u>Ref.</u>	A	A-28	A-29	A-29	A

TOWNSHIP OF VERONA
CURRENT FUND

UNAPPROPRIATED GRANT RESERVES
YEAR ENDED DECEMBER 31, 2016

A-31

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 3,193.06
Increased by:		
Due from Current Fund	A-29	7,251.75
		<u>10,444.81</u>
Decreased by:		
Realized as Revenue	A-28	3,193.06
		<u>3,193.06</u>
Balance, December 31, 2016	A	<u>\$ 7,251.75</u>
 <u>Analysis of Balance</u>		
Clean Communities		\$ 3,647.44
Drunk Driving Enforcement Fund		604.31
Firefighter Grant		<u>3,000.00</u>
		<u>\$ 7,251.75</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2016

B-2

	Ref.	Animal Control Trust Fund	General Trust Fund	Special Health Fund
Balance, December 31, 2015	B	\$ 16,577.39	\$ 808,250.27	\$ 11,410.43
Increased by Receipts:				
Investments Redeemed	B-3		\$ 1,412,167.91	
Fees Collected	B-2	\$ 949.80		
Special Deposits	B-6		830,219.87	
State Unemployment Compensation Insurance Fund	B-7		12,591.84	
Dog and Cat License Fees	B-9	6,698.00		
Essex County	B-4		185,174.00	
Escrow Deposits	B-10		66,536.31	
		<u>7,647.80</u>	<u>2,506,689.93</u>	
		24,225.19	3,314,940.20	11,410.43
Decreased by Disbursements:				
Interfund Accounts	B-5		138,989.07	
Paid to State of New Jersey	B-2	949.80		
Special Deposits	B-6		664,038.04	
Reserve for Unemployment Insurance	B-7		7,150.51	
Expenditures Under R.S. 41:19-15.11	B-9	23,176.85		
Escrow Deposits	B-10		28,564.44	
		<u>24,126.65</u>	<u>838,742.06</u>	
Balance, December 31, 2016	B	<u>\$ 98.54</u>	<u>\$ 2,476,198.14</u>	<u>\$ 11,410.43</u>

TOWNSHIP OF VERONA
TRUST FUNDS

CASH RECEIPTS AND DISBURSEMENTS - INVESTMENTS
YEAR ENDED DECEMBER 31, 2016

B-3

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ 1,412,167.91
Decreased by:		
Investments Redeemed	B-2	<u>1,412,167.91</u>
Balance, December 31, 2016		<u><u>\$</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

DUE FROM COUNTY OF ESSEX
(COMMUNITY DEVELOPMENT BLOCK GRANT)
YEAR ENDED DECEMBER 31, 2016

B-4

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ 442,214.00
Increased by:		
Grant Award	B-5	<u>108,738.00</u>
		550,952.00
Decreased by:		
Cash Received	B-2	<u>185,174.00</u>
Balance, December 31, 2016	B	<u><u>\$ 365,778.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

INTERFUNDS PAYABLE
YEAR ENDED DECEMBER 31, 2016

B-5

	<u>Ref.</u>	<u>Total</u>	<u>Current Fund</u>	<u>Federal/State Grant Fund</u>	<u>Water/Sewer Capital Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2015	B	\$ 518,786.96	\$ 19,828.05	\$ 56,744.91	\$ 116,000.00	\$ 326,214.00
Increased by:						
Special Deposits	B-6	22,450.00	22,450.00			
CDBG Grant - Net	B-4	108,738.00				108,738.00
		<u>649,974.96</u>	<u>42,278.05</u>	<u>56,744.91</u>	<u>116,000.00</u>	<u>434,952.00</u>
Decreased by:						
Cash Disbursements	B-2	138,989.07	22,989.07		116,000.00	
Balance, December 31, 2016	B	<u>\$ 510,985.89</u>	<u>\$ 19,288.98</u>	<u>\$ 56,744.91</u>	<u>\$</u>	<u>\$ 434,952.00</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

SPECIAL DEPOSITS
YEAR ENDED DECEMBER 31, 2016

B-6

	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016
State Construction Code Fees	\$ 3,711.32	\$ 18,745.00	\$ 22,450.00	\$ 6.32
Reserve for Hilltop	182,930.25			182,930.25
Senior Citizen - Donations	3,075.34	522.00		3,597.34
Law Enforcement Escrow Funds	6,328.13	903.00		7,231.13
Crime Prevention	1,765.55			1,765.55
Children's Fund	56,933.35	10,652.62	4,940.65	62,645.32
WTC 9/11 Fund	5,865.33		600.00	5,265.33
Firemen's Pension	120,200.00	80,000.00	31,970.00	168,230.00
Comcast	21,940.60			21,940.60
Reserve for Terminal Leave	206,396.63	150,000.00	286,987.22	69,409.41
Swim Team	65.86			65.86
Fire Code Penalties	861.71			861.71
Environmental Commission	2,006.33	93.88	80.14	2,020.07
Reserve for Eric Mortenson Scholarship	19,646.07	19,004.00	15,326.34	23,323.73
Community Center	99.68			99.68
Reserve for Recreation	2,855.56			2,855.56
Elevator Inspections	4,544.00		870.66	3,673.34
Recycling	81,405.99			81,405.99
Reserve for Repairs to AT&T Tower	30,000.00			30,000.00
Reserve for Snow Removal	151,925.31	100,000.00	29,312.53	222,612.78
Shade Tree Special Fund	14,604.30	250.00		14,854.30
Commercial - Revitalization	3,793.48	8,339.00		12,132.48
Security Deposit - Tower Lease	12,855.88			12,855.88
COAH Contribution	281,658.61	1,337.10		282,995.71
Reserve for MAC	11,842.04	1,312.20	6,633.14	6,521.10
Reserve for DARE	103.44			103.44
Parking Adjudication Account	8,778.20	972.00		9,750.20
Self-Insurance Reserve - General	39,570.12	14,761.95	31,594.20	22,737.87
Police Special Duty Pay		6,722.85		6,722.85
Reserve TTL	18,443.79	90,909.27	109,313.15	39.91
Reserve Premium on Tax Sale	192,300.00	267,400.00	141,440.00	318,260.00
Reserve for Tax Appeals	115,490.22	50,000.00	4,935.01	160,555.21
Concert Series	3,075.00	4,675.00	35.00	7,715.00
Community Service		2,840.00		2,840.00
Sustainable NJ		780.00		780.00
Lion's Club Library Donation	396.54			396.54
	<u>\$ 1,605,468.63</u>	<u>\$ 830,219.87</u>	<u>\$ 686,488.04</u>	<u>\$ 1,749,200.46</u>

Ref.

B

Below

Below

B

Ref.

Cash Receipts
Due to Current Fund
Cash Disbursements

B-2

\$ 830,219.87

B-5

\$ 22,450.00

B-2

664,038.04

\$ 830,219.87

\$ 686,488.04

TOWNSHIP OF VERONA
TRUST FUNDS

UNEMPLOYMENT COMPENSATION INSURANCE FUND
YEAR ENDED DECEMBER 31, 2016

B-7

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ 392,846.43
Increased by:		
Employee Deductions	B-2	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">12,591.84</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Decreased by:		
Payments:		
Quarterly Premiums and Claims	B-2	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">7,150.51</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2016	B	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 398,287.76</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2016

B-8

	<u>Ref.</u>	
Balance, December 31, 2015	B	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 1.00</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance, December 31, 2016	B	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 1.00</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2016

B-9

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ 16,577.39
Increased by:		
License Fees:		
2016 Collections:		
Dog		\$ 6,323.40
Cat		312.00
Other		62.60
	B-2	<u>6,698.00</u>
		23,275.39
Decreased by:		
Expenditures Under R.S. 4:19-15.11	B-2	<u>23,176.85</u>
Balance, December 31, 2016	B	<u>\$ 98.54</u>

License Fees Collected

<u>Year</u>	Amount
2014	\$ 6,302.30
2015	<u>6,286.20</u>
	<u>\$ 12,588.50</u>

Note: R.S. 4:19-15.11

"....there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding".

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

ESCROW DEPOSITS
YEAR ENDED DECEMBER 31, 2016

B-10

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ 145,528.78
Increased by:		
Deposits	B-2	<u>66,536.31</u>
		212,065.09
Decreased by:		
Refunds	B-2	<u>28,564.44</u>
Balance, December 31, 2016	B	<u><u>\$ 183,500.65</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
TRUST FUNDS

RESERVE FOR HEALTH CLINIC
YEAR ENDED DECEMBER 31, 2016

B-11

	<u>Ref.</u>	
Balance, December 31, 2015	B	<u>\$ 11,410.43</u>
Balance, December 31, 2016	B	<u><u>\$ 11,410.43</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS - TREASURER
YEAR ENDED DECEMBER 31, 2016

C-2

	<u>Ref.</u>		
Balance, December 31, 2015	C		\$ 402,220.85
Increased by Collections:			
Premium on Sale of Notes and Bonds	C-1	\$ 138,260.17	
Transferred from Investment Account	C-3	7,495,800.00	
Due from State of New Jersey	C-5	193,800.40	
Bond Anticipation Notes Purchased	C-17	11,186,500.00	
Interfunds	C-6	106,573.69	
Refunding Bond Sale Costs	C-15	<u>27,578.32</u>	
			<u>19,148,512.58</u>
			19,550,733.43
Decreased by Disbursements:			
Fund Balance Utilized in Current			
Fund Budget	C-1	468,900.00	
Improvement Authorizations	C-16	3,424,164.46	
Bond Anticipation Notes Matured	C-17	9,392,400.00	
Refunding Bond Sale Costs	C-15	<u>10,000.00</u>	
			<u>13,295,464.46</u>
Balance, December 31, 2016	C		<u><u>\$ 6,255,268.97</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS
INVESTMENT ACCOUNT
YEAR ENDED DECEMBER 31, 2016

C-3

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 7,495,800.00
Decreased by:		
Transferred to Checking Account	C-2	<u>7,495,800.00</u>
Balance, December 31, 2016	C	<u><u>\$</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2016

C-4
Sheet # 1

	Ordinance Number	Balance December 31, 2015	Receipts	Disbursements		Transfers		Balance December 31, 2016
				Improvement Authorizations	Other	From	To	
<u>Improvement Authorizations - General</u>								
Various Capital Improvements	6-99	\$ 412.05						\$ 412.05
Acquisition of Land	10-01	2,711.43						2,711.43
Various Capital Improvements	1-02	27,531.23						27,531.23
Various Capital Improvements	13-03	1,200.00						1,200.00
Various Capital Improvements	5-04	26,248.42						26,248.42
Various Capital Improvements	18-05	5,589.74		\$ 45.26				5,544.48
Various Capital Improvements	5-06	22,455.83						22,455.83
Various Capital Improvements	8-07	33,113.54		18,116.04				14,997.50
Various Capital Improvements	1-08	62,606.16		5,200.00				57,406.16
Various Capital Improvements	1-09	12,390.57						12,390.57
Various Capital Improvements	5-09	14,173.51		1,574.38				12,599.13
Various Capital Improvements	1-10	86,195.08		2,574.00				83,621.08
Various Capital Improvements	2-10	1,064,531.34		1,500.00				1,063,031.34
Various Capital Improvements	6-10	535,010.24		128,708.66				406,301.58
Various Capital Improvements	3-11	361,767.95		3,090.00				358,677.95
Various Capital Improvements	7-11	134,900.25		14,131.32				120,768.93
Various Capital Improvements	3-12	1,317,536.36		87,703.54				1,229,832.82

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TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2016

C-4
Sheet # 2

	Ordinance Number	Balance		Disbursements		Transfers		Balance December 31, 2016
		December 31, 2015	Receipts	Improvement Authorizations	Other	From	To	
<u>Improvement Authorizations - General</u>								
Various Capital Improvements	1-13	\$ 91,004.31		\$ 30,861.64				\$ 60,142.67
Construction of Hilltop Park - II	3-13	1,653,852.10		1,427,365.37				226,486.73
Various Capital Improvements	9-13	135,138.57		66,183.89				68,954.68
Purchase of Ambulance	2-14	7,443.83		3,250.00				4,193.83
Various Capital Improvements	4-15	104,851.39	\$ 193,800.40	705,343.82			\$ 500,000.00	93,307.97
Various Capital Improvements	6-15	99,821.70		73,690.66				26,131.04
Various Capital Improvements	15-15	288,000.00		729,042.86			500,000.00	58,957.14
Various Capital Improvements	7-16			1,850.00			925,000.00	923,150.00
Various Capital Improvements	15-16			14,400.00			20,000.00	5,600.00
Various Capital Improvements	18-16			88,745.63			53,500.00	(35,245.63)
Various Capital Improvements	22-16			20,787.39			30,000.00	9,212.61
Various Capital Improvements	26-16						20,000.00	20,000.00
Various Capital Improvements	28-16						12,000.00	12,000.00
<u>General Accounts</u>								
Fund Balance		1,053,389.41	138,260.17		\$ 468,900.00			722,749.58
Due from Trust Fund		(326,214.00)				108,738.00		(434,952.00)
Due from/to Pool Capital Fund								
Capital Improvement Fund		560,231.65				205,000.00	50,000.00	405,231.65
Reserve for Debt Service		1,131.81						1,131.81
Reserve for Future Improvements		500,050.00						500,050.00
Due to Current Fund		(89,267.62)	221,781.97		115,208.28	136,400.00	25,000.00	(94,093.93)
Reserve for Refunding Bond Sale Costs			27,578.32		10,000.00			17,578.32
Bond Anticipation Notes			11,186,500.00		9,392,400.00	1,794,100.00		
Reserve for CDBG		110,214.00					108,738.00	218,952.00
		<u>\$ 7,898,020.85</u>	<u>\$ 11,767,920.86</u>	<u>\$ 3,424,164.46</u>	<u>\$ 9,986,508.28</u>	<u>\$ 2,244,238.00</u>	<u>\$ 2,244,238.00</u>	<u>\$ 6,255,268.97</u>
Ref.		C	C-2	C-2	C-2	Contra	Contra	C

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DUE FROM STATE OF NEW JERSEY GRANTS AND AID
YEAR ENDED DECEMBER 31, 2016

C-5

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 200,000.00
Increased by:		
2016 Grant Awards	C-13	240,000.00
		<u>440,000.00</u>
Decreased by:		
Cash Received	C-2	193,800.40
Balance, December 31, 2016	C, Below	<u>\$ 246,199.60</u>

Analysis of Balance

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>
4-15	Department of Transportation - Reconstruction of Section III of Linden Avenue	\$ 6,199.60
18-16	Department of Transportation - Reconstruction of Durrell Street from Grove Street to Fairview Avenue	240,000.00
		<u>\$ 246,199.60</u>

Ref. Above

DUE FROM (TO) CURRENT FUND
YEAR ENDED DECEMBER 31, 2016

C-6

	<u>Ref.</u>	
Balance, December 31, 2015		\$ 89,267.62
Increased by:		
Capital Improvement Fund	C-10	25,000.00
Paydown of Bond Anticipation Note	C-9	86,400.00
		<u>200,667.62</u>
Decreased by:		
Cash Received	C-3	106,573.69
Balance, December 31, 2016	C	<u>\$ 94,093.93</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DUE FROM GENERAL TRUST FUND
YEAR ENDED DECEMBER 31, 2016

C-7

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 326,214.00
Increased by:		
Community Development Block Grant Awards	C-13	<u>108,738.00</u>
Balance, December 31, 2016	C, Below	<u>\$ 434,952.00</u>

Analysis of Balance

<u>Description</u>	<u>Amount</u>
CDBG - ADA Improvements to Library	\$ 217,476.00
CDBG - Sidewalk Reconstruction	108,738.00
CDBG - ADA Improvements Library Elevator - 2016	<u>108,738.00</u>
	<u>\$ 434,952.00</u>

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DEFERRED CHARGES ON FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2016

C-8

	<u>Ref.</u>		
Balance, December 31, 2015	C		\$ 20,218,748.06
Increased by:			
Refunding Bonds Issued	C-19		<u>1,855,000.00</u>
			22,073,748.06
Decreased by:			
Serial Bonds Redeemed	C-19	\$ 4,099,000.00	
Green Acres Loan	C-18	<u>97,680.98</u>	
			<u>4,196,680.98</u>
Balance, December 31, 2016	C		<u>\$ 17,877,067.08</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2016

C-9

			Analysis of Balance December 31, 2016						
Improvement Description	Ordinance Number	Date	Balance December 31, 2015	2016 Authorizations	Current Fund Budget Appropriation	Grant Reimbursement	Balance December 31, 2016	Bond Anticipation Notes	Unexpended Balance of Improvement Authorizations
Various Capital Improvements	3-12	5-21-12	\$ 1,963,900.00		\$ 65,100.00		\$ 1,898,800.00	\$ 1,898,800.00	
Various Capital Improvements	1-13	3-04-13	1,245,500.00		21,300.00		1,224,200.00	1,148,700.00	\$ 75,500.00
Various Capital Improvements	3-13	7-15-13	5,125,000.00				5,125,000.00	5,125,000.00	
Various Capital Improvements	9-13	1-06-14	485,400.00				485,400.00	485,000.00	400.00
Purchase of Ambulance	2-14	4-07-14	115,000.00				115,000.00	115,000.00	
Various Capital Improvements	4-15	3-02-15	1,433,500.00			\$ 193,800.40	1,239,699.60	1,033,500.00	206,199.60
Various Capital Improvements	15-15	11-16-15	1,610,000.00				1,610,000.00	500,000.00	1,110,000.00
Various Capital Improvements	7-16	3-21-16		\$ 880,500.00			880,500.00	880,500.00	
Various Capital Improvements	18-16	7-11-16		1,054,000.00			1,054,000.00	\$ 35,245.63	1,018,754.37
Various Capital Improvements	28-16	12-05-16		223,000.00			223,000.00		223,000.00
			<u>\$ 11,978,300.00</u>	<u>\$ 2,157,500.00</u>	<u>\$ 86,400.00</u>	<u>\$ 193,800.40</u>	<u>\$ 13,855,599.60</u>	<u>\$ 11,186,500.00</u>	<u>\$ 2,633,853.97</u>
Ref.	C			C-16	C-6	C-13	C	C-16	C-4
									Below
Improvements Authorization Unfunded									\$ 5,256,229.81
Less: Unextended Proceeds of Bond Anticipation Notes Issued:									
					Ord. 3-12				1,229,832.82
					Ord. 1-13				60,142.67
					Ord. 3-13				226,486.73
					Ord. 9-13				68,954.68
					Ord. 2-14				4,193.83
					Ord. 4-15				93,307.97
					Ord. 15-15				58,957.14
					Ord. 7-16				880,500.00
									<u>\$ 2,633,853.97</u>
									Above

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

C-10

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 560,231.65
Increased by:		
Current Fund Budget Appropriation	C-6	<u>25,000.00</u>
		585,231.65
Decreased by:		
Appropriation to Finance Improvement Authorization	C-16	<u>180,000.00</u>
Balance, December 31, 2016	C	<u>\$ 405,231.65</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

RESERVE FOR PAYMENT OF DEBT SERVICE
YEAR ENDED DECEMBER 31, 2016

C-11

	<u>Ref.</u>	
Balance, December 31, 2015	C	<u>\$ 1,131.81</u>
Balance, December 31, 2016	C	<u><u>\$ 1,131.81</u></u>

RESERVE FOR FUTURE IMPROVEMENTS
YEAR ENDED DECEMBER 31, 2016

C-12

	<u>Ref.</u>	
Balance, December 31, 2015	C	<u>\$ 500,050.00</u>
Balance, December 31, 2016	C	<u><u>\$ 500,050.00</u></u>
<u>Analysis of Balance</u>		
Hilltop Development		\$ 440,050.00
Rescue Squad		<u>60,000.00</u>
		<u><u>\$ 500,050.00</u></u>

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

RESERVE FOR STATE GRANTS AND AID RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

C-13

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 200,000.00
Increased by:		
Grant Award	C-5	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">240,000.00</div> <div style="width: 10px;"></div> <div style="text-align: right;">440,000.00</div> </div>
Decreased by:		
Applied to Deferred Charges Unfunded	C-9	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">193,800.40</div> <div style="width: 10px;"></div> <div style="text-align: right;"></div> </div>
Balance, December 31, 2016	C	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; text-align: right;">\$ 246,199.60</div> <div style="width: 10px;"></div> <div style="text-align: right;"></div> </div>

RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED DECEMBER 31, 2016

C-14

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 110,214.00
Increased by:		
Grant Award	C-7	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">108,738.00</div> <div style="width: 10px;"></div> <div style="text-align: right;"></div> </div>
Balance, December 31, 2016	C	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; text-align: right;">\$ 218,952.00</div> <div style="width: 10px;"></div> <div style="text-align: right;"></div> </div>

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

RESERVE FOR REFUNDING BOND SALE COSTS
YEAR ENDED DECEMBER 31, 2016

C-15

	<u>Ref.</u>	
Increased by:		
Cash Receipts	C-2	\$ 27,578.32
Decreased by:		
Cash Disbursements	C-2	<u>10,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 17,578.32</u></u>

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2016

C-16

Improvement Description	Ordinance			Balance Dec. 31, 2015		2016 Authorizations	Paid or Charged	Balance Dec. 31, 2016	
	Number	Date	Amount	Funded	Unfunded			Funded	Unfunded
Various Capital Improvements	6-99	8-16-99	2,541,000.00	\$ 412.05				\$ 412.05	\$
Acquisition of Land	10-01	9-24-01	100,000.00	2,711.43				2,711.43	
Various Capital Improvements	1-02	3-21-02	1,344,000.00	27,531.23				27,531.23	
Various Capital Improvements	13-03	11-03-03	593,000.00	1,200.00				1,200.00	
Various Capital Improvements	5-04	5-03-04	1,037,850.00	26,248.42				26,248.42	
Various Capital Improvements	18-05	11-07-05	2,084,500.00	5,589.74			\$ 45.26	5,544.48	
Various Capital Improvements	5-06	7-10-06	8,829,000.00	22,455.83				22,455.83	
Various Capital Improvements	8-07	5-21-07	2,809,000.00	33,113.54			18,116.04	14,997.50	
Various Capital Improvements	1-08	3-03-08	1,820,000.00	62,606.16			5,200.00	57,406.16	
Various Capital Improvements	1-09	3-16-09	2,414,550.00	12,390.57				12,390.57	
Various Capital Improvements	5-09	6-01-09	1,757,000.00	14,173.51			1,574.38	12,599.13	
Various Capital Improvements	1-10	1-29-10	1,049,000.00	86,195.08			2,574.00	83,621.08	
Various Capital Improvements	2-10	3-15-10	2,984,500.00	1,064,531.34			1,500.00	1,063,031.34	
Various Capital Improvements	6-10	6-21-10	2,354,000.00	535,010.24			128,708.66	406,301.58	
Various Capital Improvements	3-11	3-7-11	2,187,522.00	361,767.95			3,090.00	358,677.95	
Various Capital Improvements	7-11	8-15-11	434,500.00	134,900.25			14,131.32	120,768.93	
Various Capital Improvements	3-12	5-21-12	2,592,000.00		\$ 1,317,536.36		87,703.54		\$ 1,229,832.82
Various Capital Improvements	1-13	3-04-13	1,512,000.00		166,504.31		30,861.64		135,642.67
Construction of Hilltop Park - II	3-13	4-15-13	5,125,000.00		1,653,852.10		1,427,365.37		226,486.73
Various Capital Improvements	9-13	1-6-14	510,950.00		135,538.57		66,183.89		69,354.68
Purchase of Ambulance	2-14	4-7-14	195,000.00		7,443.83		3,250.00		4,193.83
Various Capital Improvements	4-15	3-2-15	1,456,500.00		1,004,851.39		705,343.82		299,507.57
Various Capital Improvements	6-15	7-1-15	115,000.00	99,821.70			73,690.66	26,131.04	
Various Capital Improvements	15-15	11-16-15	1,898,000.00	72,000.00	1,826,000.00		729,042.86		1,168,957.14
Various Capital Improvements	7-16	3-21-16	925,000.00			\$ 925,000.00	1,850.00	42,650.00	880,500.00
Various Capital Improvements	15-16	6-20-16	20,000.00			20,000.00	14,400.00	5,600.00	
Various Capital Improvements	18-16	7-11-16	1,107,500.00			1,107,500.00	88,745.63		1,018,754.37
Various Capital Improvements	22-16	9-12-16	30,000.00			30,000.00	20,787.39	9,212.61	
Various Capital Improvements	26-16	11-07-16	20,000.00			20,000.00		20,000.00	
Various Capital Improvements	28-16	12-05-16	235,000.00			235,000.00		12,000.00	223,000.00
				<u>\$ 2,562,659.04</u>	<u>\$ 6,111,726.56</u>	<u>\$ 2,337,500.00</u>	<u>\$ 3,424,164.46</u>	<u>\$ 2,331,491.33</u>	<u>\$ 5,256,229.81</u>

Ref.

C

C

Below

C-2

C

C

Ref.

Deferred Charges to Future Taxation - Unfunded
Capital Improvement Fund

C-9

\$ 2,157,500.00

C-10

180,000.00

Above

\$ 2,337,500.00

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2016

C-17

<u>Ordinance</u>		<u>Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>		<u>Balance December 31, 2015</u>	<u>Notes Issued</u>	<u>Decrease</u>	<u>Balance December 31, 2016</u>
<u>Number</u>	<u>Date</u>									
3-12	5-21-12	Various Improvements	8-9-12	7-21-17	2.00	% \$	1,963,900.00	\$ 1,898,800.00	\$ 1,963,900.00	\$ 1,898,800.00
1-13	3-04-13	Various Improvements	7-25-13	7-21-17	2.00		1,170,000.00	1,148,700.00	1,170,000.00	1,148,700.00
3-13	8-15-11	Phase II Hilltop Park	7-25-14	7-21-17	2.00		3,579,000.00	3,579,000.00	3,579,000.00	3,579,000.00
			7-23-15	7-21-17	2.00		1,546,000.00	1,546,000.00	1,546,000.00	1,546,000.00
9-13	5-21-12	Various Improvements	7-25-14	7-21-17	2.00		485,000.00	485,000.00	485,000.00	485,000.00
2-14	4-07-14	Purchase of Ambulance	7-25-14	7-21-17	2.00		115,000.00	115,000.00	115,000.00	115,000.00
4-15	3-02-15	Various Improvements	7-23-15	7-21-17	2.00		533,500.00	533,500.00	533,500.00	533,500.00
			8-23-16	8-23-17	2.00			500,000.00		500,000.00
15-15	11-16-15	Various Improvements	8-23-16	8-23-17	2.00			500,000.00		500,000.00
7-16	3-21-16	Various Improvements	8-23-16	8-23-17	2.00			880,500.00		880,500.00
							<u>\$ 9,392,400.00</u>	<u>\$ 11,186,500.00</u>	<u>\$ 9,392,400.00</u>	<u>\$ 11,186,500.00</u>
							<u>Ref.</u>	<u>C</u>		
							Renewals	Above		
							BANS Issued	C-20		
								Below	C-2	C
								\$ 9,306,000.00		
								<u>1,880,500.00</u>		
								<u>11,186,500.00</u>		
								Above		

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TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2016

C-18

<u>Date of Loan</u>	<u>Amount of Loan</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Loan Paid</u>	<u>Balance December 31, 2016</u>
9-18-07	\$ 1,965,000.00	2.00 %	<u>\$ 1,249,748.06</u>	<u>\$ 97,680.98</u>	<u>\$ 1,152,067.08</u>
		<u>Ref.</u>	C	C-8	C

TOWNSHIP OF VERONA
GENERAL CAPITAL BONDS

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2016

C-19

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Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance December 31, 2015	Bonds Issued	Bonds Redeemed	Balance December 31, 2016
			Date	Amount					
General Bonds of 2004	11-01-04	\$ 5,764,000.00				\$ 2,249,000.00		\$ 2,249,000.00	
General Bonds of 2008	5-01-08	6,827,000.00	5-01-17	\$ 600,000.00	5.00 %				
			5-01-18	602,000.00	5.00				
			5-01-19	600,000.00	3.45				
			5-01-20	600,000.00	3.50				
			5-01-21	600,000.00	3.55				
			5-01-22	600,000.00	3.65				
			5-01-23	600,000.00	3.70	4,802,000.00		600,000.00	\$ 4,202,000.00
General Bonds of 2010	11-01-10	8,665,000.00	11-01-17	750,000.00	2.25				
			11-01-18/21	750,000.00	3.00				
			11-01-22	750,000.00	3.125				
			11-01-23	640,000.00	3.25	5,890,000.00		750,000.00	5,140,000.00
General Bonds of 2013	7-15-13	6,558,000.00	7-15-17/21	500,000.00	2.50				
			7-15-22/26	500,000.00	3.00				
			7-15-27	528,000.00	3.00	6,028,000.00		500,000.00	5,528,000.00
Refunding Bonds of 2016	8-30-16	1,855,000.00	11-1-17	477,000.00	1.44				
			11-1-18	467,000.00	1.44				
			11-1-19	461,000.00	1.44				
			11-1-20	450,000.00	1.44		\$ 1,855,000.00		1,855,000.00
						<u>\$ 18,969,000.00</u>	<u>\$ 1,855,000.00</u>	<u>\$ 4,099,000.00</u>	<u>\$ 16,725,000.00</u>
Ref.						C	C-8	C-8	C

TOWNSHIP OF VERONA
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

C-20

<u>General Improvements</u>	<u>Ordinance Number</u>	<u>Date</u>	<u>Debt Authorized</u>	<u>Balance December 31, 2015</u>	<u>2016 Authorization</u>	<u>Notes Issued</u>	<u>Canceled and Grants Received</u>	<u>Balance December 31, 2016</u>
Various Improvements	1-13	3-4-13	1,470,000.00	75,500.00				75,500.00
Various Improvements	9-13	1-6-14	485,400.00	400.00				400.00
Various Improvements	4-15	3-2-15	1,433,500.00	900,000.00		500,000.00	193,800.40	206,199.60
Various Improvements	15-15	11-16-15	1,610,000.00	1,610,000.00		500,000.00		1,110,000.00
Various Improvements	7-16	3-21-16	880,500.00		880,500.00	880,500.00		
Various Improvements	18-16	7-11-16	1,054,000.00		1,054,000.00			1,054,000.00
Various Improvements	28-16	28-16	223,000.00		223,000.00			223,000.00
				<u>\$ 2,585,900.00</u>	<u>\$ 2,157,500.00</u>	<u>\$ 1,880,500.00</u>	<u>\$ 193,800.40</u>	<u>\$ 2,669,099.60</u>
		<u>Ref.</u>		C	C-9	C-17	C-5	C

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

CASH RECEIPTS AND DISBURSEMENTS COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2016

D-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance, December 31, 2015	D	\$ 1,107,199.86	\$ 80,003.82
Increased by Receipts:			
Premium on Sale of Notes	D-2		\$ 18,493.87
Miscellaneous Revenue	D-3	\$ 41,686.20	
Interest on Deposits	D-1	17,008.59	
Water/Sewer Capital Fund Balance	D-3	485,427.00	
Transfer from Investment Account	D-6	1,975.56	500,000.00
Interfund Accounts	D-8		171,000.00
Rents Receivable	D-9	5,317,221.36	
Utility Rent Overpayments	D-17	98,479.29	
Bond Anticipation Notes Issued	D-22		1,505,000.00
		<u>5,961,798.00</u>	<u>2,194,493.87</u>
		7,068,997.86	2,274,497.69
Decreased by Disbursements:			
Anticipated in Operating Fund	D-2		485,427.00
Budget Appropriations	D-4	4,944,582.08	
Transfer to Cash Management Fund	D-6	5,357.05	
Interfund Accounts	D-8	55,000.00	
Appropriation Reserves	D-13	385,242.99	
Payment of Interest on Notes	D-14	8,635.95	
Payment of Interest on Bonds	D-15	153,599.24	
Payment of Interest on Loans	D-16	29,709.53	
Improvement Authorizations	D-21		623,639.15
Bond Anticipation Notes Matured	D-22		420,500.00
		<u>5,582,126.84</u>	<u>1,529,566.15</u>
Balance, December 31, 2016	D	<u>\$ 1,486,871.02</u>	<u>\$ 744,931.54</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

CASH - INVESTMENT ACCOUNT
YEAR ENDED DECEMBER 31, 2016

D-6

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2015	D	\$ 686,618.51	\$ 3,072,500.00
Increased by:			
Interest Earned	D-5	<u>5,357.05</u>	
		691,975.56	<u>3,072,500.00</u>
Decreased by:			
Transfer to Checking Account	D-5	<u>1,975.56</u>	<u>500,000.00</u>
Balance, December 31, 2016	D	<u>\$ 690,000.00</u>	<u>\$ 2,572,500.00</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2016

D-7

	Balance December 31, 2015	Receipts	Disbursements		Transfers		Balance December 31, 2016
			Improvement Authorizations	Other	From	To	
Fund Balance	\$ 563,882.13	\$ 18,493.87		\$ 485,427.00			\$ 96,949.00
Capital Improvement Fund	289,800.00						289,800.00
Due from Water/Sewer Utility Operating Fund	(65,000.00)	55,000.00					(10,000.00)
Due from General Trust Fund		116,000.00			\$ 116,000.00		
Bond Anticipation Note		1,505,000.00		420,500.00	1,084,500.00		
<u>Water/Sewer Improvements</u>							
Ordinance #19-05	50,000.00						50,000.00
Ordinance #10-07	218,169.88		\$ 80.57				218,089.31
Ordinance #06-08	97,953.73		73,198.00				24,755.73
Ordinance #06-09	361,923.97		33,750.00				328,173.97
Ordinance #07-09	116,357.13						116,357.13
Ordinance #07-10	61,201.67						61,201.67
Ordinance #08-10	695,263.59		3,979.56				691,284.03
Ordinance #08-11	103,734.28		2,750.00				100,984.28
Ordinance #09-11	710,276.03		8,555.53				701,720.50
Ordinance #05-14	90,725.41		256,923.38			\$ 909,500.00	743,302.03
Ordinance #06-14	(141,784.00)						(141,784.00)
Ordinance #14-15			114,852.95			116,000.00	1,147.05
Ordinance #08-16			13,949.16			175,000.00	161,050.84
Ordinance #16-16			115,600.00				(115,600.00)
	<u>\$ 3,152,503.82</u>	<u>\$ 1,694,493.87</u>	<u>\$ 623,639.15</u>	<u>\$ 905,927.00</u>	<u>\$ 1,200,500.00</u>	<u>\$ 1,200,500.00</u>	<u>\$ 3,317,431.54</u>
<u>Ref.</u>	D	D-5	D-5	D-5	Contra	Contra	D

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

INTERFUND ACCOUNTS
YEAR ENDED DECEMBER 31, 2016

D-8

	Ref.	Water/Sewer Operating		Water Capital	
		Total	Water/Sewer Capital Fund	Water/Sewer Operating Fund	General Trust Fund
Balance December 31, 2015					
From				\$ 65,000.00	\$ 116,000.00
(To)		<u>\$ (65,000.00)</u>	<u>\$ (65,000.00)</u>		
Increased by:					
Cash Disbursements	D-5	<u>55,000.00</u>	<u>55,000.00</u>		
		<u>55,000.00</u>	<u>55,000.00</u>		
Decreased by:					
Cash Receipts	D-5	<u>171,000.00</u>		<u>55,000.00</u>	<u>116,000.00</u>
		<u>171,000.00</u>		<u>55,000.00</u>	<u>116,000.00</u>
Balance December 31, 2016					
From	D			<u>\$ 10,000.00</u>	<u>\$</u>
(To)	D	<u>\$ (10,000.00)</u>	<u>\$ (10,000.00)</u>		

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

WATER/SEWER RENTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

D-9

	<u>Ref.</u>		
Balance, December 31, 2015	D		\$ 520,194.42
Increased by:			
Billings	Reserve		<u>5,228,580.00</u>
			5,748,774.42
Decreased by:			
Collections	D-5	\$ 5,317,221.36	
Overpayments Applied	D-17	<u>5,874.05</u>	
	D-3		<u>5,323,095.41</u>
Balance, December 31, 2016	D		<u><u>\$ 425,679.01</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

INVENTORY - MATERIALS AND SUPPLIES
YEAR ENDED DECEMBER 31, 2016

D-10

	<u>Ref.</u>	
Balance, December 31 2015	D	\$ 195,735.61
Canceled	Reserve	<u>195,735.61</u>
Balance, December 31, 2016		<u><u>\$</u></u>

FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2016

D-11

	<u>Ref.</u>	
Balance, December 31, 2015	D	\$ 43,801,378.10
Increased by:		
Transferred from Fixed Capital		
Authorized and Uncompleted	D-12	<u>116,000.00</u>
Balance, December 31, 2016	D	<u><u>\$ 43,917,378.10</u></u>

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2016

D-12

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Ordinance Number	Improvement Description	Ordinance		Balance December 31, 2015	Increase	Transfer to Fixed Capital	Balance December 31, 2016
		Date	Amount				
	<u>Water/Sewer Improvements</u>						
19-05	Various Water/Sewer Capital Improvements	11-07-05	\$ 462,500.00	\$ 50,000.00			\$ 50,000.00
10-07	Various Sewer Capital Improvements	5-21-07	342,000.00	218,169.40			218,169.40
06-08	Improvement of Water System	6-02-08	410,000.00	97,953.73			97,953.73
06-09	Improvement of Water System	6-01-09	445,000.00	361,923.97			361,923.97
07-09	Various Sewer Capital Improvements	6-01-09	274,000.00	116,357.13			116,357.13
07-10	Improvement of Water System	6-21-10	660,000.00	61,201.67			61,201.67
08-10	Various Sewer Capital Improvements	6-21-10	764,500.00	695,263.59			695,263.59
08-11	Improvement of Water System	8-15-11	209,000.00	104,234.28			104,234.28
09-11	Various Sewer Capital Improvements	8-15-11	723,800.00	710,276.03			710,276.03
5-14	Various Sewer Capital Improvements	7-14-14	1,255,000.00	1,090,725.41			1,090,725.41
6-14	Improvement of Water System	7-14-14	143,000.00	1,216.00			1,216.00
14-15	Improvement of Water System	11-16-15	116,000.00	116,000.00		\$ 116,000.00	
	Acquisition and Installation of a Radio and						
08-16	Communications System	4-12-16	175,000.00		\$ 175,000.00		175,000.00
16-16	Acquisition of Water Meters and Equipment	8-03-16	525,000.00		525,000.00		525,000.00
				<u>\$ 3,623,321.21</u>	<u>\$ 700,000.00</u>	<u>\$ 116,000.00</u>	<u>\$ 4,207,321.21</u>
Ref.				D	D-21	D-11	D

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

D-13

	Balance December 31, 2015		Balance After Transfers	Expenditures	Balance Lapsed
<u>Appropriation</u>	<u>Committed</u>	<u>Uncommitted</u>			
<u>Operating</u>					
Salaries and Wages	\$ 75,000.00	\$ 173,034.85	\$ 248,034.85	\$ 82,136.98	\$ 165,897.87
Other Expenses	346,430.33	329,709.84	676,140.17	303,106.01	373,034.16
	<u>\$ 421,430.33</u>	<u>\$ 502,744.69</u>	<u>\$ 924,175.02</u>	<u>\$ 385,242.99</u>	<u>\$ 538,932.03</u>
<u>Ref.</u>	D	D		D-5	D-1

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

ACCRUED INTEREST ON NOTES
YEAR ENDED DECEMBER 31, 2016

D-14

	<u>Ref.</u>	
Balance, December 31, 2015	D	\$ 3,848.89
Increased by:		
Budget Appropriation	D-4	<u>16,755.73</u> 20,604.62
Decreased by:		
Interest Payments	D-5	<u>8,635.95</u>
Balance, December 31, 2016	D	<u>\$ 11,968.67</u>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance December 31, 2016</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
7-25-15	\$ 420,500.00	2.00%	7-25-16	12-31-16	160 Days	\$ 3,686.58
8-23-16	<u>1,084,500.00</u>	2.00%	8-23-16	12-31-16	130 Days	<u>8,282.10</u>
	<u>\$ 1,505,000.00</u>					<u>\$ 11,968.67</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

ACCRUED INTEREST ON BONDS
YEAR ENDED DECEMBER 31, 2016

D-15

	<u>Ref.</u>	
Balance, December 31, 2015	D	\$ 42,072.54
Increased by:		
Budget Appropriation	D-4	149,341.94
		<u>191,414.48</u>
Decreased by:		
Interest Payments	D-5	153,599.24
		<u>153,599.24</u>
Balance, December 31, 2016	D	<u>\$ 37,815.24</u>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance December 31, 2016</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
5-1-08	\$ 220,000.00	5.00%	11-1-16	12-31-16	2.00 Months	\$ 1,833.33
	226,000.00	5.00%	11-1-16	12-31-16	2.00	1,883.33
	220,000.00	3.45%	11-1-16	12-31-16	2.00	1,265.00
	220,000.00	3.50%	11-1-16	12-31-16	2.00	1,283.33
	220,000.00	3.55%	11-1-16	12-31-16	2.00	1,301.67
	220,000.00	3.65%	11-1-16	12-31-16	2.00	1,338.33
	200,000.00	3.70%	11-1-16	12-31-16	2.00	1,233.33
11-1-10	175,000.00	2.25%	11-1-16	12-31-16	2.00	656.25
	744,000.00	3.00%	11-1-16	12-31-16	2.00	3,720.00
7-15-13	700,000.00	2.50%	7-15-16	12-31-16	5.50	8,020.83
	1,018,000.00	3.00%	7-15-16	12-31-16	5.50	13,997.50
11-1-16	215,000.00	1.44%	11-1-16	12-31-16	2.00	1,282.32
	<u>\$ 4,378,000.00</u>			As of 12/31/2016		<u>\$ 37,815.24</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

ACCRUED INTEREST ON LOANS
YEAR ENDED DECEMBER 31, 2016

D-16

	<u>Ref.</u>	
	D	
Balance, December 31, 2015		\$ 16,570.32
Increased by:		
Budget Appropriation	D-4	28,126.19
		<u>44,696.51</u>
Decreased by:		
Interest Payments	D-5	29,709.53
	D	
Balance, December 31, 2016		<u><u>\$ 14,986.98</u></u>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance Due February 2017</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
11-01-02	\$ 8,306.25	8-01	12-31	5 Months	\$ 6,921.88
11-01-04	11,578.13	8-01	12-31	5 Months	<u>8,065.10</u>
					<u><u>\$ 14,986.98</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2016

D-17

	<u>Ref.</u>	
Balance, December 31, 2015	D	\$ 5,874.05
Increased by:		
Cash Received	D-5	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">98,479.29</div> <hr style="width: 100px;"/> </div>
		104,353.34
Decreased by:		
Applied to Rents	D-9	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">5,874.05</div> <hr style="width: 100px;"/> </div>
Balance, December 31, 2016	D	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 98,479.29</div> <hr style="width: 100px;"/> <hr style="width: 100px;"/> </div>

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2016

D-18

	<u>Ref.</u>	
Balance, December 31, 2016 and 2015	D	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 289,800.00</div> <hr style="width: 100px;"/> <hr style="width: 100px;"/> </div>

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2016

D-19

	<u>Ref.</u>		
Balance, December 31, 2015	D		\$ 39,095,463.05
Increased by:			
Transfer from Deferred Reserve for Amortization	D-20	\$ 116,000.00	
Repayment of State Loan	D-23	166,203.95	
Bond Anticipation Notes Paid	D-22	12,500.00	
Serial Bonds Redeemed	D-24	<u>590,000.00</u>	
			<u>884,703.95</u>
			39,980,167.00
Decreased by:			
Bond Proceeds from 2016 Refunding Bond	D-24		<u>7,000.00</u>
Balance, December 31, 2016	D		<u><u>\$ 39,973,167.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2016

D-20

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance December 31, 2015</u>	<u>Decrease</u>	<u>Balance December 31, 2016</u>
	<u>Water/Sewer Improvements</u>				
10-07	Various Sewer Improvements	5-21-07	\$ 16,500.00		\$ 16,500.00
6-09	Various Water Improvements	6-01-09	23,000.00		23,000.00
7-09	Various Sewer Improvements	6-01-09	14,000.00		14,000.00
7-10	Various Water Improvements	6-21-10	32,000.00		32,000.00
8-10	Various Sewer Improvements	6-21-10	37,500.00		37,500.00
8-11	Various Water Improvements	8-15-11	30,500.00		30,500.00
9-11	Various Sewer Improvements	8-15-11	35,800.00		35,800.00
14-15	Various Water Improvements	11-16-15	116,000.00	\$ 116,000.00	
			<u>\$ 305,300.00</u>	<u>\$ 116,000.00</u>	<u>\$ 189,300.00</u>
		<u>Ref.</u>	D	D-19	D

TOWNSHIP OF VERONA
WATER/SEWER UTILITY

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2016

D-21

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u> <u>Dec. 31, 2015</u>		<u>2016</u>	<u>Paid or</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	
	<u>Number</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>	<u>Authorizations</u>	<u>Charged</u>	<u>Funded</u>	<u>Unfunded</u>
<u>Water/Sewer Improvements</u>								
Various Water Capital Improvements	19-05	\$ 462,500.00	\$ 50,000.00				\$ 50,000.00	
Various Sewer Capital Improvements	10-07	342,000.00	218,169.88			\$ 80.57	218,089.31	
Various Water Capital Improvements	06-08	410,000.00	97,953.73			73,198.00	24,755.73	
Various Water Capital Improvements	06-09	445,000.00	361,923.97			33,750.00	328,173.97	
Various Sewer Capital Improvements	07-09	274,000.00	116,357.13				116,357.13	
Various Water Capital Improvements	07-10	660,000.00	61,201.67				61,201.67	
Various Sewer Capital Improvements	08-10	764,500.00	695,263.59			3,979.56	691,284.03	
Various Water Capital Improvements	08-11	209,000.00		\$ 104,234.28		2,750.00		\$ 101,484.28
Various Sewer Capital Improvements	09-11	723,800.00	710,276.03			8,555.53	701,720.50	
Various Sewer Capital Improvements	05-14	1,255,000.00		1,090,725.41		256,923.38		833,802.03
Various Water Capital Improvements	06-14	143,000.00		1,216.00				1,216.00
Various Water Capital Improvements	14-15	116,000.00		116,000.00		114,852.95	1,147.05	
Acquisition and Installation of a Radio and Communications System	08-16				\$ 175,000.00	13,949.16		161,050.84
Acquisition of Water Meters and Equipment	16-16				525,000.00	115,600.00		409,400.00
			<u>\$ 2,311,146.00</u>	<u>\$ 1,312,175.69</u>	<u>\$ 700,000.00</u>	<u>\$ 623,639.15</u>	<u>\$ 2,192,729.39</u>	<u>\$ 1,506,953.15</u>
Reference			D	D	D-12, D-25	D-5	D	D

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2016

D-22

Ordinance Number	Improvement Description	Date of Original Issue	Date of Maturity	Rate of Interest	Balance December 31, 2015	Notes Issued	Notes Paid	Balance December 31, 2016
8-11	Improvement of Water System	12/14/11	7/23/16	2.00%	\$ 178,000.00	\$ 165,500.00	\$ 178,000.00	\$ 165,500.00
5-14	Various Sewer Improvements	7/24/15	7/23/16	2.00	255,000.00	255,000.00	255,000.00	255,000.00
5-14	Various Sewer Improvements	8/23/16	8/23/17	2.00		909,500.00		909,500.00
8-16	Acq and Installation of a Radio Communication Systems	8/23/16	8/23/17	2.00		175,000.00		175,000.00
					<u>\$ 433,000.00</u>	<u>\$ 1,505,000.00</u>	<u>\$ 433,000.00</u>	<u>\$ 1,505,000.00</u>
				<u>Ref.</u>	D	D-5	Below	D
				Renewals	D-22	\$ 420,500.00		
				New Notes Issued	D-25	1,084,500.00		
				Above		<u>\$ 1,505,000.00</u>		
				Cash Disbursed	D-5		\$ 420,500.00	
				Paid through Budget Appropriation	D-19		12,500.00	
				Above			<u>\$ 433,000.00</u>	

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

WASTE WATER TREATMENT LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2016

D-23

New Jersey Waste Water Treatment
Loan Program:

Loan Number 3:

Trust Share

Fund Share

Loan Number 4:

Trust Share

Fund Share

<u>Original Issue</u>		<u>Balance</u>		<u>Balance</u>
<u>Date</u>	<u>Amount</u>	<u>December 31, 2015</u>	<u>Decrease</u>	<u>December 31, 2016</u>
11-01-02	\$ 700,000.00	\$ 335,000.00		\$ 335,000.00
11-01-02	735,250.00	264,198.34	\$ 166,203.95	97,994.39
11-01-04	850,000.00	490,000.00		490,000.00
11-01-04	864,348.00	397,237.92		397,237.92
		<u>\$ 1,486,436.26</u>	<u>\$ 166,203.95</u>	<u>\$ 1,320,232.31</u>
	<u>Ref.</u>	D	D-19	D

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2016

D-24

-141-

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance December 31, 2015	Refunding Bonds Issued	Bonds Redeemed	Balance December 31, 2016
			Date	Amount					
Water/Sewer Improvements	11-01-04	\$ 858,000.00				\$ 278,000.00		\$ 278,000.00	
Water/Sewer Improvements	5-01-08	2,886,000.00	5-01-17	\$ 220,000.00	5.00 %				
			5-01-18	226,000.00	5.00				
			5-01-19	220,000.00	3.45				
			5-01-20	220,000.00	3.50				
			5-01-21	220,000.00	3.55				
			5-01-22	220,000.00	3.65				
			5-01-23	200,000.00	3.70	\$ 1,746,000.00		220,000.00	\$ 1,526,000.00
Water/Sewer Improvements	11-01-10	1,819,000.00	11-01-17	175,000.00	2.25				
			11-01-18	175,000.00	3.00				
			11-01-19	200,000.00	3.00				
			11-01-20	200,000.00	3.00				
			11-01-21	169,000.00	3.00	1,094,000.00		175,000.00	919,000.00
Water/Sewer Improvements	7-15-13	2,043,000.00	01-15-17/18	125,000.00	2.50				
			01-15-19/21	150,000.00	2.50				
			01-15-22/27	150,000.00	3.00				
			01-15-28	118,000.00	3.00	1,843,000.00		125,000.00	1,718,000.00
Water/Sewer Improvements Refunding Bond	11-01-16	215,000.00	11-01-17	73,000.00	1.44				
			11-01-18	73,000.00	1.44				
			11-01-19	69,000.00	1.44		\$ 215,000.00		215,000.00
						<u>\$ 4,961,000.00</u>	<u>\$ 215,000.00</u>	<u>\$ 798,000.00</u>	<u>\$ 4,378,000.00</u>
					<u>Ref.</u>	D	D-5	Below	D
				Refunded Bonds	Contra		208,000.00	\$ 208,000.00	
				Paid through Budget Appropriations	D-19		7,000.00	590,000.00	
				Above			<u>\$ 215,000.00</u>	<u>\$ 798,000.00</u>	

TOWNSHIP OF VERONA
WATER AND SEWER UTILITY

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

D-25

Authorizations	Ordinance		Debt Authorized	Balance December 31, 2015	Authorizations	Notes Issued	Balance December 31, 2016
	Number	Date					
Various Sewer Improvements	8-11	8-15-11	\$ 198,500.00	\$ 500.00			\$ 500.00
Various Sewer Improvements	5-14	7-14-14	1,225,000.00	1,000,000.00		\$ 909,500.00	90,500.00
Various Water Improvements	6-14	7-14-14	143,000.00	143,000.00			143,000.00
Acq and Installation of a Radio Communication Systems	8-16	4-12-16	175,000.00		\$ 175,000.00	175,000.00	
Acquisition of Water Meters and Equipment	16-16	8-03-16	525,000.00		525,000.00		525,000.00
				<u>\$ 1,143,500.00</u>	<u>\$ 700,000.00</u>	<u>\$ 1,084,500.00</u>	<u>\$ 759,000.00</u>
			<u>Ref.</u>	D	D-21	D-22	D

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR - TREASURER
YEAR ENDED DECEMBER 31, 2016

E-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>	
Balance, December 31, 2015	E	\$ 125,845.59		\$ 58,425.71
Increased by Receipts:				
Premium on Sale of Notes	E-2		\$ 2,112.68	
Membership Fees	E-3	\$ 473,697.00		
Miscellaneous Revenue	E-3	99,463.66		
Transfer from Cash Management	E-6	290,576.83	297,678.00	
Petty Cash Returned	E-8	100.00		
Interfunds	E-10		30,000.00	
Capital Improvement Fund	E-15		15,000.00	
Bond Anticipation Notes Issued	E-20		171,000.00	
		<u>863,837.49</u>		<u>515,790.68</u>
		<u>989,683.08</u>		<u>574,216.39</u>
Decreased by Disbursements:				
Budget Appropriations	E-4	452,054.11		
Petty Cash Advanced	E-8	100.00		
Interfunds	E-17	30,000.00		
Appropriation Reserves	E-12	7,894.94		
Interest on Notes	E-14	2,911.89		
Interest on Bonds	E-13	43,369.29		
Improvement Authorizations	E-19		12,724.00	
Bond Anticipation Notes Redeemed	E-20		136,000.00	
		<u>536,330.23</u>		<u>148,724.00</u>
Balance, December 31, 2016	E	<u>\$ 453,352.85</u>		<u>\$ 425,492.39</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

CASH RECEIPTS AND DISBURSEMENTS
NEW JERSEY CASH MANAGEMENT FUND
YEAR ENDED DECEMBER 31, 2016

E-6

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2015	E	\$ 285,900.00	\$ 297,678.00
Increased by:			
Interest Earned	E-3	<u>4,676.83</u>	
		290,576.83	<u>297,678.00</u>
Decreased by:			
Transfer to Checking Account	E-5	<u>290,576.83</u>	<u>297,678.00</u>
Balance, December 31, 2016		<u>\$</u>	<u>\$</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

ANALYSIS OF CAPITAL CASH
YEAR ENDED DECEMBER 31, 2016

E-7

	Ordinance Number	Balance December 31, 2015	Receipts	Disbursements		Transfers		Balance December 31, 2016
				Improvement Authorizations	Other	From	To	
<u>Improvement Authorizations - General</u>								
Improvements to Pool Facility	8-09	\$ (700.00)						\$ (700.00)
Improvements to Pool Facility	9-10	60,198.81		\$ 920.00				59,278.81
Improvements to Pool Facility	10-11	57,497.88		6,206.00				51,291.88
Improvements to Pool Facility	2-13	56,208.77		4,458.01				51,750.76
Improvements to Pool Facility	7-14	(7,033.61)						(7,033.61)
Improvements to Pool Facility	13-15			539.99			\$ 35,000.00	34,460.01
Improvements to Pool Facility	17-16			600.00				(600.00)
<u>General Accounts</u>								
Fund Balance		4,006.86	\$ 2,112.68					6,119.54
Capital Improvement Fund		221,925.00	15,000.00					236,925.00
Bond Anticipation Notes			171,000.00		\$ 136,000.00	\$ 35,000.00		
Due from Swimming Pool Utility		(36,000.00)	30,000.00					(6,000.00)
		<u>\$ 356,103.71</u>	<u>\$ 218,112.68</u>	<u>\$ 12,724.00</u>	<u>\$ 136,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 425,492.39</u>
Ref.	E		E-5	E-5	E-5	Contra	Contra	E

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

PETTY CASH FUND
YEAR ENDED DECEMBER 31, 2016

E-8

	<u>Ref.</u>	<u>Operating</u>
Increased by:		
Petty Cash Funds Advanced	E-5	\$ 100.00
Decreased by:		
Petty Cash Funds Returned	E-5	<u>100.00</u>
		<u>\$</u>

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2016

E-9

Ref.

Balance, December 31, 2016 and 2015	E	\$ <u>4,532,626.18</u>
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INTERFUNDS RECEIVABLE
POOL UTILITY CAPITAL FUND
YEAR ENDED DECEMBER 31, 2016

E-10

Ref.

Due from Pool
Operating Fund

Balance, December 31, 2015	E	\$ 36,000.00
Decreased by:		
Cash Receipts	E-5	<u>30,000.00</u>
Balance, December 31, 2016	E	<u>\$ 6,000.00</u>

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2016

E-11

	<u>Ordinance</u>		<u>Amount</u>	<u>Balance December 31, 2015</u>	<u>2016 Authorizations</u>	<u>Balance December 31, 2016</u>
	<u>Number</u>	<u>Date</u>				
<u>General Improvements</u>						
Improvements to Municipal Pool	09-10	06-21-10	\$ 517,000.00	\$ 110,712.03		\$ 110,712.03
Improvements to Municipal Pool	10-11	08-15-11	88,000.00	59,703.06		59,703.06
Improvements to Municipal Pool	2-13	2-19-13	78,750.00	78,750.00		78,750.00
Improvements to Municipal Pool	7-14	7-14-14	33,000.00	33,000.00		33,000.00
Improvements to Municipal Pool	13-15	11-16-15	35,000.00	35,000.00		35,000.00
Improvements to Municipal Pool	17-16	8-3-16	30,000.00		\$ 30,000.00	30,000.00
				<u>\$ 317,165.09</u>	<u>\$ 30,000.00</u>	<u>\$ 347,165.09</u>
			<u>Ref.</u>	E	E-19	E

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

E-12

<u>Appropriation</u>	<u>Balance</u> <u>December 31, 2015</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Expenditures</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Uncommitted</u>			
<u>Operating</u>					
Salaries and Wages		\$ 57,511.15	\$ 57,511.15		\$ 57,511.15
Other Expenses	\$ 20,057.65	36,922.15	56,979.80	\$ 7,894.94	49,084.86
<u>Capital Improvements</u>					
Capital Outlay		5,000.00	5,000.00		5,000.00
<u>Statutory Expenditures</u>					
Unemployment Compensation					
Insurance		1,000.00	1,000.00		1,000.00
	<u>\$ 20,057.65</u>	<u>\$ 100,433.30</u>	<u>\$ 120,490.95</u>	<u>\$ 7,894.94</u>	<u>\$ 112,596.01</u>
<u>Ref.</u>	E	E		E-5	E-1

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

ACCRUED INTEREST ON BONDS
YEAR ENDED DECEMBER 31, 2016

E-13

	<u>Ref.</u>	
Balance, December 31, 2015	E	\$ 17,502.63
Increased by:		
Budget Appropriation	E-4	<u>42,057.83</u> 59,560.46
Decreased by:		
Payments	E-5	<u>43,369.29</u>
Balance, December 31, 2016	E	<u><u>\$ 16,191.17</u></u>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance December 31, 2016</u>	<u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
11-01-04	\$ 22,000.00	3.60 %	11-01-16	12-31-16	2 Months	\$ 132.00
05-01-08	122,000.00	5.00	11-01-16	12-31-16	2 Months	1,016.67
07-15-13	540,000.00	2.50	7-15-16	12-31-16	5.5 Months	6,187.50
	<u>644,000.00</u>	3.00	7-15-16	12-31-16	5.5 Months	<u>8,855.00</u>
	<u><u>\$ 1,328,000.00</u></u>					<u><u>\$ 16,191.17</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

ACCRUED INTEREST ON NOTES
YEAR ENDED DECEMBER 31, 2016

E-14

	<u>Ref.</u>	
Balance, December 31, 2015	E	\$ 1,289.67
Increased by:		
Budget Appropriation	E-4	3,089.94
		<u>4,379.61</u>
Decreased by:		
Payments	E-5	2,911.89
		<u>2,911.89</u>
Balance, December 31, 2016	E	<u>\$ 1,467.72</u>

Analysis of Balance

<u>Date of Issue</u>	<u>Balance December 31, 2016</u>	<u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
7-23-15	\$ 65,000.00	2.00%	7-24-15	12-31-16	160 Days	\$ 574.17
7-23-15	71,000.00	2.00%	7-24-15	12-31-16	160 Days	627.17
8-23-16	<u>35,000.00</u>	2.00%	08-16-16	12-31-16	137 Days	<u>266.39</u>
	<u>\$ 171,000.00</u>					<u>\$ 1,467.72</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2016

E-15

Balance, December 31, 2015	E	\$ 221,925.00
Increased by:		
Budget Appropriation	E-4, E-5	<u>15,000.00</u>
Balance, December 31, 2016	E	<u><u>\$ 236,925.00</u></u>

RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2016

E-16

	<u>Ref.</u>		
Balance, December 31, 2015	E	\$ 3,115,341.27	
Increased by:			
2016 Budget Appropriation:			
Required Pay down on Bond			
Anticipation Notes	E-20	\$ 10,000.00	
Bonds Redeemed	E-21	145,000.00	
Transferred from Deferred Reserve	E-18	<u>6,000.00</u>	
			<u>161,000.00</u>
Balance, December 31, 2016	E	<u><u>\$ 3,276,341.27</u></u>	

DUE TO POOL CAPITAL FUND
YEAR ENDED DECEMBER 31, 2016

E-17

	<u>Ref.</u>	<u>Pool Utility</u> <u>Operating</u>
Balance, December 31, 2015	E	\$ 36,000.00
Decreased by:		
Cash Disbursement	E-5	<u>30,000.00</u>
Balance, December 31, 2016	E	<u><u>\$ 6,000.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2016

E-18

	<u>Ref.</u>	
Balance, December 31, 2015	E	\$ 46,750.00
Decreased by:		
Transferred to Reserve for Amortization	E-16	<u>6,000.00</u>
Balance, December 31, 2016	E	<u><u>\$ 40,750.00</u></u>

Analysis of Balance

<u>Improvement</u>	<u>Ordinance Number</u>	<u>Amount</u>
Improvement to Pool Facility	09-10	\$ 20,000.00
Improvement to Pool Facility	10-11	17,000.00
Improvement to Pool Facility	2-13	<u>3,750.00</u>
		<u><u>\$ 40,750.00</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2016

E-19

Improvement	Ordinance			Balance Dec. 31, 2015		2016 Authorizations	Paid or Charged	Balance Dec. 3, 2016	
	Number	Date	Amount	Funded	Unfunded			Funded	Unfunded
General Improvements									
Improvements to Pool Facility	9-10	6-21-10	\$ 517,000.00	\$ 60,198.81			\$ 920.00	\$ 59,278.81	
Improvements to Pool Facility	10-11	6-15-11	88,000.00		\$ 57,497.88		6,206.00		\$ 51,291.88
Improvements to Pool Facility	2-13	2-19-13	78,750.00		56,208.77		4,458.01		51,750.76
Improvements to Pool Facility	7-14	7-14-14	33,000.00		25,966.39				25,966.39
Improvements to Pool Facility	13-15	11-16-15	35,000.00		35,000.00		539.99		34,460.01
Improvements to Pool Facility	17-16	8-3-16	30,000.00			\$ 30,000.00	600.00		29,400.00
				<u>\$ 60,198.81</u>	<u>\$ 174,673.04</u>	<u>\$ 30,000.00</u>	<u>\$ 12,724.00</u>	<u>\$ 59,278.81</u>	<u>\$ 192,869.04</u>
		Ref		E	E	E-11	E-5	E	E

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2016

E-20

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Notes Issued</u>	<u>Notes Paid</u>	<u>Balance December 31, 2016</u>
10-11	Improvement of Pool Utility	8-15-11	7-22-16	2.00 %	\$ 71,000.00	\$ 65,000.00	\$ 71,000.00	\$ 65,000.00
2-13	Improvement of Pool Utility	7-2-13	7-22-16	2.00	75,000.00	71,000.00	75,000.00	71,000.00
13-15	Improvement of Pool Utility	8-23-16	8-23-17	2.00		35,000.00		35,000.00
					<u>\$ 146,000.00</u>	<u>\$ 171,000.00</u>	<u>\$ 146,000.00</u>	<u>\$ 171,000.00</u>
				<u>Ref.</u>	E	E-5	E-5	E
		Renewals		E-20		\$ 136,000.00		
		New Notes Issued		E-22		35,000.00		
		Above				<u>\$ 171,000.00</u>		
		Cash Disbursed		E-5			\$ 136,000.00	
		Paid through Budget Appropriation		E-16			10,000.00	
		Above					<u>\$ 146,000.00</u>	

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

SERIAL BONDS
YEAR ENDED DECEMBER 31, 2016

E-21

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2016</u>		<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Bonds Redeemed</u>	<u>Balance December 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Improvements to Pool Facilities	11-01-04	\$ 462,000.00	11-01-17	\$ 22,000.00	3.60 %	\$ 62,000.00	\$ 40,000.00	\$ 22,000.00
Improvements to Pool Facilities	5-01-08	272,000.00	5-01-17	60,000.00	5.00			
			5-01-18	62,000.00	5.00	162,000.00	40,000.00	122,000.00
Improvements to Pool Facilities	7-15-13	1,379,000.00	7-15-17	65,000.00	2.50			
			7-15-18	85,000.00	2.50			
			7-15-19/21	130,000.00	2.50			
			7-15-22/25	130,000.00	3.00			
			7-15-26	124,000.00	3.00	1,249,000.00	65,000.00	1,184,000.00
						<u>\$ 1,473,000.00</u>	<u>\$ 145,000.00</u>	<u>\$ 1,328,000.00</u>
					<u>Ref.</u>	E	E-16	E

TOWNSHIP OF VERONA
SWIMMING POOL UTILITY

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

E-22

<u>Authorizations</u>	<u>Ordinance</u>		<u>Debt Authorized</u>	<u>Balance December 31, 2015</u>	<u>2016 Authorizations</u>	<u>Notes Issued</u>	<u>Balance December 31, 2016</u>
	<u>Number</u>	<u>Date</u>					
Various Pool Improvements	8-09	6-01-2009	\$ 94,000.00	\$ 700.00			\$ 700.00
Various Pool Improvements	7-14	7-14-2014	33,000.00	33,000.00			33,000.00
Various Pool Improvements	13-15	11-16-15	35,000.00	35,000.00		\$ 35,000.00	
Various Pool Improvements	17-16	8-3-16	30,000.00		\$ 30,000.00		30,000.00
				<u>\$ 68,700.00</u>	<u>\$ 30,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 63,700.00</u>
			<u>Ref.</u>	E	E-19	E-20	E

TOWNSHIP OF VERONA
PUBLIC ASSISTANCE TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2016

F-1

	<u>Ref.</u>	
Balance, December 31, 2015	F	\$ 2,937.60
Increased by Receipts:		
Interest on Deposits	F-2	<u>8.05</u>
Balance, December 31, 2016	F	<u><u>\$ 2,945.65</u></u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
PUBLIC ASSISTANCE TRUST FUND

RESERVES FOR EXPENDITURES
YEAR ENDED DECEMBER 31, 2016

F-2

	<u>Ref.</u>	
Balance December 31, 2015	F	\$ 2,937.60
Increased by:		
Interest on Deposits	F-1	<u>8.05</u>
Balance December 31, 2016	F	<u>\$ 2,945.65</u>

TOWNSHIP OF VERONA
FREE PUBLIC LIBRARY

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 2016 AND 2015

G-1

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Increased by:			
Miscellaneous Library Revenue	G-2	\$ 13,940.29	\$ 11,543.66
Interest in Investments and Savings Account	G-2	635.12	313.28
		<u>14,575.41</u>	<u>11,856.94</u>
Decreased by:			
Expenditures:			
Purchases of Books, Magazine Subscriptions, Records, etc.	G-2	16,561.85	11,010.97
		<u>16,561.85</u>	<u>11,010.97</u>
(Deficit) /Excess in Revenue		(1,986.41)	845.91
<u>Fund Balance</u>			
Balance, Beginning of Year		<u>190,557.45</u>	<u>189,711.48</u>
Balance, December 31, 2016	G	<u>\$ 188,571.04</u>	<u>\$ 190,557.39</u>
Fees Account	G	\$ 49,803.28	\$ 52,155.83
Memorial Account	G	<u>138,767.76</u>	<u>138,401.62</u>
Above		<u>\$ 188,571.04</u>	<u>\$ 190,557.45</u>

See Independent Auditors' Report

TOWNSHIP OF VERONA
FREE PUBLIC LIBRARY

CASH RECEIPT AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2016

G-2

	<u>Ref.</u>	<u>Fees Account</u>	<u>Memorial Account</u>
Balance, December 31, 2015	G	\$ 52,155.83	\$ 138,401.62
Increased by Receipts:			
Fees and Fines	G-1	\$ 6,439.95	\$
Book Sales and Miscellaneous	G-1	467.35	
Donations	G-1	6,669.13	
Nonresident Fees	G-1	150.00	
Lost Book Fees	G-1	210.36	
Miscellaneous	G-1	3.50	
Interest on Fees Account	G-1	269.01	
Interest on Memorial Fund	G-1		366.14
		<u>14,209.30</u>	<u>366.14</u>
		66,365.13	138,767.76
Decreased by Disbursements:			
Books, Compact Discs, Supplies, Dues, Registrations, Refunds, Postage, Subscriptions and Programs	G-1	<u>16,561.85</u>	
		<u>16,561.85</u>	
Balance, December 31, 2016	G	<u>\$ 49,803.28</u>	<u>\$ 138,767.76</u>

TOWNSHIP OF VERONA
PAYROLL FUND

CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2016

H-1

	Balance December 31, 2015	Gross Payroll	Disbursements	Balance December 31, 2016
Net Salaries and Wages		\$ 6,220,962.92	\$ 6,220,962.92	
Federal Income Tax		1,338,505.37	1,338,505.37	
New Jersey State Income Tax		392,315.92	392,315.92	
Social Security	\$ 115.51	782,441.65	779,130.67	\$ 3,426.49
Medicare	(50.76)	273,641.99	273,591.23	
Family Leave		3,560.75	3,560.75	
State Unemployment Compensation Insurance		18,808.03	18,808.03	
Pennsylvania State Income Tax		3,365.65	3,365.65	
Public Employees' Retirement System	1,232.23	403,321.79	404,554.48	(0.46)
Public Employees' Retirement System - Insurance	88.22	23,753.42	23,841.72	(0.08)
Public Employees' Retirement System - Annuity		4,563.00	4,563.00	
Defined Contribution Retirement		10,588.40	10,588.40	
Police and Firemen's Retirement System		375,465.35	375,465.32	0.03
PBA Dues		18,525.00	18,525.00	
VALIC	(100.00)	219,735.00	219,635.00	
VOYA		87,990.00	87,990.00	
County Educators FCU		33,550.00	33,550.00	
Life Insurance		4,615.55	4,615.55	
Colonial Life	368.62	8,951.53	8,951.53	368.62
OPEIU (Union Dues)		27,258.00	27,258.00	
College Fund		2,600.00	2,600.00	
VALIC 401A Profit Sharing		1,065.48	1,065.48	
State Health Benefits	1,333.14	363,685.72	365,018.86	
AFLAC		14,575.31	14,575.31	
Garnishments		60,159.40	60,159.40	
Other				59.87
Gross Payroll	<u>2,986.96</u>	<u>10,694,005.23</u>	<u>10,693,197.59</u>	<u>3,854.47</u>
Other:				
Due To/(From) Current Fund		166,573.51	170,000.00	(3,426.49)
Accounts Payable	<u>26.88</u>		<u>26.88</u>	
	<u>26.88</u>	<u>166,573.51</u>	<u>170,026.88</u>	<u>(3,426.49)</u>
	<u>\$ 3,013.84</u>	<u>\$ 10,860,578.74</u>	<u>\$ 10,863,224.47</u>	<u>\$ 427.98</u>

Ref.

H

H

PART II

**REPORT ON INTERNAL CONTROL
AND OTHER MATTERS**

ROSTER OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016 AND 2015

ROSTER OF OFFICIALS AND REPORT ON SURETY BONDS AT DECEMBER 31, 2016

<u>Name</u>	<u>Title</u>	<u>Amount of Surety</u>
Kevin Ryan	Mayor	\$
Michael Nochimson	Deputy Mayor	
Jay Sniatkowski	Councilman	
Bob Manley	Councilman	
Alex Roman	Councilman	
Matthew Cavallo	Township Manager	
Mitchell Stern	Director of Public Safety	
Jennifer Kiernan	Dog License Official	
	Municipal Clerk	
Matthew Laracy	Chief Financial Officer	1,000,000.00
Jennifer Muscara	Water Rent Collector – Tax Collector	1,000,000.00
	Tax Search Officer	
George Librizzi	Assessor	
Brian Aloia	Township Attorney	
John A. Paparazzo	Magistrate	1,000,000.00
Erica Varela	Court Clerk	1,000,000.00
Brian Mason	Prosecutor	
Thomas Jacobsen	Construction Code Enforcement Officer	
Constance Pifher	Director of Public Welfare	
Jim Cunningham	Director of Community Services	
Sue Portuese	Health Officer	
James Helb	Township Engineer	
Lenny Waterman	Buildings and Grounds Superintendent	
Cheryl Ashley	Library Director	
Diane Lundy	Treasurer of Library Board of Trustees	10,000.00

Public Employee Dishonesty coverage in the amount of \$25,000.00, per loss, covers all other employees.

All policies were provided through the North Jersey Intergovernmental Insurance Fund.

Contracts and Agreements Required to be Advertised per (N.J.S.A. 40A:11-4)

N.J.S.A. 40A:11-4, as amended, states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S.A. 40A:11-3c), except by contract or agreement."

It is pointed out that the Township Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Township Attorney should be sought before a commitment is made.

The bidding threshold for the period under audit is \$40,000.00 in accordance with the provisions of N.J.S.A. 40A:11-3c based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40A:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the "Pay to Play Law", provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between \$17,500.00 and the municipal bidding threshold, known as "window contracts", can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity. The Township did not participate in this process.

The minutes indicate that proposals were solicited for "Professional Services" in accordance with N.J.S.A. 19:44A-20-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)

N.J.S.A. 40A:11-6.1 states, "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds fifteen percent of the bid threshold or \$6,000.00, at least two quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder."

Reference is made to the Local Public Contract Guidelines and Local Public Contract Regulations (1977) promulgated by the New Jersey Division of Local Government Services in the Department of Community Affairs.

Collection of Interest on Delinquent Taxes and Other Municipal Charges

N.J.S.A. 54:4-47, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body adopted the following resolution in January 2016 authorizing interest to be charged on delinquent taxes, assessments and utility bills:

"WHEREAS, R.S. 54:4-66 regulates the due dates for the payment of taxes and assessments, and

WHEREAS, Chapter 105, P.L. 1965, amending R.S. 54:4-67 authorizes the municipalities to provide a grace period not exceeding ten (10) days.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Township of Verona that the Collector is hereby authorized to allow a period of ten (10) days grace from the installment due date before charging interest; after ten (10) days, interest reverts back to the due date, and

BE IT FURTHER RESOLVED that the rate of interest to be charged for the payment of taxes or assessments or sewer and water utility bills, when they become delinquent, shall be at the rate of eight percent (8%) per annum on the first \$1,500.00 of the delinquency, and eighteen percent (18%) per annum in the excess of \$1,500.00 and an additional penalty of six percent (6%) on any delinquency in excess of \$10,000.00 for the prior year.

Tests of the Tax Collector's records indicate that interest was collected in accordance with the provisions of the foregoing ordinance.

Delinquent Taxes and Tax Title Liens

A tax sale was held in 2016 and was complete.

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary. No exceptions noted.

The Office of the Township Clerk and Police Department did not consistently turn over the cash receipts to the tax collector on a timely basis resulting in a violation of N.J.A.C. 5:31-3.1, which requires funds to be deposited within 48 hours. It should be noted once the funds were turned over to the tax collector, they were deposited in the bank timely.

- 1.) We recommend that all departments turn over the funds daily to the tax collector to ensure funds are deposited within 48 hours.

Purchase Order System and Encumbrance System

The Township's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Tests of the system disclosed no exceptions during 2016. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control.

Our review indicated that certain departments had confirming orders and thus commitments prior to the certification to availability of funds. In accordance with N.J.A.C. 5:30-5.3, a certification of availability of funds must be made prior to any commitment of rendered services or purchased goods.

- 2.) We recommend that all requisitions are submitted and the CFO certify to the availability of funds prior to any commitment of services or receipt of goods to avoid confirming orders.

Payment of Claims

The examination did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Authorization for payment of claims is delegated to the Chief Financial Officer and bill lists are submitted to the Township Council for approval and recorded as a supplement to the official minutes.

Claims were examined on a test basis for the year under audit and the following opportunity for improvement was noted.

The Township hired one vendor with expenditures in excess of \$17,500 for a professional service contract that did not have a political disclosure form signed and on file.

- 3.) We recommend that all vendors hired for professional services who are excluded from the bid process fill out a Pay-to-Play political disclosure form.

Public Library

During our assessment of the public library's financials, a trivial difference was noted from the library records to the cash in the bank. Since the library does not perform bank reconciliations monthly or at year end, we could not determine the outstanding checks or deposits in transit at year end that may have reconciled this difference.

- 4.) We recommend the library perform reconciliations of cash ledgers to the bank statement on a monthly basis and identify all outstanding items at month and year end.

Dedication by Rider

Certain accounts classified herein as Special Deposits in the General Trust Fund may be subject to the provisions of Dedication by Rider, N.J.S.A. 40A:4-39.

N.J.S.A. 40A:4-39 requires resolutions be adopted by the Governing Body and subsequently approval by the Division of Local Government Services for any accounts dedicated by rider to the municipal budget.

- 5.) We recommend that certain trust accounts be reviewed by Township officials for possible inclusion in the municipal budget under the provisions of Dedication by Rider, N.J.S.A. 40A:4-39.

Corrective Action Plan

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A Corrective Action Plan was prepared for the 2015 audit.

Status of Prior Years' Audit Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all with the exception of the following, which is included in this year's recommendations:

General

Certain trust accounts be reviewed by Township officials for possible inclusion in the municipal budget under the provisions of Dedication by Rider, N.J.S.A. 40A:4-39.

Miscellaneous

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court was prepared as part of our examination and copies were filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions for pensions, withholding tax, social security and other purposes from individual employee salaries was not verified as part of this examination.

Activity of the State Unemployment Compensation Insurance Trust Fund, established for the accumulation of pertinent payroll deductions, municipal contributions and interest on deposits, appears in Section "B" of the report.

A copy of this report was filed with the New Jersey Division of Local Government Services.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

RECOMMENDATIONS

Financial Reporting

Departments turn over funds to the tax collector on a timely basis.

Certification to availability of funds be made prior to commitment of rendered services or purchased goods.

Political disclosure forms are maintained for vendors that perform professional services in excess of \$17,500.

Library performs timely reconciliations between bank activity and cash ledgers.

Dedication by Rider

Certain trust accounts be reviewed by Township officials for possible inclusion in the municipal budget under the provisions of Dedication by Rider, N.J.S.A. 40A:4-39.

* * *

The foregoing comments and resultant recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report and to assist in the implementation of recommendations.

We desire to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the examination.

Respectfully submitted,

A handwritten signature in cursive script that reads "John Lauria".

John Lauria, RMA
Licensed Registered Municipal Accountant # 403

May 23, 2017