

TOWNSHIP OF LAWRENCE
COUNTY OF CUMBERLAND
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2016

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Lawrence
Cedarville, New Jersey 08311

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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

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

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

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2017 on our consideration of the Township of Lawrence, in the County of Cumberland, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Lawrence's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Fred S. Caltabiano

Fred S. Caltabiano
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 6, 2017

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Lawrence
Cedarville, New Jersey 08311

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of Lawrence, in the County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 6, 2017. That report indicated that the Township of Lawrence's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Lawrence's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Lawrence's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Lawrence'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 of Lawrence's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Fred S. Caltabiano
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 6, 2017

TOWNSHIP OF LAWRENCE

CURRENT FUND

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

As of December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
ASSETS:			
Regular Fund:			
Cash - Treasurer	SA-1	\$ 970,142.24	\$ 908,902.05
Cash - Change Funds	A	150.00	150.00
Due from State of New Jersey			
Senior Citizens' and Veterans' Deductions	SA-6	2,000.00	5,983.96
		<u>972,292.24</u>	<u>915,036.01</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-2	239,391.27	248,850.71
Tax Title Liens	SA-3	238,680.29	235,176.48
Property Acquired for Taxes	SA-4	2,039,600.00	1,732,100.00
Revenue Accounts Receivable	SA-5	15,484.39	11,150.60
Due from Trust -- Animal Control Fund	B	505.44	505.44
Due from General Capital Fund	SC-6		78,453.39
		<u>2,533,661.39</u>	<u>2,306,236.62</u>
Total Regular Fund		<u>3,505,953.63</u>	<u>3,221,272.63</u>
Federal and State Grant Fund:			
Due from Current Fund	SA-12	63,875.76	38,021.53
Federal and State Grants Receivable	SA-13	214,310.19	138,644.80
Total Federal and State Grant Fund		<u>278,185.95</u>	<u>176,666.33</u>
		<u>\$ 3,784,139.58</u>	<u>\$ 3,397,938.96</u>

(Continued)

TOWNSHIP OF LAWRENCE

CURRENT FUND

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

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-7	\$ 91,067.56	\$ 99,918.05
Reserve for Encumbrances	A-3	25,081.98	6,509.94
Accounts Payable	SA-1		12,845.00
Due County for Added and Omitted Taxes	SA-8	5,790.79	3,940.94
Due Local School District	SA-10	195,515.00	392,168.00
Prepaid Taxes	SA-11	90,131.17	106,117.11
Due to Federal and State Grant Fund	SA-12	63,875.76	38,021.53
Due to General Capital Fund	SC-6	140,151.57	
Reserve for Revaluation	A-1		3,986.25
		<u>611,613.83</u>	<u>663,506.82</u>
Reserves for Receivables and Other Assets	A	2,533,661.39	2,306,236.62
Fund Balance	A-1	<u>360,678.41</u>	<u>251,529.19</u>
Total Regular Fund		<u>3,505,953.63</u>	<u>3,221,272.63</u>
Federal and State Grant Fund:			
Appropriated Reserves	SA-14	274,613.10	176,430.60
Unappropriated Reserves	SA-15	<u>3,572.85</u>	<u>235.73</u>
Total Federal and State Grant Fund		<u>278,185.95</u>	<u>176,666.33</u>
		<u>\$ 3,784,139.58</u>	<u>\$ 3,397,938.96</u>

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

TOWNSHIP OF LAWRENCE
CURRENT FUND

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

	<u>2016</u>	<u>2015</u>
REVENUE AND OTHER INCOME REALIZED:		
Fund Balance Anticipated	\$ 164,000.00	\$ 146,000.00
Miscellaneous Revenues Anticipated	642,751.87	697,204.37
Receipts from Delinquent Taxes and Tax Title Liens	244,819.60	279,152.64
Receipts from Current Taxes	5,528,249.43	5,393,732.08
Non-Budget Revenue	44,766.40	55,621.90
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	66,664.62	89,711.33
Interfund Liquidated - General Capital Fund	78,453.39	
Canceled Reserve for Revaluation	3,986.25	
Canceled Grants		11,827.00
	<u>6,773,691.56</u>	<u>6,673,249.32</u>
Total Income		
	<u>6,773,691.56</u>	<u>6,673,249.32</u>
EXPENDITURES:		
Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	397,888.52	396,447.00
Other Expenses	810,247.26	801,750.00
Deferred Charges and Statutory Expenditures	71,216.00	75,019.00
Excluded from "CAPS":		
Operations:		
Other Expenses	264,110.88	313,995.38
Capital Improvements	115,000.00	40,000.00
Municipal Debt Service	84,716.76	86,508.54
Deferred Charges	22,000.00	11,799.90
County Taxes	2,367,971.01	2,363,296.60
Local School District Tax	2,349,610.00	2,330,671.00
Interfund Created - General Capital Fund		21,827.39
Canceled Senior Cit Vet Accounts Receivable	3,990.07	
Refund of Prior Year Revenue	12,041.84	4,726.45
Prior Year Seniors' Citizens and Veterans' Deductions Disallowed	1,750.00	1,250.00
	<u>6,500,542.34</u>	<u>6,447,291.26</u>
Total Expenditures		
	<u>6,500,542.34</u>	<u>6,447,291.26</u>
Excess in Revenue	273,149.22	225,958.06
FUND BALANCE:		
Balance January 1,	<u>251,529.19</u>	<u>171,571.13</u>
	524,678.41	397,529.19
Utilized as Anticipated Revenue	<u>164,000.00</u>	<u>146,000.00</u>
Balance December 31,	<u>\$ 360,678.41</u>	<u>\$ 251,529.19</u>

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

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

	Anticipated <u>Budget</u>	Special N.J.S. <u>40A: 4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	\$ 164,000.00		\$ 164,000.00	
Miscellaneous Revenues				
Fees and Permits	2,350.00		2,515.00	\$ 165.00
Fines and Costs - Municipal Court	11,250.00		11,780.10	530.10
Interest and Costs on Taxes	40,730.00		39,050.33	(1,679.67)
Cell Tower Leases	23,100.00		24,472.01	1,372.01
American Tower Rent	21,600.00		21,600.00	
Consolidated Municipal Property Tax Relief Aid	9,054.00		9,054.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	216,832.00		216,832.00	
Reserve for Garden State Trust Fund	62,826.00		62,826.00	
Uniform Construction Code Fees	17,500.00		48,010.00	30,510.00
Public and Private Revenues Offset:				
Municipal Alliance on Alcohol and Drug Abuse		\$ 13,598.00	13,598.00	
Clean Communities		11,778.70	11,778.70	
Reconstruction of Lexington Avenue		181,000.00	181,000.00	
Alcohol Education and Rehab Fund	235.73		235.73	
Total Miscellaneous Revenues	405,477.73	206,376.70	642,751.87	30,897.44
Receipts from Delinquent Taxes	261,800.00		244,819.60	(16,980.40)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes including Reserve for Uncollected Taxes	1,069,308.11		1,152,450.56	83,142.45
Budget Totals	1,900,585.84	206,376.70	2,204,022.03	97,059.49
Non-Budget Revenue			44,766.40	44,766.40
	<u>\$ 1,900,585.84</u>	<u>\$ 206,376.70</u>	<u>\$ 2,248,788.43</u>	<u>\$ 141,825.89</u>

(Continued)

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

Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections \$ 5,528,249.43

Allocated to:

County and School Taxes 4,717,581.01

Amount for Support of Municipal Budget Appropriations 810,668.42

Add: Appropriation "Reserve for Uncollected Taxes" 341,782.14

Amount for Support of Municipal Budget Appropriations \$ 1,152,450.56

Receipts from Delinquent Taxes:

Delinquent Tax Collections \$ 244,819.60

Fees & Permits

Certified Vital Records \$ 480.00

EDRS Electronic Deposit 1,340.00

Yard Sale Permits 320.00

Planning Board Fees 160.00

Improvement Search Fees 40.00

Landlord Registration 175.00

\$ 2,515.00

Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:

Receipts:

Land Sales \$ 12,000.00

PILOT Program 15,701.47

Recycling - Metal Reimbursements 3,908.25

Lease Agreement BPFCU 1,650.00

Interest on Checking 2,181.00

Cable TV Franchise Fee 7,820.61

Other 1,505.07

Total Non-Budget Revenues \$ 44,766.40

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

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

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS -- WITHIN "CAPS"</u>						
<u>General Government Functions</u>						
Administrative and Executive:						
Salaries and Wages	\$ 82,406.00	\$ 82,406.00	\$ 82,024.25		\$ 381.75	
Other Expenses						
Telephone	18,000.00	18,000.00	16,603.88	\$ 240.32	1,155.80	
Miscellaneous Other Expenses	25,700.00	22,355.33	12,781.50	312.01	9,261.82	
Election:						
Other Expenses	2,500.00	2,500.00	2,500.00			
Financial Administration:						
Salaries and Wages	16,441.00	16,441.00	16,441.00			
Other Expenses	36,600.00	36,397.26	36,131.50		265.76	
Assessment of Taxes:						
Salaries and Wages	18,450.00	18,450.00	18,450.00			
Other Expenses						
Maintenance of Tax Map	7,500.00	7,500.00	3,831.50		3,668.50	
Miscellaneous Other Expenses	9,500.00	9,500.00	6,034.76	575.00	2,890.24	
Collection of Taxes:						
Salaries and Wages	52,644.00	52,644.00	52,644.00			
Other Expenses	11,100.00	11,100.00	8,487.06	1,469.70	1,143.24	
Legal Services and Costs:						
Salaries and Wages	10,488.00	10,488.00	10,488.00			
Other Expenses	24,800.00	24,800.00	21,810.13	2,100.00	889.87	
Liquidation of TTL	16,500.00	16,500.00	4,279.52	7,843.44	4,377.04	
Engineering Services and Costs:						
Other Expenses	5,000.00	5,000.00	1,170.54		3,829.46	
Public Building and Grounds:						
Salaries and Wages	8,797.00	8,797.00	6,777.64		2,019.36	
Other Expenses	38,700.00	46,200.00	45,784.80	390.00	25.20	
Municipal Land Use Law (NJSA 40:55D-1):						
Planning Board						
Salaries and Wages	3,952.00	3,952.00	3,952.00			
Other Expenses	2,050.00	2,050.00	702.41	8.17	1,339.42	
Zoning / Code Enforcement Officer:						
Other Expenses	300.00	300.00			300.00	
Insurance:						
Other Insurance Premiums	7,500.00	7,500.00	6,000.00		1,500.00	
General Liability	76,000.00	77,074.32	77,074.32			
Workers Compensation	46,500.00	48,667.40	48,667.40			
Employee Group Health	30,000.00	21,000.00	20,294.86	75.80	629.34	

(Continued)

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

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>Public Safety</u>						
Aid to Volunteer Fire Company	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00			
Rescue Squad -- Contribution	50,000.00	50,000.00	50,000.00			
Office of Emergency Preparedness:						
Salaries and Wages	4,191.00	4,191.00	4,191.00			
Other Expenses	2,000.00	2,000.00	70.24	\$ 1,473.38	\$ 456.38	
<u>Street and Roads</u>						
Road Repairs and Maintenance:						
Salaries and Wages	129,636.00	123,636.00	119,687.00		3,949.00	
Other Expenses	71,600.00	71,600.00	66,166.81	641.95	4,791.24	
Street Lighting	36,000.00	36,000.00	33,177.11		2,822.89	
<u>Sanitation</u>						
Municipal Convenience Center:						
Salaries and Wages	27,833.52	27,833.52	26,382.48		1,451.04	
Other Expenses	104,200.00	104,200.00	90,035.75	6,825.27	7,338.98	
<u>Health and Welfare</u>						
Dog Regulation:						
Other Expenses	18,100.00	18,100.00	17,545.00		555.00	
<u>Recreation and Education</u>						
Celebration of Public Events, Anniversary or Holiday:						
Other Expenses	4,000.00	4,000.00	364.27		3,635.73	
Senior Citizens Center:						
Salaries and Wages	14,922.00	14,922.00	14,922.00			
Other Expenses	6,950.00	6,950.00	2,831.05	195.00	3,923.95	
Parks and Playgrounds:						
Other Expenses	1,500.00	1,500.00	91.50		1,408.50	
<u>Uniform Construction Code</u>						
Construction Official:						
Salaries and Wages	14,865.00	14,865.00	13,626.25		1,238.75	
Other Expenses	500.00	602.95	602.95			
Plumbing Inspector:						
Salaries and Wages	8,460.00	8,460.00	8,460.00			
Electrical Inspector:						
Salaries and Wages	8,295.00	8,295.00	8,295.00			
Fire Protection Official:						
Salaries and Wages	2,508.00	2,508.00	2,508.00			
<u>Unclassified</u>						
Cumberland Development Corporation	5,250.00	5,250.00	5,250.00			
Sanitary Landfill Facility Number 0608 Post Closure Care	10,100.00	10,100.00	5,465.00		4,635.00	
Electricity	55,000.00	55,000.00	45,903.18	232.13	8,864.69	
Gas	21,000.00	21,000.00	13,284.89	2,699.81	5,015.30	
Gasoline	17,500.00	17,500.00	14,274.34		3,225.66	
Total Operations -- Within "CAPS"	1,215,838.52	1,208,135.78	1,096,064.89	25,081.98	86,988.91	-

(Continued)

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

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
Detail:		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
Salaries and Wages	\$ 403,888.52	\$ 397,888.52	\$ 388,848.62	\$ -	\$ 9,039.90	-
Other Expenses (Including Contingent)	811,950.00	810,247.26	707,216.27	25,081.98	77,949.01	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES -- WITHIN "CAPS"						
<u>Statutory Expenditures</u>						
Contribution to:						
Public Employees Retirement System	34,941.00	34,941.00	34,941.00			
Social Security System (O.A.S.I.)	31,200.00	31,200.00	30,374.00		826.00	
State Disability Compensation Insurance	2,000.00	2,000.00	1,993.09		6.91	
NJ Unemployment Compensation	10,575.00	3,075.00	1,151.86		1,923.14	
Total Statutory Expenditures	78,716.00	71,216.00	68,459.95	-	2,756.05	-
Total Deferred Charges and Statutory Expenditures -- Municipal -- Within "CAPS"	78,716.00	71,216.00	68,459.95	-	2,756.05	-
Total General Appropriations for Municipal Purposes Within -- "CAPS"	1,294,554.52	1,279,351.78	1,164,524.84	25,081.98	89,744.96	-
OPERATIONS -- EXCLUDED FROM "CAPS"						
Emergency Services Volunteer Length of Service Award Program	23,000.00	23,000.00	22,965.00		35.00	
Total Other Operations -- Excluded from "CAPS"	23,000.00	23,000.00	22,965.00	-	35.00	-
<u>Shared Service Agreements</u>						
Municipal Court - Cumberland Salem Regional Municipal Court	22,781.69	22,781.69	21,494.09		1,287.60	
Zoning / Code Enforcement Office - Deerfield Township	7,716.76	7,716.76	7,716.76			
Total from Shared Service Agreements	30,498.45	30,498.45	29,210.85	-	1,287.60	-
<u>Public and Private Programs Offset by Revenues</u>						
Municipal Alliance on Alcohol and Drug Abuse (40A: 4-87, \$13,598.00)	4,000.00	17,598.00	17,598.00			
Clean Communities (40A: 4-87, \$11,778.70)		11,778.70	11,778.70			
Reconstruction of Lexington Avenue (40A: 4-87, \$181,000.00)		181,000.00	181,000.00			
Alcohol Education and Rehab Fund	235.73	235.73	235.73			
Total Public and Private Programs Offset by Revenues	4,235.73	210,612.43	210,612.43	-	-	-
Total Operations -- Excluded from "CAPS"	57,734.18	264,110.88	262,788.28	-	1,322.60	-

(Continued)

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

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>			<u>Canceled</u>
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	\$ 57,734.18	\$ 264,110.88	\$ 262,788.28	-	\$ 1,322.60	-
<u>CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	100,000.00	115,000.00	115,000.00			
Total Capital Improvements -- Excluded from "CAPS"	100,000.00	115,000.00	115,000.00	-	-	-
<u>MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	40,000.00	40,000.00	40,000.00			
Interest on Bonds	36,400.00	36,602.74	36,602.74			
Loan Repayments for Principal and Interest	8,115.00	8,115.00	8,114.02			\$ 0.98
Total Municipal Debt Service -- Excluded from "CAPS"	84,515.00	84,717.74	84,716.76	-	-	0.98
<u>DEFERRED CHARGES -- EXCLUDED FROM "CAPS"</u>						
Deferred Charges to Future Taxation -- Unfunded	22,000.00	22,000.00	22,000.00			
Total Deferred Charges to Future Taxation -- Unfunded	22,000.00	22,000.00	22,000.00	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	264,249.18	485,828.62	484,505.04	-	1,322.60	0.98
Subtotal General Appropriations	1,558,803.70	1,765,180.40	1,649,029.88	\$ 25,081.98	91,067.56	0.98
Reserve for Uncollected Taxes	341,782.14	341,782.14	341,782.14			
Total	<u>\$ 1,900,585.84</u>	<u>\$ 2,106,962.54</u>	<u>\$ 1,990,812.02</u>	<u>\$ 25,081.98</u>	<u>\$ 91,067.56</u>	<u>\$ 0.98</u>
Budget		\$ 1,900,585.84				
Appropriated by 40A:4-87		206,376.70				
Reserve for Federal and State Grant Fund--Appropriated			\$ 210,612.43			
Due to General Capital Fund - Capital Improvement Fund			115,000.00			
Due to General Capital Fund - Deferred Charges to Future Taxation Unfunded			22,000.00			
Reserve for Uncollected Taxes			341,782.14			
Cash Disbursed			1,301,417.45			
		<u>\$ 2,106,962.54</u>	<u>\$ 1,990,812.02</u>			

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

TOWNSHIP OF LAWRENCE
TRUST FUNDS

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

	<u>Ref.</u>	<u>2016</u>	(Restated) <u>2015</u>
ASSETS:			
Animal Control Fund:			
Cash	SB-1	\$ 2,571.39	\$ 4,182.63
Total Animal Control Fund		<u>2,571.39</u>	<u>4,182.63</u>
Other Funds:			
Cash	SB-1	106,509.10	97,861.37
Investments - Length of Service Awards Program	SB-2	<u>122,106.99</u>	<u>118,739.09</u>
Total Other Funds		<u>228,616.09</u>	<u>216,600.46</u>
		<u>\$ 231,187.48</u>	<u>\$ 220,783.09</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Animal Control Fund:			
Due to Current Fund	B	\$ 505.44	\$ 505.44
Due to State of New Jersey Board of Health	SB-4		15.00
Reserve for Animal Control Expenditures	SB-3	<u>2,065.95</u>	<u>3,662.19</u>
Total Animal Control Fund		<u>2,571.39</u>	<u>4,182.63</u>
Other Funds:			
Reserve for:			
Unemployment Insurance	SB-5	1,194.92	203.36
Sanitary Landfill Escrow	SB-5	22,920.40	22,687.76
Developer's Escrow	SB-5	4,826.28	7,585.56
In-Rem Foreclosure Escrow	SB-5	552.96	553.06
Tax Title Lien Redemptions	SB-5	28,617.61	58,073.66
Payroll Withholdings Payable	SB-5	8,809.03	8,757.97
Recreation	SB-5	39,587.90	
Length of Service Awards Program	SB-5	<u>122,106.99</u>	<u>118,739.09</u>
Total Other Funds		<u>228,616.09</u>	<u>216,600.46</u>
		<u>\$ 231,187.48</u>	<u>\$ 220,783.09</u>

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

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND

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

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
ASSETS:			
Cash	SC-1	\$ 500.02	\$ 500.02
Due from Current Fund	SC-6	140,151.57	
Deferred Charges to Future Taxation:			
Funded	SC-3	793,211.03	839,762.40
Unfunded	SC-4	566,347.00	588,347.00
		<u>\$ 1,500,209.62</u>	<u>\$ 1,428,609.42</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Green Trust Loan Payable	SC-8	\$ 73,211.03	\$ 79,762.40
Loan Payable	SC-9	720,000.00	760,000.00
Bond Anticipation Notes	SC-10	285,000.00	
Contracts Payable	SC-7		19,529.90
Improvement Authorizations:			
Funded	SC-7	17,365.30	69,228.18
Unfunded	SC-7	147,379.29	231,013.09
Reserve for Payment of Debt	SC-11	147,234.05	152,190.36
Reserve for Preliminary Expenses - Cedar Lake Dam	SC-6		16,840.00
Due to Current Fund	SC-6		78,453.39
Capital Improvement Fund	SC-5	108,592.10	21,592.10
Fund Balance	C-1	1,427.85	
		<u>\$ 1,500,209.62</u>	<u>\$ 1,428,609.42</u>

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

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

Balance December 31, 2015	\$ -
Increased by:	
Bond Anticipation Note Premium	<u>1,427.85</u>
Balance December 31, 2016	<u><u>\$ 1,427.85</u></u>

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

TOWNSHIP OF LAWRENCE
GENERAL FIXED ASSETS GROUP OF ACCOUNTS
Statement of General Fixed Assets Group of Accounts - Regulatory Basis
For the Year Ended December 31, 2016

ASSETS:	Balance <u>December 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2016</u>
Land	\$ 333,115.19	\$ 105,712.52		\$ 438,827.71
Buildings	2,148,939.60	(105,712.52)	\$ 1,096.00	2,042,131.08
Improvements	395,336.01			395,336.01
Equipment	<u>1,902,475.43</u>	<u>186,496.90</u>	<u>23,809.18</u>	<u>2,065,163.15</u>
	<u><u>\$ 4,779,866.23</u></u>	<u><u>\$ 186,496.90</u></u>	<u><u>\$ 24,905.18</u></u>	<u><u>\$ 4,941,457.95</u></u>
FUND BALANCE:				
Investment in				
General Fixed Assets	<u><u>\$ 4,779,866.23</u></u>	<u><u>\$ 186,496.90</u></u>	<u><u>\$ 24,905.18</u></u>	<u><u>\$ 4,941,457.95</u></u>

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity – Built on a firm agricultural foundation, Lawrence Township has the reputation as a great place to live. Located in the Southern corner of Cumberland County, Lawrence Township provides an affordable cost of living, abundant recreational opportunities, and rich undeveloped land. With easy access to the Delaware Bay, green fields, wetland areas, and a small town atmosphere, Lawrence Township (hereafter referred to as the “Township”) provides a positive environment in which to live, work, and play. The population according to the 2010 census is 3,290.

The Township is represented by a three member Committee elected to three-year terms. These terms are staggered so that one member's term expires each year. The Mayor is appointed at the annual reorganization meeting by the members of the Committee. Executive and administrative responsibility rests with the Mayor, who is assisted by the other Committee members and the Township Clerk.

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

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded. Investments recorded in the trust fund for the Township's length of service awards program, however, are stated at fair value.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

School Taxes - The Township is responsible for levying, collecting and remitting school taxes for the Township of Lawrence School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

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

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

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

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

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2016, the Township's bank balances of \$1,125,498.97 were insured by FDIC and GUDPA.

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>\$ 2.448</u>	<u>\$ 2.370</u>	<u>\$ 2.272</u>	<u>\$ 2.213</u>	<u>\$ 2.178</u>
Apportionment of Tax Rate:					
Municipal	\$.453	\$.411	\$.382	\$.366	\$.344
County	1.001	.986	.948	.940	.938
Local School	.994	.973	.942	.907	.896

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2016	\$ 236,485,231.00
2015	239,717,632.00
2014	240,197,557.00
2013	242,106,183.00
2012	244,744,305.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2016	\$ 5,803,806.54	\$ 5,528,249.43	95.25%
2015	5,691,327.86	5,393,732.08	94.77%
2014	5,471,317.08	5,162,173.85	94.35%
2013	5,371,020.54	5,053,849.62	94.09%
2012	5,347,557.47	4,998,093.18	93.46%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ 238,680.29	\$ 239,391.27	\$ 478,071.56	8.24%
2015	235,176.48	248,850.71	484,027.19	8.50%
2014	185,708.67	288,688.64	474,397.31	8.67%
2013	156,590.02	281,425.40	438,015.42	8.16%
2012	133,947.37	275,972.65	409,920.02	7.67%

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

<u>Year</u>	<u>Number</u>
2016	275
2015	259
2014	182
2013	151
2012	120

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2016	\$ 2,039,600.00
2015	1,732,100.00
2014	1,769,100.00
2013	1,769,100.00
2012	1,685,800.00

Note 5: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2016	\$ 360,678.41	\$ 183,000.00	50.74%
2015	251,529.19	164,000.00	65.20%
2014	171,571.13	146,000.00	85.10%
2013	221,164.66	155,000.00	70.08%
2012	248,082.45	155,000.00	62.48%

Note 6: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 505.44	\$ 204,027.33
Federal and State Grant	63,875.76	
Trust - Animal Control		505.44
General Capital	140,151.57	
	<u>\$ 204,532.77</u>	<u>\$ 204,532.77</u>

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

Note 7: PENSION PLANS

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

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

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

The Township's contractually required contribution rate for the year ended December 31, 2016 was 14.33% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 is \$36,076.00, and is payable by April 1, 2017. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 was \$34,941.00, which was paid on April 1, 2016. Employee contributions to the plan during the year ended December 31, 2016 were \$17,946.58.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2016, the Township's proportionate share of the PERS net pension liability was \$1,202,707.00. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Township's proportion was 0.0040608487%, which was a decrease of .0000033257% from its proportion measured as of June 30, 2015.

At December 31, 2016, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2016 measurement date is \$81,011.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2016, the Township's contribution to PERS was \$34,941.00, and was paid on April 1, 2016.

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

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>PERS</u>	<u>Total</u>	<u>PERS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 22,367.00	\$ 22,367.00	\$ -	\$ -
Changes of Assumptions	249,137.00	249,137.00	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	45,860.00	45,860.00	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	-	-	121,956.00	121,956.00
Township Contributions Subsequent to the Measurement Date	18,038.00	18,038.00	-	-
	<u>\$ 335,402.00</u>	<u>\$ 335,402.00</u>	<u>\$ 121,956.00</u>	<u>\$ 121,956.00</u>

\$18,038.00 for PERS, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2017. This amount was based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plan measurement date of June 30, 2016 to the Township's year end of December 31, 2016.

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

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

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

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>Total</u>
2017	\$ 37,638.00	\$ 37,638.00
2018	37,638.00	37,638.00
2019	48,965.00	48,965.00
2020	49,098.00	49,098.00
2021	22,069.00	22,069.00
	<u>\$ 195,408.00</u>	<u>\$ 195,408.00</u>

Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

PERS		
1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>\$ 1,473,777.00</u>	<u>\$ 1,202,707.00</u>	<u>\$ 978,915.00</u>

Pension Plan Fiduciary Net Position

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

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

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

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0040608487%	0.0040641744%	0.0046481890%	0.0051213067%
Township's Proportionate Share of the Net Pension Liability	\$ 1,202,707.00	\$ 912,326.00	\$ 870,268.00	\$ 978,783.00
Township's Covered Payroll (Plan Measurement Period)	\$ 270,000.00	\$ 280,348.00	\$ 311,856.00	\$ 324,056.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	445.45%	325.43%	279.06%	302.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

	<u>Year Ended December 31,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 36,076.00	\$ 34,941.00	\$ 38,319.00	\$ 38,588.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(36,076.00)</u>	<u>(34,941.00)</u>	<u>(38,319.00)</u>	<u>(38,588.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 251,692.00	\$ 262,010.00	\$ 255,019.00	\$ 316,995.00
Township's Contributions as a Percentage of its Covered Payroll	14.33%	13.34%	15.03%	12.17%

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

Changes in Benefit Terms - None

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

Note 8: SANITARY LANDFILL ESCROW CLOSURE FUND

The Township previously operated a municipal landfill located in the Township. The Sanitary Landfill Facility Closure and Contingency Fund Act of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

In 1996 the landfill was closed and capped. The escrow closure fund balance at year-end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with post-closure are not known.

Note 9: COMPENSATED ABSENCES

Township employees are entitled to twelve paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward. Additionally, employees are not compensated for accumulated sick days upon termination of employment. Since required payments in any year are funded in that year's operating budget, no liability has been recorded at December 31, 2016.

Note 10: LENGTH OF SERVICE AWARDS PROGRAM

The Township's length of service awards program ("LOSAP"), which is reported in the Township's trust fund was created by a Township Ordinance 2000-270 adopted on June 13, 2000 pursuant to Section 457 (e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township approved the adoption of the LOSAP at the general election held in November 2000, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2001. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency service volunteers of the Cedarville Fire Company and Lawrence Township EMS, consisting of the volunteer fire department and the first aid organization, come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Note 10: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

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

Eligible members elected to receive a clothing allowance in lieu of a contribution for the years ended December 31, 2016 and 2015. When contributions are elected, participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Township's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Township's creditors until distributed as benefit payments, are not available for funding the operations of the Township.

Lincoln National Life Insurance Company ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Township's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

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

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

Forfeited Accounts - For the years ended December 31, 2016 and 2015, no accounts were forfeited.

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

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

Other - The 2015 Trust Funds Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis has been restated to include the LOSAP.

Note 11: CAPITAL DEBT**General Debt - Loan**

On February 1, 2014, the Township entered into a loan agreement with Farm Credit East, ACA to provide \$800,000.00 at interest rate of 5%. The proceeds were used to fund various capital improvements. Semiannual debt payments are due February 1st and August 1st through 2029.

The following schedule represents the remaining debt service, through maturity, for the Loan:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 40,000.00	\$ 35,905.45	\$ 75,905.45
2018	50,000.00	32,536.87	82,536.87
2019	50,000.00	29,543.78	79,543.78
2020	50,000.00	27,050.47	77,050.47
2021	50,000.00	24,557.37	74,557.37
2022-2026	285,000.00	81,338.29	366,338.29
2027-2029	<u>195,000.00</u>	<u>12,528.04</u>	<u>207,528.04</u>
	<u>\$ 720,000.00</u>	<u>\$ 243,460.27</u>	<u>\$ 963,460.27</u>

General Debt - New Jersey Green Acres Loan

On September 5, 2006, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$124,954.00, at an interest rate of 2%. The proceeds were used to fund the construction of the Township's community park and recreation department. Semiannual debt payments are due March 5th and September 5th through 2026.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loan:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,683.05	\$ 1,430.97	\$ 8,114.02
2018	6,817.38	1,296.64	8,114.02
2019	6,954.42	1,159.62	8,114.04
2020	7,094.20	1,019.83	8,114.03
2021	7,236.79	877.14	8,113.93
2022-2026	<u>38,425.19</u>	<u>2,144.92</u>	<u>40,570.11</u>
	<u>\$ 73,211.03</u>	<u>\$ 7,929.12</u>	<u>\$ 81,140.15</u>

Note 11: CAPITAL DEBT (CONT'D)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 1,078,211.03	\$ 839,762.40	\$ 886,184.69
Total Issued	<u>1,078,211.03</u>	<u>839,762.40</u>	<u>886,184.69</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	<u>281,347.00</u>	<u>588,347.00</u>	<u>430,531.12</u>
Total Authorized but not Issued	<u>281,347.00</u>	<u>588,347.00</u>	<u>430,531.12</u>
Total Issued and Authorized but not Issued	<u>1,359,558.03</u>	<u>1,428,109.40</u>	<u>1,316,715.81</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds	<u>147,234.05</u>	<u>152,190.36</u>	<u>152,190.36</u>
Total Deductions	<u>147,234.05</u>	<u>152,190.36</u>	<u>152,190.36</u>
Net Debt	<u>\$ 1,212,323.98</u>	<u>\$ 1,275,919.04</u>	<u>\$ 1,164,525.45</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .566%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 2,441,000.00	\$ 2,441,000.00	
General	<u>1,359,558.03</u>	<u>147,234.05</u>	<u>\$ 1,212,323.98</u>
	<u>\$ 3,800,558.03</u>	<u>\$ 2,588,234.05</u>	<u>\$ 1,212,323.98</u>

Net Debt \$1,212,323.98 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$214,042,326.33 equals .566%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,491,481.42
Less: Net Debt	<u>1,212,323.98</u>
Remaining Borrowing Power	<u>\$ 6,279,157.44</u>

Note12: RISK MANAGEMENT

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

Property and Liability Insurance - The Township maintains commercial insurance coverage for property, liability, vehicle, surety bonds, etc.

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ -	\$ 989.56	\$ 2.00	\$ -	\$ 1,194.92
2015	-	859.74	15.96	4,330.10	203.36
2014	-	871.15	32.58	-	3,657.76

Note 13: CONTINGENCIES

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

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

Note 14: CONCENTRATIONS

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

Note 15: SUBSEQUENT EVENTS

Authorization of Debt - Subsequent to December 31, the Township authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Purchase of Fire Truck	05/08/17	\$ 500,000.00

SUPPLEMENTAL EXHIBITS
CURRENT FUND

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

Balance December 31, 2015		\$ 908,902.05
Increased by Receipts:		
Taxes Receivable	\$ 5,610,934.18	
Tax Title Liens	14,777.55	
Prepaid Taxes	90,131.17	
Senior Citizens' and Veterans' Deductions	39,484.08	
Miscellaneous Revenue Anticipated	436,139.44	
Miscellaneous Revenue Not Anticipated	44,766.40	
Due to Federal & State Grant Fund - Grant Receivables	130,711.31	
Due to Federal & State Grant Fund - Unappropriated Grant	3,572.85	
Due to General Capital Fund	328,536.33	
	<u>6,699,053.31</u>	
		7,607,955.36
Decreased by Disbursements:		
Appropriations	1,301,417.45	
Appropriation Reserves	39,763.37	
Accounts Payable	12,845.00	
Due County -- Added and Omitted Taxes	3,940.94	
County Taxes Payable	2,362,180.22	
Local School Taxes Payable	2,546,263.00	
Due from Federal & State Grant Fund	112,429.93	
Due from General Capital Fund	246,931.37	
Refund of Prior Year Revenue	12,041.84	
	<u>6,637,813.12</u>	
Balance December 31, 2016		<u><u>\$ 970,142.24</u></u>

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

	Balance Dec. 31, 2015	2016 Levy	Added / Omitted Taxes	Collected		Due from State of New Jersey	Adjustments and Canceled	Transferred to Liens	Balance Dec. 31, 2016
				2015	2016				
Prior Years	\$ 248,850.71				\$ 230,042.05	\$ (1,750.00)	\$ (203.57)	\$ 10,983.69	\$ 9,778.54
2016		\$ 5,789,702.54	\$ 14,101.00	\$ 106,117.11	5,380,892.13	41,240.19	(8,632.36)	54,573.74	229,612.73
	<u>\$ 248,850.71</u>	<u>\$ 5,789,702.54</u>	<u>\$ 14,101.00</u>	<u>\$ 106,117.11</u>	<u>\$ 5,610,934.18</u>	<u>\$ 39,490.19</u>	<u>\$ (8,835.93)</u>	<u>\$ 65,557.43</u>	<u>\$ 239,391.27</u>

Analysis of Property Tax Levy

Tax Yield:

General Purpose

\$ 5,789,702.54

Added / Omitted Taxes

14,101.00\$ 5,803,803.54

Tax Levy:

Local School Tax

\$ 2,349,610.00

County Taxes:

County Tax

\$ 2,232,483.46

County Local Health Services Taxes

108,410.59

County Open Space Tax

21,286.17

Due County for Added and Omitted Taxes

5,790.79

2,367,971.01

Local Tax for Municipal Purposes

1,069,308.11

Add: Additional Tax Levied - Rounding

8,604.21

Add: Added / Omitted Taxes

8,310.211,086,222.53\$ 5,803,803.54

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

Balance December 31, 2015		\$ 235,176.48
Increased by:		
Interest and Costs	\$ 9,541.38	
Transfers from Taxes Receivable	<u>65,557.43</u>	
		<u>75,098.81</u>
		310,275.29
Decreased by:		
Transferred to Property Acquired for Taxes	56,817.45	
Collections	<u>14,777.55</u>	
		<u>71,595.00</u>
Balance December 31, 2016		<u><u>\$ 238,680.29</u></u>

Exhibit SA-4

CURRENT FUND
Statement of Property Acquired for Taxes
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 1,732,100.00
Increased by:		
Transferred from Tax Title Liens	\$ 56,817.45	
Adjustment to Assessed Valuation	<u>272,682.55</u>	
		<u>329,500.00</u>
		2,061,600.00
Decreased by:		
Sales of Property Acquired for Taxes		
Current Fund - MRNA	12,000.00	
Loss on Sales of Property Acquired for Taxes	<u>10,000.00</u>	
		<u>22,000.00</u>
Balance December 31, 2016		<u><u>\$ 2,039,600.00</u></u>

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

	Balance <u>Dec. 31, 2015</u>	<u>Accrued</u>	<u>Collected</u>	<u>Applied</u>	Balance <u>Dec. 31, 2016</u>
<u>Miscellaneous Revenue Anticipated</u>					
Fees and Permits		\$ 2,515.00	\$ 2,515.00		
Fines and Costs - Municipal Court		11,780.10	11,780.10		
Interest and Costs on Taxes		39,050.33	39,050.33		
Cell Tower Leases		24,472.01	24,472.01		
American Tower Rent		21,600.00	21,600.00		
Consolidated Municipal Property Tax Relief Aid		9,054.00	9,054.00		
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		216,832.00	216,832.00		
Reserve for Garden State Trust Fund		62,826.00	62,826.00		
Uniform Construction Code Fees	\$ 11,150.60	52,343.79	48,010.00		\$ 15,484.39
Public and Private Revenues Offset:					
Municipal Alliance on Alcohol and Drug Abuse		13,598.00		\$ 13,598.00	
Clean Communities		11,778.70		11,778.70	
Reconstruction of Lexington Avenue		181,000.00		181,000.00	
Alcohol Education and Rehab Fund		235.73		235.73	
	<u>\$ 11,150.60</u>	<u>\$ 647,085.66</u>	<u>\$ 436,139.44</u>	<u>\$ 206,612.43</u>	<u>\$ 15,484.39</u>

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Due from State of New Jersey
Senior Citizens' and Veterans' Deductions
For the Year Ended December 31, 2016

Balance December 31, 2015			\$	5,983.96
Increased by:				
2016 Levy -- Deductions per Tax Billing	\$	40,250.00		
2016 Senior Citizens' and Veterans' Deductions				
Granted by Tax Collector		<u>1,490.19</u>		
			\$	41,740.19
2016 Senior Citizens' and Veteran's Deductions				
Disallowed by Tax Collector				<u>(500.00)</u>
				<u>41,240.19</u>
				47,224.15
Decreased by:				
Cash Received				39,484.08
Adjustment				3,990.07
Prior Year Senior Citizens' and Veterans' Deductions				
Disallowed by Tax Collector				<u>1,750.00</u>
				<u>45,224.15</u>
Balance December 31, 2016			\$	<u><u>2,000.00</u></u>

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

	Balance December 31, 2015		Balance		
	<u>Encumbered</u>	<u>Reserved</u>	<u>After</u>	<u>Paid or</u>	<u>Lapsed to</u>
			<u>Modification</u>	<u>Charged</u>	<u>Fund Balance</u>
<u>OPERATIONS -- WITHIN "CAPS"</u>					
<u>General Government Functions</u>					
Administrative and Executive:					
Other Expenses					
Telephone		\$ 1,597.95	\$ 1,597.95	\$ 1,366.49	\$ 231.46
Miscellaneous Other Expenses	\$ 3,875.35	3,134.30	7,009.65	4,102.14	2,907.51
Financial Administration:					
Other Expenses		5,713.17	5,713.17	5,500.00	213.17
Assessment of Taxes:					
Other Expenses					
Maintenance of Tax Map		5,215.00	5,215.00	825.00	4,390.00
Miscellaneous		291.44	291.44	14.18	277.26
Collection of Taxes:					
Other Expenses		1,123.74	1,123.74		1,123.74
Legal Services and Costs:					
Other Expenses			585.00	585.00	
Engineering Services and Costs:					
Other Expenses		1,763.44	1,763.44	(234.00)	1,997.44
Public Building and Grounds:					
Salaries and Wages		1,948.73	1,948.73		1,948.73
Other Expenses		6,982.83	3,547.53	1,068.49	2,479.04
Municipal Land Use Law (N.J.S.40:55D-1)					
Planning Board:					
Other Expenses		1,056.65	1,056.65		1,056.65
Insurance:					
Other Insurance Premiums		365.00	365.00		365.00
General Liability		2,321.03	2,321.03		2,321.03
Employee Group Health		2,538.49	2,538.49		2,538.49
<u>Public Safety Functions</u>					
Office Emergency Preparedness:					
Other Expenses	1,625.22	347.63	1,972.85	1,650.21	322.64
<u>Streets and Roads</u>					
Road Repairs and Maintenance:					
Salaries and Wages		14,789.77	14,789.77	2,291.25	12,498.52
Other Expenses	174.93	1,718.12	1,893.05	716.33	1,176.72
Street Lighting		7.63	2,857.93	2,857.93	
<u>Sanitation</u>					
Municipal Convenience Center:					
Salaries and Wages		2,295.00	2,295.00	510.00	1,785.00
Other Expenses		14,824.02	14,824.02	9,444.25	5,379.77

(Continued)

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

	Balance December 31, 2015		Balance After Modification	Paid or Charged	Lapsed to Fund Balance
	<u>Encumbered</u>	<u>Reserved</u>			
<u>Health and Welfare</u>					
Dog Regulation:					
Other Expenses		\$ 947.00	\$ 947.00		\$ 947.00
<u>Recreation and Education</u>					
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses		127.23	127.23	\$ 127.23	
Senior Citizens Center:					
Other Expenses	\$ 834.44	2,827.00	3,661.44	834.44	2,827.00
Parks and Playgrounds:					
Other Expenses		1,180.00	1,180.00		1,180.00
<u>Uniform Construction Code</u>					
Construction Code Official:					
Other Expenses		278.24	278.24		278.24
<u>Unclassified</u>					
Sanitary Landfill		3,727.50	3,727.50	1,407.00	2,320.50
Electricity		5,530.54	5,530.54	4,529.98	1,000.56
Gas		5,081.99	5,081.99	2,069.26	3,012.73
Gasoline		6,918.42	6,918.42		6,918.42
<u>DEFERRED CHARGES AND STATUTORY</u>					
<u>EXPENDITURES MUNICIPAL -- WITHIN "CAPS"</u>					
<u>Statutory Expenditures</u>					
Contribution to:					
Social Security System (O.A.S.I.)		981.12	981.12		981.12
NJ Unemployment Compensation		597.73	597.73	98.19	499.54
<u>OPERATIONS -- EXCLUDED FROM "CAPS"</u>					
Emergency Services Volunteer Length of					
Service Award Program		2,297.89	2,297.89		2,297.89
Municipal Court		1,153.88	1,153.88		1,153.88
Zoning / Code Enforcement Office - Deerfield Township		235.57	235.57		235.57
	<u>\$ 6,509.94</u>	<u>\$ 99,918.05</u>	<u>\$ 106,427.99</u>	<u>\$ 39,763.37</u>	<u>\$ 66,664.62</u>

TOWNSHIP OF LAWRENCE
CURRENT FUND
Statement of Due County for Added and Omitted Taxes
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 3,940.94
Increased by:		
County General Share of Added / Omitted Taxes	\$ 5,464.64	
County Health Share of Added / Omitted Taxes	267.83	
County Open Space Preservation Share of Added / Omitted Taxes	<u>58.32</u>	
		<u>5,790.79</u>
		9,731.73
Decreased by:		
Disbursements		<u>3,940.94</u>
Balance December 31, 2016		<u><u>\$ 5,790.79</u></u>

Exhibit SA-9

CURRENT FUND
Statement of Due County Taxes
For the Year Ended December 31, 2016

Increased by:		
County General Share of Levy	\$ 2,232,483.46	
County Local Health Services Share of Levy	108,410.59	
County Open Space Preservation Share of Levy	<u>21,286.17</u>	
		\$ 2,362,180.22
Decreased by:		
Disbursements		<u><u>\$ 2,362,180.22</u></u>

Exhibit SA-10

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

Balance December 31, 2015	\$ 392,168.00
Increased by:	
Calendar Year School Levy	<u>2,349,610.00</u>
	2,741,778.00
Decreased by:	
Disbursements	<u>2,546,263.00</u>
Balance December 31, 2016	<u><u>\$ 195,515.00</u></u>

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

Balance December 31, 2015	\$ 106,117.11
Increased by:	
Collections -- 2017 Taxes	<u>90,131.17</u>
	196,248.28
Decreased by:	
Applied to 2016 Taxes Receivable	<u>106,117.11</u>
Balance December 31, 2016	<u><u>\$ 90,131.17</u></u>

Exhibit SA-12

FEDERAL AND STATE GRANT FUND
Statement of Due Current Fund
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 38,021.53
Increased by:	
Collections of Grants Receivable by Current Fund	\$ 130,711.31
Collections of Unappropriated Grant by Current Fund	3,572.85
Matching Funds - Current Fund Budget	<u>4,000.00</u>
	<u>138,284.16</u>
	176,305.69
Decreased by:	
Disbursement of Appropriated Grants by Current Fund	<u>112,429.93</u>
Balance December 31, 2016	<u><u>\$ 63,875.76</u></u>

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

<u>Program</u>	<u>Balance Dec. 31, 2015</u>	<u>Revenue Anticipated</u>	<u>Transferred from Unappropriated</u>	<u>Current Fund Cash Receipts</u>	<u>Balance Dec. 31, 2016</u>
Clean Communities Program		\$ 11,778.70		\$ 11,778.70	
Municipal Alliance on Alcohol and Drug Abuse	\$ 16,496.09	13,598.00		13,098.00	\$ 16,996.09
Alcohol Education and Rehab Fund		235.73	\$ 235.73		
NJ Transportation Trust Fund Authority Act 2015 Martin And Robbins Avenue	62,148.71			45,834.61	16,314.10
NJ Transportation Trust Fund Authority Act 2016 Lexington Avenue		181,000.00			181,000.00
Hazardous Mitigation Grant - Emergency Operations Center Generator	60,000.00			60,000.00	
	<u>\$ 138,644.80</u>	<u>\$ 206,612.43</u>	<u>\$ 235.73</u>	<u>\$ 130,711.31</u>	<u>\$ 214,310.19</u>

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

<u>Program</u>	Appropriated Balance Dec. 31, 2015	Transferred from Budget Appropriation	Current Fund Cash Disbursements	Appropriated Balance Dec. 31, 2016
Clean Communities Program	\$ 32,725.34	\$ 11,778.70	\$ 12,054.99	\$ 32,449.05
Municipal Alliance on Alcohol and Drug Abuse	31,149.75	17,598.00	20,792.94	27,954.81
Recycling Tonnage Grant	11,290.49			11,290.49
Alcohol Education and Rehab Fund	880.23	235.73		1,115.96
NJ Transportation Trust Fund Authority Act 2015 Martin And Robbins Avenue	35,896.10		19,582.00	16,314.10
NJ Transportation Trust Fund Authority Act 2016 Lexington Avenue		181,000.00		181,000.00
Hazardous Mitigation Grant - Emergency Operations Center Generator	60,000.00		60,000.00	
Municipal Stormwater Regulation Program	4,488.69			4,488.69
	<u>\$ 176,430.60</u>	<u>\$ 210,612.43</u>	<u>\$ 112,429.93</u>	<u>\$ 274,613.10</u>
	Revenues	\$ 206,612.43		
	Match	4,000.00		
		<u>\$ 210,612.43</u>		

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

<u>Program</u>	<u>Balance Dec. 31, 2015</u>	<u>Collected by Current Fund</u>	<u>Realized as Miscellaneous Revenue in Budget</u>	<u>Balance Dec. 31, 2016</u>
Recycling Tonnage Grant		\$ 3,572.85		\$ 3,572.85
Alcohol Education and Rehab Fund	\$ 235.73		\$ 235.73	
	<u>\$ 235.73</u>	<u>\$ 3,572.85</u>	<u>\$ 235.73</u>	<u>\$ 3,572.85</u>

SUPPLEMENTAL EXHIBITS
TRUST FUND

TOWNSHIP OF LAWRENCE
TRUST FUNDS
Statement of Trust Cash
For the Year Ended December 31, 2016

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2015	\$ 4,182.63	\$ 97,861.37
Increased by Receipts:		
Dog License Fees Collected	\$ 1,864.80	
Due State Department of Health	384.00	
Reserve for:		
Sanitary Landfill Escrow		\$ 232.64
Unemployment Insurance		991.56
Developer's Escrow		1,013.50
In-Rem Foreclosure Escrow		1.20
Tax Title Lien Redemptions		153,877.20
Payroll Withholdings Payable		430,147.92
Recreation		45,375.70
	<u>2,248.80</u>	<u>631,639.72</u>
	6,431.43	729,501.09
Decreased by Disbursements:		
Due State Department of Health	399.00	
Reserve for Animal Control Expenditures	3,461.04	
Reserve for:		
Developer's Escrow		3,772.78
In-Rem Foreclosure Escrow		1.30
Tax Title Lien Redemptions		183,333.25
Payroll Withholdings Payable		430,096.86
Recreation		5,787.80
	<u>3,860.04</u>	<u>622,991.99</u>
Balance December 31, 2016	<u><u>\$ 2,571.39</u></u>	<u><u>\$ 106,509.10</u></u>

TOWNSHIP OF LAWRENCE
TRUST -- OTHER FUNDS
Statement of Investments - Length of Service Awards Program
For the Year Ended December 31, 2016

Balance December 31, 2015		\$ 118,739.09
Increased by:		
Unrealized Gain on Investments		<u>7,216.50</u>
		125,955.59
Decreased by:		
Benefits Paid to Participants	\$ 3,173.60	
Administration Expenses	<u>675.00</u>	
		<u>3,848.60</u>
Balance December 31, 2016		<u><u>\$ 122,106.99</u></u>

Schedule of Investments, December 31, 2016

<u>Description</u>	<u>Amount</u>
Mutual Funds	<u><u>\$ 122,106.99</u></u>

TOWNSHIP OF LAWRENCE
TRUST -- ANIMAL CONTROL FUND
Statement of Reserve for Animal Control Expenditures
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 3,662.19
Increased by:	
Dog License Fees Collected	<u>1,864.80</u>
	5,526.99
Decreased by:	
Payments	<u>3,461.04</u>
Balance December 31, 2016	<u><u>\$ 2,065.95</u></u>

License Fees Collected
Year

	<u>Amount</u>
2015	\$ 2,016.54
2014	<u>2,961.60</u>
	<u><u>\$ 4,978.14</u></u>

TRUST -- ANIMAL CONTROL FUND
Statement of Due to State of New Jersey
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 15.00
Increased by:	
Receipts	<u>384.00</u>
	399.00
Decreased by:	
Disbursements	<u>399.00</u>
Balance December 31, 2016	<u><u>\$ -</u></u>

TOWNSHIP OF LAWRENCE
TRUST -- OTHER FUNDS
Statement of Changes in Reserves
For the Year Ended December 31, 2016

	Balance <u>Dec. 31, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec. 31, 2016</u>
Reserve for:				
Unemployment Insurance	\$ 203.36	\$ 991.56		\$ 1,194.92
Sanitary Landfill Escrow	22,687.76	232.64		22,920.40
Developer's Escrow	7,585.56	1,013.50	\$ 3,772.78	4,826.28
In-Rem Foreclosure Escrow	553.06	1.20	1.30	552.96
Tax Title Lien Redemptions	58,073.66	153,877.20	183,333.25	28,617.61
Payroll Withholdings Payable	8,757.97	430,147.92	430,096.86	8,809.03
Recreation		45,375.70	5,787.80	39,587.90
Length of Service Awards Program	118,739.09	7,216.50	3,848.60	122,106.99
	<u>\$ 216,600.46</u>	<u>\$ 638,856.22</u>	<u>\$ 626,840.59</u>	<u>\$ 228,616.09</u>
Cash Receipts		\$ 631,639.72		
Cash Disbursements			\$ 622,991.99	
Unrealized Gain on Investments		7,216.50		
Length of Service Awards Program			3,848.60	
		<u>\$ 638,856.22</u>	<u>\$ 626,840.59</u>	

SUPPLEMENTAL EXHIBITS
GENERAL CAPITAL FUND

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

Balance December 31, 2015 and 2016

\$ 500.02

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

	Balance (Deficit) <u>Dec. 31, 2015</u>	Miscellaneous <u>Receipts</u>	Miscellaneous <u>Disbursements</u>	<u>Transfers</u>		Balance (Deficit) <u>Dec. 31, 2016</u>
				<u>To</u>	<u>From</u>	
Fund Balance				\$ 1,427.85		\$ 1,427.85
Capital Improvement Fund	\$ 21,592.10			115,000.00	\$ 28,000.00	108,592.10
Due Current Fund	78,453.39			246,931.37	465,536.33	(140,151.57)
Reserve for Payment of Debt	152,190.36			42,108.48	47,064.79	147,234.05
Reserve for Preliminary Expenses - Cedar Lake Dam	16,840.00				16,840.00	
Improvement Authorizations:						
Ordinance						
<u>Number</u>						
09-349						
10-356	(30,000.00)			22,000.00		(8,000.00)
12-355	51,887.88				51,887.88	
13-366	(102,675.21)					(102,675.21)
13-369	16,870.20				13,929.90	2,940.30
13-371	(49,147.00)					(49,147.00)
14-377	(94,850.00)			95,000.00		150.00
15-385	(65,661.70)			95,000.00	18,911.80	10,426.50
15-389	5,000.00			95,000.00	84,722.00	15,278.00
16-393				28,000.00	13,575.00	14,425.00
	<u>\$ 500.02</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 740,467.70</u>	<u>\$ 740,467.70</u>	<u>\$ 500.02</u>

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

Balance December 31, 2015			\$ 839,762.40
Decreased by:			
Budget Appropriation - Payment of Green Trust Principal	\$ 6,551.37		
Budget Appropriation - Payment of Loan	<u>40,000.00</u>		
		<u>46,551.37</u>	
Balance December 31, 2016			<u><u>\$ 793,211.03</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	Decreased by: Budget Appropriations	Balance Dec. 31, 2016	Expenditures	Analysis of Balance Dec. 31, 2016	
						Financed by Bond Anticipation Notes or Loans	Unexpended Improvement Authorization
10-356	Purchase of dump truck and pickup truck	\$ 30,000.00	\$ 22,000.00	\$ 8,000.00	\$ 8,000.00		
13-366	Bay Point Improvements	224,200.00		224,200.00	102,675.21		\$ 121,524.79
13-371	Purchase of Ambulance	49,147.00		49,147.00	49,147.00		
14-377	Roads, Parking Lot, Equipment	95,000.00		95,000.00		\$ 95,000.00	
15-385	Road Improvements, Vehicle	95,000.00		95,000.00		95,000.00	
15-389	Acquisition of Equipment and Dump Truck	95,000.00		95,000.00		95,000.00	
		<u>\$ 588,347.00</u>	<u>\$ 22,000.00</u>	<u>\$ 566,347.00</u>	<u>\$ 159,822.21</u>	<u>\$ 285,000.00</u>	<u>\$ 121,524.79</u>
Improvement Authorizations -- Unfunded							\$ 147,379.29
Less: Unexpended Proceed of Bond Anticipation Notes							
Ordinance Numbers:							
14-377						\$ 150.00	
15-385						10,426.50	
15-389						<u>15,278.00</u>	
							25,854.50
							<u>\$ 121,524.79</u>

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

Balance December 31, 2015	\$ 21,592.10
Increased by:	
Budget Appropriation	<u>115,000.00</u>
	136,592.10
Decreased by:	
Improvement Authorizations	<u>28,000.00</u>
Balance December 31, 2016	<u><u>\$ 108,592.10</u></u>

Exhibit SC-6

GENERAL CAPITAL FUND
Statement of Due from Current Fund
For the Year Ended December 31, 2016

Balance December 31, 2015 - Due to	\$ 78,453.39
Increased by:	
Disbursed by Current Fund:	
Reserve for Preliminary Expenses - Cedar Lake Dam	\$ 16,840.00
Improvement Authorizations	183,026.58
Reserve for Payment of Debt	<u>47,064.79</u>
	<u>246,931.37</u>
	325,384.76
Decreased by:	
Receipts by Current Fund:	
Bond Anticipation Notes	\$ 285,000.00
Premium on Bond Anticipation Notes	1,427.85
Reserve for Payment of Debt	<u>42,108.48</u>
	328,536.33
Deferred Charges to Future Taxation Budget Appropriation	22,000.00
Capital Improvement Fund Budget Appropriation	<u>115,000.00</u>
	<u>465,536.33</u>
Balance December 31, 2016 - Due from	<u><u>\$ 140,151.57</u></u>

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

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u> <u>Dec. 31, 2015</u>		<u>Increased by</u>		<u>Decreased by</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	
	<u>Number</u>	<u>Amount</u>	<u>Funded</u>	<u>Unfunded</u>	<u>Authorization</u>	<u>Prior Year</u> <u>Contracts Payable</u>	<u>Current Fund</u> <u>Disbursements</u>	<u>Funded</u>	<u>Unfunded</u>
Various Capital Improvements	12-355	\$ 210,000.00	\$ 51,887.88				\$ 51,887.88		
Bay Point Improvements	13-366	300,000.00		\$ 121,524.79					\$ 121,524.79
Various Capital Improvements	13-369	50,000.00	12,340.30			\$ 4,529.90	13,929.90	\$ 2,940.30	
Roads, Parking Lot, Equipment	14-377	100,000.00		150.00					150.00
Road Improvements, Vehicle	15-385	100,000.00		14,338.30		15,000.00	18,911.80		10,426.50
Acquisition of Equipment and Dump Truck	15-389	100,000.00	5,000.00	95,000.00			84,722.00		15,278.00
Reconstruction of Lexington Avenue	16-393	28,000.00			\$ 28,000.00		13,575.00	14,425.00	
			<u>\$ 69,228.18</u>	<u>\$ 231,013.09</u>	<u>\$ 28,000.00</u>	<u>\$ 19,529.90</u>	<u>\$ 183,026.58</u>	<u>\$ 17,365.30</u>	<u>\$ 147,379.29</u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Green Trust Loan Payable
For the Year Ended December 31, 2016

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loan Outstanding December 31		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
Construction of community park & recreation development	9/5/06	\$ 124,954.00	9/5/2017	\$ 6,683.05				
			9/5/2018	6,817.38				
			9/5/2019	6,954.42				
			9/5/2020	7,094.20				
			9/5/2021	7,236.79				
			9/5/2022	7,382.25				
			9/5/2023	7,530.63				
			9/5/2024	7,682.00				
			9/5/2025	7,836.41				
			9/5/2026	7,993.90	2.00%	<u>\$ 79,762.40</u>	<u>\$ 6,551.37</u>	<u>\$ 73,211.03</u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Loan Payable
For the Year Ended December 31, 2016

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loan Outstanding December 31		Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
			Date	Amount				
Various Capital Improvements	2/1/14	\$ 800,000.00	2/1/2017	\$ 40,000.00				
			2/1/2018	50,000.00				
			2/1/2019	50,000.00				
			2/1/2020	50,000.00				
			2/1/2021	50,000.00				
			2/1/2022	55,000.00				
			2/1/2023	55,000.00				
			2/1/2024	55,000.00				
			2/1/2025	60,000.00				
			2/1/2026	60,000.00				
			2/1/2027	60,000.00				
			2/1/2028	67,500.00				
			2/1/2029	67,500.00	5.00%	<u>\$ 760,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 720,000.00</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Note Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Increase</u>	<u>Balance Dec. 31, 2016</u>
14-377	Roads, Parking Lot, Equipment	2/10/2016	02/10/16	02/09/17	1.50%	\$ -	\$ 95,000.00	\$ 95,000.00
15-385	Road Improvements, Vehicle	2/10/2016	02/10/16	02/09/17	1.50%	-	95,000.00	95,000.00
15-389	Acquisition of Equipment and Dump Truck	2/10/2016	02/10/16	02/09/17	1.50%	-	95,000.00	95,000.00
						<u>\$ -</u>	<u>\$ 285,000.00</u>	<u>\$ 285,000.00</u>

TOWNSHIP OF LAWRENCE
GENERAL CAPITAL FUND
Statement of Reserve for Payment of Debt
For the Year Ended December 31, 2016

Balance December 31, 2015	\$ 152,190.36
Increased by:	
Collected by Current Fund - FEMA Reimbursement Ordinance 13-366	<u>42,108.48</u>
	194,298.84
Decreased by:	
Disbursed by Current Fund - Returned to FEMA Ordinance 13-366	<u>47,064.79</u>
Balance December 31, 2016	<u><u>\$ 147,234.05</u></u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	Decreased by		Balance Dec. 31, 2016
			BANS Issued	Budget Appropriation	
10-356	Purchase of dump truck and pickup truck	\$ 30,000.00		\$ 22,000.00	\$ 8,000.00
13-366	Bay Point Improvements	224,200.00			224,200.00
13-371	Purchase of Ambulance	49,147.00			49,147.00
14-377	Roads, Parking Lot, Equipment	95,000.00	\$ 95,000.00		
15-385	Road Improvements, Vehicle	95,000.00	95,000.00		
15-389	Acquisition of Equipment and Dump Truck	95,000.00	95,000.00		
		<u>\$ 588,347.00</u>	<u>\$ 285,000.00</u>	<u>\$ 22,000.00</u>	<u>\$ 281,347.00</u>

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

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

Schedule of Financial Statement Findings

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

None

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

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

FINANCIAL STATEMENT FINDINGS

No prior year audit findings.

TOWNSHIP OF LAWRENCE
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>
Joseph A. Miletta, Jr.	Committeeperson – Mayor
Elmer E. Bowman	Committeeperson
Erwin Sheppard	Committeeperson
Ruth L. Dawson	Treasurer, Tax Collector, Township Clerk, Tax Search Officer, Registrar of Vital Statistics, Dog Registrar
Mary Jane Lake	Chief Financial Officer
Thomas Seeley	Solicitor
Fralinger Engineering, PA	Engineer

All employees are covered under a Blanket Surety Bond in the amount of \$500,000.

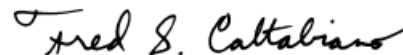
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APPRECIATION

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

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, reading "Fred S. Caltabiano". The signature is written in a cursive style with a large, stylized "F" and "C".

Fred S. Caltabiano
Certified Public Accountant
Registered Municipal Accountant