

**TOWNSHIP OF LAWRENCE**  
**COUNTY OF CUMBERLAND**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**TOWNSHIP OF LAWRENCE**  
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**TOWNSHIP OF LAWRENCE**  
**PART I**  
**REPORT OF AUDIT OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Committee  
Township of Lawrence  
Cedarville, NJ 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, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2017, 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.

### **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, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

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

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

### **Other 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 19, 2018 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 the effectiveness of the Township of Lawrence's 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 19, 2018

**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, NJ 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, 2017, 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 19, 2018. 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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 19, 2018

## TOWNSHIP OF LAWRENCE

## CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
ASSETS:			
Regular Fund:			
Cash - Treasurer	SA-1	\$ 1,034,056.71	\$ 970,142.24
Cash - Change Funds	A	150.00	150.00
Due from State of New Jersey			
Senior Citizens' and Veterans' Deductions	SA-6	<u>2,272.58</u>	<u>2,000.00</u>
		<u>1,036,479.29</u>	<u>972,292.24</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-2	270,454.88	239,391.27
Tax Title Liens	SA-3	316,744.40	238,680.29
Property Acquired for Taxes	SA-4	1,936,000.00	2,039,600.00
Revenue Accounts Receivable	SA-5	10,738.57	15,484.39
Due from Trust -- Animal Control Fund	B	<u>505.44</u>	<u>505.44</u>
		<u>2,534,443.29</u>	<u>2,533,661.39</u>
Total Regular Fund		<u>3,570,922.58</u>	<u>3,505,953.63</u>
Federal and State Grant Fund:			
Due from Current Fund	SA-12	38,247.29	63,875.76
Federal and State Grants Receivable	SA-13	<u>289,824.33</u>	<u>214,310.19</u>
Total Federal and State Grant Fund		<u>328,071.62</u>	<u>278,185.95</u>
		<u>\$ 3,898,994.20</u>	<u>\$ 3,784,139.58</u>

(Continued)

## TOWNSHIP OF LAWRENCE

## CURRENT FUND

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

As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-7	\$ 89,691.96	\$ 91,067.56
Reserve for Encumbrances	A-3	27,493.06	25,081.98
Due County for Added and Omitted Taxes	SA-8	6,959.62	5,790.79
Due Local School District	SA-10	198,418.00	195,515.00
Prepaid Taxes	SA-11	143,911.33	90,131.17
Housing Rehabilitation Payable	SA-1	15,701.15	
Due to Federal and State Grant Fund	SA-12	38,247.29	63,875.76
Due to General Capital Fund	SC-6	114,578.76	140,151.57
		<u>635,001.17</u>	<u>611,613.83</u>
Reserves for Receivables and Other Assets	A	2,534,443.29	2,533,661.39
Fund Balance	A-1	<u>401,478.12</u>	<u>360,678.41</u>
Total Regular Fund		<u>3,570,922.58</u>	<u>3,505,953.63</u>
Federal and State Grant Fund:			
Appropriated Reserves	SA-14	324,684.71	274,613.10
Unappropriated Reserves	SA-15	<u>3,386.91</u>	<u>3,572.85</u>
Total Federal and State Grant Fund		<u>328,071.62</u>	<u>278,185.95</u>
		<u>\$ 3,898,994.20</u>	<u>\$ 3,784,139.58</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>REVENUE AND OTHER INCOME REALIZED:</b>		
Fund Balance Anticipated	\$ 183,000.00	\$ 164,000.00
Miscellaneous Revenues Anticipated	705,294.10	642,751.87
Receipts from Delinquent Taxes and Tax Title Liens	222,169.51	244,819.60
Receipts from Current Taxes	5,686,034.65	5,528,249.43
Non-Budget Revenue	94,900.90	44,766.40
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	76,978.70	66,664.62
Interfund Liquidated - General Capital Fund		78,453.39
Canceled Reserve for Revaluation		3,986.25
	<u>6,968,377.86</u>	<u>6,773,691.56</u>
Total Income		
<b>EXPENDITURES:</b>		
Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	412,931.44	397,888.52
Other Expenses	804,078.09	810,247.26
Deferred Charges and Statutory Expenditures	74,816.00	71,216.00
Excluded from "CAPS":		
Operations:		
Other Expenses	305,027.42	264,110.88
Capital Improvements	120,000.00	115,000.00
Municipal Debt Service	99,370.29	84,716.76
Deferred Charges	22,000.00	22,000.00
County Taxes	2,538,415.78	2,367,971.01
Local School District Tax	2,363,625.00	2,349,610.00
Canceled Seniors' Citizens and Veterans' Accounts Receivable		3,990.07
Refund of Prior Year Revenue	2,573.94	12,041.84
Prior Year Seniors' Citizens and Veterans' Deductions Disallowed	1,740.19	1,750.00
	<u>6,744,578.15</u>	<u>6,500,542.34</u>
Total Expenditures		
Excess in Revenue	223,799.71	273,149.22
<b>FUND BALANCE:</b>		
Balance January 1,	<u>360,678.41</u>	<u>251,529.19</u>
	584,478.12	524,678.41
Utilized as Anticipated Revenue	<u>183,000.00</u>	<u>164,000.00</u>
Balance December 31,	<u>\$ 401,478.12</u>	<u>\$ 360,678.41</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, 2017

	Anticipated <u>Budget</u>	Special N.J.S. <u>40A: 4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated	\$ 183,000.00		\$ 183,000.00	
Miscellaneous Revenues				
Fees and Permits	2,350.00		3,216.88	\$ 866.88
Fines and Costs - Municipal Court	11,250.00		8,709.97	(2,540.03)
Interest and Costs on Taxes	38,730.00		33,203.80	(5,526.20)
Cell Tower Leases	23,100.00		24,515.04	1,415.04
American Tower Rent	21,600.00		22,918.49	1,318.49
Consolidated Municipal Property Tax Relief Aid	7,910.00		7,910.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	217,976.00		217,976.00	
Reserve for Garden State Trust Fund	62,826.00		62,826.00	
Uniform Construction Code Fees	17,500.00		71,041.00	53,541.00
Public and Private Revenues Offset:				
Clean Communities		\$ 10,006.75	10,006.75	
NJ Transportation Trust Fund		200,000.00	200,000.00	
Recycling Tonnage	39,397.32		39,397.32	
Recycling Tonnage - Unappropriated	3,572.85		3,572.85	
Total Miscellaneous Revenues	446,212.17	210,006.75	705,294.10	49,075.18
Receipts from Delinquent Taxes	244,800.00		222,169.51	(22,630.49)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes including Reserve for Uncollected Taxes	1,090,502.30		1,118,866.14	28,363.84
Budget Totals	1,964,514.47	210,006.75	2,229,329.75	54,808.53
Non-Budget Revenue			94,900.90	94,900.90
	<u>\$ 1,964,514.47</u>	<u>\$ 210,006.75</u>	<u>\$ 2,324,230.65</u>	<u>\$ 149,709.43</u>

(Continued)

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Revenues -- Regulatory Basis  
For the Year Ended December 31, 2017

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Analysis of Realized Revenue

Allocation of Current Tax Collections:

Revenue from Collections	\$ 5,686,034.65
Allocated to:	
County and School Taxes	<u>4,902,040.78</u>

Amount for Support of Municipal Budget Appropriations	783,993.87
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Add: Appropriation "Reserve for Uncollected Taxes"	<u>334,872.27</u>
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Amount for Support of Municipal Budget Appropriations	<u><u>\$ 1,118,866.14</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u><u>\$ 222,169.51</u></u>
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**Fees & Permits**

Certified Vital Records	\$ 550.00
EDRS Electronic Deposit	1,000.00
Yard Sale Permits	80.00
Planning Board Fees	1,271.88
Clerk Fees	10.00
Improvement Search Fees	30.00
Landlord Registration	<u>275.00</u>
	<u><u>\$ 3,216.88</u></u>

Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:

Receipts:

Sale of Surplus Property/Land	\$ 72,000.00
Vacant Property Registration	3,500.00
Recycling - Metal Reimbursements	5,843.50
Lease Agreement BPFCU	1,800.00
Interest on Checking	2,087.36
Cable TV Franchise Fee	8,148.87
Other	<u>1,521.17</u>

Total Non-Budget Revenues	<u><u>\$ 94,900.90</u></u>
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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, 2017

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
OPERATIONS -- WITHIN "CAPS"						
General Government Functions						
Administrative and Executive:						
Salaries and Wages	\$ 84,878.00	\$ 84,878.00	\$ 84,878.00			
Other Expenses						
Telephone	18,100.00	18,250.00	17,043.80	\$ 1,117.06	\$ 89.14	
Miscellaneous Other Expenses	25,700.00	18,200.00	14,064.55	124.90	4,010.55	
Election:						
Other Expenses	2,500.00	2,500.00	2,500.00			
Financial Administration:						
Salaries and Wages	16,932.00	16,932.00	16,932.00			
Other Expenses	36,600.00	36,600.00	36,047.00		553.00	
Assessment of Taxes:						
Salaries and Wages	19,500.00	19,500.00	19,500.00			
Other Expenses						
Maintenance of Tax Map	5,000.00	5,000.00	4,326.95		673.05	
Miscellaneous Other Expenses	9,500.00	9,350.00	5,300.11		4,049.89	
Collection of Taxes:						
Salaries and Wages	54,240.00	54,240.00	54,240.00			
Other Expenses	11,100.00	11,100.00	8,900.46	42.00	2,157.54	
Legal Services and Costs:						
Salaries and Wages	10,800.00	10,800.00	10,800.00			
Other Expenses	24,800.00	24,800.00	23,296.70		1,503.30	
Liquidation of TTL	16,500.00	16,500.00	2,290.00		14,210.00	
Engineering Services and Costs:						
Other Expenses	5,000.00	5,000.00	4,133.07		866.93	
Public Building and Grounds:						
Salaries and Wages	9,020.00	9,020.00	7,323.13		1,696.87	
Other Expenses	38,700.00	38,700.00	31,972.55	4,713.92	2,013.53	
Municipal Land Use Law (NJSA 40:55D-1):						
Planning Board						
Salaries and Wages	4,072.00	4,072.00	4,072.00			
Other Expenses	2,050.00	2,050.00	521.94	42.00	1,486.06	
Zoning / Code Enforcement Officer:						
Other Expenses	300.00	300.00	28.02		271.98	
Insurance:						
Other Insurance Premiums	6,000.00	6,000.00	5,625.00		375.00	
General Liability	79,000.00	79,000.00	78,449.86		550.14	
Workers Compensation	49,000.00	49,000.00	40,550.54		8,449.46	
Employee Group Health	17,340.53	17,340.53	17,340.53			

(Continued)

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
<u>Public Safety</u>						
Aid to Volunteer Fire Company	\$ 50,000.00	\$ 54,000.00	\$ 50,000.00	\$ 4,000.00		
Rescue Squad -- Contribution	50,000.00	50,000.00	50,000.00			
Office of Emergency Preparedness:						
Salaries and Wages	4,320.00	4,320.00	4,320.00			
Other Expenses	2,000.00	2,000.00		127.73	\$ 1,872.27	
<u>Street and Roads</u>						
Road Repairs and Maintenance:						
Salaries and Wages	133,528.00	128,404.04	120,868.51		7,535.53	
Other Expenses	71,600.00	67,600.00	63,268.84	3,831.06	500.10	
Street Lighting	37,000.00	37,000.00	36,574.94		425.06	
<u>Sanitation</u>						
Municipal Convenience Center:						
Salaries and Wages	28,756.00	28,756.00	27,412.74		1,343.26	
Other Expenses	104,200.00	116,823.96	109,209.37	7,614.59	0.00	
<u>Health and Welfare</u>						
Dog Regulation:						
Other Expenses	18,100.00	18,100.00	17,936.00		164.00	
<u>Recreation and Education</u>						
Celebration of Public Events, Anniversary or Holiday:						
Other Expenses	4,000.00	4,000.00	159.58		3,840.42	
Senior Citizens Center:						
Salaries and Wages	15,372.00	16,858.40	16,858.40			
Other Expenses	5,500.00	4,013.60	2,798.83	58.77	1,156.00	
Parks and Playgrounds:						
Other Expenses	1,500.00	1,500.00	712.00		788.00	
<u>Uniform Construction Code</u>						
Construction Official:						
Salaries and Wages	15,312.00	15,312.00	15,312.00			
Other Expenses	500.00	500.00	434.09		65.91	
Plumbing Inspector:						
Salaries and Wages	8,712.00	8,712.00	8,712.00			
Electrical Inspector:						
Salaries and Wages	8,544.00	8,544.00	8,544.00			
Fire Protection Official:						
Salaries and Wages	2,583.00	2,583.00	2,367.75		215.25	
<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	7,826.00	1,675.50	598.50	
Electricity	55,000.00	55,000.00	40,612.77	212.74	14,174.49	
Gas	21,000.00	21,000.00	13,253.10	3,405.43	4,341.47	
Gasoline	17,500.00	17,500.00	12,786.08	527.36	4,186.56	
Total Operations -- Within "CAPS"	1,217,009.53	1,217,009.53	1,105,353.21	27,493.06	84,163.26	-

(Continued)



**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2017

Detail:	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Salaries and Wages	\$ 416,569.00	\$ 412,931.44	\$ 402,140.53	\$ -	\$ 10,790.91	\$ -
Other Expenses (Including Contingent)	800,440.53	804,078.09	703,212.68	27,493.06	73,372.35	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES -- WITHIN "CAPS"</b>						
<u>Statutory Expenditures</u>						
Contribution to:						
Public Employees Retirement System	36,316.00	36,316.00	36,316.00			
Social Security System (O.A.S.I.)	35,000.00	35,000.00	31,099.32		3,900.68	
State Disability Compensation Insurance	2,000.00	2,000.00	1,931.16		68.84	
NJ Unemployment Compensation	1,500.00	1,500.00	1,298.98		201.02	
Total Statutory Expenditures	74,816.00	74,816.00	70,645.46	-	4,170.54	-
Total Deferred Charges and Statutory Expenditures -- Municipal -- Within "CAPS"	74,816.00	74,816.00	70,645.46	-	4,170.54	-
Total General Appropriations for Municipal Purposes Within -- "CAPS"	1,291,825.53	1,291,825.53	1,175,998.67	27,493.06	88,333.80	-
<b>OPERATIONS -- EXCLUDED FROM "CAPS"</b>						
Emergency Services Volunteer Length of Service Award Program	18,425.00	18,425.00	18,397.00		28.00	
Total Other Operations -- Excluded from "CAPS"	18,425.00	18,425.00	18,397.00	-	28.00	-
<u>Shared Service Agreements</u>						
Municipal Court - Cumberland Salem Regional Municipal Court	21,677.24	21,677.24	20,347.08		1,330.16	
Zoning / Code Enforcement Office - Deerfield Township	7,948.26	7,948.26	7,948.26			
Total from Shared Service Agreements	29,625.50	29,625.50	28,295.34	-	1,330.16	-
<u>Public and Private Programs Offset by Revenues</u>						
Municipal Alliance on Alcohol and Drug Abuse	4,000.00	4,000.00	4,000.00			
Clean Communities (40A: 4-87, \$10,006.75)		10,006.75	10,006.75			
NJ Transportation Trust Fund (40A: 4-87, \$200,000.00)		200,000.00	200,000.00			
Recycling Tonnage	39,397.32	39,397.32	39,397.32			
Recycling Tonnage - Unappropriated	3,572.85	3,572.85	3,572.85			
Total Public and Private Programs Offset by Revenues	46,970.17	256,976.92	256,976.92	-	-	-
Total Operations -- Excluded from "CAPS"	95,020.67	305,027.42	303,669.26	-	1,358.16	-

(Continued)

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Expenditures -- Regulatory Basis  
For the Year Ended December 31, 2017

	Appropriations		Expended			Unexpended
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Balance Canceled
Detail:						
Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses	95,020.67	305,027.42	303,669.26	-	1,358.16	-
<u>CAPITAL IMPROVEMENTS -- EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	120,000.00	120,000.00	120,000.00			
Total Capital Improvements -- Excluded from "CAPS"	120,000.00	120,000.00	120,000.00	-	-	-
<u>MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	40,000.00	40,000.00	40,000.00			
Payment of Bond Anticipation Notes and Capital Notes	12,500.00	12,500.00	12,500.00			
Interest on Bonds	35,906.00	35,906.00	34,493.15			1,412.85
Interest on Notes	4,275.00	4,275.00	4,263.12			11.88
Loan Repayments for Principal and Interest	8,115.00	8,115.00	8,114.02			0.98
Total Municipal Debt Service -- Excluded from "CAPS"	100,796.00	100,796.00	99,370.29	-	-	1,425.71
<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"	337,816.67	547,823.42	545,039.55	-	1,358.16	1,425.71
Subtotal General Appropriations	1,629,642.20	1,839,648.95	1,721,038.22	27,493.06	89,691.96	1,425.71
Reserve for Uncollected Taxes	334,872.27	334,872.27	334,872.27			
Total	\$ 1,964,514.47	\$ 2,174,521.22	\$ 2,055,910.49	\$ 27,493.06	\$ 89,691.96	\$ 1,425.71
Budget		\$ 1,964,514.47				
Appropriated by 40A:4-87		210,006.75				
Reserve for Federal and State Grant Fund--Appropriated			\$ 256,976.92			
Due to General Capital Fund - Capital Improvement Fund			120,000.00			
Due to General Capital Fund - Deferred Charges to Future Taxation Unfunded			22,000.00			
Reserve for Uncollected Taxes			334,872.27			
Cash Disbursed			1,322,061.30			
		\$ 2,174,521.22	\$ 2,055,910.49			

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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS:</b>			
Animal Control Fund:			
Cash	SB-1	\$ 607.99	\$ 2,571.39
Total Animal Control Fund		<u>607.99</u>	<u>2,571.39</u>
Other Funds:			
Cash	SB-1	104,489.34	106,509.10
Investments - Length of Service Awards Program	SB-2	<u>145,555.82</u>	<u>122,106.99</u>
Total Other Funds		<u>250,045.16</u>	<u>228,616.09</u>
		<u>\$ 250,653.15</u>	<u>\$ 231,187.48</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE:</b>			
Animal Control Fund:			
Due to Current Fund	B	\$ 505.44	\$ 505.44
Due to State of New Jersey Board of Health	SB-4	6.00	
Reserve for Animal Control Expenditures	SB-3	<u>96.55</u>	<u>2,065.95</u>
Total Animal Control Fund		<u>607.99</u>	<u>2,571.39</u>
Other Funds:			
Reserve for:			
Unemployment Insurance	SB-5	2,286.88	1,194.92
Sanitary Landfill Escrow	SB-5	22,995.09	22,920.40
Developer's Escrow	SB-5	6,867.98	4,826.28
In-Rem Foreclosure Escrow	SB-5	552.96	552.96
Tax Title Lien Redemptions	SB-5	24,460.61	28,617.61
Payroll Withholdings Payable	SB-5	9,272.98	8,809.03
Recreation	SB-5	38,052.84	39,587.90
Length of Service Awards Program	SB-5	<u>145,555.82</u>	<u>122,106.99</u>
Total Other Funds		<u>250,045.16</u>	<u>228,616.09</u>
		<u>\$ 250,653.15</u>	<u>\$ 231,187.48</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, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>ASSETS:</b>			
Cash	SC-1	\$ 500.02	\$ 500.02
Due from Current Fund	SC-6	114,578.76	140,151.57
Deferred Charges to Future Taxation:			
Funded	SC-3	746,527.98	793,211.03
Unfunded	SC-4	929,171.79	566,347.00
		<u>\$ 1,790,778.55</u>	<u>\$ 1,500,209.62</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE:</b>			
Green Trust Loan Payable	SC-8	\$ 66,527.98	\$ 73,211.03
Loan Payable	SC-9	680,000.00	720,000.00
Bond Anticipation Notes	SC-10	272,500.00	285,000.00
Contracts Payable	SC-7	550,898.00	
Improvement Authorizations:			
Funded	SC-7	22,718.99	17,365.30
Unfunded	SC-7	151,954.79	147,379.29
Reserve for Payment of Debt	SC-11	44,558.84	147,234.05
Capital Improvement Fund	SC-5	192.10	108,592.10
Fund Balance	C	1,427.85	1,427.85
		<u>\$ 1,790,778.55</u>	<u>\$ 1,500,209.62</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, 2017

ASSETS:	Balance Dec. 31, 2016	Additions	Deletions	Balance Dec. 31, 2017
Land	\$ 438,827.71			\$ 438,827.71
Buildings	2,042,131.08	\$ 99,576.31		2,141,707.39
Improvements	395,336.01			395,336.01
Equipment	2,065,163.15	16,995.00	\$ 38,498.91	2,043,659.24
	<u>\$ 4,941,457.95</u>	<u>\$ 116,571.31</u>	<u>\$ 38,498.91</u>	<u>\$ 5,019,530.35</u>
FUND BALANCE:				
Investment in General Fixed Assets	<u>\$ 4,941,457.95</u>	<u>\$ 116,571.31</u>	<u>\$ 38,498.91</u>	<u>\$ 5,019,530.35</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, 2017

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**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, No. 61 and No. 80.

**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* (the “*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 and an account group 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 to 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.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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, 2017, the Township's bank balances of \$1,161,795.64 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$ 2.563</u>	<u>\$ 2.448</u>	<u>\$ 2.370</u>	<u>\$ 2.272</u>	<u>\$ 2.213</u>
Apportionment of Tax Rate:					
Municipal	\$ .467	\$ .453	\$ .411	\$ .382	\$ .366
County	1.084	1.001	.986	.948	.940
Local School	1.012	.994	.973	.942	.907

**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>
2017	\$ 233,729,137.00
2016	236,485,231.00
2015	239,717,632.00
2014	240,197,557.00
2013	242,106,183.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 6,007,469.91	\$ 5,686,034.65	94.65%
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%

**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>
2017	\$ 316,744.40	\$ 270,454.88	\$ 587,199.28	9.77%
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%

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>
2017	274
2016	275
2015	259
2014	182
2013	151

**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>
2017	\$ 1,936,000.00
2016	2,039,600.00
2015	1,732,100.00
2014	1,769,100.00
2013	1,769,100.00

**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>
2017	\$ 401,478.12	\$ 205,700.00	51.24%
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%

**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, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 505.44	\$ 152,826.05
Federal and State Grant	38,247.29	
Trust - Animal Control		505.44
General Capital	114,578.76	
	<u>\$ 153,331.49</u>	<u>\$ 153,331.49</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 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 7: PENSION PLAN**

A substantial number of the Township's employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan which is administered by the New Jersey Division of Pensions and Benefits. 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.state.nj.us/treasury/pensions/financial-reports.shtml>

**General Information about the Pension Plan****Plan Description**

**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 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, 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 PLAN (CONT'D)****General Information about the Pension Plan (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 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2017 was 13.01% 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, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$34,044.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$36,076.00, which was paid on April 1, 2017. Employee contributions to the plan during the year ended December 31, 2017 were \$19,025.90.

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

**Public Employees' Retirement System** - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$855,457.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The 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, 2017. 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, 2017 measurement date, the Township's proportion was .0036748974%, which was a decrease of .0003859513% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2017 measurement date is \$12,534.00. 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, 2017, the Township's contribution to PERS was \$36,076.00, and was paid on April 1, 2017.

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

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>PERS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 20,143.00	\$ -
Changes of Assumptions	172,345.00	171,713.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,825.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	-	156,932.00
Township Contributions Subsequent to the Measurement Date	17,022.00	-
	<u>\$ 215,335.00</u>	<u>\$ 328,645.00</u>

\$17,022.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. This amount is based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plan measurement date of June 30, 2017 to the Township's year end of December 31, 2017.

**Note 7: PENSION PLAN (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - (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 pension over the following number of years:

	<b>PERS</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion 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
June 30, 2017	5.48	5.48



**Note 7: PENSION PLAN (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - (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 pension will be recognized in future periods as follows:

	<b>PERS</b>
<b>Year Ending Dec 31.</b>	
2018	\$ (29,031.00)
2019	(18,780.00)
2020	(17,389.00)
2021	(39,912.00)
2022	(25,220.00)
	<u>\$ (130,332.00)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The 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, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>PERS</u></b>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
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 PLAN (CONT'D)****Actuarial Assumptions - (Cont'd)**

For PERS, Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<b>PERS</b>	
	<b>Target</b>	<b>Long-Term</b>
	<b>Allocation</b>	<b>Expected Real</b>
		<b>Rate of Return</b>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

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

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS. For PERS, the respective single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2040 for PERS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 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, 2017, the Plan measurement date, calculated using a discount rate of 5.00%, 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:

	<b>PERS</b>		
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 1,061,253.00</u>	<u>\$ 855,457.00</u>	<u>\$ 684,004.00</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 pension, and pension expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Note 7: PENSION PLAN (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 Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0036748974%	0.0040608487%	0.0040641744%
Township's Proportionate Share of the Net Pension Liability \$	855,457.00	\$ 1,202,707.00	\$ 912,326.00
Township's Covered Payroll (Plan Measurement Period) \$	254,600.00	\$ 270,000.00	\$ 280,348.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	336.00%	445.45%	325.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0046481890%	0.0051213067%	
Township's Proportionate Share of the Net Pension Liability \$	870,268.00	\$ 978,783.00	
Township's Covered Payroll (Plan Measurement Period) \$	311,856.00	\$ 324,056.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	279.06%	302.04%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

**Note 7: PENSION PLAN (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 34,044.00	\$ 36,076.00	\$ 34,941.00
Township's Contribution in Relation to the Contractually Required Contribution	(34,044.00)	(36,076.00)	(34,941.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 261,704.00	\$ 251,692.00	\$ 262,010.00
Township's Contributions as a Percentage of Covered Payroll	13.01%	14.33%	13.34%

  

	<u>Year Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 38,319.00	\$ 38,588.00
Township's Contribution in Relation to the Contractually Required Contribution	(38,319.00)	(38,588.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 255,019.00	\$ 316,995.00
Township's Contributions as a Percentage of Covered Payroll	15.03%	12.17%

**Note 7: PENSION PLAN (CONT'D)****Other Notes to Supplementary Pension Information**

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, 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 \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 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, 2017.

**Note 10: LENGTH OF SERVICE AWARDS PROGRAM**

**Plan Description** - The Township's length of service awards program ("the Plan"), which is a defined contribution plan 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 Plan at the general election held in November 2000, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2001. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. 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.

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

**Plan Description (Cont'd)** - The tax deferred income benefits for emergency service volunteers of the Cedarville Fire Company and the 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 the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**Plan Amendments** - The Township may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Township, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Township's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Township's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Township shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Township may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Township shall notify all participants in writing prior to making any amendment to the Plan.

**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 \$599.00 clothing allowance in lieu of a contribution for the year ended December 31, 2017. 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. The contributions from the Township to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Township. These funds, however, are not available for funding the operations of the Township.

**Vesting** - The Township, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

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

**Payment of Benefits** - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, 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 year ended December 31, 2017, 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.

**Supplementary Length of Service Award Program Information**

In accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the following schedule of Township contributions to the length of service award program is presented. This schedule is 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.

	<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Township's Plan Calculated Contribution	\$ -	\$ -
Township's Contributions in Relation to the Plan Calculated Contribution	<u>-</u>	<u>-</u>
Township's Plan Calculated Contributions Deficiency (Excess)	<u>-</u>	<u>-</u>



**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>
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	55,000.00	21,877.32	76,877.32
2023-2027	290,000.00	66,940.35	356,940.35
2028-2029	135,000.00	5,048.66	140,048.66
	<u>\$ 680,000.00</u>	<u>\$ 207,554.82</u>	<u>\$ 887,554.82</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>
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	877.24	8,114.03
2022	7,382.25	731.77	8,114.02
2023-2026	31,042.94	1,413.15	32,456.09
	<u>\$ 66,527.98</u>	<u>\$ 6,498.25</u>	<u>\$ 73,026.23</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>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Issued</u></b>			
General:			
Bonds, Loans and Notes	\$ 1,019,027.98	\$ 1,078,211.03	\$ 839,762.40
Total Issued	<u>1,019,027.98</u>	<u>1,078,211.03</u>	<u>839,762.40</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes	<u>656,671.79</u>	<u>281,347.00</u>	<u>588,347.00</u>
Total Authorized but not Issued	<u>656,671.79</u>	<u>281,347.00</u>	<u>588,347.00</u>
Total Issued and Authorized but not Issued	<u>1,675,699.77</u>	<u>1,359,558.03</u>	<u>1,428,109.40</u>
<b><u>Deductions</u></b>			
General:			
Reserve for Payment of Bonds	<u>44,558.84</u>	<u>147,234.05</u>	<u>152,190.36</u>
Total Deductions	<u>44,558.84</u>	<u>147,234.05</u>	<u>152,190.36</u>
<b>Net Debt</b>	<u>\$ 1,631,140.93</u>	<u>\$ 1,212,323.98</u>	<u>\$ 1,275,919.04</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 .746%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 2,121,000.00	\$ 2,121,000.00	
General	<u>1,675,699.77</u>	<u>44,558.84</u>	\$ 1,631,140.93
	<u>\$ 3,796,699.77</u>	<u>\$ 2,165,558.84</u>	<u>\$ 1,631,140.93</u>

Net Debt \$1,631,140.93 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$218,543,103.00 equals .746%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,649,008.61
Less: Net Debt	<u>1,631,140.93</u>
Remaining Borrowing Power	<u>\$ 6,017,867.68</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>
2017	\$ -	\$ 1,091.46	\$ 0.50	\$ -	\$ 2,286.88
2016	-	989.56	2.00	-	1,194.92
2015	-	859.74	15.96	4,330.10	203.36

**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.

**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.

**SUPPLEMENTAL EXHIBITS**  
**CURRENT FUND**

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Current Cash  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$ 970,142.24
Increased by Receipts:		
Taxes Receivable	\$ 5,730,429.35	
Tax Title Liens	46,313.64	
Prepaid Taxes	143,911.33	
Senior Citizens' and Veterans' Deductions	39,317.23	
Miscellaneous Revenue Anticipated	452,317.18	
Miscellaneous Revenue Not Anticipated	94,900.90	
Due to Federal & State Grant Fund - Grant Receivables	157,575.83	
Due to Federal & State Grant Fund - Unappropriated Grant	3,386.91	
Housing Rehabilitation Payable	15,701.15	
	<u>6,683,853.52</u>	<u>6,683,853.52</u>
		7,653,995.76
Decreased by Disbursements:		
Appropriations	1,322,061.30	
Appropriation Reserves	39,170.84	
Due County -- Added and Omitted Taxes	5,790.79	
County Taxes Payable	2,531,456.16	
Local School Taxes Payable	2,360,722.00	
Due from Federal & State Grant Fund	190,591.21	
Due from General Capital Fund	167,572.81	
Refund of Prior Year Revenue	2,573.94	
	<u>6,619,939.05</u>	<u>6,619,939.05</u>
Balance December 31, 2017		<u><u>\$ 1,034,056.71</u></u>

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Taxes Receivable and Analysis of Property Tax Levy  
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	2017 Levy	Added / Omitted Taxes	Collected		Due from State of New Jersey	Adjustments and Canceled	Transferred to Liens	Balance Dec. 31, 2017
				2016	2017				
Prior Years	\$ 239,391.27				\$ 175,855.87	\$ (1,740.19)	\$ (5,183.39)	\$ 50,989.04	\$ 19,469.94
2017		\$ 5,991,014.80	\$ 16,455.11	\$ 90,131.17	5,554,573.48	41,330.00	4,807.58	65,642.74	250,984.94
	<u>\$ 239,391.27</u>	<u>\$ 5,991,014.80</u>	<u>\$ 16,455.11</u>	<u>\$ 90,131.17</u>	<u>\$ 5,730,429.35</u>	<u>\$ 39,589.81</u>	<u>\$ (375.81)</u>	<u>\$ 116,631.78</u>	<u>\$ 270,454.88</u>

Analysis of Property Tax Levy

Tax Yield:

General Purpose	\$ 5,991,014.80
Added / Omitted Taxes	<u>16,455.11</u>
	<u>\$ 6,007,469.91</u>

Tax Levy:

Local School Tax	\$ 2,363,625.00
County Taxes:	
County Tax	\$ 2,394,916.14
County Local Health Services Taxes	114,431.67
County Open Space Tax	22,108.35
Due County for Added and Omitted Taxes	<u>6,959.62</u>
	2,538,415.78
Local Tax for Municipal Purposes	1,090,502.30
Add: Additional Tax Levied - Rounding	5,431.34
Add: Added / Omitted Taxes	<u>9,495.49</u>
	<u>1,105,429.13</u>
	<u>\$ 6,007,469.91</u>

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Tax Title Liens  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$ 238,680.29
Increased by:		
Interest and Costs	\$ 7,745.97	
Transfers from Taxes Receivable	<u>116,631.78</u>	
		<u>124,377.75</u>
		363,058.04
Decreased by:		
Collections		<u>46,313.64</u>
Balance December 31, 2017		<u><u>\$ 316,744.40</u></u>

## Exhibit SA-4

**CURRENT FUND**  
Statement of Property Acquired for Taxes  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$ 2,039,600.00
Decreased by:		
Sales of Property Acquired for Taxes		
Current Fund - MRNA	\$ 72,000.00	
Loss on Sales of Property Acquired for Taxes	<u>31,600.00</u>	
		<u>103,600.00</u>
Balance December 31, 2017		<u><u>\$ 1,936,000.00</u></u>

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Revenue Accounts Receivable  
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Accrued	Collected	Applied	Balance Dec. 31, 2017
<u>Miscellaneous Revenue Anticipated</u>					
Fees and Permits		\$ 3,216.88	\$ 3,216.88		
Fines and Costs - Municipal Court		8,709.97	8,709.97		
Interest and Costs on Taxes		33,203.80	33,203.80		
Cell Tower Leases		24,515.04	24,515.04		
American Tower Rent		22,918.49	22,918.49		
Consolidated Municipal Property Tax Relief Aid		7,910.00	7,910.00		
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)		217,976.00	217,976.00		
Reserve for Garden State Trust Fund		62,826.00	62,826.00		
Uniform Construction Code Fees	\$ 15,484.39	66,295.18	71,041.00		\$ 10,738.57
Public and Private Revenues Offset:					
Clean Communities		10,006.75		\$ 10,006.75	
NJ Transportation Trust Fund		200,000.00		200,000.00	
Recycling Tonnage		39,397.32		39,397.32	
Recycling Tonnage - Unappropriated		3,572.85		3,572.85	
	<u>\$ 15,484.39</u>	<u>\$ 700,548.28</u>	<u>\$ 452,317.18</u>	<u>\$ 252,976.92</u>	<u>\$ 10,738.57</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, 2017

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Balance December 31, 2016			\$ 2,000.00
Increased by:			
2017 Levy -- Deductions per Tax Billing	\$ 40,250.00		
2017 Senior Citizens' and Veterans' Deductions			
Granted by Tax Collector	<u>2,250.00</u>	\$ 42,500.00	
2017 Senior Citizens' and Veteran's Deductions			
Disallowed by Tax Collector		<u>(1,170.00)</u>	<u>41,330.00</u>
			43,330.00
Decreased by:			
Cash Received		39,317.23	
Prior Year Senior Citizens' and Veterans' Deductions			
Disallowed by Tax Collector		<u>1,740.19</u>	<u>41,057.42</u>
Balance December 31, 2017			<u><u>\$ 2,272.58</u></u>

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Appropriation Reserves  
For the Year Ended December 31, 2017

	<u>Balance December 31, 2016</u>		<u>Balance</u>	<u>Paid or</u>	<u>Lapsed to</u>
	<u>Encumbered</u>	<u>Reserved</u>	<u>After</u>	<u>Charged</u>	<u>Fund Balance</u>
<b>OPERATIONS -- WITHIN "CAPS"</b>					
<u>General Government Functions</u>					
Administrative and Executive:					
Salaries and Wages		\$ 381.75	\$ 381.75		\$ 381.75
Other Expenses					
Telephone	\$ 240.32	1,155.80	1,495.49	\$ 1,495.49	
Miscellaneous Other Expenses	312.01	9,261.82	9,573.83	213.74	9,360.09
Financial Administration:					
Other Expenses		265.76	265.76		265.76
Assessment of Taxes:					
Other Expenses					
Maintenance of Tax Map		3,668.50	3,668.50		3,668.50
Miscellaneous	575.00	2,890.24	3,465.24		3,465.24
Collection of Taxes:					
Other Expenses	1,469.70	1,143.24	2,612.94	1,469.70	1,143.24
Legal Services and Costs:					
Other Expenses	2,100.00	889.87	2,989.87	2,100.00	889.87
Liquidation of TTL	7,843.44	4,377.04	12,220.48	7,843.44	4,377.04
Engineering Services and Costs:					
Other Expenses		3,829.46	3,829.46		3,829.46
Public Building and Grounds:					
Salaries and Wages		2,019.36	2,019.36		2,019.36
Other Expenses	390.00	25.20	460.00	460.00	
Municipal Land Use Law (N.J.S.40:55D-1)					
Planning Board:					
Other Expenses	8.17	1,339.42	1,347.59	8.17	1,339.42
Zoning / Code Enforcement Officer:					
Other Expenses		300.00	300.00		300.00
Insurance:					
Other Insurance Premiums		1,500.00	1,500.00		1,500.00
Employee Group Health	75.80	629.34	705.14	75.80	629.34
<u>Public Safety Functions</u>					
Office Emergency Preparedness:					
Other Expenses	1,473.38	456.38	1,929.76	1,473.38	456.38
<u>Streets and Roads</u>					
Road Repairs and Maintenance:					
Salaries and Wages		3,949.00	3,949.00		3,949.00
Other Expenses	641.95	4,791.24	4,073.14	1,315.73	2,757.41
Street Lighting		2,822.89	4,038.77	3,408.67	630.10
<u>Sanitation</u>					
Municipal Convenience Center:					
Salaries and Wages		1,451.04	1,451.04	671.67	779.37
Other Expenses	6,825.27	7,338.98	14,164.25	6,922.27	7,241.98

(Continued)

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Appropriation Reserves  
For the Year Ended December 31, 2017

	<u>Balance December 31, 2016</u>		<u>Balance</u>	<u>Paid or</u>	<u>Lapsed to</u>
	<u>Encumbered</u>	<u>Reserved</u>	<u>After</u>	<u>Charged</u>	<u>Fund Balance</u>
<u>Health and Welfare</u>					
Dog Regulation:					
Other Expenses		\$ 555.00	\$ 555.00		\$ 555.00
<u>Recreation and Education</u>					
Celebration of Public Event, Anniversary or Holiday:					
Other Expenses		3,635.73	3,635.73	\$ 3,635.73	
Senior Citizens Center:					
Other Expenses	\$ 195.00	3,923.95	4,118.95	575.15	3,543.80
Parks and Playgrounds:					
Other Expenses		1,408.50	1,408.50		1,408.50
<u>Uniform Construction Code</u>					
Construction Code Official:					
Other Expenses		1,238.75	1,238.75		1,238.75
<u>Unclassified</u>					
Sanitary Landfill		4,635.00	4,635.00		4,635.00
Electricity	232.13	8,864.69	9,096.82	4,802.09	4,294.73
Gas	2,699.81	5,015.30	7,715.11	2,699.81	5,015.30
Gasoline		3,225.66	3,225.66		3,225.66
<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.)		826.00	826.00		826.00
State Disability Compensation Insurance		6.91	6.91		6.91
NJ Unemployment Compensation		1,923.14	1,923.14		1,923.14
<u>OPERATIONS -- EXCLUDED FROM "CAPS"</u>					
Emergency Services Volunteer Length of					
Service Award Program		35.00	35.00		35.00
Municipal Court		1,287.60	1,287.60		1,287.60
	<u>\$ 25,081.98</u>	<u>\$ 91,067.56</u>	<u>\$ 116,149.54</u>	<u>\$ 39,170.84</u>	<u>\$ 76,978.70</u>

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Due County for Added and Omitted Taxes  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$ 5,790.79
Increased by:		
County General Share of Added / Omitted Taxes	\$ 6,580.79	
County Health Share of Added / Omitted Taxes	314.61	
County Open Space Preservation Share of Added / Omitted Taxes	<u>64.22</u>	
		<u>6,959.62</u>
		12,750.41
Decreased by:		
Disbursements		<u>5,790.79</u>
Balance December 31, 2017		<u><u>\$ 6,959.62</u></u>

## Exhibit SA-9

**CURRENT FUND**  
Statement of Due County Taxes  
For the Year Ended December 31, 2017

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Increased by:		
County General Share of Levy	\$ 2,394,916.14	
County Local Health Services Share of Levy	114,431.67	
County Open Space Preservation Share of Levy	<u>22,108.35</u>	
		\$ 2,531,456.16
Decreased by:		
Disbursements		<u><u>\$ 2,531,456.16</u></u>

## Exhibit SA-10

**CURRENT FUND**  
Statement of Local School District Tax  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$ 195,515.00
Increased by:		
Calendar Year School Levy		<u>2,363,625.00</u>
		2,559,140.00
Decreased by:		
Disbursements		<u>2,360,722.00</u>
Balance December 31, 2017		<u><u>\$ 198,418.00</u></u>

**TOWNSHIP OF LAWRENCE**  
**CURRENT FUND**  
Statement of Prepaid Taxes  
For the Year Ended December 31, 2017

---

Balance December 31, 2016	\$ 90,131.17
Increased by:	
Collections -- 2018 Taxes	<u>143,911.33</u>
	234,042.50
Decreased by:	
Applied to 2017 Taxes Receivable	<u>90,131.17</u>
Balance December 31, 2017	<u><u>\$ 143,911.33</u></u>

## Exhibit SA-12

**FEDERAL AND STATE GRANT FUND**  
Statement of Due Current Fund  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 63,875.76
Increased by:	
Collections of Grants Receivable by Current Fund	\$ 157,575.83
Collections of Unappropriated Grant by Current Fund	3,386.91
Matching Funds - Current Fund Budget	<u>4,000.00</u>
	<u>164,962.74</u>
	228,838.50
Decreased by:	
Disbursement of Appropriated Grants by Current Fund	<u>190,591.21</u>
Balance December 31, 2017	<u><u>\$ 38,247.29</u></u>

**TOWNSHIP OF LAWRENCE**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Federal and State Grants Receivable  
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec. 31, 2016</u>	<u>Revenue Anticipated</u>	<u>Transferred from Unappropriated</u>	<u>Current Fund Cash Receipts</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2017</u>
Clean Communities Program		\$ 10,006.75		\$ 10,006.75		
Recycling Tonnage		42,970.17	\$ 3,572.85	39,397.32		
Municipal Alliance on Alcohol and Drug Abuse	\$ 16,996.09			13,598.00		\$ 3,398.09
NJ Transportation Trust Fund Authority Act 2015 Martin And Robbins Avenue	16,314.10				\$ 16,314.10	
NJ Transportation Trust Fund Authority Act 2016 Lexington Avenue	181,000.00			94,573.76		86,426.24
NJ Transportation Trust Fund Authority Act 2017 New Road		200,000.00				200,000.00
	<u>\$ 214,310.19</u>	<u>\$ 252,976.92</u>	<u>\$ 3,572.85</u>	<u>\$ 157,575.83</u>	<u>\$ 16,314.10</u>	<u>\$ 289,824.33</u>

**TOWNSHIP OF LAWRENCE**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Reserve for Federal and State Grants -- Appropriated  
For the Year Ended December 31, 2017

<u>Program</u>	Appropriated Balance Dec. 31, 2016	Transferred from Budget Appropriation	Current Fund Cash Disbursements	Canceled	Appropriated Balance Dec. 31, 2017
Clean Communities Program	\$ 32,449.05	\$ 10,006.75	\$ 6,703.56		\$ 35,752.24
Municipal Alliance on Alcohol and Drug Abuse	27,954.81	4,000.00	13,412.38		18,542.43
Recycling Tonnage Grant	11,290.49	42,970.17	8,900.00		45,360.66
Alcohol Education and Rehab Fund	1,115.96				1,115.96
NJ Transportation Trust Fund Authority Act 2015 Martin And Robbins Avenue	16,314.10			\$ 16,314.10	
NJ Transportation Trust Fund Authority Act 2016 Lexington Avenue	181,000.00		161,575.27		19,424.73
NJ Transportation Trust Fund Authority Act 2017 New Road		200,000.00			200,000.00
Municipal Stormwater Regulation Program	4,488.69				4,488.69
	<u>\$ 274,613.10</u>	<u>\$ 256,976.92</u>	<u>\$ 190,591.21</u>	<u>\$ 16,314.10</u>	<u>\$ 324,684.71</u>
Revenues		\$ 252,976.92			
Match		4,000.00			
		<u>\$ 256,976.92</u>			

**TOWNSHIP OF LAWRENCE**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Reserve for Federal and State Grants -- Unappropriated  
For the Year Ended December 31, 2017

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<u>Program</u>	Balance Dec. 31, 2016	Collected by Current Fund	Realized as Miscellaneous Revenue in Budget	Balance Dec. 31, 2017
Recycling Tonnage Grant	\$ 3,572.85	\$ 3,386.91	\$ 3,572.85	\$ 3,386.91
	<u>\$ 3,572.85</u>	<u>\$ 3,386.91</u>	<u>\$ 3,572.85</u>	<u>\$ 3,386.91</u>



**SUPPLEMENTAL EXHIBITS**  
**TRUST FUND**

**TOWNSHIP OF LAWRENCE**  
**TRUST FUNDS**  
Statement of Trust Cash  
For the Year Ended December 31, 2017

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2016	\$ 2,571.39	\$ 106,509.10
Increased by Receipts:		
Dog License Fees Collected	\$ 2,149.00	
Reserve for:		
Sanitary Landfill Escrow		\$ 74.69
Unemployment Insurance		1,091.96
Developer's Escrow		27,884.20
Tax Title Lien Redemptions		138,102.98
Payroll Withholdings Payable		503,628.36
Recreation		8,052.10
	<u>2,149.00</u>	<u>678,834.29</u>
	4,720.39	785,343.39
Decreased by Disbursements:		
Due State Department of Health	362.40	
Reserve for Animal Control Expenditures	3,750.00	
Reserve for:		
Developer's Escrow		25,842.50
Tax Title Lien Redemptions		142,259.98
Payroll Withholdings Payable		503,164.41
Recreation		9,587.16
	<u>4,112.40</u>	<u>680,854.05</u>
Balance December 31, 2017	<u><u>\$ 607.99</u></u>	<u><u>\$ 104,489.34</u></u>

**TOWNSHIP OF LAWRENCE**  
**TRUST -- OTHER FUNDS**  
Statement of Investments - Length of Service Awards Program  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 122,106.99
Increased by:	
Unrealized Gain on Investments	<u>24,073.83</u>
	146,180.82
Decreased by:	
Administration Expenses	<u>625.00</u>
Balance December 31, 2017	<u><u>\$ 145,555.82</u></u>

Schedule of Investments, December 31, 2017

<u>Description</u>	<u>Amount</u>
Mutual Funds	<u><u>\$ 145,555.82</u></u>

**TOWNSHIP OF LAWRENCE**  
**TRUST -- ANIMAL CONTROL FUND**  
Statement of Reserve for Animal Control Expenditures  
For the Year Ended December 31, 2017

---

Balance December 31, 2016		\$ 2,065.95
Increased by:		
Dog License Fees Collected		<u>2,149.00</u>
		4,214.95
Decreased by:		
Transferred to Due to State of NJ	\$ 368.40	
Cash Disbursements	<u>3,750.00</u>	
		<u>4,118.40</u>
Balance December 31, 2017		<u><u>\$ 96.55</u></u>

<u>License Fees Collected</u>		<u>Amount</u>
<u>Year</u>		
2016		\$ 1,864.80
2015		<u>2,016.54</u>
		<u><u>\$ 3,881.34</u></u>

## Exhibit SB-4

TRUST -- ANIMAL CONTROL FUND  
Statement of Due to State of New Jersey  
For the Year Ended December 31, 2017

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Balance December 31, 2016		\$ -
Increased by:		
Transferred from Reserve for Animal Control Expenditures		<u>368.40</u>
		368.40
Decreased by:		
Disbursements		<u>362.40</u>
Balance December 31, 2017		<u><u>\$ 6.00</u></u>

**TOWNSHIP OF LAWRENCE**  
**TRUST -- OTHER FUNDS**  
Statement of Changes in Reserves  
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>Dec. 31, 2017</u>
Reserve for:				
Unemployment Insurance	\$ 1,194.92	\$ 1,091.96		\$ 2,286.88
Sanitary Landfill Escrow	22,920.40	74.69		22,995.09
Developer's Escrow	4,826.28	27,884.20	\$ 25,842.50	6,867.98
In-Rem Foreclosure Escrow	552.96			552.96
Tax Title Lien Redemptions	28,617.61	138,102.98	142,259.98	24,460.61
Payroll Withholdings Payable	8,809.03	503,628.36	503,164.41	9,272.98
Recreation	39,587.90	8,052.10	9,587.16	38,052.84
Length of Service Awards Program	122,106.99	24,073.83	625.00	145,555.82
	<u>\$ 228,616.09</u>	<u>\$ 702,908.12</u>	<u>\$ 681,479.05</u>	<u>\$ 250,045.16</u>
Cash Receipts		\$ 678,834.29		
Cash Disbursements			\$ 680,854.05	
Unrealized Gain on Investments		24,073.83		
Length of Service Awards Program			625.00	
		<u>\$ 702,908.12</u>	<u>\$ 681,479.05</u>	

**SUPPLEMENTAL EXHIBITS**  
**GENERAL CAPITAL FUND**

**TOWNSHIP OF LAWRENCE**  
GENERAL CAPITAL FUND  
Schedule of General Capital Cash  
For the Year Ended December 31, 2017

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Balance December 31, 2016 and 2017

\$ 500.02

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**TOWNSHIP OF LAWRENCE**  
**GENERAL CAPITAL FUND**  
 Analysis of General Capital Cash  
 For the Year Ended December 31, 2017

	Balance (Deficit) Dec. 31, 2016	Miscellaneous Receipts	Miscellaneous Disbursements	Transfers		Balance (Deficit) Dec. 31, 2017
				To	From	
Fund Balance	\$ 1,427.85					\$ 1,427.85
Capital Improvement Fund	108,592.10			\$ 120,000.00	\$ 228,400.00	192.10
Due Current Fund	(140,151.57)			167,572.81	142,000.00	(114,578.76)
Reserve for Payment of Debt	147,234.05				102,675.21	44,558.84
Improvement Authorizations:						
Ordinance						
Number						
10-356	(8,000.00)			8,000.00		
13-366	(102,675.21)			102,675.21		
13-369	2,940.30					2,940.30
13-371	(49,147.00)			14,000.00		(35,147.00)
14-377	150.00					150.00
15-385	10,426.50				10,426.50	
15-389	15,278.00					15,278.00
16-393	14,425.00				13,575.00	850.00
17-396				131,000.00	99,576.31	31,423.69
17-400				50,000.00		50,000.00
17-401				17,400.00	16,995.00	405.00
17-404				30,000.00	27,000.00	3,000.00
	<u>\$ 500.02</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 640,648.02</u>	<u>\$ 640,648.02</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, 2017

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Balance December 31, 2016			\$ 793,211.03
Decreased by:			
Budget Appropriation - Payment of Green Trust Principal	\$	6,683.05	
Budget Appropriation - Payment of Loan		<u>40,000.00</u>	
			<u>46,683.05</u>
Balance December 31, 2017			<u><u>\$ 746,527.98</u></u>

**TOWNSHIP OF LAWRENCE**  
**GENERAL CAPITAL FUND**  
Statement of Deferred Charges to Future Taxation -- Unfunded  
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	Increased by: Authorizations	Decreased by:		Balance Dec. 31, 2017	Expenditures	Analysis of Balance Dec. 31, 2017	
				Budget Appropriations	Reserve for Payment of Debt			Financed by Bond Anticipation Notes or Loans	Unexpended Improvement Authorization
10-356	Purchase of dump truck and pickup truck	\$ 8,000.00		\$ 8,000.00					
13-366	Bay Point Improvements	224,200.00			\$ 102,675.21	\$ 121,524.79			\$ 121,524.79
13-371	Purchase of Ambulance	49,147.00		14,000.00		35,147.00	\$ 35,147.00		
14-377	Roads, Parking Lot, Equipment	95,000.00		4,500.00		90,500.00		\$ 90,500.00	
15-385	Road Improvements, Vehicle	95,000.00		4,000.00		91,000.00		91,000.00	
15-389	Acquisition of Equipment and Dump Truck	95,000.00		4,000.00		91,000.00		91,000.00	
17-400	Purchase of Fire Truck		\$ 500,000.00			500,000.00	484,998.00		15,002.00
		<u>\$ 566,347.00</u>	<u>\$ 500,000.00</u>	<u>\$ 34,500.00</u>	<u>\$ 102,675.21</u>	<u>\$ 929,171.79</u>	<u>\$ 520,145.00</u>	<u>\$ 272,500.00</u>	<u>\$ 136,526.79</u>
Budget Appropriations:									
Bond Anticipation Notes				\$ 12,500.00					
Deferred Charges				22,000.00					
				<u>\$ 34,500.00</u>					
Improvement Authorizations -- Unfunded									\$ 151,954.79
Less: Unexpended Proceed of Bond Anticipation Notes									
Ordinance Numbers:									
14-377							\$ 150.00		
15-389							15,278.00		
									15,428.00
									<u>\$ 136,526.79</u>

**TOWNSHIP OF LAWRENCE**  
**GENERAL CAPITAL FUND**  
Statement of Capital Improvement Fund  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 108,592.10
Increased by:	
Budget Appropriation	<u>120,000.00</u>
	228,592.10
Decreased by:	
Improvement Authorizations	<u>228,400.00</u>
Balance December 31, 2017	<u><u>\$ 192.10</u></u>

## Exhibit SC-6

**GENERAL CAPITAL FUND**  
Statement of Due from Current Fund  
For the Year Ended December 31, 2017

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Balance December 31, 2016	\$ 140,151.57
Increased by:	
Deferred Charges to Future Taxation Budget Appropriation	\$ 22,000.00
Capital Improvement Fund Budget Appropriation	<u>120,000.00</u>
	<u>142,000.00</u>
	282,151.57
Decreased by:	
Disbursed by Current Fund:	
Improvement Authorizations	<u>167,572.81</u>
Balance December 31, 2017	<u><u>\$ 114,578.76</u></u>

**TOWNSHIP OF LAWRENCE**  
**GENERAL CAPITAL FUND**  
Statement of Improvement Authorizations  
For the Year Ended December 31, 2017

Improvement Description	Ordinance Number	Amount	Balance Dec. 31, 2016		Increased by Authorization	Decreased by		Balance Dec. 31, 2017	
			Funded	Unfunded		Current Fund Disbursements	Contracts Payable	Funded	Unfunded
Bay Point Improvements	13-366	\$ 300,000.00		\$ 121,524.79					\$ 121,524.79
Various Capital Improvements	13-369	50,000.00	\$ 2,940.30					\$ 2,940.30	
Roads, Parking Lot, Equipment	14-377	100,000.00		150.00					150.00
Road Improvements, Vehicle	15-385	100,000.00		10,426.50		\$ 10,426.50			
Acquisition of Equipment and Dump Truck	15-389	100,000.00		15,278.00					15,278.00
Reconstruction of Lexington Avenue	16-393	28,000.00	14,425.00			13,575.00		850.00	
Public Works Building	17-396	131,000.00			\$ 131,000.00	99,576.31	\$ 15,900.00	15,523.69	
Purchase of Fire Truck	17-400	550,000.00			550,000.00		534,998.00		15,002.00
Purchase of Compactor	17-401	17,400.00			17,400.00	16,995.00		405.00	
Reconstruction of New Road	17-404	30,000.00			30,000.00	27,000.00		3,000.00	
			<u>\$ 17,365.30</u>	<u>\$ 147,379.29</u>	<u>\$ 728,400.00</u>	<u>\$ 167,572.81</u>	<u>\$ 550,898.00</u>	<u>\$ 22,718.99</u>	<u>\$ 151,954.79</u>
Capital Improvement Fund					\$ 228,400.00				
Bonds and Notes Authorized But Not Issued					<u>500,000.00</u>				
					<u>\$ 728,400.00</u>				

**TOWNSHIP OF LAWRENCE**  
**GENERAL CAPITAL FUND**  
Statement of Green Trust Loan Payable  
For the Year Ended December 31, 2017

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loan Outstanding December 31		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
Construction of community park & recreation development	9/5/06	\$ 124,954.00	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>\$ 73,211.03</u>	<u>\$ 6,683.05</u>	<u>\$ 66,527.98</u>

**TOWNSHIP OF LAWRENCE**  
**GENERAL CAPITAL FUND**  
**Statement of Loan Payable**  
**For the Year Ended December 31, 2017**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loan Outstanding December 31		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
Various Capital Improvements	2/1/14	\$ 800,000.00	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>\$ 720,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 680,000.00</u>

**TOWNSHIP OF LAWRENCE**  
**GENERAL CAPITAL FUND**  
Statement of Bond Anticipation Notes  
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of Original Note Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2016	Increase	Decrease	Balance Dec. 31, 2017
14-377	Roads, Parking Lot, Equipment	2/10/2016	02/10/16 02/09/17	02/09/17 02/08/18	1.50% 2.00%	\$ 95,000.00	\$ 90,500.00	\$ 95,000.00	\$ 90,500.00
15-385	Road Improvements, Vehicle	2/10/2016	02/10/16 02/09/17	02/09/17 02/08/18	1.50% 2.00%	95,000.00	91,000.00	95,000.00	91,000.00
15-389	Acquisition of Equipment and Dump Truck	2/10/2016	02/10/16 02/09/17	02/09/17 02/08/18	1.50% 2.00%	95,000.00	91,000.00	95,000.00	91,000.00
						<u>\$ 285,000.00</u>	<u>\$ 272,500.00</u>	<u>\$ 285,000.00</u>	<u>\$ 272,500.00</u>
	Budget Appropriation							\$ 12,500.00	
	Renewals						\$ 272,500.00	272,500.00	
							<u>\$ 272,500.00</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, 2017

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Balance December 31, 2016	\$ 147,234.05
Decreased by:	
Transferred to Deferred Charge to Future Taxation - Unfunded	<u>102,675.21</u>
Balance December 31, 2017	<u><u>\$ 44,558.84</u></u>



**TOWNSHIP OF LAWRENCE**  
**GENERAL CAPITAL FUND**  
Statement of Bonds and Notes Authorized But Not Issued  
For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	Increased by	Decreased by		Balance Dec. 31, 2017
			Authorization	Budget Appropriation	Reserve for Payment of Debt	
10-356	Purchase of dump truck and pickup truck	\$ 8,000.00		\$ 8,000.00		
13-366	Bay Point Improvements	224,200.00			\$ 102,675.21	\$ 121,524.79
13-371	Purchase of Ambulance	49,147.00		14,000.00		35,147.00
17-400	Purchase of Fire Truck		\$ 500,000.00			500,000.00
		<u>\$ 281,347.00</u>	<u>\$ 500,000.00</u>	<u>\$ 22,000.00</u>	<u>\$ 102,675.21</u>	<u>\$ 656,671.79</u>

**PART II**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**TOWNSHIP OF LAWRENCE**  
Schedule of Findings and Recommendations  
For the Year Ended December 31, 2017

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***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

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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

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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.

19900

**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 that reads "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