

**TOWNSHIP OF DELAWARE**

**COUNTY OF HUNTERDON**

**REPORT OF AUDIT**

**December 31, 2017**

**BEDARD, KUROWICKI & CO., CPA'S, PC  
CERTIFIED PUBLIC ACCOUNTANTS**

**TOWNSHIP OF DELAWARE  
COUNTY OF HUNTERDON**

**REPORT OF AUDIT**

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

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## **Independent Auditors' Report**

To the Honorable Mayor and Members  
of the Township Committee  
Township of Delaware, New Jersey

### Report on the Financial Statements

We have audited the accompanying Comparative Balance Sheet - Regulatory Basis and the Comparative Statement of General Fixed Assets - Regulatory Basis of the various funds and account group of the Township of Delaware, in the County of Hunterdon, State of New Jersey (the Municipality) as of and for the years then ended December 31, 2017 and 2016, and the related Comparative Statement of Operations and Changes in Fund Balance for the years then ended, and the related Statement of Revenues - Regulatory Basis, Statement of Expenditures - Regulatory Basis for the fiscal year ended December 31, 2017 and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Municipality'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 Municipality'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, the financial statements are prepared by the Municipality on the basis of financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the Divisions. 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 Municipality as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

#### Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the Comparative Balance Sheet - Regulatory Basis and the Comparative Statement of General Fixed Assets - Regulatory Basis of the various funds and account group of the Municipality as of December 31, 2017 and 2016, and the results of operations and changes in fund balance of such funds for the years then ended and the related Statement of Revenues - Regulatory Basis, Statement of Expenditures - Regulatory Basis for the year ended December 31, 2017 in conformity with accounting principles and practices prescribed by the Division, as described in Note 1.

#### Other Matters

##### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality'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 and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the Division through the State of New Jersey's OMB

Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and is also not a required part of the financial statements.


The supplemental statements and schedules presented for the various funds and the Schedule of Expenditures of State Financial Assistance 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 various fund 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.

The additional schedules as listed in the Table of Contents has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2018 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**

  
William M. Colantano  
Certified Public Accountant  
Registered Municipal Accountant

June 20, 2018  
Flemington, New Jersey



**FINANCIAL STATEMENTS - REGULATORY BASIS**

**TOWNSHIP OF DELAWARE**  
**Comparative Balance Sheet - Regulatory Basis**  
**Current Fund**  
**December 31,**

	Ref.	2017	2016
Assets			
Regular fund			
Cash - treasurer	A-4	\$ 6,136,868	\$ 4,840,521
Change funds	A	825	825
		6,137,693	4,841,346
Delinquent property taxes receivable	A-7	291,295	394,898
Tax title liens receivable	A-8	25,718	22,871
Revenue accounts receivable	A-9	3,210	3,203
Due from other trust funds	A-10	33,550	12,545
Due from general capital fund	A-25	1,305	-
Due from animal control fund	A-11	12	-
		355,090	433,517
Deferred charges			
Overexpenditure of budget appropriations	A-13	936	-
Overexpenditure of appropriations reserves	A-13	1,453	-
		2,389	-
Total regular fund		6,495,172	5,274,863
Federal and state grant fund			
Cash - treasurer	A-4	182,036	42,551
Grants receivable	A-14	172,406	172,406
Due from regular fund	A-30	5,361	186,635
Due from trust fund	A-31	7,212	4,811
Total federal and state grant fund		367,015	406,403
Total assets		\$ 6,862,187	\$ 5,681,266

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Comparative Balance Sheet - Regulatory Basis (continued)**  
**Current Fund (continued)**  
**December 31,**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Liabilities, reserves and fund balance			
Regular fund liabilities			
Appropriation reserves	A-3;A-15	\$ 166,202	\$ 207,923
Encumbrances payable	A-16	7,064	29,995
Due to state of NJ Veterans' and Senior Citizens' deductions	A-6	21,585	21,335
Due to animal control fund	A-11	-	92
Due to federal & state grant fund	A-12	5,361	186,635
Due to general capital fund	A-25	-	311,085
Prepaid taxes	A-17	1,822,265	182,505
Tax overpayments	A-18	2,746	9,160
Regional high school taxes payable	A-19	1,292,470	1,317,797
Local school tax payable	A-20	2,129,727	2,004,723
County tax payable	A-21	9,640	10,905
Due county - food inspections	A-22	3,600	2,200
Due NJ - state training fees	A-23	2,276	2,272
Due NJ - marriage license and domestic partner fees	A-24	100	75
Due to open space trust fund	A-26	1,405	30,254
Due to other trust funds	A-10;A-27	4,031	23,000
		<u>5,468,472</u>	<u>4,339,956</u>
Reserve for receivables	A	355,090	433,517
Fund balance	A-1	671,610	501,390
Total regular fund		<u>6,495,172</u>	<u>5,274,863</u>
Federal and state grant fund			
Appropriated reserves for grants	A-28	363,655	405,342
Unappropriated reserves for grants	A-29	3,360	1,061
Total federal & state grant fund		<u>367,015</u>	<u>406,403</u>
Total liabilities, reserves and fund balance		<u>\$ 6,862,187</u>	<u>\$ 5,681,266</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Comparative Statement of Operations and Change**  
**in Fund Balance - Regulatory Basis**  
**Current Fund**  
**For the Years Ended December 31,**

	Ref.	2017	2016
Revenues and other income realized			
Fund balance utilized	A-2	\$ 357,031	\$ 295,437
Miscellaneous revenue anticipated	A-2	757,545	759,288
Receipts from delinquent taxes	A-2	411,829	242,955
Receipts from current taxes	A-2	19,732,809	19,573,620
Non-budget revenue	A-2	43,999	64,565
Other credits to income			
Interfunds returned - net		-	198
Tax overpayments canceled	A-18	262	227
Unexpended balance of appropriation reserves	A-15	157,285	119,787
Total income		<u>21,460,760</u>	<u>21,056,077</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	1,703,595	1,675,253
Other expenses	A-3	1,409,970	1,449,069
Capital improvements	A-3	297,000	200,000
Debt service	A-3	247,406	248,606
Deferred charges & statutory expenditures	A-3	383,527	381,306
County taxes	A-21	3,274,738	3,406,220
County share of added taxes	A-21	9,640	10,905
Regional high school taxes	A-19	4,752,864	4,803,517
Local district school taxes	A-20	8,343,502	8,093,499
Municipal open space tax	A-26	479,405	478,347
Interfund advances - net	A-2	22,322	-
Other debits to income			
Prior year department of taxation audit adjustment	A-6	250	-
Prior year senior citizen deduction disallowed	A-6	1,689	2,000
Interfund receivable balance cancelled	A-10	8,537	-
Total expenditures		<u>20,934,445</u>	<u>20,748,722</u>
Excess in revenue		526,315	307,355

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Comparative Statement of Operations and Change**  
**in Fund Balance - Regulatory Basis**  
**For the Years Ended December 31,**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Adjustment to income before fund balance			
Expenditures included above which are by statute deferred charges to budgets of succeeding years			
Over expenditure of budget appropriations	A-3	\$ 936	\$ -
Regulatory excess to fund balance		527,251	307,355
Balance January 1,	A	<u>501,390</u>	<u>489,472</u>
		1,028,641	796,827
Decreased by			
Utilized as anticipated revenue	A-2	<u>357,031</u>	<u>295,437</u>
Balance December 31,	A	<u><u>\$ 671,610</u></u>	<u><u>\$ 501,390</u></u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	Ref.	Anticipated		Realized	Excess or Deficit
		Budget	N.J.S.A. 40:4-87		
Fund balance anticipated	A-1	\$ 357,031	\$ -	\$ 357,031	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-9	4,800	-	5,000	200
Fees and permits	A-2	20,000	-	25,835	5,835
Fines and costs					
Municipal court	A-9	40,000	-	57,131	17,131
Interest on investments and deposits	A-2	6,000	-	16,449	10,449
Uniform construction code fees	A-9	100,000	-	116,064	16,064
Interest & cost on taxes	A-4	63,000	-	87,792	24,792
Energy receipts tax	A-9	331,669	-	327,794	(3,875)
Consolidated municipal property tax relief aid	A-9	2,336	-	2,219	(117)
Garden state trust fund	A-9	27,412	-	27,412	-
NJ Division of Criminal Justice - body armor fund	A-14	1,061	-	1,061	-
Reserve for payment of bonds	A-25	35,000	-	35,000	-
Clean Communities Program - 2017	A-14	-	22,738	22,738	-
Somerset County - distracted driving	A-14	-	5,500	5,500	-
Recycling tonnage grant	A-14	-	2,400	2,400	-
Share of court costs - Franklin Township	A-9	30,000	-	25,150	(4,850)
		661,278	30,638	757,545	65,629
Receipts from delinquent taxes	A-1;A-2	261,615	-	411,829	150,214
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	3,130,000	-	3,272,660	142,660
Budget totals		4,409,924	30,638	4,799,065	\$ 358,503
Nonbudget revenues	A-1;A-2	-	-	43,999	
		\$ 4,409,924	\$ 30,638	\$ 4,843,064	
	Ref.	A-3	A-3		

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Revenues - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	Ref.	
Analysis of realized revenues		
Allocation of current tax collections		
Tax collections	A-1;A-7	\$ 19,732,809
Allocated to		
Local district school taxes	A-7	\$ 8,343,502
Regional high school taxes	A-7	4,752,863
County taxes	A-7	3,284,379
Municipal open space tax	A-7	479,405
		16,860,149
Balance for support of municipal budget appropriations		2,872,660
Add: appropriation - reserve for uncollected taxes	A-3	400,000
Realized for support of municipal budget	A-2	\$ 3,272,660
Analysis of delinquent tax collections		
Receipts from delinquent tax collections	A-7;A-2	\$ 411,829
Fees and permits analysis		
Planning Board & Board of Adjustment		\$ 5,020
Police Department		813
Board of Health		19,205
Clerk		1,472
Assessor		200
	A-4	\$ 26,710
Less: fees refunded	A-4	875
	A-2	\$ 25,835
Interest on investments and deposits analysis		
Treasurer	A-4	\$ 13,953
Due from other trust funds	A-10	1,042
Due from animal control fund	A-11	12
Due from grant fund	A-12	137
Due to general capital fund	A-25	1,305
	A-2	\$ 16,449

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Revenues - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2017**

Analysis of realized revenues (continued)

	<u>Ref.</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>Increase (Decrease)</u>
Interfund advances and returns analysis				
Due from other trust funds	A-10	\$ 33,550	\$ 12,545	\$ 21,005
Due from general capital fund	A-25	1,305	-	1,305
Due from animal control fund	A-11	12	-	12
		<u>\$ 34,867</u>	<u>\$ 12,545</u>	<u>\$ 22,322</u>
	<u>Ref.</u>			A-1

	<u>Ref.</u>		
Analysis of nonbudget revenue			
Treasurer			
Tax sale costs		\$ 1,011	
Cable TV franchise fee		10,122	
Veterans' and Seniors Citizens' - administrative fees		862	
Homestead rebate processing fee		236	
Poll rental		400	
Police moonlighting		4,650	
LOSAP - balance cancelations		5,111	
Insurance reimbursements		15,700	
Stockton share of court		1,557	
East Amwell share of court security		3,347	
Insurance recoveries		3,009	
Miscellaneous other		664	
Various refunds		<u>3,314</u>	
	A-4		\$ 49,983
Less: refunds and damage payments	A-4		<u>5,984</u>
	A-2		<u>\$ 43,999</u>

See accompanying notes to the financial statements.



**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
	Operations within "CAPS"					
General government						
Mayor and committee						
Salaries and wages	\$ 15,521	\$ 15,521	\$ 15,520	\$ 1	\$ -	\$ -
Municipal clerk						
Salaries and wages	70,696	70,696	69,827	869	-	-
Postage & legal						
advertising	14,000	14,000	13,149	851	-	-
Other expenses	48,500	43,500	33,366	10,134	-	-
Elections						
Other expenses	4,000	4,000	3,016	984	-	-
Financial administration						
Salaries and wages	85,140	85,140	83,222	1,918	-	-
Other expenses	4,700	4,700	2,925	1,775	-	-
Audit services	30,500	34,000	34,936	-	-	936
Assessment of taxes						
Salaries and wages	34,900	34,900	34,832	68	-	-
Maintenance of						
tax map	3,000	3,000	2,099	901	-	-
Other expenses	1,600	1,600	1,084	516	-	-
Collection of taxes						
Salaries and wages	35,800	35,800	35,721	79	-	-
Other expenses	3,000	3,000	1,853	1,147	-	-
Legal services and costs						
Other expenses	60,000	60,000	36,674	23,326	-	-
Municipal prosecutor						
Salaries and wages	13,790	19,790	17,082	2,708	-	-
Engineering services						
and costs						
Other expenses	8,500	9,500	8,179	1,321	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over Expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Public buildings and grounds						
Salaries and wages - Dilts Farm	\$ 8,152	\$ 8,152	\$ 8,151	\$ 1	\$ -	\$ -
Salaries and wages - buildings & grounds	10,500	10,500	10,488	12	-	-
Expense of Dilts Farm	11,500	8,500	6,264	2,236	-	-
Other expenses	20,900	24,900	24,476	424	-	-
Land use administration						
Planning board						
Salaries and wages	10,200	10,200	10,200	-	-	-
Other expenses	6,550	3,550	1,208	2,342	-	-
Zoning board						
Salaries and wages	20,175	20,175	20,175	-	-	-
Other expenses	1,335	1,335	1,081	254	-	-
Shade tree commission						
Other expenses	500	500	290	210	-	-
Board of adjustment						
Salaries and wages	12,850	12,850	12,359	491	-	-
Other expenses	4,835	2,835	676	2,159	-	-
Environmental commission						
Salaries and wages	1,530	1,530	1,530	-	-	-
Other expenses	725	1,225	832	393	-	-
Insurance						
Other insurance premiums	135,000	135,000	134,346	654	-	-
Surety bond premiums	1,800	2,300	2,240	60	-	-
Employee group health	460,000	460,000	453,013	6,987	-	-
Public safety						
Fire						
Aid to volunteer fire companies	83,000	83,000	83,000	-	-	-
Supplemental fire service program	2,520	2,520	2,520	-	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over Expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Public safety (cont'd)						
Police						
Salaries and wages	\$ 635,775	\$ 635,775	\$ 630,478	\$ 5,297	\$ -	\$ -
Purchase of police car	10,000	10,000	10,000	-	-	-
Other expenses	41,150	41,150	28,217	12,933	-	-
Supplemental safe neighborhood program						
Salaries and wages	105,300	105,300	101,501	3,799	-	-
Other expenses	2,900	2,900	701	2,199	-	-
Office of emergency management						
Salaries and wages	15,837	15,837	12,064	3,773	-	-
Other expenses	2,900	1,900	708	1,192	-	-
First aid organization - contribution	21,000	21,000	21,000	-	-	-
Streets and roads						
Road repairs and maintenance						
Salaries and wages	452,745	452,745	451,977	768	-	-
Other expenses	168,600	178,600	177,490	1,110	-	-
Health and welfare						
Board of health						
Salaries and wages	16,310	16,310	15,904	406	-	-
Other expenses	5,750	4,250	4,027	223	-	-
Expenses of visiting homemakers						
Other expenses	550	550	-	550	-	-
Municipal court						
Salaries and wages	56,874	56,874	55,781	1,093	-	-
Other expenses	21,150	21,150	19,303	1,847	-	-
Public defender						
Other expenses	2,000	2,000	1,873	127	-	-
Contribution to senior citizens center	4,000	4,000	4,000	-	-	-
Senior health services	220	220	-	220	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	Appropriations		Expended by		Balance Canceled	Over Expended
	Budget	Budget	Paid or Charged	Reserved		
		After Modification				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Board of recreation						
commissioners						
Other expenses	\$ 18,500	\$ 18,500	\$ 10,854	\$ 7,646	\$ -	\$ -
Historical preservation society						
Other expenses	4,000	4,000	3,000	1,000	-	-
Construction official						
Salaries and wages	60,000	60,000	60,000	-	-	-
Other expenses	6,000	6,000	5,242	758	-	-
Sub code officials						
Plumbing inspector						
Salaries and wages	15,000	15,000	13,722	1,278	-	-
Electrical inspector						
Salaries and wages	20,500	20,500	20,500	-	-	-
Unclassified						
Gasoline & diesel fuel	50,000	42,500	37,094	5,406	-	-
Fuel oil	10,000	7,500	6,559	941	-	-
Electricity	18,000	18,000	15,709	2,291	-	-
Telephone	23,000	23,000	21,675	1,325	-	-
Street lighting	6,000	6,000	5,008	992	-	-
Data processing services						
Other expenses	17,000	17,000	13,225	3,775	-	-
Accumulated sick leave						
Other expenses	5,000	5,000	5,000	-	-	-
Total operations within "CAPS"	3,041,780	3,041,780	2,918,946	123,770	-	936
Contingent	50	50	-	50	-	-
Total operations including contingent within "CAPS"	3,041,830	3,041,830	2,918,946	123,820	-	936
Detail						
Salaries and wages	1,697,595	1,703,595	1,681,034	22,561	-	-
Other expenses (including contingent)	1,344,235	1,338,235	1,237,912	101,259	-	936

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over Expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Deferred charges						
Over-expenditure of reserve for recycling	\$ 4,031	\$ 4,031	\$ 4,031	\$ -	\$ -	\$ -
Statutory expenditures						
Contribution to public employees retirement system	107,583	107,583	107,583	-	-	-
Social Security system (OASI)	130,000	130,000	126,768	3,232	-	-
Police and Firemen's retirement system	141,863	141,863	141,863	-	-	-
State unemployment compensation	50	50	-	50	-	-
	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>
Total deferred charges and statutory expenditures - municipal within "CAPS"	<u>383,527</u>	<u>383,527</u>	<u>380,245</u>	<u>3,282</u>	<u>-</u>	<u>-</u>
Total general appropriations for municipal purposes within "CAPS"	<u>3,425,357</u>	<u>3,425,357</u>	<u>3,299,191</u>	<u>127,102</u>	<u>-</u>	<u>936</u>
Operations excluded from "CAPS"						
LOSAP (Fire Company)						
Other expenses	30,000	30,000	-	30,000	-	-
NJPDES Storm water permit						
Street division - other expenses	1,000	1,000	-	1,000	-	-
COAH compliance						
Other expenses	8,100	8,100	-	8,100	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over Expended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
		<u>Modification</u>				
Operations excluded from "CAPS" (cont'd)						
Other operations excluded from "CAPS" (cont'd)						
Public & private programs offset by revenues						
Clean communities program - 2017	\$ 22,738	\$ 22,738	\$ 22,738	\$ -	\$ -	\$ -
NJ Division of Criminal Justice - body armor fund	1,061	1,061	1,061	-	-	-
Recycling grant	2,400	2,400	2,400	-	-	-
Somerset County - distracted driving	5,500	5,500	5,500	-	-	-
Total operations excluded from "CAPS"	<u>70,799</u>	<u>70,799</u>	<u>31,699</u>	<u>39,100</u>	<u>-</u>	<u>-</u>
Detail						
Other expenses	<u>70,799</u>	<u>70,799</u>	<u>31,699</u>	<u>39,100</u>	<u>-</u>	<u>-</u>
Capital improvements - excluded from "CAPS"						
Reserves for						
Road improvements	133,021	133,021	133,021	-	-	-
Purchase of various road equipment	50,489	50,489	50,489	-	-	-
Purchase of fire equipment	53,490	53,490	53,490	-	-	-
Improvements to Dilts Farm park	20,000	20,000	20,000	-	-	-
Purchase of soccer goals	5,000	5,000	5,000	-	-	-
Purchase of DPW radios	5,000	5,000	5,000	-	-	-
Construction of sidewalks	30,000	30,000	30,000	-	-	-
Total capital improvements excluded from "CAPS"	<u>297,000</u>	<u>297,000</u>	<u>297,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Municipal debt service excluded from "CAPS"						
Payment of bond principal	\$ 135,000	\$ 135,000	\$ 135,000	\$ -	\$ -	\$ -
Interest on bonds	112,406	112,406	112,406	-	-	-
Total debt service excluded from "CAPS"	<u>247,406</u>	<u>247,406</u>	<u>247,406</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general approp, for municipal purposes excluded from "CAPS"	<u>615,205</u>	<u>615,205</u>	<u>576,105</u>	<u>39,100</u>	<u>-</u>	<u>-</u>
Subtotal general appropriations	4,040,562	4,040,562	3,875,296	166,202	-	936
Reserve for uncollected taxes	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general appropriations	<u>\$4,440,562</u>	<u>\$4,440,562</u>	<u>\$4,275,296</u>	<u>\$166,202</u>	<u>\$-</u>	<u>\$936</u>
<u>Ref.</u>	A-2	A-3	A-1;A-3	A;A-1		A-1; A-13

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2017**

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 3,611,057
Reserve for encumbrances	A-16	7,064
Reserve for uncollected taxes	A-2	400,000
Due to other trust fund	A-10	4,031
Due to general capital fund	A-25	297,000
Appropriated reserve for grants	A-28	31,699
		4,350,851
Less		
Appropriation refunds	A-4	75,555
	A-3	\$ 4,275,296
Appropriations		
Budget	A-2	\$ 4,409,924
Added by N.J.S.A. 40A:4-87	A-2	30,638
	A-3	\$ 4,440,562

See accompanying notes to the financial statements.



**TOWNSHIP OF DELAWARE**  
**Comparative Balance Sheet - Regulatory Basis**  
**Trust Fund**  
**December 31,**

	Ref.	2017	2016
<b>Assets</b>			
Animal control fund			
Cash - Treasurer	B-1	\$ 1,507	\$ 528
Due from current fund	B-4	-	92
Due from State of New Jersey	B-5	-	1
		<u>1,507</u>	<u>621</u>
LOSAP (unaudited)			
Investment	B-1	<u>426,144</u>	<u>348,998</u>
Other trust funds			
Cash - Treasurer	B-1	598,165	553,334
Due from animal control fund	B-37	212	-
Due from current fund	B-6	838	23,000
Loans receivable	B-8	55,141	55,141
		<u>654,356</u>	<u>631,475</u>
Open space fund			
Cash - Treasurer	B-1	1,083,328	699,015
Due from other trust funds	B-7	68	68
Due from general capital fund	B-8	-	632,021
Due from current fund	B-39	1,405	30,254
		<u>1,084,801</u>	<u>1,361,358</u>
Total assets		<u>\$ 2,166,808</u>	<u>\$ 2,342,452</u>
<b>Liabilities and reserves</b>			
Animal control fund			
Reserve for animal control expenditures	B-3	\$ 1,283	\$ 621
Due to current fund	B-4	12	-
Due to other trust funds	B-36	212	-
		<u>1,507</u>	<u>621</u>
LOSAP (unaudited)			
Reserve for LOSAP	B-35	<u>426,144</u>	<u>348,998</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Comparative Balance Sheet - Regulatory Basis (continued)**  
**Trust Fund**  
**December 31,**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Liabilities and reserves (continued)			
Open space fund			
Reserve for open space	B-9	<u>1,084,801</u>	<u>1,361,358</u>
Other trust funds			
Due to current fund	B-6	\$ 30,357	\$ 12,545
Due to open space fund	B-7	68	68
Reserve for loans receivable	B-8	55,141	55,141
Reserve for road improvements	B-10	65,176	65,176
Reserve for road opening permits	B-11	4,000	4,000
Reserve for quarry ordinance	B-12	2,916	2,916
Reserve for cash bonds	B-13	1,019	1,019
Reserve for miscellaneous trust	B-14	1,786	1,769
Reserve for escrow	B-15	79,826	81,642
Reserve for unemployment	B-16	78,322	81,141
Reserve for recreation	B-17	8,766	9,608
Reserve for recycling	B-18	684	(4,031)
Reserve for Sutton Burial Ground	B-19	8,457	8,435
Due to grant fund	B-20	7,212	4,811
Reserve for municipal alliance	B-21	10,395	10,395
Reserve for developer's deposits - COAH	B-22	112,844	99,605
Reserve for COAH - Interest	B-23	26,665	26,309
Reserve for insurance	B-24	18,474	18,474
Reserve for Public Defender	B-25	4,392	3,647
Reserve for POAA	B-26	20	20
Reserve for quarry reclamation fund	B-27	28,729	26,653
Reserve for tax premiums	B-28	65,300	72,800
Reserve for farmer's market	B-29	2,224	934
Reserve for retirement	B-30	10,018	10,018
Reserve for snow removal	B-31	9,081	3,081
Reserve for payroll withholdings	B-32	7,127	22,090
Reserve for police building	B-33	10,979	13,209
Reserve for police equipment insurance	B-34	4,378	-
		<u>654,356</u>	<u>631,475</u>
Total liabilities and reserves		<u>\$ 2,166,808</u>	<u>\$ 2,342,452</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Comparative Balance Sheet - Regulatory Basis**  
**General Capital Fund**  
**December 31,**

	Ref.	2017	2016
<b>Assets</b>			
Cash	C-2	\$ 822,232	\$ 131,634
Due from current fund	C-5	-	311,085
Due from Delaware River Toll Bridge Commission	C-7	21,850	21,850
Due from NJ Department of Transportation	C-8	41,920	-
Deferred charges to future taxation			
Funded	C-9	6,945,000	7,402,000
Unfunded	C-10	2,504,671	616,571
<b>Total assets</b>		<b>\$ 10,335,673</b>	<b>\$ 8,483,140</b>
<b>Liabilities, reserves and fund balance</b>			
General serial bonds payable	C-18	\$ 6,945,000	\$ 7,402,000
Bond anticipation note payable	C-20	1,000,000	-
Improvement authorizations			
Funded	C-11	212,202	79,205
Unfunded	C-11	1,997,178	185,569
Due to current fund	C-5	1,305	-
Due to open space trust fund	C-6	-	632,021
Capital improvement fund	C-12	3,607	23,543
Reserves for			
Payment of debt service	C-13	2,979	37,979
Purchase of various equipment	C-14	127,579	77,000
Improvement of municipal facilities	C-15	30,000	30,000
Guard rails	C-16	2,325	2,325
Fund balance	C-1	13,498	13,498
<b>Total liabilities, reserves and fund balance</b>		<b>\$ 10,335,673</b>	<b>\$ 8,483,140</b>
<b>Bonds and notes authorized but not issued</b>	C-19	<b>\$ 1,504,671</b>	<b>\$ 616,571</b>

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Comparative Statement of Fund Balance - Regulatory Basis**  
**General Capital Fund**  
**For the Year Ended December 31,**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Balance - January 1	C	<u>\$ 13,498</u>	<u>\$ 13,498</u>
Balance - December 31	C	<u><u>\$ 13,498</u></u>	<u><u>\$ 13,498</u></u>

See accompanying notes to the financial statements.

**TOWNSHIP OF DELAWARE**  
**Comparative Statement of General Fixed Assets - Regulatory Basis**  
**General Fixed Assets Account Group**  
**For the Year Ended December 31,**

	<u>2017</u>	<u>2016</u>
General fixed assets		
Land	\$ 2,577,600	\$ 2,577,600
Building & building improvements	1,116,525	1,120,000
Machinery & equipment	576,418	576,418
Vehicles	<u>1,969,506</u>	<u>1,969,506</u>
	<u>\$ 6,240,049</u>	<u>\$ 6,243,524</u>

See accompanying notes to the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 1 - Summary of significant accounting policies

Reporting entity

Except as noted below, the Financial Statements - Regulatory basis of the Township of Delaware (the Municipality) include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Municipality, as required by N.J.S.A. 40A:5-5. Component units are legally separate organizations for which the Municipality is financially accountable. The Municipality is financially accountable for an organization if the Municipality appoints a voting majority of the organization's governing board and (1) the Municipality is able to significantly influence the programs or services performed or provided by the organization; or (2) the Municipality is legally entitled to or can otherwise access the organization's resources; the Municipality is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Municipality is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Municipality in that the Municipality approves the budget, the issuance of debt or the levying of taxes. There are currently no component units of the Municipality.

Description of funds and account group

The accounting policies of the Municipality conform to the accounting principles applicable to municipalities, which have been prescribed by the New Jersey Division of Local Government Services, Department of Community Affairs (State of New Jersey). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Municipality accounts for its financial transactions through the following separate funds and account group:

Governmental Funds

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

*Trust Fund* - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

*General Capital Fund* - receipts and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Account Groups

*General Fixed Assets Account Group* - to account for all fixed assets of the Municipality. Neither infrastructure nor depreciation of assets of the Municipality is recorded in the group.

Basis of accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting policies generally accepted in the United States of America (GAAP). The more significant differences, which may be material, are discussed further in Note 1.

A modified accrual basis of accounting is followed with minor exceptions.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

*Budget and budgetary procedures* - The State of New Jersey has promulgated the form and procedures for the municipality's cash basis budget in the Local Budget Law (N.J.S.A 40A:4-1). The Municipality is only required to adopt budgets for the Current Fund and any Utility Fund, if applicable.

The Municipality must introduce and approve its annual budget no later than February 10<sup>th</sup> and adopt no later than March 20<sup>th</sup> of its budget year, unless extended by the Director of the Division of Local Government Services (the Director). All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body. The approved budget must be advertised and a public hearing must be held prior to adoption. No budget or amendment thereof shall be adopted unless the Director has certified his approval thereof.

Emergency and special emergency appropriations may be made by resolution adopted by a 2/3 vote of the full membership of the governing body. All emergency appropriations must be raised in full in the succeeding year's budget, while special emergency appropriations financed from surplus funds shall be raised in installments of a least 20% annually until fully provided for.

Transfers between current year appropriations are allowed only during the last two months of the fiscal year. Transfers between prior year appropriation reserves are allowed only during the first three months of the fiscal year.

*Revenues* - are recorded when received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Municipal budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Municipality's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Municipality which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

*Expenditures* - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at year-end are reported as a cash liability in the financial statements and constitute part of the Municipality's statutory Appropriation Reserve balance.

*Appropriation Reserves* - covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts, which may be canceled by the governing body. Appropriation Reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed Appropriation Reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.



**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

*Property Acquired for Taxes/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 the foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

*Tax Title Liens* - are taxes which have been put up for sale but not been purchased. The Municipality then accepts the lien which will earn 18% per annum until the lien is paid off by the property owner.

The Municipality may choose to foreclose and return the property to the tax rolls.

*Interfunds* - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

*Inventories of Supplies* - the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

*Deferred Charges to Future Taxation - Funded and Unfunded (Capital Fund)* - upon authorization of capital projects, the Municipality establishes deferred charges for the costs of the projects that are to be raised by future taxation. Deferred charges that relate to permanent debt issued are shown as funded. All other deferred charges are shown as unfunded.

*General Fixed Assets* - in accordance with New Jersey Administrative Code Section 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the State of New Jersey, which differs in certain respects from generally accepted accounting principles, all local units are required to have and maintain a fixed assets accounting and reporting system. In accordance with this administrative code requirement, fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost.

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

No depreciation has been provided for in the financial statements.

Fixed assets acquired through grants in aid or contributed capital has not been accounted for separately.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)  
Departures from generally accepted accounting principles

As noted, the accounting principles and practices used differ in some respects from Generally Accepted Accounting Principles (GAAP) for local governmental units. The more significant differences, which may be material, are as follows:

1. Financial Reporting Model - These statements are not based on the requirements as promulgated by GASB, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement made dramatic changes to the financial reporting requirements of state and local governments for GAAP purposes.
2. Revenues - GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
3. Expenditures - GAAP records expenditures when incurred and does not reflect Appropriation Reserve balances or deferred charges to future taxation.
4. Foreclosed Property - GAAP records the value of foreclosed property at the lower of cost or fair market value and would be recorded in the General Fixed Asset Account Group.
5. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
6. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
7. Grant Accounting - GAAP requires that grants be recorded within a Special Revenue Fund and revenues are not to be realized until earned.
8. Capital Funds - GAAP requires separate funds for the recording of capital projects and payment of debt service while New Jersey requirements incorporates these transactions within one fund.
9. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
10. Losses arising from tax appeals and other contingencies are not recorded until paid.
11. Financial Reporting Mode I- These statements are not presented on the requirements as promulgated by GASB, "Accounting and Financial Reporting for Pensions an Amendment of GASB." This statement made dramatic changes to the financial reporting requirements of state and local governments as it relates to reporting for pensions for GAAP purposes. Information regarding pension activity is disclosed rather than reported.

It is not practicable to determine the effect of these differences on the financial statements.

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 2 - Deposits and investments

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. The Municipality does not have any investments.

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. The State of New Jersey does not place any limit on the amount that the Municipality may invest with any one issuer.

The Cash Management Plan adopted by the Municipality requires it to deposit funds in public depositories protected from loss under provisions of the act.

Custodial credit risk - deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Municipality's deposits might not be recovered. The Municipality does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Municipality relative to the happening of a future condition.

As of December 31, 2017, the Municipality's bank balances of \$8,200,935 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 500,000
Uninsured and Collateralized with Securities Held by Pledging Financial Institutions	7,700,935
	\$ 8,200,935

Note 3 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 3 - Tax assessments and property taxes (continued)

Upon the filing of certified adopted budgets by the Municipality, the Municipality's Local School, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing municipalities for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A 54:4 et seq. Special taxing municipalities are permitted in New Jersey for various special services rendered to the properties located within the special municipalities.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey Statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey Statutes.

Note 4 - Long-term debt

The Local Bond Law of the State of New Jersey governs the authorization of debt by municipalities to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded. Bond anticipation notes may also be issued to temporarily finance capital projects for periods not greater than one year and may be reissued in yearly installments not to exceed ten years. All bonds and notes issued by the Municipality are general full faith and credit obligations.

Summary of municipal debt

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued			
General bonds	\$ 6,945,000	\$ 7,402,000	\$ 7,859,000
Bond anticipation notes	1,000,000	-	-
Authorized but not issued			
General			
Bonds and notes	<u>1,504,671</u>	<u>616,571</u>	<u>864,000</u>
Net bonds and notes issued and authorized but not issued	<u>\$ 9,449,671</u>	<u>\$ 8,018,571</u>	<u>\$ 8,723,000</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 indicates a statutory net debt of 1.063%.

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 4 - Long-term debt (continued)  
Summary of statutory debt condition - annual debt statement (continued)

	Gross Debt	Deductions	Net Debt
Local school district debt	\$ 2,005,000	\$ 2,005,000	\$ -
Regional school district debt	778,089	778,089	-
General debt	9,449,671	2,979	9,446,692
	<u>\$ 12,232,760</u>	<u>\$ 2,786,068</u>	<u>\$ 9,446,692</u>

Net debt \$9,446,692 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$888,799,026 equals 1.063%.

Borrowing power under N.J.S.A. 40A:2-6 as amended

3 1/2% of equalized valuation basis (Municipal)	\$ 31,107,966
Net debt	<u>9,446,692</u>
Remaining borrowing power	<u>\$ 21,661,274</u>

Changes in long-term debt

During the years ended December 31, 2016 and 2017, the following changes occurred in long-term debt.

	Balance 01/01/16	Additions	Reductions	Balance 12/31/16
Issued debt				
General				
Bonds	\$ 7,859,000	\$ -	\$ 457,000	\$ 7,402,000
Notes	-	-	-	-
Authorized but not issued debt				
General				
Bonds and notes	864,000	-	247,429	616,571
Total	<u>\$ 8,723,000</u>	<u>\$ -</u>	<u>\$ 704,429</u>	<u>\$ 8,018,571</u>

	Balance 01/01/17	Additions	Reductions	Balance 12/31/17
Issued debt				
General				
Bonds	\$ 7,402,000	\$ -	\$ 457,000	\$ 6,945,000
Notes	-	1,000,000	-	1,000,000
Authorized but not issued debt				
General				
Bonds and notes	616,571	888,100	-	1,504,671
Total	<u>\$ 8,018,571</u>	<u>\$ 1,888,100</u>	<u>\$ 457,000</u>	<u>\$ 9,449,671</u>

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 4 - Long-term debt (continued)

Changes in long-term debt (continued)

General Obligation Bonds - General obligation bonds at December 31, 2017 with their outstanding balances are comprised of the following individual issues:

\$4,190,000 - 2002 general obligation bonds due in annual installments of \$2,000 to \$232,000 beginning April 15, 2003 through October 15, 2022, interest at 2.00% to 5.25%.	\$	10,000
\$5,392,000 - 2008 general obligation bonds due in annual installments of \$20,000 to \$191,000 beginning April 15, 2010 through October 15, 2038, interest at 4.55% to 5.20%.		115,000
\$2,350,000 - 2013 refunding bonds due in annual installments of \$235,000 to \$255,000 beginning October 15, 2013 through October 15, 2022, interest at 2.10%.		1,115,000
\$6,025,000 - 2015 refunding bonds due in annual installments of \$205,000 to \$375,000 beginning October 15, 2015 through October 15, 2038, interest at 2.00% to 4.00%.		5,705,000
Total	\$	6,945,000

Schedule of annual debt service for principal and interest for outstanding bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 452,000	\$ 222,358	\$ 674,358
2019	457,000	208,568	665,568
2020	462,000	196,895	658,895
2021	457,000	182,678	639,678
2022	467,000	168,468	635,468
2023 - 2027	1,340,000	712,687	2,052,687
2028 - 2032	1,295,000	512,950	1,807,950
2033 - 2037	1,640,000	268,250	1,908,250
2038	375,000	15,000	390,000
Total	\$ 6,945,000	\$ 2,487,854	\$ 9,432,854

Note 5 - Short term debt - bond anticipation notes

The Municipality has outstanding bond anticipation notes at December 31, 2017 in the amount of \$1,000,000. These notes have a term from September 26, 2017 to September 21, 2018 with an interest rate of 1.35% payable at maturity. Principal and interest on the notes is paid from the Current Fund budget. The notes were issued in the amount of \$95,000 for Ordinance #15-10 Acquisition of Equipment, \$150,429 for Ordinance #17-08 Road Construction, \$432,000 for Ordinance #17-09 Road Equipment, and \$322,571 for Ordinance #13-03 Improvement of Various Roads.

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 6 - Fund balances appropriated

For the year ending December 31, 2017, fund balances which were appropriated and included as anticipated revenue in their own respective funds were as follows:

Current Fund	\$ 357,000
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Note 7 - School taxes

Local Municipality Tax and Regional High School Tax have been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	Local District School Tax		Regional High School Tax	
	Balance 12/31/17	Balance 12/31/16	Balance 12/31/17	Balance 12/31/16
Balance of tax	\$ 4,634,398	\$ 4,055,800	\$ 2,376,376	\$ 2,401,704
Deferred	2,504,671	2,051,077	1,083,906	1,083,907
Tax payable (prepaid)	\$ 2,129,727	\$ 2,004,723	\$ 1,292,470	\$ 1,317,797

Note 8 - Taxes collected in advance

Taxes collected in advance, include discounts allowed for prepayments and the amount set forth as cash liabilities in the financial statements as follows:

	Balance 12/31/17	Balance 12/31/16
Prepaid taxes	\$ 1,822,265	\$ 182,505
Less: discount allowed	-	-
Cash liability for taxes collected in advance	\$ 1,822,265	\$ 182,505

Note 9 - Pensions

Employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The three State-administered plans are:

- (1) The Public Employees' Retirement System
- (2) Defined Contribution Retirement Program
- (3) The Police and Firemen's Retirement System

Public employees retirement system

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 9 - Pensions (continued)  
Public employees retirement system (continued)  
Plan description (continued)

The following represents the membership tiers for PERS:

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

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

Allocation methodology

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages for each group as of June 30, 2017, are based on the ratio of each employer's contributions to total employer contributions of the group for the State fiscal year ended June 30, 2017.

Contributions

The contribution policy for PERS is set by N.J.S.A 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The state's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2017, the state's pension contribution was less than the actuarial determined amount.



**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 9 - Pensions (continued)  
Public employees retirement system (continued)  
Contributions (continued)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15-years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the Municipality's allocable share of the collective net pension liability for PERS as of June 30, 2017 are as follows:

	2017	2016
Total pension liability	\$ 5,485,305	\$ 5,991,358
Plan fiduciary net position	2,638,429	2,404,740
Net pension liability	\$ 2,846,876	\$ 3,586,618

Plan fiduciary net position as a percentage of the total pension liability

48.10%	40.14%
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Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 9 - Pensions (continued)  
Public employees retirement system (continued)  
Collective net pension liability and actuarial information (continued)  
Components of net pension liability (continued)

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 four years for males and females. For local employees, mortality tables are set back two years for males and seven 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 one 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 three years for males and set forward one year for females).

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

Long-term expected rate of return

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

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 9 - Pensions (continued)  
Public employees retirement system (continued)  
Collective net pension liability and actuarial information (continued)  
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
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 asset	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%

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent state 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 plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 9 - Pensions (continued)

Public employees retirement system (continued)

Collective net pension liability and actuarial information (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the Municipality's proportionate share of the collective net pension liability of as of June 30, 2017 and 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Municipality's proportionate share of the net pension liability</u>	<u>2017</u>
At current discount rate (5.00%)	\$ 2,846,876
At a 1% lower rate (4.00%)	3,531,743
At a 1% higher rate (6.00%)	2,276,297

<u>Municipality's proportionate share of the net pension liability</u>	<u>2016</u>
At current discount rate (3.98%)	\$ 3,586,618
At a 1% lower rate (2.98%)	4,394,981
At a 1% higher rate (4.98%)	2,919,243

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2017 and 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2017</u>		<u>2016</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 67,034	\$ -	\$ 66,700	\$ -
Changes of assumptions	573,547	571,445	742,956	-
Net difference between projected and actual earnings on pension plan investments	19,385	-	136,761	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	100,727	26,569	101,621	36,861
<b>Total</b>	<b>\$ 760,693</b>	<b>\$ 598,014</b>	<b>\$ 1,048,038</b>	<b>\$ 36,861</b>

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 9 - Pensions (continued)

Public employees retirement system (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2017 and 2016:

June 30, 2017	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ 67,360	\$ 20,788	\$ 21,114	\$ 67,034
Changes of assumptions	750,302	-	176,755	573,547
Differences between projected and actual investment earnings on pension plan investments	138,113	(122,024)	(3,296)	19,385
Deferred inflows of resources			-	-
Changes of assumptions	-	(699,000)	(127,555)	(571,445)
Net changes in deferred outflows (inflows) of resources	<u>\$ 955,775</u>	<u>\$ (800,236)</u>	<u>\$ 67,018</u>	<u>\$ 88,521</u>
June 30, 2016	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ 64,852	\$ 18,999	\$ 17,151	\$ 66,700
Changes of assumptions	291,939	626,041	175,024	742,956
Differences between projected and actual investment earnings on pension plan investments	(43,707)	201,370	20,902	136,761
Net changes in deferred outflows (inflows) of resources	<u>\$ 313,084</u>	<u>\$ 846,410</u>	<u>\$ 213,077</u>	<u>\$ 946,417</u>

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 9 - Pensions (continued)  
Public employees retirement system (continued)  
Collective net pension liability and actuarial information (continued)  
Collective deferred outflows of resources and deferred inflows of resources (continued)  
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from the Municipality's contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

December 31, 2017		December 31, 2016	
<u>Year ending June 30,</u>		<u>Year ending June 30,</u>	
2018	\$ 67,018	2017	\$ 213,077
2019	101,132	2018	213,077
2020	61,281	2019	246,857
2021	(81,504)	2020	207,397
2022	(59,406)	2021	66,009
Total	\$ 88,521	Total	\$ 946,417

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending June 30, 2017 and 2016 are as follows:

	2017	2016
Service cost	\$ 132,785	\$ 117,051
Interest on total pension liability	240,958	255,565
Member contributions	(63,164)	(60,668)
Administrative expense	1,653	1,937
Expected investment return net of investment expense	(172,042)	(184,158)
Pension expense related to specific liabilities of individual employers	(1,868)	(382)
Recognition of deferred inflows/outflows of resources		
Amortization of expected versus actual experience	21,114	17,151
Amortization of assumption changes or inputs	49,200	175,024
Amortization of projected versus actual investment earnings on pension plan investments	(3,296)	20,902
Pension expense	\$ 205,340	\$ 342,422

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 9 - Pensions (continued)  
Public employees retirement system (continued)  
Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A 43:15:c-1 et seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established maximum compensation limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for Tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010, who do not work the minimum number of hours per week required for Tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually. For the year ending December 31, 2017 the Municipality contributed \$1,428 and \$187 respectively.

Police and fireman’s retirement system

Plan description

The State of New Jersey, Police and Firemen’s Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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

The following represents the Membership Tiers for PFRS:

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

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

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 9 - Pensions (continued)  
Police and fireman's retirement system (continued)  
Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For Fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The contribution policy for PFRS is set by New Jersey State Statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contributions are a percentage of annual compensation, as defined, and are 10.00% of employees' annual contractual compensation.

Special funding situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers relating to this legislation. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

During the Fiscal year ended June 30, 2017, the State of New Jersey contributed \$15,303 to the PFRS for normal pension benefits on behalf of the Township, which is less than the contractually required contributions or \$141,863.



**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The components of the Municipality's allocable share of the net pension liability for PFRS as of June 30, 2017 and 2016 are as follows:

	2017	2016
Total pension liability	\$ 7,339,685	\$ 7,507,168
Plan fiduciary net position	4,301,377	3,904,362
Net pension liability	\$ 3,038,308	\$ 3,602,806

Plan fiduciary net position as a percentage of the total pension liability

	58.60%	52.01%
--	--------	--------

Actuarial assumptions

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

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	2.10% - 8.98%
Thereafter	3.10% - 9.98%
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Preretirement Mortality Tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2013.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 9 - Pensions (continued)  
Police and fireman's retirement system (continued)  
Long-term expected rate of return

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

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
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 asset	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%

Discount rate

The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the rate in the most recent state fiscal year.

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Discount rate (continued)

The State employer contributed 40 percent of the actuarially determined contributions and the local employers contributed 100 percent of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to the projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the Municipality's proportionate share of the collective net pension liability of as of June 30, 2017 and 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Municipality's proportionate share of the net pension liability</u>	2017
At current discount rate (6.14%)	\$ 3,038,308
At a 1% lower rate (5.14%)	4,003,221
At a 1% higher rate (7.14%)	2,245,522
<u>Municipality's proportionate share of the net pension liability</u>	2016
At current discount rate (5.55%)	\$ 3,602,806
At a 1% lower rate (4.55%)	4,155,679
At a 1% higher rate (6.55%)	2,334,061

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2017 and 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,725	\$ 16,036	\$ -	\$ 21,787
Changes of assumptions	336,920	447,466	460,360	-
Net difference between projected and actual earnings on pension plan investments	52,138	-	232,885	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	96,287	-	81,756	-
<b>Total</b>	<b>\$ 503,070</b>	<b>\$ 463,502</b>	<b>\$ 775,001</b>	<b>\$ 21,787</b>

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2017 and 2016:

June 30, 2017	Beginning Balance	Increases	Decreases	Ending Balance
<b>Deferred outflows of resources</b>				
Differences between expected and actual experience	\$ -	\$ 21,587	\$ 3,862	\$ 17,725
Changes of assumptions	468,272	-	131,352	336,920
Differences between projected and actual investment earnings on pension plan investments	236,887	(183,103)	1,646	52,138
<b>Deferred inflows of resources</b>				
Difference between expected and actual experience	(22,162)	-	(6,126)	(16,036)
Changes of assumptions	-	(544,953)	(97,487)	(447,466)
<b>Net changes in deferred outflows (inflows) of resources</b>	<b>\$ 682,997</b>	<b>\$ (706,469)</b>	<b>\$ 33,247</b>	<b>\$ (56,719)</b>

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

June 30, 2016	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Net difference between projected and actual investment earnings on pension investments	\$ (50,439)	\$ 320,944	\$ 37,620	\$ 232,885
Changes of assumptions	535,063	54,430	129,133	460,360
Deferred inflows of resources				
Differences between expected and actual experience	<u>(24,997)</u>	<u>(2,812)</u>	<u>(6,022)</u>	<u>(21,787)</u>
Net changes in deferred outflows (inflows) of resources	<u>\$ 459,627</u>	<u>\$ 372,562</u>	<u>\$ 160,731</u>	<u>\$ 671,458</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from the Municipality's contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>December 31, 2017</u>		<u>December 31, 2016</u>	
<u>Year ending June 30,</u>		<u>Year ending June 30,</u>	
2018	\$ 33,247	2017	\$ 160,731
2019	90,043	2018	160,731
2020	18	2019	216,567
2021	(124,788)	2020	128,064
2022	<u>(55,239)</u>	2021	<u>5,365</u>
Total	<u>\$ (56,719)</u>	Total	<u>\$ 671,458</u>

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 9 - Pensions (continued)

Police and fireman's retirement system (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending June 30, 2017 and 2016 are as follows:

	2017	2016
Service cost	\$ 175,014	\$ 173,210
Interest on total pension liability	423,350	417,759
Member contributions	(60,903)	(58,768)
Administrative expense	612	645
Expected investment return net of investment expense	(283,820)	(301,172)
Pension expense related to specific liabilities of individual employers	(2,267)	(1,131)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs	33,865	129,133
Amortization of expected versus actual experience	(2,264)	(6,022)
Amortization of projected versus actual investment earnings on pension plan investments	1,646	37,620
Less: State proportionate share of employer expense	(37,435)	(35,649)
Pension expense	<u>\$ 247,798</u>	<u>\$ 355,625</u>

A special funding situation exists where the State of New Jersey is responsible for a proportionate share of the net pension liability of the municipality. The combined net pension expense is summarized as follows for June 30, 2017:

	2017
Municipal share of net pension liability	\$ 2,732,271
State share of net pension liability	306,037
Net pension liability	<u>\$ 3,038,308</u>

Note 10 - Post-retirement benefits

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

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 10 - Post-retirement benefits (continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The Municipality adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Municipality on a monthly basis.

The Municipality's contributions to the SHBP for post-retirement benefits for the years ended December 31, 2017, 2016, and 2015, were \$186,568, \$179,445, and \$167,426, which equaled the required benefit contribution for each year.

In addition, certain retirees were reimbursed for personally paid health benefits for the years ended December 31, 2017, 2016, and 2015, were \$9,040, \$7,263, and \$6,630, respectively.

Note 11 - Accrued sick and vacation benefits

The Township has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits have not been accrued by charges to operations or to budgets of prior years. At December 31, 2017 and 2016, the Municipality has estimated the liability to be approximately \$81,701 and \$95,000, respectively. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit in the financial statements is not in agreement with GASB but is in accordance with reporting procedures promulgated by the State of New Jersey.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 12 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2017 and 2016:

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Land	\$ 2,577,600	\$ -	\$ -	\$ 2,577,600
Building & building improvements	1,120,000	7,325	10,800	1,116,525
Furniture, machinery, & equipment	576,418	-	-	576,418
Vehicles	1,969,506	-	-	1,969,506
Total	<u>\$ 6,243,524</u>	<u>\$ 7,325</u>	<u>\$ 10,800</u>	<u>\$ 6,240,049</u>

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Land	\$ 2,577,600	\$ -	\$ -	\$ 2,577,600
Building & building improvements	1,120,000	-	-	1,120,000
Furniture, machinery, & equipment	433,493	142,925	-	576,418
Vehicles	1,969,506	-	-	1,969,506
Total	<u>\$ 6,100,599</u>	<u>\$ 142,925</u>	<u>\$ -</u>	<u>\$ 6,243,524</u>

Note 13 - Litigation

The Municipality is involved with various litigations matters. The attorneys' letters did not indicate any litigation, claims, or contingent liabilities that are either not covered by the Municipality's insurance carrier or would have a material financial impact on the Municipality.

Grantor agencies

Receipts and/or receivables 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 - Contingent liabilities

The Township is not economically dependent on any one business or industry located within the Municipality.



**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 15 - Interfunds receivable and payable

The following interfund balances remained on the various balance sheets of the Township as of December 31, 2017 and 2016.

<u>December 31, 2017</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		
Other Trust Funds	\$ 29,519	\$ -
Open Space Trust Fund	-	1,405
Animal Control Fund	12	-
Federal and State Grant Fund	-	5,361
General Capital Fund	1,305	
Grant Fund		
Current Fund	5,361	-
Trust Funds	7,212	-
General Capital Fund		
Current Fund	-	1,305
Open Space Trust Fund		
Current Fund	1,405	-
Other Trust Funds		
Current Fund		29,519
Grant Fund	-	7,212
Animal Control Fund	212	-
Animal Control Fund		
Other Trust Funds	-	212
Current Fund	-	12
	<u>\$ 45,026</u>	<u>\$ 45,026</u>
<u>December 31, 2016</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		
Trust Funds	\$ 12,545	\$ 53,254
Animal Control Fund	-	92
Federal and State Grant Fund	-	186,635
General Capital Fund	-	311,085
Grant Fund		
Current Fund	186,635	-
Trust Funds	4,811	-
General Capital Fund		
Current Fund	311,085	-
Trust Fund	-	632,021
Other Trust Funds		
Current Fund	53,254	12,545
General Capital Fund	632,021	-
Grant Fund	-	4,811
Animal Control Fund		
Current Fund	92	-
	<u>\$ 1,200,443</u>	<u>\$ 1,200,443</u>

Interfund balances are primarily a result of prior year activities which have not been cleared at the end of the current year.

**TOWNSHIP OF DELAWARE**  
**Notes to the Financial Statements**

Note 16 - Risk management

The Municipality 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 Municipality maintains commercial insurance coverage for property, liability, and surety bonds. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

New Jersey Unemployment Compensation Insurance

The Municipality has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Municipality is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the state. The Municipality is billed quarterly for amounts due to the state. The following is a summary of Municipality contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance of the Municipality's Unemployment Trust Fund for the current and previous two years:

Years	Municipal Deposits	Amount Reimbursed	Employee Contributions	Ending Balance
2017	\$ -	\$ 5,642	\$ 2,823	\$ 78,322
2016	-	4,400	2,839	81,141
2015	-	3,957	2,629	82,702

Note 17 - Union contracts

As of December 31, 2017, the Municipality's employees are organized into two collective bargaining units which is the Teamsters Local Union 469 affiliated with the International Brotherhood of Teamsters (the "Union") and the Hunterdon County PBA Local 188 ("the PBA"). The Union is the representative for all the members of the public works department excluding all managerial executives, confidential employees, professional employees, police, craftsmen, and supervisors. The term of the union contract was from January 1, 2017 to December 31, 2020. The PBA is the exclusive representative of all full-time patrol officers, corporals, and sergeants and excluding all lieutenants, captains and the chief of police. The term of the PBA contract was from January 1, 2015 to December 31, 2017.

Note 18 - Deferred charges to be raised in succeeding budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charge is shown on the Comparative Balance Sheet - Regulatory Basis of the following fund:

	Balance December 31, 2017	2018 Budget Appropriation
Current Fund		
Over expenditure of budgeted appropriations	\$ 936	\$ 936
Over expenditure of appropriation reserves	1,453	1,453
Total deferred charges	<u>\$ 2,389</u>	<u>\$ 2,389</u>

**TOWNSHIP OF DELAWARE**  
**Notes to Financial Statements**

Note 19 - Length of service award program (unaudited)

The voters of the Municipality approved the establishment of a Length of Service Award Program (LOSAP) Deferred Compensation Plan. The Program is a defined contribution program covering volunteers in the Fire Department of the Township of Delaware who have performed sufficient services to earn 60 “points” (as defined by the plan document) per calendar year as approved by the voters of the Municipality by referendum at the general election on November 3, 2003. The establishment of this LOSAP complies with New Jersey Public Law 1997, Chapter 388. The balance is subject to the general creditors of the Municipality. Contributions by the Municipality for qualified participants were \$25,760 and \$25,300 for 2017 and 2016, respectively.

Note 20 - Subsequent events

The Municipality has evaluated subsequent events through June 20, 2018, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 21 - Restatement of prior year general fixed assets

During the year ending December 31, 2017, the Municipality has determined a restatement of the prior year general fixed assets is necessary. Due to ongoing updates to the Municipality's fixed asset inventory and the timing of the inventory report, adjustments to the inventory report value are necessary. The following is a summary of the Municipality's restatement of general fixed assets as of December 31, 2017:

	General Fixed Assets Account Group
Fixed assets balance, December 31, 2016	\$ 5,403,404
Add: net increase in fixed assets	840,120
Fixed assets balance, December 31, 2016 as restated	\$ 6,243,524

**SUPPLEMENTARY SCHEDULES**

**TOWNSHIP OF DELAWARE  
COUNTY OF HUNTERDON**

**2017**

**CURRENT FUND**

**TOWNSHIP OF DELAWARE**  
**Schedule of Current Fund Cash - Treasurer**

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal &amp; State Grant Fund</u>
Balance - December 31, 2016	A	\$ 4,840,521	\$ 42,551
Increased by receipts			
Non-budget revenue	A-2	\$ 49,983	\$ -
Interest and cost on taxes	A-2	87,792	-
Interest on investments and deposits	A-2	13,953	-
Fees & permits	A-2	26,710	-
Appropriation refunds	A-3	75,555	-
State of NJ - Veterans' & Senior Citizens' deductions	A-6	42,873	-
Taxes receivable	A-7	19,908,919	-
Revenue accounts receivable	A-9	562,576	-
Grants receivable	A-14	-	30,638
Prepaid taxes	A-17	1,822,265	-
Tax overpayments	A-18	27,727	-
Due county - food inspection fees	A-22	2,100	-
Due NJ - state training fees	A-23	10,410	-
Due NJ - marriage licenses & domestic partnership fees	A-24	500	-
Due to general capital fund	A-25	1,000,000	-
Unappropriated reserves for grants	A-29	-	3,360
Due from regular fund	A-30	-	181,274
Due from other trust fund	A-31	-	2,298
		<u>23,631,363</u>	<u>217,570</u>
		28,471,884	260,121

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Current Fund Cash - Treasurer (continued)**

	Ref.	Regular Fund	Federal & State Grant Fund
Decreased by disbursements			
2017 budget appropriations	A-3	\$ 3,611,057	\$ -
2016 appropriation reserves	A-15	82,086	-
Non-budget revenue disbursements	A-2	5,984	-
Fees and permits refunded	A-2	875	-
Revenue accounts receivable			
refunds and adjustments	A-9	1,806	-
Due to other trust fund	A-10	28,500	-
Due to animal control fund	A-11	92	-
Due to grant fund	A-12	181,137	-
Tax overpayments refunded	A-18	25,227	-
Regional high school tax payable	A-19	4,778,191	-
Local school tax payable	A-20	8,218,498	-
County taxes payable	A-21	3,285,643	-
Due county - food inspection fees	A-22	700	-
Due NJ - state training fees	A-23	10,406	-
Due NJ - marriage licenses & domestic partnership fees	A-24	475	-
Due to general capital fund	A-25	1,573,085	-
Due to open space trust fund	A-26	508,254	-
Due to other trust fund	A-27	23,000	-
Appropriated reserves for state grants	A-28	-	73,386
Due from trust fund	A-31	-	4,699
		<u>\$ 22,335,016</u>	<u>\$ 78,085</u>
Balance - December 31, 2017	A	<u>\$ 6,136,868</u>	<u>\$ 182,036</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Current Fund Cash and Reconciliation**  
**Per N.J.S.A. 40A:5.5 - Treasurer**

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal &amp; State Grant Fund</u>
Balance - December 31, 2017	A-4	\$ 6,136,868	\$ 182,036
Increased by			
Receipts		4,097,060	1,152
		<u>10,233,928</u>	<u>183,188</u>
Decreased by			
Disbursements		1,316,286	265
		<u>1,316,286</u>	<u>265</u>
Balance - February 28, 2018		<u>\$ 8,917,642</u>	<u>\$ 182,923</u>
Cash reconciliation - February 28, 2018			
Balance per statement			
Northfield Bank		\$ 8,879,919	\$ 182,923
Add: deposit-in-transit		92,799	-
		<u>8,972,718</u>	<u>182,923</u>
Less: outstanding checks		55,076	-
		<u>55,076</u>	<u>-</u>
Book balance		<u>\$ 8,917,642</u>	<u>\$ 182,923</u>

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Due to State of New Jersey**  
**Veterans' and Senior Citizens' Deductions**

	<u>Ref.</u>		
Balance - December 31, 2016	A		\$ 21,335
Increased by			
Receipts	A-4	\$ 42,873	
Prior year taxation audit adjustment	A-1	250	
Prior year Senior Citizen deductions disallowed by collector	A-1	<u>1,689</u>	
			<u>44,812</u>
			66,147
Decreased by			
Veterans' deductions per tax billings		39,500	
Senior Citizens' deductions per tax billings		4,750	
Senior Citizens' deductions allowed by tax collector		<u>500</u>	
		44,750	
Less: Senior Citizens' deductions disallowed by collector		<u>188</u>	
	A-7		<u>44,562</u>
Balance - December 31, 2017	A		<u><u>\$ 21,585</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Taxes Receivable and Analysis of Property Tax Levy**

Year	Balance	2017 Levy	Added	Collected		Transferred to Tax Title Liens	Senior	Tax	Adjustment/ Cancellations	Balance
	12/31/16		2017	2016	2017		Citizens & Veterans' Deductions	Overpayment Applied		12/31/17
2011	\$ 20,860	\$ -	\$ -	\$ -	\$ 20,431	\$ -	\$ -	\$ -	\$ 429	\$ -
2012	22,854	-	-	-	22,854	-	-	-	-	-
2013	25,414	-	-	-	25,164	-	-	-	250	-
2014	24,627	-	250	-	24,877	-	-	-	-	-
2015	22,674	-	1,354	-	23,929	-	-	-	-	99
2016	278,469	-	16,144	-	294,574	-	-	-	39	-
2017	-	19,980,536	58,697	182,505	19,497,090	2,847	44,562	8,652	12,381	291,196
	<u>\$ 394,898</u>	<u>\$ 19,980,536</u>	<u>\$ 76,445</u>	<u>\$ 182,505</u>	<u>\$ 19,908,919</u>	<u>\$ 2,847</u>	<u>\$ 44,562</u>	<u>\$ 8,652</u>	<u>\$ 13,099</u>	<u>\$ 291,295</u>
<u>Ref.</u>	A	Reserve	Reserve	A-17	Below	A-8	A-6	A-18	Reserve	A
				<u>Ref.</u>						
		Delinquent tax collections		A-2	\$ 411,829					
		Current tax collections		A-1;A-2	19,497,090					
					<u>\$ 19,908,919</u>					
				<u>Ref.</u>	A-4					

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Taxes Receivable and Analysis of Property Tax Levy (continued)**

	Ref.	
Analysis of 2017 property tax		
Tax yield		
General purpose tax		\$ 19,980,536
Added and omitted taxes		58,697
	A-7	\$ 20,039,233
Local district school tax	A-2;A-20	\$ 8,343,502
Regional district school tax	A-2;A-19	4,752,863
County tax		\$ 2,734,695
County library tax		273,775
County open space tax		266,269
County share of added and omitted taxes		9,640
Total county taxes	A-2;A-21	3,284,379
Municipal open space tax		478,000
Municipal open space share of added and omitted taxes		1,405
Total municipal open space tax	A-2;A-26	479,405
Municipal purpose tax	A-2	3,130,000
Additional tax levied		49,084
Total municipal purpose tax		3,179,084
	A-7	\$ 20,039,233

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Tax Title Liens Receivable**

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 22,871
Increased by		
Transferred from taxes receivable	A-7	<u>2,847</u>
Balance - December 31, 2017	A	<u><u>\$ 25,718</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Revenue Accounts Receivable**

	<u>Ref.</u>	<u>Balance 12/31/16</u>	<u>Accrued in 2017</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/17</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 5,000	\$ 5,000	\$ -
Municipal court	A-2	3,203	57,138	57,131	3,210
Share of court costs - Franklin Township	A-2	-	25,150	25,150	-
Energy receipts tax	A-2	-	327,794	327,794	-
Consolidated municipal property tax relief aid	A-2	-	2,219	2,219	-
Garden state trust fund - open space pilot aid	A-2	-	27,412	27,412	-
Uniform construction code fees	A-2	-	116,064	116,064	-
		<u>\$ 3,203</u>	<u>\$ 560,777</u>	<u>\$ 560,770</u>	<u>\$ 3,210</u>
	<u>Ref.</u>	A	Reserve	Below	A
Receipts	A-4			\$ 562,576	
Less: refunds and adjustments	A-4			<u>1,806</u>	
				<u>\$ 560,770</u>	

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due From Other Trust Funds**

	<u>Ref.</u>		
Balance - December 31, 2016	A		\$ 12,545
Increased by			
Disbursements	A-4	\$ 28,500	
Interest on investments	A-2	<u>1,042</u>	
			<u>29,542</u>
			42,087
Decreased by			
Budget appropriation	A-3	4,031	
Balance canceled	A-1	<u>8,537</u>	
			<u>12,568</u>
Balance - December 31, 2017	A		<u><u>\$ 29,519</u></u>

	<u>2017</u>	<u>2016</u>
Analysis of balance		
Due from other trust funds	\$ 3,193	\$ 2,237
Due to other trust funds	(4,031)	-
Due from tax premium trust fund	23,000	-
Due from payroll	<u>7,357</u>	<u>10,308</u>
	<u><u>\$ 29,519</u></u>	<u><u>\$ 12,545</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due From/To Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2016 (due to)	A	\$ 92
Decreased by		
Disbursements	A-4	\$ 92
Interest on investments	A-2	12
		<u>104</u>
Balance - December 31, 2017 (due from)	A	<u>\$ 12</u>

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**TOWNSHIP OF DELAWARE**  
**Schedule of Due to Federal & State Grant Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 186,635
Decreased by		
Interest on investments	A-2	\$ 137
Disbursements	A-4	181,137
		<u>181,274</u>
Balance - December 31, 2017	A	<u>\$ 5,361</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Deferred Charges**

	Balance 12/31/16	Increased	Decreased	Balance 12/31/17
Over-expenditure of budget appropriations	\$ -	\$ 936	\$ -	\$ 936
Over-expenditure of appropriations reserves	-	1,453	-	1,453
	<u>\$ -</u>	<u>\$ 2,389</u>	<u>\$ -</u>	<u>\$ 2,389</u>
<u>Ref.</u>	A	Below		A
Over-expenditure of budget appropriations	A-3	\$ 936		
Over-expenditure of appropriations reserves	A-15	1,453		
		<u>\$ 2,389</u>		

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Grants Receivable**

Grant	Balance 12/31/16	Revenue in 2017	Received	Unappropriated Reserve Applied	Balance 12/31/17
OES grant	\$ 390	\$ -	\$ -	\$ -	\$ 390
Wild & scenic river	4,000	-	-	-	4,000
Sidewalk grant	1,044	-	-	-	1,044
Cool cities	23,150	-	-	-	23,150
Recreation trails program	1,414	-	-	-	1,414
Delaware River Joint Toll Bridge Commission - Federal Twist Road project	55,525	-	-	-	55,525
NJ Department of Transportation - Meszaros Road project	533	-	-	-	533
NJ Department of Transportation - Grafton Road project	86,350	-	-	-	86,350
Body armor grant	-	1,061	-	1,061	-
Clean communities grant	-	22,738	22,738	-	-
Recycling tonnage grant	-	2,400	2,400	-	-
Somerset County - click it or ticket grant	-	5,500	5,500	-	-
	<u>\$ 172,406</u>	<u>\$ 31,699</u>	<u>\$ 30,638</u>	<u>\$ 1,061</u>	<u>\$ 172,406</u>
<u>Ref.</u>	<u>A</u>	<u>A-2</u>	<u>A-4</u>	<u>A-29</u>	<u>A</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Prior Year Appropriation Reserves**  
**For the Year Ended December 31, 2017**

	<u>Balance</u> 12/31/16	<u>Balance After</u> Transfer	<u>Expended</u>	<u>Balance</u> Lapsed	<u>Over</u> <u>Expended</u>
Municipal clerk					
Salaries and wages	\$ 5,033	\$ 5,033	\$ -	\$ 5,033	\$ -
Other expenses					
Postage & advertising	839	2,117	1,278	839	-
Miscellaneous other expenses	10,642	11,532	889	10,643	-
Financial administration					
Salaries and wages	4,439	4,439	-	4,439	-
Other expenses	852	1,991	3,140	-	1,149
Assessment of taxes					
Maintenance of tax map	956	956	-	956	-
Other expenses	1,366	1,366	-	1,366	-
Collection of taxes					
Other expenses	950	950	-	950	-
Legal services & costs					
Other expenses	17,666	18,834	1,168	17,666	-
Engineering service & costs					
Other expenses	2,145	2,145	621	1,524	-
Public building and grounds					
Salaries and wages					
Buildings and grounds	3,720	3,720	-	3,720	-
Other expenses					
Expenses of Dilts Farm	3,515	3,515	-	3,515	-
Miscellaneous other expenses	6,223	6,469	247	6,222	-
Planning board					
Salaries and wages	538	538	-	538	-
Other expenses	5,451	5,451	5,755	-	304
Shade tree commission	38	38	-	38	-

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Prior Year Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2017**

	<u>Balance</u> 12/31/16	<u>Balance After</u> <u>Transfer</u>	<u>Expended</u>	<u>Balance</u> <u>Lapsed</u>	<u>Over</u> <u>Expended</u>
Board of Adjustment					
Salaries & wages	\$ 1,860	\$ 1,860	\$ -	\$ 1,860	\$ -
Other expenses	3,139	3,244	1,720	1,524	-
Zoning Board					
Salaries & wages	757	757	-	757	-
Other expenses	436	436	-	436	-
Environmental Commission (RS 40:56A:-1 et seq)					
Salaries & wages	115	115	-	115	-
Other expenses	345	345	-	345	-
Insurance					
Other insurance premiums	286	286	-	286	-
Surety bond premiums	680	680	-	680	-
Employee group health	7,887	7,887	-	7,887	-
Police					
Salaries & wages	10,179	10,179	-	10,179	-
Other expenses	17,195	19,260	6,443	12,817	-
Supplemental safe neighborhood program					
Other expenses	95	471	376	95	-
Construction code official					
Other expenses	2,527	2,527	-	2,527	-
Plumbing inspector					
Salaries and wages	244	244	168	76	-
Office of emergency management					
Other expenses	3,212	3,440	228	3,212	-
First Aid Organization - contribution	-	13,750	13,750	-	-
Road repair and maintenance					
Salaries and wages	2,054	2,054	2,000	54	-
Other expenses	6,326	9,250	9,210	40	-
Board of health					
Salaries and wages	500	500	-	500	-
Other expenses	1,960	1,960	-	1,960	-

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Prior Year Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2017**

	<u>Balance 12/31/16</u>	<u>Balance After Transfer</u>	<u>Expended</u>	<u>Balance Lapsed</u>	<u>Over Expended</u>	
Board of Recreation						
Commissioners						
Other expenses	\$ 2,859	\$ 3,838	\$ 1,487	\$ 2,351	\$ -	
Historic Preservation Society						
Other expenses	3,000	3,000	3,000	-	-	
Unclassified						
Utilities						
Gasoline & diesel fuel	23,543	26,051	2,507	23,544	-	
Fuel oil	7,062	7,062	-	7,062	-	
Electricity	3,926	5,407	1,481	3,926	-	
Telephone	828	1,666	838	828	-	
Street lighting	806	826	20	806	-	
Data processing services	9	9	-	9	-	
Contingent	50	50	-	50	-	
Contribution to						
Social Security system	7,179	7,179	-	7,179	-	
State unemployment	50	50	-	50	-	
LOSAP	28,500	28,500	25,760	2,740	-	
Municipal court						
Salaries and wages	3,205	3,205	-	3,205	-	
Other expenses	1,736	1,736	-	1,736	-	
NJPDES Storm water permit	1,000	1,000	-	1,000	-	
	<u>\$ 207,923</u>	<u>\$ 237,918</u>	<u>\$ 82,086</u>	<u>\$ 157,285</u>	<u>\$ 1,453</u>	
	<u>Ref.</u>	A	Below	A-4	A-1	A-13
Appropriation reserves	A	\$ 207,923				
Encumbrances payable	A-16	29,995				
		<u>\$ 237,918</u>				

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Encumbrances Payable**

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 29,995
Increased by		
2017 budget charges	A-3	<u>7,064</u>
		37,059
Decreased by		
Applied to appropriation reserves	A-15	<u>29,995</u>
Balance - December 31, 2017	A	<u><u>\$ 7,064</u></u>

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**TOWNSHIP OF DELAWARE**  
**Schedule of Prepaid Taxes**

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 182,505
Increased by		
Collection of 2018 taxes	A-4	<u>1,822,265</u>
		2,004,770
Decreased by		
Applied to 2017 taxes receivable	A-7	<u>182,505</u>
Balance - December 31, 2017	A	<u><u>\$ 1,822,265</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Tax Overpayments**

	Ref.		
Balance - December 31, 2016	A		\$ 9,160
Increase by			
Overpayment received	A-4		27,727
			36,887
Decrease by			
Applied to 2017 taxes receivable	A-7	\$ 8,652	
Refunded	A-4	25,227	
Overpayments canceled	A-1	262	
			34,141
Balance - December 31, 2017	A		\$ 2,746

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Regional High School Tax Payable**

	<u>Ref.</u>		
Balance - December 31, 2016			
School tax payable	A	\$ 1,317,797	
School tax deferred (22.56%)		<u>1,083,907</u>	\$ 2,401,704
Increased by			
Levy - school year July 1, 2017 to June 30, 2018	A-7		<u>4,752,863</u>
			<u>7,154,567</u>
Decreased by			
Disbursements	A-4		<u>4,778,191</u>
Balance - December 31, 2017			
School tax payable	A	1,292,470	
School tax deferred (22.68%)		<u>1,083,906</u>	<u>\$ 2,376,376</u>
2017 Liability for Regional High School Tax			
Tax paid			\$ 4,778,191
Add: tax payable December 31, 2017			<u>1,292,470</u>
			6,070,661
Less: tax payable December 31, 2016			<u>1,317,797</u>
Amount charged to operations	A-1		<u>\$ 4,752,864</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Local School Tax Payable**

	<u>Ref.</u>		
Balance - December 31, 2016			
School tax payable	A	\$ 2,004,723	
School tax deferred (25.34%)		<u>2,051,077</u>	\$ 4,055,800
Increased by			
Levy - school year July 1, 2017 to June 30, 2018	A-7		<u>8,343,502</u>
			<u>12,399,302</u>
Decreased by			
Disbursements	A-4		<u>8,218,498</u>
Balance - December 31, 2017			
School tax payable	A	2,129,727	
School tax deferred (24.52%)		<u>2,015,077</u>	<u>\$ 4,144,804</u>
2017 Liability for Local School Tax			
Tax paid			\$ 8,218,498
Add: tax payable December 31, 2017			<u>2,129,727</u>
			10,348,225
Less: tax payable December 31, 2016			<u>2,004,723</u>
Amount charged to operations	A-1		<u>\$ 8,343,502</u>

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of County Taxes Payable**

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 10,905
Increased by		
2017 levy		
County taxes		\$ 2,734,695
County library tax		273,775
County open space tax		266,269
County share of added & omitted taxes		<u>9,640</u>
	A-1;A-7	<u>3,284,379</u>
		3,295,284
Decreased by		
Disbursements	A-4	<u>3,285,643</u>
Balance - December 31, 2017	A	<u><u>\$ 9,641</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Due County - Food Inspections**

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 2,200
Increased by		
Receipts	A-4	<u>2,100</u>
		4,300
Decreased by		
Disbursements	A-4	<u>700</u>
Balance - December 31, 2017	A	<u><u>\$ 3,600</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due NJ - State Training Fees**

Balance - December 31, 2016	A	\$ 2,272
Increased by		
Receipts	A-4	<u>10,410</u>
		12,682
Decreased by		
Disbursements	A-4	<u>10,406</u>
Balance - December 31, 2017	A	<u><u>\$ 2,276</u></u>

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**TOWNSHIP OF DELAWARE**  
**Schedule of Due NJ - Marriage Licenses & Domestic Partnership Fees**

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 75
Increased by		
Receipts	A-4	<u>500</u>
		575
Decreased by		
Disbursements	A-4	<u>475</u>
Balance - December 31, 2017	A	<u><u>\$ 100</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due to/from General Capital Fund**

	<u>Ref.</u>		
Balance - December 31, 2016 (due to)	A		\$ 311,085
Increase by			
Receipts	A-4	\$ 1,000,000	
Budget appropriation - capital reserves	A-3	<u>297,000</u>	
			<u>1,297,000</u>
			1,608,085
Decreased by			
Interest on investments	A-2	1,305	
Disbursements	A-4	1,573,085	
Budget revenue - reserve for payment of bonds	A-2	<u>35,000</u>	
			<u>1,609,390</u>
Balance - December 31, 2017 (due from)	A		<u><u>\$ 1,305</u></u>

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**TOWNSHIP OF DELAWARE**  
**Schedule of Due to Open Space Trust Fund**

	<u>Ref.</u>		
Balance - December 31, 2016	A		\$ 30,254
Increased by			
2017 levy	A-7		<u>479,405</u>
			509,659
Decreased by			
Disbursements	A-4		<u>508,254</u>
Balance - December 31, 2017	A		<u><u>\$ 1,405</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due to Other Trust Fund**

Balance - December 31, 2016	<u>Ref.</u> A	\$ 23,000
Decreased by Disbursements	A-4	<u>23,000</u>
Balance - December 31, 2017	A	<u><u>\$ -</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Appropriated Reserves for Grants**

Grant	Balance 12/31/16	Transferred from 2017 Budget	Paid or Charged	Balance Canceled	Balance 12/31/17
NJ body armor	\$ 900	\$ -	\$ -	\$ -	\$ 900
Office of emergency management - 2005	1,635	-	-	-	1,635
Drunk driving enforcement	274	-	95	-	179
Storm water management	4,950	-	-	-	4,950
Delaware River Greenway	1,834	-	-	-	1,834
Cool cities	23,150	-	-	-	23,150
Recreation trails program	1,150	-	-	-	1,150
Clean communities					
Program - year 2014	4,338	-	4,338	-	-
Program - year 2015	23,398	-	7,771	-	15,627
Program - year 2016	26,764	-	-	-	26,764
Program - year 2017	-	22,738	-	-	22,738
Hunterdon cty historic pres - prior	5,437	-	-	-	5,437
Hunterdon cty historic pres - 2016	11,903	-	-	-	11,903
NJ Division of Highway Safety	3,100	-	3,100	-	-
NJ Forest Service - business stimulus fund	7,000	-	-	-	7,000
FEMA Grant - Sanford Road project	348	-	-	-	348
FEMA Grant - Sanford Road project matching funds	1,769	-	-	-	1,769
Delaware River Joint Toll Bridge Commission - Federal Twist Road project	118,962	-	-	-	118,962
NJ Department of Transportation - Grafton Road project	164,432	-	58,082	-	106,350
Hunterdon county historic preservation grant	2,400	-	-	-	2,400
Recycling grant - 2014	1,598	-	-	-	1,598
Distracted driving statewide crackdown	-	5,500	-	-	5,500
Recycling - 2016	-	2,400	-	-	2,400
Body armor - 2016	-	1,061	-	-	1,061
	<u>\$ 405,342</u>	<u>\$ 31,699</u>	<u>\$ 73,386</u>	<u>\$ -</u>	<u>\$ 363,655</u>
<u>Ref.</u>	A	A-3	A-4		A

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Unappropriated Reserves for Grants**

	<u>Ref.</u>		
Balance - December 31, 2016	A	\$	1,061
Increased by			
Grant funds received			
Recycling tonnage grant	A-4	\$	2,298
Body Armor grant	A-4		<u>1,062</u>
			<u>3,360</u>
			4,421
Decreased by			
Applied to grants receivable	A-14		<u>1,061</u>
Balance - December 31, 2017	A	\$	<u><u>3,360</u></u>

A-30

**TOWNSHIP OF DELAWARE**  
**Schedule of Due From Regular Fund**

	<u>Ref.</u>		
Balance - December 31, 2016	A	\$	186,635
Decreased by			
Receipts	A-4		<u>181,274</u>
Balance - December 31, 2017	A	\$	<u><u>5,361</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from Trust Fund (Grant Fund)**

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 4,811
Increased by		
Disbursements	A-4	<u>4,699</u>
		9,510
Decreased by		
Receipts	A-4	<u>2,298</u>
Balance - December 31, 2017	A	<u><u>\$ 7,212</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**

**COUNTY OF HUNTERDON**

**2017**

**TRUST FUND**



**TOWNSHIP OF DELAWARE**  
**Schedule of Trust Fund Cash - Treasurer**

	Ref.	Animal Control Funds	Other Trust Funds	Open Space Fund
Balance - December 31, 2016	B	\$ 528	\$ 902,332	\$ 699,015
Increased by receipts				
Animal control fund	B-3	\$ 18,573	\$ -	\$ -
Due from current fund	B-4	104	-	-
Due to State of New Jersey	B-5	1,897	-	-
Due to other trusts funds	B-36	212	-	-
Due from current fund	B-6;B-39	-	122,518	508,254
Due from general capital fund	B-8	-	-	632,021
Reserve for open space	B-10	-	-	1,175,859
Reserve for miscellaneous trust	B-15	-	267	-
Developers' deposits	B-16	-	75,944	-
Reserve for unemployment	B-17	-	2,823	-
Reserve for recreation	B-18	-	18,925	-
Reserve for recycling	B-19	-	10,619	-
Reserve for Sutton Burial Ground	B-20	-	22	-
Due to grant fund	B-21	-	4,699	-
Reserve for municipal alliance	B-22	-	31,761	-
Reserve for developer's deposits - COAH	B-23	-	23,577	-
Reserve for COAH - interest	B-24	-	356	-
Reserve for public defender	B-26	-	745	-
Reserve for quarry reclamation fund	B-28	-	2,076	-
Reserve for tax sale premiums	B-29	-	42,300	-
Reserve for farmer's market	B-30	-	1,290	-
Reserve for snow removal	B-32	-	6,000	-
Reserve for payroll	B-33	-	2,015,277	-
Reserve for police building	B-34	-	200	-
Reserve for police equipment insurance	B-35	-	4,378	-
Reserve for LOSAP	B-36	-	83,116	-
		<u>20,786</u>	<u>2,446,893</u>	<u>2,316,134</u>
		21,314	3,349,225	3,015,149

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Trust Fund Cash - Treasurer (continued)**

	Ref.	Animal Control Funds	Other Trust Funds	Open Space Fund
Decreased by disbursements				
Animal control fund	B-3	\$ 17,911	\$ -	\$ -
Due to State of New Jersey	B-5	1,896	-	-
Due from animal control fund	B-38	-	212	-
Due from current fund	B-6	-	82,544	-
Reserve for open space	B-10	-	-	1,931,821
Reserve for miscellaneous trust	B-15	-	250	-
Developers' deposits	B-16	-	77,760	-
Reserve for unemployment	B-17	-	5,642	-
Reserve for recreation	B-18	-	19,767	-
Reserve for recycling	B-19	-	5,904	-
Due from grant fund	B-21	-	2,298	-
Reserve for municipal alliance	B-22	-	31,761	-
Reserve for developer's deposits - COAH	B-23	-	10,338	-
Reserve for tax sale premiums	B-29	-	49,800	-
Reserve for payroll	B-33	-	2,030,240	-
Reserve for police building	B-34	-	2,430	-
Reserve for LOSAP	B-36	-	5,970	-
		<u>\$ 19,807</u>	<u>\$ 2,324,916</u>	<u>\$ 1,931,821</u>
Balance - December 31, 2017	B;B-2	<u>\$ 1,507</u>	<u>\$ 1,024,309</u>	<u>\$ 1,083,328</u>
Analysis of other				
Other trust funds cash	B		\$ 598,165	
LOSAP investments	B		<u>426,144</u>	
			<u>\$ 1,024,309</u>	

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Trust Fund Cash and Reconciliation**  
**Per N.J.S.A. 40A:5-5 - Treasurer**

	Ref.	Animal Control Funds	Other Trust Funds	Open Space
Balance - December 31, 2017	B-1	\$ 1,507	\$ 1,024,309	\$ 1,083,328
Increased by				
Receipts		8,754	391,096	905
		<u>10,261</u>	<u>1,415,405</u>	<u>1,084,233</u>
Decreased by				
Disbursements		2,724	395,172	950
		<u>2,724</u>	<u>395,172</u>	<u>950</u>
Balance - February 28, 2018		<u>\$ 7,537</u>	<u>\$ 1,020,233</u>	<u>\$ 1,083,283</u>
Cash reconciliation - February 28, 2018				
Balance per statement				
Northfield Bank		\$ 7,537	\$ 524,616	\$ 1,083,283
TD Bank		-	91,825	-
Lincoln investments		-	426,144	-
		<u>7,537</u>	<u>1,042,585</u>	<u>1,083,283</u>
Add: deposit-in-transit		-	273	-
		<u>7,537</u>	<u>1,042,858</u>	<u>1,083,283</u>
Less: outstanding checks		-	22,625	-
		<u>7,537</u>	<u>1,042,858</u>	<u>1,083,283</u>
Book balance		<u>\$ 7,537</u>	<u>\$ 1,020,233</u>	<u>\$ 1,083,283</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Animal Control Fund Expenditures**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 621
Increased by receipts		
Animal control fees	B-1	18,573
		<u>19,194</u>
Decreased by		
Expenditures under RS 4:119.15	B-1	17,911
		<u>17,911</u>
Balance - December 31, 2017	B	<u><u>\$ 1,283</u></u>
Animal control collections		
2015		\$ 15,880
2016		9,987
		<u>9,987</u>
Maximum allowable reserve		<u><u>\$ 25,867</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from/to Current Fund**  
**Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2016 (due from)	B	\$ 92
Decreased by Receipts	B-3	<u>104</u>
Balance - December 31, 2017 (due to)	B	<u>\$ 12</u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from State of New Jersey**  
**Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 1
Increased by Disbursements	B-1	<u>1,896</u> 1,897
Decreased by State fees collected	B-1	<u>1,897</u>
Balance - December 31, 2017	B	<u>\$ -</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from/to Current Fund**  
**Other Trust Funds**

	<u>Ref.</u>		
Balance - December 31, 2016 (due from)	B		\$ 10,455
Increased by			
Disbursements - other trust funds	B-1	\$ 4,041	
Disbursements - payroll withholdings	B-1	<u>78,503</u>	
			<u>82,544</u>
			92,999
Decreased by			
Receipts - tax sale premiums	B-1	46,000	
Receipts - other trust funds	B-1	966	
Payroll withholdings	B-1	<u>75,552</u>	
			<u>122,518</u>
Balance - December 31, 2017 (due to)	B		<u><u>\$ 29,519</u></u>

	<u>12/31/17</u>		<u>12/31/16</u>
Analysis of balance			
Tax premiums - due (to) from	\$ (23,000)		\$ 23,000
Other trust funds - due from (to)	838		(2,237)
Payroll withholdings - due to	<u>(7,357)</u>		<u>(10,308)</u>
	<u><u>\$ (29,519)</u></u>		<u><u>\$ 10,455</u></u>

B-7

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from/to Payroll Trust**  
**Open Space Trust Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	B	<u>\$ 68</u>
Balance - December 31, 2017	B	<u><u>\$ 68</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from General Capital Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 632,021
Decreased by Receipts	B-1	<u>632,021</u>
Balance - December 31, 2017	B	<u><u>\$ -</u></u>

B-9

**TOWNSHIP OF DELAWARE**  
**Schedule of Loans Receivable**

	<u>Ref.</u>	
Balance - December 31, 2016	B	<u>\$ 55,141</u>
Balance - December 31, 2017	B	<u><u>\$ 55,141</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Open Space**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 1,361,358
Increased by		
2017 Municipal Open Space tax levy	B-38	\$ 479,405
Receipts	B-1	<u>1,175,859</u>
		<u>1,655,264</u>
		3,016,622
Decreased by		
Disbursements	B-1	<u>1,931,821</u>
Balance - December 31, 2017	B	<u><u>\$ 1,084,801</u></u>

B-11

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Road Improvements**

	<u>Ref.</u>	
Balance - December 31, 2016	B	<u>\$ 65,176</u>
Balance - December 31, 2017	B	<u><u>\$ 65,176</u></u>

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Road Opening Permits**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ <u>4,000</u>
Balance - December 31, 2017	B	\$ <u><u>4,000</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Quarry Ordinance**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ <u>2,916</u>
Balance - December 31, 2017	B	\$ <u><u>2,916</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Cash Bonds**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ <u>1,019</u>
Balance - December 31, 2017	B	\$ <u><u>1,019</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Miscellaneous Trust**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 1,769
Increased by		
Receipts	B-1	<u>267</u>
		2,036
Decreased by		
Disbursements	B-1	<u>250</u>
Balance - December 31, 2017	B	\$ <u><u>1,786</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Escrow**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 81,642
Increased by		
Receipts	B-1	75,944
		<u>157,586</u>
Decreased by		
Disbursements	B-1	77,760
		<u>77,760</u>
Balance - December 31, 2017	B	<u>\$ 79,826</u>

B-17

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Unemployment**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 81,141
Increased by		
Receipts	B-1	2,823
		<u>83,964</u>
Decreased by		
Disbursements	B-1	5,642
		<u>5,642</u>
Balance - December 31, 2017	B	<u>\$ 78,322</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Recreation**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 9,608
Increased by		
Receipts	B-1	18,925
		<u>28,533</u>
Decreased by		
Disbursements	B-1	19,767
		<u>19,767</u>
Balance - December 31, 2017	B	<u><u>\$ 8,766</u></u>

B-19

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Recycling**

	<u>Ref.</u>	
Balance - December 31, 2016 (deficit)	B	\$ (4,031)
Increased by		
Receipts	B-1	\$ 6,588
2017 Municipal budget appropriations	B-1	<u>4,031</u>
		<u>10,619</u>
		6,588
Decreased by		
Disbursements	B-1	5,904
		<u>5,904</u>
Balance - December 31, 2017	B	<u><u>\$ 684</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Sutton Burial Ground**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 8,435
Increased by Receipts	B-1	<u>22</u>
Balance - December 31, 2017	B	<u><u>\$ 8,457</u></u>

B-21

**TOWNSHIP OF DELAWARE**  
**Schedule of Due to Grant Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 4,811
Increased by Receipts	B-1	<u>4,699</u> 9,510
Decreased by Disbursements	B-1	<u>2,298</u>
Balance - December 31, 2017	B	<u><u>\$ 7,212</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Municipal Alliance**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 10,395
Increased by		
Receipts	B-1	31,761
		<u>42,156</u>
Decreased by		
Disbursements	B-1	31,761
		<u>31,761</u>
Balance - December 31, 2017	B	<u>\$ 10,395</u>

B-23

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Developer's Deposits - COAH**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 99,605
Increased by		
Receipts	B-1	23,577
		<u>123,182</u>
Decreased by		
Disbursements	B-1	10,338
		<u>10,338</u>
Balance - December 31, 2017	B	<u>\$ 112,844</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for COAH - Interest**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 26,309
Increased by Receipts	B-1	<u>356</u>
Balance - December 31, 2017	B	<u><u>\$ 26,665</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Insurance**

	<u>Ref.</u>	
Balance - December 31, 2016	B	<u>\$ 18,474</u>
Balance - December 31, 2017	B	<u><u>\$ 18,474</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Public Defender**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 3,647
Increased by Receipts	B-1	<u>745</u>
Balance - December 31, 2017	B	<u><u>\$ 4,392</u></u>

B-27

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve For POAA**

	<u>Ref.</u>	
Balance - December 31, 2016	B	<u>\$ 20</u>
Balance - December 31, 2017	B	<u><u>\$ 20</u></u>

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Quarry Reclamation Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 26,653
Increased by Receipts	B-1	<u>2,076</u>
Balance - December 31, 2017	B	<u><u>\$ 28,729</u></u>

B-29

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Tax Premiums**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 72,800
Increased by Receipts	B-1	<u>42,300</u>
		115,100
Decreased by Disbursements	B-1	<u>49,800</u>
Balance - December 31, 2017	B	<u><u>\$ 65,300</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Farmer's Market**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 934
Increased by Receipts	B-1	<u>1,290</u>
Balance - December 31, 2017	B	<u><u>\$ 2,224</u></u>

B-31

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Retirement**

	<u>Ref.</u>	
Balance - December 31, 2016	B	<u>\$ 10,018</u>
Balance - December 31, 2017	B	<u><u>\$ 10,018</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Snow Removal**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 3,081
Increased by Receipts	B-1	<u>6,000</u>
Balance - December 31, 2017	B	<u><u>\$ 9,081</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Payroll Withholdings**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 22,090
Increased by Receipts	B-1	<u>2,015,277</u> 2,037,367
Decreased by Disbursements	B-1	<u>2,030,240</u>
Balance - December 31, 2017	B	<u><u>\$ 7,127</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Police Building**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ 13,209
Increased by		
Receipts	B-1	200
		<u>13,409</u>
Decreased by		
Disbursements	B-1	2,430
		<u>2,430</u>
Balance - December 31, 2017	B	<u><u>\$ 10,979</u></u>

B-35

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Police Equipment Insurance**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ -
Increased by		
Receipts	B-1	4,378
		<u>4,378</u>
Balance - December 31, 2017	B	<u><u>\$ 4,378</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve For LOSAP - Unaudited**

	<u>Ref.</u>		
Balance - December 31, 2016	B	\$	348,998
Increased by			
Municipal contributions	B-1	\$	25,760
Appreciation of assets	B-1		<u>57,356</u>
			<u>83,116</u>
			432,114
Decreased by			
Service fees	B-1		858
Withdrawals	B-1		<u>5,112</u>
			<u>5,970</u>
Balance - December 31, 2017	B	\$	<u><u>426,144</u></u>

B-37

**TOWNSHIP OF DELAWARE**  
**Schedule of Due to Other Trust Funds**  
**Animal Control Fund**

	<u>Ref.</u>		
Balance - December 31, 2016	B	\$	-
Increased by			
Receipts	B-1		<u>212</u>
Balance - December 31, 2017	B	\$	<u><u>212</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	B	\$ -
Increased by		
Disbursements	B-1	<u>212</u>
Balance - December 31, 2017	B	<u><u>\$ 212</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from/to Current Fund**  
**Open Space Trust Fund**

	<u>Ref.</u>	
Balance - December 31, 2016 (due to)	B	\$ 30,254
Increased by		
Open space trust tax levy	B-9	479,405
		<u>509,659</u>
Decreased by		
Receipts	B-1	508,254
		<u>508,254</u>
Balance - December 31, 2017 (due from)	B	<u>\$ 1,405</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**

**COUNTY OF HUNTERDON**

**2017**

**GENERAL CAPITAL FUND**



**TOWNSHIP OF DELAWARE**  
**Schedule of General Capital Fund Cash - Treasurer**  
**General Capital Fund**

	<u>Ref.</u>		
Balance - December 31, 2016	<u>C</u>		\$ 131,634
Increased by receipts			
Due from current fund	C-5	\$ 1,584,390	
Due from NJ Department of Transportation	C-8	<u>118,080</u>	
			<u>1,702,470</u>
			1,834,104
Decreased by disbursements			
Due to open space	C-6	632,021	
Improvement authorizations	C-11	<u>379,851</u>	
			<u>1,011,872</u>
Balance - December 31, 2017	C;C-3		<u><u>\$ 822,232</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of General Capital Fund Cash and Reconciliation**  
**Per N.J.S.A. 40A:5-5 Treasurer**  
**General Capital Fund**

Balance - December 31, 2017	<u>Ref.</u> C-2		\$ 822,232
Increased by			
Receipts			685
			<u>822,917</u>
Decreased by			
Disbursements			3,723
			<u>3,723</u>
Balance - February 28, 2018			<u>\$ 819,194</u>
Cash reconciliation - February 28, 2018			
Balance per statement			
Northfield Bank			\$ 819,194
Less: outstanding checks			<u>-</u>
Book balance			<u>\$ 819,194</u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Cash Activity**  
**General Capital Fund**

Description	Balance 12/31/16	Receipts	Disbursements	Transfers (From) To	Balance 12/31/17
Fund balance	\$ 13,498	\$ -	\$ -	\$ -	\$ 13,498
Capital improvement fund	23,543	-	-	(19,936)	3,607
Due to/from current fund	(311,085)	1,584,390	-	(1,272,000)	1,305
Due from NJ Department of Transportation	-	118,080	-	(160,000)	(41,920)
Due to/from open space trust fund	632,021	-	632,021	-	-
Due from Delaware River Toll Bridge Commission	(21,850)	-	-	-	(21,850)
Reserves for					
Payment of debt service	37,979	-	-	(35,000)	2,979
Guard rails	2,325	-	-	-	2,325
Purchase of various equipment	77,000	-	-	50,579	127,579
Improvement of municipal facilities	30,000	-	-	-	30,000
Improvement authorizations					
Acquisition of development rights and purchase of land	(199,000)	-	-	10,000	(189,000)
Codification of ordinances	11,157	-	5,594	-	5,563
Survey & engineering services on Dogwood Dr.	112	-	-	-	112
Acquisition of a fire truck	28,069	-	-	-	28,069
Repairs & maintenance of the tennis & basketball courts at Dilts Park	204	-	-	-	204
Improvements to various roads	(138,998)	-	(23,719)	322,571	207,292
Improvements to Dilts Park	900	-	900	-	-
Purchase of various road equipment	8,015	-	8,015	-	-
Acquisition of equipment	(93,004)	-	-	95,000	1,996
Purchase of police vehicles	511	-	511	-	-
Road construction	3,827	-	3,827	-	-
Purchase of office equipment	3,110	-	-	-	3,110
Processing computer software	6,100	-	6,100	-	-
Road equipment - chipper	5,000	-	-	-	5,000
Fire protection equipment	12,200	-	7,325	-	4,875

See independent auditor's report.

**TOWNSHIP OF DELAWARE**  
**General Capital Fund (continued)**  
**Schedule of Cash Activity (continued)**

Description	Balance 12/31/16	Receipts	Disbursements	Transfers (From) To	Balance 12/31/17
<b>Improvement authorizations (continued)</b>					
Cleaning ventilation system	\$ -	\$ -	\$ 3,217	\$ 3,500	\$ 283
Purchase of computer software	-	-	4,236	4,236	-
Purchase of police suv	-	-	10,000	10,000	-
Fire truck	-	-	-	30,000	30,000
Road improvements	-	-	156,710	196,929	40,219
Road equipment	-	-	-	455,400	455,400
Road improvements	-	-	-	86,521	86,521
Purchase of dpw equipment - radios	-	-	4,907	5,000	93
Dilts Farm - athletic equipment	-	-	2,059	5,000	2,941
Fixed asset inventory	-	-	2,200	2,200	-
Dilts Park walking trail/parking lot	-	-	12,260	20,000	7,740
Sidewalks	-	-	16,691	30,000	13,309
Mezaros Road	-	-	159,018	160,000	982
<b>Total</b>	<b>\$131,634</b>	<b>\$1,702,470</b>	<b>\$ 1,011,872</b>	<b>\$ -</b>	<b>\$ 822,232</b>
<u>Ref.</u>	C	C-2	C-2		C

See independent auditor's report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due From/To Current Fund**  
**General Capital Fund**

	<u>Ref.</u>		
Balance - December 31, 2016 (due from)	C		\$ 311,085
Increased by			
Bond anticipation note proceeds received in current fund	C-20	\$ 1,000,000	
Open space funds	C-10	10,000	
2017 municipal budget appropriations			
Reserve for purchase of various equipment	C-14	113,979	
Reserve for road improvements	C-17	133,021	
Reserve for improvement to facilities	C-15	<u>50,000</u>	
			<u>1,307,000</u>
			1,618,085
Decreased by			
Receipts	C-2	1,584,390	
Reserve to pay debt service anticipated as 2017 revenue	C-13	<u>35,000</u>	
			<u>1,619,390</u>
Balance - December 31, 2017 (due to)	C		<u><u>\$ 1,305</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due to Open Space Trust Fund**  
**General Capital Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 632,021
Decreased by		
Disbursements	C-2	<u>632,021</u>
Balance - December 31, 2017	C	<u><u>\$ -</u></u>

C-7

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from Delaware River Toll Bridge Commission**  
**General Capital Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	C	<u>\$ 21,850</u>
Balance - December 31, 2017	C	<u><u>\$ 21,850</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Due from NJ Department of Transportation**  
**General Capital Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ -
Increased by		
Appropriated to finance improvement authorization	C-11	160,000
		<u>160,000</u>
Decreased by		
Receipts	C-2	118,080
		<u>118,080</u>
Balance - December 31, 2017	C	<u><u>\$ 41,920</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Deferred Charges to Future Taxation - Funded**  
**General Capital Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 7,402,000
Decreased by		
2017 budget appropriation		
Payment of bonds	C-17	457,000
		<u>457,000</u>
Balance - December 31, 2017	C	<u><u>\$ 6,945,000</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Deferred Charges to Future Taxation - Unfunded**

Improvement Description	Balance 12/31/16	2017 Authorization	2017 Note Payments	Cash Received	Transferred to Deferred Taxation - Funded	Balance 12/31/17	Analysis of Balance 12/31/17		
							Expendi- tures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Acquisition of development rights and purchase of land #00-25	\$ 199,000	\$ -	\$ -	\$ 10,000	\$ -	\$ 189,000	\$ 189,000	\$ -	\$ -
Improvements to various roads #13-03	322,571	-	-	-	-	322,571	-	-	322,571
Acquisition of equipment #15-10	95,000	-	-	-	-	95,000	-	-	95,000
Acquisition of fire truck #17-0'	-	570,000	-	-	-	570,000	-	570,000	-
Improvements to various roads #17-08	-	883,500	-	-	-	883,500	-	733,071	150,429
Acquisition of road equipment #17-09	-	444,600	-	-	-	444,600	-	12,600	432,000
	<u>\$ 616,571</u>	<u>\$ 1,898,100</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 2,504,671</u>	<u>\$ 189,000</u>	<u>\$ 1,315,671</u>	<u>\$ 1,000,000</u>
Ref.	C	C-11;C-19		C-5; C-19		C	C-4	Below	
							Ref.		
							C-11	\$ 1,997,178	
							C-4	681,507	
								<u>\$ 1,315,671</u>	

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Schedule of Improvement Authorizations**

Improvement Description	Ordinance		Balance 12/31/16		2017 Authorization	Paid or Charged	Unexpended Balance Canceled	Balance 12/31/17	
	Number	Amount	Funded	Unfunded				Funded	Unfunded
Codification of ordinances	06-22	\$ 28,000	\$ 11,157	\$ -	\$ -	\$ 5,594	\$ -	\$ 5,563	\$ -
Survey & engineering services on Dogwood Dr.	09-15	10,000	112	-	-	-	-	112	-
Acquisition of a fire truck	10-13	350,000	28,069	-	-	-	-	28,069	-
Repairs & maintenance of the tennis & basketball courts at Dilts Park	12-06	4,000	204	-	-	-	-	204	-
Improvements to various roads	13-03	600,000	-	183,573	-	(23,719)	-	-	207,292
Improvements to Dilts Park	14-09	3,000	900	-	-	900	-	-	-
Purchase of various road equipment	15-07	40,000	8,015	-	-	8,015	-	-	-
Acquisition of equipment	15-10	100,000	-	1,996	-	-	-	-	1,996
Purchase of police vehicle	16-10	13,000	511	-	-	511	-	-	-
Road construction	16-10	40,000	3,827	-	-	3,827	-	-	-
Purchase of office equipment	16-11	5,000	3,110	-	-	-	-	3,110	-
Processing computer software	16-16	8,500	6,100	-	-	6,100	-	-	-
Road equipment - chipper	16-17	47,447	5,000	-	-	-	-	5,000	-
Fire protection equipment	16-04	12,200	12,200	-	-	7,325	-	4,875	-
Cleaning ventilation system	17-02	3,500	-	-	3,500	3,217	-	283	-
Computer software	17-06	4,236	-	-	4,236	4,236	-	-	-
Police suv	17-06	10,000	-	-	10,000	10,000	-	-	-
Fire truck	17-07	600,000	-	-	600,000	-	-	30,000	570,000
Road improvements	17-08	930,000	-	-	930,000	156,710	-	-	773,290
Road equipment	17-09	468,000	-	-	468,000	-	-	23,400	444,600
Road improvements	17-12	86,521	-	-	86,521	-	-	86,521	-
Dpw equipment - radios	17-12	5,000	-	-	5,000	4,907	-	93	-
Dilts Farm - athletic equipment	17-12	5,000	-	-	5,000	2,059	-	2,941	-
Fixed asset inventory	17-12	2,200	-	-	2,200	2,200	-	-	-
Dilts Park walking trail/parking lot	17-13	20,000	-	-	20,000	12,260	-	7,740	-
Sidewalks	17-17	30,000	-	-	30,000	16,691	-	13,309	-
Mezaros Road	17-19	160,000	-	-	160,000	159,018	-	982	-
			<u>\$ 79,205</u>	<u>\$ 185,569</u>	<u>\$ 2,324,457</u>	<u>\$ 379,851</u>	<u>\$ -</u>	<u>\$ 212,202</u>	<u>\$ 1,997,178</u>
	Ref.		C	C	Below	C-2		C	C
Capital improvement fund	C-12				\$ 19,936				
Deferred charges to future taxation	C-10				1,898,100				
Grants receivable	C-8				160,000				
Reserve for purchase of various equipment	C-14				63,400				
Reserve for road improvements	C-17				133,021				
Reserve for improvements to facilities	C-15				50,000				
					<u>\$ 2,324,457</u>				

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Capital Improvement Fund**

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 23,543
Decreased by		
Appropriated to finance improvement authorizations	C-11	<u>19,936</u>
Balance - December 31, 2017	C	<u><u>\$ 3,607</u></u>

C-13

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Payment of Debt Service**

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 37,979
Decreased by		
Anticipated as a revenue in current fund	C-5	<u>35,000</u>
Balance - December 31, 2017	C	<u><u>\$ 2,979</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Purchase of Various Equipment**

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 77,000
Increased by		
2017 municipal budget appropriations	C-5	<u>113,979</u>
		190,979
Decreased by		
Appropriated to finance improvement authorizations	C-11	<u>63,400</u>
Balance - December 31, 2017	C	<u><u>\$ 127,579</u></u>

C-15

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Improvements to Facilities**

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ 30,000
Increased by		
2017 municipal budget appropriations	C-5	<u>50,000</u>
		80,000
Decreased by		
Appropriated to finance improvement authorizations	C-11	<u>50,000</u>
Balance - December 31, 2017	C	<u><u>\$ 30,000</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Guard Rails**

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ <u>2,325</u>
Balance - December 31, 2017	C	\$ <u><u>2,325</u></u>

**TOWNSHIP OF DELAWARE**  
**Schedule of Reserve for Road Improvements**

	<u>Ref.</u>	
Balance - December 31, 2016	C	\$ -
Increased by		
2017 municipal budget appropriations	C-5	<u>133,021</u>
		133,021
Decreased by		
Appropriated to finance improvement authorizations	C-11	<u>133,021</u>
Balance - December 31, 2017	C	\$ <u><u>-</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of General Serial Bonds Payable**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding 12/31/17		Interest Rate	Balance 12/31/16	Increased	Decreased	Balance 12/31/17
			Date	Amount					
General improvements	12/04/2008	\$ 4,190,000	10/15/18	\$ 2,000	5.25%	\$ 12,000	\$ -	\$ 2,000	\$ 10,000
			10/15/19	2,000	4.63%	-	-	-	-
			10/15/20	2,000	4.63%	-	-	-	-
			10/15/21	2,000	4.75%	-	-	-	-
			10/15/22	2,000	4.75%	-	-	-	-
Open space acquisition	11/15/08	2,738,000	10/15/18	58,000	5.20%	113,000	-	55,000	58,000
General improvements	11/15/08	2,654,000	10/15/18	57,000	5.20%	112,000	-	55,000	57,000
Refunding bond issue	08/07/13	2,350,000	10/15/18	235,000	2.10%	1,360,000	-	245,000	1,115,000
			10/15/19	230,000	2.10%	-	-	-	-
			10/15/20	225,000	2.10%	-	-	-	-
			10/15/21	215,000	2.10%	-	-	-	-
			10/15/22	210,000	2.10%	-	-	-	-
Refunding bond issue	09/10/15	5,237,250	10/15/18	40,000	3.00%	5,120,000	-	40,000	5,080,000
			10/15/19	160,000	3.00%	-	-	-	-
			10/15/20	170,000	4.00%	-	-	-	-
			10/15/21	175,000	4.00%	-	-	-	-
			10/15/22	185,000	3.00%	-	-	-	-
			10/15/23	195,000	2.38%	-	-	-	-
			10/15/24	200,000	2.50%	-	-	-	-
			10/15/25	210,000	2.63%	-	-	-	-
			10/15/26	215,000	2.75%	-	-	-	-
			10/15/27	220,000	3.50%	-	-	-	-

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of General Serial Bonds Payable (continued)**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding 12/31/17		Interest Rate	Balance 12/31/16	Increased	Decreased	Balance 12/31/17
			Date	Amount					
Refunding bond issue (continued)			10/15/28	\$ 240,000	3.50%	\$ -	\$ -	\$ -	\$ -
			10/15/29	245,000	3.50%	-	-	-	-
			10/15/30	260,000	3.50%	-	-	-	-
			10/15/31	270,000	3.25%	-	-	-	-
			10/15/32	280,000	3.25%	-	-	-	-
			10/15/33	300,000	3.50%	-	-	-	-
			10/15/34	310,000	3.50%	-	-	-	-
			10/15/35	330,000	3.50%	-	-	-	-
			10/15/36	340,000	4.00%	-	-	-	-
			10/15/37	360,000	4.00%	-	-	-	-
		10/15/38	375,000	4.00%	-	-	-	-	
General improvements	09/10/15	787,750	10/15/18	60,000	3.00%	685,000	-	60,000	625,000
			10/15/19	65,000	3.00%	-	-	-	-
			10/15/20	65,000	4.00%	-	-	-	-
			10/15/21	65,000	4.00%	-	-	-	-
			10/15/22	70,000	3.00%	-	-	-	-
			10/15/23	70,000	2.38%	-	-	-	-
			10/15/24	75,000	2.50%	-	-	-	-
			10/15/25	75,000	2.63%	-	-	-	-
			10/15/26	80,000	2.75%	-	-	-	-
					\$ 7,402,000	\$ -	\$ 457,000	\$ 6,945,000	
				<u>Ref.</u>	C		C-9	C	

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Bonds and Notes Authorized but Not Issued**

Ordinance Number	Improvement Description	Balance 12/31/2016	Increased	Decreased	Balance 12/31/2017
00-25	Acquisition of development rights and purchase of land	\$ 199,000	\$ -	\$ 10,000	\$ 189,000
13-03	Improvement for various roads	322,571	-	322,571	-
15-10	Acquisition of equipment	95,000	-	95,000	-
17-07	Acquisition of fire truck	-	570,000	-	570,000
17-08	Improvement for various roads	-	883,500	150,429	733,071
17-09	Acquisition of road equipment	-	444,600	432,000	12,600
		<u>\$ 616,571</u>	<u>\$ 1,898,100</u>	<u>\$ 1,010,000</u>	<u>\$ 1,504,671</u>
		<u>Ref.</u> C	<u>C-10</u>	<u>Below</u>	<u>C</u>
	Due from current fund		<u>Ref.</u> C-5;C-10	\$ 10,000	
	Bond anticipation notes issued		C-20	<u>1,000,000</u>	
				<u>\$ 1,010,000</u>	

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Bond Anticipation Notes Payable**

Ordinance Number	Improvement Description	Original Note	Date of		Interest Rate	Balance 12/31/16	Increased	Decreased	Balance 12/31/17
			Issue	Maturity					
13-03	Improvement of various roads	\$ 322,571	07/26/17	07/26/18	2.00%	\$ -	\$ 322,571	\$ -	\$ 322,571
15-10	Acquisition of equipment	95,000	07/27/17	07/26/18	2.00%	-	95,000	-	95,000
17-08	Road construction	150,429	07/26/17	07/26/18	2.00%	-	150,429	-	150,429
17-09	Road equipment	432,000	07/26/17	07/26/18	2.00%	-	432,000	-	432,000
						\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
					<u>Ref.</u>	<u>C</u>	<u>C-5</u>	<u>C</u>	<u>C</u>

See independent auditors' report.



**TOWNSHIP OF DELAWARE**

**PART II**

**REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING**

**SCHEDULE OF STATE AND FEDERAL  
FINANCIAL ASSISTANCE**



Certified Public Accountants, PC

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**Independent Auditors' 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**

Honorable Mayor and Members  
of the Township Committee  
Township of Delaware  
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Regulatory Basis Financial Statements of the Township of Delaware, in the County of Hunterdon, State of New Jersey (the Municipality) as of and for the year ended December 31, 2017, and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated June 20, 2018. That report indicated that the Municipality'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. That report contained an unmodified opinion on the Regulatory Basis Financial Statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality'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 Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality'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 Municipality's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies as described in the general comments and recommendations section of the report.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality'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*.


#### The Municipality's Response to Findings

The Municipality's response to the findings identified in our audit is described in the accompanying general comments and recommendations section of the report. The Municipality's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**

  
William M. Colantano, Jr.  
Certified Public Accountant  
Registered Municipal Accountant

June 20, 2018  
Flemington, New Jersey

**TOWNSHIP OF DELAWARE**  
**Schedule of Financial Assistance**  
**For the Years Ended December 31, 2017**

Grant	Balance 12/31/16	Receipts	Expended	Over Expended/ Canceled	Balance 12/31/17
NJ body armor - 2015	\$ 900	\$ -	\$ -	\$ -	\$ 900
NJ body armor - 2016	1,061	-	-	-	1,061
NJ body armor - 2017	-	1,062	-	-	1,062
Somerset County - click it or ticket it	-	5,500	-	-	5,500
Office of emergency management - 2005	1,245	-	-	-	1,245
DWI - prior 2013	274	-	95	-	179
Storm water management	4,950	-	-	-	4,950
Delaware river greenway	1,834	-	-	-	1,834
Recreation trails program	(264)	-	-	-	(264)
Clean communities program - 2014	4,338	-	4,338	-	-
Clean communities program - 2015	23,398	-	7,771	-	15,627
Clean communities program - 2016	26,764	-	-	-	26,764
Clean communities program - 2017	-	22,738	-	-	22,738
Historic preservation grant	5,437	-	-	-	5,437
NJ Division of Highway Safety	3,100	-	3,100	-	-
NJ Forest Service - business stimulus fund	7,000	-	-	-	7,000
FEMA Grant - Sanford Road project	348	-	-	-	348
FEMA Grant - Sanford Road project - matching funds	1,769	-	-	-	1,769
Delaware River Joint Toll Bridge Commission - Federal Twist Road project	63,437	-	-	-	63,437
NJ Dept of Transportation - Meszaros Road project	(533)	-	-	-	(533)
NJ Dept of Transportation - Grafton Road project	78,082	-	58,082	-	20,000
Hunterdon County historic preservation grant - 2012	2,400	-	-	-	2,400
Hunterdon County historic preservation grant - 2016	11,903	-	-	-	11,903
Recycling grant - 2014	1,598	-	-	-	1,598
Recycling grant - 2017	-	2,400	-	-	2,400
Recycling grant - 2017	-	2,298	-	-	2,298
	<u>\$ 239,041</u>	<u>\$ 33,998</u>	<u>\$ 73,386</u>	<u>\$ -</u>	<u>\$ 199,653</u>

See independent auditors' report

**TOWNSHIP OF DELAWARE**  
**Notes to Schedule of Expenditures of Financial Assistance**  
**For the Year Ended December 31, 2017**

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards (the Schedules) present the activity of all Federal and State Financial Award Programs of the Township of Delaware, County of Hunterdon, State of New Jersey (the Municipality) for the year ended December 31, 2017.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note - 3 Relationship to the financial statements

Amounts reported in the Schedules agree with the amounts reported in the Municipality's financial reports. Expenditures from federal, state and local awards are reported in the Municipality's financial statements as follows:

Fund	Federal	State	Local	Total
Grant Fund	\$ -	\$ 73,386	\$ -	\$ 73,386

**TOWNSHIP OF DELAWARE**

**PART III**

**ADDITIONAL SCHEDULES**

**STATISTICAL DATA**

**INSURANCE SCHEDULE**

**LIST OF OFFICIALS**

**GENERAL COMMENTS**

**RECOMMENDATIONS**

**TOWNSHIP OF DELAWARE**

**STATISTICAL DATA**

**TOWNSHIP OF DELAWARE**  
**Statistical Data**  
**Comparative Schedule of Operations and Change**  
**in Fund Balance - Regulatory Basis**  
**For the Years Ended December 31,**  
**(Unaudited)**

	2017		2016	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund balance utilized	\$ 357,031	1.66	\$ 295,437	1.40
Miscellaneous - from other than local property Tax levied	959,091	4.47	944,065	4.48
Collection of delinquent taxes & tax title liens	411,829	1.92	242,955	1.15
Collection of current tax levy	19,732,809	91.95	19,573,620	92.96
Total income	21,460,760	100.00	21,056,077	100.00
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	4,041,498	19.31	3,954,234	19.06
County taxes	3,284,378	15.69	3,417,125	16.47
Local school taxes	8,343,502	39.86	8,093,499	39.01
Regional school taxes	4,752,864	22.70	4,803,517	23.15
Municipal open space tax	479,405	2.29	478,347	2.31
Other debits to income	32,798	0.16	2,000	0.01
Total expenditures	20,934,445	100.00	20,748,722	100.00
Excess in revenue	526,315		307,355	
Adjustment to income before fund balance				
Expenditures included above which are by statute deferred charges to budgets of succeeding years	936		-	
Regulatory excess to fund balance	527,251		307,355	
<u>Fund Balance</u>				
Fund balance January 1,	501,390		489,472	
	1,028,641		796,827	
Less: utilization as anticipated revenue	357,031		295,437	
Fund balance December 31,	\$ 671,610		\$ 501,390	

See independent auditors' report.



**TOWNSHIP OF DELAWARE**  
**Statistical Data (continued)**  
**(Unaudited)**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

Year	Apportionment				Total Tax Rate
	Municipal & Open Space	County	Local School	Regional High School	
2017	\$ 0.45	\$ 0.41	\$ 1.05	\$ 0.60	\$ 2.51
2016	0.44	0.43	1.02	0.60	2.49
2015	0.43	0.41	0.99	0.69	2.52
2014	0.41	0.42	0.97	0.67	2.47
2013*	0.37	0.42	0.98	0.64	2.41
2012	0.31	0.38	0.85	0.56	2.10
2011	0.30	0.37	0.84	0.55	2.06
2010	0.30	0.39	0.84	0.54	2.07
2009	0.29	0.38	0.81	0.58	2.06
2008	0.29	0.39	0.78	0.60	2.06

\* Revalued/Reassessed

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Year	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2017	\$ 796,237,930	\$ 882,054,987	90.27%
2016	795,742,403	918,023,077	86.68%
2015	793,152,870	881,280,967	90.00%
2014	791,200,156	886,016,493	89.30%
2013*	787,068,690	897,256,328	87.72%
2012	911,663,133	957,931,211	95.17%
2011	910,694,220	984,321,465	92.52%
2010	908,222,212	1,014,206,825	89.55%
2009	904,532,341	1,003,974,575	90.10%
2008	897,994,980	1,043,088,417	86.09%

\* Revalued/Reassessed

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Statistical Data (continued)**  
**(Unaudited)**

**COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in percentage of current collection could be an indication of probable increases in future tax levies.

Year	Tax Levy	Cash Collections	Percentage of Collections
2017	\$ 20,039,234	\$ 19,732,811	98.47%
2016	19,861,875	19,573,620	98.55%
2015	20,039,700	19,764,316	98.63%
2014	19,547,863	19,186,609	98.15%
2013	19,004,642	18,649,706	98.13%
2012	19,188,246	18,796,219	97.96%
2011	18,850,610	18,465,116	97.96%
2010	18,887,078	18,422,195	97.54%
2009	18,706,104	18,466,104	98.72%
2008	18,647,744	18,435,074	98.86%

Increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal and state aid, should decline without corresponding decreases in budgeted expenditures.

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Statistical Data (continued)**  
**(Unaudited)**

**ASSESSED VALUES DISTRIBUTION**

Year	Vacant Land	Residential	Apartments	Commercial	Farmland	Industrial	Total Real Property
2008	\$ 13,593,120	\$ 586,282,500	\$ 1,065,700	\$ 18,483,500	\$ 268,458,700	\$ 8,742,900	\$ 896,626,420
2009	12,155,120	592,543,500	1,065,700	19,279,100	269,345,100	8,742,900	903,131,420
2010	10,571,520	595,297,600	1,065,700	18,830,500	272,201,900	8,742,900	906,710,120
2011	12,373,520	594,251,900	1,065,700	18,597,500	274,268,500	8,742,900	909,300,020
2012	11,155,520	598,887,800	1,065,700	19,047,700	271,316,300	8,740,600	910,213,620
2013 *	8,649,620	515,755,700	939,500	17,203,300	235,828,100	7,270,600	785,646,820
2014	8,135,620	525,352,300	939,500	17,196,100	231,875,600	7,270,600	790,769,720
2015	6,913,420	536,516,600	939,500	17,273,600	223,780,610	7,270,600	792,694,330
2016	7,096,320	537,945,200	939,500	17,745,400	224,308,810	7,270,600	795,305,830
2017	6,357,320	537,507,700	939,500	17,968,600	226,194,210	7,270,600	796,237,930

\* Revalued/Reassessed

**DELINQUENT TAXES AND TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last ten years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2008	\$ 4,515	\$ 206,836	\$ 211,351	1.13%
2009	6,286	238,639	244,925	1.31%
2010	10,270	463,423	473,693	2.51%
2011	20,156	375,395	395,551	2.10%
2012	19,164	397,912	417,076	2.17%
2013	21,328	415,485	436,813	2.30%
2014	16,648	422,155	438,803	2.24%
2015	20,549	356,882	377,431	1.88%
2016	22,871	394,898	417,769	2.10%
2017	25,718	291,295	317,013	1.58%

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Statistical Data (continued)**  
**(Unaudited)**

**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 was as follows:

<u>Year</u>	<u>Amount</u>
2017	None
2016	None
2015	None
2014	None
2013	None
2012	None
2011	None
2010	None
2009	None
2008	None

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current fund	2017	\$ 671,610	\$ 357,000
	2016	501,390	357,031
	2015	489,472	295,437
	2014	265,160	241,000
	2013	388,940	350,000
	2012	450,872	395,000
	2011	446,570	414,000
	2010	551,888	518,000
	2009	772,652	742,199
	2008	832,961	658,000

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Statistical Data**  
**Debt Incurring Capacity as of December 31, 2017**  
**(Unaudited)**

Municipal

1.	Equalized valuations of real property (2017, 2016, 2015)	\$ 888,799,026
2.	Permitted municipal debt limitation (3.5% of \$888,799,026)	31,107,966
3.	Net debt issued, outstanding & authorized	9,446,692
4.	Excess school borrowing	-
5.	Total charges to borrowing margin	<u>9,446,692</u>
6.	Remaining municipal borrowing capacity	<u><u>\$ 21,661,274</u></u>

Local School District

1.	Permitted school district debt limitation (3.0% of \$888,799,026)	\$ 26,663,971
2.	Debt issued, outstanding & authorized	<u>2,005,000</u>
3.	Remaining municipal borrowing capacity	<u><u>\$ 24,658,971</u></u>

Gross & Statutory Net Debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage
2017	\$ 12,232,760	\$ 9,446,692	1.06%
2016	11,428,029	7,980,592	0.90%
2015	12,548,023	8,650,021	0.97%
2014	12,934,194	8,337,021	0.94%
2013	13,649,838	8,649,021	0.95%
2012	13,826,822	8,339,000	0.88%
2011	14,149,173	8,249,000	0.84%
2010	14,932,151	8,468,801	0.84%
2009	15,275,183	8,391,801	0.82%

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Statistical Data**  
**Statement of Indebtedness as of December 31, 2017**  
**(Unaudited)**

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds	\$ 6,945,000		
Notes	1,000,000		
Bonds and notes authorized but not issued	<u>1,504,671</u>		\$ 9,449,671
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds	2,005,000		
Notes	-		
Bonds and notes authorized but not issued	<u>-</u>		2,005,000
Regional school district			
Bonds	778,089		
Notes	-		
Bonds and notes authorized but not issued	<u>-</u>		<u>778,089</u>
Total gross debt			<u>12,232,760</u>
Statutory deductions			
Municipal	2,979		
Local school district	2,005,000		
Regional school district	<u>778,089</u>		<u>2,786,068</u>
Total net debt			<u><u>\$ 9,446,692</u></u>
Overlapping debt as of December 31, 2017			
	Debt	Estimated %	
	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ 2,440,000	100.00%	\$ 2,005,000
Regional school district debt	969,458	9.67%	778,089
County debt	85,249,037	4.17%	<u>3,447,437</u>
Total overlapping debt			<u><u>\$ 6,230,526</u></u>

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Statistical Data**  
**Statement of Indebtedness as of December 31, 2017 (continued)**  
**(Unaudited)**

Gross debt (\$12,232,760)		\$ 12,232,760
Per capita (population 2010 census - 4,460)	\$	2,688
Percent of average equalized valuation basis (2017 - \$888,799,026)		1.38%
Percent of net valuation taxable (2017 - \$796,237,930)		1.54%
 Net municipal debt (\$7,980,592)		 9,446,692
Per capita (population 2010 census - 4,460)	\$	2,076
Percent of average equalized valuation basis (2017 - \$888,799,026)		1.06%
Percent of net valuation taxable (2017 - \$796,237,930)		1.19%
 Overall debt (gross and overlapping debt - \$14,634,105)		 15,680,197
Per capita (population 2010 census - 4,460)	\$	3,445
Percent of average equalized valuation basis (2017 - \$888,799,026)		1.76%
Percent of net valuation taxable (2017 - \$796,237,930)		1.97%

See independent auditors' report.

**TOWNSHIP OF DELAWARE**  
**Schedule of Insurance**  
**For the Year Ended December 31, 2017**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Workers compensation - Somerset County Joint Insurance Fund Policy limit	Statutory	
Package policy - Somerset County Joint Insurance Fund		
Property - Buildings & Contents - Fund Limit	\$ 150,000,000	\$ -
Liability coverage casualty per occurrence	5,000,000	-
Auto Liability	5,000,000	-
Public Officials & Employment Practices	2,000,000	25,000
Excess Liability	15,000,000	-
Crime	1,000,000	-
Pollution Legal Liability - Somerset County Joint Insurance Fund		
Each incident	1,000,000	25,000
Surety Bonds		-
Tax Collector	175,000	-
Treasurer	100,000	-
Payroll Clerk	100,000	-

The Somerset County Joint Insurance Fund is responsible for the first \$25,000 deductible per occurrence (other than flood). No per member specific deductible applies to the entity.

Adequacy of insurance coverage is the responsibility of the Municipality.



**TOWNSHIP OF DELAWARE**  
**List of Officials**

Officials in Office and Surety Bonds

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

Name	Title
Charles Herman	Mayor
Samuel Thompson	Deputy Mayor
Alan Johnson	Committeeperson
Susan D. Lockwood	Committeeperson
Joseph Vocke	Committeeperson

\* \* \* \* \*

Name	Title
Jodi McKinney	Municipal Clerk
Linda Zengel	Treasurer & Chief Financial Officer
Danene Gooding	Tax Collector
Michelle Trivigno	Assessor
Kristina Hadinger	Attorney
John Lanza	Labor Attorney & Special Counsel
C. Richard Roseberry	Engineer

**TOWNSHIP OF DELAWARE**  
**General Comments**

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

N.J.S.A. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate, \$17,500, except by contract or agreement."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory limit within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicated that contracts were awarded for the following items:

Cleaning Air Ducts  
Boiler Room Repairs

The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 as follows:

Auditor	Engineer
Architect	Labor Attorney
Finance Office Consultant	Risk Consultant
Historic Consultant	Municipal Attorney
Planning Consultants	Environmental Consultant

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

From our examination of expenditures, it appears that there were no individual payments, contracts or agreements in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A.40A:11-6.

The minutes did not indicate that resolutions were adopted authorizing the awarding of state contracts or agreements for cooperative purchasing. It is suggested contracts and agreements for cooperative purchasing be made by resolution in the minutes.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

**TOWNSHIP OF DELAWARE**  
**General Comments**

Collection of Interest on Delinquent Taxes and Assessments (continued)

On January 3, 2017, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED that the rate of interest to be charged by the Township of Delaware for nonpayment of taxes or assessments on or before the date they would become delinquent, shall be 8% on the first \$1,500 and 18% per annum on the balance over \$1,500 provided however that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same became payable. Any installment received after the expiration of the said ten-day grace period, shall bear interest from the due date.

It appears, from a test examination of the Collector's records, that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held in the year 2017 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2017	3
2016	3
2015	4

Control Deficiencies

Segregation of Duties - The Municipality does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. This is due to the limited number of personnel of the Municipality. Accordingly, management of the Municipality should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control. We do not believe that the deficiencies described above are to be considered material weaknesses.

**TOWNSHIP OF DELAWARE**  
**General Comments**

Other Comments

Technical Accounting Directives

The municipality, as a requirement of directives issued by the Division of Local Government Services, is required to maintain the following.

1. Encumbrance accounting system
2. Fixed asset accounting system
3. General ledger

The general ledger was not complete in 2017 because it did not include the trust funds. However, in 2018, the trusts funds are included, therefore a recommendation is not necessary.

Other Findings

2017-01 As reflected on the various balance sheets, there are interfund receivables and payables that are to be liquidated prior to the end of the year.

It is recommended interfund balances are to be liquidated prior to the end of the year.

Managements response (unaudited): Interfund balances will be reviewed periodically and prior to the end of the year to ensure that Interfunds are liquidated in a timely manner.

2017-02 Current fund appropriation balances were over-expended at the end of the year. No expenditures of municipal funds are to be allowed unless adequate resources are available.

It is recommended that no expenditures of municipal funds are to be made unless adequate resources are available.

Managements response (unaudited): Appropriations will be monitored more closely to ensure adequate funds are available for expenditures.

**TOWNSHIP OF DELAWARE**  
**Recommendations**

It is recommended that:

2017-01 Interfund balances are to be liquidated prior to the end of the year.

2017-02 No expenditures of municipal funds are to be made unless adequate resources are available.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on prior year recommendations and corrective action was taken on all except for the following:

2016-01 Interfund balances are to be liquidated prior to the end of the year.

\*\*\*\*\*

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements and this report of such conditions does not modify our report dated June 20, 2018.

We would be pleased to confer on questions that might arise with respect to any matter in this report.

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

*Bedard, Kurowicki & Co.*  
**BEDARD, KUROWICKI & CO., CPA'S, PC**



William M. Colantano, Jr.  
Certified Public Accountant  
Registered Municipal Accountant