

BOROUGH OF CHATHAM

COUNTY OF MORRIS

REPORT OF AUDIT

2016

NISIVOC CIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF CHATHAM
COUNTY OF MORRIS
REPORT OF AUDIT
2016

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BOROUGH OF CHATHAM

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Chatham
Chatham, New Jersey

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* – of the various funds of the Borough of Chatham in the County of Morris (the "Borough") as of, and for the year ended December 31, 2016, and the related notes to financial statements, as listed in the foregoing 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 accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Borough'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 Borough'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.

The Honorable Mayor and Members
of the Borough Council
Borough of Chatham
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Borough on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the 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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2016, and the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Borough as of December 31, 2016, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the year then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

Other Matters

The financial statements of the Borough as of December 31, 2015 were audited by other auditors whose report dated April 11, 2016 expressed a qualified opinion because the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amounts reflected in the trust fund statements were not audited, and therefore, no opinion was expressed on the LOSAP program.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.


The Honorable Mayor and Members
of the Borough Council
Borough of Chatham
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2017 on our consideration of the Borough'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 Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
June 1, 2017


NISIVOCIA LLP


Francis Jones
Registered Municipal Accountant No. 442
Certified Public Accountant

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
CURRENT FUND

BOROUGH OF CHATHAM
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 4,241,561.82	\$ 4,019,145.16
Change Fund		300.00	300.00
Petty Cash			92.64
		<u>4,241,861.82</u>	<u>4,019,537.80</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	316,262.13	330,685.95
Tax Title Liens Receivable	A-8	9,410.15	8,822.21
Property Acquired for Taxes at Assessed Valuation		32,200.00	32,200.00
Revenue Accounts Receivable	A-9	10,290.55	48,997.49
Sewer Fees Receivable	A-10	70,921.68	
Due from Animal Control Fund	B		1.85
Due from Other Trust Funds	B		29,735.82
Due from General Capital Fund	C		30,864.95
Due from Water Utility Operating Fund	D	38.31	20,493.22
Due from Solid Waste Utility Operating Fund	E		21,878.52
Due from Payroll Account		4,747.51	79,168.51
		<u>443,870.33</u>	<u>602,848.52</u>
Total Receivables and Other Assets with Full Reserves			
		<u>443,870.33</u>	<u>602,848.52</u>
Deferred Charges:			
Special Emergency Appropriation		45,000.00	24,000.00
		<u>45,000.00</u>	<u>24,000.00</u>
Total Regular Fund			
		<u>4,730,732.15</u>	<u>4,646,386.32</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	3,887.76	3,887.76
Due from Other Trust Fund	B	750.00	750.00
Due from Current Fund	A	69,511.35	65,764.12
		<u>74,149.11</u>	<u>70,401.88</u>
Total Federal and State Grant Fund			
		<u>74,149.11</u>	<u>70,401.88</u>
TOTAL ASSETS		\$ 4,804,881.26	\$ 4,716,788.20

BOROUGH OF CHATHAM
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	Ref.	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 106,753.05	\$ 100,228.29
Unencumbered	A-3;A-11	459,565.75	353,360.82
		<u>566,318.80</u>	<u>453,589.11</u>
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		28,788.07	27,195.43
Prepaid Taxes		280,805.64	176,700.92
Tax Overpayments		254,656.67	216,043.73
Special Emergency Notes Payable			24,000.00
Library Tax Payable		10,888.03	10,888.03
Due to Federal and State Grant Fund	A	69,511.35	65,764.12
Due to Other Trust Funds	B	336,583.50	360,119.04
Due to General Capital Fund	C	126,153.33	181,476.00
Due to Payroll Account			2,843.82
Reserve for:			
Master Plan		5,180.00	
FEMA to Fund Deferred Charges			1,641.97
Rent Security		86,836.70	86,836.70
		<u>1,765,722.09</u>	<u>1,607,098.87</u>
Reserve for Receivables and Other Assets	A	443,870.33	602,848.52
Fund Balance	A-1	<u>2,521,139.73</u>	<u>2,436,438.93</u>
		<u>4,730,732.15</u>	<u>4,646,386.32</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves	A-15	69,282.41	65,643.56
Unappropriated Reserves	A-14	4,866.70	2,335.42
Reserve for Encumbrances			2,422.90
		<u>74,149.11</u>	<u>70,401.88</u>
Total Federal and State Grant Fund		<u>74,149.11</u>	<u>70,401.88</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 4,804,881.26	\$ 4,716,788.20

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2016</u>	<u>2015</u>
Fund Balance Utilized		\$ 2,195,000.00	\$ 2,195,000.00
Miscellaneous Revenue Anticipated		3,198,524.62	3,123,568.59
Receipts from:			
Delinquent Taxes		318,943.41	433,209.25
Current Taxes		39,883,859.65	39,285,009.63
Nonbudget Revenue		274,302.02	238,363.92
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		302,894.25	281,636.34
Interfunds Returned		182,142.87	3,045.71
Total Income		<u>46,355,666.82</u>	<u>45,559,833.44</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		12,583,042.11	12,383,783.38
County Taxes		6,168,607.99	5,864,986.91
Regional School District Taxes		25,258,046.00	25,010,151.00
Borough Open Space Tax		104,032.58	103,685.42
Library Share of Added and Omitted Taxes			4,837.76
Refund of Prior Year Revenue		2,451.52	
Interfunds and Other Accounts Receivable Advanced		4,785.82	101,387.01
Total Expenditures		<u>44,120,966.02</u>	<u>43,468,831.48</u>
Excess in Revenue		2,234,700.80	2,091,001.96
Adjustments Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		<u>45,000.00</u>	
Statutory Excess to Fund Balance		2,279,700.80	2,091,001.96
<u>Fund Balance</u>			
Balance January 1		<u>2,436,438.93</u>	<u>2,540,436.97</u>
		4,716,139.73	4,631,438.93
Decreased by:			
Utilized as Anticipated Revenue		<u>2,195,000.00</u>	<u>2,195,000.00</u>
Balance December 31	A	<u>\$ 2,521,139.73</u>	<u>\$ 2,436,438.93</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	<u>\$ 2,195,000.00</u>		<u>\$ 2,195,000.00</u>	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	14,700.00		14,700.00	
Fees and Permits	62,000.00		54,224.25	\$ 7,775.75 *
Fines and Costs:				
Municipal Court	120,000.00		114,718.98	5,281.02 *
Interest and Costs on Taxes	97,000.00		78,604.38	18,395.62 *
Parking Meters	449,000.00		455,943.70	6,943.70
Sewer User Fees	1,075,000.00		1,076,004.22	1,004.22
Energy Receipts Tax	569,796.00		569,796.00	
Watershed Moratorium Offset Aid	2,303.00		2,303.00	
Uniform Construction Code Fees	10,000.00		25,331.37	15,331.37
Shared Service - Joint Recreation Director's Services	27,817.00		27,817.00	
Shared Service - Joint Recreation Director's Services 2015	14,616.00		14,580.60	35.40 *
Farmer's Market Fees	19,170.00		31,966.00	12,796.00
Mayors Wellness Campaign (NJSA 40A:4-87 +\$1,000.00)		\$ 1,000.00	1,000.00	
Madison Medical & Sports Rehabilitation (NJSA 40A:4-87 +\$1,000.00)		1,000.00	1,000.00	
Chatham Jaycees - Shade Tree Commission (NJSA 40A:4-87 +\$1,000.00)		1,000.00	1,000.00	
Alcohol Education and Rehabilitation Fund	235.73		235.73	
Clean Communities Program (NJSA 40A:4-87 +\$19,220.94)		19,220.94	19,220.94	
N.J. DEP Forestry Services - Community Forestry Program	3,000.00		3,000.00	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Miscellaneous Revenue:				
Body Armor Replacement Fund	\$ 2,099.69		\$ 2,099.69	
Lease of Municipal Property	622,361.47		628,336.79	\$ 5,975.32
Water Utility Operating Surplus of Prior Year	75,000.00		75,000.00	
FEMA Reserve to Fund Deferred Charges	1,641.97		1,641.97	
Total Miscellaneous Revenue	3,165,740.86	\$ 22,220.94	3,198,524.62	10,562.82
Receipts from Delinquent Taxes	312,000.00		318,943.41	6,943.41
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	7,791,272.66		9,301,855.06	1,510,582.40
Minimum Library Tax	795,498.76		795,498.76	
Total Amount to be Raised by Taxes for Support of Municipal Budget	8,586,771.42		10,097,353.82	1,510,582.40
Budget Totals	14,259,512.28	22,220.94	15,809,821.85	\$ 1,528,088.63
Nonbudget Revenue			274,302.02	
	<u>\$ 14,259,512.28</u>	<u>\$ 22,220.94</u>	<u>\$ 16,084,123.87</u>	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 39,883,859.65
Allocated to County, Local School District and Open Space Taxes	31,530,686.57
Balance for Support of Municipal Budget	<u>8,353,173.08</u>
 Add: Appropriation "Reserve for Uncollected Taxes"	 <u>1,744,180.74</u>
 Realized for Support of Municipal Budget	 <u><u>\$ 10,097,353.82</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u><u>\$ 318,943.41</u></u>
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Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:

Cable TV Franchise Fee	\$ 137,658.90	
Vendor Permits	3,282.00	
Bid Deposit	800.00	
Pool Fees	46,277.00	
Police- Alarm System Fees	9,625.00	
Police- Reports	17.00	
Road Opening	2,241.00	
Interest on Investments	18,008.79	
Void Checks	2,806.09	
Prior Year Refunds	19,034.59	
Other Miscellaneous	<u>26,934.30</u>	
		\$ 266,684.67

Tax Collector:

Other Miscellaneous	95.05
Due from General Capital Fund - Interest	5,310.42
Due Other Trust Funds - Interest	<u>2,211.88</u>
	<u><u>\$ 274,302.02</u></u>

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salaries and Wages:	\$ 179,190.00	\$ 179,190.00	\$ 166,306.02	\$ 12,883.98	
Other Expenses:	91,300.00	90,300.00	85,927.10	4,372.90	
Community Services:					
Salaries and Wages	129,000.00	136,000.00	120,063.96	15,936.04	
Other Expenses	33,501.00	33,501.00	28,444.95	5,056.05	
Human Services:					
Salaries and Wages	27,500.00	27,500.00	22,935.26	4,564.74	
Other Expenses	11,200.00	15,200.00	14,035.25	1,164.75	
Mayor and Council:					
Other Expenses	3,500.00	3,500.00	3,269.40	230.60	
Borough Clerk:					
Salaries and Wages	129,200.00	129,200.00	128,929.92	270.08	
Other Expenses	18,800.00	18,800.00	13,900.09	4,899.91	
Financial Administration:					
Salaries and Wages	131,000.00	131,000.00	125,495.90	5,504.10	
Other Expenses	61,500.00	66,000.00	51,578.87	14,421.13	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
Audit Service:					
Other Expenses	\$ 38,500.00	\$ 38,500.00	\$ 15,341.00	\$ 23,159.00	
Tax Collection:					
Salaries and Wages	59,000.00	59,000.00	57,473.74	1,526.26	
Other Expenses	5,660.00	5,660.00	4,260.50	1,399.50	
Tax Assessment:					
Salaries and Wages	50,250.00	50,250.00	49,578.26	671.74	
Other Expenses	34,500.00	49,500.00	47,031.96	2,468.04	
Legal:					
Other Expenses	225,000.00	240,000.00	198,454.33	41,545.67	
Engineering Services and Costs:					
Salaries and Wages	63,500.00	63,500.00	63,410.80	89.20	
Other Expenses	7,800.00	7,800.00	6,319.32	1,480.68	
Public Buildings and Grounds:					
Other Expenses	61,000.00	61,000.00	54,308.01	6,691.99	
Public Employee Occupational Safety and Health Act:					
Other Expenses	8,000.00	8,000.00	7,007.23	992.77	
Interlocal Agreement - Joint Court:					
Other Expenses	190,000.00	190,000.00	189,736.02	263.98	
Historical Preservation:					
Other Expenses	1,000.00	1,000.00	14.42	985.58	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	27,300.00	27,300.00	27,300.00		
Special Emergency - Master Plan (NJSA 40A:4-53 +\$45,000.00)		45,000.00	45,000.00		
Other Expenses	43,300.00	43,300.00	28,851.92	14,448.08	
Zoning Board of Adjustment:					
Salaries and Wages	27,300.00	27,300.00	27,300.00		
Other Expenses	6,800.00	6,800.00	6,298.28	501.72	
Shade Tree:					
Other Expenses	48,400.00	48,400.00	48,399.02	0.98	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
Community Service - Condo Costs					
Other Expenses	\$ 3,600.00	\$ 3,600.00		\$ 3,600.00	
PUBLIC SAFETY:					
Emergency Management Services:					
Salaries and Wages	13,400.00	13,400.00	\$ 13,390.08	9.92	
Other Expenses	4,450.00	4,450.00	1,112.15	3,337.85	
Fire:					
Salaries and Wages	44,675.00	44,675.00	44,675.00		
Other Expenses	98,839.00	98,839.00	97,714.30	1,124.70	
Fire Safety Official					
Salaries and Wages	64,150.00	64,150.00	59,258.53	4,891.47	
Other Expenses	4,500.00	4,500.00	4,500.00		
Public Works:					
Salaries and Wages	982,500.00	982,500.00	946,485.62	36,014.38	
Other Expenses	130,000.00	130,000.00	93,630.33	36,369.67	
Police:					
Salaries and Wages	2,758,525.00	2,742,525.00	2,741,460.35	1,064.65	
Other Expenses	185,361.00	168,861.00	87,903.04	80,957.96	
Purchase of Police Vehicles	30,525.00	30,525.00	26,955.10	3,569.90	
Interlocal Service Agreement:					
Other Expenses	203,519.00	203,519.00	203,518.29	0.71	
Project Pride:					
Other Expenses	28,122.00	28,122.00	28,122.00		
Parking:					
Salaries and Wages	114,750.00	114,750.00	114,565.32	184.68	
Other Expenses	15,000.00	15,000.00	14,804.96	195.04	
Emergency Squad:					
Other Expenses	10,000.00	10,000.00	10,000.00		

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
STREETS AND ROADS (Continued):					
Vehicle Maintenance:					
Salaries and Wages	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00		
Other Expenses	61,000.00	61,000.00	57,528.55	\$ 3,471.45	
HEALTH AND WELFARE:					
Board of Health:					
Salaries and Wages	14,750.00	14,750.00	13,475.76	1,274.24	
Other Expenses	88,065.00	90,065.00	90,062.50	2.50	
Environmental Commission					
Salaries and Wages	7,700.00	7,700.00	7,690.64	9.36	
Other Expenses	2,255.00	2,255.00	190.00	2,065.00	
Animal Control:					
Other Expenses	23,500.00	23,500.00	23,500.00		
RECREATION AND EDUCATION:					
Parks and Playgrounds:					
Other Expenses	47,000.00	47,000.00	45,938.00	1,062.00	
Recreation:					
Salaries and Wages	105,200.00	105,200.00	98,492.89	6,707.11	
Other Expenses	21,000.00	21,000.00	16,453.24	4,546.76	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
RECREATION AND EDUCATION (Continued):					
Celebration of Public Events, Anniversaries or Holidays:					
Other Expenses	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00		
Senior Citizens' Transportation:					
Other Expenses	20,000.00	20,000.00	20,000.00		
Accumulated Leave Compensation	35,000.00	35,000.00	35,000.00		
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	83,000.00	83,000.00	68,945.64	14,054.36	
Street Lighting	63,500.00	63,500.00	56,689.28	6,810.72	
Telephone	55,500.00	55,500.00	48,326.53	7,173.47	
Water					
Natural Gas	26,000.00	26,000.00	17,138.95	8,861.05	
Diesel Fuel, Fuel Oil	500.00	500.00		500.00	
Gasoline	78,000.00	78,000.00	60,041.30	17,958.70	
Sewerage Processing and Disposal (Sewer System)					
Salaries and Wages	97,500.00	97,500.00	97,500.00		
Other Expenses	7,700.00	7,700.00	4,891.25	2,808.75	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
INSURANCE:					
Liability Insurance	\$ 131,657.00	\$ 113,657.00	\$ 112,805.13	\$ 851.87	
Group Insurance for Employees	600,000.00	600,000.00	588,623.37	11,376.63	
Health Benefits Waiver	35,000.00	35,000.00	35,000.00		
Worker's Compensation Insurance	131,657.00	131,657.00	131,391.95	265.05	
Unemployment Comp Insurance	18,000.00	18,000.00	18,000.00		
Total Operations Within "CAPS"	<u>8,264,401.00</u>	<u>8,305,401.00</u>	<u>7,878,751.58</u>	<u>426,649.42</u>	
Operations Within "CAPS" (Continued):					
Contingent	<u>5,000.00</u>	<u>5,000.00</u>	<u>4,357.00</u>	<u>643.00</u>	
Total Operations Including Contingent Within "CAPS"	<u>8,269,401.00</u>	<u>8,310,401.00</u>	<u>7,883,108.58</u>	<u>427,292.42</u>	
Detail:					
Salaries and Wages	5,161,390.00	5,152,390.00	5,060,788.05	91,601.95	
Other Expenses	<u>3,108,011.00</u>	<u>3,158,011.00</u>	<u>2,822,320.53</u>	<u>335,690.47</u>	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures - Municipal					
Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System of NJ	\$ 221,987.00	\$ 221,987.00	\$ 221,987.00		
Police and Fireman's Retirement System of NJ	516,188.00	516,188.00	516,188.00		
Defined Contribution Retirement Program	2,000.00	2,000.00		\$ 2,000.00	
Social Security System (O.A.S.I.)	228,480.00	228,480.00	217,334.35	11,145.65	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	968,655.00	968,655.00	955,509.35	13,145.65	
Total General Appropriations for Municipal Purposes Within "CAPS"	9,238,056.00	9,279,056.00	8,838,617.93	440,438.07	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library (C.82, P.L. 1985)	887,000.00	887,000.00	887,000.00		
Farmer's Market:					
Salaries and Wages	6,335.00	6,335.00	6,333.60	1.40	
Other Expenses	12,835.00	16,835.00	12,708.72	4,126.28	
Madison - Chatham Joint Meeting					
Sewer Service Charge - Contractual	464,734.00	464,734.00	464,734.00		
LOSAP Contribution:					
LOSAP Program	15,000.00	15,000.00		15,000.00	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS" (Continued):					
State and Federal Programs Offset by Revenue:					
Alcohol Education and Rehabilitation Fund	\$ 235.73	\$ 235.73	\$ 235.73		
Municipal Alliance Grant:					
Local Share	3,750.00	3,750.00	3,750.00		
Body Armor Replacement Fund	2,099.69	2,099.69	2,099.69		
NJ DEP Forestry Services - Community Forestry Program	3,000.00	3,000.00	3,000.00		
Mayors Wellness Campaign (NJSA 40A:4-87 +\$1,000.00)		1,000.00	1,000.00		
Madison Medical & Sports Rehabilitation (NJSA 40A:4-87 +\$1,000.00)		1,000.00	1,000.00		
Chatham Jaycees - Shade Tree Commission (NJSA 40A:4-87 +\$1,000.00)		1,000.00	1,000.00		
Clean Communities Act (NJSA 40A:4-87 +\$19,220.94)		19,220.94	19,220.94		
Total Operations Excluded from "CAPS"	1,394,989.42	1,421,210.36	1,402,082.68	\$ 19,127.68	
Detail:					
Salaries and Wages	6,335.00	6,335.00	6,333.60	1.40	
Other Expenses	1,388,654.42	1,414,875.36	1,396,249.08	19,126.28	
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	55,000.00	55,000.00	55,000.00		
Total Capital Improvements Excluded from "CAPS"	55,000.00	55,000.00	55,000.00		

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 1,249,290.00	\$ 1,249,290.00	\$ 1,249,290.00		
Payment of Bond Anticipation Notes	100,000.00	100,000.00	100,000.00		
Interest on Notes	43,500.00	43,500.00	43,500.00		
Interest on Bonds	247,962.95	247,962.95	247,962.95		
New Jersey Wastewater Treatment Financing Program					
Principal on Loans - 2010 Loan (Borough)	63,500.00	63,500.00	63,495.75		\$ 4.25
Interest on Loans - 2010 Loan (Borough)	1,230.00	1,230.00	1,230.00		
Principal on Loans - 2010 Loan (Joint Meeting)	23,320.34	23,320.34	23,320.34		
Interest on Loans - 2010 Loan (Joint Meeting)	9,405.00	9,405.00	9,401.36		3.64
Principal on Loans - 2015 Loan (Joint Meeting)	50,474.57	50,474.57	50,474.57		
Interest on Loans - 2015 Loan (Joint Meeting)	14,603.26	14,603.26	14,600.78		2.48
Total Municipal Debt Service Excluded from "CAPS"	1,803,286.12	1,803,286.12	1,803,275.75		10.37
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorizations	24,000.00	24,000.00	24,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	24,000.00	24,000.00	24,000.00		
Total General Appropriations Excluded from "CAPS"	3,277,275.54	3,303,496.48	3,284,358.43	\$ 19,127.68	10.37
Subtotal General Appropriations	12,515,331.54	12,582,552.48	12,123,476.36	459,565.75	10.37
Reserve for Uncollected Taxes	1,744,180.74	1,744,180.74	1,744,180.74		
Total General Appropriations	\$ 14,259,512.28	\$ 14,326,733.22	\$ 13,867,657.10	\$ 459,565.75	\$ 10.37

Ref.

A

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 14,259,512.28	
Appropriation by NJSA 40A:4-87		22,220.94	
Special Emergency Appropriation		45,000.00	
		<u>\$ 14,326,733.22</u>	
Reserve for Uncollected Taxes			\$ 1,744,180.74
Due to Payroll Account			69,621.00
Reserve for Encumbrances	A		106,753.05
Reserve for Master Plan			45,000.00
Deferred Charges:			
Special Emergency Authorizations (N.J.S.A. 40A:4-53)			24,000.00
Due Federal and State Grant Fund			31,306.36
Cash Disbursed			<u>12,152,735.96</u>
			14,173,597.11
Less: Appropriation Refunds			<u>305,940.01</u>
			<u>\$ 13,867,657.10</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
TRUST FUNDS

BOROUGH OF CHATHAM
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 4,707.27	\$ 70.02
Other Trust Funds:			
Cash and Cash Equivalents	B-1	1,193,728.62	1,184,171.28
Due from Current Fund	A	336,583.50	360,119.04
Due from General Capital Fund	C	50.00	50.00
		<u>1,530,362.12</u>	<u>1,544,340.32</u>
TOTAL ASSETS		<u>\$ 1,535,069.39</u>	<u>\$ 1,544,410.34</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State Board of Health		\$ 29.40	\$ 29.40
Due to Current Fund	A		1.85
Reserve for Animal Control Expenditures	B-3	<u>4,677.87</u>	<u>38.77</u>
		<u>4,707.27</u>	<u>70.02</u>
Other Trust Funds:			
Due to Water Utility Operating Fund	D	3,285.70	3,285.70
Due to State and Federal Grant Fund	A	750.00	750.00
Due to Current Fund	A		29,735.82
Reserve for Other Trust Funds		<u>1,526,326.42</u>	<u>1,510,568.80</u>
		<u>1,530,362.12</u>	<u>1,544,340.32</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 1,535,069.39</u>	<u>\$ 1,544,410.34</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
GENERAL CAPITAL FUND

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2016	2015
ASSETS			
Cash and Cash Equivalents	C-2	\$ 1,310,125.81	\$ 1,182,027.02
Grants Receivable:			
Federal, State and Other		161,591.36	103,055.11
Due from Current Fund	A	126,153.33	181,476.00
Due from Water Utility Operating Fund	D		401.68
Deferred Charges to Future Taxation:			
Funded		9,699,229.11	11,236,519.77
Unfunded	C-4	5,273,107.17	4,393,625.00
TOTAL ASSETS		\$ 16,570,206.78	\$ 17,097,104.58
LIABILITIES AND FUND BALANCE			
Serial Bonds Payable	C-8	\$ 7,742,000.00	\$ 9,122,000.00
New Jersey Environmental Infrastructure Loans Payable	C-9	1,957,229.11	2,114,519.77
Bond Anticipation Notes Payable	C-7	4,323,358.17	3,443,350.00
Improvement Authorizations:			
Funded	C-5	211,075.52	136,580.42
Unfunded	C-5	2,079,386.45	1,225,115.37
Reserve for Encumbrances			897,799.37
Due to Current Fund	A		30,864.95
Due to Water Utility Operating Fund	D		10,000.00
Due to Water Utility Capital Fund	D	76,991.83	
Due to Other Trust Funds	B	50.00	50.00
Capital Improvement Fund	C-6	11,144.37	9,869.37
Reserve for Payment of Debt Service		42,016.00	
Reserve for Sustainable Energy Grant		20,000.00	
Fund Balance	C-1	106,955.33	106,955.33
TOTAL LIABILITIES AND FUND BALANCE		\$ 16,570,206.78	\$ 17,097,104.58

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2015	C	<u>\$ 106,955.33</u>
Balance December 31, 2016	C	<u><u>\$ 106,955.33</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
WATER UTILITY FUND

BOROUGH OF CHATHAM
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 1,072,915.95	\$ 1,224,536.92
Other Accounts Receivable			2,300.00
Due from Other Trust Funds	B	3,285.70	3,285.70
Due from Water Utility Capital Fund	D	638.69	1,844.99
Due from General Capital Fund	C		10,000.00
		<u>1,076,840.34</u>	<u>1,241,967.61</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>124,400.48</u>	<u>77,607.11</u>
Total Receivables with Full Reserves		<u>124,400.48</u>	<u>77,607.11</u>
Total Operating Fund		<u>1,201,240.82</u>	<u>1,319,574.72</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	544,956.40	341,181.41
Due from General Capital Fund	C	76,991.83	
Fixed Capital	D-7	6,399,479.22	6,137,008.65
Fixed Capital Authorized and Uncompleted	D-8	<u>2,089,892.26</u>	<u>1,913,586.00</u>
Total Capital Fund		<u>9,111,319.71</u>	<u>8,391,776.06</u>
TOTAL ASSETS		<u>\$ 10,312,560.53</u>	<u>\$ 9,711,350.78</u>

BOROUGH OF CHATHAM
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	Ref.	2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 92,067.67	\$ 80,196.99
Encumbered	D-3;D-9	17,419.14	15,083.17
		<u>109,486.81</u>	<u>95,280.16</u>
Due to Current Fund	A	38.31	20,493.22
Due to General Capital Fund	C		401.68
Water Rent Overpayments		3,701.27	5,276.62
Accrued Interest on Bonds		5,888.17	16,806.85
Accrued Interest on Notes		10,005.65	2,469.65
		<u>129,120.21</u>	<u>140,728.18</u>
Reserve for Receivables	D	124,400.48	77,607.11
Fund Balance	D-1	947,720.13	1,101,239.43
		<u>1,201,240.82</u>	<u>1,319,574.72</u>
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	D-13	876,641.83	814,650.00
Serial Bonds Payable	D-14	1,715,000.00	1,925,000.00
Due to Water Utility Operating Fund	D	638.69	1,844.99
Improvement Authorizations:			
Funded	D-10	375,076.77	56,561.98
Unfunded	D-10	221,610.72	390,757.57
Capital Improvement Fund	D-11	168,687.02	13,472.02
Reserve for Amortization	D-12	5,087,841.48	4,851,652.48
Reserve for Encumbrances			22,609.82
Deferred Reserve for Amortization	D-12A	647,382.00	296,786.00
Fund Balance	D-1A	18,441.20	18,441.20
		<u>9,111,319.71</u>	<u>8,391,776.06</u>
Total Capital Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 10,312,560.53	\$ 9,711,350.78

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Year Ended December 31,	
Ref.	2016	2015
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 550,506.45	\$ 52,993.94
Water Rents	1,642,550.30	1,643,480.03
Miscellaneous Revenue Anticipated	25,545.22	22,307.03
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	74,726.15	8,067.78
Total Income	2,293,328.12	1,726,848.78
<u>Expenditures</u>		
Operating	920,387.50	912,250.00
Capital Improvements	512,000.00	12,000.00
Debt Service	293,803.47	319,195.68
Deferred Charges and Statutory Expenditures	92,850.00	87,548.26
Cancellation of Prior Year Receivable	2,300.00	
Total Expenditures	1,821,340.97	1,330,993.94
Excess in Revenue/Statutory Excess to Fund Balance	471,987.15	395,854.84
<u>Fund Balance</u>		
Balance January 1	1,101,239.43	758,378.53
	1,573,226.58	1,154,233.37
Decreased by:		
Utilization as Anticipated Revenue:		
Water Operating Budget	550,506.45	52,993.94
Current Fund Budget	75,000.00	
Balance December 31	D \$ 947,720.13	\$ 1,101,239.43

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Ref.</u>	
Balance December 31, 2015	D	<u>\$ 18,441.20</u>
Balance December 31, 2016	D	<u><u>\$ 18,441.20</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 550,506.45	\$ 550,506.45	
Water Rents	1,268,000.00	1,642,550.30	\$ 374,550.30
Miscellaneous Revenue	<u>10,000.00</u>	<u>25,545.22</u>	<u>15,545.22</u>
Budget Totals	<u>\$ 1,828,506.45</u>	<u>\$ 2,218,601.97</u>	<u>\$ 390,095.52</u>

Analysis of Miscellaneous Revenue

Treasurer:

Interest on Investments and Deposits:

Collected/Received by Treasurer:

Water Utility Operating Fund \$ 4,455.08

Water Utility Capital Fund 1,412.71

\$ 5,867.79

Collector:

Penalties 4,329.79

Water Taps 10,935.00

Miscellaneous 4,412.64

19,677.43

\$ 25,545.22

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	Appropriations		Expended by		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 513,500.00	\$ 513,500.00	\$ 460,256.17	\$ 53,243.83	
Other Expenses	411,350.00	406,887.50	372,471.58	34,415.92	
Capital Improvements:					
Capital Improvement Fund	512,000.00	512,000.00	512,000.00		
Debt Service:					
Payment of Bond Principal	215,000.00	215,000.00	215,000.00		
Payment of Bond Anticipation Notes	15,000.00	15,000.00	15,000.00		
Interest on Bonds	63,691.80	63,691.80	54,226.32		\$ 9,465.48
Interest on Notes	5,114.65	9,577.15	9,577.15		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	52,500.00	52,500.00	52,500.00		
Social Security System (O.A.S.I.)	40,000.00	40,000.00	35,592.08	4,407.92	
Unemployment Compensation Insurance	350.00	350.00	350.00		
	<u>\$ 1,828,506.45</u>	<u>\$ 1,828,506.45</u>	<u>\$ 1,726,973.30</u>	<u>\$ 92,067.67</u>	<u>\$ 9,465.48</u>
Ref. D					
Cash Disbursed			\$ 1,638,750.69		
Accrued Interest on Bonds			54,226.32		
Accrued Interest on Notes			17,113.15		
Due Water Utility Capital Fund			12,000.00		
Encumbrances			17,419.14		
			<u>1,739,509.30</u>		
Less:					
Appropriation Refunds			5,000.00		
Due from Water Utility Capital Fund			7,536.00		
			<u>\$ 1,726,973.30</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
SOLID WASTE UTILITY FUND

BOROUGH OF CHATHAM
SOLID WASTE UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 323,311.56	\$ 304,945.82
		<u>323,311.56</u>	<u>304,945.82</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	E-5	<u>13,604.01</u>	<u>11,307.02</u>
Total Receivables and Inventory with Full Reserves		<u>13,604.01</u>	<u>11,307.02</u>
Total Operating Fund		<u>336,915.57</u>	<u>316,252.84</u>
Capital Fund:			
Fixed Capital	E-6	<u>18,000.00</u>	<u>18,000.00</u>
Total Capital Fund		<u>18,000.00</u>	<u>18,000.00</u>
TOTAL ASSETS		<u>\$ 354,915.57</u>	<u>\$ 334,252.84</u>

BOROUGH OF CHATHAM
SOLID WASTE UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
		2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-7	\$ 37,404.42	\$ 61,825.36
Encumbered	E-3;E-7	9,500.00	4,442.44
		<u>46,904.42</u>	<u>66,267.80</u>
Solid Waste User Fee Overpayments		1,836.10	182.40
Due to Current Fund	A		21,878.52
Due to Payroll Account		<u>6,653.61</u>	
		55,394.13	88,328.72
Reserve for Receivables	E	13,604.01	11,307.02
Fund Balance	E-1	<u>267,917.43</u>	<u>216,617.10</u>
Total Operating Fund		<u>336,915.57</u>	<u>316,252.84</u>
Capital Fund:			
Reserve for Amortization	E-8	<u>18,000.00</u>	<u>18,000.00</u>
Total Capital Fund		<u>18,000.00</u>	<u>18,000.00</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 354,915.57</u>	<u>\$ 334,252.84</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
SOLID WASTE UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

		Year Ended December 31,	
	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 48,888.57	\$ 47,134.09
Solid Waste User Fees		526,523.15	489,074.30
Miscellaneous Revenue Anticipated		3,932.89	3,132.45
Recycling Tonnage Grant		34,911.43	30,115.91
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		60,732.86	50,984.26
Total Income		<u>674,988.90</u>	<u>620,441.01</u>
<u>Expenditures</u>			
Operating		552,050.00	504,700.00
Capital Improvements		10,000.00	15,000.00
Deferred Charges and Statutory Expenditures		<u>12,750.00</u>	<u>13,550.00</u>
Total Expenditures		<u>574,800.00</u>	<u>533,250.00</u>
Excess in Revenue/Statutory Excess to Fund Balance		100,188.90	87,191.01
<u>Fund Balance</u>			
Balance January 1		<u>216,617.10</u>	<u>176,560.18</u>
		316,806.00	263,751.19
Decreased by:			
Utilization as Anticipated Revenue:			
Solid Waste Operating Budget		<u>48,888.57</u>	<u>47,134.09</u>
Balance December 31	E	<u>\$ 267,917.43</u>	<u>\$ 216,617.10</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
SOLID WASTE UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Operating Surplus Anticipated	\$ 48,888.57	\$ 48,888.57	
Solid Waste User Fees	489,000.00	526,523.15	\$ 37,523.15
Miscellaneous Revenue	2,000.00	3,932.89	1,932.89
Recycling Tonnage Grant	34,911.43	34,911.43	
	<u> </u>	<u> </u>	<u> </u>
Budget Totals	<u>\$ 574,800.00</u>	<u>\$ 614,256.04</u>	<u>\$ 39,456.04</u>

Analysis of Miscellaneous Revenue

Treasurer:

Interest on Investments and Deposits:

Collected/Received by Treasurer:

Solid Waste Utility Operating Fund

\$ 1,561.13

Collector:

Penalties

2,371.76

\$ 3,932.89

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
SOLID WASTE UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00		
Other Expenses	472,050.00	472,050.00	445,941.64	\$ 26,108.36	
Capital Improvements:					
Capital Outlay	10,000.00	10,000.00		10,000.00	
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	5,000.00	5,000.00	5,000.00		
Social Security System (O.A.S.I.)	7,000.00	7,000.00	6,453.94	546.06	
Unemployment Compensation Insurance	750.00	750.00		750.00	
	<u>\$ 574,800.00</u>	<u>\$ 574,800.00</u>	<u>\$ 537,395.58</u>	<u>\$ 37,404.42</u>	<u>\$ -0-</u>
<u>Ref.</u>				E	
Cash Disbursed			\$ 523,733.54		
Due to Payroll Account			6,653.61		
Encumbrances Payable			9,500.00		
			<u>539,887.15</u>		
Less: Appropriation Refunds			<u>2,491.57</u>		
			<u>\$ 537,395.58</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
PUBLIC ASSISTANCE FUND

BOROUGH OF CHATHAM
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2016	2015
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ -0-	\$ 17,867.01
TOTAL ASSETS	<u>\$ -0-</u>	<u>\$ 17,867.01</u>
<u>LIABILITIES</u>		
Reserve for Public Assistance Fund II	\$ -0-	\$ 17,867.01
TOTAL LIABILITIES AND RESERVES	<u>\$ -0-</u>	<u>\$ 17,867.01</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM

COUNTY OF MORRIS

2016

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF CHATHAM
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	<u>2016</u>	<u>2015*</u>
<u>ASSETS</u>		
Land	\$ 2,981,780.25	\$ 2,217,237.00
Buildings and Improvements	3,110,781.00	3,110,781.00
Equipment	<u>8,611,485.03</u>	<u>8,475,521.64</u>
<u>TOTAL ASSETS</u>	<u>\$ 14,704,046.28</u>	<u>\$ 13,803,539.64</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Fixed Assets	<u>\$ 14,704,046.28</u>	<u>\$ 13,803,539.64</u>
<u>TOTAL RESERVES</u>	<u>\$ 14,704,046.28</u>	<u>\$ 13,803,539.64</u>

* - As restated

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Chatham include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Chatham, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Chatham do not include the operations of the municipal library, or volunteer fire and first aid squads.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of Governmental Accounting Standards Board's Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Chatham conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such 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 Borough of Chatham accounts for its financial transactions through the following separate funds:

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

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

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

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

Solid Waste Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned solid waste utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes. Operations ceased in 2016 and the funds were returned to the state.

General Fixed Assets Account Group - These accounts were established with estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 16.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The following is a summary of the significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Federal and state grants are generally recognized on the cash basis, except for certain assistance which is not realized until anticipated in the Borough's budget. The amounts recorded as property taxes receivable and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are generally charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

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 cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

The cash basis of accounting is followed in the Trust and Capital Funds.

Had the Borough of Chatham's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; depreciation would be recorded on fixed assets in the utility capital funds; Federal and State grants and assistance would be recognized when earned, not when budgeted in the Current Fund or when improvements are authorized in the Capital Funds; and inventories would not be reflected as expenditures at the time of purchase and the Borough's net pension liability and related deferred inflows and outflows would be recorded.

- D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by issuing loans or through capital lease purchase agreements.

- E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

BOROUGH OF CHATHAM
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd):

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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, except for the Water and Solid Waste Utility Operating Funds. The amounts reflected as inventories on the Water and Solid Waste Utility Funds balance sheets are offset by reserves.

Fixed Assets – Property and equipment purchased by the Current, General Capital, Water Utility, and Solid Waste Utility are recorded as expenditures at the time of purchase and are not capitalized.

In accordance with the New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at historical cost as estimated by an independent appraisal company. Fixed assets purchases are valued at historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund, Water Utility Fund and Solid Waste Utility Fund. The values recorded in the General Fixed Assets Account Group and the Current, General Capital, Water Utility and Solid Waste Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water Utility and Solid Waste Utility Funds are recorded in the capital account at cost and are not adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current, Water Utility, Solid Waste Utility and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2016	2015	2014
<u>Issued:</u>			
General:			
Bonds and Notes	\$ 14,022,587	\$ 14,679,870	\$ 13,845,649
Water Utility:			
Bonds and Notes	2,591,642	2,739,650	2,805,200
Total Issued	<u>16,614,229</u>	<u>17,419,520</u>	<u>16,650,849</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	949,749	950,275	1,995,749
Water Utility:			
Bonds and Notes	162,506	162,506	1,006
Total Authorized but not Issued	<u>1,112,255</u>	<u>1,112,781</u>	<u>1,996,755</u>
Less:			
Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve for Payment of Debt Service	<u>42,016</u>		
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 17,684,468</u>	<u>\$ 18,532,301</u>	<u>\$ 18,647,604</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016
Serial Bonds:				
General Capital Fund	\$ 9,122,000	\$ 3,235,000	\$ 4,615,000	\$ 7,742,000
Water Utility	1,925,000	600,000	810,000	1,715,000
Bond Anticipation Notes:				
General Capital Fund	3,443,350	4,323,358	3,443,350	4,323,358
Water Utility	814,650	876,642	814,650	876,642
NJ Environmental Infrastructure Loan:				
General Capital	2,114,520		157,291	1,957,229
Total	<u>\$ 17,419,520</u>	<u>\$ 9,035,000</u>	<u>\$ 9,840,291</u>	<u>\$ 16,614,229</u>

	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015
Serial Bonds:				
General Capital Fund	\$ 10,517,000		\$ 1,395,000	\$ 9,122,000
Water Utility	2,172,000		247,000	1,925,000
Bond Anticipation Notes:				
General Capital Fund	\$ 2,131,330	\$ 3,443,350	2,131,330	3,443,350
Water Utility	633,200	814,650	633,200	814,650
NJ Environmental Infrastructure Loan:				
General Capital	1,197,319	1,046,000	128,799	2,114,520
Total	<u>\$ 16,650,849</u>	<u>\$ 5,304,000</u>	<u>\$ 4,535,329</u>	<u>\$ 17,419,520</u>

Schedule of Annual Debt Service For Principal and Interest for the Next Five Years and Thereafter for
Bonded Debt and Loans Issued and Outstanding

Calendar Year	General		Water Utility		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,605,290.66	\$ 188,755.41	\$ 225,000.00	\$ 88,690.24	\$ 1,830,290.66	\$ 203,651.73
2018	1,397,290.66	149,840.00	230,000.00	73,659.50	1,627,290.66	277,445.65
2019	1,407,290.66	154,261.27	235,000.00	58,508.76	1,642,290.66	223,499.50
2020	1,412,290.66	104,587.50	235,000.00	43,244.76	1,647,290.66	212,770.03
2021	1,402,290.66	79,844.50	235,000.00	27,961.26	1,637,290.66	147,832.26
2022-2026	1,921,017.80	131,974.75	555,000.00	22,443.00	2,476,017.80	154,417.75
2027-2031	377,334.18	24,800.00			377,334.18	24,800.00
2032-2034	176,423.83	4,600.00			176,423.83	4,600.00
	<u>\$ 9,699,229.11</u>	<u>\$ 838,663.43</u>	<u>\$ 1,715,000.00</u>	<u>\$ 314,507.52</u>	<u>\$ 11,414,229.11</u>	<u>\$ 1,249,016.92</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2: Long-Term Debt (Cont'd)

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 0.62%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 11,310,868	\$ 11,310,868	
Water Utility Debt	2,754,148	2,754,148	
General Debt	<u>14,972,336</u>	<u>42,016</u>	<u>\$ 14,930,320</u>
	<u>\$ 29,037,352</u>	<u>\$ 14,107,032</u>	<u>\$ 14,930,320</u>

Net Debt: \$14,930,320 divided by Average Equalized Valuations of \$2,380,642,962 of Real Property = 0.62%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 83,322,504
Net Debt	<u>14,930,320</u>
Remaining Borrowing Power	<u>\$ 68,392,184</u>

Calculation of "Self-Liquidating Purpose", Water Utility
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,218,602
Deductions:	
Operating and Maintenance Cost	\$ 1,013,238
Debt Service	<u>293,803</u>
Total Deductions	<u>1,307,041</u>
Excess in Revenue	<u>\$ 911,561</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

Calculation of "Self-Liquidating Purpose", Solid Waste Utility
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 579,345
Deductions:	
Operating and Maintenance Cost	<u>\$ 564,800</u>
Total Deductions	<u>564,800</u>
Excess in Revenue	<u><u>\$ 14,545</u></u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount, or the total amount of debt service for that fund, whichever is less.

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2016, the Borough had Capital Debt issued and outstanding described as follows:

General Capital Serial Bonds

Purpose	<u>Maturities of Bonds Outstanding</u>		Interest Rate	Balance Dec. 31, 2016
	<u>Date</u>	<u>Amount</u>		
General Improvements	08/15/17	\$ 370,000	1.500%	
	08/15/18	570,000	1.500%	
	08/15/19	590,000	1.500%	
	08/15/20	610,000	2.000%	
	08/15/21	630,000	2.000%	
	08/15/22	650,000	2.000%	
	08/15/23	669,000	2.000%	<u>\$ 4,089,000</u>
Refunding Bonds Series 2016	12/15/17	\$ 660,000	1.500%	
	12/15/18	670,000	1.500%	
	12/15/19	655,000	1.500%	
	12/15/20	640,000	2.000%	
	12/15/21	610,000	2.000%	<u>\$ 3,235,000</u>
General Improvements	08/15/17	\$ 418,000	4.250%	<u>\$ 418,000</u>

Water Utility Capital Serial Bonds

Purpose	<u>Maturities of Bonds Outstanding</u>		Interest Rate	Balance Dec. 31, 2016
	<u>Date</u>	<u>Amount</u>		
Water Bonds	08/01/17	\$ 75,000	4.250%	
	08/01/18	75,000	4.375%	
	08/01/19	80,000	4.500%	
	08/01/20	80,000	4.500%	
	08/01/21	85,000	4.625%	
	08/01/22	89,000	4.750%	<u>\$ 484,000.00</u>
Water Bonds	08/15/17	\$ 85,000	2.000%	
	08/15/18	90,000	2.000%	
	08/15/19	90,000	2.000%	
	08/15/20	90,000	2.250%	
	08/15/21	90,000	2.375%	
	08/15/22	90,000	2.500%	
	08/15/23	96,000	2.500%	<u>\$ 631,000.00</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2016, the Borough had Capital Debt issued and outstanding described as follows:
(Cont'd)

<u>Water Utility Capital Serial Bonds</u>				
Purpose	<u>Maturities of Bonds Outstanding</u>		Interest Rate	Balance Dec. 31, 2016
	Date	Amount		
<u>Water Utility Capital Serial Bonds</u>				
Water Bonds Refunding Series 2016	12/15/17	\$ 65,000	1.370%	
	12/15/18	65,000	1.370%	
	12/15/19	65,000	1.370%	
	12/15/20	65,000	1.370%	
	12/15/21	60,000	1.370%	
	12/15/22	60,000	1.370%	
	12/15/23	60,000	1.370%	
	12/15/24	55,000	1.370%	
	12/15/25	55,000	1.370%	
	12/15/26	50,000	1.370%	
				<u>\$ 600,000</u>

General Capital - Bond Anticipation Notes Payable

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
02/17/17	2.000%	\$ 661,456.70
02/17/17	2.000%	334,153.00
02/17/17	2.000%	897,577.03
02/17/17	2.000%	1,409,396.44
02/17/17	2.000%	1,020,775.00
		<u>\$ 4,323,358.17</u>

Water Utility - Bond Anticipation Notes Payable

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
02/17/17	2.000%	\$ 221,281.57
02/17/17	2.000%	181,530.11
02/17/17	2.000%	110,115.97
02/17/17	2.000%	177,799.18
02/17/17	2.000%	185,915.00
		<u>\$ 876,641.83</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2: Long-Term Debt (Cont'd)

General Capital - New Jersey Infrastructure Trust Loans Payable

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
08/01/25	3.000-5.000%	\$ 615,522.00
08/01/34	4.000-5.000%	968,542.38
08/01/29	3.000-5.000%	373,164.73
		<u>\$ 1,957,229.11</u>
TOTAL DEBT ISSUED AND OUTSTANDING		<u>\$ 16,614,229.11</u>

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$7,297,535 at December 31, 2015. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$10,577,454 at December 31, 2015. See Note 5 for further information on the PERS and PFRS.

Note 3: Fund Balances Appropriated

As of the date of this report, the budget for 2017 has not been introduced. Thus, the amount of fund balance at December 31, 2016 which will be included in the Current Fund, Water Operating Utility, and Solid Waste Utility Operating budgets for the year ending December 31, 2017, is not known at this date.

Note 4: Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Chatham has elected not to defer school taxes.

Note 5: Pension Plans

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

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 the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

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. The following represents the membership tiers for PERS:

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to 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 members 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 50 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 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. Borough contributions to PERS amounted to \$221,987 for 2016.

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense

At December 31, 2015, the Borough's liability was \$7,297,535 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Borough's proportion was 0.033%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014. The Borough has rolled forward the net pension liability to December 31, 2015 with no adjustments. The State of New Jersey Public Employee's Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

For the year ended December 31, 2016, the Borough recognized actual pension expense in the amount of \$221,987.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP- 2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retiree.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. 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 pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

The long-term expected rate of return was determined using a building block 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' target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

The following presents the Borough's proportionate share of the collective net pension liability as of December 31, 2015 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	December 31, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Borough's proportionate share of the Net Pension Liability	\$ 9,069,943	\$ 7,297,535	\$ 5,811,561

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, 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 the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 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 amounts 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 the assets.

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 Statement No. 68 and the State is treated as a nonemployer contributing entity. The June 30, 2015 State special funding situation net pension liability amounts are the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2015 State special funding situation pension expense is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2015. The pension expense is deemed to be a State administrative expense due to the special funding situation. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific funded amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Borough contributions to PFRS amounted to \$516,188 for the year ended December 31, 2016. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$54,385 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$115,706.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense

At December 31, 2015, the Borough's liability for its proportionate share of the net pension liability was \$10,577,454. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0635%, which was a decrease of 0.0034% from its proportion measured as of June 30, 2014. The Borough has rolled forward the net pension liability to December 31, 2015 with no adjustments. The State of New Jersey Public Employee's Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$927,607 as of December 31, 2015. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the State's proportion was 0.0635%, which was a decrease of 0.0034% from its proportion measured as of June 30, 2014 which is the same proportion as the Borough's. The Town has rolled forward the net pension liability to December 31, 2015 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

Borough's Proportionate Share of the Net Pension Liability	\$ 10,577,454
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>927,607</u>
Total Net Pension Liability	<u>\$ 11,505,061</u>

For the year ended December 31, 2016, the Borough recognized total pension expense of \$516,188.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.60% - 9.48% based on age
Thereafter	3.60% - 10.48% based on age
Investment Rate of Return	7.90%

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block 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, 2015 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

(Continued)

Note 5: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 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 based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of December 31, 2015 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	December 31, 2015		
	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 15,167,324	\$ 11,505,063	\$ 8,518,814

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP.

The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$0 for the year ended December 31, 2016. Employee contributions to DCRP amounted to \$0 for the year ended December 31, 2016.

Note 6: Accrued Sick and Vacation Benefits

The Borough has permitted employees to accrue unused sick pay and, with prior approval, unused vacation pay. Police shall be entitled to convert one (1) accumulated sick day into a personal day of each three (3) month period during which no sick leave is taken. A maximum of 60 sick days may be taken as time off or paid upon retirement at the employee's current rate. At December 31, 2016 and 2015, it was estimated that the current cost of such unpaid compensation would approximate \$945,058 and \$931,027, respectively. These amounts were not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. The Borough has established a \$76,829.06 Reserve for Compensated Absences in the Other Trust Fund as of December 31, 2016.

Note 7: Deferred Compensation Plan

The Borough of Chatham offers its employees deferred compensation plans (the "Plans") created in accordance with Section 457 of the Internal Revenue Code. The Plans, which are administered by AXA Equitable and American United Life Insurance Company are available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A 6% penalty may be assessed for any unpaid taxes and other municipal charges in excess of \$10,000 at December 31 of the current year.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 8: Selected Tax Information (Cont'd)

Unpaid taxes of the prior year may be placed in lien at a tax sale held after January 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

	2016	2015	2014
<u>Tax Rate</u>	<u>\$ 1.933</u>	<u>\$ 1.911</u>	<u>\$ 1.897</u>

Apportionment of Tax Rate

Municipal:

Amount to be Raised:

Local	0.376	0.368	0.365
Library	0.038	0.042	0.042
Open Space	0.005	0.005	0.005
County	0.296	0.283	0.284
Regional School	1.218	1.213	1.201

Assessed Valuations

2016	<u>\$ 2,074,088,607</u>		
2015		<u>\$ 2,061,855,877</u>	
2014			<u>\$ 2,057,899,579</u>

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 40,239,670	\$ 39,883,860	99.12%
2015	39,628,224	39,285,010	99.13%
2014	39,135,444	38,691,949	98.86%

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

Note 9: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits:

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd):

- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2016, cash and cash equivalents and investments of the Borough of Chatham consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking and Savings Accounts</u>	<u>Total</u>
Current	\$ 300	\$ 4,242,062	\$ 4,242,362
General Capital		1,310,126	1,310,126
Water Utility:			
Operating		1,072,916	1,072,916
Capital		544,956	544,956
Solid Waste:			
Operating		323,312	323,312
Animal Control		4,707	4,707
Other Trust		1,193,729	1,193,729
	<u>\$ 300</u>	<u>\$ 8,691,808</u>	<u>\$ 8,692,108</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd)

During the period ended December 31, 2016, the Borough did not hold any investments other than certificates of deposit. The carrying amount of the Borough's cash and cash equivalents and investments at December 31, 2016, was \$8,692,108 and the bank balance was \$8,816,598.

Note 10: Risk Management

The Borough 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. Health benefits are provided through the New Jersey State Health Benefits Program.

Property, Liability and Workers' Compensation

The Borough is a member of the Morris County Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of the Fund, the Borough could be subjected to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liability.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year's assessments with their respective share of the distribution.

The December 31, 2016 audit report of the Morris County Municipal Joint Insurance Fund is not available as of the date of this audit. Selected summarized financial information for the Fund as of December 31, 2015 is as follows:

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 10: Risk Management (Cont'd)

Property, Liability and Workers' Compensation (Cont'd)

Total Assets	\$ 24,775,454
Net Position	\$ 8,631,831
Total Revenue	\$ 17,370,144
Total Expenses	\$ 17,918,337
Change in Net Position	\$ (548,193)
Members Dividends	\$ -0-

Financial statements for the Fund are available at the office of the Fund's Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

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

The following is a summary of Borough contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous year.

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016				\$ 253	\$ 17,307
2015		\$ 8,267	\$ 12	3,654	17,560

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheets at December 31, 2016:

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 11: Interfund Receivables and Payables (Cont'd)

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 4,786	\$ 532,248
Federal and State Grant	70,261	
Other Trust	336,634	4,036
General Capital	126,153	77,042
Water Utility Operating	3,925	38
Water Utility Capital	76,992	639
Payroll Account		4,748
	<u>\$ 618,751</u>	<u>\$ 618,751</u>

The interfund receivable in the Current Fund and offsetting interfund payable in the Payroll Account are for excess funds that were transferred to the payroll account in cash that have not been transferred back prior to year-end. The interfund receivable in the Federal and State Grant Fund is the result of federal and state grants that have been deposited into the Current Fund, but have not been transferred to the Federal and State Grant Fund. The interfund receivable in the Other Trust Funds is the result of a prior year interfund receivable plus current year tax sale premiums collected in the Current Fund as well as the current year Open Space tax levy, which have not been turned over to the Other Trust Funds. The interfund payable in the Other Trust Funds is related to prior year interfund activity. The interfund receivable in the General Capital Fund is the result of a New Jersey Department of Transportation grant collected in the Current Fund that has not been turned over to the General Capital Fund. The interfund payable in the General Capital Fund is the cash proceeds from the sale of Bond Anticipation Notes that has not been turned over to the Water Utility Capital Fund.

Note 12: Economic Dependency

The Borough receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 13: Open Space Trust Fund

The Borough created an Open Space Trust Fund with a tax levy of \$.005 per \$100 of assessed valuation during the year ended December 31, 2001. The funds collected are used to acquire and maintain open space property in the Borough. The balance in the Open Space Trust Fund at December 31, 2016 was \$179,809.71.

BOROUGH OF CHATHAM
 NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 14: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Note 15: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2016, the Borough had the following deferred charges:

	Balance at Dec. 31 2016	To Be Raised in 2017 Budget	Balance to Succeeding Years Budgets
Special Emergency Appropriation	\$ 45,000.00	\$ 9,000.00	\$ 36,000.00

The appropriation in the 2017 budget will not be less than that required by statute.

Note 16: Fixed Assets

The following schedule is a summarization of general fixed assets for the year ended December 31, 2016:

	Balance Dec. 31, 2015	Additions	Adjustments/ Deletions	Balance Dec. 31, 2016
Land	\$ 35,340,330.00	\$ 1,127,779.74	\$ 363,236.49	\$ 36,104,873.25
Buildings and Building Improvements	31,681,782.47	990,170.30		32,671,952.77
Equipment	8,475,521.64	135,963.39		8,611,485.03
	<u>\$ 75,497,634.11</u>	<u>\$ 2,253,913.43</u>	<u>\$ 363,236.49</u>	<u>\$ 77,388,311.05</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 17: Other Trust Fund Reserves

The following is a detail of the Other Trust Fund Reserve account:

	December 31,	
	2016	2015
Reserve for:		
Recreation	\$ 446,129.24	\$ 516,194.02
Disposal of Forfeited Assets	26,408.25	29,610.64
COAH	295,266.77	250,042.10
Open Space	179,809.71	259,749.21
Police Services	26,278.87	22,163.24
Unemployment Trust	17,307.87	17,560.66
Special Deposits (Escrow)	151,595.87	157,873.12
Public Offenses Adjudication Act	13,469.57	12,431.57
Recycling	21,852.69	20,732.69
Fire Safety	7,768.11	4,588.11
Tax Sale Premium	208,405.00	129,305.00
Accumulated Absences	76,829.06	41,829.06
Art Council Donations	3,333.33	3,333.33
Chatham Police 100th Anniversary	308.20	308.20
Chatham Spring Cleaning	12,229.21	9,235.11
Environmental Commission	1,272.10	2,050.00
Kevin Coughlin Bequest	24,552.60	24,552.60
Train Station 100th Anniversary	500.00	500.00
Beekeepers Club		(812.85)
Community Garden Recreation	7,480.45	7,664.15
Tri-Centennial Celebration		(540.91)
Monuments and Memorial Donations	5,529.52	1,831.00
Public Defender		368.75
	\$ 1,526,326.42	\$ 1,510,568.80

Note 18: Subsequent Events

Subsequent to year end the Borough participated in the New Jersey Environmental Infrastructure Trust's (NJEIT) refunding of Bond Series 2017A-R2 on January 17, 2017. Through the refunding the Borough was able to save approximately \$82,391 in total debt service repayments as detailed below:

Sanitary Sewer Lining and Pipe Replacement	\$ 68,128
Rehabilitaiton of Madison-Chatham Joint Meeting	14,263
	\$ 82,391

Additionally on April 1, 2017 the Borough will sell bonds in the amount of \$6,220,000. The bonds will mature annually from 2018 through 2029. The interest to be charge will be determined on April 1. The bonds will refund Bond Anticipation Notes and finance 2017 projects of the Borough.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
 (Continued)

Note 17: Prior Period Adjustment

The Borough made a prior period adjustment on the Fixed Asset Account Balance Sheet to record land and building and building improvements at historical cost. Land and building and building improvements were recorded at estimated historical cost in the December 31, 2015 audit, these amounts have been restated to actual historical cost as follows:

	Balance Dec. 31, 2015 as Previously Reported	Adjustments/ Deletions Retroactive Adjustments	Balance Dec. 31, 2015 as Restated
General Fixed Assets Account Group			
Comparative Balance Sheet			
<u>Assets</u>			
Land	\$ 35,340,330.00	\$ (33,123,093.00)	\$ 2,217,237.00
Buildings and Building Improvements	31,681,782.47	(28,571,001.47)	3,110,781.00
Total Assets	75,497,634.11	(61,694,094.47)	13,803,539.64
<u>Reserves</u>			
Investments in General Fixed Assets	75,497,634.11	(61,694,094.47)	13,803,539.64

SUPPLEMENTARY DATA

BOROUGH OF CHATHAM
ROSTER OF OFFICIALS
YEAR ENDED DECEMBER 31, 2016

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

Name	Title	Amount of Bond
Bruce A. Harris	Mayor	
Victoria Fife	Council President	
James J. Collander	Councilman	
Gerald J. Helfrich	Councilman	
Peter Hoffman	Councilman	
Len Resto	Councilman	
James Lonergan	Councilman	
Robert Falzarano	Borough Administrator	
Robin R. Kline	Borough Clerk	
	Deputy Registrar	
Timothy B. Day	Chief Financial Officer	
Tyrina Cittrich	Assistant Financial Officer	
Madeline L. Polidor-LeBoeuf	Collector of Taxes	See Below
	Tax Search Officer	
Therese DePiereo	Tax Assessor	
Cheri Morris	Utilities Collector	See Below
Michael Marinello	Purchasing Officer	

Employee dishonesty coverage in the amount of \$1,000,000.00 is provided through the Morris County Municipal Joint Insurance Fund (\$50,000) and Municipal Excess Liability Joint Insurance Fund (\$950,000) for all employees including the Tax Collector and Utilities Collector.

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
CURRENT FUND

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 4,019,145.16
Increased by Receipts:		
Tax Collector	\$ 40,616,617.92	
Revenue Accounts Receivable	2,014,717.69	
Sewer Fees Receivable	1,075,965.91	
Miscellaneous Revenue Not Anticipated	266,684.67	
Petty Cash Returned	592.64	
Due Federal and State Grant Fund:		
Unappropriated Grant Funds	4,866.70	
Grants Receivable	25,220.94	
Due Animal Control Fund - Interfund Returned	1.85	
Due Other Trust Funds - Interfund Returned	28,764.56	
Due Water Operating Utility Fund - Interfund Returned	20,493.22	
Due Solid Waste Utility Operating Fund - Interfund Returned	21,878.52	
Due General Capital Fund:		
New Jersey Department of Transportation Grant	131,463.75	
Interfund Returned	30,864.95	
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions	39,935.79	
Marriage Licenses	725.00	
Appropriation Refunds	305,940.01	
Appropriation Reserve Refunds	9,173.02	
		44,593,907.14
		48,613,052.30
Decreased by Disbursements:		
2016 Appropriation Expenditures	12,152,735.96	
2015 Appropriation Reserve Expenditures	155,067.88	
Petty Cash Advanced	500.00	
Local School District Taxes	25,258,046.00	
County Taxes	6,168,607.99	
Due Federal and State Grant Fund:		
Appropriated Reserve Expenditures	27,667.51	
Encumbrances	2,422.90	
Due Payroll Account- Interfund Returned	2,843.82	
Due Other Trust Funds - Interfund Returned	203,484.98	
Due General Capital Fund - Interfund Returned	181,476.00	
Due State of New Jersey - Marriage Licenses	725.00	
Reserve for:		
Master Plan	39,820.00	
Reserve for Third Party Liens	102,048.00	
Redemption of Special Emergency Note	24,000.00	
Refund of:		
Tax Overpayments	49,592.92	
Prior Year Revenue	2,451.52	
		44,371,490.48
Balance December 31, 2016	A	\$ 4,241,561.82

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2016

Increased by Receipts:

Taxes Receivable	\$ 39,987,758.99	
2017 Prepaid Taxes	280,805.64	
Interest and Costs on Taxes	78,604.38	
Fees and Permits	95.05	
Tax Sale Premiums - Due Other Trust Funds	79,100.00	
Third Party Liens	102,048.00	
Tax Overpayments	<u>88,205.86</u>	
		\$ 40,616,617.92

Decreased by:

Payments to Municipal Treasurer		<u><u>\$ 40,616,617.92</u></u>
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SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUND

NOT APPLICABLE

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2016 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2015		2015	2016				Dec. 31, 2016
1976	\$ 1,311.72					\$ 1,311.72		
1985	2,002.90					2,002.90		
1986	1,070.05					1,070.05		
1987	6,934.98					6,934.98		
1989	422.89					422.89		
2015	318,943.41			\$ 318,943.41				
	330,685.95			318,943.41		11,742.54		
2016		\$ 40,239,670.42	\$ 176,700.92	39,668,815.58	\$ 38,343.15	38,960.70	\$ 587.94	\$ 316,262.13
	<u>\$ 330,685.95</u>	<u>\$ 40,239,670.42</u>	<u>\$ 176,700.92</u>	<u>\$ 39,987,758.99</u>	<u>\$ 38,343.15</u>	<u>\$ 50,703.24</u>	<u>\$ 587.94</u>	<u>\$ 316,262.13</u>

Ref.

A

A

Analysis of 2016 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 40,112,873.46
Added and Omitted Taxes	126,796.96
	<u>\$ 40,239,670.42</u>

Tax Levy:

Regional School District Taxes	\$ 25,258,046.00
County Open Space Taxes	212,004.98
County Taxes	5,937,116.35
Due County for Added and Omitted Taxes	19,486.66
	<u>6,168,607.99</u>
Local Taxes for Open Space - Due to Other Trust Funds	104,032.58
	<u>31,530,686.57</u>
Local Tax for Municipal Purposes Levied	7,791,272.66
Minimum Library Tax Levied	795,498.76
	<u>8,586,771.42</u>
Add: Additional Tax Levied	122,212.43
	<u>8,708,983.85</u>
	<u>\$ 40,239,670.42</u>

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 8,822.21
Increased by:		
Transfer from Taxes Receivable		<u>587.94</u>
Balance December 31, 2016	A	<u><u>\$ 9,410.15</u></u>

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Accrued In 2016	Collected By Treasurer	Transferred to Sewer Fees Receivable	Balance Dec. 31, 2016
Licenses:					
Alcoholic Beverages - Clerk		\$ 14,700.00	\$ 14,700.00		
Fees and Permits:					
Assessment		620.00	620.00		
Planning and Zoning Board		16,962.50	16,962.50		
Health Officer		8,889.00	8,889.00		
Police		259.00	259.00		
Clerk		2,500.00	2,500.00		
Fire Prevention		24,993.75	24,993.75		
Tax Collector					
Municipal Court - Fines and Fees	\$ 10,853.23	114,120.90	114,718.98		\$ 10,255.15
Parking Meters		455,943.70	455,943.70		
Energy Receipts Tax		569,796.00	569,796.00		
Watershed Moratorium Offset Aid		2,303.00	2,303.00		
Uniform Construction Code Fees		25,331.37	25,331.37		
Farmers Market Fees		31,966.00	31,966.00		
Lease of Municipal Premises		628,336.79	628,336.79		
Sewer User Fees	38,144.26			\$ 38,144.26	
Shared Services with Chatham Township					
Joint Recreation		42,433.00	42,397.60		35.40
Utility Operating Surplus of Prior Year:					
Water		75,000.00	75,000.00		
	<u>\$ 48,997.49</u>	<u>\$ 2,014,155.01</u>	<u>\$ 2,014,717.69</u>	<u>\$ 38,144.26</u>	<u>\$ 10,290.55</u>

Ref.

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BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF SEWER FEES RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

Ref.

Increased by:

Transferred from Revenue Accounts Receivable	\$ 38,144.26	
Billings	<u>1,108,781.64</u>	
		<u>\$ 1,146,925.90</u>

Decreased by:

Due from Water Utility Operating Fund	38.31	
Collections	<u>1,075,965.91</u>	
		<u>1,076,004.22</u>

Balance December 31, 2016	A	<u><u>\$ 70,921.68</u></u>
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BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages:	\$ 417.18	\$ 417.18		\$ 417.18
Other Expenses:	9,802.28	9,802.28	\$ 7,832.47	1,969.81
Community Service:				
Salaries and Wages	2,930.01	2,930.01		2,930.01
Other Expenses	4,097.00	4,097.00	1,064.06	3,032.94
Human Services:				
Salaries and Wages	1,486.18	1,486.18		1,486.18
Other Expenses	6,320.36	6,320.36		6,320.36
Mayor and Council:				
Salaries and Wages	95.30	95.30		95.30
Other Expenses	141.53	141.53	126.61	14.92
Borough Clerk:				
Salaries and Wages	6,553.55	53.55		53.55
Other Expenses	6,043.22	6,043.22	501.79	5,541.43
Financial Administration:				
Salaries and Wages	521.76	521.76		521.76
Other Expenses	2,634.87	2,634.87	2,367.21	267.66
Auditor:				
Other Expenses	1,409.00	1,409.00	1,409.00	
Legal Services:				
Other Expenses	868.55	21,368.55	20,802.16	566.39
Tax Collection:				
Salaries and Wages	2,390.29	2,390.29		2,390.29
Other Expenses	1,460.15	1,460.15	230.90	1,229.25
Tax Assessment:				
Salaries and Wages	531.60	531.60		531.60
Other Expenses	1,942.13	6,442.13	6,440.81	1.32
Engineering Services and Costs:				
Salaries and Wages	45.44	45.44		45.44
Other Expenses	1,433.38	1,433.38		1,433.38
Historic Preservation:				
Other Expenses	959.54	959.54		959.54
P.E.O.S.H.A.				
Other Expenses	3,002.34	3,002.34	1,320.97	1,681.37
Public Buildings and Grounds:				
Other Expenses	6,374.21	6,374.21	3,185.56	3,188.65
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Salaries and Wages	113.28	113.28		113.28
Other Expenses	10,872.63	6,872.63	3,625.74	3,246.89
Zoning Board of Adjustment:				
Salaries and Wages	113.28	113.28		113.28
Other Expenses	1,984.74	1,984.74	198.00	1,786.74
Shade Tree:				
Other Expenses	6,919.43	6,919.43	6,000.00	919.43
Environmental Commission (R.S. 40:56A-1 et seq):				
Salaries & Wages	29.20	29.20		29.20
Other Expenses	1,015.36	1,565.36	324.28	1,241.08
Emergency Management Services:				
Salaries and Wages	7.92	7.92		7.92
Other Expenses	2,900.02	2,900.02		2,900.02

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Fire:				
Salaries and Wages	\$ 604.01	\$ 604.01		\$ 604.01
Other Expenses	36,204.67	36,204.67	\$ 30,022.16	6,182.51
Fire Safety:				
Salaries and Wages	819.38	819.38		819.38
Other Expenses	358.99	358.99	76.18	282.81
Public Works Department:				
Salaries and Wages	326.54	326.54		326.54
Other Expenses	19,470.00	19,470.00	2,761.50	16,708.50
Police:				
Salaries and Wages	85,962.01	85,962.01		85,962.01
Other Expenses	61,733.27	61,733.27	3,649.72	58,083.55
Purchase of Vehicle:				
Other Expenses	1,727.19	1,727.19		1,727.19
Parking Administration:				
Salaries and Wages	973.06	973.06		973.06
Other Expenses	3,737.87	3,737.87	1,854.35	1,883.52
Vehicle Maintenance:				
Salaries and Wages	2,299.40	2,299.40		2,299.40
Other Expenses	8,971.27	8,971.27	4,956.20	4,015.07
Community Service - Condo Cost				
Other Expenses	3,600.00	3,600.00	1,559.20	2,040.80
Board of Health:				
Salaries and Wages	243.92	243.92		243.92
Other Expenses	2,348.71	2,348.71	840.50	1,508.21
Animal Control:				
Salaries and Wages				
Other Expenses	4,800.00	4,800.00	4,800.00	
Park Maintenance:				
Other Expenses	4,153.06	4,153.06	965.88	3,187.18
Recreation:				
Salaries and Wages	4,868.68	4,868.68		4,868.68
Other Expenses	5,888.37	5,888.37	96.30	5,792.07
Celebration of Public Events, Anniversaries or Holidays:				
Other Expenses	5,384.11	5,384.11	5,384.11	
Farmer's Market:				
Other Expenses	7,047.12	6,497.12	1,978.90	4,518.22
Utilities:				
Electricity	7,300.28	7,300.28	6,063.51	1,236.77
Street Lighting	2,914.87	7,914.87	5,994.93	1,919.94
Telephone	15,930.32	10,930.32	3,206.41	7,723.91
Natural Gas	10,206.38	10,206.38	6,150.32	4,056.06
Heating Oil	1,000.00	1,000.00		1,000.00
Gasoline	30,956.65	30,956.65	6,637.99	24,318.66
Sewerage Proc & Disposal:				
Salaries and Wages	111.21	111.21		111.21
Other Expenses	1,927.68	1,927.68	279.71	1,647.97

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016
(Continued)

	Balance Dec. 31, 2015	Balance After Transfers	Paid or Charged	Balance Lapsed
Insurance:				
Liability Insurance	\$ 65.56	\$ 65.56		\$ 65.56
Group Insurance for Employees	15,701.11	1,201.11		1,201.11
Health Benefits Waiver	0.56	0.56		0.56
Contingent	38.00	38.00		38.00
Social Security System (O.A.S.I.)	3,227.13	3,227.13	\$ 1,736.90	1,490.23
DCRP - Employers Match	2,000.00	2,000.00	1,023.55	976.45
Interlocal Agreement - Joint Municipal Court	272.00	272.00		272.00
LOSAP Contribution:				
Ambulance & Rescue Squad	15,000.00	15,000.00	5,226.98	9,773.02
	<u>\$ 453,589.11</u>	<u>\$ 453,589.11</u>	<u>\$ 150,694.86</u>	<u>\$ 302,894.25</u>

Ref.

Analysis of Balance December 31, 2015

Encumbered	A \$ 100,228.29
Unencumbered	A <u>353,360.82</u>
	<u>\$ 453,589.11</u>

Cash Disbursed	\$ 155,067.88
Due to Payroll	<u>4,800.00</u>
	159,867.88
Less - Refunds	<u>9,173.02</u>
	<u>\$ 150,694.86</u>

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2016

Increased by:

Levy - School Year July 1, 2015 - June 30, 2016

\$ 25,258,046.00

Decreased by:

Payments to Regional School District

\$ 25,258,046.00

BOROUGH OF CHATHAM
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2015	2016 Budget Revenue Realized	Received	Transferred from Unappropriated Reserves	Balance Dec. 31, 2016
Clean Communities Program		\$ 19,220.94	\$ 19,220.94		
Cool Cities Program Grant	\$ 1,887.76				\$ 1,887.76
Donations - Chatham Jaycees:					
Chatham Shade Tree Commission	2,000.00	1,000.00	1,000.00		2,000.00
Donations - Mayors Wellness		1,000.00	1,000.00		
Donations - Madison Sports Rehabilitation		1,000.00	1,000.00		
Body Armor Replacement Fund		2,099.69		\$ 2,099.69	
Community Forestry Grant		3,000.00	3,000.00		
Alcohol Education and Rehabilitation		235.73		235.73	
	<u>\$ 3,887.76</u>	<u>\$ 27,556.36</u>	<u>\$ 25,220.94</u>	<u>\$ 2,335.42</u>	<u>\$ 3,887.76</u>

Ref. A

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BOROUGH OF CHATHAM
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

	Balance Dec. 31, 2015	Transferred to 2016 Budget Revenue	Received	Balance Dec. 31, 2016
Alcohol Education and Rehabilitation Fund	\$ 235.73	\$ 235.73	\$ 60.43	\$ 60.43
Body Armor Replacement Fund	2,099.69	2,099.69	2,023.77	2,023.77
Federal Bullet Proof Vest			2,782.50	2,782.50
	<u>\$ 2,335.42</u>	<u>\$ 2,335.42</u>	<u>\$ 4,866.70</u>	<u>\$ 4,866.70</u>
<u>Ref.</u>	A			A

BOROUGH OF CHATHAM
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2015	Transferred from 2016 Budget Appropriations	Expended	Balance Dec. 31, 2016
Drunk Driving Enforcement Fund	\$ 7,120.76		\$ 338.00	\$ 6,782.76
Clean Communities Program		\$ 19,220.94	11,256.76	7,964.18
Alcohol Education and Rehabilitation	2,636.57	235.73		2,872.30
Municipal Alliance on Alcoholism and Drug Abuse:				
State Share		3,750.00	2,509.13	1,240.87
Local Share	590.87			590.87
Community Forestry Grant		3,000.00	3,000.00	
Body Armor Replacement Fund	8,380.55	2,099.69	9,253.61	1,226.63
Sprout House Grant - Memorial Park	1,465.27			1,465.27
Sustainable Jersey Grant	1,176.48			1,176.48
NJCFC - Highlands Grant (Farmer's Market)	1,513.63			1,513.63
Bulletproof Vest Program - Federal	309.56			309.56
Office of Environmental Services Grant	4.37			4.37
Environmental Grant	500.00			500.00
Municipal Stormwater Regulation Program	7,909.13			7,909.13
Cool Cities Program Grant	1,887.76			1,887.76
Improvement District Challenge Grant - State	69.08			69.08
Improvement District Challenge Grant - Matching	69.08			69.08
Donations - Madison Medical and Sports Rehabilitation		1,000.00		1,000.00
Donations - Mayor's Wellness Campaign	1,056.13	1,000.00	1,310.01	746.12
Donations - Chatham Jacyees:				
Farmer's Market	278.95			278.95
Community Garden Center	675.37			675.37
Chatham Shade Tree Commission		1,000.00		1,000.00
NJ Energy Efficiency Conservation Block Grant	20,000.00			20,000.00
ANJEC Smart Growth Planning Grant	7,500.00			7,500.00
ANJEC Smart Growth Planning Grant - Matching	2,500.00			2,500.00
	<u>\$ 65,643.56</u>	<u>\$ 31,306.36</u>	<u>\$ 27,667.51</u>	<u>\$ 69,282.41</u>

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BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
TRUST FUNDS

BOROUGH OF CHATHAM
TRUST FUNDS
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2015	B	\$ 70.02	\$ 1,184,171.28
Increased by Receipts:			
Animal Control Collector		\$ 34,917.49	
Recreation			\$ 148,398.49
Unemployment			2.36
COAH			45,301.69
Public Offenses Adjudication Act			1,038.00
Recycling			1,120.00
Fire Safety			3,180.00
Accumulated Absences			35,000.00
Chatham Spring Cleaning			12,400.00
Beekeepers Club			1,961.34
Communtiy Garden Recreation			466.01
Tri-Centennial Celebration			34,869.06
Monuments and Memorial Donations			3,696.46
Special Law Enforcement (Forfeited)			83.98
Police Services (Outside)			260,883.35
Public Defender			889.25
Due Current Fund:			
Interfund			203,484.98
Interest Income			2,211.58
Special Deposits:			
Deposits			75,940.91
Interest			86.42
Open Space:			
Interest			254.18
Other Deposits:			251,273.85
		<u>34,917.49</u>	<u>1,082,541.91</u>
		34,987.51	2,266,713.19
Decreased by Disbursements:			
Recreation			218,463.27
COAH			77.02
Chatham Spring Cleaning			9,405.90
Environmental Commission			777.90
Beekeepers Club			1,148.49
Communtiy Garden Recreation			649.71
Tri-Centennial Celebration			34,328.15
Special Law Enforcement (Forfeited)			3,286.37
Police Services (Outside)			256,767.72
Public Defender			1,258.00
Administrative Expenses		29,563.79	
State Board of Health		714.60	
Due Current Fund:			
Interfund		1.85	28,764.56
Special Deposits			82,304.58
Open Space			435,500.11
State Unemployment Insurance			252.79
		<u>30,280.24</u>	<u>1,072,984.57</u>
Balance December 31, 2016	B	<u>\$ 4,707.27</u>	<u>\$ 1,193,728.62</u>

BOROUGH OF CHATHAM
ANIMAL CONTROL TRUST FUND
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2016

Increased by:

Animal Control License Fees:

Dogs	\$ 8,870.40	
Cats	1,162.00	
Late Fees	641.00	
Miscellaneous Fees	2.00	
Due to State of New Jersey	714.60	
Interest Income	30.39	
Transfer from Current Fund	23,497.10	
	<hr/>	<hr/>
		\$ 34,917.49

Decreased by:

Paid to Treasurer		<hr/> <hr/>
		\$ 34,917.49

BOROUGH OF CHATHAM
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2015	B	\$	38.77
Increased by:			
Animal Control License Fees:			
Dogs		\$	8,870.40
Cats			1,162.00
Due to State of New Jersey			714.60
Late Fees			641.00
Miscellaneous Fees			2.00
Interest Income			30.39
Transfer			23,497.10
			<u>34,917.49</u>
			34,956.26
Decreased by:			
Animal Control Expenditures (R.S. 4:19-15.11):			
Cash Disbursed		29,563.79	
Due to State of New Jersey		714.60	
			<u>30,278.39</u>
Balance December 31, 2016	B	\$	<u><u>4,677.87</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ 11,427.40
2015	<u>11,126.60</u>
Maximum Allowable Reserve	<u><u>\$ 22,554.00</u></u>

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
GENERAL CAPITAL FUND

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 1,182,027.02
Increased by Receipts:		
Due Current Fund:		
Interest Earned	\$ 5,309.32	
Interfund Returned	181,477.00	
Due Water Utility Capital Fund:		
Bond Anticipation Note Proceeds	876,641.83	
Refunding Bond Proceeds	600,000.00	
Interfund Returned	401.68	
2016 Budget Appropriation:		
Capital Improvement Fund	55,000.00	
Bond Anticipation Note Paydown	100,000.00	
Refunding Bond Proceeds	3,235,000.00	
Bond Anticipation Note Proceeds	4,323,358.17	
Due from the Board of Education of the Chathams	110,000.00	
Sustainable Energy Grant	20,000.00	
Bond Anticipation Note Premium	42,016.00	
	<hr/>	9,549,204.00
		<hr/> 10,731,231.02
Decreased by Disbursements:		
Improvement Authorizations	4,922,001.38	
Bond Anticipation Notes Redeemed	3,443,350.00	
Encumbrances	215,238.98	
Due Current Fund:		
Interfund Returned	30,864.85	
Due Water Utility Capital Fund:		
Bond Anticipation Notes Redeemed	799,650.00	
Interfund Returned	10,000.00	
	<hr/>	9,421,105.21
		<hr/>
Balance December 31, 2016	C	<u>\$ 1,310,125.81</u>

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance / (Deficit) Dec. 31, 2015	Receipts				Disbursements			Transfers		Balance / (Deficit) Dec. 31, 2016
		Refunding Bond Proceeds	Bond Anticipation Notes	Budget Appropriations	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Capital Fund Balance	\$ 106,955.33										\$ 106,955.33
Capital Improvement Fund	9,869.37			\$ 55,000.00					\$ 53,725.00		11,144.37
Reserve for Payment of Debt Service					\$ 42,016.00						42,016.00
Reserves for Encumbrances	897,799.37							\$ 215,238.98	682,560.39		
State of New Jersey Grants Receivable:											
Department of Transportation	(80,305.11)								190,000.00	\$ 131,463.75	(138,841.36)
Library Aid	(22,750.00)										(22,750.00)
Due Other Trust Fund	50.00										50.00
Due Current Fund	(150,611.05)				186,786.32			30,864.85	131,463.75		(126,153.33)
Due Water Utility Operating Fund	9,598.32	\$ 600,000.00	\$ 876,641.83		401.68		\$ 799,650.00	10,000.00	600,000.00		76,991.83
Due from Board of Education of the Chatham					110,000.00				110,000.00		
Reserve for Sustainable Energy Grant					20,000.00						20,000.00
Ord.											
No.	Improvement Description										
03-06	Recreational Improvements	168.30									168.30
04-11	Various Equipment and Improvements	268.56				\$ 189.73					78.83
06-10	Various Improvements and Acquisition of Equipment	14,235.58								66,409.00	80,644.58
06-22	Various Improvements and Acquisition of Equipment	1,232.10									1,232.10
07-25	Various Purchases and Improvements	24,489.87				19,213.59					5,276.28
08-03	Improvements to Shepard Kollock Park									1,076.84	1,076.84
08-05	Various Purchases of Equipment	512.56				512.56					
08-07	Various Improvements and Acquisition of Equipment	32,050.60				7,741.62				4,676.63	28,985.61
09-04	Various Purchases and Improvements	1,098.70				512.75					585.95
09-06	Various Improvements and Acquisition of Equipment	3,074.00									3,074.00
09-09	Recreation Equipment	200.00									200.00
09-10	Improvements to the Madison-Chatham Joint										
	Meeting Facility	(2,832.32)									(2,832.32)
09-17	Sanitary Sewer Lining and Pipe Replacement	(270,223.72)								282,453.43	12,229.71
10-14,16	Various Improvements and Acquisition of Equipment	22,485.59				1,633.66				7,556.59	28,408.52
11-12	Various Improvements and Acquisition of Equipment	18,366.24				94.00				271.04	18,543.28
11-15	Purchase of Dump Truck	4,799.03									4,799.03
11-16	Acquisition of Computer Equipment and										
	Telephone System									79.66	79.66
12-06	Various Improvements and Acquisition of Equipment	29,398.95	661,456.70	71,953.00		9,142.68	745,130.00		1,630.81		10,166.78
13-07	Various Public Improvements	12,399.29				3,293.94			6,939.25		16,044.60
13-09	Various Improvements and Acquisition of Equipment	66,401.36	334,153.00	28,047.00		6,857.49	362,200.00				59,543.87
14-04	Various Improvements and Acquisition of Equipment	130,220.87	897,577.03			41,183.23	924,000.00			6,465.91	69,080.58
15-05	Various Improvements and Acquisition of Equipment	323,075.23	1,409,396.44			198,446.40	1,412,020.00		305,001.23		427,006.50
16-02	Various Improvements and Equipment		1,020,775.00			697,827.96			243,725.00		566,672.04
16-05	New Parking Lot Washington Ave School					105,710.88			110,000.00		4,289.12
16-13	Refunding Bonds Issuance		3,235,000.00			3,829,640.89			600,000.00		5,359.11
		<u>\$ 1,182,027.02</u>	<u>\$3,835,000.00</u>	<u>\$ 2,200,000.00</u>	<u>\$ 359,204.00</u>	<u>\$ 4,922,001.38</u>	<u>\$4,243,000.00</u>	<u>\$ 256,103.83</u>	<u>\$1,767,749.14</u>	<u>\$1,767,749.14</u>	<u>\$1,310,125.81</u>

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Improvement Authorizations	Refunding Bonds Issued	Funded by Budget Appropriation	Improvement Authorizations Canceled	Balance Dec. 31, 2016	Analysis of Balance December 31, 2016		
								Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
06-10	Various Improvemnts	\$ 690.00					\$ 690.00			\$ 690.00
09-10	Madison Chatham Joint Meeting	94,566.00					94,566.00		\$ 2,832.32	91,733.68
09-17	Sanitary Sewer Lining	566,173.00					566,173.00			566,173.00
12-06	Reconstruction of Buena Vista Road	745,130.00			\$ 71,953.00	\$ 11,720.30	661,456.70	\$ 661,456.70		
13-07	Acquisition of Equipment	320.00					320.00			320.00
13-09	Various General Improvements	362,200.00			28,047.00		334,153.00	334,153.00		
14-04	Various General Improvements	924,000.00				26,422.97	897,577.03	897,577.03		
14-10	Various General Improvements	288,000.00					288,000.00			288,000.00
15-05	Various General Improvements	1,412,546.00				3,149.56	1,409,396.44	1,409,396.44		
16-02	Various General Improvements		\$ 1,020,775.00				1,020,775.00	1,020,775.00		
16-13	Refunding Bond Ordinance		3,850,000.00	3,235,000.00		615,000.00				
		<u>\$ 4,393,625.00</u>	<u>\$ 4,870,775.00</u>	<u>\$ 3,235,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 656,292.83</u>	<u>\$ 5,273,107.17</u>	<u>\$ 4,323,358.17</u>	<u>\$ 2,832.32</u>	<u>\$ 946,916.68</u>
	Ref.	C					C			

Improvement Authorizations - Unfunded

\$ 2,079,386.45

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ord # 12-06 - Various Improvements and Equipment	\$ 10,166.78
Ord # 13-09 - Various Improvements and Equipment	59,543.87
Ord # 14-04 - Various Improvements and Equipment	69,080.58
Ord # 15-05 - Various Improvements and Equipment	427,006.50
Ord # 16-02 - Various Improvements and Equipment	566,672.04

1,132,469.77

\$ 946,916.68

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2015		2016 Authorizations		Encumbrances Cancelled	Paid or Charged	Improvement Authorizations Canceled	Balance Dec. 31, 2016	
		Date	Amount	Funded	Unfunded	Other Sources	Deferred Charges to Future Taxation - Unfunded				Funded	Unfunded
	General Improvements:											
03-06	Recreation Improvements	3/24/2003	1,500,000.00	\$ 168.30							\$ 168.30	
04-11	Various Equipment and Improvements	4/12/2004	178,850.00	268.56					\$ 189.73		78.83	
06-10	Various Improvements and Equipment	4/10/2006	1,075,500.00	14,235.58	\$ 690.00			\$ 66,409.00			80,644.58	\$ 690.00
06-22	Various Improvements and Equipment	10/10/2006	274,500.00	1,232.10							1,232.10	
07-25	Various Purchases and Improvements	6/11/2007	774,908.00	24,489.87					19,213.59		5,276.28	
08-03	Improvemtnts to Shepard Kolleck and Memorial Parks	3/10/008	500,000.00					1,076.84			1,076.84	
08-05	Acquisition of Fire Truck	3/24/2008	90,000.00	512.56					512.56			
08-07	Various Improvements and Equipment	4/14/2008	423,000.00	32,050.60				4,676.63	7,741.62		28,985.61	
09-04	Various Purchases of Equipment	4/27/2009	522,380.00	1,098.70					512.75		585.95	
09-06	Various Improvements and Equipment	5/26/2009	644,950.00	3,074.00							3,074.00	
09-09	Recreation Equipment	6/8/2009	8,900.00	200.00							200.00	
09-10	Improvements to Madison-Chatham Joint Meeting Facility	7/13/2009	1,138,500.00		91,733.68							91,733.68
09-17	Sanitary Sewer Lining and Pipe Replacement	10/28/2009	1,700,000.00		295,949.28			282,453.43			12,229.71	566,173.00
10-14,16	Various Improvements and Equipment	5/10/2010	1,375,600.00	22,485.59				7,556.59	1,633.66		28,408.52	
11-12	Various Improvements and Equipment	6/13/2011	1,797,911.00	18,366.24				271.04	94.00		18,543.28	
11-15	Purchase of Dump Truck	9/26/2011	6,435.00	4,799.03							4,799.03	
11-19	Acquisition of Computer Equipment and Telephone System	10/24/2011						79.66			79.66	
12-06	Various Improvements and Equipment	4/23/2012	1,039,851.00		29,398.95			1,630.81	9,142.68	\$ 11,720.30		10,166.78
13-07	Various Public Improvements	3/25/2013	350,000.00	12,399.29	320.00			6,939.25	3,293.94		16,044.60	320.00
13-09	Various Improvements and Equipment	3/25/2013	374,700.00		66,401.36				6,857.49			59,543.87
14-04	Various Improvements and Equipment	4/28/2014	971,000.00	1,200.00	129,020.87			6,465.91	41,183.23	26,422.97		69,080.58
14-10	Rehabilitation of Madison-Chatham Joint Meeting	11/24/2014	1,334,000.00		288,000.00							288,000.00
15-05	Various Improvements and Equipment	4/27/2015	1,507,640.00		323,601.23			305,001.23	198,446.40	3,149.56		427,006.50
16-02	Various Improvements and Equipment	4/25/2016	1,264,500.00			\$ 243,725.00	\$ 1,020,775.00		697,827.96			566,672.04
16-05	New Parking Lot Washington Ave School and Oliver Street Improvements	5/23/2016	110,000.00			110,000.00			105,710.88		4,289.12	
16-13	Refunding Bonds Issuance	10/11/2016	3,850,000.00				3,850,000.00		3,229,640.89	615,000.00	5,359.11	
				\$ 136,580.42	\$ 1,225,115.37	\$ 353,725.00	\$ 4,870,775.00	\$ 682,560.39	\$ 4,322,001.38	\$ 656,292.83	\$ 211,075.52	\$ 2,079,386.45
	Ref.			C	C						C	C
	New Jersey Department of Transportation			\$ 190,000.00				Cash Disbursed	\$ 4,922,001.38			
	Due From Board of Education of the Chathams			110,000.00				Less: Due from Water Capital	600,000.00			
	Capital Improvement Fund			53,725.00					\$ 4,322,001.38			
				\$ 353,725.00								
								Bond Anticipation Notes	\$ 40,766.83			
								Bonds and Notes Authorized				
								But Not Issued	615,526.00			
									\$ 656,292.83			

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 9,869.37
Increased by:		
2016 Budget Appropriation		<u>55,000.00</u>
		64,869.37
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>53,725.00</u>
Balance December 31, 2016	C	<u><u>\$ 11,144.37</u></u>

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2016

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Balance Dec. 31, 2016
		Original Issue	Issue	Maturity					
12-06	Various Improvements and Acquisition of Equipment	7/23/2013	7/16/2015 6/30/2016	7/15/2016 2/17/2017	1.25% 2.00%	\$ 745,130.00	\$ 661,456.70	\$ 745,130.00	\$ 661,456.70
13-09	Various Improvements and Acquisition of Equipment	7/23/2013	7/16/2015 6/30/2016	7/15/2016 2/17/2017	1.25% 2.00%	362,200.00	334,153.00	362,200.00	334,153.00
14-04	Various Improvements and Acquisition of Equipment	7/23/2014	7/16/2015 6/30/2016	7/15/2016 2/17/2017	1.25% 2.00%	924,000.00	897,577.03	924,000.00	897,577.03
15-05	Various Improvements and Acquisition of Equipment	7/16/2015	7/16/2015 6/30/2016	7/15/2016 2/17/2017	1.25% 2.00%	1,412,020.00	1,409,396.44	1,412,020.00	1,409,396.44
16-02	Various Improvements and Acquisition of Equipment	6/30/2016	6/30/2016	2/17/2017	2.00%		1,020,775.00		1,020,775.00
						<u>\$ 3,443,350.00</u>	<u>\$ 4,323,358.17</u>	<u>\$ 3,443,350.00</u>	<u>\$ 4,323,358.17</u>
						Ref.	C	C	
						Issued for Cash	\$ 1,020,775.00		
						Renewals	3,302,583.17	\$ 3,302,583.17	
						Deferred Charges to Future Taxation Cancelled		40,766.83	
						Paid by Budget Appropriation		100,000.00	
							<u>\$ 4,323,358.17</u>	<u>\$ 3,443,350.00</u>	

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Defeased	Balance Dec. 31, 2016
			December 31, 2016							
			Date	Amount						
General Improvements	8/1/02	\$ 10,450,000.00	8/1/17	\$ 418,000.00	4.250%	\$ 838,000.00		\$ 420,000.00		\$ 418,000.00
General Improvements	12/15/06	8,170,000.00				3,835,000.00		625,000.00	\$ 3,210,000.00	
Refunding Bonds Series 2016	11/23/16	3,235,000.00	12/15/17	660,000.00	1.370%					
			12/15/18	670,000.00	1.370%					
			12/15/19	655,000.00	1.370%					
			12/15/20	640,000.00	1.370%					
			12/15/21	610,000.00	1.370%	\$ 3,235,000.00			3,235,000.00	
General Improvements	8/15/11	5,819,000.00	08/15/17	370,000.00	1.500%					
			08/15/18	570,000.00	1.500%					
			08/15/19	590,000.00	1.500%					
			08/15/20	610,000.00	2.000%					
			08/15/21	630,000.00	2.000%					
			08/15/22	650,000.00	2.000%					
			08/15/23	669,000.00	2.000%	4,449,000.00		360,000.00		4,089,000.00
						<u>\$ 9,122,000.00</u>	<u>\$ 3,235,000.00</u>	<u>\$ 1,405,000.00</u>	<u>\$ 3,210,000.00</u>	<u>\$ 7,742,000.00</u>
			Ref.	C			C			

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Ord. No.	Improvement Description	Balance Dec. 31, 2015	Matured	Balance Dec. 31, 2016
09-17	Sanitary Sewer Lining and Pipe Replacing	\$ 699,017.75	\$ 83,495.75	\$ 615,522.00
14-10	Rehabilitation of Madison- Chatham Joint Meeting	1,019,016.95	50,474.57	968,542.38
09-10	Rehabilitation of Madison- Chatham Joint Meeting	396,485.07	23,320.34	373,164.73
		<u>2,114,519.77</u>	<u>157,290.66</u>	<u>1,957,229.11</u>
	<u>Ref.</u>	C		C

SANITARY SEWER LINING AND PIPE REPLACING
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2016

Year	Principal	Balance of Loan
		\$ 427,066.00
2/1/2017	\$ 21,165.25	405,900.75
8/1/2017	42,330.50	363,570.25
2/1/2018	21,165.25	342,405.00
8/1/2018	42,330.50	300,074.50
2/1/2019	21,165.25	278,909.25
8/1/2019	42,330.50	236,578.75
2/1/2020	21,165.25	215,413.50
8/1/2020	42,330.50	173,083.00
2/1/2021	21,165.25	151,917.75
8/1/2021	42,330.50	109,587.25
2/1/2022	21,165.25	88,422.00
8/1/2022	42,330.50	46,091.50
2/1/2023	21,165.25	24,926.25
8/1/2023	24,926.25	
	<u>\$ 427,066.00</u>	

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE
(Continued)

SANITARY SEWER LINING AND PIPE REPLACING
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2016

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 188,456.00
2/1/2017	\$ 6,437.50		188,456.00
8/1/2017	6,437.50	\$ 20,000.00	168,456.00
2/1/2018	5,937.50		168,456.00
8/1/2018	5,937.50	20,000.00	148,456.00
2/1/2019	5,437.50		148,456.00
8/1/2019	5,437.50	20,000.00	128,456.00
2/1/2020	5,037.50		128,456.00
8/1/2020	5,037.50	20,000.00	108,456.00
2/1/2021	4,537.50		108,456.00
8/1/2021	4,537.50	20,000.00	88,456.00
2/1/2022	4,237.50		88,456.00
8/1/2022	4,237.50	25,000.00	63,456.00
2/1/2023	3,737.50		63,456.00
8/1/2023	3,737.50	25,000.00	38,456.00
2/1/2024	3,237.50		38,456.00
8/1/2024	3,237.50	25,000.00	13,456.00
2/1/2025	2,737.50		13,456.00
8/1/2025	3,737.25	13,456.00	
	<u>\$ 83,674.75</u>	<u>\$ 188,456.00</u>	

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

REHABILITATION OF MADISON-CHATHAM JOINT MEETING
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2016

<u>Year</u>	<u>Principal</u>	<u>Balance of Loan</u>
		\$ 728,542.38
2/1/2017	\$ 13,491.52	715,050.86
8/1/2017	26,983.05	688,067.81
2/1/2018	13,491.52	674,576.29
8/1/2018	26,983.05	647,593.24
2/1/2019	13,491.52	634,101.72
8/1/2019	26,983.05	607,118.67
2/1/2020	13,491.52	593,627.15
8/1/2020	26,983.05	566,644.10
2/1/2021	13,491.52	553,152.58
8/1/2021	26,983.05	526,169.53
2/1/2022	13,491.52	512,678.01
8/1/2022	26,983.05	485,694.96
2/1/2023	13,491.52	472,203.44
8/1/2023	26,983.05	445,220.39
2/1/2024	13,491.52	431,728.87
8/1/2024	26,983.05	404,745.82
2/1/2025	13,491.52	391,254.30
8/1/2025	26,983.05	364,271.25
2/1/2026	13,491.52	350,779.73
8/1/2026	26,983.05	323,796.68
2/1/2027	13,491.52	310,305.16
8/1/2027	26,983.05	283,322.11
2/1/2028	13,491.52	269,830.59
8/1/2028	26,983.05	242,847.54
2/1/2029	13,491.52	229,356.02
8/1/2029	26,983.05	202,372.97
2/1/2030	13,491.52	188,881.45
8/1/2030	26,983.05	161,898.40
2/1/2031	13,491.52	148,406.88
8/1/2031	26,983.05	121,423.83
2/1/2032	13,491.52	107,932.31
8/1/2032	26,983.05	80,949.26
2/1/2033	13,491.52	67,457.74
8/1/2033	26,983.05	40,474.69
2/1/2034	13,491.52	26,983.17
8/1/2034	26,983.17	
	<u>\$ 728,542.38</u>	

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

REHABILITATION OF MADISON-CHATHAM JOINT MEETING
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2016

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 240,000.00
2/1/2017	\$ 5,350.00		240,000.00
8/1/2017	5,350.00	\$ 10,000.00	230,000.00
2/1/2018	5,100.00		230,000.00
8/1/2018	5,100.00	10,000.00	220,000.00
2/1/2019	4,850.00		220,000.00
8/1/2019	4,850.00	10,000.00	210,000.00
2/1/2020	4,600.00		210,000.00
8/1/2020	4,600.00	10,000.00	200,000.00
2/1/2021	4,350.00		200,000.00
8/1/2021	4,350.00	10,000.00	190,000.00
2/1/2022	4,100.00		190,000.00
8/1/2022	4,100.00	10,000.00	180,000.00
2/1/2023	3,850.00		180,000.00
8/1/2023	3,850.00	10,000.00	170,000.00
2/1/2024	3,600.00		170,000.00
8/1/2024	3,600.00	10,000.00	160,000.00
2/1/2025	3,350.00		160,000.00
8/1/2025	3,350.00	15,000.00	145,000.00
2/1/2026	2,975.00		145,000.00
8/1/2026	2,975.00	15,000.00	130,000.00
2/1/2027	2,600.00		130,000.00
8/1/2027	2,600.00	15,000.00	115,000.00
2/1/2028	2,300.00		115,000.00
8/1/2028	2,300.00	15,000.00	100,000.00
2/1/2029	2,000.00		100,000.00
8/1/2029	2,000.00	15,000.00	85,000.00
2/1/2030	1,700.00		85,000.00
8/1/2030	1,700.00	15,000.00	70,000.00
2/1/2031	1,400.00		70,000.00
8/1/2031	1,400.00	15,000.00	55,000.00
2/1/2032	1,100.00		55,000.00
8/1/2032	1,100.00	15,000.00	40,000.00
2/1/2033	800.00		40,000.00
8/1/2033	800.00	20,000.00	20,000.00
2/1/2034	400.00		20,000.00
8/1/2034	400.00	20,000.00	
	<u>\$ 108,850.00</u>	<u>\$ 240,000.00</u>	

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

REHABILITATION OF MADISON-CHATHAM JOINT MEETING
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2016

<u>Year</u>	<u>Principal</u>	<u>Balance of Loan</u>
		\$ 173,164.73
2/1/2017	\$ 4,440.11	168,724.62
8/1/2017	8,880.23	159,844.39
2/1/2018	4,440.11	155,404.28
8/1/2018	8,880.23	146,524.05
2/1/2019	4,440.11	142,083.94
8/1/2019	8,880.23	133,203.71
2/1/2020	4,440.11	128,763.60
8/1/2020	8,880.23	119,883.37
2/1/2021	4,440.11	115,443.26
8/1/2021	8,880.23	106,563.03
2/1/2022	4,440.11	102,122.92
8/1/2022	8,880.23	93,242.69
2/1/2023	4,440.11	88,802.58
8/1/2023	8,880.23	79,922.35
2/1/2024	4,440.11	75,482.24
8/1/2024	8,880.23	66,602.01
2/1/2025	4,440.11	62,161.90
8/1/2025	8,880.23	53,281.67
2/1/2026	4,440.11	48,841.56
8/1/2026	8,880.23	39,961.33
2/1/2027	4,440.11	35,521.22
8/1/2027	8,880.23	26,640.99
2/1/2028	4,440.11	22,200.88
8/1/2028	8,880.23	13,320.65
2/1/2029	4,440.11	8,880.54
8/1/2029	8,880.54	
	<u>173,164.73</u>	

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE
(Continued)

REHABILITATION OF MADISON-CHATHAM JOINT MEETING
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2016

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 200,000.00
2/1/2017	\$ 4,062.50		200,000.00
8/1/2017	4,062.50	\$ 10,000.00	190,000.00
2/1/2018	3,812.50		190,000.00
8/1/2018	3,812.50	10,000.00	180,000.00
2/1/2019	3,562.50		180,000.00
8/1/2019	3,562.50	15,000.00	165,000.00
2/1/2020	3,262.50		165,000.00
8/1/2020	3,262.50	15,000.00	150,000.00
2/1/2021	2,887.50		150,000.00
8/1/2021	2,887.50	15,000.00	135,000.00
2/1/2022	2,662.50		135,000.00
8/1/2022	2,662.50	15,000.00	120,000.00
2/1/2023	2,362.50		120,000.00
8/1/2023	2,362.50	15,000.00	105,000.00
2/1/2024	2,062.50		105,000.00
8/1/2024	2,062.50	15,000.00	90,000.00
2/1/2025	1,762.50		90,000.00
8/1/2025	1,762.50	15,000.00	75,000.00
2/1/2026	1,462.50		75,000.00
8/1/2026	1,462.50	15,000.00	60,000.00
2/1/2027	1,200.00		60,000.00
8/1/2027	1,200.00	20,000.00	40,000.00
2/1/2028	800.00		40,000.00
8/1/2028	800.00	20,000.00	20,000.00
2/1/2029	400.00		20,000.00
8/1/2029	400.00	20,000.00	
	<u>\$ 60,600.00</u>	<u>\$ 200,000.00</u>	

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Improvement Authorizations	Bond Anticipation Notes Issued	Refunding Bonds Issued	Improvement Authorizations Canceled	Balance Dec. 31, 2016
06-10	Various Improvements and Equipment	\$ 690.00					\$ 690.00
09-10	Improvements to Madison-Chatham Joint Meeting Facility	94,566.00					94,566.00
09-17	Sanitary Sewer Lining and Pipe Replacement	566,173.00					566,173.00
13-07	Various Public Improvements	320.00					320.00
14-10	Rehabilitation of Madison-Chatham Joint Meeting Facility	288,000.00					288,000.00
15-05	Various Improvements and Equipment	526.00				\$ 526.00	
16-02	Various General Improvements		\$ 1,020,775.00	\$ 1,020,775.00			
16-13	Refunding Bonds Issuance		3,850,000.00		\$ 3,235,000.00	615,000.00	
		<u>\$ 950,275.00</u>	<u>\$ 4,870,775.00</u>	<u>\$ 1,020,775.00</u>	<u>\$ 3,235,000.00</u>	<u>\$ 615,526.00</u>	<u>\$ 949,749.00</u>

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
WATER UTILITY FUND

BOROUGH OF CHATHAM
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	D	\$ 1,224,536.92	\$ 341,181.41
Increased by Receipts:			
Water Utility Collector		\$ 1,663,935.71	
Miscellaneous Revenue		4,455.08	
Due Current Fund - Sewer Rents		1,076,004.22	
Due General Capital Fund - Interfund Returned		10,000.00	
Due Water Utility Operating Fund:			
Interest Earned			\$ 1,412.71
Interfund Advanced			1,844.99
Appropriation Refunds		5,000.00	
2016 Budget Appropriation:			
Capital Improvement Fund			500,000.00
		<u>2,759,395.01</u>	<u>503,257.70</u>
		3,983,931.93	844,439.11
Decreased by Disbursements:			
2016 Appropriation Expenditures		1,638,750.69	
2015 Appropriation Reserve Expenditures		20,554.01	
Interest on Bonds		65,145.00	
Interest on Notes		9,577.15	
Refund of Water Rent Overpayments		3,283.33	
Due Current Fund:			
Sewer Rents		1,096,459.13	
Surplus Anticipated		75,000.00	
Due General Capital Fund - Interfund Advanced		401.68	
Due Water Utility Capital Fund:			
Interfund Advanced		1,844.99	
Prior Year Encumbrances Paid			22,609.82
Improvement Authorizations			276,872.89
		<u>2,911,015.98</u>	<u>299,482.71</u>
Balance December 31, 2016	D	<u>\$ 1,072,915.95</u>	<u>\$ 544,956.40</u>

BOROUGH OF CHATHAM
WATER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2016

Increased by Receipts:

Consumer Accounts Receivable:

Water Rents	\$ 1,642,550.30	
Miscellaneous Revenue	19,677.43	
Water Rent Overpayments	<u>1,707.98</u>	
		<u>\$ 1,663,935.71</u>

Decreased by:

Paid to Treasurer		<u><u>\$ 1,663,935.71</u></u>
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BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH

		Receipts		Disbursements		Transfers		Balance /	
		Balance	Budget		Improvement			(Deficit)	
		Dec. 31, 2015	Appropriation	Miscellaneous	Authorizations	Miscellaneous	From	To	Dec. 31, 2016
Capital Fund Balance		\$ 18,441.20							18,441.20
Capital Improvement Fund		13,472.02	\$ 500,000.00				\$ 356,785.00	\$ 12,000.00	\$ 168,687.02
Due Water Utility Operating Fund		1,844.99		\$ 3,257.70			12,000.00	7,536.00	638.69
Due General Capital Fund							185,915.00	108,923.17	(76,991.83)
Ord.									
No.	Improvement Description								
04-10	Various Improvements:								
	Replacement of Water Main (Main St)	(0.84)							(0.84)
	Automotive Vehicle	(25.33)							(25.33)
07-06	Various Purchases and Improvements	2,664.41			\$ 1,677.15				987.26
08-06	Various Purchases and Improvements	230.00							230.00
08-08	Various Purchases and Improvements	2.78							2.78
09-05	Various Purchases and Improvements	9,987.29			500.00	\$ 616.27			8,871.02
09-07	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	121.36							121.36
10-13	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	34,919.28			13,362.61				21,556.67
11-13	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	763.13			1,026.00				(262.87)
12-07	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	10,118.43			10,089.00		29.43		
13-08	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	107,423.64			1,038.26	200.00	102,058.89		4,126.49
14-05	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	44,396.36			2,680.53	283.73	3,184.03		38,248.07
15-06	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	88,322.69			38,771.13	21,499.82	3,650.82		24,400.92
15-10	Various Purchases and Improvements	8,500.00			69,850.00	10.00	7,536.00		(68,896.00)
16-03	Various Public Improvements and Acquisition of New Additional and Replacement Equipment				134,185.89			195,700.00	61,514.11
16-10	Various Improvements				3,692.32			347,000.00	343,307.68
		\$ 341,181.41	\$ 500,000.00	\$ 3,257.70	\$ 276,872.89	\$ 22,609.82	\$ 671,159.17	\$ 671,159.17	\$ 544,956.40

BOROUGH OF CHATHAM
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 77,607.11
Increased by:		
Billings		<u>1,689,343.67</u>
		1,766,950.78
Decreased by:		
Collections		<u>1,642,550.30</u>
Balance December 31, 2016	D	<u><u>\$ 124,400.48</u></u>

WATER UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

NOT APPLICABLE

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2015	Additions by Ordinance	Transfer from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2016
Pumping System Land	\$ 32,969.57			\$ 32,969.57
Springs and Wells	1,314,670.88			1,314,670.88
Pumping Station Structure	32,615.47			32,615.47
Electric Station Structure	62,901.82			62,901.82
Other Pumping Power Equipment	14,408.96			14,408.96
Miscellaneous Pumping Equipment	5,599.36			5,599.36
Storage Reservoirs, Tank and Standpipe	58,678.47			58,678.47
Distribution Mains and Accessories	2,847,425.93			2,847,425.93
Service Pipes and Stops	31,278.87			31,278.87
Meters, Meter Boxes and Valves	548,168.14		\$ 135,496.57	683,664.71
Fire Hydrants, Cisterns and Valves	197,291.87			197,291.87
General Equipment	48,663.85		87,000.00	135,663.85
Other Tangible Water Capital	830.00			830.00
Fence	7,671.42			7,671.42
Alarm System at Plant	1,506.62			1,506.62
Heating System	6,542.21			6,542.21
Office Machine	4,212.80			4,212.80
Automotive Equipment	3,595.31			3,595.31
Plant Automation	4,896.75			4,896.75
Water Chlorination Facilities	24,098.20			24,098.20
Replacement of Standpipe No 1	90,455.00			90,455.00
Low Water Main and Stabilize Banks of Day's Brook	3,756.88			3,756.88
Pick-up Trucks	59,223.27			59,223.27
Utility Truck	14,300.14			14,300.14
Preparation of Water Master Plan	4,000.00			4,000.00
Hydraulic Pavement Breaker	7,308.60			7,308.60
Computer Equipment	27,817.44			27,817.44
Hydraulic Boring Tool	6,847.02			6,847.02
Leak Detection Equipment	3,467.02			3,467.02
Storage Building	7,993.86			7,993.86
Emergency Repairs to Well # 2	30,000.00			30,000.00
Purchase Valve Replacements	2,744.89			2,744.89
Water System Inter-Connection Upgrade	9,908.25			9,908.25
Improvement of Garage	8,425.00			8,425.00
Communication Systems Upgrade	3,000.00			3,000.00
Clorination Equipment	21,581.90			21,581.90
Water Metering Upgrade	11,472.00			11,472.00
Tractor and Backhoe	19,333.12			19,333.12
Well Housing Improvements	22,599.03			22,599.03
Storage Tank Inspection	12,528.45			12,528.45
Improvements to Property-Paving	24,000.00			24,000.00
Electrical Improvements	6,500.00			6,500.00
Water Meters and Backhoe	89,000.00			89,000.00
Water Mains and Well #1 Rehabilitation	138,500.00			138,500.00
Improvements of Offices	74,756.50			74,756.50
Meter Reading Equipment	6,917.91		34,974.00	41,891.91
New Automotive Vehicle	28,325.33			28,325.33
Various Purchases	154,220.54			154,220.54
Bond Issuance Costs		\$ 5,000.00		5,000.00
	<u>\$ 6,137,008.65</u>	<u>\$ 5,000.00</u>	<u>\$ 257,470.57</u>	<u>\$ 6,399,479.22</u>

Ref.

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BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2015	2016 Authorizations		Costs to Fixed Capital	Improvement Authorizations Canceled	Balance Dec. 31, 2016
		Date	Amount		Capital Improvement Fund	Deferred Charges to Future Revenue			
07-06	Various Purchases and Improvements	02/12/07	\$ 86,520.00	\$ 86,520.00					\$ 86,520.00
08-06	Various Purchases and Improvements	03/24/08	72,000.00	72,000.00					72,000.00
08-08	Acquisition and Replacement of Equipment	04/14/08	61,800.00	61,800.00					61,800.00
09-05	Various purchases and Improvements	04/27/09	201,056.00	54,475.00					54,475.00
09-07	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	05/26/09	201,056.00	201,056.00					201,056.00
10-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	05/10/10	236,100.00	236,100.00					236,100.00
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	06/13/11	159,135.00	159,135.00					159,135.00
12-07	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/23/12	257,500.00	257,500.00			\$ 257,470.57	\$ 29.43	
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	3/25/13	201,056.00	305,000.00				102,058.89	202,941.11
14-05	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	4/28/14	201,056.00	119,000.00				3,184.03	115,815.97
15-06	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	4/27/15	201,056.00	191,000.00				3,650.82	187,349.18
15-10	Various Purchases and Improvements	9/14/15	170,000.00	170,000.00					170,000.00
16-03	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	4/25/16	195,700.00		\$ 9,785.00	\$ 185,915.00			195,700.00
16-10	Various Improvements	8/12/16	347,000.00		347,000.00				347,000.00
				<u>\$ 1,913,586.00</u>	<u>\$ 356,785.00</u>	<u>\$ 185,915.00</u>	<u>\$ 257,470.57</u>	<u>\$ 108,923.17</u>	<u>\$ 2,089,892.26</u>

Ref.

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BOROUGH OF CHATHAM
WATER UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 42,564.25	\$ 42,564.25		\$ 42,564.25
Other Expenses	49,911.90	49,911.90	\$ 20,554.01	29,357.89
Deferred Charges and Statutory Expenditures:				
Social Security System (O.A.S.I.)	2,804.01	2,804.01		2,804.01
	<u>\$ 95,280.16</u>	<u>\$ 95,280.16</u>	<u>\$ 20,554.01</u>	<u>\$ 74,726.15</u>

Ref.

Analysis of Balance December 31, 2015:

Appropriation Reserves:		
Unencumbered	D	\$ 80,196.99
Encumbered	D	<u>15,083.17</u>
		<u>\$ 95,280.16</u>

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance		2016 Authorizations		Paid or Charged	Improvement Authorizations Canceled	Balance	
				Dec. 31, 2015		Capital Improvement Fund	Deferred Charges to Future Revenue			Dec. 31, 2016	
		Date	Amount	Funded	Unfunded					Funded	Unfunded
07-06	Various Purchases and Improvements	02/12/07	\$ 86,520.00	\$ 2,664.41				\$ 1,677.15		\$ 987.26	
08-06	Various Purchases and Improvements	03/24/08	72,000.00	230.00						230.00	
08-08	Various Purchases and Improvements	04/14/08	61,800.00	2.78						2.78	
09-05	Various Purchases and Improvements	04/27/09	54,475.00	9,371.02				500.00		8,871.02	
09-07	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	05/26/09	201,056.00	121.36						121.36	
10-13	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	05/10/10	236,100.00	34,919.28				13,362.61		21,556.67	
11-13	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	06/13/11	159,135.00	763.13	\$ 980.00			1,026.00			\$ 717.13
12-07	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/23/12	257,500.00		10,118.43			10,089.00	\$ 29.43		
13-08	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	03/25/13	305,000.00		107,223.64			1,038.26	102,058.89		4,126.49
14-05	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/28/14	119,000.00		44,112.63			2,680.53	3,184.03		38,248.07
15-06	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/27/15	191,000.00		66,822.87			38,771.13	3,650.82		24,400.92
15-10	Various Purchases and Improvements	09/14/15	170,000.00	8,490.00	161,500.00			77,386.00			92,604.00
16-03	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/25/16	195,700.00			\$ 9,785.00	\$ 185,915.00	134,185.89			61,514.11
16-10	Various Improvements	09/26/16	347,000.00			347,000.00		3,692.32		343,307.68	
			\$ 56,561.98	\$ 390,757.57		\$ 356,785.00	\$ 185,915.00	\$ 284,408.89	\$ 108,923.17	\$ 375,076.77	\$ 221,610.72
		Ref.	D	D						D	D
							Cash Disbursed	\$ 276,872.89			
							Due to Water Operating Fund	7,536.00			
								\$ 284,408.89			

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 13,472.02
Increased by:		
2016 Budget Appropriation		<u>512,000.00</u>
		525,472.02
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>356,785.00</u>
Balance December 31, 2016	D	<u><u>\$ 168,687.02</u></u>

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 4,851,652.48
Increased by:		
Transfer from Deferred Reserve for Amortization		\$ 21,189.00
Paid by Water Utility Operating Budget:		
Serial Bonds		<u>215,000.00</u>
		<u>236,189.00</u>
Balance December 31, 2016	D	<u><u>\$ 5,087,841.48</u></u>

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Ord. Date	Balance Dec. 31, 2015	2016 Authorizations	Paid from Operating Budget Bond Anticipation Notes	Transfer to Reserve for Amortization	Balance Dec. 31, 2016
07-06	Various Purchases and Improvements	02/12/07	\$ 86,520.00				\$ 86,520.00
08-06	Various Purchases and Improvements	03/24/08	72,000.00				72,000.00
08-08	Acquisition and Replacement of Equipment	04/14/08	2,950.00				2,950.00
09-05	Various purchases and Improvements	04/27/09	54,475.00				54,475.00
09-07	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	05/26/09	10,056.00				10,056.00
10-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	05/10/10	11,800.00				11,800.00
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	06/13/11	7,635.00				7,635.00
12-07	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/23/12	12,900.00		\$ 8,289.00	\$ 21,189.00	
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	3/25/13	14,700.00		6,711.00		21,411.00
14-05	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	4/28/14	5,700.00				5,700.00
15-06	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	4/27/15	9,550.00				9,550.00
15-10	Various Purchases and Improvements	9/14/15	8,500.00				8,500.00
16-03	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/08/16		\$ 9,785.00			9,785.00
16-10	Various Improvements	8/12/16		347,000.00			347,000.00
			<u>\$ 296,786.00</u>	<u>\$ 356,785.00</u>	<u>\$ 15,000.00</u>	<u>\$ 21,189.00</u>	<u>\$ 647,382.00</u>
	<u>Ref.</u>		D				D

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Balance Dec. 31, 2016
		Issue of Original Note	Issue	Maturity					
12-07	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	7/23/13	7/16/2015 6/30/2016	7/16/2016 2/17/2017	1.25% 2.00%	\$ 229,600.00	\$ 221,281.57	\$ 229,600.00	\$ 221,281.57
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	7/23/13	7/16/2015 6/30/2016	7/16/2016 2/17/2017	1.25% 2.00%	290,300.00	181,530.11	290,300.00	181,530.11
14-05	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	7/23/14	7/16/2015 6/30/2016	7/16/2016 2/17/2017	1.25% 2.00%	113,300.00	110,115.97	113,300.00	110,115.97
15-06	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	7/16/15	7/16/2015 6/30/2016	7/16/2016 2/17/2017	1.25% 2.00%	181,450.00	177,799.18	181,450.00	177,799.18
16-03	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	6/30/16	6/30/2016	2/17/2017	2.00%		185,915.00		185,915.00
						<u>\$ 814,650.00</u>	<u>\$ 876,641.83</u>	<u>\$ 814,650.00</u>	<u>\$ 876,641.83</u>

Ref.

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Issued for Cash - Due from General Capital Fund	\$ 185,915.00	
Renewals	690,726.83	\$ 690,726.83
Deferred Charges to Future Revenue Cancelled -		
Due to General Capital Fund		108,923.17
Paid by Budget Appropriation		<u>15,000.00</u>
	<u>\$ 876,641.83</u>	<u>\$ 814,650.00</u>

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Defeased	Balance Dec. 31, 2016
			December 31, 2016							
			Date	Amount						
Water Bonds	8/1/02	\$ 1,274,000.00	8/1/17	\$ 75,000.00	4.250%	\$ 554,000.00		\$ 70,000.00		\$ 484,000.00
			8/1/18	75,000.00	4.375%					
			8/1/19	80,000.00	4.500%					
			8/1/20	80,000.00	4.500%					
			8/1/21	85,000.00	4.625%					
			8/1/22	89,000.00	4.750%					
Water Bonds	12/15/06	945,000.00				655,000.00		60,000.00	\$ 595,000.00	
Water Bonds	8/15/11	916,000.00	08/15/17	85,000.00	2.000%	716,000.00		85,000.00		631,000.00
			08/15/18	90,000.00	2.000%					
			08/15/19	90,000.00	2.000%					
			08/15/20	90,000.00	2.250%					
			08/15/21	90,000.00	2.375%					
			08/15/22	90,000.00	2.500%					
			08/15/23	96,000.00	2.500%					
Water Bonds Refunding Series 2016	11/23/16	600,000.00	12/15/17	65,000.00	1.370%			\$ 600,000.00		600,000.00
			12/15/18	65,000.00	1.370%					
			12/15/19	65,000.00	1.370%					
			12/15/20	65,000.00	1.370%					
			12/15/21	60,000.00	1.370%					
			12/15/22	60,000.00	1.370%					
			12/15/23	60,000.00	1.370%					
			12/15/24	55,000.00	1.370%					
			12/15/25	55,000.00	1.370%					
			12/15/26	50,000.00	1.370%					
						\$ 1,925,000.00	\$ 600,000.00	\$ 215,000.00	\$ 595,000.00	\$ 1,715,000.00
Ref.						D				D

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2016

Ord. No.	Improvement Description	Balance Dec. 31, 2015	2016 Improvement Authorizations	Bond Anticipation Notes Issued	Balance Dec. 31, 2016
04-10	Various Improvements:				
	Replacement of Water Main (Main St)	\$ 0.84			\$ 0.84
	Automotive Vehicle	25.33			25.33
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	980.00			980.00
15-10	Various Purchases and Improvements	161,500.00			161,500.00
16-03	Various Public Improvements and Acquisition of New Additional and Replacement Equipment		\$ 185,915.00	\$ 185,915.00	
		<u>\$ 162,506.17</u>	<u>\$ 185,915.00</u>	<u>\$ 185,915.00</u>	<u>\$ 162,506.17</u>

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
SOLID WASTE UTILITY FUND

BOROUGH OF CHATHAM
SOLID WASTE UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2015	E	\$ 304,945.82
Increased by Receipts:		
Solid Waste Collector	\$ 528,176.85	
Miscellaneous Revenue	3,932.89	
Recycling Tonnage Grant	34,911.43	
Appropriation Refunds	2,491.57	
		<u>569,512.74</u>
		874,458.56
Decreased by Disbursements:		
2016 Appropriation Expenditures	523,733.54	
2015 Appropriation Reserve Expenditures	5,534.94	
Due Current Fund:		
Interfund Returned	21,878.52	
		<u>551,147.00</u>
Balance December 31, 2016	E	<u>\$ 323,311.56</u>

BOROUGH OF CHATHAM
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2016

Increased by Receipts:

Consumer Accounts Receivable:

Solid Waste User Fees

\$ 526,523.15

Solid Waste User Fee Overpayments

1,653.70\$ 528,176.85

Decreased by:

Paid to Treasurer

\$ 528,176.85

BOROUGH OF CHATHAM
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 11,307.02
Increased by:		
Billings		<u>528,820.14</u>
		540,127.16
Decreased by:		
Collections		<u>526,523.15</u>
Balance December 31, 2016	E	<u><u>\$ 13,604.01</u></u>

BOROUGH OF CHATHAM
SOLID WASTE UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2015	Balance Dec. 31, 2016
Solid Waste Utility Improvements	<u>\$ 18,000.00</u>	<u>\$ 18,000.00</u>
	<u>\$ 18,000.00</u>	<u>\$ 18,000.00</u>
<u>Ref.</u>	E	E

BOROUGH OF CHATHAM
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 12,074.85	\$ 12,074.85		\$ 12,074.85
Other Expenses	37,520.21	37,520.21	\$ 5,534.94	31,985.27
Capital Improvements:				
Capital Outlay	15,000.00	15,000.00		15,000.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	1,672.74	1,672.74		1,672.74
	<u>\$ 66,267.80</u>	<u>\$ 66,267.80</u>	<u>\$ 5,534.94</u>	<u>\$ 60,732.86</u>

Ref.

Analysis of Balance December 31, 2015:

Appropriation Reserves:		
Unencumbered	E	\$ 61,825.36
Encumbered	E	<u>4,442.44</u>
		<u>\$ 66,267.80</u>

BOROUGH OF CHATHAM
SOLID WASTE UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2015	E	<u>\$ 18,000.00</u>
Balance December 31, 2016	E	<u><u>\$ 18,000.00</u></u>

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2016
PUBLIC ASSISTANCE FUND

BOROUGH OF CHATHAM
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Ref.</u>	<u>P.A.T.F. II</u>
Balance December 31, 2015	F	<u>\$ 17,867.01</u>
Decreased by Disbursements:		
Remitted to the State of New Jersey		<u><u>\$ 17,867.01</u></u>

BOROUGH OF CHATHAM

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

BOROUGH OF CHATHAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2016

Name of Federal Agency or Department	C.F.D.A. Account Number	State Program Account Number	Federal Program	Federal Project	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	MEMO	
					From	To				Cumulative Total Expenditures	Amounts Provided to Subrecipients
U.S. Department of Justice	16.607	N/A	Bulletproof Vest Program	N/A	1/1/2015	12/31/2017	\$ 334.59	\$ 334.59			
	16.607	N/A	Bulletproof Vest Program	N/A	1/1/2016	12/31/2017	2,447.91	2,447.91			
Total U.S. Department of Justice								2,782.50			
U.S. Department of Transportation (Passed Through NJ Department of Transportation)	20.205	6320-480-078 -6320-606	NJ Transportation Trust Fund Authority Act	Lafayette Avenue and Front Street	4/10/2015	4/10/2017	190,000.00	131,463.75	\$ 190,000.00	\$ 190,000.00	
Total US Department of Transportation								131,463.75	190,000.00	190,000.00	
TOTAL FEDERAL AWARDS								\$ 134,246.25	\$ 190,000.00	\$ 190,000.00	\$ -0-

N/A - Not Applicable/Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF CHATHAM
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

Name of State Agency or Department	Name of Program	State Program Account Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	MEMO
			From	To				Cumulative Total Expenditures
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-066-1110- 260-YYYY	1/1/15	12/31/17	\$ 3,161.53		\$ 338.00	\$ 1,767.32
							338.00	1,767.32
	Body Armor Replacement Fund	718-066-1020- 001-090160	1/1/16	12/31/17	2,023.77	\$ 2,023.77		
			1/1/15	12/31/17	2,099.69		873.06	873.06
			1/1/14	12/31/16	2,688.61		2,688.61	2,688.61
			1/1/13	12/31/16	2,669.14		2,669.14	2,669.14
			1/1/12	12/31/16	2,076.18		2,076.18	2,076.18
			1/1/11	12/31/16	2,118.94		946.62	2,118.94
					2,023.77		9,253.61	10,425.93
	Total Department of Law and Public Safety						2,023.77	9,591.61
Department of Health and Senior Services	Alcohol Education, Rehabilitation and Enforcement Fund (Trust)	760-098-9735- 001-060000	1/1/16	12/31/17	60.43	60.43		
						60.43		
Total Department of Health and Senior Services						60.43		
Department of Environmental Protection	Clean Communities Program	765-042-4900- 004-178910	1/1/16	12/31/17	19,220.94	19,220.94	11,256.76	11,256.76
						19,220.94	11,256.76	11,256.76
	Recycling Tonnage Grant	100-042-4910- 224-238490	1/1/16	12/31/16	34,911.43	34,911.43	34,911.43	34,911.43
						34,911.43	34,911.43	34,911.43
	Consolidated Forest Mangament Plan	100-042-4870- 038-110230	1/1/16	12/31/16	3,000.00	3,000.00	3,000.00	3,000.00
Total Department of Environmental Protection						54,132.37	46,168.19	46,168.19
TOTAL STATE AWARDS						\$ 56,156.14	\$ 55,759.80	\$ 58,361.44

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF CHATHAM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the "Schedules") include the federal and state grant activity of the Borough of Chatham under programs of the federal and state governments for the year ended December 31, 2016. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough of Chatham, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough of Chatham.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

D. STATE LOANS OUTSTANDING

The Borough of Chatham has the following loans outstanding as of December 31, 2016:

New Jersey Environmental Infrastructure Trust Loan \$1,957,229.11

The Borough entered into two agreements with the New Jersey Environmental Infrastructure Trust in fiscal year 2009 to borrow \$521,967 to finance Sanitary Sewer Relining and Pipe Replacement, and 1,658,750 for the Madison-Chatham Joint Meeting. In 2015 the Borough entered an agreement with the New Jersey Environmental Infrastructure Trust to borrow \$1,046,000 for the Madison-Chatham Joint Meeting. As of December 31, 2016, a total of \$2,692,520 has been expended by the Borough.



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax
Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Chatham
Chatham, New Jersey

We have audited, in accordance with 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 financial statements – *regulatory basis* - of the various funds of the Borough of Chatham, in the County of Morris (the "Borough") as of, and for the years ended, December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 1, 2017. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That report contained a qualified opinion on the financial statements as the amount that should be recorded in the general fixed assets account group could not be determined.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough'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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable Mayor and Members
of the Borough Council
Borough of Chatham
Page 2

Compliance and Other Matters


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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Borough'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
June 1, 2017


NISIVOCCIA LLP


Francis Jones
Certified Public Accountant
Registered Municipal Accountant No. 442

BOROUGH OF CHATHAM
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Borough prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no significant deficiencies, or material weaknesses disclosed during the audit of the financial statements is reported in the *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*.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2016 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the Single Audit threshold.

BOROUGH OF CHATHAM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

There were no prior audit findings.

BOROUGH OF CHATHAM

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

BOROUGH OF CHATHAM
COMMENTS AND RECOMMENDATIONS

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

N.J.S.A. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent.

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

BOROUGH OF CHATHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch 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. None were noted.

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, utility charges or assessments on or before the date when they would become delinquent.

On January 4, 2016, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Chatham that pursuant to N.J.S.A. 54:4-67 the rate of interest on delinquent taxes and installments of assessments for local improvements shall be eight (8%) percent per annum of the first \$1,500.00 and eighteen (18%) percent per annum on any amounts in excess of \$1,500.00, and additional six (6%) percent per annum for those properties whose delinquency of taxes equals or exceeds \$10,000.00, except that the Tax Collector is hereby authorized to waive the collection of interest for a period not exceeding ten calendar days after the due date for the current year taxes in each quarter, i.e., February first, May first, August first, and November first.

BE IT FURTHER RESOLVED, that there will be a \$5.00 charge for a duplicate copy of a property tax bill."

It appears from tests of the Collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held on December 21, 2016.

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>
2016	1
2015	1
2014	1

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

BOROUGH OF CHATHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

Effective January 2011, the Borough of Chatham Municipal Court was combined with the Madison Borough Municipal Court as a Joint Municipal Court.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough is in compliance with these requirements.

Fixed Asset Accounting and Reporting Records

During our review of the Borough's fixed assets records it was noted that certain activity was not properly recorded. It is recommended that the Borough employ a fixed asset appraisal company to ensure that all activity is properly recorded.

Management Response

The Borough will investigate hiring a fixed asset appraisal company to accurately and properly reflect all fixed asset activity.

Payroll Reconciliation and Analysis of Balance

During our review of payroll records it was noted that both the net payroll and payroll agency reconciliations were not prepared on a monthly basis. Additionally, an analysis of balance was not prepared for the payroll agency account. It was also noted that unemployment insurance was not properly flowing through the unemployment trust fund. It is recommended that all payroll reconciliations and an analysis of balance be prepared in a timely manner, and that management ensure that unemployment insurance properly flows through the unemployment trust.

Management Response

Management will ensure that both the net payroll and payroll agency account reconciliations and analysis of balance will be prepared in a timely manner. Further, management will also ensure that unemployment insurance is properly recorded and paid out of the unemployment trust fund.

Tax Overpayments

During our review of the tax collectors records it was noted that there are a large number of tax overpayments that have accrued over several years. It is recommended the tax collector review the tax overpayments for refund or cancellation.

BOROUGH OF CHATHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Response

The tax collector will review all overpaid balances and either refund or cancel any outstanding balances.

Management Suggestions

The next Governmental Accounting Standards Board ("GASB") statement which will have a significant impact on the Borough will be GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, will be effective for the year ending December 31, 2018. This standard replaces GASB No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. It is similar to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* GASB No. 68 in that successful implementation of this standard will require the provision of certain key financial and non-financial information from the New Jersey Division of Pensions.

During our review of the Federal and State Grant Fund as well as the General Capital Fund it was noted that there are a number of older grants with receivables and unexpended appropriation balances. It is our suggestion that the Borough review grant balances for continued recognition.

It was noted that the Borough has not adopted a formal policy regarding the Borough's operating fund balance. Stability in fund balance is a crucial aspect in both budgeting, and debt issuance, therefore we are suggesting the Borough consider developing a formal fund balance policy. Additionally the Borough should review and consider establishing a policy for reserves for self-insurance, pending tax appeals, storm recovery, and accumulated compensated absences.

The Borough has a fiduciary responsibility to its employees related to the deferred compensation plans offered by the Borough. The Borough should consider a periodic review of the benefits, features, costs, and performance of its deferred compensation plans and make that information available to employees to assist employees in making suitable choices for investing their retirement funds while fulfilling the Borough's fiduciary responsibilities.

During our review of the General Capital Funds it was noted that there were minor deficits in Ordinances #09-10 and #11-13. We suggest that the Borough review all old improvement authorizations and provide financing to permanently fund these minor amounts.

Corrective Action Plan

There were no prior year audit findings.

BOROUGH OF CHATHAM
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Borough employ a fixed asset appraisal company to ensure that all activity is properly recorded.
2. All payroll reconciliations and an analysis of balance be prepared in a timely manner, and that management ensure that unemployment insurance properly flows through the unemployment trust.
3. The tax collector review the tax overpayments for refund or cancellation.

* * * * *