

BOROUGH OF WHARTON

COUNTY OF MORRIS

REPORT OF AUDIT

2016

*NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF WHARTON
COUNTY OF MORRIS
REPORT OF AUDIT
2016

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BOROUGH OF WHARTON

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* – of the various funds of the Borough of Wharton in the County of Morris (the "Borough") as of, and for the years ended December 31, 2016 and 2015, and the related notes to financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Wharton
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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 the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2016 and 2015, and the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Qualified Opinion

The Borough's general fixed assets account group is stated at historical cost or estimated historical cost, except for land and buildings which are stated at assessed and replacement values, respectively, in the year in which they were originally recorded. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects on the December 31, 2016 and 2015 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Wharton as of December 31, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the 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.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the Borough implemented Governmental Accounting Standards Board ("GASB") Statement No. 77, *Tax Abatement Disclosures* during the year ended December 31, 2016. Our opinions are not modified with respect to this matter.

The Honorable Mayor and Members
of the Borough Council
Borough of Wharton
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Other Matters

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 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*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2017 on our consideration of the Borough of Wharton'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 of Wharton's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
March 6, 2017

NISIVOCCIA LLP


Raymond G. Sarinelli
Registered Municipal Accountant No. 383
Certified Public Accountant

BOROUGH OF WHARTON

COUNTY OF MORRIS

2016

CURRENT FUND

BOROUGH OF WHARTON
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 5,935,448.78	\$ 6,488,322.92
Change Fund		100.00	100.00
		<u>5,935,548.78</u>	<u>6,488,422.92</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	210,173.34	222,824.13
Tax Title Liens Receivable	A-8	56,277.30	47,157.56
Property Acquired for Taxes at Assessed Valuation		71,300.00	71,300.00
Due Animal Control Fund	B	5,658.83	2,656.59
Revenue Accounts Receivable	A-9	20,326.58	13,092.89
		<u>363,736.05</u>	<u>357,031.17</u>
Total Receivables and Other Assets with Full Reserves		<u>363,736.05</u>	<u>357,031.17</u>
Total Regular Fund		<u>6,299,284.83</u>	<u>6,845,454.09</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	28,774.28	27,524.68
Grants Receivable	A-10	59,377.85	43,256.65
		<u>88,152.13</u>	<u>70,781.33</u>
Total Federal and State Grant Fund		<u>88,152.13</u>	<u>70,781.33</u>
TOTAL ASSETS		<u><u>\$ 6,387,436.96</u></u>	<u><u>\$ 6,916,235.42</u></u>

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

		December 31,	
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	2016	2015
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 65,409.63	\$ 94,999.80
Unencumbered	A-3;A-11	1,070,758.86	1,038,971.02
		1,136,168.49	1,133,970.82
Contracts Payable - Vendors		53,797.60	36,264.46
Due Other Trust Funds	B		261,107.65
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		12,619.67	11,619.67
Marriage License Fees		525.00	750.00
County Added and Omitted Taxes Payable		589.50	573.50
Prepaid Taxes		97,256.96	84,097.16
Tax Overpayments		38,592.21	19,632.50
Reserve for:			
Pending Tax Appeals		588,886.11	390,157.84
Sale of Municipal Assets		1,831,585.06	1,831,585.06
		3,760,020.60	3,769,758.66
Reserve for Receivables and Other Assets	A	363,736.05	357,031.17
Fund Balance	A-1	2,175,528.18	2,718,664.26
		6,299,284.83	6,845,454.09
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves:			
Unencumbered	A-14	85,790.56	65,937.25
Encumbered		257.60	2,660.20
Unappropriated Reserves	A-15	2,103.97	2,183.88
		88,152.13	70,781.33
Total Federal and State Grant Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 6,387,436.96	\$ 6,916,235.42

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

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

	Ref.	<u>Year Ended December 31,</u>	
		<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 2,516,294.00	\$ 1,157,794.00
Miscellaneous Revenue Anticipated		2,910,059.82	2,836,895.72
Receipts from:			
Delinquent Taxes		226,618.24	225,528.02
Current Taxes		19,541,902.32	19,492,569.95
Nonbudget Revenue		768,374.16	746,704.97
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		748,623.26	624,594.65
Reserve for Pending Tax Appeals Canceled			307,779.24
Interfunds Returned		2,656.59	7,072.50
		<u>26,714,528.39</u>	<u>25,398,939.05</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		8,766,080.10	7,273,900.31
County Taxes		1,693,494.12	1,692,274.33
Local School District Taxes		8,949,315.00	8,782,212.00
Regional High School Taxes		4,025,069.00	4,242,159.00
Special Garbage District Taxes		1,071,014.40	1,048,859.00
Local Open Space Taxes		98,515.75	97,827.12
Reserve for Pending Tax Appeals		129,723.27	
Prior Year Senior Citizens' Deductions Disallowed		2,500.00	3,250.00
Interfunds Advanced		5,658.83	2,656.59
		<u>24,741,370.47</u>	<u>23,143,138.35</u>
Excess in Revenues/Statutory Excess to Fund Balance		1,973,157.92	2,255,800.70
<u>Fund Balance</u>			
Balance January 1		<u>2,718,664.26</u>	<u>1,620,657.56</u>
		4,691,822.18	3,876,458.26
Decreased by:			
Utilized as Anticipated Revenue		<u>2,516,294.00</u>	<u>1,157,794.00</u>
Balance December 31	A	<u>\$ 2,175,528.18</u>	<u>\$ 2,718,664.26</u>

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

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

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 2,516,294.00		\$ 2,516,294.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	7,000.00		7,200.00	\$ 200.00
Other	9,625.00		8,855.00	770.00 *
Fees and Permits - Other	28,450.00		25,387.44	3,062.56 *
Fines and Costs - Municipal Court	184,300.00		158,818.69	25,481.31 *
Interest and Costs on Taxes	39,960.00		49,410.39	9,450.39
Interest on Investments and Deposits	8,950.00		35,098.05	26,148.05
Rents - Borough Lease	47,800.00		50,268.58	2,468.58
Consolidated Municipal Property Tax Relief Aid	10,965.00		10,965.00	
Energy Receipts Tax	538,746.00		538,746.00	
Uniform Construction Code Fees	68,300.00		106,651.00	38,351.00
Shared Service Agreement - Mine Hill Township	1,542,790.00		1,542,790.00	
Clean Communities Grant		\$ 13,620.02	13,620.02	
Alcohol Education and Rehabilitation Fund		1,087.77	1,087.77	
Municipal Alliance on Alcoholism and Drug Abuse		11,978.00	11,978.00	
Body Armor Replacement Fund	2,183.88		2,183.88	
New Jersey Highlands Council		25,000.00	25,000.00	
Water Utility Operating Surplus of Prior Year	129,000.00		129,000.00	
Sewer Utility Operating Surplus of Prior Year	193,000.00		193,000.00	
	<u>2,811,069.88</u>	<u>51,685.79</u>	<u>2,910,059.82</u>	<u>47,304.15 *</u>
Receipt from Delinquent Taxes	<u>223,000.00</u>		<u>226,618.24</u>	<u>3,618.24</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	3,710,262.47		4,250,660.52	540,398.05
Minimum Library Tax	219,833.53		219,833.53	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>3,930,096.00</u>		<u>4,470,494.05</u>	<u>540,398.05</u>
Budget Totals	<u>9,480,459.88</u>	<u>51,685.79</u>	<u>10,123,466.11</u>	<u>\$ 591,320.44</u>
Nonbudget Revenue			768,374.16	
	<u>\$ 9,480,459.88</u>	<u>\$ 51,685.79</u>	<u>\$ 10,891,840.27</u>	

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

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 19,541,902.32
Allocated to County, Local School District, Regional High School and Local Open Space Taxes	16,057,241.80
Balance for Support of Municipal Budget	3,484,660.52
 Add: Appropriation "Reserve for Uncollected Taxes"	 766,000.00
Realized for Support of Municipal Budget	\$ 4,250,660.52

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 226,618.24
Realized for Support of Municipal Budget	\$ 226,618.24

Analysis of Interest on Investments and Deposits:

Collected/Received by Treasurer	\$ 35,098.05
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Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:

Cable TV Franchise Fees	\$ 87,015.13	
Outside Detail - Administrative Fees	10,566.85	
Joint Insurance Fund Dividend	17,476.00	
State of New Jersey:		
Uniform Fire Code Local Enforcement Agency Rebates	15,666.63	
Senior Citizens' and Veterans' Deductions Administrative Reimbursement	955.00	
Homestead Rebate Administrative Reimbursement	257.40	
Fire Safety Fees	6,004.00	
Prior Year Appropriation Refunds	15,405.01	
Copies	23.10	
Police Reports/Copies	1,675.00	
Scrap Metal	2,128.00	
Other Miscellaneous Revenue	10,792.47	
	167,964.59	
Due from Animal Control Fund - Statutory Excess	5,658.83	
	173,623.42	\$

Tax Collector:

Payments in Lieu of Taxes	593,159.25	
Other Miscellaneous Revenue	1,591.49	
	594,750.74	
	768,374.16	\$

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

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

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
GENERAL GOVERNMENT:					
General Administration:					
Salaries and Wages	\$ 117,577.00	\$ 117,577.00	\$ 104,851.96	\$ 12,725.04	
Other Expenses	40,250.00	40,250.00	35,556.66	4,693.34	
Mayor and Council:					
Salaries and Wages	73,440.00	73,440.00	73,440.00		
Other Expenses	23,700.00	23,700.00	18,113.36	5,586.64	
Municipal Clerk:					
Salaries and Wages	40,375.00	40,375.00	39,570.48	804.52	
Other Expenses	11,450.00	11,450.00	10,864.57	585.43	
Financial Administration:					
Salaries and Wages	55,945.00	55,945.00	46,607.49	9,337.51	
Other Expenses	23,355.00	23,355.00	23,207.30	147.70	
Other Expenses - Computer Maintenance/Support	15,000.00	15,000.00	13,510.20	1,489.80	
Annual Audit	28,000.00	28,000.00		28,000.00	
Workers' Compensation Insurance	25,391.00	25,391.00	24,176.66	1,214.34	
Liability Insurance	60,117.00	60,117.00	57,553.14	2,563.86	
Group Insurance for Employees	621,370.00	617,870.00	350,808.51	267,061.49	
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00		
Tax Assessment Administration:					
Salaries and Wages	39,455.00	39,455.00	38,468.66	986.34	
Other Expenses	2,700.00	2,700.00	1,309.62	1,390.38	
Revision of Tax Map	10,100.00	10,100.00		10,100.00	
Other Expenses - Tax Appeals	70,000.00	70,000.00	12,982.50	57,017.50	
Revenue Administration (Tax Collection):					
Salaries and Wages	35,465.00	35,465.00	31,769.31	3,695.69	
Other Expenses	6,250.00	6,250.00	5,631.49	618.51	
Engineering Services and Costs:					
Other Expenses	34,000.00	37,500.00	37,147.25	352.75	

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

	<u>Appropriation</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>	
GENERAL GOVERNMENT (Cont'd):					
Legal Services and Costs:					
Other Expenses	\$ 58,000.00	\$ 58,000.00	\$ 39,699.07	\$ 18,300.93	
Codification of Ordinances	6,500.00	6,500.00	3,365.02	3,134.98	
Public Buildings and Grounds:					
Salaries and Wages	35,870.00	35,870.00	33,720.79	2,149.21	
Other Expenses	14,724.00	19,724.00	16,988.50	2,735.50	
Municipal Land Use Law (NJSA 40:55D-1):					
Land Use Board:					
Salaries and Wages	11,470.00	11,470.00	10,663.52	806.48	
Other Expenses	12,660.00	24,660.00	14,554.74	10,105.26	
Zoning Board of Adjustment:					
Salaries and Wages	40,360.00	40,360.00	39,590.19	769.81	
PUBLIC SAFETY:					
Aid to Volunteer Fire Company	44,569.00	44,569.00	30,109.71	14,459.29	
Fire Department:					
Other Expenses - Building Rent	30,883.00	30,883.00	30,883.00		
Police:					
Salaries and Wages	942,090.00	917,590.00	749,999.44	167,590.56	
Other Expenses	223,350.00	223,350.00	220,037.98	3,312.02	
Dispatchers:					
Other Expenses	135,400.00	135,400.00		135,400.00	
Emergency Management Services:					
Salaries and Wages	3,570.00	3,570.00	3,570.00		
Other Expenses	5,350.00	5,350.00	348.00	5,002.00	

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

	<u>Appropriation</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>	
PUBLIC WORKS:					
Street and Road Repairs and Maintenance:					
Salaries and Wages	\$ 288,940.00	\$ 288,940.00	\$ 254,295.14	\$ 34,644.86	
Other Expenses	193,400.00	193,400.00	191,876.87	1,523.13	
HEALTH AND HUMAN SERVICES:					
Board of Health:					
Salaries and Wages	43,675.00	43,675.00	35,096.87	8,578.13	
Other Expenses	62,785.00	62,785.00	56,897.56	5,887.44	
Mandated Inoculations - Hepatitis B Vaccine	500.00	500.00		500.00	
Animal Control:					
Salaries and Wages	2,500.00	2,500.00	45.00	2,455.00	
Other Expenses	4,000.00	4,000.00		4,000.00	
Contribution to Senior Citizen Center (R.S. 40:48-9.4)	2,500.00	2,500.00	2,500.00		
RECREATION AND EDUCATION:					
Parks and Playgrounds:					
Other Expenses	18,450.00	19,950.00	19,950.00		
Recreation:					
Salaries and Wages	18,765.00	18,765.00	18,361.13	403.87	
Other Expenses	32,894.00	32,894.00	22,395.99	10,498.01	
Celebration of Public Events, Anniversary or Holiday (R.S. 40:48-5.4)	20,700.00	20,700.00	16,798.34	3,901.66	
Senior Citizen Van:					
Salaries and Wages	32,620.00	32,620.00	29,261.25	3,358.75	
Other Expenses	3,500.00	3,500.00	3,488.50	11.50	
UTILITIES:					
Bulk Utilities	222,200.00	222,200.00	112,990.87	109,209.13	

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

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries and Wages	\$ 88,305.00	\$ 88,305.00	\$ 80,725.31	\$ 7,579.69	
Other Expenses	3,200.00	3,200.00	2,873.67	326.33	
Other Code Enforcement Functions:					
Housing Inspector:					
Salaries and Wages	28,350.00	28,350.00	27,589.88	760.12	
Other Expenses	3,800.00	3,800.00	1,830.66	1,969.34	
Fire Safety:					
Salaries and Wages	14,745.00	14,745.00	13,259.21	1,485.79	
Other Expenses	4,500.00	4,500.00	2,583.49	1,916.51	
UNCLASSIFIED:					
Regionalization Feasibility Study	3,000.00	3,000.00		3,000.00	
Evaluation/Upgrade Office Hardware/Software:					
Other Expenses	8,000.00	8,000.00		8,000.00	
Total Operations Within "CAPS"	<u>4,005,065.00</u>	<u>3,999,065.00</u>	<u>3,016,918.86</u>	<u>982,146.14</u>	
Detail:					
Salaries and Wages	1,913,517.00	1,889,017.00	1,630,885.63	258,131.37	
Other Expenses	<u>2,091,548.00</u>	<u>2,110,048.00</u>	<u>1,386,033.23</u>	<u>724,014.77</u>	
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	106,657.00	106,657.00	106,657.00		
Social Security System (O.A.S.I.)	146,430.00	146,430.00	95,501.05	50,928.95	
Police and Firemen's Retirement System of NJ	485,509.00	491,509.00	491,491.35	17.65	
Defined Contribution Retirement System	<u>10,000.00</u>	<u>10,000.00</u>	<u>3,660.69</u>	<u>6,339.31</u>	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>748,596.00</u>	<u>754,596.00</u>	<u>697,310.09</u>	<u>57,285.91</u>	

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

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 4,753,661.00	\$ 4,753,661.00	\$ 3,714,228.95	\$ 1,039,432.05	
Operations Excluded from "CAPS":					
Maintenance of Free Public Library	219,833.53	219,833.53	219,833.53		
Supplemental Library Funding	23,611.47	23,611.47	23,611.47		
Shared Service Agreements:					
Mine Hill Township:					
Police - Salaries and Wages	1,542,790.00	1,542,790.00	1,542,790.00		
Dover - Shared Court	125,500.00	125,500.00	96,333.00	29,167.00	
Public and Private Programs Offset by Revenue:					
Clean Communities Grant (NJSA 40A:4-87 +\$13,620.02)		13,620.02	13,620.02		
Safe and Secure Communities Program					
Municipal Alliance on Alcoholism and Drug Abuse - (NJSA 40A:4-87 +\$11,978.00)		11,978.00	11,978.00		
Matching Funds:					
Municipal Alliance on Alcoholism and Drug Abuse	4,880.00	4,880.00	3,494.50	1,385.50	
Body Armor Replacement Fund	2,183.88	2,183.88	2,183.88		
New Jersey Highlands Council (NJSA 40A:4-87 +\$25,000.00)		25,000.00	25,000.00		
Alcohol Education, Rehabilitation and Enforcement Fund - (NJSA 40A:4-87 +\$1,087.77)		1,087.77	1,087.77		
Total Operations Excluded from "CAPS"	1,918,798.88	1,970,484.67	1,939,932.17	30,552.50	
Detail:					
Salaries and Wages	1,542,790.00	1,542,790.00	1,542,790.00		
Other Expenses	376,008.88	427,694.67	397,142.17	30,552.50	

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

	<u>Appropriation</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>	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00		
Capital Project - Various	580,000.00	580,000.00	579,225.69	\$ 774.31	
Down Payments on Improvements:					
Senior Bus	7,500.00	7,500.00	7,500.00		
Emergency Service Vehicles	31,000.00	31,000.00	31,000.00		
Total Capital Improvements - Excluded from "CAPS"	<u>1,618,500.00</u>	<u>1,618,500.00</u>	<u>1,617,725.69</u>	<u>774.31</u>	
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes and Capital Notes	420,000.00	420,000.00	420,000.00		
Interest on Notes	3,500.00	3,500.00	3,434.43		\$ 65.57
Total Municipal Debt Service - Excluded from "CAPS"	<u>423,500.00</u>	<u>423,500.00</u>	<u>423,434.43</u>		<u>65.57</u>
Total General Appropriations - Excluded from "CAPS"	<u>4,709,394.88</u>	<u>4,767,080.67</u>	<u>4,678,402.38</u>	<u>88,612.72</u>	<u>65.57</u>
Subtotal General Appropriations	8,714,459.88	8,766,145.67	7,695,321.24	1,070,758.86	65.57
Reserve for Uncollected Taxes	<u>766,000.00</u>	<u>766,000.00</u>	<u>766,000.00</u>		
Total General Appropriations	<u>\$ 9,480,459.88</u>	<u>\$ 9,532,145.67</u>	<u>\$ 8,461,321.24</u>	<u>\$ 1,070,758.86</u>	<u>\$ 65.57</u>

Ref.

A

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

	<u>Ref.</u>	<u>Analysis of</u> <u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>
Adopted Budget		\$ 9,480,459.88	
Added by NJSA 40A:4-87		<u>51,685.79</u>	
		<u>\$ 9,532,145.67</u>	
Reserve for Uncollected Taxes			\$ 766,000.00
Reserve for Encumbrances	A		65,409.63
Due Federal and State Grant Fund			57,364.17
Cash Disbursed			<u>7,800,026.24</u>
			8,688,800.04
Less: Appropriation Refunds Received			<u>227,478.80</u>
			<u>\$ 8,461,321.24</u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
TRUST FUNDS

BOROUGH OF WHARTON
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 29,024.03	\$ 28,087.19
Change Fund - Collector		100.00	100.00
		<u>29,124.03</u>	<u>28,187.19</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	4,384,202.89	4,061,203.41
Due Current Fund	A		261,107.65
		<u>4,384,202.89</u>	<u>4,322,311.06</u>
TOTAL ASSETS		<u><u>\$ 4,413,326.92</u></u>	<u><u>\$ 4,350,498.25</u></u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State of New Jersey		\$ 137.40	\$ 1,177.80
Due Current Fund	A	5,658.83	2,656.59
Reserve for Animal Control Expenditures	B-6	23,327.80	24,352.80
		<u>29,124.03</u>	<u>28,187.19</u>
Other Trust Funds:			
Due State of New Jersey - Department of Community Affairs State Training Fees		6,043.00	5,269.00
Special Deposits		3,026,012.80	2,935,259.17
Reserve for:			
Unemployment Insurance Fund		111,055.58	108,925.66
Municipal Court - Parking Offense Adjudication Act		732.00	732.00
Police Outside Detail		39,689.92	39,793.28
Police Forfeited Assets		22,148.65	18,052.74
Municipal Open Space		26,564.67	23,381.06
Housing Trust		194,406.79	224,761.36
Wharton Pride		299,974.75	310,312.12
Accumulated Absences		197,864.03	197,864.03
Relocation Assistance Fund		6,869.14	6,869.14
Self Insurance Deductible		70,202.63	70,202.63
Recreation Trust		3,945.45	3,026.37
Storm Recovery		378,693.48	377,862.50
		<u>4,384,202.89</u>	<u>4,322,311.06</u>
TOTAL LIABILITIES AND RESERVES		<u><u>\$ 4,413,326.92</u></u>	<u><u>\$ 4,350,498.25</u></u>

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

BOROUGH OF WHARTON
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

BOROUGH OF WHARTON
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
GENERAL CAPITAL FUND

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

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 651,903.12	\$ 829,452.24
Grants Receivable:			
Morris County Historic Preservation Trust Fund		27,852.00	
Deferred Charges to Future Taxation:			
Funded		133,165.56	161,173.04
Unfunded	C-4		420,000.00
TOTAL ASSETS		<u>\$ 812,920.68</u>	<u>\$ 1,410,625.28</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Green Acres Program - Green Trust Loan Payable	C-9	\$ 133,165.56	\$ 161,173.04
Bond Anticipation Notes	C-7		420,000.00
Improvement Authorizations:			
Funded	C-5	476,129.93	589,670.61
Unfunded	C-5		74,656.44
Capital Improvement Fund	C-6	20,563.27	20,563.27
Reserve for:			
Emergency Services Vehicles		31,000.00	
Garbage Truck		14,500.00	14,500.00
Main Street Improvements		84,564.69	84,564.69
Senior Bus		52,500.00	45,000.00
Fund Balance	C-1	497.23	497.23
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 812,920.68</u>	<u>\$ 1,410,625.28</u>

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

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

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 497.23
Balance December 31, 2016	C	<u>\$ 497.23</u>

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

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
WATER UTILITY FUND

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

		December 31,	
	Ref.	2016	2015
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 1,404,824.27	\$ 1,338,829.07
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	97,101.00	51,868.45
Total Operating Fund		1,501,925.27	1,390,697.52
Capital Fund:			
Cash and Cash Equivalents	D-4	3,906,473.85	178,930.98
Due from Developer's Agreement		3,000,000.00	3,000,000.00
Fixed Capital	D-7	9,194,587.61	9,169,605.61
Fixed Capital Authorized and Uncompleted	D-8	5,919,000.00	3,975,000.00
Total Capital Fund		22,020,061.46	16,323,536.59
TOTAL ASSETS		\$ 23,521,986.73	\$ 17,714,234.11

BOROUGH OF WHARTON
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	\$ 469,117.71	\$ 475,261.25
Encumbered	D-3;D-9	47,922.17	100,640.37
		517,039.88	575,901.62
Deferred Revenue:			
Developer's Agreement - MUA Loan Repayment		12,361.11	12,361.11
Water Rent Overpayments		3,729.68	4,726.38
Accrued Interest on Notes		4,788.64	2,844.22
Accrued Interest on Loans		2,584.86	3,053.17
		540,504.17	598,886.50
Reserve for Receivables	D	97,101.00	51,868.45
Fund Balance	D-1	864,320.10	739,942.57
		1,501,925.27	1,390,697.52
Total Operating Fund			
Capital Fund:			
Loans Payable:			
Developer's MUA	D-16	24,372.82	71,749.72
NJEIT Loan Payable	D-16A	241,375.65	261,874.53
Bond Anticipation Notes Payable	D-14	1,873,000.00	1,643,000.00
Improvement Authorizations:			
Funded	D-10	3,038,973.17	2,792,927.96
Unfunded	D-10	1,541,806.63	366,093.97
Capital Improvement Fund	D-11	50,229.48	77,229.48
Reserve for Water Tank		3,500,000.00	
Reserve for Payment of Debt Service		25,353.70	25,353.70
Reserve for Amortization	D-12	8,290,839.14	7,807,981.36
Deferred Reserve for Amortization	D-13	3,433,785.00	3,260,000.00
Fund Balance	D-1A	325.87	17,325.87
		22,020,061.46	16,323,536.59
Total Capital Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 23,521,986.73	\$ 17,714,234.11

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

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

	Ref.	Year Ended December 31,	
		2016	2015
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 525,000.00	\$ 525,000.00
Water Rents		2,030,806.79	1,882,566.10
Miscellaneous Revenue Anticipated		59,983.06	12,895.46
Developer's Agreement - MUA Loan Repayment		49,444.44	49,444.44
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		376,391.92	395,231.42
Total Income		<u>3,041,626.21</u>	<u>2,865,137.42</u>
<u>Expenditures</u>			
Operating		1,614,128.00	1,554,663.00
Capital Improvements		110,000.00	110,000.00
Debt Service		479,570.68	485,290.81
Deferred Charges and Statutory Expenditures		59,550.00	60,500.00
Total Expenditures		<u>2,263,248.68</u>	<u>2,210,453.81</u>
Excess in Revenues/Statutory Excess to Fund Balance		778,377.53	654,683.61
<u>Fund Balance</u>			
Balance January 1		739,942.57	760,258.96
		1,518,320.10	1,414,942.57
Decreased by:			
Utilized as Anticipated Revenue:			
Water Utility Operating Budget		525,000.00	525,000.00
Current Fund Budget		129,000.00	150,000.00
Balance December 31	D	<u>\$ 864,320.10</u>	<u>\$ 739,942.57</u>

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

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 17,325.87
Decrease by:		
Appropriated to Finance Improvement Authorizations		<u>17,000.00</u>
Balance December 31, 2016	D	<u><u>\$ 325.87</u></u>

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

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

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 525,000.00	\$ 525,000.00	
Water Rents	1,687,733.00	2,030,806.79	\$ 343,073.79
Miscellaneous Revenue	12,500.00	59,983.06	47,483.06
Developer's Agreement - MUA Loan Repayment	49,445.00	49,444.44	0.56 *
	<u>\$ 2,274,678.00</u>	<u>\$ 2,665,234.29</u>	<u>\$ 390,556.29</u>

Analysis of Water Rents

Collections	\$ 2,028,303.33	
Overpayments Applied	<u>2,503.46</u>	
		<u>\$ 2,030,806.79</u>

Analysis of Miscellaneous Revenue

Collector:		
New Meter Fees	\$ 4,097.44	
Fines	720.00	
Final Fees	2,519.68	
Interest and Costs on Delinquent Water Rents	2,774.61	
Fire Standby Fees	3,300.00	
Water Taps and Connections	4,500.00	
Water Turn On/Off Fees	2,919.23	
Pond View Standby Water Fee	30,991.35	
Hydrant Permits	1,100.00	
Miscellaneous	<u>2,245.38</u>	
		\$ 55,167.69

Treasurer:

Interest on Investments and Deposits:		
Collected/Received by Treasurer		<u>4,815.37</u>
		<u>\$ 59,983.06</u>

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

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

	<u>Appropriation</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	\$ 343,917.00	\$ 343,917.00	\$ 291,585.08	\$ 52,331.92	
Other Expenses	1,270,211.00	1,270,211.00	880,506.11	389,704.89	
Capital Improvements:					
Capital Improvement Fund	50,000.00	50,000.00	50,000.00		
Capital Outlay	60,000.00	60,000.00	42,598.00	17,402.00	
Debt Service:					
Payment of Notes	390,000.00	390,000.00	390,000.00		
Interest on Notes	20,000.00	20,000.00	15,379.60		\$ 4,620.40
Developer's MUA Loan Repayment	51,000.00	51,000.00	49,142.80		1,857.20
NJEIT Loan	30,000.00	30,000.00	25,048.28		4,951.72
Statutory Expenditures:					
Public Employees' Retirement System	23,150.00	23,150.00	23,150.00		
Contribution to Social Security System (O.A.S.I.)	31,400.00	31,400.00	21,721.10	9,678.90	
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00		
	<u>\$ 2,274,678.00</u>	<u>\$ 2,274,678.00</u>	<u>\$ 1,794,130.97</u>	<u>\$ 469,117.71</u>	<u>\$ 11,429.32</u>
				D	
Cash Disbursed			\$ 1,724,513.90		
Accrued Interest on:					
Bond Anticipation Notes			15,379.60		
MUA Loan Repayment			1,765.90		
NJEIT Loan			4,549.40		
Encumbrances		D	47,922.17		
			<u>\$ 1,794,130.97</u>		

Ref.

D

D

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

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
SEWER UTILITY FUND

BOROUGH OF WHARTON
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2016	2015
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-4	\$ 1,211,266.68	\$ 1,075,622.36
Change Fund		100.00	100.00
		<u>1,211,366.68</u>	<u>1,075,722.36</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-6	76,895.73	77,276.51
		<u>76,895.73</u>	<u>77,276.51</u>
Total Receivables with Full Reserves		<u>76,895.73</u>	<u>77,276.51</u>
Total Operating Fund		<u>1,288,262.41</u>	<u>1,152,998.87</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	244,693.25	310,178.28
Fixed Capital	E-7	5,265,772.39	5,265,772.39
Fixed Capital Authorized and Uncompleted	E-8	485,000.00	485,000.00
Total Capital Fund		<u>5,995,465.64</u>	<u>6,060,950.67</u>
TOTAL ASSETS		<u><u>\$ 7,283,728.05</u></u>	<u><u>\$ 7,213,949.54</u></u>

BOROUGH OF WHARTON
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

	Ref.	December 31,	
		2016	2015
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 337,608.24	\$ 252,621.47
Encumbered	E-3;E-9	36,700.00	11,940.65
		374,308.24	264,562.12
Sewer Rent Overpayments		3,066.98	3,559.78
Accrued Interest on Notes		687.74	941.72
		378,062.96	269,063.62
Reserve for Receivables	E	76,895.73	77,276.51
Fund Balance	E-1	833,303.72	806,658.74
		1,288,262.41	1,152,998.87
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	E-14	269,000.00	544,000.00
Improvement Authorizations:			
Funded	E-10	102,150.49	
Unfunded	E-10	188,531.23	484,375.00
Capital Improvement Fund	E-11	60,569.47	50,569.47
Reserve for Amortization	E-12	5,176,772.39	4,901,772.39
Deferred Reserve for Amortization	E-13	118,208.25	
Fund Balance	E-1A	80,233.81	80,233.81
		5,995,465.64	6,060,950.67
Total Capital Fund			
		\$ 7,283,728.05	\$ 7,213,949.54
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 7,283,728.05	\$ 7,213,949.54

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

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 335,000.00	\$ 335,000.00
Sewer User Charges		1,638,627.43	1,538,872.79
Miscellaneous Revenue Anticipated		81,469.89	25,028.44
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		228,914.09	343,479.09
		<u>2,284,011.41</u>	<u>2,242,380.32</u>
<u>Expenditures</u>			
Operating		1,344,772.00	1,288,197.00
Capital Improvements		50,000.00	45,000.00
Debt Service		279,194.43	278,724.03
Deferred Charges and Statutory Expenditures		55,400.00	55,440.00
		<u>1,729,366.43</u>	<u>1,667,361.03</u>
Excess in Revenues/Statutory Excess to Fund Balance		554,644.98	575,019.29
<u>Fund Balance</u>			
Balance January 1		806,658.74	738,639.45
		<u>1,361,303.72</u>	<u>1,313,658.74</u>
Decreased by:			
Utilized as Anticipated Revenue:			
Sewer Utility Operating Budget		335,000.00	335,000.00
Current Fund Budget		193,000.00	172,000.00
		<u>833,303.72</u>	<u>806,658.74</u>
Balance December 31	E	<u>\$ 833,303.72</u>	<u>\$ 806,658.74</u>

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

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 80,233.81
Balance December 31, 2016	E	\$ 80,233.81

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

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

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Operating Surplus Anticipated	\$ 335,000.00	\$ 335,000.00	
Sewer User Charges	1,382,252.00	1,638,627.43	\$ 256,375.43
Miscellaneous Revenue	24,920.00	81,469.89	56,549.89
	<u>\$ 1,742,172.00</u>	<u>\$ 2,055,097.32</u>	<u>\$ 312,925.32</u>

Analysis of Sewer User Charges

Collections	\$ 1,635,090.94	
Overpayments Applied	3,536.49	
	<u>\$ 1,638,627.43</u>	

Analysis of Miscellaneous Revenue

Collector:		
Sewer Permits	\$ 1,750.00	
Interest and Costs on Delinquent Sewer User Charges	8,556.91	
Rockaway Valley Regional Sewerage Authority (RVRSA) - Refund	37,284.89	
Connection Fees	23,450.00	
Miscellaneous	7,441.20	
	<u>\$ 78,483.00</u>	
Treasurer:		
Interest on Investments and Deposits: Collected/Received by Treasurer		2,986.89
		<u>\$ 81,469.89</u>

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

	<u>Appropriation</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	\$ 315,932.00	\$ 315,932.00	\$ 268,161.67	\$ 47,770.33	
Other Expenses	1,028,840.00	1,028,840.00	753,317.39	275,522.61	
Capital Improvements:					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
Capital Outlay	40,000.00	40,000.00	36,700.00	3,300.00	
Debt Service:					
Payment of Notes	275,000.00	275,000.00	275,000.00		
Interest on Notes	17,000.00	17,000.00	4,194.43		\$ 12,805.57
Statutory Expenditures:					
Public Employees' Retirement System	20,400.00	20,400.00	20,400.00		
Contribution to Social Security System (O.A.S.I.)	30,000.00	30,000.00	18,984.70	11,015.30	
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00		
	<u>\$ 1,742,172.00</u>	<u>\$ 1,742,172.00</u>	<u>\$ 1,391,758.19</u>	<u>\$ 337,608.24</u>	<u>\$ 12,805.57</u>
				E	
Cash Disbursed			\$ 1,350,863.76		
Accrued Interest on Notes			4,194.43		
Encumbrances Payable	E		36,700.00		
			<u>\$ 1,391,758.19</u>		

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

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
SPECIAL GARBAGE DISTRICT FUND

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		<u>2016</u>	<u>2015</u>
<u>ASSETS</u>			
Cash and Cash Equivalents:	H-4	\$ 792,864.77	\$ 679,191.58
TOTAL ASSETS		<u>\$ 792,864.77</u>	<u>\$ 679,191.58</u>
 <u>RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Unencumbered	H-3;H-6	\$ 246,734.45	\$ 224,879.96
Encumbered	H-3;H-6	<u>722.07</u>	<u>28,585.32</u>
		247,456.52	253,465.28
Fund Balance	H-1	<u>545,408.25</u>	<u>425,726.30</u>
TOTAL RESERVES AND FUND BALANCE		<u>\$ 792,864.77</u>	<u>\$ 679,191.58</u>

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

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

	Ref.	<u>Year Ended December 31,</u>	
		<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated		\$ 78,900.00	\$ 78,900.00
District Tax		1,071,014.40	1,048,859.00
Nonbudget Revenue		26,433.56	6,702.25
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		172,148.39	47,698.06
		<u>1,348,496.35</u>	<u>1,182,159.31</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,087,484.40	1,064,249.50
Statutory Expenditures		62,430.00	63,510.00
		<u>1,149,914.40</u>	<u>1,127,759.50</u>
Excess in Revenues/Statutory Excess to Fund Balance		198,581.95	54,399.81
<u>Fund Balance</u>			
Balance January 1		425,726.30	450,226.49
		<u>624,308.25</u>	<u>504,626.30</u>
Decreased by:			
Utilized as Anticipated Revenue:		78,900.00	78,900.00
Balance December 31	H	<u>\$ 545,408.25</u>	<u>\$ 425,726.30</u>

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

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 78,900.00	\$ 78,900.00	
Special District Tax	1,071,014.40	1,071,014.40	
Budget Totals	1,149,914.40	1,149,914.40	<u>\$ -0-</u>
Nonbudget Revenue		26,433.56	
	<u>\$ 1,149,914.40</u>	<u>\$ 1,176,347.96</u>	

Analysis of Nonbudget Revenue

Interest on Investments and Deposits	\$ 1,456.41
Sale of Garbage Stickers	6,546.00
Recycling Tonnage Grant	17,630.88
Miscellaneous	800.27
	<u>\$ 26,433.56</u>

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

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 344,657.00	\$ 344,657.00	\$ 323,230.90	\$ 21,426.10
Other Expenses	742,827.40	742,827.40	527,826.84	215,000.56
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	25,030.00	25,030.00	25,030.00	
Social Security System (O.A.S.I.)	32,400.00	32,400.00	22,092.21	10,307.79
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00	
	<u>\$ 1,149,914.40</u>	<u>\$ 1,149,914.40</u>	<u>\$ 903,179.95</u>	<u>\$ 246,734.45</u>
<u>Ref.</u>				H
Cash Disbursed			\$ 902,457.88	
Encumbrances	H		722.07	
			<u>\$ 903,179.95</u>	

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

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
GENERAL FIXED ASSETS ACCOUNT GROUP
(Unaudited)

BOROUGH OF WHARTON
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Unaudited)

	December 31,	
	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Land and Improvements	\$ 21,004,403.00	\$ 20,254,403.00
Buildings and Improvements	6,246,754.00	6,199,478.00
Equipment	5,914,312.00	5,073,450.00
TOTAL ASSETS	<u>\$ 33,165,469.00</u>	<u>\$ 31,527,331.00</u>
<u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 33,165,469.00</u>	<u>\$ 31,527,331.00</u>
TOTAL RESERVES	<u>\$ 33,165,469.00</u>	<u>\$ 31,527,331.00</u>

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

BOROUGH OF WHARTON
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 Wharton include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Wharton, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Wharton do not include the operations of the municipal library or the Volunteer Emergency Services.

Governmental Accounting Standards Board ("GASB") Codification 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 GASB 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 Wharton 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 Wharton 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 Fund - Receipt, 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 WHARTON
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)

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

Special Garbage District Fund - Collection of special district taxes to provide for the costs of garbage collection.

General Fixed Assets Account Group (Unaudited) - Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E - "Other significant accounting policies".

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 measurements 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 and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes 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 charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee 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.

BOROUGH OF WHARTON
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)

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. 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 fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough'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; Federal and State grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Utility Capital Funds would be depreciated and the Borough's net pension liability and related inflows and outflows would be recorded.

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

- 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 that 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 loans or by 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 WHARTON
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 cost 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.

General Fixed Assets (Unaudited)

General fixed assets are recorded at estimated historical cost except for land which is recorded at 2013 assessed values, and buildings which are recorded at 2013 replacement values. 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. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for 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 and Utility Capital Funds. The values recorded in the General Fixed Assets Account Group and the Current, Utility Operating and Capital 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 Utility Funds is recorded in the Utility Capital accounts at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. 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 costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

- F. Budget/Budgetary Control - Annual appropriated budgets are usually prepared in the first quarter for the Current operating, utility, Special Garbage District 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.

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

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 and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$ 133,166	\$ 581,173	\$1,210,629
Water Utility:			
Notes and Loans	2,138,748	1,976,624	2,371,991
Sewer Utility:			
Notes	<u>269,000</u>	<u>544,000</u>	<u>639,000</u>
Total Issued	<u>2,540,914</u>	<u>3,101,797</u>	<u>4,221,620</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes			39,985
Water Utility:			
Bonds and Notes	1,250,215	100,000	
Sewer Utility:			
Bonds and Notes	<u>186,792</u>	<u>305,000</u>	<u>185,000</u>
Total Authorized but not Issued	<u>1,437,007</u>	<u>405,000</u>	<u>224,985</u>
Less:			
Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve for Payment of Debt Service:			
Water Utility Capital Fund	<u>25,354</u>	<u>25,354</u>	<u>654</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 3,952,567</u>	<u>\$ 3,481,443</u>	<u>\$ 4,445,951</u>

BOROUGH OF WHARTON
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

	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/16</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 420,000		\$ 420,000	
Water Utility	1,643,000	\$ 620,000	390,000	\$ 1,873,000
Sewer Utility	544,000		275,000	269,000
Loans Payable:				
General Capital Fund:				
Green Trust Loan	161,173		28,007	133,166
Water Utility:				
Developer's MUA	71,750		47,377	24,373
NJEIT	261,874		20,499	241,375
Total	<u>\$ 3,101,797</u>	<u>\$ 620,000</u>	<u>\$ 1,180,883</u>	<u>\$ 2,540,914</u>

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/15</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 1,022,000		\$ 602,000	\$ 420,000
Water Utility	1,972,000	\$ 70,000	399,000	1,643,000
Sewer Utility	639,000	180,000	275,000	544,000
Loans Payable:				
General Capital Fund:				
Green Trust Loan	188,629		27,456	161,173
Water Utility:				
Developer's MUA	117,359		45,609	71,750
NJEIT	282,632		20,758	261,874
Total	<u>\$ 4,221,620</u>	<u>\$ 250,000</u>	<u>\$ 1,369,823</u>	<u>\$ 3,101,797</u>

BOROUGH OF WHARTON
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 .020%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School District Debt	\$ 1,942,443	\$ 1,942,443	
Local School District Debt	1,689,000	1,689,000	
Water Utility Debt	3,388,963	3,388,963	
Sewer Utility Debt	455,792	455,792	
General Debt	<u>133,166</u>		<u>\$ 133,166</u>
	<u>\$ 7,609,364</u>	<u>\$ 7,476,198</u>	<u>\$ 133,166</u>

Net Debt: \$133,166 divided by Average Equalized Valuations of \$664,530,420 of Real Property = .020%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 23,258,565
Net Debt	<u>133,166</u>
Remaining Borrowing Power	<u>\$ 23,125,399</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	\$ 2,665,234
Deductions:	
Operating and Maintenance Cost	\$ 1,673,678
Debt Service	<u>479,571</u>
Total Deductions	<u>2,153,249</u>
Excess in Revenue	<u>\$ 511,985</u>

BOROUGH OF WHARTON
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", Sewer Utility
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,055,097
Deductions:		
Operating and Maintenance Cost	\$ 1,400,172	
Debt Service	<u>279,194</u>	
Total Deductions		<u>1,679,366</u>
Excess in Revenue		<u>\$ 375,731</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.

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

The Borough's debt issued and outstanding on December 31, 2016 is described as follows:

General Capital Green Trust Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
Acquisition of Open Space	08/11/01	02/11/21	2.0%	<u>\$ 133,166</u>

Water Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
Water System Improvements	10/14/16	10/13/17	1.18%	<u>\$ 1,873,000</u>

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

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

Water Utility Capital Developer's MUA Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
Morris County MUA Inter-Connect	05/01/02	05/01/17	3.82%	<u>\$ 24,373</u>

Water Utility Capital NJEIT Loan

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
Various Water System Improvements	11/10/05	08/01/25	4.0%- 5.0%	<u>\$ 241,375</u>

Sewer Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>
Sewer System Improvements	10/14/16	10/13/17	1.18%	<u>\$ 269,000</u>
Total Debt Issued and Outstanding				<u>\$ 2,540,914</u>

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

<u>Calendar Year</u>	<u>General Capital</u>		<u>Water Utility Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 28,570	\$ 2,521	\$ 52,847	\$ 6,181	\$ 90,119
2018	29,145	1,947	28,086	5,231	64,409
2019	29,731	1,361	27,674	4,594	63,360
2020	30,328	764	27,262	3,956	62,310
2021	15,392	154	26,825	3,281	45,652
Thereafter:					
2022-2025			<u>103,054</u>	<u>6,563</u>	<u>109,617</u>
Total	<u>\$ 133,166</u>	<u>\$ 6,747</u>	<u>\$ 265,748</u>	<u>\$ 29,806</u>	<u>\$ 435,467</u>

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

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

NJ Environmental Infrastructure Trust (EIT) Loan

On November 1, 2005, the Borough of Wharton entered into a NJ Environmental Infrastructure Financing Program loan agreement with the State of New Jersey, acting by and through the NJ Department of Environmental Protection. The Fund loan portion is \$230,596 and the Trust loan portion is \$235,000. The aggregate amount of \$465,596 represents direct obligations of the Borough. The loan proceeds were obtained to finance a portion of the cost of water system improvement projects. At December 31, 2016, the Borough had borrowed or "drawn down" \$465,596 for these projects. The loan balance as of the end of the year is \$241,375.

Principal payments to the Fund commenced August 1, 2006, and will continue on a semiannual basis over 20 years at zero interest. Principal payments to the Trust commenced August 1, 2007, and will continue on a semiannual basis over 19 years at 4.0%-5.0% interest. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings on the debt service reserve fund (as defined in the bond resolution) will be transferred to such capitalized interest account. The Borough will nonetheless be responsible for all such interest payments to the extent such trust bond proceeds and interest earnings are not available from the capitalized interest account. Also, an annual administrative fee of up to one percent (1.0%) of the initial principal amount of the loan or such lesser amount, if any, as may be authorized by any act of the NJ State Legislature and as the State may approve from time to time is payable on this loan.

Green Acres - Green Trust Loan

This program was developed by the New Jersey Department of Environmental Protection to provide low interest loans to local governments for the acquisition, preservation and improvement of land for recreation.

Through December 31, 2016, the Borough has borrowed funds under one project. The loan balance as of the end of the year is \$133,166.

Payments of principal and interest on a loan are required to be made once the funds earmarked for a specific project have been completely drawn down. Payments commenced nine months after the final drawdown date and are to continue on a semi-annual basis over a period of 20 years. Interest on the loan is at the rate of 2% annually on the outstanding balance.

Net Pension Liability

The State of New Jersey Public Employees' Retirement System's (PERS) net pension liability was calculated to be \$4,575,519 at December 31, 2015. The State of New Jersey Police and Firemen's Retirement System's (PFRS) net pension liability was calculated to be \$9,339,933 at December 31, 2015. See Note 6 for further information on the PERS and PFRS.

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

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2016 which are expected to be appropriated and included as anticipated revenue in their own respective funds in the budget for the year ending December 31, 2017 are unknown as of the date of this audit as the budget has not been introduced.

Note 4: 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 no deferred charges.

Note 5: Local or 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 Wharton has elected not to defer school taxes.

Note 6: 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.

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:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 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

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

(Continued)

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and 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 member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 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 \$175,237 for 2016.

The employee contribution rate was 7.06% effective July 1, 2015 and increased to 7.20% effective July 1, 2016. Subsequent 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.

Pension Liabilities and Pension Expense

At December 31, 2015, the Borough's liability was \$4,575,519 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 0.0204%, which was a decrease of 0.0025% 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.

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

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

For the year ended December 31, 2016, the Borough recognized actual pension expense in the amount of \$175,237.

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	2.15 – 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 retirees.

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. 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 table on the following page.

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

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%

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 actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on 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 WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 6: 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%	Current	1%
	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
Borough's proportionate share of the Net Pension Liability	\$ 5,686,811	\$ 4,575,519	\$ 3,643,821

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.

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

Note 6: Pension Plans (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PFRS:

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

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

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 amount is 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 ended June 30, 2015 State special funding situation pension expense is the actuarially determined contribution amount that the State owes for the fiscal year ended June 30, 2015.

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

Note 6: Pension Plans (Cont'd)

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

Special Funding Situation (Cont'd)

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 \$491,491 for 2016. During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$42,637 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$102,168.

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

Pension Liabilities and Pension Expense

At December 31, 2015, the Borough's liability for its proportionate share of the net pension liability was \$9,339,933. 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 0.0561%, which was a decrease of 0.006% 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 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.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$819,081 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 0.0561%, which was a decrease of 0.006% from its proportion measured as of June 30, 2014 which is the same proportion as the Borough's. The Borough 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 OF WHARTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 6: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Borough's Proportionate Share of the Net Pension Liability	\$ 9,339,933
State's Proportionate Share of the Net Pension Liability Associated with the Borough	819,081
Total Net Pension Liability	\$ 10,159,014

For the year ended December 31, 2016, the Borough recognized total pension expense of \$491,491.

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%

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.

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

Note 6: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	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%

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 at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the average of the last five years of 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.

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

Note 6: Pension Plans (Cont'd)

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

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 Net Pension Liability and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 13,392,806	\$ 10,159,014	\$ 7,522,146

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.

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.

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

Note 6: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (continued):

For DCRP, the Borough recognized a pension expense of \$3,879 for 2016. Employee contributions to DCRP were \$7,112 for 2016.

Note 7: Accrued Sick and Vacation Benefits

Members of the Borough Police and Public Works Departments are permitted to accrue a limited amount of unused sick and compensatory time, which may be taken as time off or paid upon retirement or separation at the employee's current rate of compensation upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$257,075. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation will be included in the Borough's budget operating expenditures in the year in which it is used.

Municipal (nonunion) employees are permitted to accrue unused vacation up to a maximum of 10 days and unused sick time up to a certain maximum depending upon years of service ranging from 15 to 25 years which may be taken as time off or paid upon retirement or separation at the employee's current rate of compensation upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$51,126. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation will be included in the Borough's budget operating expenditures in the year in which it is used.

The above amounts are partially funded by the Reserve for Accumulated Absences of \$197,864 on the Other Trust Funds balance sheet at December 31, 2016.

Note 8: Deferred Compensation Plan

The Borough 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 The Hartford Life Insurance Company and Equitable, 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 9: 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 the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

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

Note 9: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$ 3.011</u>	<u>\$ 3.024</u>	<u>\$ 3.057</u>

Apportionment of Tax Rate

Municipal	0.580	0.571	0.562
Municipal Library	0.033	0.034	0.035
County	0.258	0.261	0.277
Local School	1.363	1.347	1.331
Regional High School	0.613	0.650	0.697
Special District	0.164	0.161	0.155

Assessed Valuations

2016	<u>\$ 656,771,700</u>		
2015		<u>\$ 652,180,800</u>	
2014			<u>\$ 648,182,800</u>

Comparison of Tax Levies and Collections Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 19,782,080	\$ 19,541,902	98.78%
2015	19,728,573	19,492,570	98.80%
2014	19,833,602	19,596,722	98.80%

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.

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

Note 10: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, 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.

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 on the following page.

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 New Jersey 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 on deposit.

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least 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.

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

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

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;
- (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 Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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 section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

Note 10: Cash and Cash Equivalents and Investments (Cont'd)

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

<u>Fund</u>	<u>Cash on Hand</u>	<u>Investment Accounts</u>	<u>Checking Accounts</u>	<u>Total</u>
Current	\$ 100	\$ 2,142,000	\$ 3,793,449	\$ 5,935,549
Federal and State Grant			28,774	28,774
Animal Control	100		29,024	29,124
Other Trust			4,384,203	4,384,203
General Capital			651,903	651,903
Water Utility Operating			1,404,824	1,404,824
Water Utility Capital			3,906,474	3,906,474
Sewer Utility Operating	100		1,211,267	1,211,367
Sewer Utility Capital			244,693	244,693
Special Garbage District			792,865	792,865
	<u>\$ 300</u>	<u>\$ 2,142,000</u>	<u>\$16,447,476</u>	<u>\$18,589,776</u>

During the year ended December 31, 2016, the Borough did not hold any investments, except for its own bond anticipation notes. The carrying amount of the Borough's cash and cash equivalents and investments at December 31, 2016, was \$18,589,776 and the bank balance was \$18,745,202. The carrying amount of the Borough's cash and cash equivalents at December 31, 2015, was \$15,017,642 and the bank balance was \$15,217,861.

Note 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 5,659	
Animal Control Fund		\$ 5,659
	<u>\$ 5,659</u>	<u>\$ 5,659</u>

Interest earned in the General Capital and Utility Capital Funds during the year was transferred to the Current and Utility Operating Funds, respectively.

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

Note 12: 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 to employees through the North Jersey Municipal Employee Benefits Fund.

Property and Liability

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

The following coverages are offered by this fund 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 subject 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 liabilities.

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. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

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

Total Assets	<u>\$ 24,775,454</u>
Net Position	<u>\$ 8,631,831</u>
Total Revenue	<u>\$ 17,370,144</u>
Total Expenses	<u>\$ 17,918,337</u>
Member Dividends	<u>\$ -0-</u>
Change in Net Position for the Year Ended December 31	<u>\$ (548,193)</u>

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

Note 12: Risk Management (Cont'd)

Financial statements for the Fund are available at the Office of the Executive Director:

Morris County Municipal Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

Health Benefits

The Borough of Wharton is also a member of the North Jersey Municipal Employee Benefits Fund, (the "NJMEBF"). The NJMEBF is both an insured and self-administered group of municipalities established for the purpose of providing certain employee benefits for member municipalities in order to keep local property taxes at a minimum.

The following health benefit coverages are offered by the NJMEBF to its members:

- a.) Medical
- b.) Prescription
- c.) Dental

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

The NJMEBF 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 December 31, 2016 audit report for the North Jersey Municipal Employee Benefits Fund is not filed as of the date of this audit. Summarized selected financial information for the Fund as of December 31, 2015 is as follows:

Total Assets	\$ 19,233,128
Net Position	\$ 16,145,533
Total Revenue	\$ 41,754,326
Total Expenses	\$ 38,779,581
Member Dividends	\$ 1,200,183
Change in Net Position for the Year Ended December 31	\$ 1,774,562

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

Note 12: Health Benefits (Cont'd)

Financial statements for the NJMEBF are available at the Office of the Executive Director:

North Jersey Municipal Employee Benefits Fund
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 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 and employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earnings</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 20,000	\$ 10,818	\$ 250	\$ 28,938	\$ 111,056
2015	20,000	4,783	66	10,106	108,926
2014	20,000	45,991	47	13,002	94,183

Note 13: 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. It also deals with potential unasserted claims in the course of Borough business. The Borough vigorously contests these lawsuits and unasserted claims and believes the ultimate resolution will not have a material adverse effect on its financial position.

The municipality has been advised that a number of tax appeals have been filed. A reserve for pending tax appeals in the amount of \$588,886 has been recorded as a liability as of December 31, 2016, which it feels should be sufficient to cover these tax appeals.

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.

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

Note 14: 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 15: Open Space Trust Fund

The Borough created an Open Space Trust Fund with a tax levy of \$.01 per \$100 of assessed valuation in 1999. The tax levy was increased to \$.02 per \$100 of assessed valuation in 2004. The funds collected are used to acquire and maintain open space property in the Borough. To date, \$1,422,638 has been collected and the balances in the Open Space Trust Fund at December 31, 2016 and 2015 were \$26,565 and \$23,381, respectively.

Note 16: Fixed Assets (Unaudited)

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

	Balance Dec. 31, 2015	Additions	Deletions	Balance Dec. 31, 2016
Land and Improvements	\$ 20,254,403	\$ 750,000		\$ 21,004,403
Buildings and Improvements	6,199,478	47,276		6,246,754
Equipment	5,073,450	1,038,357	\$ 197,495	5,914,312
	\$ 31,527,331	\$ 1,835,633	\$ 197,495	\$ 33,165,469

Note 17: Tax Abatements

As of December 31, 2016, the Borough provides a tax abatement to a redeveloper for its 248 residential apartment unit property in the Borough pursuant to N.J.S.A 40A:20-1 et seq., the Long Term Tax Exemption Law, and a financial agreement between the Borough and the redeveloper. The agreement is for a period of 30 years. 2011 was the first year in which the payments under this agreement was effective. In consideration of the Borough granting the redeveloper this tax abatement the developer will be required to pay to the Borough an annual service charge as follows: Stage One (years 1-15) – the annual service charge will be the greater of the minimum annual service charge or 10% of gross revenue; Stage Two (years 16-21) – the annual service charge as defined in Stage One or 20% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 3 (years 22-27) - – the annual service charge as defined in Stage One or 40% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 4 (years 28-29) - – the annual service charge as defined in Stage One or 60% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater; Stage 5 (year 30) - – the annual service charge as defined in Stage One or 80% of the amount of taxes otherwise due on the value of the land and improvements, whichever is greater.

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

Note 17: Tax Abatements (Cont'd)

The minimum annual service charge per the agreement shall be the amount of total taxes levied against all real property in the area covered under this tax abatement in the last full tax year in which that area was subject to taxation, and the minimum annual service charge shall be paid in each year in which the other provisions of the financial agreement would result in less than the minimum annual service charge being paid. In the event that the net profits on the redevelopment property exceed the allowable net profits for such period the redeveloper shall pay such excess net profits to the Borough as an additional service charge. Additionally, the Borough shall remit to the County of Morris on a quarterly basis, 5% of the Annual Service Charge received from the redeveloper in accordance with N.J.S.A. 40A:20-12b. The Borough recognized revenue in the amount of \$555,842 from this annual service charge or payment in lieu of taxes recorded as an anticipated miscellaneous revenue in the Current Fund. The taxes which would have been paid on this property for 2016 without the abatement would have been \$854,537 of which \$160,066 would have been for the local municipal tax, minimum library tax and municipal open space tax.

In the event that the redeveloper fails to make the required Annual Service Charge payment within the required period of time which would constitute a breach of the agreement, the Borough has the right as one of the allowable remedies to proceed against the redeveloper pursuant to the In-Rem Foreclosure Act. Upon the termination or expiration of this agreement the property under this agreement shall be assessed and taxed as applicable to other taxable property within the Borough.

BOROUGH OF WHARTON

SUPPLEMENTARY DATA

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BOROUGH OF WHARTON
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Name		Amount of Bond	Name of Corporate or Personal Surety
William Chegwidden	Mayor		
Robert Norton	Council President		
Vincent Binkoski	Council		
Glenn Corbett	Council		
Sandra Hayes	Council		
Nicole Wickenheisser	Council		
Thomas Yeager	Council		
Gabrielle Evangelista	Borough Clerk	(A)	
Jonathan Rheinhardt	Borough Administrator; Chief Financial Officer	(A)	
Katelin Lorito	Treasurer	\$ 1,000,000	Municipal Excess Liability JIF
Diana Fernandez	Tax Collector; Deputy Borough Clerk	1,000,000	Municipal Excess Liability JIF
Glen Sherman	Tax Assessor	(A)	
Patricia Craven	Water/Sewer Clerk	1,000,000	Municipal Excess Liability JIF
Scott Hutchins	Director of Public Works	(A)	
Ed Bucceri	Construction Official	(A)	
George Johnson	Borough Attorney		
Clough, Harbour & Associates, LLP	Borough Engineer		

(A) All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
CURRENT FUND

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 6,488,322.92
Increased by Receipts:		
Tax Collector		\$ 20,606,531.45
Revenue Accounts Receivable		2,771,681.71
Miscellaneous Revenue Not Anticipated		167,964.59
Interest on Investments and Deposits		31,603.67
Due Animal Control Fund:		
Interfund Returned		2,656.59
Interest Income		74.93
Due Other Trust Funds - Interest Income		974.48
Due General Capital Fund - Interest Income		2,444.97
Due State of New Jersey:		
Marriage License Fees		1,725.00
Senior Citizens' and Veterans' Deductions		47,750.00
Appropriation Refunds		227,478.80
		23,860,886.19
		30,349,209.11
Decreased by Disbursements:		
2016 Appropriation Expenditures		7,800,026.24
2015 Appropriation Reserve Expenditures		298,809.42
Local School District Taxes		8,949,315.00
Regional High School Taxes		4,025,069.00
County Taxes		1,693,478.12
Special Garbage District Taxes		1,071,014.40
Due Federal and State Grant Fund - Interfund		3,494.50
Due Other Trust Funds:		
Interfund Returned		261,107.65
Municipal Open Space Tax Levy		98,515.75
Due State of New Jersey - Marriage License Fees		1,950.00
Third Party Tax Title Lien Redemptions		207,162.00
Refund of Tax Overpayments		3,818.25
		24,413,760.33
Balance December 31, 2016	A	\$ 5,935,448.78

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

Increased by Receipts:

Taxes Receivable	\$ 19,617,296.20	
Interest and Costs on Taxes	49,410.39	
2017 Prepaid Taxes	97,256.96	
Tax Overpayments	40,655.16	
Third Party Tax Title Liens	207,162.00	
Miscellaneous Revenue Not Anticipated	594,750.74	
		\$ 20,606,531.45

Decreased by:

Payments to Municipal Treasurer		<u>\$ 20,606,531.45</u>
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CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2016

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 27,524.68
Increased by Receipts:		
Prior Year Grants Receivable	\$ 11,559.95	
Current Year Grants Receivable	24,004.64	
Unappropriated Grant Funds Received	2,103.97	
Due Current Fund - Interfund	3,494.50	
		41,163.06
		<u>68,687.74</u>
Decreased by Disbursements:		
Current Year Expenditures	38,115.46	
Prior Year Encumbrances	1,798.00	
		39,913.46
Balance December 31, 2016	A	<u>\$ 28,774.28</u>

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

Year	Balance	2016 Levy	Added Taxes	Collections		Over-payments Applied	State of NJ	Canceled	Transferred to	Balance Dec. 31, 2016
	Dec. 31, 2015			2015	2016		Citizens' and Veterans' Deductions		Tax Title Liens	
2015	\$ 222,824.13		\$ 2,225.68		\$ 226,618.24		\$ (2,500.00)	\$ 11.29	\$ 920.28	
2016		\$ 19,782,079.52		\$ 84,097.16	19,390,677.96	\$ 17,877.20	49,250.00	21,949.44	8,054.42	\$ 210,173.34
	<u>\$ 222,824.13</u>	<u>\$ 19,782,079.52</u>	<u>\$ 2,225.68</u>	<u>\$ 84,097.16</u>	<u>\$ 19,617,296.20</u>	<u>\$ 17,877.20</u>	<u>\$ 46,750.00</u>	<u>\$21,960.73</u>	<u>\$ 8,974.70</u>	<u>\$ 210,173.34</u>
Ref.	A									A

Analysis of 2016 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 19,775,201.20
Added and Omitted Taxes	6,878.32
	<u>\$ 19,782,079.52</u>

Tax Levy:

Local School District Taxes	\$ 8,949,315.00
Regional High School Taxes	4,025,069.00
Special Garbage District Taxes	1,071,014.40
Local Open Space Taxes	98,515.75
Library Tax	219,833.53
County Taxes:	
General Tax	\$ 1,634,607.28
Open Space	58,297.34
Due County for Added and Omitted Taxes	589.50
	<u>1,693,494.12</u>
	16,057,241.80
Local Tax for Municipal Purposes Levied	3,710,262.47
Add: Additional Tax Levied	14,575.25
	<u>3,724,837.72</u>
	<u>\$ 19,782,079.52</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 47,157.56
Increased by:		
Transfer from Taxes Receivable		\$ 8,974.70
Interest and Costs Accrued at Tax Sale		145.04
		<hr/>
		9,119.74
		<hr/>
Balance December 31, 2016	A	<u>\$ 56,277.30</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2015	Accrued in 2016	Collected by Treasurer	Balance Dec. 31, 2016
Licenses:				
Alcoholic Beverages		\$ 7,200.00	\$ 7,200.00	
Other		8,855.00	8,855.00	
Fees and Permits - Other		25,387.44	25,387.44	
Fines and Costs - Municipal Court	\$ 13,092.89	166,052.38	158,818.69	\$ 20,326.58
Rents - Borough Lease		50,268.58	50,268.58	
Consolidated Municipal Property Tax Relief Aid		10,965.00	10,965.00	
Energy Receipts Tax		538,746.00	538,746.00	
Construction Code Official		106,651.00	106,651.00	
Shared Service Agreement - Mine Hill Township		1,542,790.00	1,542,790.00	
Water Utility Operating Surplus of Prior Year		129,000.00	129,000.00	
Sewer Utility Operating Surplus of Prior Year		193,000.00	193,000.00	
	<u>\$ 13,092.89</u>	<u>\$ 2,778,915.40</u>	<u>\$ 2,771,681.71</u>	<u>\$ 20,326.58</u>

Ref.

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

<u>Grant Description</u>	<u>Balance Dec. 31, 2015</u>	<u>Accrued in 2016</u>	<u>Received</u>	<u>Balance Dec. 31, 2016</u>
Clean Communities Grant		\$ 13,620.02	\$ 13,620.02	
Alcohol Education, Rehabilitation and Enforcement Fund		1,087.77	1,087.77	
Municipal Alliance on Alcoholism and Drug Abuse	\$ 25,233.70	11,978.00	13,776.80	\$ 23,434.90
Body Armor Replacement Fund		2,183.88	2,183.88	
Highlands Council	18,022.95	25,000.00	7,080.00	35,942.95
	<u>\$ 43,256.65</u>	<u>\$ 53,869.67</u>	<u>\$ 37,748.47</u>	<u>\$ 59,377.85</u>

Ref.

A

A

Current Year Receivable	\$ 24,004.64
Prior Year Receivable	11,559.95
Unappropriated Reserves	2,183.88
	<u>\$ 37,748.47</u>

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 9,921.70	\$ 9,921.70		\$ 9,921.70
Other Expenses	5,222.21	5,222.21	\$ 2,656.17	2,566.04
Mayor and Council:				
Salaries and Wages	0.21	0.21		0.21
Other Expenses	945.19	945.19		945.19
Municipal Clerk:				
Salaries and Wages	760.37	760.37		760.37
Other Expenses	1,424.78	1,424.78	1,202.49	222.29
Financial Administration:				
Salaries and Wages	10,289.05	10,289.05		10,289.05
Other Expenses	1,093.27	1,093.27	556.21	537.06
Other Expenses - Computer Maintenance/Support	2,482.30	2,482.30	75.00	2,407.30
Annual Audit	27,081.00	27,081.00	18,664.29	8,416.71
Workers' Compensation Insurance	959.98	959.98		959.98
Liability Insurance	7,054.37	7,054.37		7,054.37
Group Insurance for Employees	151,999.08	126,999.08		126,999.08
Tax Assessment Administration:				
Salaries and Wages	961.75	961.75		961.75
Other Expenses	1,483.23	1,483.23	533.00	950.23
Revision of Tax Map	9,900.00	9,900.00	9,900.00	
Other Expenses - Tax Appeals	70,000.00	70,000.00	70,000.00	
Revenue Administration (Tax Collection):				
Salaries and Wages	4,311.32	4,311.32		4,311.32
Other Expenses	3,276.94	3,276.94	830.72	2,446.22
Engineering Services and Costs:				
Other Expenses	16,582.12	16,582.12	4,523.21	12,058.91
Legal Services and Costs:				
Other Expenses	9,823.50	9,823.50	105.00	9,718.50
Codification of Ordinances	2,800.66	2,800.66		2,800.66
Public Buildings and Grounds:				
Salaries and Wages	6.40	6.40		6.40
Other Expenses	6,208.43	9,208.43	7,650.92	1,557.51
Municipal Land Use Law (NJSA 40:55D-1):				
Land Use Board:				
Salaries and Wages	511.08	511.08		511.08
Other Expenses	6,270.00	13,270.00	12,699.00	571.00
Zoning Board of Adjustment:				
Salaries and Wages	751.13	751.13		751.13
PUBLIC SAFETY:				
Aid to Volunteer Fire Company	4,107.97	4,107.97	1,368.28	2,739.69
Fire Department:				
Other Expenses - Building Rent	1,700.00	1,700.00	1,700.00	
Police:				
Salaries and Wages	235,844.01	235,844.01		235,844.01
Other Expenses	28,373.62	28,373.62	16,711.91	11,661.71

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

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY (Cont'd):				
Dispatchers:				
Other Expenses	\$ 134,400.00	\$ 134,400.00	\$ 132,930.75	\$ 1,469.25
Emergency Management Services:				
Salaries and Wages	4.72	4.72		4.72
Other Expenses	4,826.37	4,826.37		4,826.37
PUBLIC WORKS:				
Street and Road Repairs and Maintenance:				
Salaries and Wages	59,753.30	59,753.30	2,393.91	57,359.39
Other Expenses	35,464.33	50,464.33	47,545.68	2,918.65
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries and Wages	8,999.95	8,999.95		8,999.95
Other Expenses	4,744.66	4,744.66	264.03	4,480.63
Mandated Inoculations - Hepatitis B Vaccine	500.00	500.00		500.00
Animal Control:				
Salaries and Wages	2,500.00	2,500.00		2,500.00
Other Expenses	3,835.87	3,835.87		3,835.87
RECREATION AND EDUCATION:				
Parks and Playgrounds:				
Other Expenses	4,874.42	4,874.42	3,264.47	1,609.95
Recreation:				
Salaries and Wages	504.08	504.08		504.08
Other Expenses	8,597.86	8,597.86	6,353.91	2,243.95
Celebration of Public Events, Anniversary or Holiday - (R.S. 40:48-5.4)	7,912.41	7,912.41	460.40	7,452.01
Senior Citizen Van:				
Salaries and Wages	7,327.54	7,327.54		7,327.54
Other Expenses	3,500.00	3,500.00	190.32	3,309.68
UTILITIES:				
Bulk Utilities	99,312.70	99,312.70	20,628.30	78,684.40
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	10,606.01	10,606.01		10,606.01
Other Expenses	463.32	463.32		463.32
Other Code Enforcement Functions:				
Housing Inspector:				
Salaries and Wages	743.93	743.93		743.93
Other Expenses	1,882.30	1,882.30		1,882.30
Fire Safety:				
Salaries and Wages	1,805.91	1,805.91		1,805.91
Other Expenses	2,294.98	2,294.98	664.45	1,630.53

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

	Balance Dec. 31, 2015	Balance After Modification	Paid or Charged	Balance Lapsed
UNCLASSIFIED:				
Regionalization Feasibility Study	\$ 3,000.00	\$ 3,000.00		\$ 3,000.00
Evaluation/Upgrade Office Hardware/Software:				
Other Expenses	8,000.00	8,000.00		8,000.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	49,351.30	49,351.30		49,351.30
Defined Contribution Retirement System	2,200.55	2,200.55		2,200.55
Supplemental Library Funding	17,533.14	17,533.14	\$ 17,533.14	
Shared Service Agreement:				
Joint Court - Dover	25,500.00	25,500.00	3,942.00	21,558.00
Public and Private Programs Offset by Revenue:				
Matching Funds for Grants	1,385.50	1,385.50		1,385.50
	\$ 1,133,970.82	\$ 1,133,970.82	\$ 385,347.56	\$ 748,623.26

Analysis of Balance December 31, 2015:

	<u>Ref.</u>		
Encumbered	A	\$ 94,999.80	
Unencumbered	A	1,038,971.02	
		\$ 1,133,970.82	
Cash Disbursed			\$ 298,809.42
Contracts Payable			17,533.14
Reserve for Pending Tax Appeals			69,005.00
			\$ 385,347.56

BOROUGH OF WHARTON
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2016

Increased by:		
Levy - Calendar Year 2016	\$	8,949,315.00
Decreased by:		
Payments to Local School District	\$	<u>8,949,315.00</u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2016

Increased by:		
Levy - Calendar Year 2016	\$	4,025,069.00
Decreased by:		
Payments to Regional High School District	\$	<u>4,025,069.00</u>

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

Grant Description	Balance Dec. 31, 2015	Transferred from 2016 Budget Appropriations	Expended	Prior Year Encumbrances Canceled	Balance Dec. 31, 2016
Clean Communities Grant:					
2016		\$ 13,620.02	\$ 5,181.47		\$ 8,438.55
2015	\$ 9,320.82		9,320.82		
2014	0.10		(774.61)		774.71
2013	3,363.83				3,363.83
2012	6.86				6.86
2004	108.85				108.85
Drunk Driving Enforcement Fund:					
2009	7,692.67				7,692.67
2008	9,806.06				9,806.06
2007	10,661.37		861.43		9,799.94
2006	369.77		369.77		
Alcohol Education, Rehabilitation and Enforcement Fund:					
2016		1,087.77	1,087.77		
2014	413.56				413.56
2010	1,106.01				1,106.01
2008	2,088.28				2,088.28
Municipal Alliance on Alcoholism and Drug Abuse:					
2016		11,978.00	5,416.37		6,561.63
2015	4,743.03		4,743.03		
2014	4,300.80		(135.24)		4,436.04
2013	4,485.87			\$ 646.62	5,132.49
2012	886.81				886.81
Matching Funds:					
2016		3,494.50	1,865.24		1,629.26
2015	2,053.20		1,942.56		110.64
2014	728.66		(45.08)		773.74
2013	196.18			215.58	411.76
2012	295.60				295.60
Body Armor Grant:					
2016		2,183.88			2,183.88
2015	2,187.03		2,187.03		
Safe Kids / Safe Communities - 2007	245.00				245.00
Highlands Council	876.89	25,000.00	6,352.50		19,524.39
	<u>\$ 65,937.25</u>	<u>\$ 57,364.17</u>	<u>\$ 38,373.06</u>	<u>\$ 862.20</u>	<u>\$ 85,790.56</u>

Ref.

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Original Budget	\$ 2,183.88
Added by NJSA 40A:4-87	51,685.79
	<u>53,869.67</u>
Due from Current Fund - Matching Funds	3,494.50
	<u>\$ 57,364.17</u>

Cash Disbursed	\$ 38,115.46
Encumbrances Payable	257.60
	<u>\$ 38,373.06</u>

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

<u>Grant Description</u>	<u>Balance Dec. 31, 2015</u>	<u>Received</u>	<u>Transferred to 2016 Budget Revenue</u>	<u>Balance Dec. 31, 2016</u>
Body Armor Replacement Fund	\$ 2,183.88	\$ 2,103.97	\$ 2,183.88	\$ 2,103.97
	<u>\$ 2,183.88</u>	<u>\$ 2,103.97</u>	<u>\$ 2,183.88</u>	<u>\$ 2,103.97</u>
<u>Ref.</u>	A			A

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
TRUST FUNDS

BOROUGH OF WHARTON
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2015	B	\$ 28,087.19	\$ 4,061,203.41
Increased by Receipts:			
Animal Control License Fees:			
Dog License Fees		\$ 8,422.40	
Cat License Fees		2,845.00	
State Dog License Fees		1,176.60	
Late, Impound and Boarding Fees		3,055.00	
Due Current Fund:			
Interfund Returned			\$ 261,107.65
Interest Income		74.93	974.48
Municipal Open Space Tax Levy			98,515.75
Interest on Municipal Open Space Deposits			64.32
Due to State of New Jersey - Department of Community Affairs State Training Fees			11,661.00
Special Deposits			235,248.94
Police Outside Detail			122,281.43
Deposits and Interest:			
Library			126,714.37
Unemployment Insurance Fund			31,068.41
Housing Trust			507.25
Police Forfeited Assets			4,595.91
Storm Recovery			830.98
Wharton Pride			12,815.53
Recreation Trust Fund			6,982.00
		<u>15,573.93</u>	<u>913,368.02</u>
		43,661.12	4,974,571.43

BOROUGH OF WHARTON
TRUST FUNDS
SCHEDULE OF CASH - TREASURER
(Continued)

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:			
Administrative Expenses	\$	9,688.57	
Due to State of New Jersey		2,217.00	
Due Current Fund:			
Interfund Returned		2,656.59	
Interest Income		74.93	\$ 974.48
Due to State of New Jersey - Department of Community Affairs State Training Fees			10,887.00
Special Deposits - Refunds, Charges and Withdrawals			148,196.45
Police Outside Detail			122,384.79
Wharton Pride			23,152.90
Recreation Trust Fund			6,062.92
Police Forfeited Assets			500.00
Library			123,013.23
State Unemployment Insurance			28,938.49
Housing Trust Fund			30,861.82
Municipal Open Space:			
General Capital Fund:			
Green Trust Loan:			
Principal			28,007.48
Interest			3,084.12
Other Expenses			64,304.86
		<u>\$ 14,637.09</u>	<u>\$ 590,368.54</u>
Balance December 31, 2016	B	<u>\$ 29,024.03</u>	<u>\$ 4,384,202.89</u>

BOROUGH OF WHARTON
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 24,352.80
Increased by:		
Animal Control Fees:		
Dog Licenses	\$ 8,422.40	
Cat Licenses	2,845.00	
Late, Impound and Boarding Fees	3,055.00	
		<u>14,322.40</u>
		38,675.20
Decreased by:		
Animal Control Expenditures	9,688.57	
Statutory Excess Due Current Fund	5,658.83	
		<u>15,347.40</u>
Balance December 31, 2016	B	<u><u>\$ 23,327.80</u></u>

License Fees Collected:

<u>Year</u>	
2014	\$ 12,169.60
2015	11,158.20
	<u>23,327.80</u>
Maximum Allowable Reserve	<u><u>\$ 23,327.80</u></u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
GENERAL CAPITAL FUND

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 829,452.24
Increased by Receipts:		
Grants Receivable:		
Safe Corridors Grant	\$ 8,939.51	
Budget Appropriation:		
Capital Improvement Fund	1,000,000.00	
Reserve for:		
Emergency Service Vehicles	31,000.00	
Senior Bus	7,500.00	
Due Current Fund:		
Interest Income	2,444.97	
		1,049,884.48
		1,879,336.72
Decreased by Disbursements:		
Improvement Authorization Expenditures	1,224,988.63	
Due Current Fund:		
Interest Income	2,444.97	
		1,227,433.60
Balance December 31, 2016	C	\$ 651,903.12

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2016

<u>Ordinance</u>		<u>Improvement Description</u>	<u>Balance</u>	<u>Notes Paid by</u>
<u>Date</u>	<u>No.</u>		<u>Dec. 31, 2015</u>	<u>Budget</u>
				<u>Appropriation</u>
2/24/2014	05-14	Municipal Parking Lot	\$ 230,000.00	\$ 230,000.00
6/9/2014	10-14	Municipal Building Improvements	190,000.00	190,000.00
			<u>\$ 420,000.00</u>	<u>\$ 420,000.00</u>

C

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance Dec. 31, 2015		2016 Authorizations			Balance	
	No.	Date	Amount	Funded	Unfunded	Capital Improvement Fund	Other Sources	Paid or Charged	Dec. 31, 2016 Funded
Various Improvements	17-08	9/29/2008	\$ 75,000.00	\$ 19,863.63					\$ 19,863.63
Morris Canal Lock2E Restoration	02-12	2/13/2012	286,450.00	1,057.60					1,057.60
Police Equipment	08-13	8/19/2013	11,669.49	880.49					880.49
Main Street Improvements	02-14	2/10/2014	50,000.00	23,265.91					23,265.91
Various Improvements	08-14	5/5/2014	100,000.00	30,291.20				\$ 30,291.20	
Municipal Building Improvements	10-14	6/9/2014	200,000.00		\$ 74,656.44			48,088.40	26,568.04
Police Equipment	06-15	5/4/2015	18,185.43	5,439.13					5,439.13
Various Improvements	07-15	5/4/2015	140,000.00	88,872.65				62,378.22	26,494.43
Purchase of Fire Truck	23-15	12/14/2015	420,000.00	420,000.00				411,758.66	8,241.34
Various Improvements	04-16	2/22/2016	1,000,000.00			\$ 1,000,000.00		672,472.15	327,527.85
Police Equipment	10-16	3/21/2016	8,939.51				\$ 8,939.51		8,939.51
Morris Canal Lock 2 East	19-16	11/28/2016	27,852.00				27,852.00		27,852.00
				<u>\$ 589,670.61</u>	<u>\$ 74,656.44</u>	<u>\$ 1,000,000.00</u>	<u>\$ 36,791.51</u>	<u>\$ 1,224,988.63</u>	<u>\$ 476,129.93</u>

Ref.

C

C

C

Safe Corridors Grant

\$ 8,939.51

Morris County Historic Preservation Trust Fund

27,852.00

\$ 36,791.51

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 20,563.27
Increased by:		
2016 Budget Appropriation		<u>1,000,000.00</u>
		1,020,563.27
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>1,000,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 20,563.27</u></u>

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

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Ordinance</u>	<u>Date of</u>			<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Matured</u>
			<u>Issue of Original Note</u>	<u>Issue</u>	<u>Maturity</u>			
Municipal Parking Lot	05-14	2/24/2014	10/16/2014	10/15/2015	10/14/2016	0.82%	\$ 230,000.00	\$ 230,000.00
Municipal Building Improvements	10-14	6/9/2014	10/16/2014	10/15/2015	10/14/2016	0.82%	190,000.00	190,000.00
							<u>\$ 420,000.00</u>	<u>\$ 420,000.00</u>
						<u>Ref.</u>	C	
						Paid by Budget Appropriation		<u>\$ 420,000.00</u>

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

BOROUGH OF WHARTON
GENERAL CAPITAL FUND
GREEN ACRES PROGRAM - GREEN TRUST LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 161,173.04
Decreased by:		
Principal Matured		28,007.48
Balance December 31, 2016	C	\$ 133,165.56

Schedule of Principal and Interest Payments Outstanding December 31, 2016

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 133,165.56
31	2/11/2017	\$ 14,214.14	\$ 1,331.66	118,951.42
32	8/11/2017	14,356.28	1,189.51	104,595.14
33	2/11/2018	14,499.85	1,045.95	90,095.29
34	8/11/2018	14,644.84	900.95	75,450.45
35	2/11/2019	14,791.29	754.50	60,659.16
36	8/11/2019	14,939.21	606.59	45,719.95
37	2/11/2020	15,088.60	457.20	30,631.35
38	8/11/2020	15,239.48	306.31	15,391.87
39	2/11/2021	15,391.87	153.92	
		\$ 133,165.56	\$ 6,746.59	

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

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
WATER UTILITY FUND

BOROUGH OF WHARTON
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	D	\$ 1,338,829.07	\$ 178,930.98
Increased by Receipts:			
Water Utility Collector		\$ 2,134,422.22	
Due Water Utility Capital Fund:			
Interest Earned		2,093.77	
Interest Earned		2,721.60	
Reserve for Water Tank:			
Developer Contribution			\$ 3,500,000.00
Budget Appropriation:			
Capital Improvement Fund			50,000.00
Due from County of Morris:			
Community Development Block Grant			79,785.00
Bond Anticipation Note Proceeds			620,000.00
Due Water Utility Operating Fund:			
Interest Earned			2,093.77
		<u>2,139,237.59</u>	<u>4,251,878.77</u>
		3,478,066.66	4,430,809.75
Decreased by Disbursements:			
2016 Appropriation Expenditures		1,724,513.90	
2015 Appropriation Reserve Expenditures		199,509.70	
Accrued Interest on:			
NJEIT Loan		4,716.07	
MUA Loan Repayment		2,067.54	
Notes		13,435.18	
Fund Balance Anticipated in Current Fund		129,000.00	
Due Water Utility Operating Fund:			
Interest Earned			2,093.77
Improvement Authorizations			522,242.13
		<u>2,073,242.39</u>	<u>524,335.90</u>
Balance December 31, 2016	D	<u>\$ 1,404,824.27</u>	<u>\$ 3,906,473.85</u>

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

Increased by Receipts:

Consumer Accounts Receivable:

Water Rents	\$ 2,028,303.33
Developer's Agreement - MUA Loan Repayment	49,444.44
Miscellaneous Revenue	55,167.69
Total Consumer Accounts Receivable	<u>2,132,915.46</u>

Water Rent Overpayments

1,506.76
<u>2,134,422.22</u>

Decreased by Disbursements:

Paid to Treasurer

<u>\$ 2,134,422.22</u>

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2015	Receipts			Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2016		
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To			
Fund Balance	\$ 17,325.87						\$ 17,000.00		\$ 325.87		
Capital Improvement Fund	77,229.48		\$ 50,000.00				77,000.00		50,229.48		
Due Water Utility Operating Fund				\$ 2,093.77		\$ 2,093.77					
Due from County of Morris:											
Community Development Block Grant				79,785.00			79,785.00				
Due from Developer's Agreement	(3,000,000.00)								(3,000,000.00)		
Reserve for Water Tank				3,500,000.00					3,500,000.00		
Reserve for Payment of Debt Service	25,353.70								25,353.70		
<u>Ordinance</u>											
<u>Date</u>	<u>No.</u>	<u>Improvement Authorizations</u>									
2/10/2014	01-14	Fern Avenue Phase III	13,193.06		\$ 2,996.19				10,196.87		
8/18/2014	13-14	Kitchell Avenue Water Main	216,074.59		183,223.32				32,851.27		
3/23/2015	02-15	Improvement of the Water Supply and Distribution System - Second Street Water Main	36,826.32		3,764.98				33,061.34		
7/13/2015	10-15	Water Storage Tank	2,792,927.96		(207,072.04)				3,000,000.00		
2/8/2016	02-16	Water Main Improvements			55,026.83		\$ 94,000.00		38,973.17		
3/7/2016	05-16	Improvement of the Water Supply and Distribution System - Church Street		\$ 270,000.00	245,213.18			79,785.00	104,571.82		
6/13/2016	14-16	Construction of a Water Tank		350,000.00	239,089.67				110,910.33		
			<u>\$ 178,930.98</u>	<u>\$ 620,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 3,581,878.77</u>	<u>\$ 522,242.13</u>	<u>\$ 2,093.77</u>	<u>\$ 173,785.00</u>	<u>\$ 173,785.00</u>	<u>\$ 3,906,473.85</u>

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

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 51,868.45
Increased by:		
Water Rents Levied		\$ 2,076,039.34
Developer's Agreement - MUA Loan Repayment Levied		49,444.44
Miscellaneous Fees Levied		55,167.69
		2,180,651.47
		2,232,519.92
Decreased by:		
Collections:		
Water Rents:		
Received		2,028,303.33
Overpayments Applied		2,503.46
		2,030,806.79
Developer's Agreement - MUA Loan Repayment		49,444.44
Miscellaneous Fees		55,167.69
		2,135,418.92
Balance December 31, 2016	D	\$ 97,101.00

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 9,169,605.61
Increased by:		
Additions by:		
Capital Outlay:		
Water Utility Operating Appropriation Reserves		<u>24,982.00</u>
Balance December 31, 2016	D	<u>\$ 9,194,587.61</u>

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

Improvement Description	Ordinance		Amount	Balance	2016	Balance
	No.	Date		Dec. 31, 2015	Authorizations	Dec. 31, 2016
Fern Avenue Phase III	01-14	2/10/2014	\$ 175,000.00	\$ 175,000.00		\$ 175,000.00
Kitchell Avenue Water Main	13-14	8/18/2014	450,000.00	450,000.00		450,000.00
Improvement of the Water Supply and Distribution System - Second Street Water Main	02-15	3/23/2015	350,000.00	350,000.00		350,000.00
Water Storage Tank	10-15	7/13/2015	3,000,000.00	3,000,000.00		3,000,000.00
Water Main Improvements	02-16	2/8/2016	94,000.00		\$ 94,000.00	94,000.00
Improvement of the Water Supply and Distribution System - Church Street	05-16	3/7/2016	350,000.00		350,000.00	350,000.00
Construction of a Water Tank	14-16	6/13/2016	1,500,000.00		1,500,000.00	1,500,000.00
				<u>\$ 3,975,000.00</u>	<u>\$ 1,944,000.00</u>	<u>\$ 5,919,000.00</u>
				<u>Ref.</u>	D	D

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

	<u>Balance Dec. 31, 2015</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 45,260.73	\$ 45,260.73		\$ 45,260.73
Other Expenses	465,541.86	465,541.86	\$ 174,527.70	291,014.16
Capital Improvements:				
Capital Outlay	55,000.00	55,000.00	24,982.00	30,018.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	10,099.03	10,099.03		10,099.03
	<u>\$ 575,901.62</u>	<u>\$ 575,901.62</u>	<u>\$ 199,509.70</u>	<u>\$ 376,391.92</u>

Ref.

Analysis of Balance December 31, 2015:

Appropriation Reserves:		
Unencumbered	D	\$ 475,261.25
Encumbered	D	100,640.37
		<u>\$ 575,901.62</u>

**BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Improvement Description	No.	Ordinance		Balance Dec. 31, 2015		2016 Authorizations			Paid or Charged	Balance Dec. 31, 2016			
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Community Development Block Grant	Capital Fund Balance		Deferred Charges to Future Revenue	Funded	Unfunded	
Fern Avenue Phase III	01-14	2/10/2014	\$ 175,000.00		\$ 13,193.06				\$ 2,996.19		\$ 10,196.87		
Kitchell Avenue Water Main	13-14	8/18/2014	450,000.00		216,074.59				183,223.32		32,851.27		
Improvement of the Water Supply and Distribution System - Second Street Water Main	02-15	3/23/2015	350,000.00		136,826.32				3,764.98		133,061.34		
Water Storage Tank	10-15	7/13/2015	3,000,000.00	\$ 2,792,927.96					(207,072.04)	\$ 3,000,000.00			
Water Main Improvements	02-16	2/8/2016	94,000.00			\$ 77,000.00		\$ 17,000.00	55,026.83		38,973.17		
Improvement of the Water Supply and Distribution System - Church Street	05-16	3/7/2016	350,000.00				\$ 79,785.00		\$ 270,215.00	245,213.18	104,786.82		
Construction of a Water Tank	14-16	6/13/2016	1,500,000.00						1,500,000.00	239,089.67	1,260,910.33		
					<u>\$ 2,792,927.96</u>	<u>\$ 366,093.97</u>	<u>\$ 77,000.00</u>	<u>\$ 79,785.00</u>	<u>\$ 17,000.00</u>	<u>\$ 1,770,215.00</u>	<u>\$ 522,242.13</u>	<u>\$ 3,038,973.17</u>	<u>\$ 1,541,806.63</u>
		<u>Ref.</u>			D	D					D	D	

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

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 77,229.48
Increased by:		
2016 Budget Appropriation		50,000.00
		<u>127,229.48</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		77,000.00
		<u>77,000.00</u>
Balance December 31, 2016	D	<u>\$ 50,229.48</u>

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

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 7,807,981.36
Increased by:		
Paid by Water Utility Operating Budget:		
Notes		\$ 390,000.00
Developer's MUA Loan		47,376.90
NJEIT Loan		20,498.88
Capital Outlay:		
Water Utility Operating Appropriation Reserves		<u>24,982.00</u>
		<u>482,857.78</u>
Balance December 31, 2016	D	<u><u>\$ 8,290,839.14</u></u>

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

Improvement Description	Ordinance		Balance	2016	Balance
	No.	Date	Dec. 31, 2015	Authorizations	Dec. 31, 2016
Fern Avenue Phase III	01-14	2/10/2014	\$ 80,000.00		\$ 80,000.00
Improvement of the Water Supply and Distribution System - Second Street Water Main	02-15	3/23/2015	180,000.00		180,000.00
Water Storage Tank	10-15	7/13/2015	3,000,000.00		3,000,000.00
Water Main Improvements	02-16	2/8/2016		\$ 94,000.00	94,000.00
Improvement of the Water Supply and Distribution System - Church Street	05-16	3/7/2016		79,785.00	79,785.00
			<u>\$ 3,260,000.00</u>	<u>\$ 173,785.00</u>	<u>\$ 3,433,785.00</u>
		<u>Ref.</u>	D		D

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

Improvement Description	Ord. No.	Ordinance	Date of			Interest Rate	Balance Dec. 31, 2015	Issued	Matured	Balance Dec. 31, 2016
			Issue of Original Note	Issue	Maturity					
Improvement of the Water Supply and Distribution System	01-12	2/13/2012	10/18/2012	10/15/2015	10/14/2016	0.82%	\$ 53,000.00		\$ 53,000.00	
Improvement of the Water Supply and Distribution System	14-12	6/25/2012	10/18/2012	10/15/2015	10/14/2016	0.82%	140,000.00		140,000.00	
Acquisition of Lands	15-12	7/16/2012	10/18/2012	10/15/2015	10/14/2016	0.82%	540,000.00		540,000.00	
			10/18/2012	10/14/2016	10/13/2017	1.18%		\$ 348,000.00		\$ 348,000.00
Fern Avenue Phase II	01-13	2/11/2013	10/17/2013	10/15/2015	10/14/2016	0.82%	255,000.00		255,000.00	
			10/17/2013	10/14/2016	10/13/2017	1.18%		250,000.00		250,000.00
			10/16/2014	10/15/2015	10/14/2016	0.82%	40,000.00		40,000.00	
			10/16/2014	10/14/2016	10/13/2017	1.18%		40,000.00		40,000.00
Fern Avenue Phase III	01-14	2/10/2014	10/16/2014	10/15/2015	10/14/2016	0.82%	95,000.00		95,000.00	
			10/16/2014	10/14/2016	10/13/2017	1.18%		95,000.00		95,000.00
Kitchell Avenue Water Main	13-14	8/18/2014	10/16/2014	10/15/2015	10/14/2016	0.82%	450,000.00		450,000.00	
			10/16/2014	10/14/2016	10/13/2017	1.18%		450,000.00		450,000.00
Improvement of the Water Supply and Distribution System - Second Street Water Main	02-15	3/23/2015	10/15/2015	10/15/2015	10/14/2016	0.82%	70,000.00		70,000.00	
			10/15/2015	10/14/2016	10/13/2017	1.18%		70,000.00		70,000.00
Improvement of the Water Supply and Distribution System - Church Street	05-16	3/7/2016	10/14/2016	10/14/2016	10/13/2017	1.18%		270,000.00		270,000.00
Construction of a Water Tank	14-16	6/13/2016	10/14/2016	10/14/2016	10/13/2017	1.18%		350,000.00		350,000.00
							<u>\$1,643,000.00</u>	<u>\$1,873,000.00</u>	<u>\$1,643,000.00</u>	<u>\$1,873,000.00</u>
							<u>Ref.</u>	D		D
								Renewals	\$1,253,000.00	\$1,253,000.00
								Issued for Cash	620,000.00	
								Paid by Budget Appropriation		390,000.00
							<u>\$1,873,000.00</u>	<u>\$1,643,000.00</u>		

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEVELOPER'S MUA LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 71,749.72
Decreased by:		
Principal Matured		<u>47,376.90</u>
Balance December 31, 2016	D	<u><u>\$ 24,372.82</u></u>

Schedule of Principal and Interest Payments Outstanding December 31, 2016

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				\$ 24,372.82
59	2/1/2017	\$ 12,128.35	\$ 232.76	12,244.47
60	5/1/2017	<u>12,244.47</u>	<u>116.93</u>	
		<u><u>\$ 24,372.82</u></u>	<u><u>\$ 349.69</u></u>	

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
(NJEIT) LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2015	D	\$ 261,874.53
Decreased by:		
Principal Matured		<u>20,498.88</u>
Balance December 31, 2016	D	<u><u>\$ 241,375.65</u></u>

Schedule of Principal and Interest Payments Outstanding December 31, 2016

<u>Payment Number</u>	<u>Due</u>	<u>Fund Loan Principal</u>	<u>Trust Loan Principal</u>	<u>Trust Loan Interest</u>	<u>Loan Balance</u>
					\$ 241,375.65
22	2/1/2017	\$ 1,885.91		\$ 2,915.63	239,489.74
23	8/1/2017	11,588.39	\$ 15,000.00	2,915.63	212,901.35
24	2/1/2018	1,691.86		2,615.63	211,209.49
25	8/1/2018	11,394.34	15,000.00	2,615.63	184,815.15
26	2/1/2019	1,485.69		2,296.88	183,329.46
27	8/1/2019	11,188.17	15,000.00	2,296.88	157,141.29
28	2/1/2020	1,279.51		1,978.13	155,861.78
29	8/1/2020	10,981.99	15,000.00	1,978.13	129,879.79
30	2/1/2021	1,061.20		1,640.63	128,818.59
31	8/1/2021	10,763.68	15,000.00	1,640.63	103,054.91
32	2/1/2022	848.96		1,312.50	102,205.95
33	8/1/2022	10,551.44	15,000.00	1,312.50	76,654.51
34	2/1/2023	636.72		984.38	76,017.79
35	8/1/2023	10,339.20	15,000.00	984.38	50,678.59
36	2/1/2024	424.48		656.25	50,254.11
37	8/1/2024	10,126.96	15,000.00	656.25	25,127.15
38	2/1/2025	212.24		328.13	24,914.91
39	8/1/2025	9,914.91	15,000.00	328.13	
		<u>\$ 106,375.65</u>	<u>\$ 135,000.00</u>	<u>\$ 29,456.32</u>	

BOROUGH OF WHARTON
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance</u>		<u>Improvement Description</u>	<u>Balance</u>	<u>2016</u>	<u>Bond</u>	<u>Balance</u>
<u>Date</u>	<u>No.</u>		<u>Dec. 31, 2015</u>	<u>Authorizations</u>	<u>Anticipation</u>	<u>Dec. 31, 2016</u>
					<u>Notes Issued</u>	
3/23/2015	02-15	Improvement of the Water Supply and Distribution System - Second Street Water Main	\$ 100,000.00			\$ 100,000.00
3/7/2016	05-16	Improvement of the Water Supply and Distribution System - Church Street		\$ 270,215.00	\$ 270,000.00	215.00
6/13/2016	14-16	Construction of a Water Tank		1,500,000.00	350,000.00	1,150,000.00
			<u>\$ 100,000.00</u>	<u>\$ 1,770,215.00</u>	<u>\$ 620,000.00</u>	<u>\$ 1,250,215.00</u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
SEWER UTILITY FUND

BOROUGH OF WHARTON
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2015	E	\$ 1,075,622.36	\$ 310,178.28
Increased by Receipts:			
Sewer Utility Collector		\$ 1,716,617.63	
Due Sewer Utility Capital Fund:			
Interest Earned		355.65	
Interest Earned		2,631.24	
Budget Appropriation:			
Capital Improvement Fund			\$ 10,000.00
Deferred Reserve for Amortization:			
New Jersey Department of Transportation Grant			118,208.25
Due Sewer Utility Operating Fund:			
Interest Earned			355.65
		<u>1,719,604.52</u>	<u>128,563.90</u>
		2,795,226.88	438,742.18
Decreased by Disbursements:			
2016 Appropriation Expenditures		1,350,863.76	
2015 Appropriation Reserve Expenditures		35,648.03	
Accrued Interest on Notes		4,448.41	
Fund Balance Anticipated in Current Fund		193,000.00	
Due Sewer Utility Operating Fund:			
Interest Earned			355.65
		<u>1,583,960.20</u>	<u>194,048.93</u>
Balance December 31, 2016	E	<u>\$ 1,211,266.68</u>	<u>\$ 244,693.25</u>

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2016

Increased by Receipts:

Consumer Accounts Receivable:

Sewer User Charges	\$ 1,635,090.94
Miscellaneous Revenue	78,483.00
Total Consumer Accounts Receivable	<u>1,713,573.94</u>

Sewer User Charge Overpayments

3,043.69
<u>1,716,617.63</u>

Decreased by Disbursements:

Paid to Treasurer

<u>\$ 1,716,617.63</u>

BOROUGH OF WHARTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 77,276.51
Increased by:		
Sewer Rents Levied		\$ 1,638,246.65
Miscellaneous Fees Levied		78,483.00
		1,716,729.65
		1,794,006.16
Decreased by:		
Collections:		
Sewer User Charges:		
Received		1,635,090.94
Overpayments Applied		3,536.49
		1,638,627.43
Miscellaneous Fees		78,483.00
		1,717,110.43
Balance December 31, 2016	E	\$ 76,895.73

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2015	E	<u>\$ 5,265,772.39</u>
Balance December 31, 2016	E	<u><u>\$ 5,265,772.39</u></u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Amount	Balance	Balance
	No.	Date		Dec. 31, 2015	Dec. 31, 2016
Dump Truck	15-14	10/6/2014	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00
Improvement of the Sanitary Sewerage System - West Central Avenue	26-15	12/28/2015	300,000.00	300,000.00	300,000.00
				<u>\$ 485,000.00</u>	<u>\$ 485,000.00</u>
			<u>Ref.</u>	E	E

BOROUGH OF WHARTON
SEWER 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	\$ 32,417.98	\$ 32,417.98		\$ 32,417.98
Other Expenses	187,711.73	187,711.73	\$ 35,648.03	152,063.70
Capital Improvements:				
Capital Outlay	35,000.00	35,000.00		35,000.00
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	9,432.41	9,432.41		9,432.41
	<u>\$ 264,562.12</u>	<u>\$ 264,562.12</u>	<u>\$ 35,648.03</u>	<u>\$ 228,914.09</u>

Ref.

Analysis of Balance December 31, 2015:

Appropriation Reserves:			
Unencumbered	E	\$ 252,621.47	
Encumbered	E	11,940.65	
		<u>\$ 264,562.12</u>	

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Balance	Paid or Charged	Balance Dec. 31, 2016		
	No.	Date	Dec. 31, 2015 Unfunded		Funded	Unfunded	
Dump Truck	15-14	10/6/2014	\$ 185,000.00	\$ 184,375.00	\$ 177,635.52	\$ 6,739.48	
Improvement of the Sanitary Sewerage System - West Central Avenue	26-15	12/28/2015	300,000.00	300,000.00	16,057.76	\$ 102,150.49	181,791.75
				<u>\$ 484,375.00</u>	<u>\$ 193,693.28</u>	<u>\$ 102,150.49</u>	<u>\$ 188,531.23</u>
			<u>Ref.</u>	E		E	E

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 50,569.47
Increased by:		
2016 Budget Appropriation		<u>10,000.00</u>
Balance December 31, 2016	E	<u>\$ 60,569.47</u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2015	E	\$ 4,901,772.39
Increased by:		
Paid by Water Utility Operating Budget:		
Notes		<u>275,000.00</u>
Balance December 31, 2016	E	<u><u>\$ 5,176,772.39</u></u>

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2016

<u>Improvement Description</u>	<u>Ordinance</u>		<u>New Jersey Department of Transportation Grant Collected</u>	<u>Balance Dec. 31, 2016</u>
	<u>No.</u>	<u>Date</u>		
West Central Avenue	26-15	12/28/2015	\$ 118,208.25	\$ 118,208.25
			<u>\$ 118,208.25</u>	<u>\$ 118,208.25</u>
		<u>Ref.</u>		E

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Ordinance</u>	<u>Date of</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance Dec. 31, 2016</u>
			<u>Issue</u>	<u>Original Note</u>					
Acquisition of Lands	16-12	7/16/2012	10/18/2012	10/15/2015	10/14/2016	0.82%	\$ 364,000.00		\$ 364,000.00
			10/18/2012	10/14/2016	10/13/2017	1.18%		\$ 89,000.00	\$ 89,000.00
Dump Truck	15-14	10/6/2014	10/15/2015	10/15/2015	10/14/2016	0.82%	180,000.00		180,000.00
			10/15/2015	10/14/2016	10/13/2017	1.18%		180,000.00	180,000.00
						<u>\$ 544,000.00</u>	<u>\$ 269,000.00</u>	<u>\$ 544,000.00</u>	<u>\$ 269,000.00</u>
						<u>Ref.</u>	E		E
							Renewals	\$ 269,000.00	\$ 269,000.00
							Paid by Budget Appropriation		275,000.00
							<u>\$ 269,000.00</u>	<u>\$ 544,000.00</u>	

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2016

NOT APPLICABLE

BOROUGH OF WHARTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance</u>		<u>Improvement Description</u>	<u>Balance</u>	<u>New Jersey</u> <u>Department of</u> <u>Transportation</u> <u>Grant</u> <u>Collected</u>	<u>Balance</u>
<u>Date</u>	<u>No.</u>		<u>Dec. 31, 2015</u>		<u>Dec. 31, 2016</u>
10/6/2014	15-14	Dump Truck	\$ 5,000.00		\$ 5,000.00
12/28/2015	26-15	Improvement of the Sanitary Sewerage System - West Central Avenue	300,000.00	\$ 118,208.25	181,791.75
			<u>\$ 305,000.00</u>	<u>\$ 118,208.25</u>	<u>\$ 186,791.75</u>

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
BOND AND INTEREST FUND

NOT APPLICABLE

BOROUGH OF WHARTON
COUNTY OF MORRIS
2016
SPECIAL GARBAGE DISTRICT FUND

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2015	H	\$ 679,191.58
Increased by Receipts:		
Due Current Fund - District Taxes	\$ 1,071,014.40	
Miscellaneous Revenue	26,433.56	
		<u>1,097,447.96</u>
		1,776,639.54
Decreased by Disbursements:		
2016 Appropriation Expenditures	902,457.88	
2015 Appropriation Reserve Expenditures	81,316.89	
		<u>983,774.77</u>
Balance December 31, 2016	H	<u>\$ 792,864.77</u>

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF DISTRICT TAXES RECEIVABLE
YEAR ENDED DECEMBER 31, 2016

Increased by:
2016 Tax Levy \$ 1,071,014.40

Decreased by:
Received from Current Fund \$ 1,071,014.40

BOROUGH OF WHARTON
SPECIAL GARBAGE DISTRICT 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	\$ 19,448.45	\$ 19,448.45		\$ 19,448.45
Other Expenses	225,329.75	225,329.75	\$ 81,316.89	144,012.86
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	8,687.08	8,687.08		8,687.08
	\$ 253,465.28	\$ 253,465.28	\$ 81,316.89	\$ 172,148.39

Ref.

Analysis of Balance December 31, 2015:

Appropriation Reserves:

Unencumbered	H	\$ 224,879.96	
Encumbered	H	28,585.32	
		\$ 253,465.28	

BOROUGH OF WHARTON

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2016

BOROUGH OF WHARTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Department/ Pass Through Grantor/Cluster Title	C.F.D.A. Account Number	State Program Account Number	Program	Project	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	Memo	Amounts Provided to Subrecipients
							From	To		Cumulative Total Expenditures	
U.S. Department of Housing and Urban Development - (Passed through Morris County Office of Community Development)	14.218	N/A	Community Development Block Grant	Improvement of the Water Supply and Distribution System: Church Street	\$ 79,785.00	\$ 79,785.00	01/01/16	12/31/16	\$ 79,785.00	\$ 79,785.00	
Total U.S. Department of Housing and Urban Development						<u>79,785.00</u>			<u>79,785.00</u>	<u>79,785.00</u>	
U.S. Department of Transportation: (Passed through NJ Department of Transportation)	20.616	100-066-1160- 157-DHTS	Drive Sober or Get Pulled Over	N/A	4,950.00	<u>4,950.00</u>	01/01/16	12/31/16	<u>4,950.00</u>	<u>4,950.00</u>	
Total U.S. Department of Transportation						<u>4,950.00</u>			<u>4,950.00</u>	<u>4,950.00</u>	
TOTAL FEDERAL AWARDS						<u>\$ 84,735.00</u>			<u>\$ 84,735.00</u>	<u>\$ 84,735.00</u>	<u>\$ -0-</u>

N/A - Not Applicable/Available.

* - Expended in prior year(s).

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

BOROUGH OF WHARTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

State Funding Department	State Program	Program Account No.	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO	
					From	To		Cumulative Total Expenditures	
Department of Environmental Protection	Clean Communities Program	765-042-4900-004-178910	\$ 9,781.30		01/01/14	12/31/17	\$ 582.39	\$ 9,006.59	
			11,906.11		01/01/15	12/31/16	9,320.82	11,906.11	
			13,620.02	\$ 13,620.02	01/01/16	12/31/17	5,181.47	5,181.47	
				<u>13,620.02</u>			<u>15,084.68</u>	<u>26,094.17</u>	
	Recycling Tonnage Grant	752-042-4900-004-178840	17,630.88	17,630.88	01/01/16	12/31/16	17,630.88	17,630.88	
Total Department of Environmental Protection							<u>31,250.90</u>	<u>32,715.56</u>	<u>43,725.05</u>
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-066-1110-260-YYYY	9,912.14		01/01/06	12/31/16	369.77	9,912.14	
			10,661.37		01/01/07	12/31/17	861.43	861.43	
				-0-			<u>1,231.20</u>	<u>10,773.57</u>	
	Body Armor Replacement Fund	98-718-066-1020-001	2,187.03		01/01/14	12/31/16	2,187.03	2,187.03	
			2,103.97	2,103.97	01/01/16	12/31/17	2,187.03	2,187.03	
				<u>2,103.97</u>			<u>2,187.03</u>	<u>2,187.03</u>	
Total Department of Law and Public Safety							<u>2,103.97</u>	<u>3,418.23</u>	<u>12,960.60</u>
Department of Treasury (Passed through the County of Morris)	Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance Program	100-082-2000-044-995120	16,364.50	4,668.85	07/01/14	12/31/16	(135.24)	11,928.46	
			11,978.00	6,891.10	07/01/15	12/31/16	5,073.78	11,978.00	
			11,978.00	2,216.85	07/01/16	12/31/17	5,244.64	5,244.64	
				<u>13,776.80</u>			<u>10,183.18</u>	<u>29,151.10</u>	
Total Department of Treasury							<u>13,776.80</u>	<u>10,183.18</u>	<u>29,151.10</u>

BOROUGH OF WHARTON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

State Funding Department	State Program	Program Account No.	Grant Award	Grant Receipts	Grant Period		Grant Expenditures	MEMO
					From	To		Cumulative Total Expenditures
Department of Health and Senior Services	Alcohol Education, Rehabilitation and Enforcement Fund (Trust)	760-046-4240-040000	\$ 1,087.77	\$ 1,087.77	01/01/16	12/31/16	\$ 1,087.77	\$ 1,087.77
Total Department of Health and Senior Services				1,087.77			1,087.77	1,087.77
Department of Transportation	NJ Municipal Trust Fund Authority Act	480-078-6320-156-601385	160,000.00	118,208.25	01/01/16	12/31/17	118,208.25	118,208.25
	Safe Corridors Grant	100-078-6100-051-TCAP-6010	8,939.51	8,939.51	01/01/16	12/31/17		
Total Department of Transportation				127,147.76			118,208.25	118,208.25
New Jersey Highlands Council	Plan Assistance Grant	09-033-011-1439	25,000.00	7,080.00	01/01/16	12/31/17	6,352.50	6,352.50
Total New Jersey Highlands Council				7,080.00			6,352.50	6,352.50
TOTAL STATE AWARDS				\$ 182,447.20			\$ 171,965.49	\$ 211,485.27

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

BOROUGH OF WHARTON
NOTE 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") includes the federal and state grant activity of the Borough of Wharton 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 Wharton, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough of Wharton.

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 Wharton has the following loans outstanding as of December 31, 2016:

General Capital Fund:

Green Trust Loan	<u>\$ 133,166</u>
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Water Utility Capital Fund:

NJEIT Loan	<u>\$ 241,375</u>
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The projects which relate to the above loans are complete and there were no current year receipts or expenditures on these loans.



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

Lawrence Business Center
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 Newton, NJ 07860
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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 Wharton
 Wharton, 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 Wharton, 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 March 6, 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 qualified report also indicated that we did not audit the general fixed assets account group.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 Wharton
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 results 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
March 6, 2017

NISIVOCCIA LLP


Raymond G. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 383

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Borough's financial statements, 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, as the general fixed assets account group was not audited.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as 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 Uniform Guidance and NJOMB 15-08.

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 WHARTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

The Borough had no prior year audit findings.

BOROUGH OF WHARTON

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS

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

N.J.S. 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. 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. 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. 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. 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 threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the bid threshold may be up to \$40,000.

The governing body of the Borough of Wharton has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and 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.

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

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 rate 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 Borough Council of the Borough of Wharton, Morris County, New Jersey, that the rate of interest to be paid upon delinquent taxes and utility charges for the year 2016 shall be fixed at the rate of 8% per annum to \$1,500 and any amount in excess of \$1,500 shall be fixed at the rate of 18% per annum. However, interest shall not be collected upon taxes and utility charges that are not delinquent over ten (10) days. After the tenth day of "grace period", interest reverts back to the due date. An additional penalty of 6% will be imposed on delinquencies in excess of \$10,000.

It appears from a test of the Tax Collector's and Water and Sewer Utility Collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 5, 2016 and all eligible properties were transferred to lien.

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	7
2015	6
2014	5

BOROUGH OF WHARTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Accounting Requirements Under New Jersey Administrative Code

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 currently maintains an encumbrance accounting system, a fixed asset accounting and reporting system and a general ledger system.

Animal Control Fund

During our review of the Animal Control Fund, we noted that reports generated from the animal control collections software were not in agreement with the total number of licenses issued and total fees collected which in turn lead to inaccurate monthly dog reports resulting in an underpayment of State fees. In addition, State fees collected were not always remitted in a timely manner. January and February 2016 State fees collected were remitted in April 2016, April 2016 State fees collected were remitted in June 2016 and August through October 2016 State fees collected were remitted in December 2016.

It is recommended that the Animal Control Fund licenses issued per the animal control collections software be reconciled with the actual number of licenses issued on a monthly basis to ensure the accuracy of reporting on the monthly dog reports and State fee collections be remitted to the State Treasurer in a timely manner.

Management's Response:

The Borough is currently working with the software provider to ensure monthly dog reports are accurate in the future so that the monthly reporting and remittance of dog license fees to the State Treasurer are accurate and State fees collected are remitted in a timely manner.

Municipal Court

Effective February 2009, the Wharton Municipal Court, along with three other courts, was combined with the Town of Dover Municipal Court as a Joint Municipal Court.

Corrective Action Plan

The Borough has initiated a corrective action plan to resolve comment and recommendation from the 2015 audit report. The prior year recommendation with regard to the monthly reporting and remittance of dog license fees to the State Treasurer in a timely manner was not resolved and is included as a current year comment and recommendation.

BOROUGH OF WHARTON
SUMMARY OF RECOMMENDATIONS

It is recommended that:

The Animal Control Fund licenses issued per the animal control collections software be reconciled with the actual number of licenses issued on a monthly basis to ensure the accuracy of reporting on the monthly dog reports and State fee collections be remitted to the State Treasurer in a timely manner.

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