

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

REPORT OF AUDIT

December 31, 2016

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

**TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON**

REPORT OF AUDIT

For the Year Ended December 31, 2016

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COUNTY OF HUNTERDON**

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COUNTY OF HUNTERDON**

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Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying Financial Statements - *Regulatory Basis* of the various funds and account group of the Township of Delaware (the Municipality), as of and for the years then ended December 31, 2016 and 2015, and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements.

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). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Municipality on the basis of financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Municipality as of December 31, 2016 and 2015, or the changes in financial position for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the Financial Statements - *Regulatory Basis* referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Municipality as of December 31, 2016 and 2015, and the results of operations and changes in fund balance of such funds, thereof for the years then ended in accordance with the basis of financial reporting prescribed by the Division on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information


Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Municipality's financial statements. The supplementary information listed in the Table of Contents and Schedule of Expenditures of State Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and Non-Profit Organizations and the Schedule of Expenditures of State Financial Assistance as required by 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 basic financial statements.

The supplementary information listed in the Table of Contents and the Schedules of Expenditures of 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, except for the information labeled unaudited, 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 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 June 30, 2017 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.

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


William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

June 30, 2017
Flemington, New Jersey

FINANCIAL STATEMENTS - REGULATORY BASIS

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis
Current Fund
For the Years Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Assets			
Regular fund			
Cash - treasurer	A-4	\$ 4,840,521	\$ 5,217,105
Change funds	A	825	825
		<u>4,841,346</u>	<u>5,217,930</u>
Delinquent property taxes receivable	A-7	394,898	356,882
Tax title liens receivable	A-8	22,871	20,549
Revenue accounts receivable	A-9	3,203	2,858
Due from other trust funds	A-10	12,545	18,091
Due from animal control fund	A-11	-	503
		<u>433,517</u>	<u>398,883</u>
Deferred charges			
Special emergency authorizations	A-13	-	12,000
		<u>-</u>	<u>12,000</u>
Total regular fund		<u>5,274,863</u>	<u>5,628,813</u>
Federal and state grant fund			
Cash - treasurer	A-4	42,551	31,031
Grants receivable	A-14	172,406	172,406
Due from regular fund	A-30	186,635	185,135
Due from trust fund	A-31	4,811	2,000
Total federal and state grant fund		<u>406,403</u>	<u>390,572</u>
Total assets		<u>\$ 5,681,266</u>	<u>\$ 6,019,385</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis (continued)
Current Fund
For the Years Ended December 31,

	Ref.	2016	2015
Liabilities, reserves and fund balance			
Regular fund liabilities			
Appropriation reserves	A-3;A-15	\$ 207,923	\$ 150,894
Encumbrances payable	A-16	29,995	32,683
Due to State of NJ Veteran's & Senior Citizen's deductions	A-6	21,335	21,063
Due to animal control fund	A-11	92	-
Due to federal & state grant fund	A-12	186,635	185,135
Due to general capital fund	A-25	311,085	98,675
Prepaid taxes	A-17	182,505	184,026
Tax overpayments	A-18	9,160	967
Regional high school taxes payable	A-19	1,317,797	1,638,828
Local school tax payable	A-20	2,004,723	1,885,970
County tax payable	A-21	10,905	8,591
Due county - food inspections	A-22	2,200	1,400
Due NJ - state training fees	A-23	2,272	1,744
Due NJ - marriage license and domestic partner fees	A-24	75	50
Due to open space trust fund	A-26	30,254	507,432
Due to other trust funds	A-27	23,000	23,000
		4,339,956	4,740,458
Reserve for receivables	A	433,517	398,883
Fund balance	A-1	501,390	489,472
Total regular fund		5,274,863	5,628,813
Federal & state grant fund			
Appropriated reserves for grants	A-28	405,342	366,085
Unappropriated reserves for grants	A-29	1,061	24,487
Total federal & state grant fund		406,403	390,572
Total liabilities, reserves and fund balance		\$ 5,681,266	\$ 6,019,385

See accompanying notes to financial statements.

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

	Ref.	2016	2015
Revenues and other income realized			
Fund balance utilized	A-2	\$ 295,437	\$ 241,000
Miscellaneous revenue anticipated	A-2	759,288	738,063
Receipts from delinquent taxes	A-2	242,955	334,838
Receipts from current taxes	A-2	19,573,620	19,764,316
Non-budget revenue	A-2	64,565	92,778
Other credits to income			
Interfunds returned-net	A-2	198	52,962
Tax overpayments canceled	A-18	227	260
Unexpended balance of appropriation reserves	A-15	119,787	100,016
Total income		<u>21,056,077</u>	<u>21,324,233</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	1,675,253	1,636,801
Other expenses	A-3	1,449,069	1,381,879
Capital improvements	A-3	200,000	200,000
Debt service	A-3	248,606	215,742
Deferred charges & statutory expenditures	A-3	381,306	363,248
County taxes	A-21	3,406,220	3,272,644
County share of added taxes	A-21	10,905	8,591
Regional high school taxes	A-19	4,803,517	5,445,579
Local district school taxes	A-20	8,093,499	7,855,988
Municipal open space tax	A-26	478,347	477,199
Other debits to income			
Prior year Senior Citizen deduction disallowed	A-6	2,000	1,250
Total expenditures		<u>20,748,722</u>	<u>20,858,921</u>
Regulatory excess to fund balance		307,355	465,312
Balance January 1,	A	<u>489,472</u>	<u>265,160</u>
		796,827	730,472
Decreased by			
Utilized as anticipated revenue	A-2	<u>295,437</u>	<u>241,000</u>
Balance December 31,	A	<u>\$ 501,390</u>	<u>\$ 489,472</u>

See accompanying notes to financial statements.

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

	Ref.	Anticipated		Realized	Excess or Deficit
		Budget	NJS 40:4-87		
Fund balance anticipated	A-1	\$ 295,437	\$ -	\$ 295,437	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-9	4,800	-	5,040	240
Fees and permits	A-2	30,000	-	23,454	(6,546)
Fines and costs					
Municipal court	A-9	46,000	-	40,923	(5,077)
Interest on investments and deposits	A-2	6,000	-	11,336	5,336
Uniform construction code fees	A-9	100,000	-	118,655	18,655
Interest & cost on taxes	A-4	100,000	-	63,603	(36,397)
Energy receipts tax	A-9	315,739	-	315,379	(360)
Supplemental energy receipts tax	A-9	14,622	-	14,622	-
Consolidated municipal property tax relief aid	A-9	4,004	-	4,004	-
Garden state trust fund	A-9	27,412	-	27,412	-
NJ Division of Criminal Justice - body armor fund	A-14	1,089	-	1,089	-
Clean communities program - 2015	A-14	23,398	-	23,398	-
Reserve for payment of bonds	A-25	35,000	-	35,000	-
Clean communities program - 2016	A-14	-	26,764	26,764	-
Somerset County - body cameras	A-14	-	3,000	3,000	-
Hunterdon County - historic preservation	A-14	-	11,903	11,903	-
Somerset County - click it or ticket	A-14	-	2,400	2,400	-
Share of court costs - Franklin Township	A-9	30,000	-	31,306	1,306
		738,064	44,067	759,288	(22,843)
Receipts from delinquent taxes	A-1;A-2	279,301	-	242,955	(36,346)
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	3,015,863	-	3,181,131	165,268
Budget totals		4,328,665	44,067	4,478,811	\$ 106,079
Nonbudget revenues	A-1;A-2	-	-	64,565	
		\$4,328,665	\$ 44,067	\$ 4,543,376	
	Ref.	A-3	A-3		

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues Regulatory Basis (continued)
For the Year Ended - December 31, 2016

	<u>Ref.</u>		
Allocation of current tax collections			
Tax collections	A-1;A-7		\$ 19,573,620
Allocated to			
Local district school taxes	A-7	\$ 8,093,499	
Regional high school taxes	A-7	4,803,518	
County taxes	A-7	3,417,125	
Municipal open space tax	A-7	<u>478,347</u>	
			<u>16,792,489</u>
Balance for support of municipal budget appropriations			2,781,131
Add: appropriation - "reserve for uncollected taxes"	A-3		<u>400,000</u>
Realized for support of municipal budget	A-2		<u><u>\$ 3,181,131</u></u>
Analysis of delinquent tax collections			
Taxes receivable	A-7		\$ 242,453
Tax title liens receivable	A-8		<u>502</u>
Total delinquent tax collections	A-2		<u><u>\$ 242,955</u></u>

	<u>Ref.</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	Increase (Decrease)
Interfund Analysis				
Due from other trust funds	A-10	\$ 2,237	\$ 1,932	\$ 305
Due from animal control fund	A-11	<u>-</u>	<u>503</u>	<u>(503)</u>
		<u>2,237</u>	<u>\$ 2,435</u>	<u>\$ (198)</u>
	<u>Ref.</u>			A-1

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Revenues Regulatory Basis (continued)
For the Year Ended - December 31, 2016

	<u>Ref.</u>		
Analysis of nonbudget revenue			
Treasurer			
Tax sale costs		\$ 1,039	
Cable TV franchise fee		9,503	
Veteran's & Seniors Citizen's - administrative fees		917	
Homestead rebate processing fee		272	
Police moonlighting		3,188	
Fema prior year reimbursements		28,946	
Poll rental		400	
Stockton share of court		8,025	
East Amwell share of court security		3,201	
Insurance recoveries		8,810	
Miscellaneous other		4,713	
Various refunds		<u>8,168</u>	
	A-4		\$ 77,182
Less: refunds and damage payments	A-4		<u>12,617</u>
	A-2		<u><u>\$ 64,565</u></u>
Fees and permits analysis			
Planning board & board of adjustment		\$ 6,505	
Police department		1,178	
Board of health		15,378	
Clerk		1,173	
Assessor		<u>220</u>	
	A-4		\$ 24,454
Less: fees refunded	A-4		<u>1,000</u>
	A-2		<u><u>\$ 23,454</u></u>
Interest on investments and deposits analysis			
Treasurer	A-4	\$ 11,012	
Due from other trust funds	A-10	305	
Due to general capital fund	A-25	<u>19</u>	
	A-2		<u><u>\$ 11,336</u></u>

See accompanying notes to financial statements.

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

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Operations within "CAPS"						
General government						
Mayor and committee						
Salaries and wages	\$ 15,520	\$ 15,520	\$ 15,520	\$ -	\$ -	\$ -
Municipal clerk						
Salaries and wages	79,893	79,893	74,860	5,033	-	-
Postage & legal						
advertising	14,000	14,000	13,161	839	-	-
Other expenses	52,050	52,050	41,408	10,642	-	-
Elections						
Other expenses	3,600	3,600	3,600	-	-	-
Financial administration						
Salaries and wages	75,603	75,603	71,164	4,439	-	-
Other expenses	6,400	11,400	10,548	852	-	-
Audit services	28,000	28,000	28,000	-	-	-
Assessment of taxes						
Salaries and wages	34,149	34,149	34,149	-	-	-
Maintenance of						
tax map	3,000	3,000	2,045	955	-	-
Other expenses	1,925	1,925	559	1,366	-	-
Collection of taxes						
Salaries and wages	34,850	34,850	34,850	-	-	-
Other expenses	3,550	3,550	2,600	950	-	-
Legal services and costs						
Other expenses	60,000	50,000	32,334	17,666	-	-
Municipal prosecutor						
Salaries and wages	13,516	13,516	13,516	-	-	-
Engineering services						
& costs						
Other expenses	10,500	5,500	3,355	2,145	-	-

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended - December 31, 2016

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Public buildings and grounds						
Salaries and wages - Dilts Farm	\$ 11,491	\$ 11,491	\$ 7,991	\$ 3,500	\$ -	\$ -
Salaries and wages - buildings & grounds	10,500	10,500	10,280	220	-	-
Expense of Dilts Farm	13,000	12,200	8,685	3,515	-	-
Other expenses	22,850	22,850	16,627	6,223	-	-
Land use administration						
Planning board						
Salaries and wages	12,592	12,592	12,054	538	-	-
Other expenses	9,500	7,050	1,599	5,451	-	-
Zoning board						
Salaries and wages	19,709	19,709	18,952	757	-	-
Other expenses	1,000	1,800	1,364	436	-	-
Shade tree commission						
Other expenses	425	1,225	1,187	38	-	-
Board of adjustment						
Salaries and wages	8,802	14,452	12,592	1,860	-	-
Other expenses	5,535	5,535	2,396	3,139	-	-
Environmental commission						
Salaries and wages	1,500	1,500	1,385	115	-	-
Other expenses	710	710	365	345	-	-
Insurance						
Other insurance premiums	132,000	132,000	131,714	286	-	-
Surety bond premiums	1,800	1,800	1,120	680	-	-
Employee group health	460,000	460,000	452,113	7,887	-	-
Public safety						
Fire						
Aid to volunteer fire companies	83,000	83,000	83,000	-	-	-
Supplemental fire service program	2,520	2,520	2,520	-	-	-

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended - December 31, 2016

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
		<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Public safety (cont'd)						
Police						
Salaries and wages	\$ 621,726	\$ 621,726	\$ 611,547	\$ 10,179	\$ -	\$ -
Purchase of police car	10,000	10,000	10,000	-	-	-
Other expenses	41,650	41,650	24,455	17,195	-	-
Supplemental safe neighborhood program						
Salaries and wages	102,638	102,638	102,638	-	-	-
Other expenses	3,350	3,350	3,255	95	-	-
Office of emergency management						
Salaries and wages	11,818	11,818	11,818	-	-	-
Other expenses	3,800	3,800	588	3,212	-	-
First aid organization - contribution	21,000	21,000	21,000	-	-	-
Streets and roads						
Road repairs and maintenance						
Salaries and wages	448,534	448,534	446,480	2,054	-	-
Other expenses	164,000	164,000	157,674	6,326	-	-
Health and welfare						
Board of health						
Salaries and wages	14,150	17,650	17,150	500	-	-
Other expenses	9,850	9,850	7,890	1,960	-	-
Expenses of visiting homemakers						
Other expenses	500	500	500	-	-	-
Municipal court						
Salaries and wages	56,874	56,874	53,669	3,205	-	-
Other expenses	21,250	21,250	19,514	1,736	-	-
Public defender						
Other expenses	1,873	1,873	1,873	-	-	-
Contribution to senior citizens center	4,000	4,000	4,000	-	-	-
Senior health services	200	200	200	-	-	-

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended - December 31, 2016

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>		
	<u>Budget</u>	<u>After Modification</u>				
Operations within "CAPS" (cont'd)						
General government (cont'd)						
Board of recreation commissioners						
Other expenses	\$ 18,500	\$ 18,500	\$ 15,641	\$ 2,859	\$ -	\$ -
Historical preservation society						
Other expenses	3,000	3,000	-	3,000	-	-
Construction official						
Salaries and wages	64,888	63,487	63,487	-	-	-
Other expenses	5,275	7,775	5,248	2,527	-	-
Sub code officials						
Plumbing inspector						
Salaries and wages	10,771	11,015	10,771	244	-	-
Electrical inspector						
Salaries and wages	16,579	17,736	17,736	-	-	-
Unclassified						
Gasoline & diesel fuel	59,000	59,000	35,456	23,544	-	-
Fuel oil	12,000	12,000	4,938	7,062	-	-
Electricity	20,000	20,000	16,074	3,926	-	-
Telephone	23,000	23,000	22,172	828	-	-
Street lighting	6,000	6,000	5,194	806	-	-
Data processing services						
Other expenses	10,000	10,000	9,991	9	-	-
Accumulated sick leave						
Other expenses	5,000	5,000	5,000	-	-	-
Total operations within "CAPS"	<u>3,024,716</u>	<u>3,024,716</u>	<u>2,853,572</u>	<u>171,144</u>	<u>-</u>	<u>-</u>
Contingent	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>
Total operations including contingent within "CAPS"	<u>3,024,766</u>	<u>3,024,766</u>	<u>2,853,572</u>	<u>171,194</u>	<u>-</u>	<u>-</u>
Detail						
Salaries and wages	1,666,103	1,675,253	1,642,609	32,644	-	-
Other expenses (including contingent)	<u>1,358,663</u>	<u>1,349,513</u>	<u>1,210,963</u>	<u>138,550</u>	<u>-</u>	<u>-</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended - December 31, 2016

	<u>Appropriations</u>		<u>Expended by</u>			
	Budget		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	<u>Budget</u>	<u>After Modification</u>				
Deferred charges						
Deficit in animal						
Control fund	\$ 595	\$ 595	\$ 595	\$ -	\$ -	\$ -
Statutory expenditures						
Contribution to						
Public employees						
retirement system	98,752	98,752	98,752	-	-	-
Social Security						
system (OASI)	130,000	130,000	122,821	7,179	-	-
Police and firemen's						
retirement system	139,909	139,909	139,909	-	-	-
State unemployment						
compensation	50	50	-	50	-	-
	<u>369,306</u>	<u>369,306</u>	<u>362,077</u>	<u>7,229</u>	<u>-</u>	<u>-</u>
Total deferred charges and statutory expenditures - municipal within "CAPS"						
	<u>369,306</u>	<u>369,306</u>	<u>362,077</u>	<u>7,229</u>	<u>-</u>	<u>-</u>
Total general appropriations for municipal purposes within "CAPS"	<u>3,394,072</u>	<u>3,394,072</u>	<u>3,215,649</u>	<u>178,423</u>	<u>-</u>	<u>-</u>
Operations excluded from "CAPS"						
LOSAP (fire company)						
Other expenses	28,500	28,500	-	28,500	-	-
NJPDES Stormwater permit						
street division -						
other expenses	1,000	1,000	-	1,000	-	-

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended - December 31, 2016

	<u>Appropriations</u>		<u>Expended by</u>			<u>Balance Canceled</u>	<u>Over- Expended</u>
	Budget		<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>		
	<u>Budget</u>	<u>Modification</u>					
Operations excluded from "CAPS" (cont'd)							
Other operations excluded from "CAPS" (cont'd)							
Public & private programs offset by revenues							
Clean communities program - 2015	\$ 23,398	\$ 23,398	\$ 23,398	\$ -	\$ -	\$ -	
NJ Division of criminal justice - body armor fund	1,089	1,089	1,089	-	-	-	
Clean communities program - 2016	-	26,764	26,764	-	-	-	
Somerset County - body cameras	-	3,000	3,000	-	-	-	
Hunterdon County - historic preservation	-	11,903	11,903	-	-	-	
Somerset County - click it or ticket	-	2,400	2,400	-	-	-	
Matching funds for grants	20,000	20,000	1,502	-	18,498	-	
Total operations excluded from "CAPS"	<u>73,987</u>	<u>118,054</u>	<u>70,056</u>	<u>29,500</u>	<u>18,498</u>	<u>-</u>	
Detail							
Other expenses	<u>73,987</u>	<u>118,054</u>	<u>70,056</u>	<u>29,500</u>	<u>18,498</u>	<u>-</u>	
Capital improvements - excluded from "CAPS"							
Capital improvement fund	85,000	85,000	85,000	-	-	-	
Reserves for							
Purchase of various equipment	60,000	60,000	60,000	-	-	-	
Road improvements	40,000	40,000	40,000	-	-	-	
Improvements to municipal facilities	15,000	15,000	15,000	-	-	-	
Total capital improvements excluded from "CAPS"	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended - December 31, 2016

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Municipal debt service excluded from "CAPS"						
Payment of bond principal	\$ 132,000	\$ 132,000	\$ 132,000	\$ -	\$ -	\$ -
Interest on bonds	116,606	116,606	116,606	-	-	-
Total dept. service excluded from "CAPS"	<u>248,606</u>	<u>248,606</u>	<u>248,606</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred charges excluded from "CAPS" - special emergency authorizations - 5 years (NJ 40a: 4-55.1 & NJ 40a:4-55.13)	12,000	12,000	12,000	-	-	-
Total deferred charges excluded from "CAPS"	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general approp, for municipal purposes excluded from "CAPS"	534,593	578,660	530,662	29,500	18,498	-
Subtotal general appropriations	3,928,665	3,972,732	3,746,311	207,923	18,498	-
Reserve for uncollected taxes	400,000	400,000	400,000	-	-	-
Total general appropriations	<u>\$4,328,665</u>	<u>\$ 4,372,732</u>	<u>\$ 4,146,311</u>	<u>\$ 207,923</u>	<u>\$ 18,498</u>	<u>\$ -</u>
<u>Ref.</u>	A-2	A-3	A-1;A-3	A;A-1		

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Statement of Expenditures - Regulatory Basis (continued)
For the Year Ended - December 31, 2016

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 3,512,137
Reserve for encumbrances	A-16	29,995
Reserve for uncollected taxes	A-2	400,000
Due to animal control fund	A-11	595
Special emergency authorization	A-13	12,000
Due to general capital fund	A-25	200,000
Due to grant fund	A-12	1,502
Appropriated reserve for grants	A-28	68,554
		4,224,783
Less		
Appropriation refunds	A-4	78,472
	A-3	\$ 4,146,311
 Appropriations		
Budget	A-2	\$ 4,328,665
Added by NJSA 40A:4-87	A-2	44,067
	A-3	\$ 4,372,732

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis
Trust Fund
For the Years Ended December 31,

	<u>Ref.</u>	<u>Balance 12/31/16</u>	<u>Balance 12/31/15</u>
Assets			
Animal control fund			
Cash - treasurer	B-1	\$ 528	\$ -
Reserves for animal control expenditures	B-3	-	595
Due from current fund	B-4	92	-
Due from State of New Jersey	B-5	1	1
		<u>621</u>	<u>596</u>
LOSAP (unaudited)			
Investment	B-1	348,998	310,959
		<u>348,998</u>	<u>310,959</u>
Other trust funds			
Cash - treasurer	B-1	1,252,349	805,867
Due from current fund	B-6	53,254	530,433
Due from general capital fund	B-7	632,021	632,021
Loans receivable	B-8	55,141	55,141
		<u>1,992,765</u>	<u>2,023,462</u>
Total assets		<u>\$ 2,342,384</u>	<u>\$ 2,335,017</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis (continued)
Trust Fund
For the Years Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Liabilities and reserves			
Animal control fund			
Cash deficit	B-1	\$ -	\$ 93
Reserve for animal control expenditures	B-3	621	-
Due to current fund	B-4	-	503
		<u>621</u>	<u>596</u>
LOSAP (unaudited)			
Reserve for LOSAP	B-34	348,998	310,959
		<u>348,998</u>	<u>310,959</u>
Other trust funds			
Due to current fund	B-6	12,545	18,091
Reserve for open space	B-9	1,361,358	1,363,475
Reserve for loans receivable	B-8	55,141	55,141
Reserve for road improvements	B-10	65,176	65,176
Reserve for road opening permits	B-11	4,000	4,000
Reserve for quarry ordinance	B-12	2,916	2,916
Reserve for cash bonds	B-13	1,019	1,019
Reserve for miscellaneous trust	B-14	1,769	1,769
Reserve for escrow	B-15	81,642	103,554
Reserve for unemployment	B-16	81,141	82,702
Reserve for recreation	B-17	9,608	8,603
Reserve for recycling	B-18	(4,031)	(1,021)
Reserve for Sutton Burial Ground	B-19	8,435	8,418
Due to grant fund	B-20	4,811	2,000
Reserve for municipal alliance	B-21	10,395	8,615
Reserve for developer's deposits - COAH	B-22	99,605	79,933
Reserve for COAH - Interest	B-23	26,309	26,073
Reserve for insurance	B-24	18,474	15,474
Reserve for public defender	B-25	3,647	3,472
Reserve for POAA	B-26	20	16
Reserve for quarry reclamation fund	B-27	26,653	22,601
Reserve for tax premiums	B-28	72,800	112,300
Reserve for farmer's market	B-29	934	934
Reserve for retirement	B-30	10,018	10,018
Reserve for snow removal	B-31	3,081	881
Reserve for payroll withholdings	B-32	22,090	10,998
Reserve for police building	B-33	13,209	16,304
		<u>1,992,765</u>	<u>2,023,462</u>
Total liabilities and reserves		<u>\$ 2,342,384</u>	<u>\$ 2,335,017</u>

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
For the Years Ended December 31,

	Ref.	2016	2015
Assets			
Cash	C-2	\$ 131,634	\$ 54,547
Due from current fund	C-5	311,085	98,675
Due from Delaware river toll bridge commission	C-7	21,850	21,850
Deferred charges to future taxation			
Funded	C-8	7,402,000	7,859,000
Unfunded	C-9	616,571	864,000
Total assets		\$ 8,483,140	\$ 8,898,072
Liabilities, reserves and fund balance			
General serial bonds payable	C-17	\$ 7,402,000	\$ 7,859,000
Improvement authorizations			
Funded	C-10	79,205	55,549
Unfunded	C-10	185,569	191,010
Due to open space trust fund	C-6	632,021	632,021
Capital improvement fund	C-11	23,543	16,690
Reserves for			
Payment of debt service	C-12	37,979	72,979
Purchase of various equipment	C-13	77,000	40,000
Improvement of municipal facilities	C-14	30,000	15,000
Guard rails	C-15	2,325	2,325
Fund balance	C-1	13,498	13,498
Total liabilities, reserves and fund balance		\$ 8,483,140	\$ 8,898,072
Bonds and notes authorized but not issued	C-18	\$ 616,571	\$ 864,000

See accompanying notes to financial statements.

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

	Ref.	2016	2015
Balance - January 1	C	\$ 13,498	\$ 63
Increased by			
Premium on sale of bonds		-	13,435
		13,498	13,498
Decreased by			
Appropriated to finance improvement Authorizations		-	-
		-	-
Balance - December 31	C	\$ 13,498	\$ 13,498

See accompanying notes to financial statements.

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

	<u>2016</u>	<u>2015</u>
General fixed assets		
Land	\$ 1,860,804	\$ 1,860,804
Building & building improvements	525,121	525,121
Machinery & equipment	<u>3,017,479</u>	<u>2,960,032</u>
	<u>\$ 5,403,404</u>	<u>\$ 5,345,957</u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

A. Reporting entity

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

B. Description of funds and account group

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

Governmental Funds

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

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

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

Account Groups

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

C. Basis of accounting

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

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

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Budget and budgetary procedures

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

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

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

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

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at year-end are reported as a cash liability in the financial statements and constitute part of the Municipality's Statutory Appropriation Reserve balance. Appropriation Reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts, which may be canceled by the governing body. Appropriation Reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed Appropriation Reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Basis of accounting (continued)

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

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

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Departures from generally accepted accounting principles

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

1. Financial Reporting Model - These statements are not based on the requirements as promulgated by GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement made dramatic changes to the financial reporting requirements of state and local governments for GAAP purposes.
2. Revenues - GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
3. Expenditures - GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
4. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
5. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
6. Grant Accounting - GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
7. Capital Funds - GAAP requires separate funds for the recording of capital projects and payment of debt service while New Jersey requirements incorporates these transactions within one fund.
8. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
9. Losses arising from tax appeals and other contingencies are not recorded until paid.
10. Financial Reporting Model - These statements are not presented on the requirements as Promulgated by GASB Statement 68, "Accounting and Financial Reporting for pensions - an Amendment of GASB Statement Number 27." This statement made dramatic changes to the financial reporting requirements of state and local governments as it relates to reporting for pensions for GAAP purposes. Information regarding pension activity is disclosed in Note 8.

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

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 2 - Deposits and investments

State requirements for deposits and investments

New Jersey statutes require each local unit to adopt a cash management plan and shall deposit and/or invest according to that plan, which shall include:

1. The designation of public depositories as defined in Section 1 of PL 1970 Chapter 236 (C17:9-41) and permit deposits in designated depositories;
2. The designation of any fund that meets the requirements established pursuant to Section 8 PL 1977, Chapter 396(C40A5-15.1);
3. The authorization for investments as permitted pursuant to Section 8 of PL 1977, Chapter 396 (C.40A:5-15.1); or
4. Any combination of these designations or authorizations.

Deposit and investment risk

GASB Statement Number 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:

Deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name.

Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name.

As the Municipality has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the Municipality has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools. This disclosure is reported below under "Concentration of Credit Risk."
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the Municipality has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the Municipality has no such investments this disclosure is not applicable.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 2 - Deposits and investments (continued)

Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the Municipality may invest with any one issuer. As of December 31, 2016, the Municipality had no investments.

Note 3 - Tax assessments and property taxes

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

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

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

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

Note 4 - Long-term debt

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

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 4 - Long-term debt (continued)
Summary of Municipal Debt

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Issued			
General bonds	\$ 7,402,000	\$ 7,859,000	\$ 7,676,000
Authorized but not issued			
General			
Bonds and notes	<u>616,571</u>	<u>864,000</u>	<u>769,000</u>
Net bonds and notes issued and authorized but not issued	<u>\$ 8,018,571</u>	<u>\$ 8,723,000</u>	<u>\$ 8,445,000</u>

Summary of statutory debt condition - annual debt statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .90%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local school district debt	\$ 2,440,000	\$ 2,440,000	\$ -
Regional school district debt	969,458	969,458	-
General debt	<u>8,018,571</u>	<u>37,979</u>	<u>7,980,592</u>
	<u>\$ 11,428,029</u>	<u>\$ 3,447,437</u>	<u>\$ 7,980,592</u>

Net debt \$7,980,592 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$891,227,320 equals .90%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 31,192,956
Net debt	<u>7,980,592</u>
Remaining borrowing power	<u>\$ 23,212,364</u>

During the years ended December 31, 2015 and 2016, the following changes occurred in long-term debt.

	<u>Balance 01/01/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/15</u>
Issued debt				
General				
Bonds	\$ 6,878,000	\$ 6,025,000	\$ 5,044,000	\$ 7,859,000
Notes	798,000	-	798,000	-
Authorized but not issued debt				
General				
Bonds and notes	<u>769,000</u>	<u>95,000</u>	<u>-</u>	<u>864,000</u>
Total	<u>\$ 8,445,000</u>	<u>\$ 6,120,000</u>	<u>\$ 5,842,000</u>	<u>\$ 8,723,000</u>

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 4 - Long-term debt (continued)
Changes in long-term debt (continued)

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

General Obligation Bonds - General obligation bonds at December 31, 2016 with their outstanding balances are comprised of the following individual issues:

\$4,190,000 - 2002 general obligation bonds due in annual installments of \$2,000 to \$232,000 beginning April 15, 2003 through October 15, 2022, interest at 2.00% to 5.25%.	\$ 12,000
\$5,392,000 - 2008 general obligation bonds due in annual installments of \$20,000 to \$191,000 beginning April 15, 2010 through October 15, 2038, interest at 4.55% to 5.20%.	225,000
\$2,350,000 - 2013 refunding bonds due in annual installments of \$235,000 to \$255,000 beginning October 15, 2013 through October 15, 2022, interest at 2.10%.	1,360,000
\$6,025,000 - 2015 refunding bonds due in annual installments of \$205,000 to \$375,000 beginning October 15, 2015 through October 15, 2038, interest at 2.00% to 4.00%.	5,805,000
Total	<u>\$ 7,402,000</u>

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

Year	Principal	Interest	Total
2017	\$ 457,000	\$ 236,108	\$ 693,108
2018	452,000	222,357	674,357
2019	457,000	208,568	665,568
2020	462,000	196,895	658,895
2021 - 2025	1,749,000	800,620	2,549,620
2026 - 2030	1,260,000	597,387	1,857,387
2031 - 2035	1,490,000	374,625	1,864,625
2036 - 2038	1,075,000	87,400	1,162,400
Total	<u>\$ 7,402,000</u>	<u>\$ 2,723,960</u>	<u>\$ 10,125,960</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 5 - Fund balances appropriated

Fund balances at December 31, 2016, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016, were as follows:

Current Fund	\$ 357,031
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Note 6 - School taxes

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

	Local District School Tax		Regional High School Tax	
	Balance 12/31/16	Balance 12/31/15	Balance 12/31/16	Balance 12/31/15
Balance of tax	\$ 4,055,800	\$ 3,937,047	\$ 2,401,704	\$ 2,722,735
Deferred	2,051,077	2,051,077	1,083,907	1,083,907
Tax payable (Prepaid)	\$ 2,004,723	\$ 1,885,970	\$ 1,317,797	\$ 1,638,828

Note 7 - Taxes collected in advance

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

	Balance Dec. 31, 2015	Balance Dec. 31, 2016
Prepaid taxes	\$ 184,026	\$ 182,505
Less: discount allowed	-	-
Cash liability for taxes collected in advance	\$ 184,026	\$ 182,505

Note 8 - Pensions

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

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

Public employee's retirement system

Plan description

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

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Public employee’s retirement system (continued)
Plan description (continued)

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

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division’s Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the state fiscal year ended June 30, 2016. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Allocation methodology and reconciliation to financial statements (continued)

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations and applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to total employer contributions of the group for the state fiscal year ended June 30, 2016.

Contributions

The contribution policy for PERS is set by N.J.S.A 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The state's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the state's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of 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 state fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011, will gradually increase the employee contribution rate for PERS members. Effective October 1, 2011, the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the PERS pension plans. The rate will increase each year on the first of July over a seven-year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Collective net pension liability and actuarial information
Components of net pension liability

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

	2016
Total pension liability	\$ 5,991,358
Plan fiduciary net position	2,404,740
Net pension liability	\$ 3,586,618

Plan fiduciary net position as a percentage of the total pension liability 40.14%

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation	3.08%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.65%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 8 - Pensions (continued)
Public employee's retirement system (continued)
Collective net pension liability and actuarial information (continued)
Long-term expected rate of return

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

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Development Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Discount rate

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

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

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

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

Collective deferred outflows of resources and deferred inflows of resources

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 66,700	\$ -
Changes of assumptions	742,956	-
Net difference between projected and actual earnings on pension plan investments	136,761	-
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	<u>101,621</u>	<u>36,861</u>
Total	<u>\$ 1,048,038</u>	<u>\$ 36,861</u>

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 8 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Changes of assumptions and differences between expected and actual experience	\$ 356,791	\$ 645,040	\$ 192,175	\$ 809,656
Difference between projected and actual earnings on pension plan investments	(43,707)	201,370	20,902	136,761
Net of deferred outflows	\$ 313,084	\$ 846,410	\$ 213,077	\$ 946,417

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>					
2017			\$	213,077	
2018				213,077	
2019				246,857	
2020				207,397	
2021				66,009	
Total			\$	946,417	

Pension expense

For the state fiscal year ended June 30, 2016, the Municipality recognized net pension expense of \$345,541, which represents the Municipality's proportionate share of allocable plan pension expense of \$342,422, plus the net amortization of deferred amounts from changes in proportion of \$11,945, plus other adjustments of \$5, plus the actual contribution paid by the Municipality in the current year of \$98,752, less the deferred contribution of \$107,583.

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

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Public employee’s retirement system (continued)
Collective net pension liability and actuarial information (continued)
Pension expense (continued)

Service cost	\$	117,051
Interest on total pension liability		255,565
Member contributions		(60,668)
Administrative expense		1,937
Expected investment return net of investment expense		(184,158)
Pension expense related to specific liabilities of individual employers		(382)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		175,024
Amortization of expected versus actual experience		17,151
Amortization of projected versus actual investment earnings on pension plan investments		20,902
Pension expense	<u>\$</u>	<u>342,422</u>

The Federal Insurance Contribution Act also covers township employees.

Defined contribution retirement program

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

Police and fireman’s retirement system

Plan description

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

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

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 8 - Pensions (continued)
Police and fireman’s retirement system (continued)
Plan description (continued)

The following represents the Membership Tiers for PFRS:

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

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

Allocation methodology and reconciliation to financial statements

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PFRS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division’s Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PFRS during the state fiscal year ended June 30, 2016. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations and applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer’s contributions to total employer contributions of the group for the state fiscal year ended June 30, 2016.

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

Allocation methodology and reconciliation to financial statements (continued)

A special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under 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 June 30, 2016 State special funding situation net pension liability amount of \$1,604,141,087 is the accumulated difference between the annual actuarially determined state obligation under the special funding situation and the actual state contribution through the valuation date. The fiscal year ending June 30, 2016, state special funding situation pension expense of \$204,886,666 is the actuarially determined contribution amount that the state owes for the fiscal year ending June 30, 2016. The pension expense is deemed to be a state administrative expense due to the special funding situation.

Contributions

The contribution policy for PFRS is set by NJSA 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The state's contribution is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the state's pension contribution was less than the actuarial determined amount.

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

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

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

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 8 -

Pensions (continued)

Police and fireman's retirement system (continued)

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 non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers relating to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$10,695 to the PFRS for normal pension benefits on behalf of the Municipality, which is less than the contractually required contributions or \$35,649.

Collective net pension liability and actuarial information

Components of net pension liability

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

	2016
Total pension liability	\$ 7,507,168
Plan fiduciary net position	3,904,362
Net pension liability	\$ 3,602,806

Plan fiduciary net position as a percentage of the total pension liability	52.01%
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The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases (based on age):	
Through 2026	2.10% - 8.98%
Thereafter	3.10% - 9.98%
Investment rate of return	7.65%

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)
Police and fireman’s retirement system (continued)
Collective net pension liability and actuarial information (continued)
Components of net pension liability (continued)

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 PR-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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Discount rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent fiscal year. State employer contributed 30% of the actuarially determined contributions and the local employees contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

Municipality’s proportionate share of the net pension liability	<u>2016</u>
At current discount rate (5.55%)	\$ 3,602,806
At a 1% lower rate (4.55%)	4,155,679
At a 1% higher rate (6.55%)	2,334,061

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 8 -

Pensions (continued)

Police and fireman's retirement system (continued)

Collective deferred outflows of resources and deferred inflows of resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21,787
Changes of assumptions	460,360	-
Net difference between projected and actual earnings on pension plan investments	232,885	-
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	81,756	-
Total	\$ 775,001	\$ 21,787

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

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Changes of assumptions and differences between expected and actual experience	\$ 484,624	\$ 375,374	\$ 166,753	\$ 693,245
Difference between projected and actual earnings on pension plan investments	24,997	2,812	6,022	21,787
Net of deferred outflows	\$ 459,627	\$ 372,562	\$ 160,731	\$ 671,458

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year ending June 30,

2017	\$ 160,731
2018	160,731
2019	216,567
2020	128,064
2021	5,365
Total	\$ 671,458

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 8 - Pensions (continued)

Police and fireman's retirement system (continued)

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

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

Service cost	\$ 173,210
Interest on total pension liability	417,759
Member contributions	(58,768)
Administrative expense	645
Expected investment return net of investment expense	(301,172)
Pension expense related to specific liabilities of individual employers	(1,131)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	129,133
Amortization of expected versus actual experience	(6,022)
Amortization of projected versus actual investment earnings on pension plan investments	37,620
Pension expense	<u>\$ 391,274</u>

A special funding situation exists where the State of New Jersey is responsible for a proportionate share of the net pension liability of the Municipality. The combined net pension expense is summarized as follows for June 30, 2016:

	<u>2016</u>
Municipal share of net pension liability	\$ 3,323,698
State share of net pension liability	279,108
Net pension liability	<u>\$ 3,602,806</u>

Pension expense

For the year ended June 30, 2016, the Municipality recognized net pension expense of \$404,255, which represents the Municipality's proportionate share of allocable plan pension expense of \$355,625, plus the net amortization of deferred amounts from changes in proportion of \$22,899, plus special funding allocation of \$35,649, plus other adjustments to the net pension liability of \$2,731, plus amounts paid by the Municipality totaling \$139,909, less the deferred contribution of \$152,558.

Note 9 - Post-retirement benefits

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 9 - Post-retirement benefits (continued)

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

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Municipality on a monthly basis. Premiums are funded entirely by the Municipality and are based on the type of coverage selected by the employee.

The Municipality's contributions to the SHBP for post-retirement benefits for the years ended December 31, 2016, 2015, and 2014, were \$179,445, \$167,426, and \$133,153, which equaled the required benefit contribution for each year.

In addition, certain retirees were reimbursed for personally paid health benefits for the years ended December 31,

2016	\$	7,263
2015		6,630
2014		6,685

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 10 - Accrued sick and vacation benefits

The Municipality has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits have not been accrued by either charges to operations or to budgets of prior years. At December 31, 2016 and 2015, we have estimated this liability to be approximately \$95,000 and \$102,796, respectively. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit in the financial statements is not in agreement with GASB Statement Number 12 but is in accordance with reporting procedures promulgated by the State of New Jersey.

Note 11 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2016 and 2015:

	Balance 12/31/14	Additions	Deletions	Balance 12/31/15
Land	\$ 1,860,804	\$ -	\$ -	\$ 1,860,804
Building & building improvements	525,121	-	-	525,121
Furniture, machinery, & equipment	2,817,107	142,925	-	2,960,032
Total	\$ 5,203,032	\$ 142,925	\$ -	\$ 5,345,957
	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
Land	\$ 1,860,804	\$ -	\$ -	\$ 1,860,804
Building & building improvements	525,121	-	-	525,121
Furniture, machinery, & equipment	2,960,032	57,447	-	3,017,479
Total	\$ 5,345,957	\$ 57,447	\$ -	\$ 5,403,404

TOWNSHIP OF DELAWARE
Notes to the Financial Statements

Note 12 - Interfunds receivable and payable

The following Interfund balances remained on the various balance sheets of the Municipality as of December 31, 2016:

Fund	Interfund Receivable	Interfund Payable
Current Fund		
Trust Funds	\$ 12,545	\$ 53,254
Animal Control Fund	-	92
Federal and State Grant Fund	-	186,635
General Capital Fund	-	311,085
Grant Fund		
Current Fund	186,635	-
Trust Funds	4,811	-
General Capital Fund		
Current Fund	311,085	-
Trust Fund	-	632,021
Other Trust Funds		
Current Fund	53,254	12,545
General Capital Fund	632,021	-
Grant Fund	-	4,811
Animal Control Fund		
Current Fund	92	-
	<u>\$ 1,200,443</u>	<u>\$ 1,200,443</u>

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

Note 13 - Litigation

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

Note 14 - Contingent liabilities

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

Note 15 - Risk management

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

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

TOWNSHIP OF DELAWARE
Notes to Financial Statements

Note 16 - Subsequent events

The Municipality has evaluated subsequent events through June 30, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY SCHEDULES

**TOWNSHIP OF DELAWARE
COUNTY OF HUNTERDON**

2016

CURRENT FUND

TOWNSHIP OF DELAWARE
Schedule of Current Fund Cash - Treasurer

	Ref.	Regular Fund	Federal & State Grant Fund
Balance - December 31, 2015	A	\$ 5,217,105	\$ 31,031
Increased by receipts			
Non-budget revenue	A-2	\$ 77,182	\$ -
Interest and cost on taxes	A-2	63,603	-
Interest on investments and deposits	A-2	11,012	-
Fees & permits	A-2	24,454	-
Appropriation refunds	A-3	78,472	-
State of NJ - Veteran's & Senior Citizen's deductions	A-6	45,833	-
Taxes receivable	A-7	19,583,486	-
Revenue accounts receivable	A-9	559,954	-
Tax title liens receivable	A-8	502	-
Grants receivable	A-14	-	44,067
Appropriation reserve refunds	A-15	6,477	-
Prepaid taxes	A-17	183,505	-
Tax overpayments	A-18	12,004	-
Due county - food inspection fees	A-22	3,152	-
Due NJ - state training fees	A-23	9,100	-
Due NJ - marriage licenses & domestic partnership fees	A-24	400	-
Due to general capital fund	A-25	247,429	-
Due to other trust fund	A-27	48,500	-
Unappropriated reserves for grants	A-29	-	1,061
Due from regular fund	A-30	-	89
Due from trust fund	A-31	-	189
		20,955,065	45,406
		26,172,170	76,437

See independent auditors' report.

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

	Ref.	Regular Fund	Federal & State Grant Fund
Decreased by disbursements			
2016 budget appropriations	A-3	\$ 3,512,137	\$ -
2015 appropriation reserves	A-15	70,267	-
Non budget revenue disbursements	A-2	12,617	-
Fees and permits refunded	A-2	1,000	-
Revenue accounts receivable refunds and adjustments	A-9	2,613	-
Due to grant fund	A-12	2	-
Tax overpayments refunded	A-18	3,584	-
Regional high school tax payable	A-19	5,124,548	-
Local school tax payable	A-20	7,974,746	-
County taxes payable	A-21	3,414,811	-
Due county - food inspection fees	A-22	2,352	-
Due NJ - state training fees	A-23	8,572	-
Due NJ - marriage licenses & domestic partnership fees	A-24	375	-
Due to general capital fund	A-25	200,000	-
Due to open space trust fund	A-26	955,525	-
Due to other trust fund	A-27	48,500	-
Appropriated reserves for state grants	A-28	-	30,799
Due from regular fund	A-30	-	87
Due from trust fund	A-31	-	3,000
		<u>\$ 21,331,649</u>	<u>\$ 33,886</u>
Balance - December 31, 2016	A	<u>\$ 4,840,521</u>	<u>\$ 42,551</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Current Fund Cash and Reconciliation
Per NJS 40A:5.5 - Treasurer

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance - December 31, 2016	A-4	\$ 4,840,521	\$ 42,551
Increased by			
Receipts		5,125,406	21
		<u>9,965,927</u>	<u>42,572</u>
Decreased by			
Disbursements		6,171,656	420
		<u>6,171,656</u>	<u>420</u>
Balance - February 28, 2017		<u>\$ 3,794,271</u>	<u>\$ 42,152</u>
Cash reconciliation - February 28, 2017			
Balance per statement			
Northfield Bank		\$ 3,819,939	\$ 43,152
Add: deposit-in-transit		13,247	-
		<u>3,833,186</u>	<u>43,152</u>
Less: outstanding checks		38,915	1,000
		<u>38,915</u>	<u>1,000</u>
Book balance		<u>\$ 3,794,271</u>	<u>\$ 42,152</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to State of New Jersey
Veteran's and Senior Citizen's Deductions

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ 21,063
Increased by			
Receipts	A-4	\$ 45,833	
Prior year Senior Citizen deductions disallowed by collector	A-1	<u>2,000</u>	
			<u>47,833</u>
			68,896
Decreased by			
Veteran's deductions per tax billings		41,500	
Veteran's deductions allowed by tax collector		250	
Senior Citizen's deductions per tax billings		6,000	
Senior Citizen's deductions allowed by tax collector		<u>-</u>	
		47,750	
Less: Senior Citizen's deductions disallowed by collector		<u>189</u>	
	A-7		<u>47,561</u>
Balance - December 31, 2016	A		<u><u>\$ 21,335</u></u>

See independent auditors' report.

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

Year	Balance	2016 Levy	Added	Collected		Transferred	Veteran's &	Tax	Cancellations	Balance
	12/31/15		2016	2015	2016	to Tax	Senior	Overpayment		12/31/16
						Title Liens	Citizen's	Applied		
2011	\$ 20,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,860
2012	22,854	-	-	-	-	-	-	-	-	22,854
2013	25,164	-	250	-	-	-	-	-	-	25,414
2014	28,411	-	-	-	3,784	-	-	-	-	24,627
2015	259,593	-	1,750	-	238,669	-	-	-	-	22,674
2016	-	19,798,071	63,804	185,026	19,341,033	2,824	47,561	-	6,962	278,469
	<u>\$ 356,882</u>	<u>\$ 19,798,071</u>	<u>\$ 65,804</u>	<u>\$185,026</u>	<u>\$ 19,583,486</u>	<u>\$ 2,824</u>	<u>\$ 47,561</u>	<u>\$ -</u>	<u>\$ 6,962</u>	<u>\$ 394,898</u>
<u>Ref.</u>	A	Reserve	Reserve	A-17	A-4	A-8	A-6		Reserve	A

See independent auditors' report.

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

	<u>Ref.</u>	
Analysis of 2016 property tax		
Tax yield		
General purpose tax		\$ 19,798,071
Added and omitted taxes		<u>63,804</u>
	A-7	<u>\$ 19,861,875</u>
Appropriated to finance improvement		
Authorizations		
Local district school tax	A-2;A-20	\$ 8,093,499
Regional district school tax	A-2;A-19	4,803,518
County tax		\$ 2,844,496
County library tax		284,766
County open space tax		276,958
County share of added and omitted taxes		<u>10,905</u>
Total county taxes	A-2;A-21	3,417,125
Municipal open space tax		476,810
Municipal open space share of added and		
Omitted taxes		<u>1,537</u>
Total municipal open space tax	A-2;A-26	478,347
Municipal purpose tax	A-2	3,015,863
Additional tax levied		<u>53,523</u>
Total municipal purpose tax		<u>3,069,386</u>
	A-7	<u>\$ 19,861,875</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Tax Title Liens Receivable

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 20,549
Increased by		
Transferred from taxes receivable	A-7	<u>2,824</u>
		23,373
Decreased by		
Receipts	A-4	<u>502</u>
Balance - December 31, 2016	A	<u><u>\$ 22,871</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Revenue Accounts Receivable

	<u>Ref.</u>	<u>Balance 12/31/15</u>	<u>Accrued in 2016</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/16</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 5,040	\$ 5,040	\$ -
Municipal court	A-2	2,858	41,268	40,923	3,203
Share of court costs - Franklin Township	A-2	-	31,306	31,306	-
Energy receipts tax	A-2	-	315,379	315,379	-
Supplemental energy receipts tax	A-2	-	14,622	14,622	-
Consolidated municipal property tax relief aid	A-2	-	4,004	4,004	-
Garden state trust fund - open space pilot aid	A-2	-	27,412	27,412	-
Uniform construction code fees	A-2	-	118,655	118,655	-
		<u>\$ 2,858</u>	<u>\$ 557,686</u>	<u>\$ 557,341</u>	<u>\$ 3,203</u>
	<u>Ref.</u>	A	Reserve	Below	A
Receipts	A-4			\$ 559,954	
Less: refunds and adjustments	A-4			<u>2,613</u>	
				<u><u>\$ 557,341</u></u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due From Other Trust Funds

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 18,091
Increased by		
Interest on investments	A-2	<u>305</u>
		18,396
Decreased by		
Balance canceled	Reserve	<u>5,851</u>
Balance - December 31, 2016	A	<u><u>\$ 12,545</u></u>

	<u>2016</u>	<u>2015</u>
Analysis of balance		
Due from other trust funds	\$ 2,237	\$ 1,932
Due from payroll	<u>10,308</u>	<u>16,159</u>
	<u><u>\$ 12,545</u></u>	<u><u>\$ 18,091</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2015 (due from)	A	\$ 503
Decreased by		
Budget appropriation	A-3	<u>595</u>
Balance - December 31, 2016 (due to)	A	<u><u>\$ 92</u></u>

TOWNSHIP OF DELAWARE
Schedule of Due to Federal & State Grand Fund

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 185,135
Increased by		
2016 Budget appropriation - matching funds	A-3	<u>1,502</u> 186,637
Decreased by		
Disbursements	A-4	<u>2</u>
Balance - December 31, 2016	A	<u><u>\$ 186,635</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Deferred Charges NJS 40A:4-55 Special Emergency Authorizations

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance 12/31/15</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance 12/31/16</u>
03/26/12	Revaluation of real property	\$ 60,000	\$ 12,000	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>
			<u>Ref.</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>
				A		A-3	A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Grants Receivable

Grant	Balance 12/31/15	Revenue in 2016	Received	Unappropriated Reserve Applied	Balance 12/31/16
OES grant	\$ 390	\$ -	\$ -	\$ -	\$ 390
Wild & scenic river	4,000	-	-	-	4,000
Sidewalk grant	1,044	-	-	-	1,044
Cool cities	23,150	-	-	-	23,150
Recreation trails program	1,414	-	-	-	1,414
Delaware river joint toll bridge commission - Federal Twist Road project	55,525	-	-	-	55,525
NJ Department of Transportation - Meszaros Road project	533	-	-	-	533
NJ Department of Transportation - Grafton Road project	86,350	-	-	-	86,350
Body armor grant	-	1,089	-	1,089	-
Clean communities - 2015	-	23,398	-	23,398	-
Clean communities - 2016	-	26,764	26,764	-	-
Hunterdon County historic preservation	-	11,903	11,903	-	-
Somerset County - click it of ticket	-	2,400	2,400	-	-
Somerset County - body cameras	-	3,000	3,000	-	-
	<u>\$ 172,406</u>	<u>\$ 68,554</u>	<u>\$ 44,067</u>	<u>\$ 24,487</u>	<u>\$ 172,406</u>
<u>Ref.</u>	A	A-2	A-4	A-29	A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves
For the Year Ended December 31, 2016

	<u>Balance 12/31/15</u>	<u>Balance After Transfer</u>	<u>Expended</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
Municipal clerk					
Salaries and wages	\$ 949	\$ 949	\$ -	\$ 949	\$ -
Other expenses					
Postage & advertising	3,326	3,408	82	3,326	-
Miscellaneous other expenses	5,421	5,894	3,473	2,421	-
Elections					
Other expenses	667	667	-	667	-
Financial administration					
Salaries and wages	700	700	-	700	-
Other expenses	1,284	2,859	1,575	1,284	-
Assessment of taxes					
Maintenance of tax map	356	356	-	356	-
Other expenses	609	923	314	609	-
Revenue administration					
Other expenses	923	953	30	923	-
Legal services & costs					
Other expenses	15,608	17,256	1,648	15,608	-
Engineering service & costs					
Other expenses	2,778	3,003	225	2,778	-
Public building and grounds					
Salaries and wages					
Buildings and grounds	422	422	-	422	-
Other expenses					
Expenses of Dilts Farm	2,209	2,209	-	2,209	-
Miscellaneous other expenses	1,814	2,001	187	1,814	-
Planning board					
Other expenses	2,737	2,933	224	2,709	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves (continued)
For the Year Ended December 31, 2016

	<u>Balance 12/31/15</u>	<u>Balance After Transfer</u>	<u>Expended</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
Board of adjustment					
Other expenses	\$ 2,004	\$ 2,199	\$ 285	\$ 1,914	\$ -
Zoning board					
Salaries & wages	41	41	-	41	-
Other expenses	129	229	100	129	-
Environmental commission (RS 40:56A:-1 et seq)					
Salaries & wages	251	251	-	251	-
Other expenses	1,110	1,110	-	1,110	-
Insurance					
Other insurance premiums	938	2,595	1,658	937	-
Surety bond premiums	400	400	-	400	-
Employee group health	19,334	19,334	(6,477)	25,811	-
Police					
Salaries & wages	18	18	-	18	-
Other expenses	658	1,561	1,515	46	-
Supplemental safe neighborhood program					
Salaries and wages	1,275	1,275	-	1,275	-
Other expenses	1,078	1,259	181	1,078	-
Construction code official					
Salaries and wages	162	162	-	162	-
Other expenses	769	1,669	900	769	-
Plumbing inspector					
Salaries and wages	406	406	-	406	-
Office of emergency management					
Salaries and wages	24	24	-	24	-
Other expenses	2,049	2,049	-	2,049	-
First aid organization - contribution	-	11,250	11,250	-	-
Road repair and maintenance					
Salaries and wages	2,232	2,232	2,200	32	-
Other expenses	4,631	7,736	3,189	4,547	-
Board of health					
Salaries and wages	1,180	1,180	-	1,180	-
Other expenses	205	205	-	205	-

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prior Year Appropriation Reserves (continued)
For the Year Ended December 31, 2016

	<u>Balance 12/31/15</u>	<u>Balance After Transfer</u>	<u>Expended</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
Board of recreation					
Commissioners					
Other expenses	\$ 2,916	\$ 8,041	\$ 7,244	\$ 797	\$ -
Public defender					
Other expenses	-	459	459	-	-
Historic preservation society					
Other expenses	3,000	3,000	3,000	-	-
Unclassified					
Utilities					
Gasoline & diesel fuel	18,869	19,993	1,124	18,869	-
Fuel oil	6,876	6,876	-	6,876	-
Electricity	1,678	2,956	1,278	1,678	-
Telephone	706	2,382	1,676	706	-
Street lighting	1,231	1,231	-	1,231	-
Data processing services	10	10	-	10	-
Contingent	50	50	-	50	-
Contribution to					
Social Security system	3,168	3,168	-	3,168	-
State unemployment	50	50	-	50	-
LOSAP	28,500	28,500	26,450	2,050	-
Municipal court					
Salaries and wages	2,381	2,381	-	2,381	-
Other expenses	1,762	1,762	-	1,762	-
NJPDES storm water permit	1,000	1,000	-	1,000	-
	<u>\$ 150,894</u>	<u>\$ 183,577</u>	<u>\$ 63,790</u>	<u>\$ 119,787</u>	<u>\$ -</u>

<u>Ref.</u>	A	Below	Below	A-1
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Appropriation reserves	A	\$ 150,894
Encumbrances payable	A-16	<u>32,683</u>
		<u>\$ 183,577</u>
Disbursements	A-4	\$ 70,267
Refunds applied	A-4	<u>6,477</u>
		<u>\$ 63,790</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Encumbrances Payable

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 32,683
Increased by		
2016 budget charges	A-3	<u>29,995</u>
		62,678
Decreased by		
Applied to appropriation reserves	A-15	<u>32,683</u>
Balance - December 31, 2016	A	<u><u>\$ 29,995</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Prepaid Taxes

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 184,026
Increased by		
Collection of 2017 taxes	A-4	<u>183,505</u>
		367,531
Decreased by		
Applied to 2016 taxes receivable	A-7	<u>185,026</u>
Balance - December 31, 2016	A	<u><u>\$ 182,505</u></u>

A-18

TOWNSHIP OF DELAWARE
Schedule of Tax Overpayments

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 967
Increase by		
Overpayment received	A-4	<u>12,004</u>
		12,971
Decrease by		
Refunded	A-4	\$ 3,584
Overpayments canceled	A-1	<u>227</u>
		<u>3,811</u>
Balance - December 31, 2016	A	<u><u>\$ 9,160</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Regional High School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2015			
School tax payable	A	\$ 1,638,828	
School tax deferred (19.90%)		<u>1,083,907</u>	
			\$ 2,722,735
Increased by			
Levy - school year July 1, 2016 to June 30, 2017	A-7		<u>4,803,518</u>
			7,526,253
Decreased by			
Disbursements	A-4		<u>5,124,548</u>
Balance - December 31, 2016			
School tax payable	A	1,317,797	
School tax deferred (22.56%)		<u>1,083,907</u>	
			<u>\$ 2,401,704</u>
2016 Liability for Regional High School Tax			
Tax paid			\$ 5,124,548
Add: tax payable December 31, 2016			<u>1,317,797</u>
			6,442,345
Less: tax payable December 31, 2015			<u>1,638,828</u>
Amount charged to operations	A-1		<u>\$ 4,803,517</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Local School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2015			
School tax payable	A	\$ 1,885,970	
School tax deferred (26.10%)		<u>2,051,077</u>	\$ 3,937,047
Increased by			
Levy - school year July 1, 2016 to June 30, 2017	A-7		<u>8,093,499</u>
			12,030,546
Decreased by			
Disbursements	A-4		<u>7,974,746</u>
Balance - December 31, 2016			
School tax payable	A	2,004,723	
School tax deferred (25.34%)		<u>2,051,077</u>	<u>\$ 4,055,800</u>
2016 Liability for Local School Tax			
Tax paid			\$ 7,974,746
Add: tax payable December 31, 2016			<u>2,004,723</u>
			9,979,469
Less: tax payable December 31, 2015			<u>1,885,970</u>
Amount charged to operations	A-1		<u>\$ 8,093,499</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of County Taxes Payable

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 8,591
Increased by		
2016 levy		
County taxes		\$ 2,844,496
County library tax		284,766
County open space tax		276,958
County share of added & omitted taxes		<u>10,905</u>
	A-1;A-7	<u>3,417,125</u>
		<u>3,425,716</u>
Decreased by		
Disbursements	A-4	<u>3,414,811</u>
Balance - December 31, 2016	A	<u><u>\$ 10,905</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due County - Food Inspections

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 1,400
Increased by		
Receipts	A-4	<u>3,152</u>
		4,552
Decreased by		
Disbursements	A-4	<u>2,352</u>
Balance - December 31, 2016	A	<u><u>\$ 2,200</u></u>

A-23

TOWNSHIP OF DELAWARE
Schedule of Due NJ - State Training Fees

Balance - December 31, 2015	A	\$ 1,744
Increased by		
Receipts	A-4	<u>9,100</u>
		10,844
Decreased by		
Disbursements	A-4	<u>8,572</u>
Balance - December 31, 2016	A	<u><u>\$ 2,272</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 50
Increased by		
Receipts	A-4	400
		<u>450</u>
Decreased by		
Disbursements	A-4	375
		<u>375</u>
Balance - December 31, 2016	A	<u><u>\$ 75</u></u>

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TOWNSHIP OF DELAWARE
Schedule of Due to General Capital Fund

	<u>Ref.</u>		
Balance - December 31, 2015	A		\$ 98,675
Increase by			
Receipts	A-4	\$ 247,429	
Budget appropriation - capital improvement fund	A-3	85,000	
Budget appropriation - capital reserves	A-3	115,000	
		<u>447,429</u>	<u>546,104</u>
Decreased by			
Interest on investments	A-2	19	
Disbursements	A-4	200,000	
Budget revenue - reserve for payment of bonds	A-2	35,000	
		<u>235,019</u>	<u>311,085</u>
Balance - December 31, 2016	A		<u><u>\$ 311,085</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to Open Space Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 507,432
Increased by		
2016 tax levy	A-7	<u>478,347</u>
		985,779
Decreased by		
Disbursements	A-4	<u>955,525</u>
Balance - December 31, 2016	A	<u><u>\$ 30,254</u></u>

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TOWNSHIP OF DELAWARE
Schedule of Due to Other Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 23,000
Increased by		
Receipts	A-4	<u>48,500</u>
		71,500
Decreased by		
Disbursements	A-4	<u>48,500</u>
Balance - December 31, 2016	A	<u><u>\$ 23,000</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Appropriated Reserves for Grants

Grant	Balance 12/31/15	Transferred from 2016 Budget	Paid or Charged	Balance Canceled	Balance 12/31/16
NJ Body armor	\$ 4,961	\$ 1,089	\$ 5,150	\$ -	\$ 900
Office of emergency Management - 2005	1,635	-	-	-	1,635
Drunk driving enforcement	623	-	349	-	274
Storm water management	5,473	-	523	-	4,950
Delaware river greenway	1,834	-	-	-	1,834
Cool cities	23,150	-	-	-	23,150
Recreation trails program	1,150	-	-	-	1,150
Clean communities Program - year 2013	2,499	-	2,499	-	-
Program - year 2014	19,264	-	14,926	-	4,338
Program - year 2015	-	23,398	-	-	23,398
Program - year 2016	-	26,764	-	-	26,764
Hunterdon Cty historic pres - prior	5,887	-	450	-	5,437
Hunterdon Cty historic pres - 2016	-	11,903	-	-	11,903
NJ Division of highway safety	3,100	-	-	-	3,100
NJ Forest service - business Stimulus fund	7,000	-	-	-	7,000
FEMA Grant - Sanford road project	348	-	-	-	348
FEMA Grant - Sanford Road project matching funds	1,769	-	-	-	1,769
Delaware river joint toll bridge commission - Federal Twist Road project	118,962	-	-	-	118,962
NJ Department of transportation - Grafton Road project	164,432	-	-	-	164,432
Hunterdon County historic preservation grant	2,400	-	-	-	2,400
Recycling grant - 2014	1,598	-	-	-	1,598
Somerset Cty - body cameras	-	3,000	3,000	-	-
Somerset Cty - click it or ticket	-	2,400	2,400	-	-
Matching funds for grants	-	1,502	1,502	-	-
	<u>\$ 366,085</u>	<u>\$ 70,056</u>	<u>\$ 30,799</u>	<u>\$ -</u>	<u>\$ 405,342</u>
Ref.	A	A-3; A-30	A-4		A

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Unappropriated Reserves for Grants

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 24,487
Increased by		
Grant funds received		
Body Armor grant	A-4	1,061
		<u>25,548</u>
Decreased by		
Applied to grants receivable	A-14	24,487
		<u>24,487</u>
Balance - December 31, 2016	A	<u><u>\$ 1,061</u></u>

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TOWNSHIP OF DELAWARE
Schedule of Due From Regular Fund

	<u>Ref.</u>	
Balance - December 31, 2015	A	\$ 185,135
Increase by		
Budget appropriation - matching funds	A-28	\$ 1,502
Disbursements	A-4	<u>87</u>
		<u>1,589</u>
		186,724
Decrease by		
Receipts	A-4	<u>89</u>
Balance - December 31, 2016	A	<u><u>\$ 186,635</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2015	A	\$	2,000
Increased by			
Disbursements	A-4		<u>3,000</u>
			5,000
Decreased by			
Receipts	A-4		<u>189</u>
Balance - December 31, 2016	A	\$	<u><u>4,811</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

2016

TRUST FUND

TOWNSHIP OF DELAWARE
Schedule of Trust Fund Cash - Treasurer

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>
Balance - December 31, 2015 (deficit)	B	\$ (93)	\$ 1,116,826
Increased by receipts			
Animal control fund	B-3	\$ 12,037	\$ -
Due to current fund	B-4	7,000	-
Due to State of New Jersey	B-5	1,938	-
Due from current fund	B-6	-	1,050,505
Reserve for open space	B-9	-	210,724
Developers' deposits	B-15	-	72,358
Reserve for recreation	B-17	-	21,467
Reserve for recycling	B-18	-	5,025
Reserve for sutton burial ground	B-19	-	17
Reserve for municipal alliance	B-21	-	32,196
Reserve for developer's deposits - COAH	B-22	-	27,619
Reserve for COAH - interest	B-23	-	236
Reserve for insurance	B-24	-	3,000
Reserve for public defender	B-25	-	550
Reserve for POAA	B-26	-	4
Reserve for quarry reclamation fund	B-27	-	4,052
Reserve for tax sale premiums	B-28	-	48,500
Reserve for snow removal	B-31	-	2,200
Reserve for payroll	B-32	-	1,955,969
Reserve for police building	B-33	-	550
Reserve for LOSAP	B-34	-	48,005
		<u>20,975</u>	<u>3,482,977</u>
		20,882	4,599,803

See independent auditors' report.

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

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>
Decreased by disbursements			
Animal control fund	B-3	\$ 18,416	\$ -
Due to State of New Jersey	B-5	1,938	-
Due from current fund	B-6	-	100,525
Reserve for open space	B-9	-	691,188
Developers' deposits	B-15	-	94,270
Reserve for unemployment	B-16	-	1,561
Reserve for recreation	B-17	-	20,462
Reserve for recycling	B-18	-	5,035
Due from grant fund	B-20	-	189
Reserve for municipal alliance	B-21	-	30,416
Reserve for developer's deposits - COAH	B-22	-	7,947
Reserve for public defender	B-25	-	375
Reserve for tax sale premiums	B-28	-	88,000
Reserve for payroll	B-32	-	1,944,877
Reserve for police building	B-33	-	3,645
Reserve for LOSAP	B-34	-	9,966
		<u>\$ 20,354</u>	<u>\$ 2,998,456</u>
Balance - December 31, 2016 (deficit)	B;B-2	<u>\$ 528</u>	<u>\$ 1,601,347</u>
Analysis of other			
Other trust funds cash	B		\$ 1,252,349
LOSAP investments	B		<u>348,998</u>
			<u>\$ 1,601,347</u>

See independent auditors' report.

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

	<u>Ref.</u>	<u>Animal Control Funds</u>	<u>Other Trust Funds</u>
Balance - December 31, 2016	B-1	\$ 528	\$ 1,601,347
Increased by			
Receipts		10,608	326,711
		<u>11,136</u>	<u>1,928,058</u>
Decreased by			
Disbursements		2,170	322,434
		<u>2,170</u>	<u>322,434</u>
Balance - February 28, 2017		<u>\$ 8,966</u>	<u>\$ 1,605,624</u>
Cash reconciliation - February 28, 2017			
Balance per statement			
Northfield Bank		\$ 8,966	\$ 1,173,076
TD Bank		-	83,550
Lincoln investments		-	348,998
		<u>8,966</u>	<u>1,605,624</u>
Add: deposit-in-transit		<u>-</u>	<u>-</u>
		8,966	1,605,624
Less: outstanding checks		<u>-</u>	<u>-</u>
		-	-
Book balance		<u>\$ 8,966</u>	<u>\$ 1,605,624</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Animal Control Fund Expenditures

	<u>Ref.</u>	
Balance - December 31, 2015 (deficit)	B	\$ (595)
Increased by receipts		
Animal control fees	B-1	\$ 12,037
Due from current fund	B-4	595
Transfer from budget appropriation	B-4	<u>7,000</u>
		<u>19,632</u>
		19,037
Decreased by		
Expenditures under RS 4:119.15	B-1	<u>18,416</u>
Balance - December 31, 2016	B	<u><u>\$ 621</u></u>
Animal control collections		
2014		\$ 19,342
2015		<u>15,880</u>
Maximum allowable reserve		<u><u>\$ 35,222</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due to Current Fund
Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2015 (due to)	B	\$ 503
Increased by		
Receipts	B-1	7,000
		<u>7,503</u>
Decreased by		
Budget appropriation	B-3	7,595
		<u>7,595</u>
Balance - December 31, 2016 (due from)	B	<u>\$ 92</u>

B-5

TOWNSHIP OF DELAWARE
Schedule of Due from State of New Jersey

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 1
Increased by		
State fees collected	B-1	1,938
		<u>1,939</u>
Increased by		
Disbursements	B-1	1,938
		<u>1,938</u>
Balance - December 31, 2016	B	<u>\$ 1</u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2015	B		\$ 512,342
Increased by			
Open space trust tax levy	B-9	\$ 478,347	
Disbursements - other trust funds	B-1	448	
Disbursements - payroll withholdings	B-1	<u>100,077</u>	
			<u>578,872</u>
			1,091,214
Decreased by			
Receipts - open space trust	B-1	955,526	
Receipts - other trust funds	B-1	753	
Payroll withholdings	B-1	<u>94,226</u>	
			<u>1,050,505</u>
Balance - December 31, 2016	B		<u><u>\$ 40,709</u></u>

	<u>12/31/16</u>	<u>12/31/15</u>
Analysis of balance		
Open space trust - due from	\$ 30,254	\$ 507,433
Tax premiums - due from	23,000	23,000
Other trust funds - due to	(2,237)	(1,932)
Payroll withholdings - due to	<u>(10,308)</u>	<u>(16,159)</u>
	<u><u>\$ 40,709</u></u>	<u><u>\$ 512,342</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from General Capital Fund

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 632,021</u>
Balance - December 31, 2016	B	<u><u>\$ 632,021</u></u>

TOWNSHIP OF DELAWARE
Schedule of Loans Receivable

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 55,141</u>
Balance - December 31, 2016	B	<u><u>\$ 55,141</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Open Space

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 1,363,475
Increased by		
2016 Municipal open space tax levy	B-6	\$ 478,347
Receipts	B-1	<u>210,724</u>
		<u>689,071</u>
		2,052,546
Decreased by		
Disbursements	B-1	<u>691,188</u>
Balance - December 31, 2016	B	<u><u>\$ 1,361,358</u></u>

B-10

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Improvements

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 65,176</u>
Balance - December 31, 2016	B	<u><u>\$ 65,176</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Opening Permits

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 4,000</u>
Balance - December 31, 2016	B	<u><u>\$ 4,000</u></u>

B-12

TOWNSHIP OF DELAWARE
Schedule of Reserve for Quarry Ordinance

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 2,916</u>
Balance - December 31, 2016	B	<u><u>\$ 2,916</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Cash Bonds

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 1,019</u>
Balance - December 31, 2016	B	<u><u>\$ 1,019</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Miscellaneous Trust

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 1,769</u>
Balance - December 31, 2016	B	<u><u>\$ 1,769</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Escrow

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 103,554
Increased by		
Receipts	B-1	72,358
		<u>175,912</u>
Decreased by		
Disbursements	B-1	94,270
		<u>94,270</u>
Balance - December 31, 2016	B	<u><u>\$ 81,642</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Unemployment

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 82,702
Decreased by		
Disbursements	B-1	1,561
		<u>1,561</u>
Balance - December 31, 2016	B	<u><u>\$ 81,141</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Recreation

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 8,603
Increased by		
Receipts	B-1	21,467
		<u>30,070</u>
Decreased by		
Disbursements	B-1	20,462
		<u>20,462</u>
Balance - December 31, 2016	B	<u>\$ 9,608</u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Recycling

	<u>Ref.</u>	
Balance - December 31, 2015 (deficit)	B	\$ (1,021)
Increased by		
Receipts	B-1	5,025
		<u>4,004</u>
Decreased by		
Disbursements	B-1	\$ 5,035
Expended in grant fund	B-20	3,000
		<u>8,035</u>
Balance - December 31, 2016 (deficit)	B	<u>\$ (4,031)</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Sutton Burial Ground

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 8,418
Increased by		
Receipts	B-1	<u>17</u>
Balance - December 31, 2016	B	<u><u>\$ 8,435</u></u>

B-20

TOWNSHIP OF DELAWARE
Schedule of Due to Grant Fund

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 2,000
Increased by		
Recycling disbursements in grant fund	B-18	<u>3,000</u>
		5,000
Decreased by		
Disbursements	B-1	<u>189</u>
Balance - December 31, 2016	B	<u><u>\$ 4,811</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Municipal Alliance

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 8,615
Increased by		
Receipts	B-1	<u>32,196</u> 40,811
Decreased by		
Disbursements	B-1	<u>30,416</u>
Balance - December 31, 2016	B	<u><u>\$ 10,395</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 79,933
Increased by		
Receipts	B-1	<u>27,619</u> 107,552
Decreased by		
Disbursements	B-1	<u>7,947</u>
Balance - December 31, 2016	B	<u><u>\$ 99,605</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for COAH - Interest

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 26,073
Increased by Receipts	B-1	<u>236</u>
Balance - December 31, 2016	B	<u><u>\$ 26,309</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Insurance

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 15,474
Increased by Receipts	B-1	<u>3,000</u>
Balance - December 31, 2016	B	<u><u>\$ 18,474</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Public Defender

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 3,472
Increased by		
Receipts	B-1	550
		<u>4,022</u>
Decreased by		
Disbursements	B-1	375
		<u>375</u>
Balance - December 31, 2016	B	<u><u>\$ 3,647</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve For POAA

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 16
Increased by		
Receipts	B-1	4
		<u>4</u>
Balance - December 31, 2016	B	<u><u>\$ 20</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Quarry Reclamation Fund

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 22,601
Increased by Receipts	B-1	<u>4,052</u>
Balance - December 31, 2016	B	<u><u>\$ 26,653</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Tax Premiums

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 112,300
Increased by Receipts	B-1	<u>48,500</u>
		160,800
Decreased by Disbursements	B-1	<u>88,000</u>
Balance - December 31, 2016	B	<u><u>\$ 72,800</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Farmer's Market

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 934</u>
Balance - December 31, 2016	B	<u><u>\$ 934</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Retirement

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>\$ 10,018</u>
Balance - December 31, 2016	B	<u><u>\$ 10,018</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Snow Removal

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 881
Increased by Receipts	B-1	<u>2,200</u>
Balance - December 31, 2016	B	<u><u>\$ 3,081</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Payroll Withholdings

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 10,998
Increased by Receipts	B-1	<u>1,955,969</u>
		1,966,967
Decreased by Disbursements	B-1	<u>1,944,877</u>
Balance - December 31, 2016	B	<u><u>\$ 22,090</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Police Building

	<u>Ref.</u>	
Balance - December 31, 2015	B	\$ 16,304
Increased by		
Receipts	B-1	550
		<u>16,854</u>
Decreased by		
Disbursements	B-1	3,645
		<u>3,645</u>
Balance - December 31, 2016	B	<u><u>\$ 13,209</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for LOSAP - Unaudited

	<u>Ref.</u>		
Balance - December 31, 2015	B		\$ 310,959
Increased by			
Municipal contributions	B-1	\$ 25,300	
Appreciation of assets	B-1	<u>22,705</u>	
			<u>48,005</u>
			358,964
Decreased by			
Service fees	B-1	907	
Withdrawals	B-1	<u>9,059</u>	
			<u>9,966</u>
Balance - December 31, 2016	B		<u><u>\$ 348,998</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE

COUNTY OF HUNTERDON

2016

GENERAL CAPITAL FUND

TOWNSHIP OF DELAWARE
Schedule of General Capital Fund Cash - Treasurer

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 54,547
Increased by receipts		
Due from current fund	C-5	<u>200,154</u>
		254,701
Decreased by disbursements		
Due from current fund	C-5	\$ 135
Improvement authorizations	C-10	<u>122,932</u>
		<u>123,067</u>
Balance - December 31, 2016	C;C-3	<u><u>\$ 131,634</u></u>

C-3

TOWNSHIP OF DELAWARE
Schedule of General Capital Fund Cash and Reconciliation
Per NJS 40A:5-5 Treasurer

	<u>Ref.</u>	
Balance - December 31, 2016	C-2	\$ 131,634
Increased by		
Receipts		<u>62</u>
		131,696
Decreased by		
Disbursements		<u>14,910</u>
Balance - February 28, 2017		<u><u>\$ 116,786</u></u>
Cash reconciliation - February 28, 2017		
Balance per statement		
Hopewell Valley Bank		\$ 116,786
Less: outstanding checks		<u>-</u>
Book balance		<u><u>\$ 116,786</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
General Capital Fund
Schedule of Cash Activity

Description	Balance 12/31/15	Receipts	Disbursements	Transfers (From) To	Balance 12/31/16
Fund balance	\$ 13,498	\$ -	\$ -	\$ -	\$ 13,498
Capital improvement fund	16,690	-	-	6,853	23,543
Due to/from current fund	(98,675)	200,154	135	(412,429)	(311,085)
Due to/from open space trust fund	632,021	-	-	-	632,021
Due from Delaware river toll bridge commission	(21,850)	-	-	-	(21,850)
Reserves for					
Payment of debt service	72,979	-	-	(35,000)	37,979
Guard rails	2,325	-	-	-	2,325
Purchase of various equipment	40,000	-	-	37,000	77,000
Improvement of municipal facilities	15,000	-	-	15,000	30,000
Improvement authorizations					
Acquisition of development rights and purchase of land	(199,000)	-	-	-	(199,000)
Codification of ordinances	11,157	-	-	-	11,157
Survey & engineering services on Dogwood Dr.	112	-	-	-	112
Acquisition of a fire truck	28,069	-	-	-	28,069

See accompanying notes to financial statements.

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

Description	Balance 12/31/15	Receipts	Disbursements	Transfers (From) To	Balance 12/31/16
Purchase of body armor vests	\$ 522	\$ -	\$ 522	\$ -	\$ -
Repairs & maintenance of the tennis & basketball courts at Dilts Park	204	-	-	-	204
Improvements on various township roads	(380,986)	-	5,441	247,429	(138,998)
Improvements to Dilts Park	900	-	-	-	900
Purchase of various office equipment	3,167	-	3,167	-	-
Purchase of various road equipment	8,015	-	-	-	8,015
Purchase of a 4 wheel drive vehicle	2,569	-	2,569	-	-
Purchase of records retention equipment	800	-	800	-	-
Acquisition of equipment	(93,004)	-	-	-	(93,004)
Purchase of road materials	34	-	34	-	-
Purchase of police vehicles	-	-	12,489	13,000	511
Road construction	-	-	36,173	40,000	3,827
Purchase of office equipment	-	-	1,890	5,000	3,110
Road equipment - chipper	-	-	15,000	15,000	-
Processing computer software	-	-	2,400	8,500	6,100
Road equipment - chipper	-	-	42,447	47,447	5,000
Fire protection equipment	-	-	-	12,200	12,200
Total	\$ 54,547	\$ 200,154	\$ 123,067	\$ -	\$ 131,634
<u>Ref.</u>	C	C-2	C-2		C

See accompanying notes to financial statements.

TOWNSHIP OF DELAWARE
Schedule of Due from Current Fund

	<u>Ref.</u>		
Balance - December 31, 2015	C	\$	98,675
Increased by			
Disbursements	C-2	\$	135
Improvement authorization refunds received in current fund	C-9		247,429
2016 municipal budget appropriations			
Capital improvement fund	C-11		85,000
Reserve for purchase of various equipment	C-13		60,000
Reserve for road improvements	C-16		40,000
Reserve for improvement to municipal facilities	C-14		<u>15,000</u>
			<u>447,564</u>
			546,239
Decreased by			
Receipts	C-2		200,154
Reserve to pay debt service anticipated as 2016 revenue	C-12		<u>35,000</u>
			<u>235,154</u>
Balance - December 31, 2016	C	\$	<u><u>311,085</u></u>

C-6

TOWNSHIP OF DELAWARE
Schedule of Due to Open Space Trust Fund

	<u>Ref.</u>		
Balance - December 31, 2015	C	\$	<u>632,021</u>
Balance - December 31, 2016	C	\$	<u><u>632,021</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Due from Delaware River Toll Bridge Commission

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 21,850
Balance - December 31, 2016	C	\$ 21,850

TOWNSHIP OF DELAWARE
Schedule of Deferred Charges to Future Taxation - Funded

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 7,859,000
Decreased by		
2016 budget appropriation		
Payment of bonds	C-17	<u>457,000</u>
Balance - December 31, 2016	C	<u>\$ 7,402,000</u>

See independent auditors' report.

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

Improvement Description	Balance 12/31/15	2016 Authorization	2016 Note Payments	Cash Received	Transferred to Deferred Taxation - Funded	Balance 12/31/16	Analysis of Balance 12/31/16		
							Expendi- tures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Acquisition of development rights and purchase of land #00-25	\$ 199,000	\$ -	\$ -	\$ -	\$ -	\$ 199,000	\$ 199,000	\$ -	\$ -
Improvements to various roads #13-03	570,000	-	-	247,429	-	322,571	138,998	183,573	-
Acquisition of equipment #15-10	95,000	-	-	-	-	95,000	93,004	1,996	-
	<u>\$ 864,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,429</u>	<u>\$ -</u>	<u>\$ 616,571</u>	<u>\$ 431,002</u>	<u>\$ 185,569</u>	<u>\$ -</u>
<u>Ref.</u>	C	C-10		C-5; C-18		C	C-4	C-10	

See independent auditors' report.

TOWNSHIP OF DELAWARE Schedule of Improvement Authorizations

Improvement Description	Ordinance		Balance 12/31/15		2016 Authorization	Paid or Charged	Unexpended Balance Canceled	Balance 12/31/16	
	Number	Amount	Funded	Unfunded				Funded	Unfunded
Codification of ordinances	06-22	\$ 28,000	\$ 11,157	\$ -	\$ -	\$ -	\$ -	\$ 11,157	\$ -
Survey & engineering services on Dogwood Dr.	09-15	10,000	112	-	-	-	-	112	-
Acquisition of a fire truck	10-13	350,000	28,069	-	-	-	-	28,069	-
Purchase of body armor vests	11-01	4,200	522	-	-	522	-	-	-
Repairs & maintenance of the tennis & basketball courts at Dilts Park	12-06	4,000	204	-	-	-	-	204	-
Improvements to various roads	13-03	600,000	-	189,014	-	5,441	-	-	183,573
Supplies and labor for building improvements	14-08	28,000	-	-	-	-	-	-	-
Improvements to Dilts Park	14-09	3,000	900	-	-	-	-	900	-
Labor and materials for improvement to Delaware Township roads	14-12	47,000	-	-	-	-	-	-	-
Purchase of various road equipment	14-11	26,000	-	-	-	-	-	-	-
Purchase of various office equipment	14-13	12,500	3,167	-	-	3,167	-	-	-
Road drainage and construction	15-07	70,000	-	-	-	-	-	-	-
Purchase of various road equipment	15-07	40,000	8,015	-	-	-	-	8,015	-
Improvements to Dilts Farm Park	15-07	3,000	-	-	-	-	-	-	-
Purchase of a 4 wheel drive vehicle	15-08	17,000	2,569	-	-	2,569	-	-	-
Purchase of records retention equipment	15-08	6,000	800	-	-	800	-	-	-
Acquisition of equipment	15-10	100,000	-	1,996	-	-	-	-	1,996
Purchase of road materials	15-11	26,200	34	-	-	34	-	-	-
Purchase of police vehicle	16-10	13,000	-	-	13,000	12,489	-	511	-
Road construction	16-10	40,000	-	-	40,000	36,173	-	3,827	-
Purchase of office equipment	16-11	5,000	-	-	5,000	1,890	-	3,110	-
Road equipment - chipper	16-12	15,000	-	-	15,000	15,000	-	-	-
Processing computer software	16-16	8,500	-	-	8,500	2,400	-	6,100	-
Road equipment - chipper	16-17	47,447	-	-	47,447	42,447	-	5,000	-
Fire protection equipment	16-04	12,200	-	-	12,200	-	-	12,200	-
			<u>\$ 55,549</u>	<u>\$ 191,010</u>	<u>\$ 141,147</u>	<u>\$ 122,932</u>	<u>\$ -</u>	<u>\$ 79,205</u>	<u>\$ 185,569</u>
	Ref.		C	C	Below	C-2		C	C
Capital improvement fund	C-11				\$ 78,147				
Reserve for purchase of various equipment	C-13				23,000				
Reserve for road improvements	C-16				40,000				
					<u>\$ 141,147</u>				

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Capital Improvement Fund

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 16,690
Increased by		
2016 budget appropriation	C-5	<u>85,000</u>
		101,690
Decreased by		
Appropriated to finance improvement authorizations	C-10	<u>78,147</u>
Balance - December 31, 2016	C	<u><u>\$ 23,543</u></u>

C-12

TOWNSHIP OF DELAWARE
Schedule of Reserve for Payment of Debt Service

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 72,979
Decreased by		
Anticipated as a revenue in current fund	C-5	<u>35,000</u>
Balance - December 31, 2016	C	<u><u>\$ 37,979</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Purchase of Various Equipment

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 40,000
Increased by		
2016 budget appropriation	C-5	<u>60,000</u>
		100,000
Decreased by		
Appropriated to finance improvement authorizations	C-10	<u>23,000</u>
Balance - December 31, 2016	C	<u><u>\$ 77,000</u></u>

C-14

TOWNSHIP OF DELAWARE
Schedule of Reserve for Improvements to Municipal Facilities

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ 15,000
Increased by		
2016 budget appropriation	C-5	<u>15,000</u>
Balance - December 31, 2016	C	<u><u>\$ 30,000</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Reserve for Guard Rails

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ <u>2,325</u>
Balance - December 31, 2016	C	\$ <u><u>2,325</u></u>

TOWNSHIP OF DELAWARE
Schedule of Reserve for Road Improvements

	<u>Ref.</u>	
Balance - December 31, 2015	C	\$ -
Increased by		
2016 budget appropriation	C-5	<u>40,000</u>
		40,000
Decreased by		
Appropriated to finance improvement authorizations	C-10	<u>40,000</u>
		-
Balance - December 31, 2016	C	\$ <u><u>-</u></u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of General Serial Bonds Payable

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance 12/31/15	Increased	Decreased	Balance 12/31/16
			Date	Amount					
General improvements	12/04/2008	\$ 4,190,000	10/15/17	\$ 2,000	5.25%	\$ 14,000	\$ -	\$ 2,000	\$ 12,000
			10/15/18	2,000	5.25%	-	-	-	-
			10/15/19	2,000	4.63%	-	-	-	-
			10/15/20	2,000	4.63%	-	-	-	-
			10/15/21	2,000	4.75%	-	-	-	-
			10/15/22	2,000	4.75%	-	-	-	-
			-	-	-	-	-	-	-
Open space acquisition	11/15/08	2,738,000	10/15/17	55,000	5.20%	166,000	-	53,000	113,000
			10/15/18	58,000	5.20%	-	-	-	-
General improvements	11/15/08	2,654,000	10/15/17	55,000	5.20%	164,000	-	52,000	112,000
			10/15/18	57,000	5.20%	-	-	-	-
Refunding bond issue	08/07/13	2,350,000	10/15/17	245,000	2.10%	1,610,000	-	250,000	1,360,000
			10/15/18	235,000	2.10%	-	-	-	-
			10/15/19	230,000	2.10%	-	-	-	-
			10/15/20	225,000	2.10%	-	-	-	-
			10/15/21	215,000	2.10%	-	-	-	-
			10/15/22	210,000	2.10%	-	-	-	-
Refunding bond issue	09/10/15	5,237,250	10/15/17	40,000	3.00%	5,160,000	-	40,000	5,120,000
			10/15/18	40,000	3.00%	-	-	-	-
			10/15/19	160,000	3.00%	-	-	-	-
			10/15/20	170,000	4.00%	-	-	-	-
			10/15/21	175,000	4.00%	-	-	-	-
			10/15/22	185,000	3.00%	-	-	-	-
			10/15/23	195,000	2.38%	-	-	-	-
			10/15/24	200,000	2.50%	-	-	-	-
			10/15/25	210,000	2.63%	-	-	-	-
			10/15/26	215,000	2.75%	-	-	-	-
			10/15/27	220,000	3.50%	-	-	-	-

See independent auditors' report.

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance 12/31/15	Increased	Decreased	Balance 12/31/16
			Date	Amount					
Refunding bond issue (continued)			10/15/28	\$ 240,000	3.50%	\$ -	\$ -	\$ -	\$ -
			10/15/29	245,000	3.50%	-	-	-	-
			10/15/30	260,000	3.50%	-	-	-	-
			10/15/31	270,000	3.25%	-	-	-	-
			10/15/32	280,000	3.25%	-	-	-	-
			10/15/33	300,000	3.50%	-	-	-	-
			10/15/34	310,000	3.50%	-	-	-	-
			10/15/35	330,000	3.50%	-	-	-	-
			10/15/36	340,000	4.00%	-	-	-	-
			10/15/37	360,000	4.00%	-	-	-	-
		10/15/38	375,000	4.00%	-	-	-	-	
General improvements	09/10/15	787,750	10/15/17	60,000	3.00%	745,000	-	60,000	685,000
			10/15/18	60,000	3.00%	-	-	-	-
			10/15/19	65,000	3.00%	-	-	-	-
			10/15/20	65,000	4.00%	-	-	-	-
			10/15/21	65,000	4.00%	-	-	-	-
			10/15/22	70,000	3.00%	-	-	-	-
			10/15/23	70,000	2.38%	-	-	-	-
			10/15/24	75,000	2.50%	-	-	-	-
			10/15/25	75,000	2.63%	-	-	-	-
			10/15/26	80,000	2.75%	-	-	-	-
					<u>\$ 7,859,000</u>	<u>\$ -</u>	<u>\$ 457,000</u>	<u>\$ 7,402,000</u>	
				<u>Ref.</u>	C		C-8	C	

See independent auditors' report.

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

Ord #	Improvement Description	Balance 12/31/15	Increased in 2016	Decreased in 2016	Balance 12/31/16
00-25	Acquisition of development rights and purchase of land	\$ 199,000	\$ -	\$ -	\$ 199,000
13-03	Improvement for various roads	570,000	-	247,429	322,571
15-10	Acquisition of equipment	95,000	-	-	95,000
		<u>\$ 864,000</u>	<u>\$ -</u>	<u>\$ 247,429</u>	<u>\$ 616,571</u>
	<u>Ref.</u>	C		C-9	C

See independent auditors' report.

TOWNSHIP OF DELAWARE

PART II

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

**SCHEDULE OF STATE AND FEDERAL
FINANCIAL ASSISTANCE**



Certified Public Accountants, PC

www.bkc-cpa.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Financial Statements - Regulatory Basis of the various funds and account group of the Township of Delaware, in the County of Hunterdon, (the Municipality) as of and for the years ended December 31, 2016 and 2015, and the related Notes to the Financial Statements and have issued our report thereon dated June 30, 2017. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That report contained an unmodified opinion on the Financial Statements - Regulatory Basis.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Compliance and Other Matters

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

Purpose of this Report

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

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


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

June 30, 2017
Flemington, New Jersey

TOWNSHIP OF DELAWARE
Schedule of Financial Assistance
For the Year Ended December 31, 2016

Grant	Balance 12/31/2015	Receipts	Expended	Over- Expended/ Canceled	Balance 12/31/2016
NJ Body armor - 2011	\$ 1,459	\$ -	\$ 1,459	\$ -	\$ -
NJ Body armor - 2012	1,113	-	1,113	-	-
NJ Body armor - 2013	1,299	-	1,299	-	-
NJ Body armor - 2014	1,090	-	1,090	-	-
NJ Body armor - 2015	1,089	-	189	-	900
NJ Body armor - 2016	-	1,061	-	-	1,061
Somerset County - click it or ticket it	-	2,400	2,400	-	-
Office of emergency management - 2005	1,245	-	-	-	1,245
DWI - prior years	201	-	201	-	-
DWI - prior 2013	422	-	148	-	274
Storm water management	5,473	-	523	-	4,950
Delaware river greenway	1,834	-	-	-	1,834
Recreation trails program	(264)	-	-	-	(264)
Clean communities program - 2013	2,499	-	2,499	-	-
Clean communities program - 2014	19,264	-	14,926	-	4,338
Clean communities program - 2015	23,398	-	-	-	23,398
Clean communities program - 2016	-	26,764	-	-	26,764
Historic preservation grant	5,887	-	450	-	5,437
NJ Division of highway safety	3,100	-	-	-	3,100
NJ Forest service - business stimulus fund	7,000	-	-	-	7,000
FEMA Grant - Sanford Road project	348	-	-	-	348
FEMA Grant- Sanford Road project - matching funds	1,769	-	-	-	1,769
Delaware river joint toll bridge commission - Federal Twist Road project	63,437	-	-	-	63,437
NJ Dept of transportation - Meszaros Road project	(533)	-	-	-	(533)
NJ Dept of Transportation - Grafton Road project	78,082	-	-	-	78,082
Hunterdon County historic preservation grant - 2012	2,400	-	-	-	2,400
Hunterdon County historic preservation grant - 2016	-	11,903	-	-	11,903
Body cameras	-	3,000	3,000	-	-
Recycling grant - 2014	1,598	-	-	-	1,598
	<u>\$ 223,210</u>	<u>\$ 45,128</u>	<u>\$ 29,297</u>	<u>\$ -</u>	<u>\$ 239,041</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Notes to Schedule of Expenditures of Financial Assistance
For the Year Ended December 31, 2016

Note 1 - General

The accompanying Schedule of Financial Assistance (the “Schedule”) includes the grant activity of the Township of Delaware, County of Hunterdon (the “Municipality”) under programs of the state and other governments for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of the Non-Profit Organizations and the Schedule of Expenditures of Financial Assistance as required by New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants. State Grants and State Aid*. Because the Schedule presents only a selected portion of the operations of the Municipality, it is intended to and do not present the financial position, changes in fund balance or cash flows of the Municipality.

Note 2 - Summary of significant accounting polices

Expenditures reported on the Schedule 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 Schedule 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.

Note 3 - Relationship to federal and state financial reports

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

TOWNSHIP OF DELAWARE

PART III

STATISTICAL DATA

INSURANCE SCHEDULE

LIST OF OFFICIALS

GENERAL COMMENTS

RECOMMENDATIONS

TOWNSHIP OF DELAWARE

STATISTICAL DATA

TOWNSHIP OF DELAWARE
Statistical Data
Comparative Schedule of Operations and Change
In Fund Balance - Regulatory Basis

	2016		2015	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund balance utilized	\$ 295,437	1.40	\$ 241,000	1.13
Miscellaneous - from other than local property				
Tax levied	944,065	4.48	984,079	4.61
Collection of delinquent taxes & tax title liens	242,955	1.15	334,838	1.57
Collection of current tax levy	<u>19,573,620</u>	<u>92.96</u>	<u>19,764,316</u>	<u>92.68</u>
Total income	<u>21,056,077</u>	<u>100.00</u>	<u>21,324,233</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	3,954,234	19.06	3,797,670	18.21
County taxes	3,417,125	16.47	3,281,235	15.73
Local school taxes	8,093,499	39.01	7,855,988	37.66
Regional school taxes	4,803,517	23.15	5,445,579	26.11
Municipal open space tax	478,347	2.31	477,199	2.29
Other debits to income	<u>2,000</u>	<u>0.01</u>	<u>1,250</u>	<u>0.01</u>
Total expenditures	<u>20,748,722</u>	<u>100.00</u>	<u>20,858,921</u>	<u>100.00</u>
Regulatory excess to fund balance	307,355		465,312	
<u>Fund Balance</u>				
Fund balance - January 1,	<u>489,472</u>		<u>265,160</u>	
	796,827		730,472	
Less: utilization as anticipated revenue	<u>295,437</u>		<u>241,000</u>	
Fund balance - December 31,	<u>\$ 501,390</u>		<u>\$ 489,472</u>	

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Year	Apportionment				Total Tax Rate
	Municipal & Open Space	County	Local School	Regional High School	
2016	\$ 0.44	\$ 0.43	\$ 1.02	\$ 0.60	\$ 2.49
2015	0.43	0.41	0.99	0.69	2.52
2014	0.41	0.42	0.97	0.67	2.47
2013*	0.37	0.42	0.98	0.64	2.41
2012	0.31	0.38	0.85	0.56	2.10
2011	0.30	0.37	0.84	0.55	2.06
2010	0.30	0.39	0.84	0.54	2.07
2009	0.29	0.38	0.81	0.58	2.06
2008	0.29	0.39	0.78	0.60	2.06
2007	0.28	0.39	0.77	0.60	2.04

* Revalued/Reassessed

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Year	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2016	\$ 795,742,403	\$ 918,023,077	86.68%
2015	793,152,870	881,280,967	90.00%
2014	791,200,156	886,016,493	89.30%
2013*	787,068,690	897,256,328	87.72%
2012	911,663,133	957,931,211	95.17%
2011	910,694,220	984,321,465	92.52%
2010	908,222,212	1,014,206,825	89.55%
2009	904,532,341	1,003,974,575	90.10%
2008	897,994,980	1,043,088,417	86.09%
2007	891,383,319	1,045,979,504	85.22%

* Revalued/Reassessed

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

Year	Tax Levy	Cash Collections	Percentage of Collections
2016	\$ 19,861,875	\$ 19,573,620	98.55%
2015	20,039,700	19,764,316	98.63%
2014	19,547,863	19,186,609	98.15%
2013	19,004,642	18,649,706	98.13%
2012	19,188,246	18,796,219	97.96%
2011	18,850,610	18,465,116	97.96%
2010	18,887,078	18,422,195	97.54%
2009	18,706,104	18,466,104	98.72%
2008	18,647,744	18,435,074	98.86%
2007	18,370,000	18,160,970	98.86%

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

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)

ASSESSED VALUES DISTRIBUTION

Year	Vacant						Total
	Land	Residential	Apartments	Commercial	Farmland	Industrial	Real Property
2007	\$ 11,832,320	\$ 580,165,800	\$ 1,065,700	\$ 18,552,800	\$ 269,586,500	\$ 8,724,800	\$ 889,927,920
2008	13,593,120	586,282,500	1,065,700	18,483,500	268,458,700	8,742,900	896,626,420
2009	12,155,120	592,543,500	1,065,700	19,279,100	269,345,100	8,742,900	903,131,420
2010	10,571,520	595,297,600	1,065,700	18,830,500	272,201,900	8,742,900	906,710,120
2011	12,373,520	594,251,900	1,065,700	18,597,500	274,268,500	8,742,900	909,300,020
2012	11,155,520	598,887,800	1,065,700	19,047,700	271,316,300	8,740,600	910,213,620
2013 (1)	8,649,620	515,755,700	939,500	17,203,300	235,828,100	7,270,600	785,646,820
2014	8,135,620	525,352,300	939,500	17,196,100	231,875,600	7,270,600	790,769,720
2015	6,913,420	536,516,600	939,500	17,273,600	223,780,610	7,270,600	792,694,330
2016	7,096,320	537,945,200	939,500	17,745,400	224,308,810	7,270,600	795,305,830

(1) Revalued/Reassessed

DELINQUENT TAXES AND TITLE LIENS

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2007	\$ 4,289	\$ 208,445	\$ 212,734	1.16%
2008	4,515	206,836	211,351	1.13%
2009	6,286	238,639	244,925	1.31%
2010	10,270	463,423	473,693	2.51%
2011	20,156	375,395	395,551	2.10%
2012	19,164	397,912	417,076	2.17%
2013	21,328	415,485	436,813	2.29%
2014	16,648	422,155	438,803	2.24%
2015	20,549	356,882	377,431	1.88%
2016	22,871	394,898	417,769	2.10%

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data (continued)

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2016	None
2015	None
2014	None
2013	None
2012	None
2011	None
2010	None
2009	None
2008	None
2007	None

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2016	\$ 501,390	\$ 357,031
	2015	489,472	295,437
	2014	265,160	241,000
	2013	388,940	350,000
	2012	450,872	395,000
	2011	446,570	414,000
	2010	551,888	518,000
	2009	772,652	742,199
	2008	832,961	658,000
	2007	564,301	500,000

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data
Debt Incurring Capacity as of Decemeber 31, 2016

Municipal

1. Equalized valuations of real property (2016, 2015, 2014)	\$ 891,227,320
2 Permitted municipal debt limitation (3.5% of \$891,227,320)	31,192,956
3 Net debt issued, outstanding & authorized	7,980,592
4 Excess school borrowing	-
5 Total charges to borrowing margin	<u>7,980,592</u>
6 Remaining municipal borrowing capacity	<u><u>\$ 23,212,364</u></u>

Local school district

1. Permitted school district debt limitation (3.0% of \$891,227,320)	\$ 26,736,820
2 Debt issued, outstanding & authorized	<u>2,440,000</u>
3 Remaining municipal borrowing capacity	<u><u>\$ 24,296,820</u></u>

Gross & statutory net debt as of December 31,

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

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data
Statement of Indebtedness as of December 31, 2016

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds		\$ 7,402,000	
Notes		-	
Bonds and notes authorized but not issued		<u>616,571</u>	
			\$ 8,018,571
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		2,440,000	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	
			2,440,000
Regional school district			
Bonds		969,458	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	
			<u>969,458</u>
Total gross debt			11,428,029
Statutory deductions			
Municipal		37,979	
Local school district		2,440,000	
Regional school district		<u>969,458</u>	
			<u>3,447,437</u>
Total net debt			<u>\$ 7,980,592</u>
	Debt	Estimated %	
Overlapping debt as of December 31, 2015	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ 2,440,000	100.00%	\$ 2,440,000
Regional school district debt	10,025,000	9.81%	969,458
County debt	75,793,752	4.23%	<u>3,206,076</u>
Total overlapping debt			<u>\$ 6,615,534</u>

See independent auditors' report.

TOWNSHIP OF DELAWARE
Statistical Data
Statement of Indebtedness as of December 31, 2016 (continued)

Gross debt (\$11,428,029)		
Per capita (population 2010 census - 4,551)	\$	2,511
Percent of average equalized valuation basis (2016 - \$891,227,320)		1.28%
Percent of net valuation taxable (2016 - \$795,742,403)		1.44%
 Net municipal debt (\$7,980,592)		
Per capita (population 2010 census - 4,551)	\$	1,754
Percent of average equalized valuation basis (2016 - \$891,227,320)		0.90%
Percent of net valuation taxable (2016 - \$795,742,403)		1.00%
 Overall debt (gross and overlapping debt - \$14,634,105)		
Per capita (population 2010 census - 4,551)	\$	3,216
Percent of average equalized valuation basis (2016 - \$891,227,320)		1.64%
Percent of net valuation taxable (2016 - \$795,742,403)		1.84%

See independent auditors' report.

TOWNSHIP OF DELAWARE
Schedule of Insurance
For the Year Ended December 31, 2016
(Unaudited)

	Coverage	Deductible
Workers Compensation - Somerset County Joint Insurance Fund Policy Limit	Statutory	
Package Policy - Somerset County Joint Insurance Fund		
Property - Buildings & Contents - Fund Limit	\$ 150,000,000	\$ -
Liability Coverage Casualty per Occurrence	5,000,000	-
Auto Liability	5,000,000	-
Public Officials & Employment Practices	2,000,000	25,000
Excess Liability	15,000,000	-
Crime	1,000,000	-
Pollution Legal Liability - Somerset County Joint Insurance Fund Each Incident	1,000,000	25,000
Surety Bonds		-
Tax Collector	175,000	-
Treasurer	100,000	-
Payroll Clerk	100,000	-

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

Adequacy of insurance coverage is the responsibility of the municipality.

See independent auditors' report.

TOWNSHIP OF DELAWARE
List of Officials

Officials in Office and Surety Bonds

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

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

* * * * *

Name	Title
Judith Allen	Municipal Clerk (to 6/30/16)
Jodi McKinney	Municipal Clerk (from 6/30/16)
Linda Zengel	Treasurer & Chief Financial Officer
Danene Gooding	Tax Collector
Michelle Trivigno	Assessor
Kristina Hadinger	Attorney
John Lanza	Labor Attorney & Special Counsel
C. Richard Roseberry	Engineer

TOWNSHIP OF DELAWARE
General Comments

Contracts and Agreements Required to be Advertised for NJSA 40A:11-4

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

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

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

Fire Alarm System
Environmental Study
Road Project

Road Materials
Fixed Asset Inventory

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

Auditor
Architect
Finance Office Consultant
Historic Consultant
Planning Consultants

Engineer
Labor Attorney
Risk Consultant
Municipal Attorney
Environmental Consultant

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

From our examination of expenditures, it appears that there were no individual payments, contracts or agreements in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJSA40A:11-6.

TOWNSHIP OF DELAWARE
General Comments

Collection of Interest on Delinquent Taxes and Assessments

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

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

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

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

Delinquent Taxes and Tax Title Liens

A tax sale was held in the year 2016 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2016	3
2015	4
2014	3

Control Deficiencies

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

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

Other Comments

TOWNSHIP OF DELAWARE
General Comments

Technical Accounting Directives

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

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

The fixed assets accounting system was not maintained in a current manner as of December 31, 2016. The Municipality did contract for and received an updated fixed asset inventory in 2017 and an audit recommendation is therefore not necessary.

A general ledger was maintained in 2016, however, subsequent to the year end a general ledger has not been maintained. It is recommended that a general ledger be maintained in a current manner.

Other

As reflected on the various balance sheets there are Interfunds receivable and payable that are to be liquidated prior to the end of the year.

TOWNSHIP OF DELAWARE
Recommendations

It is recommended that:

1. The general ledger is to be maintained in a current manner.
2. Interfund balances are to be liquidated prior to the end of the year.

Status of Prior Year's Audit Findings/Recommendations

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

1. Interfund balances are to be liquidated prior to the end of the year.

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements and this report of such conditions does not modify our report dated June 30, 2017.

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

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

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



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