

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY**

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2016**

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

PART I

	<u>Page</u>
Independent Auditors' Report	1-3
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	4-5

Exhibit

CURRENT FUND

Comparative Balance Sheet - Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1
Statement of Revenues - Regulatory Basis	A-2
Statement of Expenditures - Regulatory Basis	A-3

TRUST FUND

Comparative Balance Sheet - Regulatory Basis	B
--	---

GENERAL CAPITAL FUND

Comparative Balance Sheet - Regulatory Basis	C
Statement of Fund Balance - Regulatory Basis	C-1

GENERAL FIXED ASSET ACCOUNT GROUP

Comparative Statement of General Fixed Assets - Regulatory Basis	D
--	---

Page

<u>NOTES TO FINANCIAL STATEMENTS</u>	6-27
---	------

Exhibit

CURRENT FUND

Schedule of Cash	A-4
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-5
Schedule of Regional Elementary School Taxes Advanced	A-6
Schedule of Interfunds Receivable/(Payable)	A-7
Schedule of Revenue Accounts Receivable	A-8
Schedule of Deferred Charges – Special Emergency (N.J.S. 40A:4-53 & N.J.S. 40A:4-55.1)	A-9
Schedule of Deferred Charges	A-10
Schedule of Appropriation Reserves	A-11
Schedule of Reserve for Encumbrances	A-12

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH
TABLE OF CONTENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Exhibit</u>
<u>CURRENT FUND (continued)</u>	
Schedule of Prepaid Taxes	A-13
Schedule of County Taxes Payable	A-14
Schedule of Regional High School Taxes Payable	A-15
Schedule of Due to State – P.L. 1971, C. 20	A-16
Schedule of Due to State of New Jersey - Marriage License Fees	A-17
Schedule of Special Emergency Notes Payable	A-18
Schedule of Reserve for Hurricane Sandy	A-19
Federal and State Grant Fund - Schedule of Grants Receivable	A-20
Federal and State Grant Fund – Schedule of Appropriated Reserves	A-21
Federal and State Grant Fund – Schedule of Unappropriated Reserves	A-22
 <u>TRUST FUND</u>	
Schedule of Cash	B-1
Schedule of Reserve for Animal Control Trust	
Fund Expenditures - Animal Control Trust Fund	B-2
Schedule of Due to State of New Jersey - Animal Control Trust Fund	B-3
Schedule of Due to Current Fund - Animal Control Trust Fund	B-4
Schedule of Various Reserves - Trust Other Fund	B-5
Schedule of Due to Current Fund - Trust Other Fund	B-6
 <u>GENERAL CAPITAL FUND</u>	
Schedule of Cash	C-2
Analysis of General Capital Cash	C-3
Schedule of Grants Receivable	C-4
Schedule of Due from Monmouth County Improvement Authority	C-5
Schedule of Deferred Charges to Future Taxation - Funded	C-6
Schedule of Deferred Charges to Future Taxation - Unfunded	C-7
Schedule of Improvement Authorizations	C-8
Schedule of Encumbrances Payable	C-9
Schedule of Capital Lease Obligations	C-10
Schedule of General Serial Bonds	C-11
Schedule of Capital Improvement Fund	C-12
Schedule of Due From/(To) Current Fund	C-13
Schedule of Reserve for Cost of Issuance	C-14
Schedule of Reserve for Debt Service	C-15
Schedule of Bonds and Notes Authorized But Not Issued	C-16
 <u>GENERAL FIXED ASSET ACCOUNT GROUP</u>	
Schedule of Investments in General Fixed Assets	D-1

**TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH
TABLE OF CONTENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Page</u>
<u>SUPPLEMENTARY DATA</u>	
Comparative Schedule of Tax Rate Information	28
Comparison of Tax Levies and Collection Currently	28
Delinquent Taxes and Tax Title Liens	28
Property Acquired by Tax Title Lien Liquidation	29
Comparative Schedule of Fund Balances	29
Summary of Municipal Debt	29
Summary of Statutory Debt Condition - Annual Debt Statement	30
Borrowing Power Under N.J.S.A. 40A:2-6 as Amended	30
Officials in Office and Surety Bonds	31
	<u>Page</u>
<u>PART II</u>	
General Comments	1-3
	<u>Page</u>
<u>PART III</u>	
Schedule of Findings and Recommendations	1

TOWNSHIP OF SHREWSBURY

COUNTY OF MONMOUTH

PART I

REPORT OF AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

FOR THE YEAR ENDED DECEMBER 31, 2016

FALLON & LARSEN LLP

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Township Council
Township of Shrewsbury
County of Monmouth
Shrewsbury, New Jersey

We have audited the accompanying balance sheets of the various funds and the comparative statement of general fixed assets account group of the Township of Shrewsbury, New Jersey (the "Township"), as of December 31, 2016, and the related statements of operations and change in fund balances for the years then ended and the related statements of revenues and statements of expenditures for the year ended December 31, 2016 and the related notes to the financial statements which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 2, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 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 the Township as of December 31, 2016, or the changes in financial position for the year ended December 31, 2016.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and the general fixed asset account group of the Township as of December 31, 2016, and the results of its operations and changes in fund balance of the individual funds for the years then ended and the revenues and expenditures for the year ended December 31, 2016, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 2 to the financial statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township that collectively comprise the Township’s basic financial statements. The accompanying financial information listed as supplementary exhibits and supplementary data in the table of contents are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the financial statements.

The accompanying financial information listed as supplementary exhibits and supplementary data in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary exhibits and supplementary data are fairly stated in all material respects in relation to the financial statements as a whole.

Prior Year Financial Statements Audited by Other Auditors

The financial statements of the Township for the year ended December 31, 2015 were audited by other auditors whose report dated June 23, 2016 expressed an adverse opinion in accordance with generally accepted accounting principles in the United States of America and an unmodified opinion on the regulatory basis financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2017, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 Township's internal control over financial reporting and compliance.

Charles J. Fallon CPA RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506

Fallon & Larsen LLP

Fallon & Larsen LLP

Hazlet, New Jersey
November 3, 2017

**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***

To the Honorable Mayor and Members
of the Township Council
Township of Shrewsbury
County of Monmouth
Shrewsbury, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Township of Shrewsbury, State of New Jersey (the "Township"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 6, 2017. We expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America. As described in Note 2, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 these 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.

We noted certain matters that we have reported to management of the Township in the Schedule of Findings and Recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles J. Fallon CPA RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506

Fallon & Larsen LLP

Fallon & Larsen LLP

Hazlet, New Jersey
November 3, 2017

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash	A-4	\$ 664,410.75	\$ 924,639.36
		<u>664,410.75</u>	<u>924,639.36</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	3,256.31	3,129.10
Regional School Tax Advanced	A-6	66,927.45	76,864.59
Due from Animal Control Trust Fund	A-7	4,815.19	3,294.14
Due from Trust Other Fund	A-7	3,069.84	
Due from General Capital Fund	A-7	106,180.71	
Revenue Accounts Receivable	A-8	230.10	230.10
		<u>184,479.60</u>	<u>83,517.93</u>
Deferred Charges:			
Special Emergency - Authorization (N.J.S. 40A:4-55)	A-9	12,000.00	24,000.00
Emergency Authorization	A-10	2,871.00	5,742.00
		<u>14,871.00</u>	<u>29,742.00</u>
		<u>863,761.35</u>	<u>1,037,899.29</u>
Federal and State Grant Fund:			
Due from Current Fund	A-7	141,600.75	138,725.75
Grants Receivable	A-20	1,300.00	1,300.00
		<u>142,900.75</u>	<u>140,025.75</u>
Total Assets		<u>\$ 1,006,662.10</u>	<u>\$ 1,177,925.04</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3/A-11	\$ 81,133.81	\$ 87,302.15
Reserve for Encumbrances	A-12	2,865.79	8,922.37
Prepaid Taxes	A-13	4,264.07	2,376.40
Regional High School Tax Payable	A-15	37,391.54	27,261.80
Due to State of New Jersey - Chapter 20 P.L. 1971	A-16	1,430.00	1,180.00
Due to State of New Jersey - Marriage Licenses	A-17	24.00	
Special Emergency Note Payable	A-18	12,000.00	24,000.00
Reserve for Hurricane Sandy	A-19	66,985.39	66,985.39
Due to General Capital Fund	A-7		286,125.00
Due to Federal and State Grant Fund	A-7	141,600.75	138,725.75
		<u>347,695.35</u>	<u>642,878.86</u>
Reserve for Receivables and Other Assets	A	184,479.60	83,517.93
Fund Balance	A-1	331,586.40	311,502.50
		<u>863,761.35</u>	<u>1,037,899.29</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-21	138,900.23	136,025.75
Unappropriated Reserves	A-22	4,000.52	4,000.00
		<u>142,900.75</u>	<u>140,025.75</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 1,006,662.10</u>	<u>\$ 1,177,925.04</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

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

For the Years Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 48,251.01	\$ 43,335.00
Miscellaneous Revenue Anticipated	A-2	105,392.93	299,891.94
Receipts from Delinquent Taxes	A-2	3,629.10	9,221.70
Receipts from Current Taxes	A-2	1,564,147.78	1,639,904.40
Non-Budget Revenues	A-2	11,093.38	33,228.36
Other Credits to Income:			
Regional School Tax Returned	A-6	9,937.14	
Unexpended Balance of Appropriation Reserves	A-11	83,695.65	71,018.35
Canceled Encumbrances	A-12	7,653.97	
Prior Period Adjustment	A-15		10,139.21
		<hr/>	<hr/>
Total Revenue		1,833,800.96	2,106,738.96
		<hr/>	<hr/>
Expenditures:			
Budget Appropriations Within Caps:			
Operations:			
Salaries and Wages	A-3	181,354.00	199,946.12
Other Expenses	A-3	318,540.56	315,562.27
Deferred Charges and Statutory Expenditures	A-3	26,812.00	31,881.43
Budget Appropriations Excluded from Caps:			
Operations:			
Other Expenses	A-3	119,774.50	199,644.08
Capital Improvements	A-3	30,000.00	230,000.00
Municipal Debt Service	A-3	162,431.85	136,715.42
Deferred Charges	A-3	14,871.00	15,258.00
		<hr/>	<hr/>
		853,783.91	1,129,007.32
		<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

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

For the Years Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Prior Year Refunds Cancelled	A-4	2,560.93	
County Taxes	A-14	155,769.61	162,995.79
Regional School Tax	A-15	333,278.00	342,593.01
Regional High School Tax	A-16	308,552.00	288,261.08
Regional School Tax Advanced	A-6		22,588.37
Interfunds Advanced	A-7	110,771.60	28,000.00
Prior Year Senior Citizens/Veterans Disallowed	A-16	750.00	
		<hr/>	<hr/>
Total Expenditures		1,765,466.05	1,973,445.57
		<hr/>	<hr/>
Excess/(Deficit) in Revenue		68,334.91	133,293.39
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which Are By			
Statute Deferred Charges to Budget of Succeeding Year			4,000.00
		<hr/>	<hr/>
		-	4,000.00
		<hr/>	<hr/>
Statutory Excess to Fund Balance		68,334.91	137,293.39
Fund Balance January 1	A	311,502.50	217,544.11
		<hr/>	<hr/>
		379,837.41	354,837.50
Decreased by:			
Utilized as Anticipated Revenue	A-1/A-2	48,251.01	43,335.00
		<hr/>	<hr/>
Fund Balance December 31	A	\$ 331,586.40	\$ 311,502.50
		<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2016

		Anticipated			
	<u>Ref.</u>	<u>Budget</u>	Special N.J.S.A. <u>40A:4-87</u>	<u>Realized</u>	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 48,251.01	\$ -	\$ 48,251.01	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-8	720.00		720.00	
Fees and Permits	A-8	4,000.00		4,586.00	586.00
Fines and Costs:					
Municipal Court	A-8	2,000.00		1,958.66	(41.34)
Interest and Costs on Taxes	A-8	600.00		725.80	125.80
Cable TV Franchise Fees	A-8	3,905.00		6,998.47	3,093.47
Consolidated Municipal Property Tax Relief Aid	A-8	12,093.00		12,093.00	
Energy Tax Receipts (P.L. 1997, Chapters 162 & 167)	A-8	73,810.00		73,810.00	
Clean Communities Program	A-20	4,000.00		4,000.00	
Recycling Tonnage Grant	A-20	501.00		501.00	
Total Miscellaneous Revenues	A-2	101,629.00	-	105,392.93	3,763.93
Receipts from Delinquent Taxes	A-2	3,129.00		3,629.10	500.10
		153,009.01	-	157,273.04	4,264.03

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2016

		Anticipated		
			Special	
			N.J.S.A.	
	<u>Ref.</u>	<u>Budget</u>	<u>40A:4-87</u>	<u>Realized</u>
				<u>Excess or</u>
				<u>(Deficit)</u>
Amount to be Raised by Taxes for				
Support of Municipal Budget		769,262.40		12,512.18
		922,271.41	-	16,776.21
Non-Budget Revenues	A-1/A-2			11,093.38
				11,093.38
Total		\$ 922,271.41	\$ -	\$ 27,869.59
	<u>Ref.</u>	A-3	A-3	

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

For the Year Ended December 31, 2016

Analysis of Realized Revenues:

Allocation of Current Tax Collections:

Revenue from Collections	A-1/A-5	\$ 1,564,147.78
Allocated to School, County, and Open Space Taxes	A-5	<u>797,599.61</u>

Balance for Support of Municipal Budget Appropriations		766,548.17
--	--	------------

Add: Reserve for Uncollected Taxes	A-3	<u>15,226.41</u>
------------------------------------	-----	------------------

Amount for Support of Municipal Budget Appropriations	A-2	<u><u>\$ 781,774.58</u></u>
---	-----	-----------------------------

Receipts from Delinquent Taxes:

Delinquent Tax Collections	A-2/A-5	<u><u>\$ 3,629.10</u></u>
----------------------------	---------	---------------------------

Analysis of Non-Budget Revenues:

Marriage Licenses - Duplicate		\$ 12.00
Seniors and Veterans 2% Administrative Fee		70.00
Employee Health Benefit Share		4,980.41
Miscellaneous		<u>6,030.97</u>

	A-2/A-4	<u><u>\$ 11,093.38</u></u>
--	---------	----------------------------

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Appropriated</u> Budget After <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Expended</u> <u>Reserved</u>	<u>Unexpended</u> Balance <u>Canceled</u>
<u>Operations Within CAPS</u>					
General Government:					
General Administration					
Salaries and Wages	\$ 44,000.00	\$ 44,000.00	\$ 38,282.25	\$ 717.75	\$ 5,000.00
Other Expenses	20,000.00	20,000.00	16,897.25	1,602.75	1,500.00
Mayor and Council					
Salaries and Wages	8,450.00	8,450.00	7,881.23	568.77	
Other Expenses	3,000.00	3,000.00	2,252.81	247.19	500.00
Municipal Clerk					
Salaries and Wages	48,900.00	46,900.00	27,151.68	9,748.32	10,000.00
Other Expenses	3,000.00	3,000.00	2,054.59	945.41	
Financial Administration					
Salaries and Wages	7,990.00	7,990.00	5,731.23	2,258.77	
Other Expenses	9,000.00	8,010.00	4,956.79	3,053.21	
Audit Services					
Other Expenses	18,000.00	18,000.00	17,661.00	339.00	
Tax Collection					
Salaries and Wages	2,750.00	2,750.00	2,333.33	416.67	
Other Expenses	2,000.00	2,000.00	714.00	1,286.00	
Assessment of Taxes					
Salaries and Wages	8,000.00	8,000.00	7,875.00	125.00	
Other Expenses	2,200.00	4,200.00	4,058.72	141.28	

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Legal Services					
Other Expenses	35,000.00	35,990.00	35,990.00		
Engineering Services					
Other Expenses	17,500.00	17,500.00	4,151.75	8,348.25	5,000.00
Construction Code					
Code Enforcement					
Salaries and Wages	7,400.00	7,400.00	7,237.44	162.56	
Housing Inspector					
Salaries and Wages	6,500.00	6,500.00	6,400.60	99.40	
Other Expenses	800.00	800.00	623.11	176.89	
Insurance					
General Liability	17,000.00	17,000.00	15,535.56		1,464.44
Workers' Compensation	17,000.00	17,000.00	14,131.00		2,869.00
Employee Group Health	54,924.00	54,924.00	53,323.00	1,601.00	
Unemployment Insurance	3,000.00	3,000.00	3,000.00		
Uniform Fire Safety Act (P.L. 1983, Ch. 383)					
Salaries and Wages	700.00	700.00	700.00		
Fire Hydrants					
Other Expenses	4,000.00	4,000.00	3,472.70	27.30	500.00
Office of Emergency Management					
Salaries and Wages	1,000.00	1,000.00	964.46	35.54	
Other Expenses	500.00	500.00		500.00	

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Canceled</u>
Streets and Road Maintenance					
Salaries and Wages	66,000.00	66,000.00	57,160.03	2,839.97	6,000.00
Other Expenses	38,000.00	38,000.00	30,878.93	6,121.07	1,000.00
Recycling Program					
Other Expenses	17,500.00	17,500.00	8,224.91	4,275.09	5,000.00
Solid Waste Collection					
Other Expenses	1,400.00	1,400.00	1,070.55	329.45	
Bulk Container	1,500.00	1,500.00		1,500.00	
Buildings and Grounds					
Other Expenses	27,000.00	27,000.00	23,517.65	3,482.35	
Sanitation Landfill - Tipping Fees	3,000.00	3,000.00		3,000.00	
Public Health Service					
Salaries and Wages	164.00	164.00	162.78	1.22	
Animal Control Services					
Other Expenses	400.00	400.00	201.60	198.40	
Recreation Services and Programs					
Salaries and Wages	3,500.00	3,500.00	1,666.64	833.36	1,000.00
Other Expenses	3,000.00	3,000.00	1,844.11	955.89	200.00
Celebration of Public Events					
Other Expenses	2,000.00	2,000.00	613.16	886.84	500.00
Senior Citizens					
Other Expenses	1,000.00	1,000.00	441.47	358.53	200.00
SCAT	3,500.00	3,500.00	2,842.00	658.00	

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Canceled</u>
Utility Expenses and Bulk Purchases					
Electricity	13,000.00	13,000.00	3,051.71	4,148.29	5,800.00
Street Lighting	9,000.00	9,000.00	2,423.78	2,576.22	4,000.00
Telephone	8,000.00	8,000.00	5,662.36	2,337.64	
Water	1,750.00	1,750.00	885.65	864.35	
Natural Gas	8,000.00	8,000.00	6,252.13	1,747.87	
	<u>550,328.00</u>	<u>550,328.00</u>	<u>430,278.96</u>	<u>69,515.60</u>	<u>50,533.44</u>
Total Operations Within CAPS					
Contingent	100.00	100.00		100.00	
	<u>550,428.00</u>	<u>550,428.00</u>	<u>430,278.96</u>	<u>69,615.60</u>	<u>50,533.44</u>
Total Operations Including Contingent Within CAPS					
Detail:					
Salaries and Wages	205,354.00	203,354.00	163,546.67	17,807.33	22,000.00
Other Expenses	345,074.00	347,074.00	266,732.29	51,808.27	28,533.44
	<u>29,312.00</u>	<u>29,312.00</u>	<u>24,877.91</u>	<u>1,934.09</u>	<u>2,500.00</u>
<u>Deferred Charges and Statutory Expenditures Within CAPS</u>					
Statutory Expenditures:					
Public Employees' Retirement System	10,962.00	10,962.00	10,625.00	337.00	
Social Security System (O.A.S.I.)	18,000.00	18,000.00	14,252.91	1,247.09	2,500.00
Defined Contribution Retirement Plan	350.00	350.00		350.00	
	<u>29,312.00</u>	<u>29,312.00</u>	<u>24,877.91</u>	<u>1,934.09</u>	<u>2,500.00</u>
Deferred Charges and Statutory Expenditures Within CAPS					
	<u>29,312.00</u>	<u>29,312.00</u>	<u>24,877.91</u>	<u>1,934.09</u>	<u>2,500.00</u>
	<u>579,740.00</u>	<u>579,740.00</u>	<u>455,156.87</u>	<u>71,549.69</u>	<u>53,033.44</u>
Total Appropriations Within CAPS					

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>Operations Excluded from CAPS</u>					
Other Operations					
Utility Expenses and Bulk Purchases - TRWRA	90,000.00	90,000.00	81,083.00	8,917.00	
Interlocal Municipal Service Agreements					
911 System - County of Monmouth	3,500.00	3,500.00	3,273.50		226.50
Animal Control Reserves - Borough of Red Bank	2,000.00	2,000.00	1,832.88	167.12	
Website Services - Shrewsbury Borough	500.00	500.00	500.00		
Fire Department - Shrewsbury Borough					
Other Expenses	10,000.00	10,000.00	10,000.00		
Municipal Court - Borough of Red Bank					
Other Expenses	9,500.00	9,500.00	9,000.00	500.00	
Public and Private Programs Offset by Revenues:					
Clean Communities Program	4,000.00	4,000.00	4,000.00		
Recycling Tonnage Grant	501.00	501.00	501.00		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operations - Excluded from CAPS	120,001.00	120,001.00	110,190.38	9,584.12	226.50
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Capital Improvements Excluded from CAPS</u>					
Capital Improvement Fund	30,000.00	30,000.00	30,000.00		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Improvements Excluded from CAPS	30,000.00	30,000.00	30,000.00		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>Municipal Debt Service Excluded from CAPS</u>					
Capital Lease Obligations					
MCIA - Principal	13,000.00	13,000.00	13,000.00		
MCIA - Interest	1,560.00	1,560.00	1,559.61		0.39
Payment of Bond Principal	118,000.00	118,000.00	118,000.00		
Interest on Bonds	29,873.00	29,873.00	29,872.24		0.76
Total Municipal Debt Service Excluded from CAPS	162,433.00	162,433.00	162,431.85		1.15
<u>Deferred Charges Municipal Excluded from CAPS</u>					
Special Emergency Authorizations					
5 Years	12,000.00	12,000.00	12,000.00		
3 Years	2,871.00	2,871.00	2,871.00		
Total Deferred Charges Municipal Excluded from CAPS	14,871.00	14,871.00	14,871.00		
Total General Appropriations Excluded from CAPS	327,305.00	327,305.00	317,493.23	9,584.12	227.65
Subtotal General Appropriations	907,045.00	907,045.00	772,650.10	81,133.81	53,261.09
Reserve for Uncollected Taxes	15,226.41	15,226.41	15,226.41		
Total General Appropriations	\$ 922,271.41	\$ 922,271.41	\$ 787,876.51	\$ 81,133.81	\$ 53,261.09
<u>Ref.</u>	A-2	A-3	A-1/A-3	A/A-1	A-1

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS

For the Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget After Modification</u>
Budget	A-3	<u>\$ 922,271.41</u>
		<u>Paid or Charged</u>
Disbursements	A-4	\$ 720,412.31
Reserve for Encumbrances	A-12	2,865.79
Capital Improvements	A-3	30,000.00
Deferred Charges - 5 Year Special Emergency	A-9	12,000.00
Deferred Charges - 3 Year Special Emergency	A-10	2,871.00
Reserve for Uncollected Taxes	A-2	15,226.41
Appropriated Reserves for Federal and State Grants	A-21	<u>4,501.00</u>
		<u>\$ 787,876.51</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Animal Control Trust Fund:			
Cash	B-1	\$ 10,141.94	\$ 7,306.94
Trust Other Fund:			
Cash	B-1	37,290.11	22,682.90
Total Assets		<u>\$ 47,432.05</u>	<u>\$ 29,989.84</u>
LIABILITIES AND RESERVES			
Animal Control Trust Fund:			
Reserve for Animal Control	B-2	\$ 5,121.55	\$ 4,012.80
Due to Current Fund	B-4	5,020.39	3,294.14
Total Animal Control Fund		<u>10,141.94</u>	<u>7,306.94</u>
Trust Other Fund:			
Various Reserves	B-5	34,220.27	22,682.90
Due to Current Fund	B-6	3,069.84	
Total Trust Other Fund		<u>37,290.11</u>	<u>22,682.90</u>
Total Liabilities and Reserves		<u>\$ 47,432.05</u>	<u>\$ 29,989.84</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash and Cash Equivalents	C-2	\$ 547,471.40	\$ 288,500.87
Investment in Special Emergency Note	C-2	12,000.00	24,000.00
Grant Receivable	C-4	50,000.00	347,286.00
Due from Monmouth County Improvement Authority	C-5	45,482.76	25,555.06
Deferred Charges to Future Taxation:			
Funded	C-6	663,000.00	812,000.00
Unfunded	C-7	144,494.50	544,520.50
Capital Lease Obligation	C-10	28,000.00	9,000.00
Due from Current Fund	C-13		286,125.00
		<u>\$ 1,490,448.66</u>	<u>\$ 2,336,987.43</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Reserve for Encumbrances	C-9		\$ 21,686.25
Improvement Authorizations:			
Funded	C-8	\$ 430,762.01	854,947.74
Unfunded	C-8	144,172.00	544,198.00
Capital Obligations Lease Payable	C-10	28,000.00	9,000.00
Serial Bonds Payable	C-11	663,000.00	812,000.00
Capital Improvement Fund	C-12	89,151.59	75,151.59
Due to Current Fund	C-13	106,180.71	
Reserve for Costs of Issuance	C-14	3,895.00	
Reserve for Debt Service	C-15	184.14	
Fund Balance	C-1	<u>25,103.21</u>	<u>20,003.85</u>
		<u>\$ 1,490,448.66</u>	<u>\$ 2,336,987.43</u>

There were bonds & notes authorized but not issued on December 31, 2016 of \$144,494.50 (Exhibit C-16)

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 20,003.85
Increased By:		
Excess Refunding Proceeds	C-2	<u>5,099.36</u>
Balance, December 31, 2016	C	<u><u>\$ 25,103.21</u></u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
REGULATORY BASIS

As of December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
General Fixed Assets:			
Land	D-1	\$ 327,400.00	\$ 327,400.00
Building	D-1	539,088.00	539,088.00
Machinery and Equipment	D-1	<u>360,251.53</u>	<u>360,251.53</u>
		<u>\$ 1,226,739.53</u>	<u>\$ 1,226,739.53</u>
Investments in General Fixed Assets	D-1	<u>\$ 1,226,739.53</u>	<u>\$ 1,226,739.53</u>

The accompanying notes are an integral part of this statement.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 1 REPORTING ENTITY

This report includes the financial statements of the Township of Shrewsbury (the “Township”), within the County of Monmouth, in the State of New Jersey and reflects the activities of the Municipality which is under the control of the Mayor and Township Council. The Township has no component units as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, as amended by GASB 39 and 61.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Funds

The Governmental Accounting Standards Board is the recognized standard-setting body for establishing governmental accounting and financial reporting principles generally accepted in the United States of America. The GASB Codification established certain fund types and account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The accounting policies of the Township conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). 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 Township accounts for its financial activities through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America:

Current Fund - resources and expenditures for governmental operations of a general nature.

Grant Fund - accounts for receipts and disbursements of Federal and State grants.

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

Animal Control Trust Fund - animal license revenue and expenditures.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund and are offset by deferred charges to future taxation.

General Fixed Asset Account Group - is used to account for fixed assets used in general government operations.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

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

Budgets and Budgetary Accounting - the Township of Shrewsbury must adopt an annual budget in accordance with N.J.S.A. 40A:4-4 et al. N.J.S.A. 40A:4-5 which requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulated in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The Township of Shrewsbury is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Cash, Cash Equivalents and Investments (continued)

Public funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the governmental units.

The Township considers highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts. Property taxes are payable quarterly on the first day of February, May, August and November.

Grant Revenues and Expenditures - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township budget. GAAP requires such revenues to be recognized in the accounting period when they are earned and the expenditures to be recognized when the liability is incurred.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as “paid or charged” exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2016 is set forth in Note 8.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Asset Group at its market value.

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. GAAP does not require the establishment of an offsetting reserve.

Inventory of Supplies - the cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The inventories have offsetting reserve amounts.

Reserve for Sale of Municipal Assets - the proceeds of the sale of municipal assets can be held until made available through a future budget appropriation. GAAP requires such proceeds to be recorded as revenue in the year of sale.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

General Fixed Assets - property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the Directive. 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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation on general fixed assets is recorded in the financial statements.

Fixed assets acquired through grants-in-aid or contributed capital are not accounted for separately.

Comparative Data - comparative total data for the various funds for the prior year has been presented in the accompanying Balance Sheets and Statements of Operations and Changes in Fund Balance in order to provide an understanding of changes in the Township's financial position. However, Comparative Statements of Revenue and Statements of Expenditures have not been presented since this inclusion would make the statements unduly complex and difficult to read.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP.

In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 3 PRIOR PERIOD ADJUSTMENT

Due to an error in the prior year audit the Regional High School Tax Payable was misstated. Originally recorded at \$37,401.01, the correct amount is \$27,261.80. This resulted in a need to restate the prior period Balance Sheet and Statement of Operation and Change in Fund Balance for the Current Fund as follows:

	Original Amount 2015	Adjusted Amount 2015
Balance Sheet		
Regional High School Tax Payable	\$ 37,401.01	\$ 27,261.80
Subtotal Liabilities	\$ 653,018.07	\$ 642,878.86
Fund Balance	\$ 301,363.29	\$ 311,502.50
Statement of Operations and Change in Fund Balance		
Prior Period Adjustment	\$ -	\$ 10,139.21
Total Revenue	\$ 2,096,599.75	\$ 2,106,738.96
Excess/(Deficit) in Revenue	\$ 123,154.18	\$ 133,293.39
Statutory Excess to Fund Balance	\$ 127,154.18	\$ 137,293.39
Fund Balance before Surplus Anticipated	\$ 344,698.29	\$ 354,837.50
Fund Balance	\$ 301,363.29	\$ 311,502.50

Due to an error in the prior year audit the 2015 Pooled Government Loan from the Monmouth County Improvement Authority was incorrectly recorded as issued at \$230,000.00. The correct principal amount is \$240,000.00. This has resulted in a need to restate the prior period Balance Sheet for the General Capital Fund as follows:

	Original Balance 2015	Adjusted Balance 2015
Deferred Charges to Future Taxation – Funded	\$ 802,000.00	\$ 812,000.00
Total Assets	\$ 2,326,987.43	\$ 2,336,987.43
Serial Bonds Payable	\$ 802,000.00	\$ 812,000.00
Total Liabilities, Reserves, and Fund Balance	\$ 2,326,987.43	\$ 2,336,987.43

NOTE 4 CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

As of December 31, 2016, the Township's deposits had a carrying amount of \$1,259,152.53.

TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 4 CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholding, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2016, the Township's bank balances of \$1,280,194.80 were exposed to custodial credit risk as follows:

Uninsured and/or Uncollateralized	\$	-
Insured by FDIC		250,000.00
Collateralized under GUDPA		<u>1,030,194.80</u>
Total		<u>\$ 1,280,194.80</u>

Investments

At December 31, 2016, the Township had no investments.

NOTE 5 BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Township of Shrewsbury had bonds and notes authorized but not issued in its General Capital Fund of \$144,494.50 and \$544,520.50 at December 31, 2016 and 2015, respectively.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 6 LONG-TERM DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The terms of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

Serial Bonds Payable

General Capital Fund Serial Bonds Payable

\$240,000.00 2015 Pooled Governmental Loan Revenue Bonds due in annual installments ranging from \$10,000.00 to \$20,000.00 through December 2031, interest rates ranging from 2.000% to 5.000%	\$ 230,000.00
\$395,000.00 2016 Pooled Governmental Loan Revenue Bonds due in annual installments ranging from \$5,000.00 to \$55,000.00 through December 2025, interest rates ranging from 2.000% to 5.000%	390,000.00
\$84,000.00 2016 Pooled Governmental Loan Refunding Revenue Bonds due in the amount of \$41,000.00 due in December 2016 and \$43,000.00 due in December 2017, interest rate of 5.00%	43,000.00
	<hr/> <u>\$ 663,000.00</u>

TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 6 LONG-TERM DEBT (continued)

Schedule of Annual Debt Service Requirements for Principal and Interest for the Next Five (5) Years and Five-Year Increments Thereafter for General Capital Fund Serial Bonds Issued and Outstanding

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 53,000.00	\$ 29,200.00	\$ 82,200.00
2018	50,000.00	28,550.00	78,550.00
2019	55,000.00	26,450.00	81,450.00
2020	55,000.00	24,150.00	79,150.00
2021	65,000.00	21,150.00	86,150.00
2022-2026	285,000.00	56,250.00	341,250.00
2027-2031	100,000.00	7,900.00	107,900.00
	<u>\$ 663,000.00</u>	<u>\$ 193,650.00</u>	<u>\$ 856,650.00</u>

Capital Lease Program

During 2016 the Township acquired equipment through the Monmouth County Improvement Authority's Equipment Lease Financing Program. The Equipment Lease Financing Program involved the issuance of Capital Equipment Pooled Lease Revenue Bonds Series 2016 of \$32,000.00 representing the Township's portion. Interest rates range from 4.25% to 5.00%. Debt service requirements for the General Capital Fund are as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,000.00	\$ 1,310.00	\$ 7,310.00
2018	5,000.00	1,070.00	6,070.00
2019	5,000.00	820.00	5,820.00
2020	7,000.00	570.00	7,570.00
2021	1,000.00	220.00	1,220.00
2022-2025	4,000.00	470.00	4,470.00
	<u>\$ 28,000.00</u>	<u>\$ 4,460.00</u>	<u>\$ 32,460.00</u>

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 6 LONG-TERM DEBT (continued)

Changes in Outstanding Long-Term Debt

Transactions for the year ended December 31, 2016 are summarized as follows:

	Balance Dec. 31, 2015	Additions	Deductions	Balance Dec. 31, 2016
Serial Bonds Payable	\$ 812,000.00	\$ 395,000.00	\$ 544,000.00	\$ 663,000.00
Capital Lease Obligations	9,000.00	32,000.00	13,000.00	28,000.00
	<u>\$ 821,000.00</u>	<u>\$ 427,000.00</u>	<u>\$ 557,000.00</u>	<u>\$ 691,000.00</u>

Borrowing Power

Per N.J.S.A. 40A:2-6 the debt of a municipality is limited to 3.50% of the average of the three preceding year's equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2016 was 1.556%. The Township's remaining borrowing power is 1.944%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

NOTE 7 DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 8 SPECIAL EMERGENCY NOTES

The Township had a Special Emergency Note outstanding at December 31, 2016 in the amount of \$12,000. The notes bear an interest rate of 0% and mature on 12/31/2016. The Township's General Capital Fund has invested in these notes. The notes were authorized on 12/31/2012 for the purpose of extraordinary expenses resulting from damage caused by Superstorm Sandy.

NOTE 9 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the Township's deferred charges were as follows:

	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorization - 5 Year	\$ 12,000.00	\$ 12,000.00
Special Emergency Authorization - 3 Year	<u>2,871.00</u>	<u>2,871.00</u>
Total	<u><u>\$ 14,871.00</u></u>	<u><u>\$ 14,871.00</u></u>

NOTE 10 TAXES COLLECTED IN ADVANCE

Taxes collected in advance and set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31,</u>	
	<u>2016</u>	<u>2015</u>
Prepaid Taxes	\$ 4,264.07	\$ 2,376.40

NOTE 11 ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1st in each year and filed with the County Board of Taxation ("Board") by January 10th of the following year. Upon the filing of certified adopted budgets by the Township, Regional High School District, Local School District, and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 20th, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector ("Collector") on or before June 3rd.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 11 ASSESSMENT AND COLLECTION OF PROPERTY TAXES (continued)

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent as of the eleventh day of the eleventh month of the fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 12 LOCAL DISTRICT SCHOOL AND REGIONAL HIGH SCHOOL TAXES

Regional Elementary School and Regional High School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 provides that any municipality that levies school taxes on a school year basis may defer from the municipal purposes tax levy 50% (fifty percent) of the levy. The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. At year end taxes due consisted of the following:

	<u>Regional Elementary School Tax</u> <u>Balance December 31,</u>		<u>Regional High School Tax</u> <u>Balance December 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance of Tax	\$ (66,927.45)	\$ (76,864.59)	\$ 158,606.54	\$ 148,476.80
Deferred	<u>-</u>	<u>-</u>	<u>121,215.00</u>	<u>121,215.00</u>
Taxes Payable			<u>\$ 37,391.54</u>	<u>\$ 27,261.80</u>
Taxes Advanced	<u>\$ 66,927.45</u>	<u>\$ 76,864.59</u>		

NOTE 13 FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2016, which are appropriated and included as anticipated revenue in the 2017 municipal budgets as adopted for the year ended December 31, 2017 were \$74,928.00 for the Current Fund.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 14 PENSIONS

Plan Description

The Township of Shrewsbury contributes to the Public Employees' Retirement System (PERS) a cost-sharing multiple-employer defined benefit pension plans administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The plans provide retirement, death, disability benefits and medical benefits to certain qualifying plan members and beneficiaries. The Public Employees' Retirement System was established January 1, 1955 under the provisions of N.J.S.A. 43:15A. The Public Employees' Retirement System issues publicly available financial reports that include financial statements and required supplementary information which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

PERS Benefits

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

The following represents the membership tiers for PERS:

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

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 tier one and two before reaching age 60, tier 3 and 4 before age 62 with 25 years or more 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 a member retires prior to the age at which a member 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 retirements age for the respective tier.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 14 PENSIONS (continued)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by all active members and contributing employers. Members contribute at a uniform rate. Employee contributions are currently 7.35% of their base wages. Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for PERS members increased effective July, 2016 from 7.2% to 7.35%. The contribution rate will increase by 0.16% on July 1, 2018 when the rate will be 7.5%.

The local employers' contribution amounts are based on the actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with 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 the assets.

Special Funding Situation Component – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. 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 disclose in the notes to the financial statements of the local participating employer related to this legislation. However, the notes to the financial statements of the local participating employer must disclose the portion of the nonemployer contributing entities total proportionate share of the collective net pension liability that is associated with the local participating employer.

TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 14 PENSION PLANS (continued)

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

As described in Note 2, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America to comply with the requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The regulatory basis of accounting followed by the Township does not accrue pension liabilities. Had the Township prepared the financial statements utilizing accounting principles generally accepted in the United States of America, a pension liability would have been reported as follows for its proportionate share of the net pension liability:

	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
PERS – Valuation June 30, 2016 and 2015	\$ 502,473	\$ 277,424

The net pension liability was measured as of June 30, 2016 and June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and July 1, 2014, respectively. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement dates of June 30, 2016 and June 30, 2015.

At June 30, 2016 and June 30, 2015, the Township's proportion of the net pension liability was as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase/ (Decrease)</u>
PERS	0.0016965604%	0.0012358505%	0.0004607099%

For the years ended December 31, 2016, 2015 and 2014 the Township recognized pension expense on the regulatory basis of accounting as follows:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31 2014</u>
PERS - Normal Contribution	\$ 10,625	\$ 13,531	\$ 16,367

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 14 PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$35,185.00 for PERS.

Utilizing the Regulatory Basis of Accounting, the Township does not record deferred inflows and outflows of resources. Had the Township's financial statements been prepared in accordance with accounting principles generally accepted in the United State of America, the Township would report deferred inflows and outflows of resources at December 31, 2016 based upon the June 30, 2016 State of New Jersey Schedule of Employer Allocations and Schedule of Pension Amounts by Employer audit reports for PERS. The following deferred inflows and outflows of resources are based upon the State of New Jersey Schedule of Employer Allocations and Schedule of Pension Amounts by Employer audit reports for the year ended June 30, 2016 that would have been reported as of December 31, 2016.

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

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between Expected and Actual Experience	\$ -	\$ 9,344
Changes in Assumptions	-	104,085
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	19,160
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	103,888	75,080
	<u>\$ 103,888</u>	<u>\$ 207,669</u>

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 14 PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The above amounts will not affect the Township financial statements because the Township reports on the regulatory basis of accounting but if the Township were to report in accordance with accounting principles generally accepted in the United States of America, the following amounts would be amortized to pension expense in the current and future periods based upon State of New Jersey audit reports:

Year ended December 31,

2017	\$	15,044
2018		15,042
2019		23,942
2020		29,807
2021		<u>19,946</u>
Total	\$	<u><u>103,781</u></u>

The net outflows for the year ended December 31, 2016 were as follows:

	December 31, <u>2016</u>
Deferred Outflows	\$ 207,669
Deferred Inflows	<u>103,888</u>
Net Outflows/(Inflows)	<u><u>\$ 103,781</u></u>

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 14 PENSION PLANS (continued)

Actuarial assumptions

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation Rate	3.08%	3.04%
Salary increases (based on age):		
2012-2021	-	2.15 - 4.40%
Through 2026	1.65 - 4.15%	-
Thereafter	2.65 - 5.15%	3.15 - 5.40%
Investment rate of return	7.65%	7.90%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Table (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).

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 14 PENSION PLANS (continued)

Actuarial assumptions (continued)

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.

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 Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	0.87%
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 US Equities	26.00%	8.53%
Developed 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 US	5.00%	-0.25%
REIT	<u>5.25%</u>	5.63%
	<u>100.00%</u>	

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 14 PENSION PLANS (continued)

Discount rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and June 30, 2015, respectively. The 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% and 3.80% as of June 30, 2016 and 2015, respectively, 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 the plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 Township's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Township's proportionate share of the net pension liability calculated using the discount rate of 3.98 percent, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.98 percent) or 1 percentage point higher (4.98 percent) than the current rate.

	1% Decrease (2.98%)	Discount Rate (3.98%)	1% Increase (4.98%)
Township proportionate share of the net pension liability	\$ 615,721	\$ 502,473	\$ 408,976

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Reports for the State of New Jersey Public Employees Retirement System (PERS).

TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 15 INTERFUND BALANCES

The composition of interfund balances as of December 31, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Current Fund	Animal Control Trust Fund	\$ 4,815.19
Current Fund	Trust Other Fund	3,069.84
Current Fund	General Capital Fund	106,180.71
Grant Fund	Current Fund	<u>141,600.75</u>
		<u>\$255,666.49</u>

All balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) revenues/receipts are collected, and (3) payments between funds are made.

NOTE 16 FIXED ASSETS AND FIXED CAPITAL

Fixed asset and fixed capital activity for the year ended December 31, 2016 was as follows:

	Balance Dec. 31, 2015	Additions	Deletions	Balance Dec. 31, 2016
Land	\$ 327,400.00	\$ -	\$ -	\$ 327,400.00
Buildings	539,088.00	-	-	539,088.00
Machinery, Equipment, and Vehicles	<u>360,251.53</u>	<u>-</u>	<u>-</u>	<u>360,251.53</u>
Total Fixed Assets	<u>\$ 1,226,739.53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,739.53</u>

NOTE 17 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission; injuries to employees; and natural disaster. The Township is a member of the Monmouth County Joint Insurance Fund (JIF). This public entity risk pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program. There were no settlements in excess of insurance coverage in 2016, 2015 and 2014.

**TOWNSHIP OF SHREWSBURY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 18 CONTINGENT LIABILITIES

A. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et. seq.). The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The reserve for unemployment compensation insurance at December 31, 2016 was \$9,784.61.

B. Litigation

The Township is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, Township Officials, based upon the opinion of the Township Counsel, presently believe that the outcome of each such proceeding or claim which is pending or known to be threatened, or all of them combined, will not have a material adverse effect on the Township's financial position or adversely affect the Township's ability to levy, collect, and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

C. Federal and State Grants

The Township receives financial assistance from the U.S. government and the State of New Jersey in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, cost previously reimbursed could be disallowed and require payments to the grantor agency. As of December 31, 2016, the Township estimates that no material liabilities will result from such audits.

NOTE 19 SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after December 31, 2016 through the date of November 3, 2017, which is the date the financial statements were available to be issued.

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF CASH

Ref.

Balance, December 31, 2015			\$ 924,639.36
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	\$ 11,093.38	
Taxes Receivable	A-5	1,561,400.48	
Interfunds	A-7	297,536.00	
Revenue Accounts Receivable	A-8	100,891.93	
Prepaid Taxes	A-13	4,264.07	
Due from State of New Jersey for Senior Citizens' and Veterans' Deductions	A-16	3,500.00	
Due to State of New Jersey - Marriage License Fees	A-17	224.00	
Federal and State Grant Receivable	A-20	4,501.00	
Federal and State Grant Unappropriated	A-22	0.52	
			<u>1,983,411.38</u>
			2,908,050.74
Decreased by Disbursements:			
2016 Budget Appropriations	A-3	720,412.31	
2015 Appropriation Reserves	A-11	4,874.90	
Prior Year Refunds Cancelled	A-1	2,560.93	
County Taxes	A-14	155,769.61	
Regional School Tax	A-6	323,340.86	
Regional High School Tax	A-15	298,422.26	
Interfunds	A-7	736,432.60	
Due to State of New Jersey - Marriage License Fees	A-17	200.00	
Federal and State Grant Receivable	A-21	1,626.52	
			<u>2,243,639.99</u>
Balance, December 31, 2016			<u><u>\$ 664,410.75</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

					Chapter 20, P.L. 1971 Senior Citizens and Veterans	
<u>Year</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Levy</u>	<u>Collections</u>			<u>Balance Dec. 31, 2016</u>
			<u>2015</u>	<u>2016</u>		
2015	\$ 3,129.10			\$ 3,629.10	\$ (750.00)	\$ 250.00
2016		\$ 1,567,154.09	\$ 2,376.40	1,557,771.38	4,000.00	3,006.31
	<u>\$ 3,129.10</u>	<u>\$ 1,567,154.09</u>	<u>\$ 2,376.40</u>	<u>\$ 1,561,400.48</u>	<u>\$ 3,250.00</u>	<u>\$ 3,256.31</u>
<u>Ref.</u>	A	A-5	A-2/A-13	A-2/A-4	A-2/A-16	A
<u>Analysis of 2016 Property Tax Levy</u>		Ref.				
Tax Yield:						
General Purpose Tax		A-5	<u>\$ 1,567,154.09</u>			
Tax Levy:						
County Taxes:						
General County Tax		A-17	\$ 135,893.03			
County Library Tax		A-17	9,330.46			
County Open Space Tax		A-17	7,807.21			
County Health Tax		A-17	<u>2,738.91</u>			
Total County Taxes				\$ 155,769.61		
Regional Elementary School Tax		A-6		333,278.00		
Regional High School Tax		A-15		<u>308,552.00</u>		
					797,599.61	
Tax for Municipal Purposes		A-2		\$ 769,262.40		
Add: Additional Taxes Levied				<u>292.08</u>		
					769,554.48	
		A-5			<u>\$ 1,567,154.09</u>	

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL ELEMENTARY SCHOOL TAX ADVANCED

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 76,864.59
Increased by:		
Cash Disbursements	A-4	<u>323,340.86</u>
		400,205.45
Decreased by:		
Levy Calendar Year - 2015	A-5	<u>333,278.00</u>
Balance, December 31, 2016	A	<u><u>\$ 66,927.45</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF INTERFUNDS RECEIVABLE/(PAYABLE)

	<u>Ref.</u>	<u>Total</u>	<u>Animal Control Trust Fund</u>	<u>Trust Other Fund</u>	<u>General Capital Fund</u>	<u>Grant Fund</u>
Balance, December 31, 2015:						
Interfunds Receivable	A	\$ 3,294.14	\$ 3,294.14	\$ -		
Interfunds Payable	A	<u>(424,850.75)</u>			<u>\$ (286,125.00)</u>	<u>\$ (138,725.75)</u>
Increased By:						
Cash Disbursed	A-4	736,432.60	1,521.05	3,319.84	731,591.71	
Grant Appropriated	A-21	<u>1,626.52</u>				<u>1,626.52</u>
		<u>738,059.12</u>	<u>1,521.05</u>	<u>3,319.84</u>	<u>731,591.71</u>	<u>1,626.52</u>
Decreased By:						
Cash Receipts	A-4	297,536.00		250.00	297,286.00	
Capital Improvements	A-1	30,000.00			30,000.00	
Special Emergency Note	A-1	12,000.00			12,000.00	
Grants Receivable	A-20	<u>4,501.52</u>				<u>4,501.52</u>
		<u>344,037.52</u>	<u>-</u>	<u>250.00</u>	<u>339,286.00</u>	<u>4,501.52</u>
Balance, December 31, 2016:						
Interfunds Receivable	A	396,896.60	<u>\$ 1,521.05</u>	<u>\$ 3,069.84</u>	<u>\$ 392,305.71</u>	
Interfunds Payable	A	<u>(141,600.75)</u>				<u>\$ (141,600.75)</u>
		<u>\$ 255,295.85</u>				

Analysis of Net Charge/(Credit) to Operations

Interfund Accounts Receivable

Balance, December 31, 2016	A-7	396,896.60
Balance, December 31, 2015	A-7	<u>3,294.14</u>
	A-1	<u>393,602.46</u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Accrued</u> <u>in 2016</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Licenses:					
Alcoholic Beverages	A-2		\$ 720.00	\$ 720.00	
Fees and Permits	A-2		4,586.00	4,586.00	
Fines and Costs:					
Municipal Court	A-2	\$ 230.10	1,958.66	1,958.66	\$ 230.10
Interest and Costs on Taxes	A-2		725.80	725.80	
Other Revenue:					
Cable TV Franchise Fees	A-2		6,998.47	6,998.47	
Consolidated Municipal Property Tax Relief Aid	A-2		12,093.00	12,093.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-2		73,810.00	73,810.00	
		<u>\$ 230.10</u>	<u>\$ 100,891.93</u>	<u>\$ 100,891.93</u>	<u>\$ 230.10</u>
	<u>Ref.</u>	A		A-4	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCY 5 YEAR (N.J.S. 40A-53)

<u>Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Budget Requirement</u>	<u>Balance Dec. 31, 2015</u>	<u>Raised 2016 Budget</u>	<u>Balance Dec. 31, 2016</u>
12/17/2012	Superstorm Sandy	\$ 60,000.00	\$ 12,000.00	<u>\$ 24,000.00</u>	<u>\$ 12,000.00</u>	<u>\$ 12,000.00</u>
				<u><u>\$ 24,000.00</u></u>	<u><u>\$ 12,000.00</u></u>	<u><u>\$ 12,000.00</u></u>
			<u>Ref.</u>	A	A-3	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCY 3 YEAR (N.J.S. 40A:4-53)

<u>Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Budget Requirement</u>	<u>Balance Dec. 31, 2015</u>	<u>Raised in 2016 Budget</u>	<u>Balance Dec. 31, 2016</u>
2014	Emergency Authorization	\$ 9,000.00	\$ 2,871.00	<u>\$ 5,742.00</u>	<u>\$ 2,871.00</u>	<u>\$ 2,871.00</u>
				<u><u>\$ 5,742.00</u></u>	<u><u>\$ 2,871.00</u></u>	<u><u>\$ 2,871.00</u></u>
				<u>Ref.</u>		
				A	A-3	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<u>Operations Within CAPS</u>					
General Government:					
General Administration					
Salaries and Wages	\$ 3,062.86		\$ 3,062.86		\$ 3,062.86
Other Expenses	5,375.02	\$ 290.97	5,665.99	\$ 1,852.13	3,813.86
Mayor and Council					
Salaries and Wages	750.00		750.00		750.00
Other Expenses	69.26		69.26	50.00	19.26
Municipal Clerk					
Salaries and Wages	3,201.42		3,201.42		3,201.42
Other Expenses	500.76	7.00	507.76	7.00	500.76
Financial Administration					
Salaries and Wages	910.42		910.42		910.42
Other Expenses	2,122.68		2,122.68		2,122.68
Audit Services					
Other Expenses	850.00		850.00		850.00
Tax Collection					
Salaries and Wages	792.66		792.66		792.66
Other Expenses	746.00		746.00		746.00
Assessment of Taxes					
Salaries and Wages	500.00		500.00		500.00
Other Expenses	390.30		390.30		390.30
Legal Services					
Other Expenses	1,550.00		1,550.00		1,550.00

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Engineering Services					
Other Expenses	7,070.00		7,070.00		7,070.00
Housing Inspector					
Salaries and Wages	632.27		632.27		632.27
Other Expenses	900.00		900.00	315.00	585.00
Insurance					
Employee Group Health	5,897.88		5,897.88		5,897.88
Uniform Fire Safety Act (P.L. 1983, Ch. 383)					
Fire Hydrants					
Other Expenses	305.05		305.05		305.05
Office of Emergency Management					
Salaries and Wages	461.13		461.13		461.13
Streets and Road Maintenance					
Salaries and Wages	6,827.70		6,827.70		6,827.70
Other Expenses	9,414.25		9,414.25	273.00	9,141.25
Recycling Program					
Other Expenses	9,793.21	638.58	10,431.79	638.58	9,793.21
Solid Waste Collection					
Other Expenses	291.68	164.70	456.38	164.70	291.68
Bulk Container	2,000.00		2,000.00		2,000.00
Buildings and Grounds					
Other Expenses	2,588.40	167.15	2,755.55	167.15	2,588.40

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Reserve</u> <u>for</u> <u>Encumbrances</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Animal Control Services					
Other Expenses	150.00		150.00		150.00
Recreation Services and Programs					
Salaries and Wages	500.00		500.00		500.00
Other Expenses	3.97		3.97		3.97
Senior Citizens					
Other Expenses	447.44		447.44		447.44
SCAT	1,114.00		1,114.00	1,114.00	
Utility Expenses and Bulk Purchases					
Electricity	10,823.67		10,823.67	156.05	10,667.62
Street Lighting	2,319.04		2,319.04		2,319.04
Telephone	296.24		296.24	137.29	158.95
Water	589.89		589.89		589.89
Natural Gas	1,484.29		1,484.29		1,484.29
Contingent	100.00		100.00		100.00
Statutory Expenditures					
Social Security System (O.A.S.I.)	2,120.66		2,120.66		2,120.66
Defined Contribution Retirement Plan	350.00		350.00		350.00
	<u>\$ 87,302.15</u>	<u>\$ 1,268.40</u>	<u>\$ 88,570.55</u>	<u>\$ 4,874.90</u>	<u>\$ 83,695.65</u>
Total General Appropriations					
	<u>\$ 87,302.15</u>	<u>\$ 1,268.40</u>	<u>\$ 88,570.55</u>	<u>\$ 4,874.90</u>	<u>\$ 83,695.65</u>
<u>Ref.</u>	A	A-12		A-4	A-1

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 8,922.37
Increased by:		
2016 Encumbrances	A-3	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">2,865.79</div> <div style="width: 10px;"></div> <div style="text-align: right;">11,788.16</div> </div>
Decreased by:		
Cancelled	A-1	\$ 7,653.97
Cash Disbursed	A-11	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 100px; text-align: right;">1,268.40</div> <div style="width: 10px;"></div> <div style="text-align: right;">8,922.37</div> </div>
Balance, December 31, 2016	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 100px; text-align: right;">2,865.79</div> <div style="width: 10px;"></div> <div style="text-align: right;"></div> </div>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ 2,376.40
Increased by:		
Cash Receipts	A-4	<u>4,264.07</u>
		6,640.47
Decreased by:		
Applied to 2016 Taxes Receivable	A-5	<u>2,376.40</u>
Balance, December 31, 2016	A	<u><u>\$ 4,264.07</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2015		\$	-
Increased by:			
2016 Tax Levy:			
County Tax	A-5	\$ 135,893.03	
County Library Tax	A-5	9,330.46	
County Open Space Fund Tax	A-5	7,807.21	
County Health	A-5	<u>2,738.91</u>	
	A-1		<u>155,769.61</u>
			155,769.61
Decreased by:			
County Taxes Paid	A-4		<u>155,769.61</u>
Balance, December 31, 2016		\$	<u><u>-</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE

	<u>Ref.</u>		
Balance, December 31, 2015:			
School Tax Payable		\$ 37,401.01	
School Tax Deferred		<u>121,215.00</u>	
			\$ 158,616.01
Decreased by:			
Prior Period Adjustment	A-1		<u>10,139.21</u>
Adjusted Balance, December 31, 2015:			
School Tax Payable	A	27,261.80	
School Tax Deferred		<u>121,215.00</u>	
			148,476.80
Increased by:			
Levy - For School Year July 1, 2016 to June 30, 2017	A-1/A-5		<u>308,552.00</u>
			457,028.80
Decreased by:			
Payments	A-4		<u>298,422.26</u>
Balance, December 31, 2016:			
School Tax Payable	A	37,391.54	
School Tax Deferred		<u>121,215.00</u>	
			<u>\$ 158,606.54</u>
<u>2016 Liability for Regional High School Tax</u>			
Tax Paid	A-4		\$ 298,422.26
School Tax Payable, December 31, 2016	A		<u>37,391.54</u>
			335,813.80
Less: School Tax Payable, December 31, 2015	A		<u>27,261.80</u>
Amount Charged to 2016 Operations	A-1		<u>\$ 335,813.80</u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF DUE TO STATE - P.L. 1971, C. 20

	<u>Ref.</u>		
Balance, December 31, 2015	A		\$ 1,180.00
Increased by:			
Cash Receipts	A-4	\$ 3,500.00	
Deductions Disallowed by Collector - 2015	A-1/A-5	<u>750.00</u>	
			<u>4,250.00</u>
			5,430.00
Decreased by:			
Senior Citizen Deductions		2,500.00	
Veteran Deductions		2,500.00	
Deductions Allowed by Collector - 2016		<u>250.00</u>	
		5,250.00	
Less:			
Deductions Disallowed by Collector - 2016		<u>1,250.00</u>	
	A-5		<u>4,000.00</u>
Balance, December 31, 2016	A		<u><u>\$ 1,430.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
 SCHEDULE OF DUE TO STATE OF NEW JERSEY -
 MARRIAGE LICENSE FEES

	<u>Ref.</u>	
Balance, December 31, 2015	A	\$ -
Increased by:		
Cash Receipts	A-4	224.00
		<u>224.00</u>
Decreased by:		
Cash Disbursements	A-4	200.00
		<u>200.00</u>
Balance, December 31, 2016	A	<u><u>\$ 24.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTES PAYABLE

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Disbursements</u>	<u>Balance December 31, 2016</u>
Superstorm Sandy	\$ 60,000.00	12/31/12	12/31/15	12/31/16	0.00%	<u>\$ 24,000.00</u>	<u>\$ 12,000.00</u>	<u>\$ 12,000.00</u>
						<u><u>\$ 24,000.00</u></u>	<u><u>\$ 12,000.00</u></u>	<u><u>\$ 12,000.00</u></u>
					<u>Ref.</u>	A	A-3	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF RESERVE FOR HURRICANE SANDY

	<u>Ref.</u>	
Balance, December 31, 2015 and 2016	A	<u>\$ 66,985.39</u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

	Balance December 31, <u>2015</u>	Increased by Revenue Anticipated <u>2016</u>	Cash <u>Received</u>	Balance December 31, <u>2016</u>
State of New Jersey:				
Recycling Tonnage Grant	\$ 1,300.00	\$ 501.00	\$ 501.00	\$ 1,300.00
Clean Communities	-	4,000.00	4,000.00	-
	<u>\$ 1,300.00</u>	<u>\$ 4,501.00</u>	<u>\$ 4,501.00</u>	<u>\$ 1,300.00</u>
<u>Ref.</u>	A	A-2	A-4/A-7	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATED

	Balance December 31, <u>2015</u>	Transferred From 2016 <u>Appropriations</u>	Cash <u>Disbursed</u>	Balance December 31, <u>2016</u>
State of New Jersey:				
Clean Communities:				
2010	\$ 0.10		\$ 0.10	
2013	173.51		173.51	
2015	4,000.00	\$ 4,000.00	1,452.91	\$ 6,547.09
Recycling Tonnage Grant	9,435.95	501.00		9,936.95
Forestry Grant	3,000.00			3,000.00
Community Development Block Grant	<u>119,416.19</u>	<u></u>	<u></u>	<u>119,416.19</u>
	<u>\$ 136,025.75</u>	<u>\$ 4,501.00</u>	<u>\$ 1,626.52</u>	<u>\$ 138,900.23</u>
<u>Ref.</u>	A	A-3	A-4/A-7	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance December 31, <u>2015</u>	Cash <u>Receipts</u>	Balance December 31, <u>2016</u>
State of New Jersey:			
Clean Communities	\$ 4,000.00	\$ -	\$ 4,000.00
Recycling Tonnage Grant	<u> </u>	<u>0.52</u>	<u>0.52</u>
	<u><u>\$ 4,000.00</u></u>	<u><u>\$ 0.52</u></u>	<u><u>\$ 4,000.52</u></u>
<u>Ref.</u>	A	A-4	A

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Trust Other Fund</u>
Balance, December 31, 2015	B	\$ 7,306.94	\$ 22,682.90
Increased by Receipts:			
Reserve for Animal Control			
Trust Fund Expenditures	B-2	\$ 2,629.80	
Due to State of New Jersey	B-3	205.20	
Various Reserves	B-5		\$ 14,857.21
Interfunds	B-6		
		<u>2,835.00</u>	<u>14,857.21</u>
		10,141.94	37,540.11
Decreased by Disbursements:			
Various Reserves	B-5		3,319.84
Interfunds	B-6		250.00
		<u>-</u>	<u>3,569.84</u>
Balance, December 31, 2016	B	<u>\$ 10,141.94</u>	<u>\$ 33,970.27</u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance, December 31, 2015	B	\$	4,012.80
Increased by:			
Dog License Fees Collected		\$	1,600.80
Cat License Fees Collected			480.00
Miscellaneous Fees Collected			549.00
	B-1		<u>2,629.80</u>
			6,642.60
Decreased by:			
Reserve Expenditures	B-4		<u>1,521.05</u>
Balance, December 31, 2016	B	\$	<u><u>5,121.55</u></u>

License and Penalty Fees Collected:

<u>Year</u>	<u>Amount</u>
2014	\$ 2,301.60
2015	<u>3,691.34</u>
	<u><u>\$ 5,992.94</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ -
Increased by:		
Receipts	B-1	205.20
		<hr/> 205.20
Decreased by:		
Interfund - Current	B-4	205.20
		<hr/>
Balance, December 31, 2016	B	\$ -
		<hr/> <hr/>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

ANIMAL CONTROL TRUST FUND
 SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>		
Balance, December 31, 2015	B	\$	3,294.14
Increased By:			
Due to State	B-3	\$	205.20
Reserve Expenditures	B-2	<u>1,521.05</u>	
			<u>1,726.25</u>
Balance, December 31, 2016	B	<u>\$</u>	<u>5,020.39</u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF VARIOUS RESERVES

	Balance <u>Dec. 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>Dec. 31, 2016</u>
Trust Other		\$ 11,022.21		\$ 11,022.21
Unemployment Fund	\$ 6,854.45	3,000.00	\$ 69.84	9,784.61
Street Opening	5,172.50		3,000.00	2,172.50
Engineering Fees	183.50			183.50
POAA	136.00	10.00		146.00
Public Defender		200.00		200.00
Refundable Deposits	1,000.00			1,000.00
Recreation	<u>9,336.45</u>	<u>625.00</u>	<u>250.00</u>	<u>9,711.45</u>
	<u>\$ 22,682.90</u>	<u>\$ 14,857.21</u>	<u>\$ 3,319.84</u>	<u>\$ 34,220.27</u>
<u>Ref.</u>	B	B-1	B-1	B

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

TRUST OTHER FUND
SCHEDULE OF DUE TO CURRENT FUND

	<u>Ref.</u>	
Balance, December 31, 2015	B	\$ -
Increased By:		
Cash Receipts	B-1	<hr/> -
Decreased By:		
Cash Disbursed	B-1	<hr/> 250.00
Balance, December 31, 2016	B	<u><u>\$ (250.00)</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Balance, December 31, 2015		\$	312,500.87
Increased by Receipts:			
Excess Refunding Proceeds	C-1	\$	5,099.36
Due from Current Fund	C-13		249,976.17
Cost of Issuance on Bond Refunding	C-14		<u>3,895.00</u>
			<u>258,970.53</u>
			571,471.40
Decreased by Disbursements:			
Investment in Special Emergency Note	C		<u>12,000.00</u>
Balance, December 31, 2016	C-2	\$	<u><u>559,471.40</u></u>
Investment in Special Emergency Note	C	\$	12,000.00
Cash	C		<u>547,471.40</u>
	C-2	\$	<u><u>559,471.40</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 ANALYSIS OF GENERAL CAPITAL CASH

	Balance Dec. 31, 2016
Fund Balance	\$ 25,103.21
Investment in Special Emergency Notes	(12,000.00)
Due to Current Fund	106,180.71
Grants Receivable	(50,000.00)
Due from Monmouth County Improvement Authority	(45,482.76)
Capital Improvement Fund	89,151.59
Reserve for Debt Issuance Costs	3,895.00
Reserve for Debt Service	184.14

Improvement Authorizations:

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	
3/25/1997	Various Roadway Improvements	(322.50)
N/A	Inflow and Infiltration Corrections to the Sanitary Sewer System	88,129.37
5A.1	Various 2001 Capital Projects	35,637.54
11.12.02	Resurfacing and Reconstruction of Off-Street Municipal Parking Lots	
9.28.04	Reconstruction and Resurfacing of a Portion of Belshaw Ave.	
7.11.06	Reconstruction and Resurfacing of a Portion of Crawford Street	64,548.72
10.23.07A	Various 2007 Capital Projects	98,937.32
8.12.14A	Improvements to Municipal Building	91,543.62
2015-05	Reconstruction of Belshaw Ave. & Paving	35,965.44
2016-06	Replacement of Barker Ave. Bulletin Board	16,000.00
		<u>\$ 547,471.40</u>

Ref. C

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF GRANTS RECEIVABLE

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 347,286.00
Decreased by:		
Grants Received	C-13	<u>297,286.00</u>
Balance, December 31, 2016	C	<u><u>\$ 50,000.00</u></u>

Analysis of Balance

<u>Ordinance</u>		
2015-05	Reconstruction of Belshaw Ave. & Paving	<u>\$ 50,000.00</u>
		<u><u>\$ 50,000.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM MONMOUTH COUNTY IMPROVEMENT AUTHORITY

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 25,555.06
Increased By:		
Capital Lease Expenditures	C-13	<u>19,927.70</u>
Balance, December 31, 2016	C	<u><u>\$ 45,482.76</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>		
Balance, December 31, 2015			\$ 802,000.00
Increased By:			
Prior Period Adjustment			10,000.00
Adjusted Balance, December 31, 2015	C		<u>812,000.00</u>
Increased By:			
Refunding Bond Issuance	C-11		395,000.00
			<u>1,207,000.00</u>
Decreased By:			
Refunding Bond Issuance	C-11	\$ 426,000.00	
Repayment of Bond Principal	C-11	<u>118,000.00</u>	
			<u>544,000.00</u>
Balance, December 31, 2016	C		<u><u>\$ 663,000.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	Decreased by Canceled	Balance Dec. 31, 2016	Analysis of Balance December 31, 2016	
					Expenditures	Unexpended Improvement Authorizations
3/25/1997	Various Roadway Improvements	\$ 322.50		\$ 322.50	\$ 322.50	
11.12.02	Resurfacing and Reconstruction of Off-Street Municipal Parking Lots	26.00	\$ 26.00			
10.23.07A	Various 2007 Capital Projects	11,622.00		11,622.00		\$ 11,622.00
8.12.14A	Improvements to Municipal Building	532,550.00	400,000.00	132,550.00		132,550.00
		<u>\$ 544,520.50</u>	<u>\$ 400,026.00</u>	<u>\$ 144,494.50</u>	<u>\$ 322.50</u>	<u>\$ 144,172.00</u>
<u>Ref.</u>		C	C-8	C	C-3	C-8

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Amount	Adjusted Balance Dec. 31, 2015		Increased by		Decreased by		Balance Dec. 31, 2016	
				Funded	Unfunded	2016 Authorizations	Reserve for Encumbrances	Paid	Canceled	Funded	Unfunded
N/A	Inflow and Infiltration Corrections to the Sanitary Sewer System	11/14/2000	\$ 100,000.00	\$ 102,591.87				\$ 14,462.50		\$ 88,129.37	
5A.1	Various 2001 Capital Projects	6/12/2001	257,000.00	35,637.54						35,637.54	
11.12.02	Resurfacing and Reconstruction of Off-Street Municipal Parking Lots	11/12/2002	106,000.00	68.39	\$ 26.00				\$ 94.39		
9.28.04	Reconstruction and Resurfacing of a Portion of Belshaw Ave.	9/28/2004	160,000.00	115.75					115.75		
7.11.06	Reconstruction and Resurfacing of a Portion of Crawford Street	7/11/2006	300,000.00	64,548.72						64,548.72	
10.23.07A	Various 2007 Capital Projects	10/23/2007	791,622.00	207,946.96	11,622.00		\$ 2,500.00	111,509.64		98,937.32	\$ 11,622.00
8.12.14A/2015-06	Improvements to Municipal Building	8/12/2014	860,000.00	200,526.01	532,550.00		1,447.50	110,429.89	400,000.00	91,543.62	132,550.00
2015-05	Reconstruction of Belshaw Ave. & Paving	8/11/2015	285,300.00	243,512.50			17,738.75	225,285.81		35,965.44	
2016-06	Replacement of Barker Ave. Bulletin Board	8/16/2016	16,000.00			\$ 16,000.00				16,000.00	
				<u>\$ 854,947.74</u>	<u>\$ 544,198.00</u>	<u>\$ 16,000.00</u>	<u>\$ 21,686.25</u>	<u>\$ 461,687.84</u>	<u>\$ 400,210.14</u>	<u>\$ 430,762.01</u>	<u>\$ 144,172.00</u>
	<u>Ref.</u>			C	C	C-12	C-9	C-13		C	C/C-7
	Improvement Authorizations		C-7						\$ 400,026.00		
	Reserve for Debt Service		C-15						184.14		
									<u>\$ 400,210.14</u>		

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 21,686.25
Decreased by:		
Cash Disbursed	C-8	<u>21,686.25</u>
Balance, December 31, 2016	C	<u><u>\$ -</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL LEASE OBLIGATION PAYABLE

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 9,000.00
Increased by:		
MCIA 2016 lease program		32,000.00
		<u>41,000.00</u>
Decreased by:		
Cash Disbursed by Current Fund	C-2	13,000.00
		<u>13,000.00</u>
Balance, December 31, 2016	C	<u><u>\$ 28,000.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2016</u>		<u>Interest Rate</u>	<u>Adjusted Balance Dec. 31, 2015</u>	<u>Issued</u>	<u>Refunded</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2016</u>
Various 2007 Capital Improvements	12/31/07	\$ 780,000.00	2017	\$ 43,000.00	5.00%	\$ 510,000.00		\$ 426,000.00	\$ 41,000.00	\$ 43,000.00
2009 Pooled Government Loan Program	12/30/09	392,000.00				62,000.00			62,000.00	-
2015 MCIA Pooled Government Loan Program	12/01/15	240,000.00	2017	10,000.00	4.00%	240,000.00			10,000.00	230,000.00
			2018	10,000.00	5.00%					
			2019	10,000.00	5.00%					
			2020	10,000.00	5.00%					
			2021	15,000.00	5.00%					
			2022	15,000.00	5.00%					
			2023	15,000.00	5.00%					
			2024	15,000.00	5.00%					
			2025	15,000.00	5.00%					
			2026	15,000.00	5.00%					
			2027	20,000.00	5.00%					
			2028	20,000.00	5.00%					
			2029	20,000.00	5.00%					
			2030	20,000.00	3.50%					
			2031	20,000.00	3.50%					
2016 MCIA Pooled Government Loan Program	03/02/16	395,000.00	2017	-		-	\$ 395,000.00		5,000.00	390,000.00
			2018	40,000.00	4.00%					
			2019	45,000.00	4.00%					
			2020	45,000.00	5.00%					
			2021	50,000.00	5.00%					
			2022	50,000.00	5.00%					
			2023	50,000.00	5.00%					
			2024	55,000.00	5.00%					
			2025	55,000.00	5.00%					
						<u>\$ 812,000.00</u>	<u>\$ 395,000.00</u>	<u>\$ 426,000.00</u>	<u>\$ 118,000.00</u>	<u>\$ 663,000.00</u>
						Ref.	C	C-6	C-6	C

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ 75,151.59
Increased By:		
2016 Budget Appropriations	C-13	<u>30,000.00</u>
		105,151.59
Decreased By:		
Improvement Authorization Funded	C-8	<u>16,000.00</u>
Balance, December 31, 2016	C	<u><u>\$ 89,151.59</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
 SCHEDULE OF DUE FROM/(TO) CURRENT FUND

	<u>Ref.</u>		
Balance, December 31, 2015	C		\$ 286,125.00
Increased By:			
Grant Recievable	C-4	\$ 297,286.00	
Special Emergency Note Investment	C-2	12,000.00	
Capital Improvement Fund	C-12	30,000.00	
		<hr/>	339,286.00
			<hr/> 625,411.00
Decreased By:			
Transfer from Current Fund	C-2	249,976.17	
Due from MCIA	C-5	19,927.70	
Capital Expenditures	C-8	461,687.84	
		<hr/>	731,591.71
			<hr/>
Balance, December 31, 2016	C		<u><u>\$ (106,180.71)</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR COST OF ISSUANCE

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ -
Increased By:		
Cash Receipts	C-2	<u>3,895.00</u>
Balance, December 31, 2016	C	<u><u>\$ 3,895.00</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE

	<u>Ref.</u>	
Balance, December 31, 2015	C	\$ -
Increased By:		
Improvement Authorizations Cancelled	C-8	<u>184.14</u>
Balance, December 31, 2016	C	<u><u>\$ 184.14</u></u>

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2015</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2016</u>
3/25/1997	Various Roadway Improvements	\$ 322.50		\$ 322.50
11.12.02	Resurfacing and Reconstruction of Off-Street Municipal Parking Lots	26.00	\$ 26.00	-
10.23.07A	Various Capital Improvements	11,622.00		11,622.00
8.12.14A	Various Capital Improvements	<u>532,550.00</u>	<u>400,000.00</u>	<u>132,550.00</u>
		<u>\$ 544,520.50</u>	<u>\$ 400,026.00</u>	<u>\$ 144,494.50</u>
	<u>Ref.</u>			(Footnote C)

TOWNSHIP OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSET ACCOUNT GROUP
SCHEDULE OF INVESTMENTS IN GENERAL FIXED ASSETS

	Balance <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2016</u>
General Fixed Assets:				
Land	\$ 327,400.00			\$ 327,400.00
Building	539,088.00			539,088.00
Machinery and Equipment	360,251.53			360,251.53
	<u>\$ 1,226,739.53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,739.53</u>
	<u>Ref.</u>			
	D			D

TOWNSHIP OF SHREWSBURY

COUNTY OF MONMOUTH

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate (Per \$100</u> <u>Assessed Valuation)</u>	<u>\$ 2.960</u>	<u>\$ 3.266</u>	<u>\$ 2.911</u>
<u>Apportionment of Tax Rate</u>			
Municipality	1.453	1.688	1.462
County Purposes	0.257	0.283	0.266
County Library	0.018	0.019	0.017
County Health	0.005	0.006	0.005
County Open Space	0.015	0.016	0.015
Regional High School	0.583	0.573	0.451
Regional Elementary	0.629	0.681	0.695
<u>Assessed Valuation</u>	<u>\$ 52,944,395</u>	<u>\$ 50,307,343</u>	<u>\$ 56,854,683</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 1,567,154.09	\$ 1,561,400.48	99.63%
2015	1,643,037.75	1,639,866.98	99.80%
2014	1,655,039.88	1,639,539.17	99.06%

DELINQUENT TAXES AND TAX 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 three years.

<u>Year Ended</u> <u>December 31,</u>	<u>Amount of</u> <u>Tax Title</u> <u>Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of</u> <u>Tax Levy</u>
2016	\$ -	\$ 3,256.31	\$ 3,256.31	0.20%
2015	-	3,129.10	3,129.10	0.19%
2014	-	8,721.70	8,721.70	0.52%

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 in the year of acquisition, is summarized as follows:

<u>Year</u>	<u>Amount</u>
2016	\$0.00
2015	0.00
2014	0.00

COMPARATIVE SCHEDULE OF FUND BALANCE – CURRENT FUND

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
2016	\$ 331,586.40	\$ 74,928.00
2015	301,363.29	48,251.01
2014	217,544.11	43,335.00
2013	148,909.94	33,642.00
2012	31,889.82	29,743.03

**SUMMARY OF MUNICIPAL DEBT (Excluding Current and Operating Debt and
Type I School Debt)**

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued</u>			
General	<u>\$ 663,000.00</u>	<u>\$ 812,000.00</u>	<u>\$ 670,000.00</u>
Total Issued	<u>663,000.00</u>	<u>812,000.00</u>	<u>670,000.00</u>
<u>Authorized but not Issued</u>			
General	<u>144,494.50</u>	<u>544,520.50</u>	<u>691,970.50</u>
Total Authorized but not Issued	<u>144,494.50</u>	<u>544,520.50</u>	<u>691,970.50</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 807,494.50</u>	<u>\$ 1,356,520.50</u>	<u>\$ 1,361,970.50</u>

SUMMARY OF STATUTORY DEBT CONDITION – ANNUAL DEBT STATEMENT

The summarization statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.556%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School Debt	\$ 46,189.29	\$ 46,189.29	\$ -
Regional School District Debt	90,200.78	90,200.78	-
General Debt	<u>807,494.50</u>	<u>-</u>	<u>807,494.50</u>
Total	<u>\$ 943,884.57</u>	<u>\$ 136,390.07</u>	<u>\$ 807,494.50</u>

Net Debt of \$807,494.50 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, of \$51,909,858.67 equals 1.556%.

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3½% of Equalized Valuation Basis	\$ 1,816,845.05
Net Municipal Debt	807,494.50
Remaining Borrowing Power	<u>\$ 1,009,350.55</u>

The Chief Financial Officer should file an amended debt statement.

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>
Alfred Mellilo	Mayor
Maryellen McNama-Bailly	Deputy Mayor
Edward P. Nolan	Council Member
Rick J. Denoia, Esq.	Attorney
Suzanne Veitengruber	Chief Financial Officer
Kelly A. Montecinos	Tax Collector
Janet Delonardo	Municipal Clerk
Cathleen Gerber	Court Administrator
William Himelman	Judge

All employees are covered by a dishonesty Public Employees' Blanket Bond in the amount of \$50,000.00, written by Monmouth Municipal Joint Insurance Fund. In addition, there are blanket bonds for secondary coverage with the Municipal Excess Liability Joint Insurance Fund in the amount of \$950,000.00 for Public Employees.

TOWNSHIP OF SHREWSBURY

COUNTY OF MONMOUTH

PART II

GENERAL COMMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, “Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law”.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where questions arise 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 indicate that bids were requested by public advertising for the following items:

Repair of a Portion of the Crawford Road Sewer

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

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S. 40A:11-5.

Our examination of expenditures did not reveal individual payments in excess of the bid threshold “for the provision or performance of any goods or services” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states, “For all contracts that in the aggregate are less than the bid threshold but exceed 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered”.

GENERAL COMMENTS (continued)

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 and assessments on or before the date when they would become delinquent.

The Governing Body, on January 1, 2016, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, R.S. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes or assessments as provided by law;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Committee of the Township of Shrewsbury, County of Monmouth, State of New Jersey that property taxes shall be due and payable quarterly on February 1st, May 1st, August 1st and November 1st of each year with a ten-day grace period, after which dates, if unpaid, shall become delinquent with interest charged as set forth below and reverting back to the due date on any quarterly installment of taxes.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Township Committee of the Township of Shrewsbury, County of Monmouth, State of New Jersey, hereby fix the rate of interest at 8% per annum on the first \$1500.00 of delinquency and 18% per annum on any amount in excess of \$1500.00.

BE IT FURTHER RESOLVED that a 6% year end penalty be assessed on the last day of the fiscal year on delinquent accounts when in excess of \$10,000.00.

Delinquent Taxes and Tax Title Liens

The following comparison is made of the number of tax title liens receivable on December 31st of the last three (3) years.

<u>Year</u>	<u>Number of Liens</u>
2016	0
2015	0
2014	0

GENERAL COMMENTS (continued)

Appreciation

I desire to express my appreciation for the cooperation received from the Township Officials and Employees and the courtesies extended during the course of the audit.

Very truly yours,

Charles J. Fallon CPA RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506
For the Firm
FALLON & LARSEN LLP

TOWNSHIP OF SHREWSBURY

COUNTY OF MONMOUTH

PART III

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

**TOWNSHIP OF SHREWSBURY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Other Matters

Finance/Tax Office

2016-01 **Comment:** During our audit of the Township's general ledgers of the various funds, we noted the Township did not maintain a proper general ledger in accordance with N.J.A.C. 5:30-5.7.

Recommendation: The Township maintains proper general ledgers for the various funds of the Township.

Status of Prior Year Audit Recommendations

The above recommendation, 2016-01, is similar to that reported in the 2015 audit. There were no additional recommendations reported in the 2015 audit.