

**TOWNSHIP OF SOUTH HARRISON  
COUNTY OF GLOUCESTER  
REPORT OF AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**TOWNSHIP OF SOUTH HARRISON****TABLE OF CONTENTS**

<u>Exhibit No.</u>		<u>Page No.</u>
<u>PART 1</u>		
	Independent Auditor's Report	2
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditors Report	5
<u>CURRENT FUND</u>		
A	Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis	7
A-1	Statements of Operations and Changes in Fund Balance -- Regulatory Basis	9
A-2	Statement of Revenues -- Regulatory Basis	10
A-3	Statement of Expenditures -- Regulatory Basis	12
<u>TRUST FUND</u>		
B	Statements of Assets, Liabilities, Reserves and Fund Balances-- Regulatory Basis	16
<u>GENERAL CAPITAL FUND</u>		
C	Statements of Assets, Liabilities, Reserves and Fund Balances-- Regulatory Basis	17
C-1	Statement of Fund Balance -- Regulatory Basis	N/A
<u>GENERAL FIXED ASSET GROUP OF ACCOUNTS</u>		
G	Statement of General Fixed Assets Group of Accounts -- Regulatory Basis	18
	Notes to Financial Statements	19
<u>SUPPLEMENTAL EXHIBITS</u>		
<u>CURRENT FUND</u>		
SA-1	Statement of Current Cash -- Chief Financial Officer	47
SA-2	Statement of Taxes Receivable and Analysis of Property Tax Levy	48
SA-3	Statement of Tax Title Liens	49
SA-4	Statement of Due State of New Jersey -- Veterans and Senior Citizens Deductions	50
SA-5	Statement of Revenue Accounts Receivable	51
SA-6	Statement of Appropriation Reserves	52

**TOWNSHIP OF SOUTH HARRISON****TABLE OF CONTENTS (CONT'D)**

<u>Exhibit No.</u>		<u>Page No.</u>
<b><u>SUPPLEMENTAL EXHIBITS (CONT'D)</u></b>		
<b><u>CURRENT FUND (CONT'D)</u></b>		
SA-7	Statement of Prepaid Taxes	53
SA-8	Statement of Tax Overpayments	53
SA-9	Statement of County Taxes Payable	54
SA-10	Statement of Amount Due to County For Added and Omitted Taxes	54
SA-11	Statement of Local School District Tax	55
SA-12	Statement of Regional High School District Tax	55
SA-13	Federal and State Grant Fund -- Statement of Due Current Fund	56
SA-14	Federal and State Grant Fund -- Statement of Due General Capital Fund	56
SA-15	Federal and State Grant Fund -- Statement of Reserve for Federal and State Grants Receivable	57
SA-16	Federal and State Grant Fund -- Statement of Reserve for Federal and State Grants -- Unappropriated	58
SA-17	Federal and State Grant Fund -- Statement of Reserve for Federal and State Grants -- Appropriated	59
<b><u>TRUST FUNDS</u></b>		
SB-1	Statement of Trust Cash -- Chief Financial Officer	61
SB-2	Statement of Trust Cash -- Collector	62
SB-3	Trust -- Animal Control Fund -- Statement of Due to Current Fund	63
SB-4	Trust -- Animal Control Fund -- Statement of Due to State of New Jersey --Department of Health	64
SB-5	Trust -- Animal Control Fund -- Statement of Reserve for Animal Control Fund Expenditures	64
SB-6	Trust -- Other Fund -- Statement of Due Current Fund	65
SB-7	Trust -- Other Fund -- Statement of Miscellaneous Trust Reserves	66
SB-8	Trust -- Other Fund -- Statement of Due to State -- Uniform Construction Code Training Fees	67
<b><u>GENERAL CAPITAL FUND</u></b>		
SC-1	Statement of General Capital Cash -- Chief Financial Officer	69
SC-2	Analysis of General Capital Cash	70
SC-3	Statement of Federal and State Aid Receivable	71
SC-4	Statement of Due Current Fund	71
SC-5	Statement of Capital Improvement Fund	72
SC-6	Statement of Improvement Authorizations	73
SC-7	Statement of Capital Reserves	74
<b><u>PART 2</u></b>		
<b><u>SCHEDULE OF FINDINGS AND RECOMMENDATIONS</u></b>		
	Schedule of Findings and Recommendations	76
	Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	77
	<b><u>OFFICIALS IN OFFICE AND SURETY BONDS</u></b>	78
	<b><u>APPRECIATION</u></b>	79

**TOWNSHIP OF SOUTH HARRISON**  
**PART 1**  
**REPORT OF AUDIT OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Committee  
Township South Harrison  
Harrisonville, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of South Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2017, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 in compliance with audit requirements as 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 Township'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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As described in note 1 to the financial statements, 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 meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of South Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of South Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2017, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

**Other Matters**

*Other Information*

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

The supplemental statements and schedules presented for the various funds 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 supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018 on our consideration of the Township of South Harrison, in the County of Gloucester, State of New Jersey, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Township of South Harrison's 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 of South Harrison's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael J. Welding  
Certified Public Accountant  
Registered Municipal Accountant

Woodbury, New Jersey  
June 27, 2018

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Committee  
Township of South Harrison  
Harrisonville, 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 as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of South Harrison, in the County of Gloucester, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 27, 2018. That report indicated that the Township of South Harrison's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of South Harrison's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of South Harrison's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of South Harrison'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 of South Harrison's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Michael J. Welding  
Certified Public Accountant  
Registered Municipal Accountant

Woodbury, New Jersey  
June 27, 2018

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>			
<b>Regular Fund:</b>			
Cash:			
Chief Financial Officer	SA-1	\$ 3,123,487.81	\$ 2,510,486.03
Change Fund	A	<u>50.00</u>	<u>50.00</u>
		<u>3,123,537.81</u>	<u>2,510,536.03</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-2	167,679.36	189,516.41
Tax Title Liens Receivable	SA-3	65,472.20	45,967.87
Tax Penalty Receivable	A	-	1,845.03
Revenue Accounts Receivable	SA-5	1,229.02	933.72
Due from Federal and State Grant Fund	SA-13	59,261.62	20,621.53
Due Animal Control Fund	SB-3	806.22	806.30
Due from Trust Other Fund	SB-6	<u>23,399.75</u>	<u>22,687.18</u>
		<u>317,848.17</u>	<u>282,378.04</u>
		<u>3,441,385.98</u>	<u>2,792,914.07</u>
<b>Federal and State Grant Fund:</b>			
Grants Receivable	SA-15	80,945.86	104,664.11
Due From General Capital	SA-14	43,168.25	-
Overexpenditure of Appropriations	A-3; SA-13	<u>-</u>	<u>3,294.16</u>
		<u>124,114.11</u>	<u>107,958.27</u>
		<u>\$ 3,565,500.09</u>	<u>\$ 2,900,872.34</u>

(Continued)

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
 Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis  
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>Liabilities, Reserves and Fund Balance:</b>			
<b>Regular Fund:</b>			
Appropriation Reserves	A-3;SA-6	\$ 236,465.26	\$ 194,155.04
Accounts Payable	A1	-	1,524.85
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	SA-4	3,519.35	3,375.22
Prepaid Taxes	SA-7	485,981.13	92,664.78
Tax Overpayments	SA-8	9,096.98	8,522.72
Due County for Added and Omitted Taxes	SA-10	26,796.61	12,378.40
Local School District Taxes Payable	SA-11	1,105,003.75	1,064,426.75
Regional School District Taxes Payable	SA-12	4.51	4.01
Due to General Capital Fund	SC-4	43,213.82	43,215.68
Reserve for Tax Maps	A	2,751.79	2,751.79
Reserve for Road Repairs	A	3,634.54	3,634.54
		<u>1,916,467.74</u>	<u>1,426,653.78</u>
Reserves for Receivables	A	317,848.17	282,378.04
Fund Balance	A-1	<u>1,207,070.07</u>	<u>1,083,882.25</u>
		<u>3,441,385.98</u>	<u>2,792,914.07</u>
<b>Federal and State Grant Fund:</b>			
Due Current Fund	SA-13	59,261.62	20,621.53
Due General Capital	SA-14	-	4,550.00
Unappropriated Reserves	SA-16	5,797.65	5,803.62
Encumbrances Payable	SA-17	250.00	250.00
Appropriated Reserves	SA-17	58,804.84	76,733.12
		<u>124,114.11</u>	<u>107,958.27</u>
		<u>\$ 3,565,500.09</u>	<u>\$ 2,900,872.34</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
 Statements of Operations and Changes in Fund Balance - Regulatory Basis  
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b><u>Revenue and Other Income Realized:</u></b>		
Fund Balance Utilized	\$ 295,000.00	\$ 400,000.00
Miscellaneous Revenues Anticipated	868,204.24	898,165.40
Receipts from Delinquent Taxes	201,437.97	125,845.78
Receipts from Current Taxes	10,778,922.74	10,578,785.68
Nonbudget Revenues	142,264.08	78,993.73
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	150,400.03	116,477.68
Interfund Returned	0.08	66,509.18
Prior Year Accounts Payables Cancelled	1,524.85	-
	<u>12,437,753.99</u>	<u>12,264,777.45</u>
<b><u>Expenditures:</u></b>		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	699,300.00	688,535.00
Other Expenses	958,460.00	866,427.07
Deferred Charges and Statutory Expenditures	163,741.16	167,715.93
Appropriations Excluded from "CAPS":		
Operations:		
Salaries and Wages	24,030.00	24,058.93
Other Expenses	30,689.69	15,272.60
Capital Improvements	85,000.00	183,530.00
County Taxes	2,853,619.05	2,819,222.93
Due County for Added and Omitted Taxes	26,796.61	12,378.40
Local School District Tax	3,840,165.00	3,822,547.00
Regional High School District Tax	3,298,412.00	3,286,358.00
Prior Year Senior Citizens' and Veterans' Deductions Disallowed	-	1,750.00
Refund of Prior Year Revenue - Prior Year Tax Appeals Granted	-	1,975.42
Interfund Created	39,352.66	0.13
	<u>12,019,566.17</u>	<u>11,889,771.41</u>
Excess in Revenues	<u>418,187.82</u>	<u>375,006.04</u>
Fund Balance January 1	<u>1,083,882.25</u>	<u>1,108,876.21</u>
Total	1,502,070.07	1,483,882.25
Decreased by:		
Utilization as Anticipated Revenue	<u>295,000.00</u>	<u>400,000.00</u>
Fund Balance December 31	<u>\$ 1,207,070.07</u>	<u>\$ 1,083,882.25</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Revenues - Regulatory Basis  
For the Year Ended December 31, 2017

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 295,000.00		\$ 295,000.00	
Miscellaneous Revenues:				
Fees and Permits	16,000.00		15,073.00	\$ (927.00)
Fines and Costs:				
Municipal Court	34,500.00		31,933.32	(2,566.68)
Interest and Costs on Taxes	30,000.00		37,330.18	7,330.18
Consolidated Municipal Property Tax Relief Aid	8,206.00		8,206.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167)	121,752.00		121,752.00	
Public and Private Revenues Offset With Appropriations:				
Body Armor Fund	1,851.96		1,851.96	
Clean Communities Program	2,830.80	\$ 8,580.49	11,411.29	
Municipal Alliance on Alcoholism and Drug Abuse	8,784.00		8,784.00	
Recycling Tonnage Grant	6,476.44		6,476.44	
Safe and Secure Communities Program	24,000.00		24,000.00	
Other Special Items				
Host Municipal Benefits	615,000.00		591,160.71	(23,839.29)
Cable TV Franchise Fee	10,000.00		10,225.34	225.34
	<u>879,401.20</u>	<u>8,580.49</u>	<u>868,204.24</u>	<u>(19,777.45)</u>
Receipts from Delinquent Taxes	<u>149,000.00</u>		<u>201,437.97</u>	<u>52,437.97</u>
Subtotal General Revenues	1,323,401.20	8,580.49	1,364,642.21	32,660.52
Amount to be Raised by Taxes for				
Support to Municipal Budget -				
Local Tax for Municipal Purposes	<u>876,818.10</u>		<u>1,007,509.02</u>	<u>130,690.92</u>
Budget Totals	<u>2,200,219.30</u>	<u>8,580.49</u>	<u>2,372,151.23</u>	<u>163,351.44</u>
Nonbudget Revenues			<u>142,264.08</u>	<u>142,264.08</u>
	<u>\$ 2,200,219.30</u>	<u>\$ 8,580.49</u>	<u>\$ 2,514,415.31</u>	<u>\$ 305,615.52</u>

(Continued)

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Revenues - Regulatory Basis  
For the Year Ended December 31, 2017

Analysis of Realized Revenue:

Allocation of Current Tax Collections:

Revenue from Collections	\$ 10,778,922.74
Allocated to:	
School, County, and Special District Taxes	<u>10,018,992.66</u>
Balance for Support of Municipal Budget Revenues	759,930.08
Add:	
Appropriation: "Reserve for Uncollected Taxes"	<u>247,578.94</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 1,007,509.02</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 156,669.34
Tax Title Liens	<u>44,768.63</u>
Delinquent Tax Collections	<u>\$ 201,437.97</u>

Analysis of Non-Budget Revenue:

Interest on Investments	\$ 8,208.77	
JIF Safety Awards	680.32	
Miscellaneous	7,744.29	
Off Duty Police Fees	67,272.96	
Planning Board Fees	5,000.00	
Senior and Veteran Deduction Administrative Fee	417.88	
Tax Collector - Miscellaneous	6.00	
Cancellation of Trust Reserves	<u>52,933.86</u>	
Treasurer / Collector		\$ 141,549.73
Interfunds		<u>714.35</u>
		<u>\$ 142,264.08</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS":</b>						
<b>GENERAL GOVERNMENT FUNCTIONS:</b>						
General Administration						
Office of Township Administrator						
Other Expenses	\$ 13,800.00	\$ 13,800.00	\$ 11,953.24		\$ 1,846.76	
Human Resources (Personnel)						
Other Expenses	1,000.00	1,000.00	1,000.00			
Executive						
Salaries and Wages	14,400.00	14,400.00	14,312.00		88.00	
Other Expenses	3,500.00	3,500.00	3,206.00		294.00	
Municipal Clerk:						
Salaries and Wages	85,250.00	85,250.00	78,817.53		6,432.47	
Other Expenses	15,500.00	15,500.00	9,558.84		5,941.16	
Financial Administration:						
Salaries and Wages	34,150.00	34,150.00	33,667.24		482.76	
Other Expenses	9,700.00	9,700.00	8,457.08		1,242.92	
Audit Services:						
Other Expenses	30,000.00	30,000.00	27,320.00		2,680.00	
Tax Collector:						
Salaries and Wages	17,950.00	17,950.00	17,945.92		4.08	
Other Expenses	6,200.00	6,200.00	5,603.41		596.59	
Legal Services:						
Other Expenses	67,500.00	67,500.00	64,416.50		3,083.50	
Engineering Services:						
Other Expenses	23,000.00	23,000.00	14,422.50		8,577.50	
Municipal Court:						
Salaries and Wages	25,200.00	25,700.00	25,690.05		9.95	
Other Expenses	11,775.00	11,775.00	8,876.08		2,898.92	
Public Defender:						
Salaries and Wages	500.00	500.00	200.00		300.00	
<b>LAND USE ADMINISTRATION:</b>						
Planning Board:						
Salaries and Wages	18,550.00	18,550.00	17,963.05		586.95	
Other Expenses	13,400.00	13,400.00	3,945.26		9,454.74	
Zoning Board of Adjustments:						
Salaries and Wages	6,300.00	6,300.00	6,120.00		180.00	
Other Expenses	200.00	200.00	200.00			
<b>INSURANCE:</b>						
General Liability	21,000.00	21,000.00	21,000.00			
Workers Compensation	39,000.00	39,000.00	38,031.00		969.00	
Employee Group Health	128,000.00	128,000.00	121,176.45		6,823.55	

(Continued)

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS" (CONT'D):</b>						
<b>PUBLIC SAFETY FUNCTIONS:</b>						
Police Department:						
Salaries and Wages	\$ 370,000.00	\$ 370,000.00	\$ 296,761.33		\$ 73,238.67	
Other Expenses	36,335.00	36,335.00	24,894.68		11,440.32	
Office of Emergency Management:						
Salaries and Wages	375.00	375.00	351.00		24.00	
Other Expenses	300.00	300.00			300.00	
<b>PUBLIC SAFETY FUNCTIONS:</b>						
Aid to Volunteer Fire Companies:						
Other Expenses	25,000.00	25,000.00	25,000.00			
Municipal Prosecutor's Office:						
Other Expenses	8,000.00	8,000.00	7,800.00		200.00	
<b>PUBLIC WORKS FUNCTIONS:</b>						
Street and Road Maintenance:						
Salaries and Wages	121,000.00	121,000.00	114,098.49		6,901.51	
Other Expenses	37,850.00	37,850.00	22,745.87		15,104.13	
Other Public Works Functions:						
Recycling - Other Expenses	2,000.00	2,000.00			2,000.00	
Solid Waste Collection:						
Salaries and Wages	199,950.00	199,950.00	183,258.46		16,691.54	
Building and Grounds:						
Salaries and Wages	5,125.00	5,125.00	4,659.70		465.30	
Other Expenses	16,000.00	16,000.00	14,117.37		1,882.63	
Vehicle Maintenance:						
Other Expenses	20,000.00	20,000.00	17,443.73		2,556.27	
<b>HEALTH AND HUMAN SERVICES FUNCTIONS:</b>						
Environmental Health Services:						
Other Expenses	450.00	450.00	450.00			
<b>PARK AND RECREATION FUNCTIONS:</b>						
Recreation Services and Programs:						
Other Expenses	20,000.00	20,000.00	20,000.00			
Maintenance of Parks:						
Other Expenses	7,000.00	7,000.00	5,720.88		1,279.12	
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>						
Electricity	21,500.00	20,000.00	14,599.25		5,400.75	
Street Lighting	13,000.00	14,500.00	12,458.77		2,041.23	
Telephone	14,000.00	14,000.00	12,270.45		1,729.55	
Gas (Natural or Propane)	28,000.00	27,500.00	13,164.91		14,335.09	
Fuel Oil	5,500.00	5,500.00	2,936.63		2,563.37	
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS:</b>						
Sanitary Landfill:						
Other Expenses	120,000.00	120,000.00	97,615.08		22,384.92	

(Continued)



**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Expenditures - Regulatory Basis  
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>OPERATIONS WITHIN "CAPS" (CONT'D):</u>						
<u>OTHER COMMON OPERATING FUNCTIONS:</u>						
Farmland Contribution - Other Expenses	\$ 500.00	\$ 500.00	\$ 500.00			
Total Operations Within "CAPS"	1,657,760.00	1,657,760.00	1,424,728.75	-	\$ 233,031.25	-
Detail:						
Salaries and Wages	698,800.00	699,300.00	610,586.31	-	88,713.69	-
Other Expenses	958,960.00	958,460.00	814,142.44	-	144,317.56	-
<u>OPERATIONS WITHIN "CAPS" (CONT'D):</u>						
<u>DEFERRED CHARGES AND STATUTORY</u>						
<u>EXPENDITURES - MUNICIPAL WITHIN "CAPS":</u>						
<u>DEFERRED CHARGES:</u>						
Overexpenditure of Appropriation	3,294.16	3,294.16	3,294.16			
<u>STATUTORY EXPENDITURES:</u>						
Contribution to:						
Public Employees' Retirement System	31,014.00	31,167.56	31,166.65		0.91	
Social Security System (O.A.S.I.)	53,500.00	53,233.22	50,640.16		2,593.06	
Police and Fireman's Retirement System	74,733.00	74,846.22	74,846.22			
Defined Contribution Retirement Plan	1,200.00	1,200.00	359.96		840.04	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	163,741.16	163,741.16	160,307.15	-	3,434.01	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	1,821,501.16	1,821,501.16	1,585,035.90	-	236,465.26	-
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Public and Private Programs Offset by Revenues:						
Safe and Secure Communities Program (P.L. 1994, C.220)	24,000.00	24,000.00	24,000.00			
Clean Communities Program Grant (N.J.S.A. 40A: 4-87)	2,830.80	11,411.29	11,411.29			
Municipal Alliance Program for Alcoholism & Drug Abuse						
State Share	8,784.00	8,784.00	8,784.00			
Local Share	2,196.00	2,196.00	2,196.00			
Body Armor Grant	1,821.96	1,821.96	1,821.96			
Recycling Tonnage Grant	6,476.44	6,476.44	6,476.44			
Alcohol Education & Rehabilitation Grant	30.00	30.00	30.00			
TOTAL OPERATIONS - EXCLUDED FROM "CAPS"	46,139.20	54,719.69	54,719.69	-	-	-
Detail:						
Salaries and Wages	24,030.00	24,030.00	24,030.00	-	-	-
Other Expenses	22,109.20	30,689.69	30,689.69	-	-	-

(Continued)

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
 Statement of Expenditures - Regulatory Basis  
 For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	\$ 85,000.00	\$ 85,000.00	\$ 85,000.00			
TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"	85,000.00	85,000.00	85,000.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	131,139.20	139,719.69	139,719.69	-	-	-
SUBTOTAL GENERAL APPROPRIATIONS	1,952,640.36	1,961,220.85	1,724,755.59	-	\$ 236,465.26	-
RESERVE FOR UNCOLLECTED TAXES	247,578.94	247,578.94	247,578.94			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 2,200,219.30</u>	<u>\$ 2,208,799.79</u>	<u>\$ 1,972,334.53</u>	<u>\$ -</u>	<u>\$ 236,465.26</u>	<u>\$ -</u>
Original Budget		\$ 2,200,219.30				
N.J.S.A. 40A: 4-87		8,580.49				
Federal and State Grants			\$ 54,719.69			
Deferred Charges			3,294.16			
Reserve for Uncollected Taxes			247,578.94			
Disbursed			1,666,741.74			
		<u>\$ 2,208,799.79</u>	<u>\$ 1,972,334.53</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF SOUTH HARRISON**  
**TRUST FUND**  
 Statements of Assets, Liabilities and Reserves - Regulatory Basis  
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>			
<b>Animal Control Fund:</b>			
Cash - Chief Financial Officer	SB-1	\$ 7,261.19	\$ 7,730.57
<b>Other Funds:</b>			
Cash - Chief Financial Officer	SB-1	788,038.68	752,753.66
Cash - Tax Collector	SB-2	17,310.72	10,409.11
Due from Contractors	SB-7	-	11,253.50
		<u>805,349.40</u>	<u>774,416.27</u>
		<u>\$ 812,610.59</u>	<u>\$ 782,146.84</u>
<b>Liabilities and Reserves:</b>			
<b>Animal Control Fund:</b>			
Due Current Fund	SB-3	\$ 806.22	\$ 806.30
Due to State of New Jersey	SB-4	4.80	1.20
Reserve for Animal Control Expenditures	SB-5	6,450.17	6,923.07
		<u>7,261.19</u>	<u>7,730.57</u>
<b>Other Funds:</b>			
Due to Current Fund	SB-6	23,399.75	22,687.18
Due to State - DCA Fees	SB-8	2,269.00	1,437.00
Encumbrances Payable	SB-7	1,963.88	22,194.38
Reserve for:			
Developer's Escrow	SB-7	131,533.39	22,773.75
Escrow Interest Earnings	SB-7	78,914.07	78,914.07
Unemployment Insurance	SB-7	21,499.66	20,068.85
Police Outside Employment	SB-7	18,949.66	34,038.67
Payroll Account	SB-7	632.01	166.61
Tax Sale Premiums	SB-7	10,000.00	3,100.00
Redemption of Tax Sale Certificates	SB-7	7,305.55	7,350.53
Parks and Recreation	SB-7	19,267.51	15,089.05
FEMA / Snow Removal	SB-7	2,337.12	2,337.12
Construction Account	SB-7	282,815.53	244,009.67
Public Defender	SB-7	246.62	44.62
Donations	SB-7	18,052.12	20,552.12
Parking Offense Adjudication Act	SB-7	2.00	2.00
Maintenance and Performance Bonds	SB-7	186,161.53	279,650.65
		<u>805,349.40</u>	<u>774,416.27</u>
		<u>\$ 812,610.59</u>	<u>\$ 782,146.84</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF SOUTH HARRISON**  
**GENERAL CAPITAL FUND**

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis  
As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>			
Cash - Chief Financial Officer	SC-1	\$ 343,848.68	\$ 388,424.87
Federal and State Aid Receivable	SC-3	281,034.72	212,087.23
Due From Current Fund	SC-4	43,213.82	43,215.68
Due From Federal and State Grant Fund	SC-1	<u>-</u>	<u>4,550.00</u>
		<u>\$ 668,097.22</u>	<u>\$ 648,277.78</u>
<b>Liabilities, Reserves and Fund Balance:</b>			
Due Federal and State Grant Fund	SC-1	\$ 43,168.25	-
Capital Improvement Fund	SC-5	99,235.22	\$ 119,007.78
Encumbrances Payable	SC-6	160,915.20	-
Improvement Authorizations:			
Funded	SC-6	65,237.21	223,728.66
Capital Reserves	SC-7	<u>299,541.34</u>	<u>305,541.34</u>
		<u>\$ 668,097.22</u>	<u>\$ 648,277.78</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF SOUTH HARRISON**  
**GENERAL FIXED ASSET GROUP OF ACCOUNTS**  
Statement of General Fixed Asset Group of Accounts - Regulatory Basis  
For the Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
General Fixed Assets:				
Land	\$ 635,570.00			\$ 635,570.00
Buildings	1,076,757.00	\$ 14,800.00	\$ (18,375.00)	1,073,182.00
Machinery and Equipment	430,003.04	45,038.00		475,041.04
Total General Fixed Assets	<u>\$ 2,142,330.04</u>	<u>\$ 59,838.00</u>	<u>\$ (18,375.00)</u>	<u>\$ 2,183,793.04</u>
Total Investment in General Fixed Assets	<u>\$ 2,142,330.04</u>	<u>\$ 59,838.00</u>	<u>\$ (18,375.00)</u>	<u>\$ 2,183,793.04</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF SOUTH HARRISON**  
Notes to Financial Statements  
For the Year Ended December 31, 2017

---

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The Township of South Harrison (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on March 2, 1883, from portions of Harrison Township. The Township, located in Gloucester County, New Jersey, has a total area of approximately fifteen square miles, and is located approximately thirty miles from the City of Philadelphia. The Township borders Elk Township, Harrison Township, Pilesgrove Township, Upper Pittsgrove Township, and the Borough of Swedesboro. According to the 2010 census, the population is 3,162.

The Township is governed under the Township Committee form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee.

**Component Units** - The Township had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* (the "Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

**Trust Funds** - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

**General Fixed Asset Group of Accounts** - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its current fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 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 circulating 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. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

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** - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to 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, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies** - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**General Fixed Assets** - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Foreclosed Property** - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

**Deferred Charges** - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Liens Sold for Other Governmental Units** - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

**Fund Balance** - Fund balances included in the current fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Gloucester, the Township of South Harrison School District, and the Kingsway Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Township of South Harrison School District and the Kingsway Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the regional high school district for the period from January 1 to December 31. For the local school district, operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2016 and decreased by the amount deferred at December 31, 2017.

**County Taxes** - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Gloucester. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

**Reserve for Uncollected Taxes** - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Long-Term Debt** - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital fund. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a 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 \$250,000.00 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 agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2017, the Township's bank balances of \$4,003,512.89 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 3,994,274.99
Uninsured and Uncollateralized	<u>9,237.90</u>
Total	<u><u>\$ 4,003,512.89</u></u>

**New Jersey Cash Management Fund** - During the year, the Township participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2017, the Township's deposits with the New Jersey Cash Management Fund were \$83,179.88.

**Note 3: PROPERTY TAXES**

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

**Comparative Schedule of Tax Rates**

	<u>Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 2.865	\$ 2.836	\$ 2.818	\$ 2.697	\$ 2.382
Apportionment of Tax Rate:					
Municipal	\$ .231	\$ .210	\$ .201	\$ .198	\$ .171
County	.753	.747	.737	.649	.584
Local School	1.012	1.011	1.012	.999	.889
Regional School	.869	.868	.868	.851	.738

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2017	\$ 379,454,625.00
2016	378,324,352.00
2015	372,384,525.00
2014	368,089,568.00
2013	405,587,016.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 10,976,767.55	\$ 10,778,922.74	98.20%
2016	10,781,078.46	10,578,785.68	98.12%
2015	10,624,366.65	10,488,040.19	98.72%
2014	9,997,574.54	9,862,207.24	98.65%
2013	9,714,844.08	9,394,628.37	96.70%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 65,472.20	\$ 167,679.36	\$ 233,151.56	2.12%
2016	45,967.87	189,516.41	235,484.28	2.18%
2015	38,150.19	125,422.91	163,573.10	1.54%
2014	35,796.89	145,621.83	181,418.72	1.81%
2013	33,712.10	147,212.01	180,924.11	1.86%

**Note 3: PROPERTY TAXES (CONT'D)**

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2017	9
2016	4
2015	3
2014	3
2013	3

**Note 4: FUND BALANCES APPROPRIATED**

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

**Current Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 1,207,070.07	\$ 325,000.00	26.92%
2016	1,083,882.25	295,000.00	27.22%
2015	1,108,876.21	400,000.00	36.07%
2014	918,440.46	286,000.00	31.14%
2013	857,628.63	236,000.00	27.52%

**Note 5: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 83,467.59	\$ 43,213.82
Federal and State Grant	43,168.25	59,261.62
Trust - Animal Control		806.22
Trust - Other		23,399.75
General Capital	43,213.82	43,168.25
Totals	<u>\$ 169,849.66</u>	<u>\$ 169,849.66</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 6: PENSION PLANS**

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Township employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

**General Information about the Pension Plans****Plan Descriptions**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Police and Firemen's Retirement System** - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Note 6: PENSION PLANS (CONT'D)****Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

**Tier Definition**

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

**Police and Firemen's Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

**Tier Definition**

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

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

**Note 6: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2017 was 12.84% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$29,592.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$31,014.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$16,756.56.

**Police and Firemen's Retirement System** - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

**Note 6: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Police and Firemen's Retirement System (Cont'd) - 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 employers related to this legislation.

The Township's contractually required contribution rate for the year ended December 31, 2017 was 23.37% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$73,127.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$74,733.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$32,155.88.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2017 was 2.28% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 is \$7,145.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2016 was \$5,634.00, which was paid on April 1, 2017.

**Defined Contribution Retirement Program -** The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2017, employee contributions totaled \$878.21, and the Township's contributions were \$359.96. There were no forfeitures during the year.



**Note 6: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees' Retirement System** - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$743,588.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .0031943240%, which was a decrease of .0002967272% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$46,412.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PERS was \$31,014.00, and was paid on April 1, 2017.

**Police and Firemen's Retirement System** - At December 31, 2017, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 1,275,611.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>142,879.00</u>
	<u>\$ 1,418,490.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .0082627655%, which was a decrease of .0009030973% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Township, was .0082627655%, which was a decrease of .0009030973% from its proportion, on-behalf of the Township, measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$128,592.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PFRS was \$74,733.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2017 measurement date is \$17,477.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

**Note 6: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 17,509.00	\$ 8,275.00	\$ 25,784.00	\$ -	\$ 7,487.00	\$ 7,487.00
Changes of Assumptions	149,807.00	157,297.00	307,104.00	149,258.00	208,908.00	358,166.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,063.00	24,342.00	29,405.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	27,972.00	150,126.00	178,098.00	66,528.00	163,271.00	229,799.00
Township Contributions Subsequent to the Measurement Date	14,796.00	36,564.00	51,360.00	-	-	-
	<u>\$ 215,147.00</u>	<u>\$ 376,604.00</u>	<u>\$ 591,751.00</u>	<u>\$ 215,786.00</u>	<u>\$ 379,666.00</u>	<u>\$ 595,452.00</u>

\$14,796.00 and \$36,564.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the Township's year end of December 31, 2017.

**Note 6: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59

**Note 6: PENSION PLANS (CONT'D)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<b><u>Year Ending Dec 31,</u></b>	<b><u>PERS</u></b>	<b><u>PFRS</u></b>	<b><u>Total</u></b>
2018	\$ 9,840.00	\$ 27,718.00	\$ 37,558.00
2019	18,750.00	54,234.00	72,984.00
2020	7,409.00	2,194.00	9,603.00
2021	(30,250.00)	(83,454.00)	(113,704.00)
2022	(21,184.00)	(40,318.00)	(61,502.00)
	<u>\$ (15,435.00)</u>	<u>\$ (39,626.00)</u>	<u>\$ (55,061.00)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>PERS</u></b>	<b><u>PFRS</u></b>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

**Note 6: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block 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 PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

**Note 6: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

**Note 6: PENSION PLANS (CONT'D)****Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Public Employees' Retirement System (PERS)** - The following presents the Township's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, 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% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease <u>(4.00%)</u></b>	<b>Current Discount Rate <u>(5.00%)</u></b>	<b>1% Increase <u>(6.00%)</u></b>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 922,471.00</u>	<u>\$ 743,588.00</u>	<u>\$ 594,556.00</u>

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>PFRS</b>		
	<b>1% Decrease <u>(5.14%)</u></b>	<b>Current Discount Rate <u>(6.14%)</u></b>	<b>1% Increase <u>(7.14%)</u></b>
Township's Proportionate Share of the Net Pension Liability	\$ 1,680,723.00	\$ 1,275,611.00	\$ 942,766.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>188,254.85</u>	<u>142,879.00</u>	<u>105,597.58</u>
	<u>\$ 1,868,977.85</u>	<u>\$ 1,418,490.00</u>	<u>\$ 1,048,363.58</u>

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

***Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0031943240%	0.0034910512%	0.0033512777%
Township's Proportionate Share of the Net Pension Liability	\$ 743,588.00	\$ 1,033,949.00	\$ 752,295.00
Township's Covered Payroll (Plan Measurement Period)	\$ 221,308.00	\$ 240,168.00	\$ 231,176.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	336.00%	430.51%	325.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0035003038%	0.0033597460%	
Township's Proportionate Share of the Net Pension Liability	\$ 655,353.00	\$ 642,114.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 242,072.00	\$ 231,772.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	270.73%	277.05%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	



**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 29,592.00	\$ 31,014.00	\$ 28,812.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(29,592.00)</u>	<u>(31,014.00)</u>	<u>(28,812.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 230,444.00	\$ 220,166.00	\$ 235,967.00
Township's Contributions as a Percentage of Covered Payroll	12.84%	14.09%	12.21%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 28,856.00	\$ 25,315.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(28,856.00)</u>	<u>(25,315.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 229,435.00	\$ 239,497.00	
Township's Contributions as a Percentage of Covered Payroll	12.58%	10.57%	

**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0082627655%	0.0091658628%	0.0092047638%
Township's Proportionate Share of the Net Pension Liability	\$ 1,275,611.00	\$ 1,750,914.00	\$ 1,533,193.00
State's Proportionate Share of the Net Pension Liability associated with the Township	142,879.00	147,033.00	134,456.00
Total	<u>\$ 1,418,490.00</u>	<u>\$ 1,897,947.00</u>	<u>\$ 1,667,649.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 267,464.00	\$ 292,964.00	\$ 256,140.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	476.93%	597.66%	598.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0067542103%	0.0077538001%	
Township's Proportionate Share of the Net Pension Liability	\$ 849,617.00	\$ 1,030,798.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	91,489.00	96,083.00	
Total	<u>\$ 941,106.00</u>	<u>\$ 1,126,881.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 213,328.00	\$ 243,336.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	398.27%	423.61%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

**Note 6: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS)  
(Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 73,127.00	\$ 74,733.00	\$ 74,821.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(73,127.00)</u>	<u>(74,733.00)</u>	<u>(74,821.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 312,932.00	\$ 288,161.00	\$ 294,514.00
Township's Contributions as a Percentage of Covered Payroll	23.37%	25.93%	25.40%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 51,877.00	\$ 56,570.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(51,877.00)</u>	<u>(56,570.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 269,201.00	\$ 226,928.00	
Township's Contributions as a Percentage of Covered Payroll	19.27%	24.93%	

**Note 6: PENSION PLANS (CONT'D)**

**Other Notes to Supplementary Pension Information**

***Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

***Police and Firemen's Retirement System (PFRS)***

Changes in Benefit Terms - In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions - For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

**Note 7: CAPITAL DEBT**

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .00%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 9,430,000.00	\$ 9,430,000.00	\$ -
Regional School Purposes	5,192,872.01	5,192,872.01	-
	<u>\$ 14,622,872.01</u>	<u>\$ 14,622,872.01</u>	<u>\$ -</u>

Net debt \$0.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$390,839,375.00, equals .00%.

**Note 7: CAPITAL DEBT****Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)****Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$	13,679,378.13
Less: Net Debt		<u>-</u>
Remaining Borrowing Power	<u>\$</u>	<u>13,679,378.13</u>

**Note 8: SCHOOL TAXES**

South Harrison Township School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<b><u>Balance December 31,</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Balance of Tax	\$ 1,400,635.00	\$ 1,360,058.00
Deferred	<u>295,631.25</u>	<u>295,631.25</u>
Taxes Payable	<u>\$ 1,105,003.75</u>	<u>\$ 1,064,426.75</u>

**Note 9: RISK MANAGEMENT**

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

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

The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<b><u>Year</u></b>	<b><u>Employee Contributions</u></b>	<b><u>Interest Earnings</u></b>	<b><u>Amount Reimbursed</u></b>	<b><u>Ending Balance</u></b>
2017	\$ 1,441.92	\$ 39.39	\$ 50.50	\$ 21,499.66
2016	1,351.20	36.30	36.00	20,068.85
2015	-	-	-	18,717.35

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2017.

**Note 9: RISK MANAGEMENT (CONT'D)**

**Joint Insurance Pool** - The Township of South Harrison is a member of the Gloucester, Salem, Cumberland County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability  
 General Liability including Police Professional and Employee Benefit Liability  
 Automobile Liability  
 Blanket Crime including Public Employee Dishonesty  
 Property Including Boiler and Machinery  
 Public Officials and Employment Practices Liability  
 Volunteer Directors and Officers Liability  
 Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation  
 Excess General Liability  
 Non-Owned Aircraft Liability  
  
 Excess Auto Liability  
 Fidelity and Performance (Blanket)  
 Excess Property including Boiler and Machinery  
 Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Gloucester Salem Cumberland County  
 Municipal Joint Insurance Fund  
 P.O. Box 442  
 Hammonton, New Jersey 08037

**Note 10: HOST COMMUNITY BENEFITS AGREEMENT (CONT'D)**

The Gloucester County Improvement Authority (Authority) is the owner and operator of a sanitary landfill facility located in the Township. The Township is entitled to a host community benefit pursuant to N.J.S.A. 13:1E-28.

The Township entered into an agreement on host community benefits with the Authority on February 21, 1989. The agreement stated that commencing January 1, 1989 and continuing until a period of time the Authority ceases operations and no longer accept ash or other waste at the landfill facility, the Authority will provide annual host community benefits of \$420,000.00. Of the amount provided, \$20,000.00 and \$5,000.00 is paid by the Authority directly to the Township's volunteer fire company and volunteer ambulance service respectively, \$395,000.00 will be paid to the Township.

On September 8, 2004 the Township and the Authority mutually agreed to supplement the host community benefits to reflect the increased size of the landfill. When the Authority accepted solid waste for disposal in Cell 10, the annual host community benefits were increased from \$420,000.00 to \$600,000.00. The agreement states that an adjustment to the host community benefits shall be made every five years after the commencement date of the payment of \$600,000.00 using the cumulative percent changes in consumer price index for the four years preceding the date that the adjustment is to be made. The amount paid by the Authority directly to the Township's volunteer fire company and volunteer ambulance service will increase from \$20,000.00 to \$25,000.00 and \$5,000.00 to \$10,000.00 respectively, and \$565,000.00 will be paid the Township.

In 2013, the host community benefit was recalculated and increased to \$640,000.00, and remains this amount as of December 31, 2017.

**Note 11: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Township expects such amount, if any, to be immaterial.

**Litigation** - The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Note 12: CONCENTRATIONS**

The Township depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Township is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

**SUPPLEMENTAL EXHIBITS**



**SUPPLEMENTAL EXHIBITS**

**CURRENT FUND**

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Current Cash - Chief Financial Officer  
For the Year Ended December 31, 2017

		Current Fund
Balance December 31, 2016		\$ 2,510,486.03
Increased by Receipts:		
Taxes Receivable	\$ 10,813,654.58	
Tax Title Liens Receivable	44,768.63	
Prepaid Taxes	485,981.13	
Tax Overpayments	15,160.10	
Due State of New Jersey - Senior Citizens and Veterans Deductions	20,894.13	
Revenue Accounts Receivable	815,680.55	
Miscellaneous Revenue Not Anticipated	141,549.73	
Federal & State Grants Receivable	28,517.72	
		12,366,206.57
		14,876,692.60
Decreased by Disbursements:		
2016 Appropriation Reserves	43,755.01	
2017 Appropriations	1,666,741.74	
County Taxes	2,853,619.05	
Due County for Added and Omitted Taxes	12,378.40	
Local District School Tax	3,799,588.00	
Regional High School Tax	3,298,411.50	
Refund Tax Overpayments	6,063.12	
Federal & State Grant Expenditures	72,647.97	
		11,753,204.79
Balance December 31, 2017		\$ 3,123,487.81

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
 Statement of Taxes Receivable and Analysis of Property Tax Levy  
 For the Year Ended December 31, 2017

Year	Balance	2017 Levy	Added Taxes	Collections		Over-Payments Applied	Canceled	Transferred To Tax Title Liens	Balance
	Dec. 31, 2016			2016	2017				Dec. 31, 2017
2003	\$ 459.63								\$ 459.63
2015	508.99				\$ 508.99				
2016	188,547.79				147,637.63	\$ 8,522.72	\$ 199.75	\$ 32,179.35	8.34
	189,516.41	-	-	-	148,146.62	8,522.72	199.75	32,179.35	467.97
2017		\$ 10,976,767.55		\$ 92,664.78	10,686,257.96		4,653.63	25,979.79	167,211.39
	\$ 189,516.41	\$ 10,976,767.55	\$ -	\$ 92,664.78	\$ 10,834,404.58	\$ 8,522.72	\$ 4,853.38	\$ 58,159.14	\$ 167,679.36

Taxes Receivable \$ 10,813,654.58  
 Senior Citizens and Veterans 20,750.00  
\$ 10,834,404.58

Analysis of 2017 Property Tax Levy

Tax Yield:

General Property Tax \$ 10,874,813.53  
 Added Taxes (54:4-63.1 et. seq.) 101,954.02  
\$ 10,976,767.55

Tax Levy:

Local School District Tax (Abstract) \$ 3,840,165.00  
 Regional High School Tax (Abstract) 3,298,412.00

County Taxes:

County Tax (Abstract) \$ 2,853,619.05  
 Due County for Added Taxes 26,796.61  
 2,880,415.66

Local Tax for Municipal Purposes 876,818.10  
 Add: Additional Tax Levied 80,956.79

957,774.89  
\$ 10,976,767.55

**TOWNSHIP OF SOUTH HARRISON**  
CURRENT FUND  
Statement of Tax Title Liens  
For the Year Ended December 31, 2017

---

Balance December 31, 2016		\$ 45,967.87
Increased by:		
Transfers from Taxes Receivable	\$ 58,159.14	
Interest and Costs on Sale	<u>6,113.82</u>	
		<u>64,272.96</u>
		110,240.83
Decreased by:		
Collections		<u>44,768.63</u>
Balance December 31, 2017		<u><u>\$ 65,472.20</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Due State of New Jersey - Senior Citizen's and Veteran's Deductions  
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 3,375.22
Increased by:		
Received from State of New Jersey	\$ 20,894.13	
Deductions Disallowed by Collector - 2017 Taxes	1,500.00	
		22,394.13
		25,769.35
Decreased by:		
Deductions per Tax Billing:		
Senior Citizens	2,500.00	
Veterans	19,000.00	
Deductions Allowed by Collector - 2017 Taxes	750.00	
		22,250.00
Balance December 31, 2017		\$ 3,519.35
<u>Analysis of Amount Realized:</u>		
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$ 21,500.00	
Senior Citizens' and Veterans' Deductions Allowed - 2017	750.00	
		\$ 22,250.00
Less:		
Senior Citizens' and Veterans' Deductions Disallowed - 2017		1,500.00
		\$ 20,750.00

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Revenue Accounts Receivable  
For the Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Accrued</u> <u>In 2017</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Miscellaneous Revenue Anticipated:				
Fees and Permits		\$ 15,073.00	\$ 15,073.00	
Fines and Costs:				
Municipal Court	\$ 933.72	32,228.62	31,933.32	\$ 1,229.02
Interest on Taxes		37,330.18	37,330.18	
Consolidated Municipal Property Tax Relief Aid		8,206.00	8,206.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167		121,752.00	121,752.00	
Host Municipal Benefits		591,160.71	591,160.71	
Cable TV Franchise Fee		10,225.34	10,225.34	
	<u>\$ 933.72</u>	<u>\$ 815,975.85</u>	<u>\$ 815,680.55</u>	<u>\$ 1,229.02</u>

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Appropriation Reserves  
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016 <u>Reserved</u>	Balance After Modification <u>Modification</u>	Paid or Charged <u>Paid or Charged</u>	Balance Lapsed <u>Balance Lapsed</u>
<b>Operations Within "CAPS":</b>				
Municipal Clerk:				
Other Expenses	\$ 8,176.37	\$ 8,176.37	\$ 310.09	\$ 7,866.28
Legal Services:				
Other Expenses	8,000.04	8,000.04	1,110.00	6,890.04
Engineering Services:				
Other Expenses	10,970.00	10,970.00	968.75	10,001.25
Planning Board:				
Other Expenses	9,237.22	9,237.22	116.00	9,121.22
Zoning Board				
Other Expenses	146.01	146.01	145.71	0.30
Police Department:				
Other Expenses	6,409.11	6,409.11	2,714.24	3,694.87
Street and Road Maintenance:				
Salaries and Wages	6,943.76	6,943.76		6,943.76
Other Expenses	12,892.25	12,892.25	4,703.62	8,188.63
Solid Waste Collection				
Contractual Services	3,320.72	15,070.72	15,000.00	70.72
Public Building and Grounds:				
Other Expenses	299.08	1,549.08	1,549.08	
Maintenance of Parks				
Other Expenses	3,001.51	3,001.51	1,450.00	1,551.51
Utilities:				
Electricity	2,776.45	2,776.45	1,377.87	1,398.58
Street Lighting	5,536.12	5,536.12	1,242.97	4,293.15
Telephone	3,571.49	3,571.49	1,016.94	2,554.55
Fuel Oil	2,978.60	2,978.60	511.71	2,466.89
Gasoline	20,494.36	20,494.36	874.82	19,619.54
Sanitary Landfill:				
Other Expenses	24,986.94	11,986.94	10,545.27	1,441.67
Statutory Expenditures:				
Contribution to:				
Defined Contribution Retirement Plan	1,650.53	1,650.53	117.94	1,532.59
Total General Appropriations for Municipal Purposes Within "CAPS"	131,390.56	131,390.56	43,755.01	87,635.55
Other accounts - no change	62,764.48	62,764.48		62,764.48
	<u>\$ 194,155.04</u>	<u>\$ 194,155.04</u>	<u>\$ 43,755.01</u>	<u>\$ 150,400.03</u>

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
 Statement of Prepaid Taxes  
 For the Year Ended December 31, 2017

---

Balance December 31, 2016 (2017 Taxes)		\$ 92,664.78
Increased by:		
Collection (2018 Taxes)		<u>485,981.13</u>
		578,645.91
Decreased by:		
Application to 2017 Taxes		<u>92,664.78</u>
Balance December 31, 2017 (2018 Taxes)		<u><u>\$ 485,981.13</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
 Statement of Tax Overpayments  
 For the Year Ended December 31, 2017

---

Balance December 31, 2016		\$ 8,522.72
Increased by:		
Overpayments Received		<u>15,160.10</u>
		23,682.82
Decreased by:		
Refunded	\$ 6,063.12	
Applied	<u>8,522.72</u>	
		<u>14,585.84</u>
Balance December 31, 2017		<u><u>\$ 9,096.98</u></u>



**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
 Statement of County Taxes Payable  
 For the Year Ended December 31, 2017

---

2017 Levy:			
County General	\$	2,506,513.85	
County Library		188,497.62	
County Open Space		<u>158,607.58</u>	
			\$ 2,853,619.05
Decreased by:			
Disbursements			\$ <u><u>2,853,619.05</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
 Statement of Amount Due to County for Added and Omitted Taxes  
 For the Year Ended December 31, 2017

---

Balance December 31, 2016	\$	12,378.40	
Increased by:			
County Share of 2017 Levy		<u>26,796.61</u>	
			39,175.01
Decreased by:			
Disbursements		<u>12,378.40</u>	
Balance December 31, 2017			\$ <u><u>26,796.61</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Local School District Tax  
For the Year Ended December 31, 2017

Balance December 31, 2016		
School Tax Payable	\$ 1,064,426.75	
Deferred School Tax Payable	<u>295,631.25</u>	\$ 1,360,058.00
Levy-School Year July 1, 2017 - June 30, 2018		<u>3,840,165.00</u>
		5,200,223.00
Decreased by:		
Disbursements		<u>3,799,588.00</u>
Balance December 31, 2017		
School Tax Payable	1,105,003.75	
Deferred School Tax Payable	<u>295,631.25</u>	\$ <u>1,400,635.00</u>
<u>2017 Liability for Local School Tax:</u>		
Tax Paid		\$ 3,799,588.00
Tax Payable December 31, 2017		<u>1,105,003.75</u>
		4,904,591.75
Less:		
Tax Payable December 31, 2016		<u>1,064,426.75</u>
Amount Charged to 2017 Operations		\$ <u><u>3,840,165.00</u></u>

Exhibit SA-12

**TOWNSHIP OF SOUTH HARRISON**  
**CURRENT FUND**  
Statement of Regional High School District Tax  
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 4.01
Increased by:		
2017 Levy-Calendar Year		<u>3,298,412.00</u>
		3,298,416.01
Decreased by:		
Disbursements		<u>3,298,411.50</u>
Balance December 31, 2017		\$ <u><u>4.51</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Due Current Fund  
For the Year Ended December 31, 2017

---

Balance December 31, 2016		\$ 20,621.53
Increased by:		
Grant Expenditures Paid by Current Fund		<u>72,647.97</u>
		93,269.50
Decreased by:		
Grant Revenues Deposited to Current Fund	\$ 28,517.72	
Local Match due from Current Fund	2,196.00	
Deferred Charge Raised in Current Fund Budget	<u>3,294.16</u>	
		<u>34,007.88</u>
Balance December 31, 2017		<u><u>\$ 59,261.62</u></u>

Exhibit SA-14

**TOWNSHIP OF SOUTH HARRISON**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Due General Capital Fund  
For the Year Ended December 31, 2017

---

Balance December 31, 2016 (Due to)		\$ 4,550.00
Decreased by:		
Grant Revenues Deposited to Current Fund		<u>47,718.25</u>
Balance December 31, 2017 (Due from)		<u><u>\$ 43,168.25</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Federal and State Grants Receivable  
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec. 31, 2016</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance Dec. 31, 2017</u>
Federal Grants:				
NJDEP Municipal Stormwater Regulation	\$ 3,750.00			\$ 3,750.00
NJDOT - Cedar Grove Road	3,577.86			3,577.86
NJDOT - Cedar Grove and Lincoln Mill	<u>57,106.25</u>		\$ <u>47,718.25</u>	<u>9,388.00</u>
Total Federal Grants	<u>64,434.11</u>	<u>-</u>	<u>47,718.25</u>	<u>16,715.86</u>
State Grants:				
Alcohol, Education, Rehabilitation and Enforcement Grant		\$ 1,222.46	1,222.46	
Assoc. of NJ Environmental Commissions	500.00			500.00
Body Armor Grant		901.73	901.73	
Clean Communities Program		8,580.49	8,580.49	
Municipal Alliance Grant	200.00	8,784.00	8,784.00	200.00
Recycling Tonnage Grant		9,029.04	9,029.04	
Safe and Secure Communities Program	<u>39,530.00</u>	<u>24,000.00</u>		<u>63,530.00</u>
Total State Grants	<u>40,230.00</u>	<u>52,517.72</u>	<u>28,517.72</u>	<u>64,230.00</u>
	<u>\$ 104,664.11</u>	<u>\$ 52,517.72</u>	<u>\$ 76,235.97</u>	<u>\$ 80,945.86</u>
Cash Receipts			\$ 28,517.72	
Due from General Capital Fund			<u>47,718.25</u>	
			<u>\$ 76,235.97</u>	

**TOWNSHIP OF SOUTH HARRISON**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Reserve for Federal and State Grants - Unappropriated  
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec. 31, 2016</u>	<u>Federal and State Grants Receivable</u>	<u>Realized as Revenue in 2017 Budget</u>	<u>Balance Dec. 31, 2017</u>
State Grants:				
Alcohol, Education, Rehabilitation and Enforcement Grant	\$ 150.86	\$ 1,222.46	\$ 30.00	\$ 1,343.32
Body Armor Grant	1,821.96	901.73	1,821.96	901.73
Clean Communities Program	2,830.80	8,580.49	11,411.29	
Municipal Alliance Grant		8,784.00	8,784.00	
Recycling Tonnage Grant	1,000.00	9,029.04	6,476.44	3,552.60
Safe and Secure Communities Program		24,000.00	24,000.00	
 Total State Grants	 <u>\$ 5,803.62</u>	 <u>\$ 52,517.72</u>	 <u>\$ 52,523.69</u>	 <u>\$ 5,797.65</u>

**TOWNSHIP OF SOUTH HARRISON**  
**FEDERAL AND STATE GRANT FUND**  
Statement of Reserve for Federal and State Grants - Appropriated  
For the Year Ended December 31, 2017

Program	Balance Dec. 31, 2016		Transferred from 2017 Budget Appropriation	Disbursed	Encumbered	Balance Dec. 31, 2017
	Appropriated	Encumbered				
Federal Grants:						
NJ DOT - Cedar Grove Road	\$ 3,577.86					\$ 3,577.86
NJ DOT - Cedar Grove & Lincoln Mill	9,388.00					9,388.00
NJDEP Municipal Stormwater Regulation	334.75					334.75
Total Federal Grants	<u>13,300.61</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,300.61</u>
State Grants:						
Alcohol, Education, Rehabilitation and Enforcement Grant	5,703.21		\$ 30.00			5,733.21
Assoc. of NJ Environmental Commissions	1,412.21					1,412.21
Body Armor Grant			1,821.96			1,821.96
Clean Communities Program			11,411.29	\$ 6,822.17		4,589.12
Municipal Alliance Grant	24,118.63	\$ 250.00	10,980.00	11,350.80	\$ 250.00	23,747.83
Recycling Tonnage Grant	1,841.46		6,476.44	6,475.00		1,842.90
Safe and Secure Communities Program	24,000.00		24,000.00	48,000.00		
Total State Grants	<u>57,075.51</u>	<u>250.00</u>	<u>54,719.69</u>	<u>72,647.97</u>	<u>250.00</u>	<u>39,147.23</u>
Other Grants:						
Comcast Technology Grant	1,357.00					1,357.00
Delaware Valley Regional Planning Comm.	5,000.00					5,000.00
Total Other Grants	<u>6,357.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,357.00</u>
	<u>\$ 76,733.12</u>	<u>\$ 250.00</u>	<u>\$ 54,719.69</u>	<u>\$ 72,647.97</u>	<u>\$ 250.00</u>	<u>\$ 58,804.84</u>
Realized as Revenue in Budget			\$ 52,523.69			
Local Match - Due from Current Fund			2,196.00			
Cash Disbursed				\$ 72,647.97		
			<u>\$ 54,719.69</u>	<u>\$ 72,647.97</u>		

**SUPPLEMENTAL EXHIBITS**

**TRUST FUND**

**TOWNSHIP OF SOUTH HARRISON**  
**TRUST FUND**  
 Statement of Trust Cash - Chief Financial Officer  
 For the Year Ended December 31, 2017

	Animal Control		Trust Other
Balance December 31, 2016	\$	7,730.57	\$ 752,753.66
Increased by Receipts:			
Animal Control Collector	\$	4,542.60	
Due to State of New Jersey:			
State License Fees		1,058.40	
Uniform Construction Code Training Fees			\$ 8,858.00
Due Current Fund		15.98	1,670.54
Miscellaneous Trust Reserves			1,452,225.91
		5,616.98	1,462,754.45
		13,347.55	2,215,508.11
Decreased by Disbursements:			
Animal Control Expenses		5,015.50	
Due to State of New Jersey:			
State License Fees		1,054.80	
Uniform Construction Code Training Fees			8,026.00
Due Current Fund		16.06	1,004.56
Miscellaneous Trust Reserves			1,418,438.87
		6,086.36	1,427,469.43
Balance December 31, 2017	\$	7,261.19	\$ <u><u>788,038.68</u></u>



**TOWNSHIP OF SOUTH HARRISON**  
**TRUST FUND**  
Statement of Trust Cash - Tax Collector  
For the Year Ended December 31, 2017

---

Balance December 31, 2016		\$	10,409.11
Increased by:			
Miscellaneous Reserves	\$	85,690.69	
Interest Earned		<u>49.36</u>	
			<u>85,740.05</u>
			96,149.16
Decreased by:			
Miscellaneous Reserves		78,790.69	
Due Current Fund		<u>47.75</u>	
			<u>78,838.44</u>
Balance December 31, 2017		\$	<u><u>17,310.72</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
TRUST -- ANIMAL CONTROL FUND  
Statement of Due Current Fund  
For the Year Ended December 31, 2017

---

Balance December 31, 2016	\$	806.30
Increased by:		
Interest Earned		<u>15.98</u>
		822.28
Decreased by:		
Disbursements		<u>16.06</u>
Balance December 31, 2017	\$	<u><u>806.22</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
**TRUST -- ANIMAL CONTROL FUND**  
Statement of Amount Due to State of New Jersey - Department of Health  
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	1.20
Increased by:			
State License Fees			1,058.40
			1,059.60
Decreased by:			
Disbursements to the State			1,054.80
Balance December 31, 2017		\$	4.80

## Exhibit SB-5

**TOWNSHIP OF SOUTH HARRISON**  
**TRUST -- ANIMAL CONTROL FUND**  
Statement of Reserve for Animal Control Fund Expenditures  
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	6,923.07
Increased by:			
Dog License Fees	\$ 3,009.60		
Late Fees Collected	1,533.00		4,542.60
			11,465.67
Decreased by:			
Animal Control Expenses			5,015.50
Balance December 31, 2017		\$	6,450.17

Animal License Fees Collected	
Year	Amount
2015	\$ 4,305.20
2016	4,566.00
	\$ 8,871.20

**TOWNSHIP OF SOUTH HARRISON**  
**TRUST -- OTHER FUND**  
 Statement of Due Current Fund  
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$	22,687.18
Increased by:			
Interest Earned			
Treasurer	\$	1,670.54	
Tax Collector		49.36	
Cancellation of Trust Reserves		<u>44.98</u>	
			<u>1,764.88</u>
			24,452.06
Decreased by:			
Disbursements			
Treasurer		1,004.56	
Tax Collector		<u>47.75</u>	
			<u>1,052.31</u>
Balance December 31, 2017		\$	<u><u>23,399.75</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
**TRUST -- OTHER FUND**  
Statement of Miscellaneous Trust Reserves  
For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Encumbered	Receipts	Disbursements	Encumbered	Adjustments	Balance Dec. 31, 2017
Developer's Escrow	\$ 22,773.75	\$ 22,194.38	\$ 149,792.76	\$ 61,263.62	\$ 1,963.88		\$ 131,533.39
Escrow Interest Earnings	78,914.07						78,914.07
Unemployment Insurance	20,068.85		1,481.31	50.50			21,499.66
Police Outside Employment	34,038.67		181,646.70	185,482.21		\$ 11,253.50	18,949.66
Payroll Account	166.61		883,296.64	882,831.24			632.01
Tax Sale Premiums	3,100.00		50,700.00	43,800.00			10,000.00
Redemption of Tax Sale Certificates	7,350.53		34,990.69	35,035.67			7,305.55
Parks and Recreation	15,089.05		12,129.00	7,950.54			19,267.51
FEMA / Snow Removal	2,337.12						2,337.12
Construction Account	244,009.67		121,733.00	82,927.14			282,815.53
Public Defender	44.62		602.00	400.00			246.62
Donations	20,552.12			2,500.00			18,052.12
Parking Offense Adjudication Act	2.00						2.00
Maintenance and Performance Bonds	279,650.65		101,544.50	195,033.62			186,161.53
	<u>\$ 728,097.71</u>	<u>\$ 22,194.38</u>	<u>\$ 1,537,916.60</u>	<u>\$ 1,497,274.54</u>	<u>\$ 1,963.88</u>	<u>\$ 11,253.50</u>	<u>\$ 777,716.77</u>
Tax Collector			\$ 85,690.69	\$ 78,790.69			
Treasurer			1,452,225.91	1,418,438.87			
Due Current Fund				44.98			
			<u>\$ 1,537,916.60</u>	<u>\$ 1,497,274.54</u>			

**TOWNSHIP OF SOUTH HARRISON**  
TRUST -- OTHER FUND  
Statement of Due to State - Uniform Construction Code Training Fees  
For the Year Ended December 31, 2017

---

Balance December 31, 2016	\$ 1,437.00
Increased by:	
Receipts	<u>8,858.00</u>
	10,295.00
Decreased by:	
Disbursements	<u>8,026.00</u>
Balance December 31, 2017	<u><u>\$ 2,269.00</u></u>

**SUPPLEMENTAL EXHIBITS**

**GENERAL CAPITAL FUND**

**TOWNSHIP OF SOUTH HARRISON**  
**GENERAL CAPITAL FUND**  
Statement of General Capital Cash - Chief Financial Officer  
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 388,424.87
Increased by Receipts:		
Federal and State Aid Receivable	\$ 124,052.51	
Capital Improvement Fund	85,000.00	
Reserve for Farmland Preservation	500.00	
Due Current Fund	782.36	
Due Federal and State Grant Fund	<u>47,718.25</u>	
		<u>258,053.12</u>
		646,477.99
Decreased by Disbursements:		
Improvement Authorizations	301,848.81	
Due Current Fund	<u>780.50</u>	
		<u>302,629.31</u>
Balance December 31, 2017		<u><u>\$ 343,848.68</u></u>



**TOWNSHIP OF SOUTH HARRISON**  
**GENERAL CAPITAL FUND**  
 Analysis of General Capital Cash  
 For the Year Ended December 31, 2017

	Balance		Receipts		Disbursements		Transfers		Balance
	Dec. 31, 2016		Miscellaneous		Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2017
Capital Improvement Fund	\$ 119,007.78	\$	85,000.00				\$ 104,772.56		\$ 99,235.22
Capital Reserves	305,541.34		500.00				6,500.00		299,541.34
Encumbrances Payable								\$ 160,915.20	160,915.20
Due State and Federal Grant Fund	(4,550.00)		47,718.25						43,168.25
Due Current Fund	(43,215.68)		782.36			\$ 780.50			(43,213.82)
<b>Improvement Authorizations:</b>									
Ordinance									
Number									
13-09	Athletic Field Improvements within Stewart Park	6,694.18							6,694.18
14-08	Municipal Code Update	788.65							788.65
14-13	Lincoln Mill Road - Phase II	(211.38)							(211.38)
14-14	Body Cameras and Computer Equipment	1,001.32							1,001.32
15-02	Stewart Memorial Park Signs	2.00							2.00
15-06	Construction of Pole Barn	625.00							625.00
16-05	Lincoln Mill Road - Phase III	2,670.00	124,052.51	\$ 184,751.25					(58,028.74)
16-06	Purchase of Snow Plows	71.66							71.66
17-01	Stewart Park Irrigation System			6,500.00				6,500.00	
17-02	Purchase & Installation of Telecommunications System			8,772.56				8,772.56	
17-06	Upgrades to Municipal Building			16,955.00				30,000.00	13,045.00
17-07	Reconstruction of Lincoln Mill Phase IV			39,832.00			160,915.20	18,000.00	(182,747.20)
17-08	Purchase of Police Vehicle			45,038.00				48,000.00	2,962.00
		<u>\$ 388,424.87</u>	<u>\$ 258,053.12</u>	<u>\$ 301,848.81</u>	<u>\$ 780.50</u>	<u>\$ 272,187.76</u>	<u>\$ 272,187.76</u>	<u>\$ 343,848.68</u>	

**TOWNSHIP OF SOUTH HARRISON**  
**GENERAL CAPITAL FUND**  
Statement of Federal and State Aid Receivable  
For the Year Ended December 31, 2017

---

Balance December 31, 2016	\$	212,087.23
Increased by:		
NJ Department of Transportation Trust Fund		193,000.00
		405,087.23
Decreased by:		
Cash Receipts		124,052.51
Balance December 31, 2017	\$	281,034.72
Analysis:		
NJ Department of Transportation - Lincoln Mill Road Phase II	\$	19,087.23
NJ Department of Transportation - Lincoln Mill Road Phase III		68,947.49
NJ Department of Transportation - Lincoln Mill Road Phase IV		193,000.00
	\$	281,034.72

Exhibit SC-4

**TOWNSHIP OF SOUTH HARRISON**  
**GENERAL CAPITAL FUND**  
Statement of Due Current Fund  
For the Year Ended December 31, 2017

---

Balance December 31, 2016	\$	43,215.68
Increased by:		
Disbursements		780.50
		43,996.18
Decreased by:		
Interest Earned		782.36
Balance December 31, 2017	\$	43,213.82

**TOWNSHIP OF SOUTH HARRISON**  
**GENERAL CAPITAL FUND**  
Statement of Capital Improvement Fund  
For the Year Ended December 31, 2017

---

Balance December 31, 2016	\$ 119,007.78
Increased by:	
Budget Appropriation	<u>85,000.00</u>
	204,007.78
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>104,772.56</u>
Balance December 31, 2017	<u><u>\$ 99,235.22</u></u>

**TOWNSHIP OF SOUTH HARRISON**  
**GENERAL CAPITAL FUND**  
 Statement of Improvement Authorizations  
 For the Year Ended December 31, 2017

Ordinance Number	Ordinance	Ordinance		Balance	2017 Authorizations	Paid or Charged	Balance
		Date	Amount	Dec. 31, 2016			Dec. 31, 2017
				Funded			Funded
13-09	Athletic Field Improvements within Stewart Park	12/04/13	\$ 175,000.00	\$ 6,694.18			\$ 6,694.18
14-08	Municipal Code Update	05/14/14	6,000.00	788.65			788.65
14-13	Lincoln Mill Road - Phase II	10/08/14	196,000.00	18,875.85			18,875.85
14-14	Body Cameras and Computer Equipment	11/10/14	3,500.00	1,001.32			1,001.32
15-02	Stewart Memorial Park Signs	04/08/15	1,450.00	2.00			2.00
15-05	Improvements to Various Roads	05/13/15	100,000.00				
15-06	Construction of Pole Barn	05/13/15	19,000.00	625.00			625.00
16-04	Improvements to Various Roads	04/13/16	45,000.00				
16-05	Lincoln Mill Road - Phase III	06/08/16	211,000.00	195,670.00		\$ 184,751.25	10,918.75
16-06	Purchase of Snow Plows	08/10/16	13,220.00	71.66			71.66
17-01	Stewart Park Irrigation System	03/08/17	6,500.00		\$ 6,500.00	6,500.00	
17-02	Purchase & Installation of Telecommunications System	03/08/17	8,772.56		8,772.56	8,772.56	
17-06	Upgrades to Municipal Building	06/14/17	30,000.00		30,000.00	16,955.00	13,045.00
17-07	Reconstruction of Lincoln Mill Phase IV	08/09/17	211,000.00		211,000.00	200,747.20	10,252.80
17-08	Purchase of Police Vehicle	09/13/17	48,000.00		48,000.00	45,038.00	2,962.00
				<u>\$ 223,728.66</u>	<u>\$ 304,272.56</u>	<u>\$ 462,764.01</u>	<u>\$ 65,237.21</u>
	Capital Improvement Fund				\$ 104,772.56		
	Federal and State Aid Receivable				193,000.00		
	Capital Reserves				6,500.00		
	Cash Disbursements					\$ 301,848.81	
	Encumbrances Payable					160,915.20	
					<u>\$ 304,272.56</u>	<u>\$ 462,764.01</u>	

**TOWNSHIP OF SOUTH HARRISON**  
**GENERAL CAPITAL FUND**  
**Statement of Capital Reserves**  
**For the Year Ended December 31, 2017**

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Receipts</u>	<u>Appropriated</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Reserve for:				
Parkland Trust	\$ 63,462.52		\$ 6,500.00	\$ 56,962.52
Farmland Preservation	196,397.61	\$ 500.00		196,897.61
Contribution - Unity Ambulance Dissolution	45,681.21			45,681.21
	<u>\$ 305,541.34</u>	<u>\$ 500.00</u>	<u>\$ 6,500.00</u>	<u>\$ 299,541.34</u>

**PART 2**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**TOWNSHIP OF SOUTH HARRISON**  
Schedule of Findings and Recommendations  
For the Year Ended December 31, 2017

---

***Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**None**

**TOWNSHIP OF SOUTH HARRISON**  
Summary Schedule of Prior Year Audit Findings  
and Recommendations as Prepared by Management

---

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2016-001**

**Condition**

The Township's Statement of Reserve for Federal and State Grants - Appropriated reflects two over-expenditures in the amount of \$3,294.16.

**Current Status**

The condition has been resolved.



**TOWNSHIP OF SOUTH HARRISON**  
 Officials in Office and Surety Bonds

---

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

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
James McCall	Mayor	
Robert Diaz	Deputy Mayor	
John Horner	Committeeman	
Mary Howard	Committeewoman	
Robert Schenk	Committeeman	
Vikki Holmstrom	Chief Financial Officer, Tax Collector	(1)
Nancy Kearns	Municipal Clerk	(1)
Sharon Wade	Assistant to CFO, UCC Clerk	(1)
Brian N. Lozuke	Solicitor	
Steven M. Bach	Engineer	

(1) \$1,000,000.00 per loss is covered by the Gloucester County Municipal Joint Insurance Fund Excess Crime Policy, Public Employee Bond Declarations, and Excess Public Officials Bonds for all public officials.

19600

**APPRECIATION**

I express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

A handwritten signature in black ink, appearing to read "Michael J. Welding". The signature is fluid and cursive, with a long horizontal stroke at the beginning and a sharp hook at the end.

Michael J. Welding  
Certified Public Accountant  
Registered Municipal Accountant