

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE

BOROUGH OF HELMETTA

**51 Main Street
Helmetta, New Jersey 08828**

FOR THE YEAR ENDED DECEMBER 31, 2016

**Presented by
Borough of Helmetta**

**Matthew Crane
Business Administrator**

BOROUGH OF HELMETTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	1-9
Roster of Officials	10
Consultants and Advisors	11
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	12-15
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements – Regulatory Basis Performed in Accordance With <i>Government Auditing Standards</i>	16-17
<u>Exhibit Number</u>	
<u>GENERAL-PURPOSE FINANCIAL STATEMENTS</u>	
A Combined Statement of Assets, Liabilities, Reserves and Fund Balance - All Fund Types and Accounts - Regulatory Basis	18-19
A-1 Combined Statement of Revenues, Expenses and Change in Fund Balance - Budget and Actual - Current, Sewer Utility and Water Utility Operating Funds - Regulatory Basis	20-22
A-2 Statement of Fund Balance - General Capital Fund - Regulatory Basis	23
A-3 Statement of Fund Balance – Water Utility and Sewer Utility Capital Funds – Regulatory Basis	24
Notes to Financial Statements	25-78
<u>COMBINING AND INDIVIDUAL FUND AND ACCOUNT STATEMENTS</u>	
Current Fund:	
B Comparative Statement of Assets, Liabilities and Fund Balance - Regulatory Basis	79-80
B-1 Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	81-82
B-2 Statement of Revenues - Regulatory Basis	83-84
B-3 Statement of Expenditures - Regulatory Basis	85-90

BOROUGH OF HELMETTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Page

COMBINING AND INDIVIDUAL FUND AND ACCOUNT
GROUP STATEMENTS (CONTINUED)

Exhibit
Number

	Current Fund (Continued):	
B-4	Statement of Taxes Receivable and Analysis of Property Tax Levy	91-92
B-5	Statement of Tax Title Liens Receivable	93
B-6	Statement of 2015 Appropriation Reserves	94-96
B-7	Statement of Consolidated District School Tax Payable	97
B-8	Statement of Grants Receivable - Grant Fund	98
B-9	Statement of Appropriated Reserves - Grant Fund	99-100
B-10	Statement of Unappropriated Reserves - Grant Fund	101
	Trust and Agency Funds:	
C	Comparative Statement of Assets, Liabilities and Reserves - Regulatory Basis	102
C-1	Statement of Various Reserves	103
C-2	Statement of Payroll Deductions Payable	104
C-3	Statement of Reserve for Animal Control Expenditures	105
C-4	Statement of Reserve for State of New Jersey Unemployment Compensation Claim	106
	General Capital Fund:	
D	Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	107
D-1	Analysis of Cash and Cash Equivalents	108
D-2	Statement of Intergovernmental Accounts Receivable	109
D-3	Statement of Deferred Charges to Future Taxation - Unfunded	110
D-4	Statement of Bond Anticipation Notes	111
D-5	Statement of Capital Improvement Fund	112
D-6	Statement of Improvement Authorizations	113
	Utility Operating Funds - Combined Statements:	
E	Combined Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Sewer Utility and Water Utility Operating Funds - Regulatory Basis	114

BOROUGH OF HELMETTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Page

COMBINING AND INDIVIDUAL FUND AND ACCOUNT
GROUP STATEMENTS (CONTINUED)

Exhibit
Number

	Sewer Utility Operating Fund:	
ES-1	Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	115
ES-2	Statement of Revenues - Regulatory Basis	116
ES-3	Statement of Expenditures - Regulatory Basis	117
ES-4	Statement of Consumer Accounts Receivable	118
ES-5	Statement of 2015 Appropriation Reserves	119
	Water Utility Operating Fund:	
EW-1	Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	120
EW-2	Statement of Revenues - Regulatory Basis	121
EW-3	Statement of Expenditures - Regulatory Basis	122
EW-4	Statement of Consumer Accounts Receivable	123
EW-5	Statement of Accrued Interest on Loans	124
EW-6	Statement of 2015 Appropriation Reserves	125
	Utility Capital Funds - Combined Statements:	
F	Combined Comparative Statement of Assets, Liabilities and Reserves - Sewer Utility and Water Utility Capital Funds - Regulatory Basis	126
	Sewer Utility Capital Fund:	
FS-1	Analysis of Cash and Cash Equivalents	127
FS-2	Statement of Fixed Capital	128
FS-3	Statement of Capital Improvement Fund	129
FS-4	Statement of Improvement Authorizations	130
	Water Utility Capital Fund:	
FW-1	Analysis of Cash and Cash Equivalents	131
FW-2	Statement of Fixed Capital	132
FW-3	Statement of USDA Loan Payable	133
FW-4	Statement of Capital Improvement Fund	134
FW-5	Statement of Improvement Authorizations	135

BOROUGH OF HELMETTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Page

COMBINING AND INDIVIDUAL FUND AND ACCOUNT
GROUP STATEMENTS (CONTINUED)

Exhibit
Number

	Capital Assets:	
G-1	Comparative Statement of Capital Assets	136

STATISTICAL SECTION (UNAUDITED)

Exhibit
Number

H-1	Current Fund Expenditures by Function	137
H-2	Sewer Utility Operating Fund Expenditures by Function	138
H-3	Water Utility Operating Fund Expenditures by Function	139
H-4	Current Fund Revenues by Source	140
H-5	Property Tax Rates Per \$100 of Assessed Valuation	141
H-6	Municipal Property Tax Levies and Collections	142
H-7	Delinquent Taxes and Tax Title Liens	143
H-8	Assessed and Estimated Actual Value of Taxable Property	144
H-9	Schedule of Largest Taxpayers	145
H-10	Computation of Legal Debt Margin	146
H-11	Ratio of Bonded Debt, Bond Anticipation Notes and Loans to Equalized Value and Debt Per Capita	147
H-12	Ratio of Annual Debt Service Expenditures for Bonded Debt, Bond Anticipation Notes and Loans	148
H-13	Calculation of "Self-Liquidating Purpose" Per N.J.S. 40A:2-45 Sewer Utility Operating Fund	149
H-14	Calculation of "Self-Liquidating Purpose" Per N.J.S. 40A:2-45 Water Utility Operating Fund	150
H-15	Demographic Statistics	151
H-16	Miscellaneous Statistics	152

BOROUGH OF HELMETTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

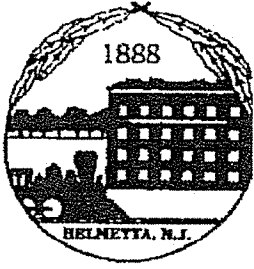
Page

AUDITOR'S COMMENTS AND RECOMMENDATIONS

General Comments:

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4	153
State Contract Purchases	153
Collection of Interest on Delinquent Taxes, Assessments and Utility Charges	154
Delinquent Taxes and Tax Title Liens	155
Water Utility Receivables	155
Sewer Utility Receivables	155
Cash Balances	147-155
Revenues	156
Expenditures	156
Borough Clerk	156
Payroll	156
Miscellaneous Comments:	
Various	157
Construction Code Official	157
Interfunds	157
Surety Bonds	157
Technical Directives – State of New Jersey	157
Length of Service Awards Program	157
Financial Procedure Review	157
Redevelopment Agreement	158
Other Matters	158
Appreciation	158
Follow-up on Prior Year Recommendations	158
Recommendations	159

INTRODUCTORY SECTION



BOROUGH OF HELMETTA

51 Main Street, Helmetta, New Jersey 08828

August 21, 2017

TO: The Honorable Mayor and Council Members

RE: Comprehensive Annual Financial Report for the
Year Ended December 31, 2016

The Comprehensive Annual Financial Report for the Borough of Helmetta, County of Middlesex, State of New Jersey, is submitted herewith and includes financial statements and supplemental schedules. I believe that it is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Borough of Helmetta as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain maximum understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report (CAFR) is presented in four (4) sections: Introductory, Financial, Statistical, and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter, the Borough's Organizational Chart and a Roster of Officials. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the Independent Auditors' Report. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and ultimately with the Mayor and Council. The fourth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. The Mayor and Council are required to adopt a plan of action on the implementation of any audit recommendations.

The financial statements have been audited by Gerard Stankiewicz, CPA, RMA of Samuel Klein and Company, Certified Public Accountants, whose opinion is expressed in the Financial Section. Please note that the Independent Auditors' Report is unmodified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

PRESENT AND FUTURE CHALLENGES

During the 2016 calendar year, the Borough of Helmetta has made progress in a number of operational and financial areas; however, this administration is clearly aware of the issues and problems that continue to demand our attention and improvement. While we take pride in the accomplishments of the past year, we are mindful of the issues that continue to face us.

CURRENT FUND

In 2016, our Current Fund, which encompasses the general government functions of the Borough, had revenues of \$2,111,076.78 exclusive of fund balance, expenditures of \$2,123,714.19 and a decrease of \$14,837.41 in fund balance at year-end. The Current Fund revenues increased approximately 4.43% or \$97,961.48 over 2015. Below is a comparison of the Current Fund revenues.

	<u>2016</u>	<u>2015</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Local Sources:				
Fund Balance Utilized	\$ 200,000.00	\$ 234,000.00	\$ (34,000.00)	(14.53) %
Current Tax Revenue	1,388,038.17	1,304,338.61	83,699.56	6.42
Delinquent Tax Revenue	121,653.73	105,034.17	16,619.56	15.82
Miscellaneous Revenue				
Anticipated	217,377.96	232,340.57	(14,962.61)	(6.44)
Interlocal Agreements	3,584.10	33,793.08	(30,208.98)	(89.39)
Nonbudget Revenues	79,967.04	42,548.19	37,418.85	87.94
Other Credits to Income	<u>96,359.37</u>	<u>100,549.06</u>	<u>(4,189.69)</u>	<u>(4.17)</u>
 Total Revenues from Local Sources	 \$ 2,106,980.37	 \$ 2,052,603.68	 \$ 54,376.69	 2.65 %
 State Aid	 142,271.00	 142,271.00		
Grants	<u>61,825.41</u>	<u>18,240.62</u>	<u>43,584.79</u>	<u>238.94</u>
 Total Current Fund Revenues	 <u>\$ 2,311,076.78</u>	 <u>\$ 2,213,115.30</u>	 <u>\$ 97,961.48</u>	 <u>4.43 %</u>

1. Current and Delinquent Taxes - These are the collections on taxes levied on all property owners residing in the Borough.
2. State Aid and Grants - This represents funds received from the State of New Jersey or the Federal Government in the form of grants or direct aid.
3. Miscellaneous Revenues Anticipated - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct charges, except those detailed separately above.
4. Interlocal Agreements – These are anticipated revenue sources related to various municipal functions that are provided by the Borough on behalf of other municipalities.
5. Nonbudget Revenue and Other Credits - These are items that are not budgeted as revenue items, however, are included in the overall revenue.

CURRENT FUND (CONTINUED)

The increase in expenditures in 2016 over 2015 was \$34,833.21 or 1.67% and is detailed as follows:

	<u>2015</u>	<u>2015</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
General Government	\$ 234,510.00	\$ 293,850.00	\$ (59,340.00)	(20.19) %
Land Use	7,500.00	7,200.00	300.00	4.17
Insurance	258,650.00	208,600.00	50,050.00	23.99
Public Safety	603,850.00	580,578.00	23,272.00	4.01
Public Works	356,565.00	369,850.00	(13,285.00)	(3.59)
Health and Human Services	24,030.00	24,149.00	(119.00)	(0.49)
Parks and Recreation	7,300.00	7,500.00	(200.00)	(2.67)
Utilities	108,300.00	104,200.00	4,100.00	3.93
Uniform Construction Code	5,900.00	6,150.00	(250.00)	(4.07)
Interlocal Agreement-Animal Shelter		50,851.00	(50,851.00)	(100.00)
Deferred Charges and Statutory Expenditures	201,850.00	153,177.00	48,673.00	31.78
Grant Programs	61,825.41	18,240.62	43,584.79	238.94
Capital Improvements	30,000.00	44,500.00	(14,500.00)	(32.58)
Municipal Debt Service	64,500.00	64,100.00	400.00	0.62
Reserve for Uncollected Taxes	<u>158,933.78</u>	<u>155,935.36</u>	<u>2,998.42</u>	<u>1.92</u>
Total Current Fund Expenditures	\$ <u><u>2,123,714.19</u></u>	\$ <u><u>2,088,880.98</u></u>	\$ <u><u>34,833.21</u></u>	<u><u>1.67</u></u> %

WATER UTILITY FUND

Our Water Utility Operating Fund generated operating revenues of \$519,750.27, exclusive of fund balance, and incurred operating expenses of \$530,961.00 resulting in an increase in fund balance of \$3,789.27. The increase in operating expenses from 2016 to 2015 was 4.25%. The water utility has 14 commercial customers, 886 residential customers and 4 sprinkler system customers. The following schedule summarizes revenues and expenses for 2016 and 2015:

	2016	2015	Increase/(Decrease)	
			Amount	Percent
<u>Revenues</u>				
Fund Balance	\$ 17,961.00	\$ 12,948.00	\$ 5,013.00	38.72 %
Rents	433,912.08	430,121.38	3,790.70	0.88
Cell Tower Revenue	77,681.45	87,016.59	(9,335.14)	(10.73)
Nonbudget Revenue	5,041.64	35,492.17	(30,450.53)	NM
Other Credits to Income	3,115.10	7,285.00	(4,169.90)	(57.24)
	<u>\$ 537,711.27</u>	<u>\$ 572,863.14</u>	<u>\$ (35,151.87)</u>	<u>(6.14) %</u>
<u>Expenditures</u>				
Operating	\$ 421,500.00	\$ 401,050.00	\$ 20,450.00	5.10 %
Capital Improvements	15,000.00	14,400.00	600.00	4.17
Debt Service	78,512.00	78,512.00	0.00	0.00
Deferred Charges and Statutory Expenditures	15,949.00	15,376.00	573.00	3.73
	<u>\$ 530,961.00</u>	<u>\$ 509,338.00</u>	<u>\$ 21,623.00</u>	<u>4.25 %</u>

SEWER UTILITY FUND

Our Sewer Utility Operating Fund generated operating revenues of \$469,457.07, exclusive of fund balance, and incurred operating expenses of \$503,249.00, resulting in a decrease in fund balance of \$33,791.93. The increase in operating expenses from 2016 to 2015 was 0.28%. The sewer utility has 13 commercial customer units and 875 residential customer units. The following schedule summarizes revenues and expenses for 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance	\$ 95,249.00	\$ 86,826.00	\$ 8,423.00	9.70 %
Rents	422,715.63	408,257.45	14,458.18	3.54
Nonbudget Revenue	25,294.86	11,166.83	14,128.03	126.52
Other Credits to Income	21,446.58	114,646.57	(93,199.99)	(81.29)
	<u>\$ 564,706.07</u>	<u>\$ 620,896.85</u>	<u>\$ (56,190.78)</u>	<u>(9.05) %</u>
<u>Expenditures</u>				
Operating	\$ 467,200.00	\$ 467,050.00	\$ 150.00	0.03 %
Capital Improvements	20,000.00	19,400.00	600.00	3.09
Deferred Charges and Statutory Expenditures	16,049.00	15,376.00	673.00	4.38
	<u>\$ 503,249.00</u>	<u>\$ 501,826.00</u>	<u>\$ 1,423.00</u>	<u>0.28 %</u>

For the foreseeable future, our elected and appointed leaders will have to deal with the need to minimize tax rate impact and the need for new development that would help share the tax burden. The governing body and the administration will have to introduce new ideas and creative solutions to solve this problem.

The remainder of this transmittal letter will provide greater details relating to our progress during 2016 and some of our plans for the future.

STATUTORY AUTHORITY

The Borough is organized and administered in accordance with the provisions of New Jersey State Law and consists of an elected Mayor and a six (6) member Council responsible for providing all basic governmental services, except education, to its 2,178 local residents.

The Borough, pursuant to law, has the authority to levy taxes and issue debt.

In accordance with accounting principles generally accepted in the USA, as prescribed by the Governmental Accounting Standards Board, the Borough, for reporting purposes, is considered an independent government entity.

MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS

The Borough is exploring all resources to provide services to the Borough residents for the best possible cost. All revenue sources are maximized where possible and all budget appropriations and purchases are carefully reviewed by the Borough officials. The Governing Body is striving to keep municipal taxes at reasonable rate while providing for the safety, health and welfare of the residents. Other areas that we expect to affect the budget are our investment in the public safety departments (the Police and Fire Department) to bring salaries in line with neighboring towns and provide much needed equipment to the Fire Department. Further, we expect that in 2017, that as the apartments become habited, that we will be able to benefit from the charges to the developer for the PILOT.

ACCOUNTABILITY ON 2016 INITIATIVES

- Construction of Recreation Pavilion in Helmetta Lake Park and other park improvements are complete.
- The redevelopment of Helmetta Snuff Mill, a multi-unit residential building, by Kaplan is half complete and residents continue to move in.

PROSPECTS FOR THE FUTURE

- Improvements to the municipal building will continue in 2017.
- The redevelopment of the Helmetta Snuff Mill by Kaplan will continue.
- The Borough continues to seek and obtain grants from the County of Middlesex to use for public area improvements.
- The Borough continues to seek additional sources of revenue to offset the decrease in state aid experienced over the past several years.

LOCAL ECONOMIC EVENTS

For 2016, the Borough continued to demonstrate important indicators of continued financial strength as follows:

During 2016, total real estate tax revenues increased by \$83,699.56 or 6.42% to \$1,388,038.17. The current collection rate (cash basis) of real estate tax revenue (an important indicator of fiscal health) was 97.49% in 2016. Although, the Borough has maintained a stable collection rate, certain taxpayers were unable to remit their taxes on a current basis.

Revenues from other sources remained relatively flat in 2016. Assessed values decreased slightly to \$185,822,200.00.

CASH MANAGEMENT

Bank balances are insured up to \$250,000.00 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories. At December 31, 2016, all cash funds on deposit were in registered depositories and were covered by these insurers.

During 2016, idle funds were invested with the intent of maximizing interest earnings with sweep accounts maintained by the Borough's main depository.

ACCOUNTING AND BUDGET INFORMATION

Accounting

The Borough maintains an on-line, real-time computerized accounting system to record all financial transactions.

In developing and evaluating the Borough's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits expected to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

Management of the Borough is responsible for establishing and maintaining an adequate internal control structure.

Budget

The local budget law for the State of New Jersey requires every local unit to adopt an Operating Budget in the form required by the Division of Local Government Services (the "Division"), Department of Community Affairs of the State of New Jersey. Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division prior to final adoption. The Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director is required to review the adequacy of such appropriations, unless a specific amount is required by law. The review function, focusing on anticipated revenues, serves to protect the solvency of all local units.

Section 5:30-4 of the New Jersey Administrative Code provides that every local unit that proposes to spend \$25,000.00 or more on capital equipment, construction or improvements must prepare a Capital Budget. If the Borough's population exceeds 10,000, the Capital Program shall include by title all projects anticipated for the budget year and the five succeeding years, with the estimated costs and the anticipated financing by sources and amounts.

A Capital Budget Section included with the Annual Budget does not in itself confer any authorization to raise or expend funds. Rather, it is a document used as part of the local unit's planning and management program. Specific authorization to expend funds for purposes described in the Capital Budget must be granted separately, through the adoption of a bond ordinance, by appropriating funds from the Capital Improvement Fund, or other lawful means.

The budget of the Borough is categorized into appropriations by function. Each appropriation represents a service program or division within the Borough. Funds are appropriated to each of the budget lines by the Mayor and Council in accordance with procedures prescribed by the State of New Jersey Local Budget Law.

Distinct appropriations are required for "salaries and wages" and for "other expenses". The Borough delineates each appropriation into subaccounts by budget codes.

The Borough Administrator and Chief Financial Officer monitor expenditures throughout the fiscal year to ensure that spending remains within the amounts of funds authorized. Budget modifications are processed in the last two months of the year to transfer funds from one area to another as needed.

DEBT ADMINISTRATION

The authorized bonded indebtedness of municipalities in the State of New Jersey is limited by statute to an amount equal to 3½% of their equalized value. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain railroad property within its boundaries as annually determined by the State Board of Taxation.

The Borough has managed its debt well and has outstanding debt equal to 0.693% of its equalized value. Debt Service averaged \$77,849.00 for the last three years.

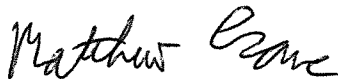
RISK MANAGEMENT

The Borough banded together with other municipalities to form the Middlesex County Municipal Joint Insurance ("JIF") and the New Jersey Municipal Excess Liability Funds. These Funds procure insurance on a pooled basis, generally self-insuring the initial level of loss for workers' compensation, property, general liability, automobile and employee dishonesty. The Funds provide their members with risk management services, including the defense of and settlement of claims and establish reasonable and necessary loss reduction and prevention procedures to be followed by the members.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Administration Department and the Finance Department. I would also like to express my appreciation to Gerard Stankiewicz, CPA, RMA of Samuel Klein and Company for their help and assistance in preparation of the Borough's CAFR.

Respectfully submitted,



Matthew Crane
Business Administrator



Denise Marabello
Chief Financial Officer

BOROUGH OF HELMETTA

ROSTER OF OFFICIALS

DECEMBER 31, 2016

Governing Body

Christopher Slavicek, Mayor
Peter Karczewski, Council President
Ronald Dzingleski, Councilman
Noreen Carolan-Genthe, Councilwoman
Sewell Peckman, Councilman
Joe Perez, Councilman
Joseph Reid, Councilman

Other Officials

Matthew Crane, Business Administrator
Sandra Bohinski, Borough Clerk, Registrar of Vital Statistics
Tina McDermott, Tax Collector
Denise Marabello, Chief Financial Officer (effective August 1, 2016)
Samantha Rampacek, Assistant Chief Financial Officer (effective June 15, 2016)
Joseph Kotora, Fire Official
Edward Herman, Magistrate
Danielle Tanzi, Acting Court Administrator
Christine Hughes, Violations Clerk
Paul Granick, Prosecutor
Carol Feig, Water Revenue Collector and Sewer Revenue Collector

BOROUGH OF HELMETTA

CONSULTANTS AND ADVISORS

DECEMBER 31, 2016

AUDIT FIRM

Gerard Stankiewicz, CPA, RMA
Samuel Klein and Company
36 West Main Street
Suite 303
Freehold, New Jersey 07728

ATTORNEY

Joseph D. Youssef, Esq.
137 US Highway 9
Englishtown, NJ 07726

BOND COUNSEL

Gluck Walrath, LLP
428 River View Plaza
Trenton, NJ 08611

LABOR COUNSEL

Matthew Giacobbe, Esq.
Cleary Giacobbe Alfieri Jacobs LLC
169 Ramapo Valley Road
Oakland, NJ 07436

BOROUGH ENGINEER

Remington, Vernick & Vena
3 Jocama Blvd
Suite 300-400
Old Bridge, NJ 08857

OFFICIAL DEPOSITORIES

TD Bank

PNC Bank

Wells Fargo

FINANCIAL SECTION

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, NJ 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, NJ 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Helmetta
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

Report on the Financial Statements

We have audited the financial statements – regulatory basis of the various funds and account groups of the Borough of Helmetta, County of Middlesex, State of New Jersey as of December 31, 2016, and the related statement of operations and change in fund balance – regulatory basis for the year then ended, the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and the related notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements – regulatory basis, in accordance with accounting principles and practices prescribed by 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 an opinion on these financial statements – regulatory basis, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and auditing standards prescribed by the Division of Local Government Service, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

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

As described in Note 1 of the financial statements – regulatory basis, the financial statements are prepared by the Borough on a basis of the financial reporting provisions of the regulatory basis of the accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of 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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on the United States Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Helmetta, County of Middlesex, State of New Jersey as of December 31, 2016, and change in financial position or cash flows thereof for the year then ended.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund, and represent 34.27% and 32.74% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2016 and 2015.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion of the LOSAP financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements – regulatory basis been audited, the financial statements referred to above present fairly, in all material respects the financial statements – regulatory basis of the various funds and account groups of the Borough of Helmetta, County of Middlesex, State of New Jersey, as of December 31, 2016, and the results of its operations and change in fund balance of such funds – regulatory basis for the year then ended, and the revenues – regulatory basis, expenditures – regulatory basis of the various funds and account groups for the year ended December 31, 2016 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

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements – regulatory basis referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds 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 is not a required part of the above financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing the reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2017, on our consideration of the Borough of Helmetta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Helmetta's internal control over financial reporting and compliance.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
August 21, 2017

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, NJ 07102-9989
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, NJ 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

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

The Honorable Mayor and Members
of the Borough Council
Borough of Helmetta
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Helmetta (herein referred to as “the Borough”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements, and have issued our report thereon dated August 21, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.


**INDEPENDENT AUDITORS REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS – REGULATORY BASIS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, that are reported material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying General Comment and Recommendation section of this report related to cash reconciliations, receivables and the general ledger and that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that we have reported to the management of the Borough in the "General Comments and Recommendations" section of this report.

This report is intended solely for the information of the governing body, management and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
August 21, 2017

GENERAL-PURPOSE FINANCIAL STATEMENTS

BOROUGH OF HELMETTA
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	<u>Governmental Funds</u>			<u>Utilities</u>		<u>Capital Asset Account</u>	<u>Totals (Memorandum Only)</u>	
	<u>Current</u>	<u>General Capital</u>	<u>Trust Funds</u>	<u>Operating</u>	<u>Capital</u>		<u>2016</u>	<u>2015</u>
<u>ASSETS AND OTHER DEBITS</u>								
Cash and Cash Equivalents	\$ 1,446,040.90	\$ 23,489.12	\$ 151,002.13	\$ 137,558.72	\$ 225,121.92		\$ 1,983,212.79	\$ 2,108,193.36
Amounts Held by								
Plan Administrator (Unaudited)			74,820.70				74,820.70	68,811.30
Intergovernmental Accounts Receivable		132,000.27					132,000.27	166,973.85
Receivables and Other Assets:								
Due from State of New Jersey								500.00
Delinquent Property Taxes	136,176.85						136,176.85	123,828.98
Consumer Accounts Receivable				75,376.23			75,376.23	86,283.12
Property Acquired for Taxes -								
Assessed Valuation	8,800.00						8,800.00	8,800.00
Other Accounts Receivable	5,866.64		2,179.41				8,046.05	60,261.35
Interfunds Receivable	537.08	55,545.08		93,469.39			149,551.55	4,691.06
Deferred Charges		1,405,718.28		15,000.00			1,420,718.28	1,482,000.00
Fixed Capital					5,149,957.83		5,149,957.83	5,127,557.83
Capital Assets						4,675,618.26	4,675,618.26	4,646,455.20
Grant Fund:								
Grants Receivable	44,422.00						44,422.00	
Interfund Receivable	37,007.35						37,007.35	37,037.25
Total Assets and Other Debits	\$ 1,678,850.82	\$ 1,616,752.75	\$ 228,002.24	\$ 321,404.34	\$ 5,375,079.75	4,675,618.26	\$ 13,895,708.16	\$ 13,921,393.30

See Notes to Financial Statements.

BOROUGH OF HELMETTA
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -
ALL FUND TYPES AND ACCOUNTS - REGULATORY BASIS
DECEMBER 31, 2016
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2015)

	<u>Governmental Funds</u>			<u>Utilities</u>		<u>Capital Asset Account</u>	<u>Totals (Memorandum Only)</u>	
	<u>Current</u>	<u>General Capital</u>	<u>Trust Funds</u>	<u>Operating</u>	<u>Capital</u>		<u>2016</u>	<u>2015</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>								
Liabilities and Reserves:								
Appropriation Reserves	\$ 162,871.13			\$ 29,394.37			\$ 192,265.50	\$ 147,150.10
Other Liabilities and Reserves	783,967.71	\$ 137,440.88	\$ 152,633.26	24,466.82	\$ 187,522.29		1,286,030.96	1,490,864.44
Reserve for LOSAP (Unaudited)			74,820.70				74,820.70	68,811.30
Improvement Authorizations		78,839.58					78,839.58	56,032.29
Interfunds Payable	186,021.82		537.08				186,558.90	41,728.31
Intergovernmental Accounts Payable			11.20				11.20	309.77
Bond Anticipation Notes		1,400,000.00					1,400,000.00	1,450,000.00
USDA Loan					1,187,337.28		1,187,337.28	1,208,687.19
Reserve for Receivables and Other Assets	151,380.57			75,376.23			226,756.80	267,187.66
Reserve for Amortization					2,668,441.25		2,668,441.25	2,647,091.34
Deferred Reserve for Amortization					1,294,179.30		1,294,179.30	1,271,779.30
Grant Fund:								
Reserve for Encumbrances	1,370.10						1,370.10	120.24
Unappropriated/Appropriated Reserves	80,059.25						80,059.25	36,917.01
Total Liabilities and Reserves	\$ 1,365,670.58	\$ 1,616,280.46	\$ 228,002.24	\$ 129,237.42	\$ 5,337,480.12		\$ 8,676,670.82	\$ 8,686,678.95
Equity and Other Credits:								
Fund Balance	\$ 313,180.24	\$ 472.29		\$ 192,166.92	\$ 37,599.63		\$ 543,419.08	\$ 588,259.15
Investment in Capital Assets						4,675,618.26	4,675,618.26	4,646,455.20
Total Equity and Other Credits	\$ 313,180.24	\$ 472.29		\$ 192,166.92	\$ 37,599.63	4,675,618.26	\$ 5,219,037.34	\$ 5,234,714.35
Total Liabilities, Reserves and Fund Balance	\$ 1,678,850.82	\$ 1,616,752.75	\$ 228,002.24	\$ 321,404.34	\$ 5,375,079.75	4,675,618.26	\$ 13,895,708.16	\$ 13,921,393.30

See Notes to Financial Statements.

BOROUGH OF HELMETTA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT, SEWER UTILITY AND WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	Current Fund			Utility Operating Funds		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Fund Balance Anticipated	\$ 200,000.00	\$ 200,000.00		\$ 113,210.00	\$ 113,210.00	
Rents				838,000.00	856,627.71	\$ 18,627.71
Miscellaneous Revenues	228,825.31	217,377.96	\$ (11,447.35)	68,000.00	77,681.45	9,681.45
Interlocal Service Agreements - Animal Shelter	15,000.00	3,584.10	(11,415.90)			
State Aid	142,271.00	142,271.00				
Grants	61,825.41	61,825.41				
	647,921.72	625,058.47	(22,863.25)	1,019,210.00	1,047,519.16	28,309.16
Receipts from Delinquent Taxes	123,000.00	121,653.73	(1,346.27)			
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	1,352,792.47	1,388,038.17	35,245.70			
Budget Totals	2,123,714.19	2,134,750.37	11,036.18	1,019,210.00	1,047,519.16	28,309.16
Nonbudget Revenues		79,967.04	79,967.04		30,336.50	30,336.50
Unexpended Balance of Appropriation Reserves		73,099.50	73,099.50		24,561.68	24,561.68
Current Appropriations Canceled		81.56	81.56			
Cancellation of Prior Year Accounts Payable		23,178.31	23,178.31			
Taxes Allocated to School and County	3,993,005.14	3,993,005.14				
Total Revenues	\$ 6,116,719.33	\$ 6,304,081.92	\$ 187,362.59	\$ 1,019,210.00	\$ 1,102,417.34	\$ 83,207.34

See Notes to Financial Statements.

BOROUGH OF HELMETTA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT, SEWER UTILITY AND WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	Current Fund			Utility Operating Funds		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures:						
Current:						
Within "CAPS":						
General Government	\$ 234,510.00	\$ 234,510.00				
Land Use	7,500.00	7,500.00				
Insurance	255,410.00	255,410.00				
Public Safety	570,650.00	570,650.00				
Public Works	295,565.00	295,565.00				
Health and Human Services	6,400.00	6,400.00				
Park and Recreation	7,300.00	7,300.00				
Utilities and Bulk Purchases	108,300.00	108,300.00				
Uniform Construction Code	5,900.00	5,900.00				
Deferred Charges and Statutory Expenditures	169,850.00	169,850.00				
Excluded from "CAPS":						
Insurance	3,240.00	3,240.00				
Public Safety	33,200.00	33,200.00				
Public Works	61,000.00	61,000.00				
Health and Human Services	17,630.00	17,630.00				
Grants	61,825.41	61,825.41				
Operating				\$ 888,700.00	\$ 888,700.00	
Capital Improvements	30,000.00	30,000.00		35,000.00	35,000.00	
Debt Service	64,500.00	64,500.00		78,512.00	78,512.00	
Deferred Charges and Statutory Expenditures	32,000.00	32,000.00		31,998.00	31,998.00	
Reserve for Uncollected Taxes	158,933.78	158,933.78				
Total Budget Expenditures	\$ 2,123,714.19	\$ 2,123,714.19		\$ 1,034,210.00	\$ 1,034,210.00	

See Notes to Financial Statements.

BOROUGH OF HELMETTA
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CURRENT, SEWER UTILITY AND WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	Current Fund			Utility Operating Funds		
	Final Budget	Actual	Variance Favorable/ (Unfavorable)	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Expenditures (Continued):						
County and School Taxes	\$ 3,993,005.14	\$ 3,993,005.14				
Other Expenses		2,200.00	\$ 2,200.00			
Total Expenditures	\$ 6,116,719.33	\$ 6,118,919.33	\$ 2,200.00	\$ 1,034,210.00	\$ 1,034,210.00	
Excess in Revenues over Expenditures		\$ 185,162.59	\$ 185,162.59	(15,000.00)	\$ 68,207.34	\$ 83,207.34
Adjustment to Income Before Fund Balance:						
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Years				15,000.00	15,000.00	
Statutory Excess to Fund Balance		185,162.59	185,162.59		83,207.34	83,207.34
Fund Balance, January 1, 2016		328,017.65	328,017.65		222,169.58	\$ 222,169.58
		\$ 513,180.24	\$ 513,180.24		\$ 305,376.92	\$ 305,376.92
Decreased by:						
Utilization as Anticipated Revenue		200,000.00	200,000.00		113,210.00	113,210.00
Fund Balance, December 31, 2016		\$ 313,180.24	\$ 313,180.24		\$ 192,166.92	\$ 192,166.92

See Notes to Financial Statements.

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

BALANCE, DECEMBER 31, 2015

AND

BALANCE, DECEMBER 31, 2016

\$ 472.29

(There was no change during the year)

See Notes to Financial Statements.

BOROUGH OF HELMETTA
SEWER AND WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2015</u>			
AND			
<u>BALANCE, DECEMBER 31, 2016</u>	\$ <u>11,249.08</u>	\$ <u>26,350.55</u>	\$ <u>37,599.63</u>

(There was no change during the year)

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

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

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

- A. Reporting Entity - The Borough of Helmetta is located in Middlesex County, approximately 10 miles east of the City of New Brunswick and approximately 37 miles south of New York City. The population, according to the 2010 census, is 2,178.

The Borough of Helmetta operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a two-thirds (2/3) vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

- B. Description of Funds - The Governmental Accounting Standards Board ("GASB") is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Borough conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are regulatory basis, which differs from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds and a capital asset account differs from GAAP.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of federal, state, county and local grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in Trust Funds. These include the Animal Control Trust Fund, Trust Other Fund and Length of Service Awards Programs (LOSAP). The Payroll Trust Fund – Accounts for the net salaries, payroll deductions and social security contribution of municipal and utility operations.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Utilities Funds - Water and Sewer Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Capital Asset Account - This account reflects estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

- C. Basis of Accounting - The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue - Property Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue - Federal, state, county and local grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of Helmetta's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts, which may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Noncurrent Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

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

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Acquired for Taxes - Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the capital assets account group at market value on the date of acquisition.

Interfund Accounts Receivable - Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves, which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Sewer utilities is required, by regulation, for inclusion on the Water and Sewer Utility Operating Fund balance sheets. Annual charges in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Fixed (Capital) Assets

General - In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets (Continued)

General (Continued)

Acquisition of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at historical cost. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities - Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Volunteer Length of Service Award Plan (LOSAP)

The Borough has established a volunteer Length of Service Award Plan ("LOSAP")("Plan") to ensure retention of the Borough's volunteer fire department. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of service award plan under section 457(e)11 of the Internal Revenue Code". The LOSAP financial statements have not been nor are they required to be audited.

Total Columns on Combined Statements - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

- D. Basic Financial Statements - The GASB Codification also defines the financial statements of a governmental unit be presented in the general-purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards

The Borough is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 74. Financial Reporting for Postemployment Benefit Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.*

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 75. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).*

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards (Continued)

- *GASB Statement No. 76. The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 77. Tax Abatement Disclosures.* Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards (Continued)

- *GASB Statement No. 78. Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement,

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 79. Certain External Investment Pools and Pool Participants.* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting period beginning after December 15, 2015. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Other Accounting Standards (Continued)

- *GASB Statement No. 82. Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal yearend. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 84. Fiduciary Activities.* This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. **Other Accounting Standards (Continued)**

- *GASB Statement No. 85. Omnibus 2017.* This objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 86. Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The Borough does not expect this Statement to impact its financial statements.

F. **Subsequent Events**

Management has reviewed and evaluated all events and transactions from December 31, 2016 through August 21, 2017 for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure except as disclosed in Note 7 (Subsequent Event - Improvement Authorization).

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

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

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk Category

As of December 31, 2016, the Borough had funds on deposit in checking and statement savings accounts. The amount of the Borough's Cash and Cash Equivalents on deposit as of December 31, 2016, was \$2,116,073.61. These funds constitute "deposits with financial institutions" as defined by GASB No. 3 as amended by GASB No. 40. There were no securities categorized as Investments as defined by GASB Statement No. 3 as amended by No. 40.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and is calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy for the current year is based on one-half of the prior year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

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 years.

Comparative Schedule of Tax Rates

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ 2.874	\$ 2.745	\$ 2.713	\$ 2.762	\$ 2.713
Apportionment of Tax Rate:					
Municipal	0.727	0.680	0.663	0.652	0.635
County:					
Regular	0.395	0.397	0.402	0.411	0.370
Open Space	0.033	0.033	0.033	0.035	0.034
Local School	1.719	1.635	1.615	1.664	1.674

* Reassessment effective

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2016	\$ 186,024,951.00
2015	186,817,030.00
2014	186,972,599.00
2013	187,082,101.00
2012	188,045,609.00

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2016	\$ 5,356,687.71	\$ 5,222,109.53	97.49%
2015	5,130,685.70	5,005,682.34	97.56%
2014	5,074,122.07	4,965,394.27	97.87%
2013	5,167,927.12	5,056,899.48	97.85%
2012	5,102,564.03	4,982,280.62	97.64%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percent of Tax Levy</u>
2016	\$ 4,485.94	\$ 131,690.91	\$ 136,176.85	2.54%
2015	None	123,328.98	123,328.98	2.41%
2014	None	104,976.04	104,976.04	2.07%
2013	None	105,048.35	105,048.35	2.03%
2012	None	96,081.15	96,081.15	1.88%

Note 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2016	\$ 8,800.00
2015	8,800.00
2014	8,800.00
2013	8,800.00
2012	8,800.00

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 5. UTILITY RECEIVABLES AND COLLECTIONS

The Borough operates a Sewer Utility and a Water Utility for the benefit of its residents.

Comparison of Sewer Utility Levies and Collections

The Borough's Sewer Utility customers are billed quarterly based on a fixed per unit fee basis.

<u>Year</u>	<u>Levy</u>	<u>Cash Collections *</u>
2016	\$ 419,747.78	\$ 422,715.63
2015	417,886.26	408,257.45
2014	415,872.00	415,527.21
2013	416,280.58	415,496.68
2012	416,007.55	416,039.00

* Cash collections include amounts that were levied in prior years.

Comparison of Water Utility Levies and Collections

The Borough's Water Utility customers are billed based on usage on a quarterly basis.

<u>Year</u>	<u>Levy **</u>	<u>Cash Collections *</u>
2016	\$ 430,646.82	\$ 433,912.08
2015	434,655.70	430,121.38
2014	420,641.48	423,964.22
2013	430,223.32	420,381.71
2012	372,342.17	373,438.85

* Cash collections include amounts that were levied in prior years.

** Rate increase effective for 2013.

Any unpaid levies are subject to the same provision as unpaid taxes under the provision of the New Jersey Statutes.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 6. **FUND BALANCES APPROPRIATED**

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Transferred to Current Fund as Revenue in Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>				
2016	\$ 313,180.24	\$ 175,000.00	N/A	55.88%
2015	328,017.65	200,000.00	N/A	60.97%
2014	413,329.54	234,000.00	N/A	56.61%
2013	503,282.49	312,400.00	N/A	62.07%
2012	345,467.16	246,000.00	N/A	71.21%
<u>Sewer Utility Operating Fund</u>				
2016	\$ 115,276.17	\$ 80,730.00	\$ None	70.03%
2015	149,068.10	95,249.00	None	63.90%
2014	116,823.25	86,826.00	None	74.32%
2013	121,803.99	69,133.00	None	56.76%
2012	127,227.78	41,148.00	None	32.34%
<u>Water Utility Operating Fund</u>				
2016	\$ 76,890.75	\$ 61,892.00	\$ None	80.49%
2015	73,101.48	17,961.00	None	24.57%
2014	22,524.34	12,948.00	None	57.48%
2013	45,391.81	34,245.00	None	75.44%
2012	48,030.93	21,024.00	None	43.77%

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 7. **MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or as required by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
Issued:			
General:			
Bonds and Notes	\$ 1,400,000.00	\$ 1,450,000.00	\$ 1,500,000.00
Water Utility:			
Notes and Loans	1,187,337.28	1,208,687.19	1,229,058.00
Sewer Utility:			
Bonds and Notes	<u>None</u>	<u>None</u>	<u>None</u>
Total Issued	<u>\$ 2,587,337.28</u>	<u>\$ 2,658,687.19</u>	<u>\$ 2,729,058.00</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	\$ None	\$ None	\$ None
Water Utility:			
Bonds and Notes	None	None	None
Sewer Utility:			
Bonds and Notes	<u>None</u>	<u>None</u>	<u>None</u>
Total Authorized But Not Issued	<u>\$ None</u>	<u>\$ None</u>	<u>\$ None</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,587,337.28</u>	<u>\$ 2,658,687.19</u>	<u>\$ 2,729,058.00</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 7. MUNICIPAL DEBT (CONTINUED)

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.693%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Consolidated School District	\$ 1,707,126.64	\$ 1,707,126.64	None
Sewer Utility	None	None	None
Water Utility	1,187,337.28	1,187,337.28	None
General	<u>1,400,000.00</u>	<u>None</u>	<u>\$ 1,400,000.00</u>
	<u>\$ 4,294,463.92</u>	<u>\$ 2,894,463.92</u>	<u>\$ 1,400,000.00</u>

Net Debt \$1,400,000.00 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$202,087,344.00 equals 0.693%. The Annual Debt Statement has been filed.

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

3½% of Equalized Valuation Basis (Municipal)	\$ 7,073,057.04
Net Debt	<u>1,400,000.00</u>
Remaining Borrowing Power	<u>\$ 5,673,057.04</u>

School Debt Deduction

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuation of real property for the Local School District.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 7. **MUNICIPAL DEBT (CONTINUED)**

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

Cash Receipts from Fees, Rents and Other Charges for the Year	\$ 527,471.55
Deduction:	
Operating and Maintenance Costs	<u>483,249.00</u>
Excess in Revenue	<u>\$ 44,222.55</u>

There being an excess in revenue for the sewer utility, the fund was self-liquidating and therefore, for purposes of the annual debt statement and resultant net debt calculation, all the related debt is deductible.

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

Cash Receipts from Fees, Rents and Other Charges for the Year	\$ 534,211.70
Deductions:	
Operating and Maintenance Costs	\$ 437,449.00
Debt Service	<u>78,512.00</u>
Total Deductions	<u>515,961.00</u>
Excess in Revenue	<u>\$ 18,250.70</u>

There being an excess in revenue for the water utility, the fund was self-liquidating and therefore, for purposes of the annual debt statement and resultant net debt calculation, all the related debt is deductible.

Noncurrent (Long-Term) Debt

As of December 31, 2016, the Borough has no serial bonds outstanding.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 7. **MUNICIPAL DEBT (CONTINUED)**

Bond Anticipation Notes

Outstanding Bond Anticipation Notes (BAN's) are summarized as follows:

	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>	<u>Payment Required First</u>	<u>Final</u>
General Capital Fund	2.00%	12/23/2010	\$ 660,000.00	2013	2021
	2.00%	5/17/2011	<u>740,000.00</u>	2014	2021
			<u>\$ 1,400,000.00</u> *		

Subsequent Event

* On May 12, 2017, the Borough renewed the BAN's for the General Capital Fund for one (1) year and had budgeted in 2017 a pay down of \$50,000.00, resulting in a \$1,350,000.00 BAN at 2.50% due on May 11, 2018.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 7. MUNICIPAL DEBT (CONTINUED)

USDA Loan – Water Utility Capital Fund

The Borough has a \$1,400,000.00 loan from the United States Department of Agriculture (USDA) for construction of a new water tower at 4.75% interest commencing April 1, 2004 with semi-annual principal and interest payments of \$39,256.00. Final maturity is October 1, 2043. Repayment for the next five (5) years and every five (5) years thereafter is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) years:			
4/1/2017	11,056.74	28,199.26	39,256.00
10/1/2017	11,319.34	27,936.66	39,256.00
4/1/2018	11,588.17	27,667.83	39,256.00
10/1/2018	11,863.39	27,392.61	39,256.00
4/1/2019	12,145.15	27,110.85	39,256.00
10/1/2019	12,433.59	26,822.41	39,256.00
4/1/2020	12,728.89	26,527.11	39,256.00
10/1/2020	13,031.20	26,224.80	39,256.00
4/1/2021	13,340.69	25,915.31	39,256.00
10/1/2021	13,657.54	25,598.46	39,256.00
	<u>123,164.70</u>	<u>269,395.30</u>	<u>392,560.00</u>
Thereafter:			
4/1/2022	13,981.90	25,274.10	39,256.00
10/1/2022	14,313.97	24,942.03	39,256.00
4/1/2023	14,653.93	24,602.07	39,256.00
10/1/2023	15,001.96	24,254.04	39,256.00
4/1/2024	15,358.26	23,897.74	39,256.00
10/1/2024	15,723.02	23,532.98	39,256.00
4/1/2025	16,096.44	23,159.56	39,256.00
10/1/2025	16,478.73	22,777.27	39,256.00
4/1/2026	16,870.10	22,385.90	39,256.00
10/1/2026	17,270.76	21,985.24	39,256.00
	<u>155,749.07</u>	<u>236,810.93</u>	<u>392,560.00</u>
4/1/2027	17,680.94	21,575.06	39,256.00
10/1/2027	18,100.86	21,155.14	39,256.00
4/1/2028	18,530.76	20,725.24	39,256.00
10/1/2028	18,970.87	20,285.13	39,256.00
4/1/2029	19,421.42	19,834.58	39,256.00
10/1/2029	19,882.68	19,373.32	39,256.00
4/1/2030	20,354.90	18,901.10	39,256.00
10/1/2030	20,838.33	18,417.67	39,256.00
4/1/2031	21,333.24	17,922.76	39,256.00
10/1/2031	21,839.90	17,416.10	39,256.00
	<u>\$ 196,953.90</u>	<u>\$ 195,606.10</u>	<u>\$ 392,560.00</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 7. MUNICIPAL DEBT (CONTINUED)

USDA Loan – Water Utility Capital Fund (Continued)

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4/1/2032	\$ 22,358.60	\$ 16,897.40	\$ 39,256.00
10/1/2032	22,889.61	16,366.39	39,256.00
4/1/2033	23,433.24	15,822.76	39,256.00
10/1/2033	23,989.78	15,266.22	39,256.00
4/1/2034	24,559.54	14,696.46	39,256.00
10/1/2034	25,142.83	14,113.17	39,256.00
4/1/2035	25,739.97	13,516.03	39,256.00
10/1/2035	26,351.29	12,904.71	39,256.00
4/1/2036	26,977.14	12,278.86	39,256.00
10/1/2036	27,617.84	11,638.16	39,256.00
	<u>249,059.84</u>	<u>143,500.16</u>	<u>392,560.00</u>
4/1/2037	28,273.77	10,982.23	39,256.00
10/1/2037	28,945.27	10,310.73	39,256.00
4/1/2038	29,632.72	9,623.28	39,256.00
10/1/2038	30,336.50	8,919.50	39,256.00
4/1/1939	31,056.99	8,199.01	39,256.00
10/1/1939	31,794.59	7,461.41	39,256.00
4/1/2040	32,549.72	6,706.28	39,256.00
10/1/2040	33,322.77	5,933.23	39,256.00
4/1/2041	34,114.19	5,141.81	39,256.00
10/1/2041	34,924.40	4,331.60	39,256.00
	<u>314,950.92</u>	<u>77,609.08</u>	<u>392,560.00</u>
4/1/2042	35,753.85	3,502.15	39,256.00
10/1/2042	36,603.01	2,652.99	39,256.00
4/1/2043	37,472.33	1,783.67	39,256.00
10/1/2043	37,629.66	893.70	38,523.36
	<u>147,458.85</u>	<u>8,832.51</u>	<u>156,291.36</u>
Total	<u>\$ 1,187,337.28</u>	<u>\$ 931,754.08</u>	<u>\$ 2,119,091.36</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 7. MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2016 there are no bonds and notes authorized but not issued for the General Capital Fund, Sewer Utility Capital Fund and Water Utility Capital Fund for the Borough of Helmetta.

Note 8. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016 the following deferred charges are shown on Balance Sheets of various funds:

	<u>Balance December 31, 2016</u>	<u>2017 Budget Appropriation</u>	<u>Balance to be Raised in Budgets of Succeeding Year</u>
Water Operating Fund:			
Emergency Authorization per NJSA 40A:4-46	\$ <u>15,000.00</u>	\$ <u>15,000.00</u>	\$ <u>None</u>
General Capital Fund:			
Improvement Authorization - Unfunded Ordinance 2014-4	\$ <u>5,718.28</u>	\$ <u>5,718.28</u>	\$ <u>None</u>

The appropriations in the 2017 budget are not less than that required by statute.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 9. CONSOLIDATED/DEFERRED LOCAL PAYABLE SCHOOL DISTRICT TAXES

The Consolidated/Local School District Taxes were raised on the school year basis and liability deferred for the local school district (currently dissolved) by statute, resulting in school tax payable set forth in liabilities computed as follows.

On July 1, 2009 the Local School District by Executive Order of the Governor was merged into the Local School District of a neighboring town forming a Consolidated School District. The amount payable is a combination of the two (2) liabilities. A determination was made by the NJDCA that the deferred school taxes of the dissolved local school district would not have to be raised at this time. The Borough of Helmetta has elected to defer local school taxes as follows:

	Consolidated/Local School District Taxes Balance, December 31		Increase/ (Decrease)
	<u>2016</u>	<u>2015</u>	
Balance of Tax -			
Consolidated	\$ 1,596,806.48	\$ 1,525,724.48	\$ 71,082.00
Deferred - Local	<u>945,000.00</u>	<u>945,000.00</u>	<u>None</u>
Payable	<u>\$ 651,806.48</u>	<u>\$ 580,724.48</u>	<u>\$ 71,082.00</u>

In the event that the State of New Jersey determines that a method other than local real estate taxes will be utilized to finance school district operations and, in the event that the annual school tax levy decreases to a level that is significant lower than the present deferral, then the Borough may need to finance the deferred school taxes through the annual municipal budget process.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered cost sharing multiple-employer plans.

The PERS and PFRS issue a publicly available financial report that includes financial statements and required supplementary information and separate actuarial valuations. Those reports are available by visiting their website at www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-july2014.pdf.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees and all that qualify of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service and twenty-five years for health care coverage. The following represents the membership tiers for PERS:

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

Public Employees' Retirement System (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years 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 reach the service retirement age for the respective tier.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. The following represents the membership tiers for PFRS:

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

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Contributions Required to be Made

Employee contributions for 2016 were 7.06% through June 30, 2016 and 7.20% thereafter for PERS and 10% for PFRS of the employee's base wages. Employer's contributions are actuarially determined annually by the Division of Pensions. The Borough's contributions to the plan for the past three (3) years are as follows:

	<u>PERS</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Covered Payroll	\$ 287,420	\$ 289,644	\$ 391,110
Actuarial Contribution Requirements	45,318	37,299	39,770
Total Contributions Employer Share	45,318	37,299	39,770
Percent of Covered Employee - Payroll	15.77 %	12.88 %	10.17 %
Employee's Share	20,490	19,995	26,797
Percent of Covered Payroll	7.13 %	6.90 %	6.85 %

Pension (PERS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PERS obligation due April 1, 2017 would be needed in the amount of \$36,420 since the obligation relates to the period December 31, 2016 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Contributions Required to be Made (Continued)

		PFRS		
	2016	2015	2014	
Covered Payroll	\$ 360,396	\$ 278,179	\$ 244,542	
Actuarial Contribution Requirements	66,847	54,108	41,645	
Total Contributions Employer Share	66,847	54,108	41,645	
Percent of Covered Employee - Payroll	18.55 %	19.45 %	17.03 %	
Employee's Share	36,040	27,818	24,454	
Percent of Covered Payroll	10.00 %	10.00 %	10.00 %	

All contributions were equal to the required contributions for each of the three (3) years, respectively.

Pension (PFRS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PFRS obligation due April 1, 2017 would be needed in the amount of \$71,301.00 since the obligation relates to the period December 31, 2016 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB#68

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2016 and June 30, 2015 Independent Auditor's Report dated April 6, 2017 and April 14, 2016, respectively.

The Borough's reported liability of \$1,274,784.00 and \$1,246,618.00 for its proportionate share of the net pension liability at December 31, 2016 (*measurement date of June 30, 2016*) and December 31, 2015 (*measurement date of June 30, 2015*), respectively. The net pension liability was measured as of June 30, 2016 and June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	June 30, (<i>Measurement Date</i>)	
	<u>2016</u>	<u>2015</u>
Local Group Share	\$ 29,617,131,759	\$ 22,447,996,119
Borough Proportionate Percentage	0.0043042115 %	0.0055533598 %
Difference - Decrease	(0.0012491483) %	

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB#68 (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2016, the Borough's recognizable pension expense was \$85,538.00. At December 31, 2016, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in assumptions	\$ 264,067	
Net difference between expected and actual experience	23,707	
Net difference between projected and actual investment earnings on pension plan investment	48,609	
Changes in proportion	90,449	\$ 258,392
Borough contributions subsequent to yearend	38,238	
Total	\$ 465,070	\$ 258,392

The \$465,070.00 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2016 , the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2017	\$ 75,734
2018	75,734
2019	87,740
2020	73,714
2021	24,361

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB#68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Additional Information:

Collective (local employers) balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 3,578,755,666
Collective deferred inflows of resources	870,133,595	\$ 993,410,455
Collective net pension liability	29,617,131,759	\$ 22,447,996,119
Borough's proportion (of Local Group)	0.0043421150 %	0.0055533598 %

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. The total pension liability for the December 31, 2016 measurement date was determined by an actuarial valuation as of June 30, 2016. This actuarial valuation used the following assumptions:

Inflation	3.08 Percent
Salary Increases:	
Through 2026	1.65 - 4.15 Percent (based on age)
Thereafter	2.65 - 5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB#68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00 %	0.87 %
U.S. Treasuries	1.50	1.74
Investment Grade Credit	8.00	1.79
Mortgages	2.00	1.67
High Yield Bonds	2.00	4.56
Inflation-Indexed Bonds	1.50	3.44
Broad U.S. Equities	26.00	8.53
Developed Foreign Equities	13.25	6.83
Emerging Market Equities	6.50	9.95
Private Equity	9.00	12.40
Hedge Funds / Absolute Return	12.50	4.68
Real Estate (Property)	2.00	6.91
Commodities	0.50	5.45
Global Debt ex U.S.	5.00	-0.25
REIT	5.25	5.63
	<u>100.00 %</u>	

Discount Rate

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2016 and June 30, 2015, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

		December 31, 2016		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
Borough's proportionate share of the pension liability	\$	1,562,099	\$	1,274,784
			\$	1,037,581
		December 31, 2015		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
Borough's proportionate share of the pension liability	\$	1,549,393	\$	1,246,618
			\$	992,773

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions/pers1.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

Police and Firemen's Retirement System (PFRS)

The information for PFRS was abstracted from State of New Jersey Police and Firemen's Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2016 and June 30, 2015 Independent Auditor's Report dated April 6, 2017 and April 19, 2016, respectively.

The Borough's reported liability net of the Special Funding situation, is \$1,746,439.00 and \$1,433,707.00 for its proportionate share of the net pension liability at December 31, 2016 (*measurement date of June 30, 2016*) and December 31, 2015 (*measurement date of June 30, 2015*), respectively. The net pension liability was measured as of June 30, 2016 and June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	June 30, (Measurement Date)	
	2016	2015
Local Group Share	\$ 19,102,557,969	\$ 16,656,514,197
Borough Proportionate Percentage	0.0091424370 %	0.0086074832 %
Difference - Increase	0.0005349538	

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

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

For the year ended December 31, 2016, the Borough's recognizable pension expense was \$261,364.00. At December 31, 2016, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 241,896	
Net difference between expected and actual experience		\$ 11,448
Net difference between projected and actual investment earnings on pension plan investment	122,369	
Changes in proportion	265,854	
Borough contributions subsequent to yearend	<u>74,542</u>	
Total	<u>\$ 704,661</u>	<u>\$ 11,448</u>

The \$704,661.00 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2016, the *plan measurement date* is June 30, 2016) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2017	\$ 84,456
2018	84,456
2019	113,796
2020	67,291
2021	2,819

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

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

Additional Information:

Collective (local employers) balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$ 4,547,316,543	\$ 3,512,729,953
Collective deferred inflows of resources	688,197,590	\$ 871,083,367
Collective net pension liability		
Local Group	\$ 20,706,699,056	\$ 16,656,514,197
Less: Special Funding Situation (1)	<u>1,604,141,087</u>	<u>None</u>
	<u>\$ 19,102,557,969</u>	<u>\$ 16,656,514,197</u>
Borough's proportion (of Local Group)	0.0091424370 %	0.0086074832 %

(1) Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that 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 report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. The total pension liability for the December 31, 2016 measurement date was determined by an actuarial valuation as of June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2026	2.10 – 8.98 Percent (based on age)
Thereafter	3.10 – 9.98 Percent (based on age)
Investment Rate of Return	7.65 Percent

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

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

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement 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 two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was 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.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

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

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00 %	0.87 %
U.S. Treasuries	1.50	1.74
Investment Grade Credit	8.00	1.79
Mortgages	2.00	1.67
High Yield Bonds	2.00	4.56
Inflation-Indexed Bonds	1.50	3.44
Broad U.S. Equities	26.00	8.53
Developed Foreign Equities	13.25	6.83
Emerging Market Equities	6.50	9.95
Private Equity	9.00	12.40
Hedge Funds / Absolute Return	12.50	4.68
Real Estate (Property)	2.00	6.91
Commodities	0.50	5.45
Global Debt ex U.S.	5.00	-0.25
REIT	5.25	5.63
	<u>100.00 %</u>	

Discount Rate

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

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Government-Wide Financial Statements GASB #68 (Continued)

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

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability inclusive of the Special Funding situation of the participating employers as of (*measurement dates*) June 30, 2016 and June 30, 2015, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

		December 31, 2016		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>4.55%</u>	<u>5.55%</u>	<u>6.55%</u>
Borough's proportionate share of the pension liability	\$	2,441,010	\$ 1,893,097	\$ 1,446,307
		December 31, 2015		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>4.79%</u>	<u>5.79%</u>	<u>6.79%</u>
Borough's proportionate share of the pension liability	\$	2,055,834	\$ 1,559,438	\$ 1,154,671

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS) or by visiting their website at www.state.nj.us/treasury/pensions/pfrs1.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 10. PENSION PLANS (CONTINUED)

Early Retirement Incentive Program

The Borough is obligated to the Public Employees Retirement System (PERS) under the Early Retirement Incentive Program approved in 1995 for additional amounts to be paid over a twenty-five year period from 1996 through 2021. The remaining obligations are as follows and will be funded annually in the operating budgets as part of the PERS appropriation.

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2017	\$ 6,424.00	2020	\$ 7,597.00
2018	6,793.00	2021	8,034.00
2019	7,184.00		

Pension Reports

The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the pension plans and an annual actuarial valuation report. Those reports may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/financial-rpts-homes-shtml.

Note 11 POST EMPLOYMENT RETIREMENT BENEFITS

In addition to the pension benefits described in Note 10, the Borough provides post retirement healthcare benefits for employees who retire with 25 years or more of service and their dependents. Benefits consist of full medical coverage as if the individuals were still employed, until they become eligible for Medicare, at which time Medicare becomes the primary insurer and the Borough plan becomes the secondary insurer.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 11 **POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

Plan Description – New Jersey State Health Benefits Program (“NJSHBP”)

The NJSHBP as of July 1, 2015 had “local employees” statewide of 358,297 active and 244,306 retired for a total of 602,603 members. The Borough at December 31, 2016 had 9 active and 4 retired employees for a total participation of 13.

The Borough contributes to the NJSHBP, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. NJSHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. NJSHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. In accordance with GASB’s 43 and 45, the NJSHBP has been determined to be a cost-sharing multiple-employer plan. Under GASB 45, the Borough is not required nor allowed to accrue reserves to fund the ultimate payment of the retirees health benefit obligation that is being earned.

The NJSHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the NJSHBP. In the early 1980’s, the Borough authorized participation in the NJSHBP’s post-retirement benefit program through resolution.

The New Jersey State Health Benefits (“NJSHB”) Commission is the executive body established by statute to be responsible for the operation of the NJSHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the NJSHBP and an annual actuarial valuation report. Those reports may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/health-benefits.shtml.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 11 **POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)**

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The NJSHB Commission sets the employer contribution rate based on the annual required contribution (ARC) of the employers as established in an annual rate recommendation report.

Contributions to pay for the health premiums of participating retirees in the NJSHBP are billed to the Borough on a monthly basis. The number of employees covered and approximate cost for the past three years were as follows:

<u>Fiscal Year</u>	<u>Number of Employees</u>	<u>Employer's Cost</u>
2016	4	\$ 56,807.52
2015	4	58,373.04
2014	4	54,615.72

Note 12. **RISK MANAGEMENT**

Property and Liability Insurance

The Borough together with other governmental units is a member of the Middlesex County Municipal Joint Insurance Fund ("JIF"). The JIF, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the JIF has obtained cost effective reinsurance and excess liability coverages for participant local units.

For the year ending December 31, 2016, the Fund provided the following types of coverages: Auto, General Liability, Workmen's Compensation, Property, Public Officials Liability, Boiler and Public Official Surety/Dishonesty coverage.

The Borough has contracted with the JIF for coverage and is subject to certain policy limits. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 12. RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and prior two years:

<u>Year Ended</u> <u>December 31,</u>	<u>Employer</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 0.00	\$ None	\$ 235.31	\$ 585.30
2015	500.00	None	317.68	820.61
2014	500.00	None	258.47	638.29

Note 13. INTERFUNDS RECEIVABLE AND PAYABLE

Interfunds receivable and payable balances at December 31, 2016 were as follows:

<u>Fund</u>	<u>Interfunds</u> <u>Receivable</u>	<u>Interfunds</u> <u>Payable</u>
Current	\$ 537.08	\$ 186,021.82
Grant	37,007.35	
Water-Sewer Utility Operating	93,469.39	
Trust Other		537.08
General Capital	<u>55,545.08</u>	
	<u>\$ 186,558.90</u>	<u>\$ 186,558.90</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 14. **SEGMENT INFORMATION FOR UTILITY OPERATING ENTERPRISE FUNDS**

The Borough of Helmetta maintains two (2) enterprise funds that provide water and sewer to the residents and businesses of the Borough. Segment information for the year ended December 31, 2016 is as follows:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise (Utility) Fund</u>
Revenue and Other Income Realized:			
Operating Fund Balance Appropriated	\$ 17,961.00	\$ 95,249.00	\$ 113,210.00
Rents	433,912.08	422,715.63	856,627.71
Miscellaneous	<u>77,681.45</u>	<u> </u>	<u>77,681.45</u>
Budget Revenue Totals	529,554.53	517,964.63	1,047,519.16
Other Credits to Income:			
Nonbudget Revenue	5,041.64	25,294.86	30,336.50
Unexpended Balance of Appropriation Reserves	<u>3,115.10</u>	<u>21,446.58</u>	<u>24,561.68</u>
Total Revenues	<u>\$ 537,711.27</u>	<u>\$ 564,706.07</u>	<u>\$ 1,102,417.34</u>
Expenditures:			
Operating	\$ 421,500.00	\$ 467,200.00	\$ 888,700.00
Capital Improvements	15,000.00	20,000.00	35,000.00
Debt Service	78,512.00		78,512.00
Deferred Charges and Statutory Expenditures	<u>15,949.00</u>	<u>16,049.00</u>	<u>31,998.00</u>
Total Expenditures	<u>\$ 530,961.00</u>	<u>\$ 503,249.00</u>	<u>\$ 1,034,210.00</u>
Excess in Revenue	<u>\$ 6,750.27</u>	<u>\$ 61,457.07</u>	<u>\$ 68,207.34</u>
Adjustment to Income Before Fund Balance:			
Expenditures above which are by Statute Charges to Budgets of Succeeding Years	<u>15,000.00</u>	<u> </u>	<u>15,000.00</u>
Statutory Excess in Revenue	\$ 21,750.27	\$ 61,457.07	\$ 83,207.34
Fund Balance, January 1	<u>73,101.48</u>	<u>149,068.10</u>	<u>222,169.58</u>
	<u>\$ 94,851.75</u>	<u>\$ 210,525.17</u>	<u>\$ 305,376.92</u>
Decreased by:			
Utilization as Anticipated Revenue	<u>\$ 17,961.00</u>	<u>\$ 95,249.00</u>	<u>\$ 113,210.00</u>
	<u>\$ 17,961.00</u>	<u>\$ 95,249.00</u>	<u>\$ 113,210.00</u>
Fund Balance, December 31	<u>\$ 76,890.75</u>	<u>\$ 115,276.17</u>	<u>\$ 192,166.92</u>

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 15. DEFERRED COMPENSATION PLAN

The Borough of Helmetta offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The Plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" modified several provisions of Section 457 of the Internal Revenue Code. The most significant change in the law related to the ownership of the fund. The Deferred Compensation Plan is administered by the Public Employees Benefits Service Company (PEBSCO).

Note 16. CONTINGENT LIABILITIES

A. Compensated Absences

PBA – Union Employees

Sick Pay - The Borough has an agreement ("agreement") with the Local PBA that includes a provision for compensation for unused sick time upon retirement or termination as follows: If an officer is terminated from employment for reasons other than retirement, an officer shall be entitled to payment of fifty percent (50%) of accumulated sick time to a maximum of fifteen thousand dollars (\$15,000.00); payment shall be made at the rate of pay at which the time was earned. If an officer retires in accordance with the PFRS, the officer shall be entitled to payment of fifty percent (50%) of accumulated sick time to a maximum of fifteen thousand dollars (\$15,000.00); payment shall be made at the existing rate of pay. Officers hired after January 1, 2010 shall not be entitled to sick time payout.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 16. CONTINGENT LIABILITIES (CONTINUED)

A. Compensated Absences (Continued)

PBA – Union Employees (Continued)

Vacation Pay –

- (a) All personnel hired will be granted leave with pay based on the following:

a new employee shall receive one (1) eligible vacation day for each month worked, with a maximum of ten (10) vacation days, until December 31st of the calendar year in which he/she is hired; in the second and third calendar year of employment, ten (10) vacation days; in the fourth through eight calendar years of employment, twelve (12) vacation days; in the ninth through twentieth calendar year of employment, fifteen (15) vacation days; in the twenty-first calendar year of employment and thereafter, twenty-four (24) vacation days.

- (b) Those employees who leave the Department's employment prior to retirement are not eligible for payout of unused vacation days.
- (c) Employee who become eligible for an additional week of vacation during the calendar year shall receive additional vacation based upon the following:

One additional day for each month worked between the employee's anniversary date and December 31, up to a maximum of five (5) days; employees hired on or before the fifteenth (15) of the month will be given credit for the full month.

- (d) Employees may elect payment at their regular rate of pay for vacation days not taken and worked during the year.
- (e) Employees may carry over to the next year a maximum of ten (10) vacation days not taken during the previous vacation year.
- (f) The Chief of Police has a separate employment agreement that provides for 160 hours of vacation annually as well as other benefits.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 16. CONTINGENT LIABILITIES (CONTINUED)

A. Compensated Absences (Continued)

PBA – Union Employees (Continued)

Compensatory Time Off – Payment for authorized overtime hours worked shall be with pay under the agreement. However, the acceptance of compensatory time shall be voluntarily earned under the appropriate section of the agreement. Compensatory time shall be earned and accumulated at the officer's current overtime rate as prescribed in the agreement. At the officer's discretion, he/she may accept comp time in lieu of overtime (maximum four-hundred and eight (480) hours comp time in bank at any given time). Comp time can be used in accordance with the same restrictions, terms and conditions as current training comp time days. All compensatory time accumulated by an officer must be used and no officer shall be permitted to accumulate compensatory time in excess of four-hundred and eight (480) hours.

Non-Union and Public Works Union Employees

Sick Pay – The administrative policy and public works union contract of the Borough entitle employees to ten (10) sick days per calendar year and allows for a carryover with a maximum accumulation of 120 days. Employees who do not use all of their sick leave allowance may add their unused days to their allowance for the following year to a maximum of one hundred twenty (120) days. Upon retirement, or separation from service for any reason other than termination for cause, an employee will be paid for one-half of their total accumulated unused sick time to a maximum amount of twelve thousand dollars (\$12,000.00). The administrative policy and union contract also allow for a carryover of one-half of unused vacation days up to a maximum of eight (8) weeks.

Vacation Pay – The amount of vacation leave earned is associated with the length of employment with the Borough and the hours in a normal workweek. The Borough Council set the amount of leave earned. Employees may carry over up to one-half of their unused vacation days each year to a maximum accrual of eight (8) weeks. If an employee is unable to use earned vacation time within the year it is earned, the employee may elect to be paid for the unused vacation days allowed for that year, to a maximum of one half of the yearly vacation allowance at the discretion of the Mayor and Council, in which event no unused vacation days will accrue. As of January 1, 2010 new employees will not be able to accrue vacation time. The yearly allotment of vacation must be used by the employee or reimbursed to the employee by the Borough at the end of the calendar year.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 16. CONTINGENT LIABILITIES (CONTINUED)

A. Compensated Absences (Continued)

Liability - The Borough's liabilities for the various compensated absence as of December 31, 2016 is as follows:

	<u>Total</u>
Unused Sick Time	\$ 37,067.87
Compensatory Time Off	37,762.39
Vacation	93,253.20

These amounts are not an immediate liability of the Borough and the likelihood of this amount becoming due and payable at any one time in the near future is remote. The Borough has developed a reserve in the Trust Other Fund of \$11,435.78.

B. Litigation

There are no matters of litigation that would, in the result of an adverse outcome, have a material impact on the financial condition of the Borough.

C. Grants

The Borough of Helmetta participates in federally, state and county assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 17. LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

On November 3, 1999, the voters of the Borough approved a referendum authorizing the establishment of a Length of Service Awards Program (LOSAP). The LOSAP will provide tax-deferred income benefits to the active volunteer fire fighters who are eligible to participate.

The LOSAP funds are administered independently and distinct from the Borough and are subject to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services. Participants are responsible for the direction of their investments within their individual accounts. A separate report as of December 31, 2016 revealed net position available for benefits of \$74,820.70. Contributions for the past three years were paid into the fund; but nothing was budgeted or reserved for the current year.

	Total	Per Member
2016	<i>Not Determined</i>	\$ 400.00
2015	\$ 5,800.00	400.00
2014	4,800.00	400.00
2013	6,800.00	400.00

Note 18. DISCONTINUED OPERATIONS

During 2015, the Borough Council closed the Helmetta Regional Animal Shelter and ceased the operation. The revenues that were billed but not received were carried into 2015 and applied towards expenditures in 2015. There is a Bond Anticipation Note outstanding of \$1,350,000.00 as of the date of this report, which the final maturity payment is due by May in 2021 unless permanently funded prior to that date.

BOROUGH OF HELMETTA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

Note 19. TAX ABATEMENT

The former Helmetta Snuff Mill Redevelopment (the "Project") area is subject to an agreement for tax abatement for residential rental housing. The agreement provides for the developer to make payments to the Borough in lieu of taxes ("PILOT") based on the annual gross revenue; however, it is subject to the following provisions:

Year	The Greater of		
	Percent of Annual Gross Revenue ⁽¹⁾	OR	Percent of Taxes ⁽²⁾
1-15	10%		10%
16-18	20%		10%
19-20	40%		10%
21	60%		10%
22	80%		10%

- (1) Annual Gross Revenue of the modified project.
(2) Otherwise due on the value of land and improvements.

Once the Certificate of Completion on the Project has been issued, the minimum annual service charge will be \$275,000.00. The annual service will be allocated first to the County of Middlesex five percent (5%) and the balance divided evenly between the Borough of Helmetta and the Spotswood-Helmetta Consolidated School District. In 2016 the Borough received \$31,268.34, of which \$1,563.00 is due to the County of Middlesex and \$14,852.67 is due to the Spotswood-Helmetta Consolidated School District and \$14,852.67 is realized by the Borough.

COMBINING AND INDIVIDUAL FUND AND
ACCOUNT STATEMENTS

CURRENT FUND

BOROUGH OF HELMETTA
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
<u>ASSETS</u>		
Current Fund:		
Cash and Cash Equivalents	\$ 1,446,040.90	\$ 1,217,744.61
Due from State of New Jersey		500.00
Receivables and Other Assets with Full Reserves:		
Taxes Receivable	131,690.91	123,828.98
Tax Title Liens	4,485.94	
Property Acquired for Taxes - Assessed Valuation	8,800.00	8,800.00
Other Accounts Receivable:		
Revenue Accounts Receivable:		
Due from Municipal Court	5,866.64	4,283.04
Animal Shelter		43,455.52
Interfunds Receivable:		
Due from Other Trust Fund	0.08	
Due from Payroll Fund	537.00	537.00
Deferred Charges		32,000.00
	<u>\$ 1,597,421.47</u>	<u>\$ 1,431,149.15</u>
Grant Fund:		
Grants Receivable	\$ 44,422.00	
Due from Current Fund	37,007.35	\$ 37,037.25
	<u>\$ 81,429.35</u>	<u>\$ 37,037.25</u>
	<u>\$ 1,678,850.82</u>	<u>\$ 1,468,186.40</u>

See Notes to Financial Statements

BOROUGH OF HELMETTA
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

<u>LIABILITIES, RESERVES AND</u> <u>FUND BALANCE</u>	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
Current Fund:		
Liabilities:		
Appropriation Reserves	\$ 162,871.13	\$ 117,332.37
Reserve for Encumbrances	51,582.71	68,615.24
Prepaid Taxes	40,776.21	22,598.80
Tax Overpayments	2,348.08	21,513.61
Accounts Payable	6,200.00	15,600.00
Consolidated District School Tax Payable	651,806.48	580,724.48
Due to State of New Jersey:		
Marriage Licenses	375.00	75.00
Senior and Vets Deduction	1,500.00	
Various Reserves	12,963.12	54,576.15
Interfunds Payable:		
Due to Grant Fund	37,007.35	37,037.25
Due to Water Utility Fund	77,681.45	4,154.06
Due to General Capital Fund	55,545.08	
Due to Sewer Utility Operating Fund	15,787.94	
Due to County of Middlesex (PILOT)	1,563.44	
Due to Spotswood-Helmetta BOE (PILOT)	<u>14,852.67</u>	
	\$ 1,132,860.66	\$ 922,226.96
 Reserve for Receivables and Other Assets	 151,380.57	 180,904.54
Fund Balance	<u>313,180.24</u>	<u>328,017.65</u>
 Total Current Fund	 \$ <u>1,597,421.47</u>	 \$ <u>1,431,149.15</u>
 Grant Fund:		
Reserve for Grants:		
Appropriated	\$ 72,402.83	\$ 30,868.48
Unappropriated	7,656.42	6,048.53
Reserve for Encumbrances	<u>1,370.10</u>	<u>120.24</u>
 Total Grant Fund	 \$ <u>81,429.35</u>	 \$ <u>37,037.25</u>
 Total Liabilities, Reserves and Fund Balance	 \$ <u><u>1,678,850.82</u></u>	 \$ <u><u>1,468,186.40</u></u>

See Notes to Financial Statements

BOROUGH OF HELMETTA
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenues and Other Income Realized:		
Fund Balance Utilized	\$ 200,000.00	\$ 234,000.00
Miscellaneous Revenues Anticipated	217,377.96	232,340.57
Interlocal Agreements - Animal Control	3,584.10	33,793.08
State Aid	142,271.00	142,271.00
Grants	61,825.41	18,240.62
Receipts from Delinquent Taxes	121,653.73	105,034.17
Amount to be Raised by Taxation for Support of Municipal Budget	1,388,038.17	1,304,338.61
Nonbudget Revenue	79,967.04	42,548.19
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves		
Lapsed and Encumbrances Canceled	73,099.50	79,518.40
Current Appropriations Canceled	81.56	2,133.33
Cancellation of Prior Year Accounts Payable		18,397.33
Interfunds Liquidated		500.00
Cancellation of Prior Year Various Reserves	23,178.31	
Taxes Allocated to School and County Taxes	<u>3,993,005.14</u>	<u>3,857,279.09</u>
 Total Income	 <u>\$ 6,304,081.92</u>	 <u>\$ 6,070,394.39</u>
 Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	\$ 234,510.00	\$ 293,850.00
Land Use	7,500.00	7,200.00
Insurance	255,410.00	203,058.00
Public Safety	570,650.00	547,578.00
Public Works	295,565.00	309,850.00
Health and Human Services	6,400.00	6,649.00
Park and Recreation	7,300.00	7,500.00
Utilities and Bulk Purchases	108,300.00	104,200.00
Uniform Construction Code	5,900.00	6,150.00
Deferred Charges and Statutory Expenditures	169,850.00	146,177.00
Excluded from "CAPS":		
Insurance	3,240.00	5,542.00
Public Safety	33,200.00	33,000.00
Public Works	61,000.00	60,000.00
Interlocal Agreement-Animal Shelter		50,851.00

BOROUGH OF HELMETTA
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
Excluded from "CAPS" (Continued):		
Health and Human Services	\$ 17,630.00	\$ 17,500.00
Grants	61,825.41	18,240.62
Capital Improvements	30,000.00	44,500.00
Municipal Debt Service	64,500.00	64,100.00
Deferred Charges and Statutory Expenditures	32,000.00	7,000.00
Reserve for Uncollected Taxes	158,933.78	155,935.36
County Taxes	795,043.10	801,688.49
County Added and Omitted Taxes		
2014		9.21
2015		137.60
2016	345.04	
Consolidated District School Taxes	3,197,617.00	3,055,453.00
Interfund Advanced		537.00
Refund of Prior Years Revenue	<u>2,200.00</u>	
Total Expenditures	<u>\$ 6,118,919.33</u>	<u>\$ 5,946,706.28</u>
Excess in Revenue over Expenditures	\$ 185,162.59	\$ 123,688.11
Adjustments to Income Before Fund Balance:		
Expenditures Above which are Statute Deferred		
Charges to Budgets of Succeeding Years		<u>25,000.00</u>
Statutory Excess to Fund Balance	\$ 185,162.59	\$ 148,688.11
Fund Balance, January 1	<u>328,017.65</u>	<u>413,329.54</u>
	\$ 513,180.24	\$ 562,017.65
Decreased by:		
Utilized as Anticipated Revenue	<u>200,000.00</u>	<u>234,000.00</u>
Fund Balance, December 31	<u>\$ 313,180.24</u>	<u>\$ 328,017.65</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget as</u> <u>Modified</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Surplus Anticipated	\$ 200,000.00	\$ 200,000.00	
Miscellaneous Revenues:			
Local Revenue:			
Fines and Costs:			
Municipal Court	\$ 89,000.00	\$ 66,150.08	\$ (22,849.92)
Interest and Costs on Taxes	20,000.00	30,401.12	10,401.12
	<u>\$ 109,000.00</u>	<u>\$ 96,551.20</u>	<u>\$ (12,448.80)</u>
State Aid Without Offsetting Appropriations:			
Energy Receipts Tax	\$ 125,364.00	\$ 125,364.00	
Consolidated Municipal Property Tax Relief Aid	16,907.00	16,907.00	
	<u>\$ 142,271.00</u>	<u>\$ 142,271.00</u>	
Special Items of Revenue Offset with Appropriations:			
Clean Communities	\$ 4,739.58	\$ 4,739.58	
Recycling Tonnage Grant	2,245.24	2,245.24	
Alcohol Education and Rehabilitation Fund	471.47	471.47	
Body Armor Replacement Fund	836.78	836.78	
Drunk Driving Enforcement Fund	6,035.34	6,035.34	
Volunteer Fire Assistance Grant	3,075.00	3,075.00	
Community Development Block Grant			
2015	21,360.00	21,360.00	
2016	23,062.00	23,062.00	
	<u>\$ 61,825.41</u>	<u>\$ 61,825.41</u>	
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items:			
Cable Television Fees	\$ 17,360.11	\$ 17,360.11	\$
Cell Tower Fees	76,680.00	77,681.45	1,001.45
Local School District Dissolution from Trust Other	25,785.20	25,785.20	
	<u>\$ 119,825.31</u>	<u>\$ 120,826.76</u>	<u>\$ 1,001.45</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2016

	<u>Budget as Modified</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Interlocal Municipal Service Agreements Offset with Appropriations:			
Animal Shelter Service Fees	\$ 15,000.00	\$ 3,584.10	\$ (11,415.90)
Miscellaneous Revenues Totals	\$ 647,921.72	\$ 625,058.47	\$ (22,863.25)
Receipts from Delinquent Taxes	\$ 123,000.00	\$ 121,653.73	\$ (1,346.27)
Amount to be Raised by Taxation for Support of Municipal Budget:			
Local Tax for Municipal Purposes	\$ 1,352,792.47	\$ 1,388,038.17	\$ 35,245.70
Budget Totals	\$ 2,123,714.19	\$ 2,134,750.37	\$ 11,036.18
Nonbudget Revenue		79,967.04	79,967.04
	\$ 2,123,714.19	\$ 2,214,717.41	\$ 91,003.22
Detail:			
Adopted Budget	\$ 2,070,181.85		
Added by N.J.S.A. 40A:4-87	53,532.34		
	\$ 2,123,714.19		

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>GENERAL GOVERNMENT FUNCTIONS</u>						
General Administration:						
Salaries and Wages	\$ 25,200.00	\$ 25,200.00	\$ 25,199.97		\$ 0.03	
Other Expenses	1,355.00	1,355.00	1,202.00		153.00	
Mayor and Council:						
Other Expenses	4,000.00	4,000.00	697.74	\$ 3,302.25	0.01	
Other Expenses - Website Creating	1,500.00	1,500.00	1,500.00			
Municipal Clerk:						
Salaries and Wages	19,740.00	24,060.00	21,724.55		2,335.45	
Other Expenses	7,300.00	7,300.00	3,878.98	412.32	3,008.70	
Elections:						
Other Expenses	850.00	850.00		825.24	24.76	
Financial Administration:						
Salaries and Wages	28,080.00	26,080.00	25,965.34		114.66	
Other Expenses	17,325.00	19,325.00	11,247.66	4,462.57	3,614.77	
Bank Service Charges	1,500.00	1,500.00	1,500.00			
Audit Services:						
Other Expenses	11,475.00	11,475.00	10,975.00	500.00		
Revenue Administration (Collection of Taxes):						
Salaries and Wages	9,500.00	9,500.00	9,499.88		0.12	
Other Expenses	5,000.00	5,000.00	2,479.20		2,520.80	
Tax Assessment Administration:						
Salaries and Wages	11,800.00	11,800.00	11,646.18		153.82	
Other Expenses	4,565.00	4,565.00	3,629.50	610.00	325.50	
Legal Services and Costs:						
Other Expenses	75,000.00	79,000.00	71,319.40	7,200.00	480.60	
Engineering Services and Costs:						
Other Expenses	1,000.00	1,000.00			1,000.00	
	<u>225,190.00</u>	<u>233,510.00</u>	<u>202,465.40</u>	<u>17,312.38</u>	<u>13,732.22</u>	<u>-</u>
<u>LAND USE ADMINISTRATION</u>						
Municipal Land Use Law (N.J.S.A. 44D-1):						
Planning Board:						
Salaries and Wages	2,700.00	3,200.00	3,028.91		171.09	
Other Expenses	4,300.00	4,300.00	4,250.00		50.00	
	<u>7,000.00</u>	<u>7,500.00</u>	<u>7,278.91</u>		<u>221.09</u>	<u>-</u>

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>INSURANCE</u>						
Liability Insurance	\$ 16,275.00	\$ 16,275.00	\$ 16,275.00			
Worker's Compensation	16,275.00	16,275.00	16,275.00			
Employee Group Insurance (Health)	222,360.00	222,360.00	195,799.83		\$ 26,560.17	
Unemployment Insurance	500.00	500.00	487.29		12.71	
	<u>255,410.00</u>	<u>255,410.00</u>	<u>228,837.12</u>		<u>26,572.88</u>	<u>-</u>
<u>PUBLIC SAFETY FUNCTIONS</u>						
Police:						
Salaries and Wages	455,000.00	453,000.00	441,398.45	337.30	11,264.25	
Other Expenses	28,600.00	30,600.00	28,434.01	\$ 786.99	1,379.00	
Office of Emergency Management:						
Other Expenses	100.00	100.00			100.00	
Fire:						
Other Expenses	31,000.00	31,000.00	24,094.01	6,901.53	4.46	
Fire Prevention Bureau:						
Salaries and Wages	3,600.00	3,600.00	3,046.12		553.88	
Other Expenses	750.00	750.00	85.72	608.14	56.14	
First Aid Organization - Contribution	15,000.00	15,000.00	15,000.00			
Municipal Prosecutor:						
Other Expenses	4,800.00	4,800.00	4,800.00			
Municipal Court:						
Salaries and Wages	28,500.00	28,200.00	25,123.96		3,076.04	
Other Expenses	3,000.00	3,600.00	3,174.76	300.00	125.24	
	<u>570,350.00</u>	<u>570,650.00</u>	<u>545,157.03</u>	<u>8,933.96</u>	<u>16,559.01</u>	<u>-</u>
<u>PUBLIC WORKS FUNCTIONS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	122,185.00	119,885.00	95,495.80	440.92	23,948.28	
Other Expenses	12,000.00	12,000.00	8,273.59	1,638.80	2,087.61	
Solid Waste Collection:						
Landfill / Disposal Solid Waste						
Other Expenses	50,000.00	50,000.00	40,225.09	4,757.04	5,017.87	

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>PUBLIC WORKS FUNCTIONS (CONTINUED)</u>						
Recycling (Chap. 74 P.L. 1987):						
Salaries and Wages	\$ 6,900.00	\$ 9,600.00	\$ 7,567.19	\$ 1,950.00	\$ 82.81	
Other Expenses	250.00	250.00			250.00	
Public Buildings and Grounds:						
Other Expenses	25,000.00	25,000.00	22,344.95	1,063.70	1,591.35	
Vehicle Maintenance:						
Other Expenses - Public Works	7,500.00	8,500.00	8,380.34		119.66	
Other Expenses - Police	9,650.00	9,650.00	8,075.58	1,001.71	572.71	
Other Expenses - Lease/ Acquire Vehicles	33,200.00	16,380.00	15,869.80		510.20	
Reimbursement to Qualified Communities:						
Condominium Act:						
Trash Removal	30,000.00	30,000.00			30,000.00	
Street Lighting	7,900.00	7,900.00			7,900.00	
Snow and Leaf Removal	6,400.00	6,400.00			6,400.00	
	<u>310,985.00</u>	<u>295,565.00</u>	<u>206,232.34</u>	<u>10,852.17</u>	<u>78,480.49</u>	<u>-</u>
<u>HEALTH AND HUMAN SERVICES FUNCTIONS</u>						
Animal Control Services (Dog Regulation):						
Salaries and Wages	3,400.00	3,200.00	2,700.22		499.78	
Other Expenses	3,000.00	3,200.00	2,313.00		887.00	
	<u>6,400.00</u>	<u>6,400.00</u>	<u>5,013.22</u>		<u>1,386.78</u>	<u>-</u>
<u>PARK AND RECREATION FUNCTIONS</u>						
Recreation:						
Other Expenses	4,500.00	4,500.00	4,420.00		80.00	
Senior Citizens:						
Other Expenses	800.00	800.00	800.00			
Parks:						
Other Expenses	2,000.00	2,000.00	1,215.19		784.81	
	<u>7,300.00</u>	<u>7,300.00</u>	<u>6,435.19</u>		<u>864.81</u>	<u>-</u>

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Electricity	\$ 19,500.00	\$ 19,500.00	\$ 16,120.93	\$ 1,850.26	\$ 1,528.81	
Street Lighting	19,000.00	19,000.00	18,408.45	500.00	91.55	
Telephone	17,000.00	22,000.00	20,339.44	437.21	1,223.35	
Natural Gas	13,500.00	13,500.00	12,218.25		1,281.75	
Diesel Fuel	3,200.00	3,200.00	1,031.40	362.96	1,805.64	
Gasoline	18,500.00	18,500.00	10,366.17	1,231.36	6,902.47	
Postage	5,000.00	5,000.00	4,047.49	925.00	27.51	
Copier Expense	4,500.00	5,600.00	4,945.45	338.54	316.01	
Office Supplies	2,000.00	2,000.00	1,388.31	397.01	214.68	
	<u>102,200.00</u>	<u>108,300.00</u>	<u>88,865.89</u>	<u>6,042.34</u>	<u>13,391.77</u>	<u>-</u>
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</u>						
<u>OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17):</u>						
Construction Official (Chief Admin. of Enforcement						
Enforcement Agency):						
Salaries and Wages	5,400.00	5,200.00	4,569.18		630.82	
Other Expenses	500.00	700.00	141.28	441.86	116.86	
	<u>5,900.00</u>	<u>5,900.00</u>	<u>4,710.46</u>	<u>441.86</u>	<u>747.68</u>	
Accumulated Sick Leave Reserve	1,000.00	1,000.00	1,000.00			
	<u>6,900.00</u>	<u>6,900.00</u>	<u>5,710.46</u>	<u>441.86</u>	<u>747.68</u>	
Total Operations within "CAPS"	<u>1,491,735.00</u>	<u>1,491,535.00</u>	<u>1,295,995.56</u>	<u>43,582.71</u>	<u>151,956.73</u>	<u>-</u>
Total Operations Including Contingent - within "CAPS"	<u>1,491,735.00</u>	<u>1,491,535.00</u>	<u>1,295,995.56</u>	<u>43,582.71</u>	<u>151,956.73</u>	
Detail:						
Salaries and Wages	722,005.00	731,325.00	676,965.75	2,728.22	42,831.03	-
Other Expenses (Including Contingent)	769,730.00	760,210.00	619,029.81	40,854.49	109,125.70	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES -</u>						
<u>MUNICIPAL WITHIN "CAPS"</u>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	28,647.00	28,647.00	28,646.00			1.00
Social Security System (O.A.S.I.)	65,000.00	65,000.00	55,257.78		9,742.22	
Police and Firemen's Retirement System of NJ	69,966.00	69,966.00	69,966.00			
PERS - Early Retirement Incentive Program	6,237.00	6,237.00	6,237.00			
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	<u>169,850.00</u>	<u>169,850.00</u>	<u>160,106.78</u>		<u>9,742.22</u>	<u>1.00</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>\$ 1,661,585.00</u>	<u>\$ 1,661,385.00</u>	<u>\$ 1,456,102.34</u>	<u>\$ 43,582.71</u>	<u>\$ 161,698.95</u>	<u>1.00</u>

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>OPERATIONS - EXCLUDED FROM "CAPS"</u>						
INSURANCE:						
Employee Group Insurance (Health)	\$ 3,240.00	\$ 3,240.00	\$ 3,240.00			
PUBLIC SAFETY:						
Length of Service Awards Program	8,000.00	8,000.00		\$ 8,000.00		
PUBLIC WORKS:						
Interlocal Municipal Service Agreements:						
Borough of Spotswood:						
Police:						
Radio Dispatching Services	25,000.00	25,200.00	25,183.00		\$ 17.00	
Sanitation:						
Garbage and Trash Removal	45,000.00	45,000.00	44,846.00		154.00	
Middlesex County Board of Health	17,630.00	17,630.00	17,629.97		0.03	
County of Middlesex - Curbside Recycling Program	16,000.00	16,000.00	14,998.85		1,001.15	
	<u>103,630.00</u>	<u>103,830.00</u>	<u>102,657.82</u>		<u>1,172.18</u>	<u>-</u>
Total Interlocal Municipal Service Agreements						
Public and Private Programs Offset by Revenues:						
Body Armor Replacement	836.78	836.78	836.78			
Alcohol Education and Rehabilitation	471.47	471.47	471.47			
Clean Communities Program	4,739.58	4,739.58	4,739.58			
Recycling Tonnage Grant	2,245.24	2,245.24	2,245.24			
Drunk Driving Enforcement Fund	6,035.34	6,035.34	6,035.34			
Volunteer Fire Assistance	3,075.00	3,075.00	3,075.00			
Community Development Block Grant:						
2015	21,360.00	21,360.00	21,360.00			
2016	23,062.00	23,062.00	23,062.00			
	<u>61,825.41</u>	<u>61,825.41</u>	<u>61,825.41</u>			
Total Public and Private Programs Offset by Revenues						
Total Operations - Excluded from "CAPS"	<u>176,695.41</u>	<u>176,895.41</u>	<u>167,723.23</u>	<u>8,000.00</u>	<u>1,172.18</u>	<u>-</u>
Detail:						
Other Expenses	\$ 176,695.41	\$ 176,895.41	\$ 167,723.23	\$ 8,000.00	\$ 1,172.18	

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	_____	_____	_____
Total Capital Improvements Excluded from "CAPS"	<u>30,000.00</u>	<u>30,000.00</u>	<u>30,000.00</u>	_____	_____	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Anticipation Notes and Capital Notes	50,000.00	50,000.00	50,000.00	_____	_____	_____
Interest on Notes	14,500.00	14,500.00	14,419.44	_____	0.00	\$ 80.56
Total Municipal Debt Service - Excluded from "CAPS"	<u>64,500.00</u>	<u>64,500.00</u>	<u>64,419.44</u>	_____	<u>0.00</u>	<u>80.56</u>
<u>DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</u>						
Emergency Authorizations	25,000.00	25,000.00	25,000.00	_____	_____	_____
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	7,000.00	7,000.00	7,000.00	_____	_____	_____
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>32,000.00</u>	<u>32,000.00</u>	<u>32,000.00</u>	_____	_____	_____
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>303,195.41</u>	<u>303,395.41</u>	<u>294,142.67</u>	<u>\$ 8,000.00</u>	<u>\$ 1,172.18</u>	<u>80.56</u>
Total General Appropriations - Excluded from "CAPS"	<u>303,195.41</u>	<u>303,395.41</u>	<u>294,142.67</u>	<u>8,000.00</u>	<u>1,172.18</u>	<u>80.56</u>
Subtotal General Appropriations	1,964,780.41	1,964,780.41	1,750,245.01	51,582.71	162,871.13	81.56
<u>RESERVE FOR UNCOLLECTED TAXES</u>	<u>158,933.78</u>	<u>158,933.78</u>	<u>158,933.78</u>	_____	_____	_____
Total General Appropriations	<u>\$ 2,123,714.19</u>	<u>\$ 2,123,714.19</u>	<u>\$ 1,909,178.79</u>	<u>\$ 51,582.71</u>	<u>\$ 162,871.13</u>	<u>\$ 81.56</u>

Detail:

Adopted Budget	\$ 2,070,181.85
Added by NJSA 40A:4-87	<u>53,532.34</u>
	<u>\$ 2,123,714.19</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance December 31, 2015	Added Taxes	2016 Levy	Collection		Due From State of New Jersey Chap. 20, P.L. 1971	Transferred to Tax Title Liens Receivable	Remitted and Canceled	Balance December 31, 2016
				2015	2016				
2015	\$ 123,828.98			\$	121,653.73		\$ 2,175.25		
2016		\$ 5,882.62	\$ 5,350,805.09	\$ 22,598.80	5,183,010.73	\$ 16,500.00	2,310.69	\$ 576.58	\$ 131,690.91
	<u>\$ 123,828.98</u>	<u>\$ 5,882.62</u>	<u>\$ 5,350,805.09</u>	<u>\$ 22,598.80</u>	<u>\$ 5,304,664.46</u>	<u>\$ 16,500.00</u>	<u>\$ 4,485.94</u>	<u>\$ 576.58</u>	<u>\$ 131,690.91</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS
OF PROPERTY TAX LEVY

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:		
General Purpose Tax		\$ 5,350,805.09
6% Penalty Added		1,666.35
Added and Omitted Taxes (54:63.1 et. seq.)		<u>4,216.27</u>
		<u>\$ 5,356,687.71</u>

TAX LEVY

Consolidated School District Tax:		
Levy, School Year July 1, 2016 to June 30, 2017		\$ 3,197,617.00
County Taxes:		
County Tax	\$ 734,177.36	
County Open Space Preservation Tax	60,865.74	
County Added and Omitted Taxes (54:4-63.1 & 12 et seq.)	<u>345.04</u>	
Total County Taxes		<u>795,388.14</u>
		\$ 3,993,005.14
Local Tax for Municipal Purpose	\$ 1,352,792.47	
Add: Additional Tax Levied	<u>10,890.16</u>	
Total Local Tax for Municipal Purpose		<u>1,363,682.63</u>
		<u>\$ 5,356,687.77</u>

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF TAX TITLE LIENS RECEIVABLE

INCREASED BY

Transferred from Taxes Receivable

\$ 4,485.94

BALANCE, DECEMBER 31, 2016

\$ 4,485.94

**BOROUGH OF HELMETTA
 CURRENT FUND
 STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance December 31, 2015		Balance After	Paid or	Balance
	Appropriation Reserves	Encumbered	Transfers	Charged	Lapsed
Salaries and Wages:					
Operations - Within "CAPS":					
General Administration	\$ 320.23		\$ 320.23		\$ 320.23
Municipal Clerk	24.50		24.50		24.50
Financial Administration	220.63		220.63		220.63
Revenue Administration (Collection of Taxes)	1,189.62		1,189.62		1,189.62
Tax Assessment Administration	53.82		53.82		53.82
Municipal Land Use Law (N.J.S.A. 44D-1):					
Planning Board	53.46		53.46		53.46
Police	6,503.01		2,003.01		2,003.01
Fire Prevention	0.09		0.09		0.09
Municipal Court	1,549.96		1,549.96	\$ 125.00	1,424.96
Road Repairs and Maintenance	393.78		4,893.78	3,592.95	1,300.83
Recycling	32.11	\$ 2,600.00	2,632.11	2,600.00	32.11
Animal Control Services (Dog Regulation)	360.10		360.10		360.10
Operations - Excluded from "CAPS":					
Other Operations - Excluded from "CAPS":					
Animal Control Shelter	118.80		118.80		118.80
Total Salaries and Wages	10,820.11	2,600.00	13,420.11	6,317.95	7,102.16
Other Expenses:					
Operations - Within "CAPS":					
General Administration	3.51		3.51		3.51
Mayor and Council:					
Other Expenses	45.61	375.00	420.61	375.00	45.61
Municipal Clerk	616.12	1,627.85	2,243.97	1,591.09	652.88
Financial Administration	551.24	385.59	936.83	908.22	28.61
Revenue Administration (Collection of Taxes)	179.04	263.39	442.43	263.39	179.04
Tax Assessment Administration	127.96	42.04	1,175.00	1,172.04	2.96
Legal Services and Costs	942.10	3,755.00	4,897.10	4,895.00	2.10
Engineering Services and Costs		1,000.00	1,000.00		1,000.00
Municipal Land Use Law (N.J.S.A. 44D-1):					
Planning Board	250.00		250.00		250.00
Liability Insurance	70.78		70.78		70.78
Employee Group Insurance (Health)	713.93		713.93		713.93
Police:					
Miscellaneous Other Expenses	258.62	8,777.09	10,919.56	10,164.13	755.43
Office of Emergency Management	100.00		100.00		100.00
Fire	24.49	17,495.83	17,520.32	17,452.67	67.65
Fire Prevention Bureau	127.83		127.83		127.83

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance December 31, 2015		Balance After	Paid or	Balance
	Appropriation Reserves	Encumbered	Transfers	Charged	Lapsed
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
First Aid Organization - Contribution	\$ 2,500.00		\$ 2,500.00		\$ 2,500.00
Municipal Court	113.00	\$ 133.79	246.79	\$ 246.79	
Road Repairs and Maintenance:					
Other Expenses	207.23	1,896.90	2,104.13	123.57	1,980.56
Solid Waste Collection:					
Garbage and Trash Removal	8,477.23	3,004.17	11,481.40	3,004.17	8,477.23
Recycling (Chap. 74 P.L. 1987)	230.00		230.00		230.00
Public Buildings and Grounds:					
Other Expenses	1,301.06	2,976.84	4,277.90	3,066.80	1,211.10
Vehicle Maintenance :					
Public Works	889.42	468.01	1,357.43	1,201.76	155.67
Police Vehicle	256.26	3,050.26	3,306.52	3,159.72	146.80
Lease/ Acquire Vehicles	47.00		47.00	38.75	8.25
Reimbursement to Qualified Communities:					
Condominium Act:					
Trash Removal	54,000.00		49,000.00	27,399.62	21,600.38
Street Lighting	7,900.00		7,900.00	5,576.12	2,323.88
Snow and Leaf Removal	1,400.00		6,400.00	2,084.00	4,316.00
Public Health Service (N.J.S. 40:13-1):					
Kiddie Keep-Well Camp		350.00	350.00		350.00
South County Day Care		250.00	250.00	250.00	
Animal Control Services (Dog Regulation)	455.14	463.84	918.98	463.84	455.14
Animal Shelter		276.97	276.97	276.97	
Recreation	62.05	645.16	707.21	645.16	62.05
Senior Citizens	233.53	766.47	1,000.00	750.00	250.00
Parks	316.00		316.00		316.00
Electricity	4,778.53	605.13	3,003.66	605.13	2,398.53
Street Lighting	616.86	1,580.09	2,196.95	1,580.09	616.86
Telephone	42.71	685.07	1,902.78	1,901.35	1.43
Natural Gas	2,161.35	936.53	3,097.88	3,091.83	6.05
Diesel Fuel	2,344.80		2,344.80		2,344.80
Gasoline	8,024.08	1,481.84	9,505.92	1,481.84	8,024.08
Postage	842.75	210.60	1,053.35	210.60	842.75
Copier Expense	1,958.34	1,413.97	1,488.46		1,488.46
Office Supplies	2.83	152.54	155.37	152.54	2.83

**BOROUGH OF HELMETTA
 CURRENT FUND
 STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance December 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Appropriation Reserves</u>	<u>Encumbered</u>			
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Construction Official (Chief Administration of Enforcement Agency)	\$ 273.50	\$ 282.00	\$ 555.50	\$ 282.00	\$ 273.50
Statutory Expenditures:					
Contribution to:					
Social Security System	495.95		495.95		495.95
<u>All Other Accounts</u>					
Other Operations - Excluded from "CAPS":					
Length of Service Awards Program		8,000.00	8,000.00	8,000.00	
Garbage and Trash Removal	33.00		33.00		33.00
Middlesex County Board of Health	215.72		215.72		215.72
County of Middlesex - Curbside Recycling Program	1,585.42	1,845.75	3,431.17	3,298.45	132.72
Radio Dispatching Services	311.00		311.00		311.00
Interlocal Animal Control / Shelter:					
Other Expenses	<u>426.27</u>	<u>817.52</u>	<u>1,243.79</u>	<u>817.52</u>	<u>426.27</u>
Total Other Expenses	\$ <u>106,512.26</u>	\$ <u>66,015.24</u>	\$ <u>172,527.50</u>	\$ <u>106,530.16</u>	\$ <u>65,997.34</u>
Grand Total	\$ <u>117,332.37</u>	\$ <u>68,615.24</u>	\$ <u>185,947.61</u>	\$ <u>112,848.11</u>	\$ <u>73,099.50</u>
Details:				\$ 110,648.11	
Cash Disbursed				<u>2,200.00</u>	
Accounts Payable				<u>112,848.11</u>	

BOROUGH OF HELMETTA
CURRENT FUND
STATEMENT OF CONSOLIDATED/LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>Local</u>	<u>Consolidated</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2015</u>			
Payable - Consolidated		\$ 1,525,724.48	\$ 1,525,724.48
Deferred - Local School Taxes	\$ (945,000.00)	_____	(945,000.00)
	(945,000.00)	1,525,724.48	580,724.48
<u>INCREASED BY</u>			
Levy - School Year July 1, 2016 to June 30, 2017		3,197,617.00	3,197,617.00
<u>DECREASED BY</u>			
Cash Disbursed		3,126,535.00	3,126,535.00
<u>BALANCE, DECEMBER 31, 2016</u>			
Payable - Consolidated		\$ 1,596,806.48	\$ 1,596,806.48
Deferred - Local School Taxes	\$ (945,000.00)	_____	(945,000.00)
	\$ (945,000.00)	\$ 1,596,806.48	\$ 651,806.48

Note on July 1, 2009 the Local School District by executive order was merged into the Spotswood Borough Local School District to form a consolidated school district.

BOROUGH OF HELMETTA
GRANT FUND
STATEMENT OF GRANTS RECEIVABLE

<u>Grant</u>	2016 Revenue Realized	<u>Decreased by</u> Cash Received	Transfer from Unappropriated Reserves	Balance December 31, <u>2016</u>
State:				
Alcohol Education and Rehabilitation	\$ 471.47		\$ 471.47	
Body Armor Replacement Fund	836.78		836.78	
Drunk Driving Enforcement Fund	6,035.34		6,035.34	
Clean Communities	4,739.58		4,739.58	
Recycling Tonnage Grant	2,245.24		2,245.24	
Volunteer Fire Assistance Grant	3,075.00		3,075.00	
Federal:				
Community Development Block Grant				
2015	21,360.00			\$ 21,360.00
2016	<u>23,062.00</u>			<u>23,062.00</u>
	<u>\$ 61,825.41</u>		<u>\$ 17,403.41</u>	<u>44,422.00</u>
Detail:				
Grant - As Adopted	\$ 8,293.07			
Grant - Added by NJSA 40A:4-87	<u>53,532.34</u>			
	<u>\$ 61,825.41</u>			

BOROUGH OF HELMETTA
GRANT FUND
STATEMENT OF APPROPRIATED RESERVES

<u>Grant</u>	Balance December 31, 2015	<u>Budget</u>	<u>Paid or Charged</u>		Balance December 31, 2016
			<u>Cash Disbursed</u>	<u>Reserve for Encumbrances</u>	
Local:					
Sam's Club Foundation	\$ 1,000.00				\$ 1,000.00
State:					
Municipal Alcohol Education and Rehabilitation Program:					
2005	\$ 133.07		\$ 133.07		
2006	283.72		35.93		\$ 247.79
2007	169.34				169.34
2009	92.82				92.82
2010	301.64				301.64
2011	269.67				269.67
2013	377.74				377.74
2014	791.62				791.62
2015	236.32				236.32
2016		\$ 471.47			471.47
Clean Communities Program:					
2015	3,402.62		100.95		3,301.67
2016		4,739.58			4,739.58
Body Armor Replacement Fund:					
2016		836.78			836.78
Police Car Camera Grant	4,100.00				\$ 4,100.00
Forest Services Volunteer Fire Assistance:					
2015	5,450.40		560.00		4,890.40
2016		3,075.00			3,075.00

**BOROUGH OF HELMETTA
 GRANT FUND
 STATEMENT OF APPROPRIATED RESERVES**

<u>Grant</u>	Balance December 31, 2015	Budget	Paid or Charged		Balance December 31, 2016
			Cash Disbursed	Reserve for Encumbrances	
State: (Continued)					
Community Wildfire Protection Plan	\$ 5,000.00		\$ 175.00		\$ 4,825.00
Recycling Tonnage Grant:					
2012	1,852.71		253.89	\$ 650.00	948.82
2013	2,479.41				2,479.41
2014	2,418.15				2,418.15
2015	2,209.25				2,209.25
2016		2,245.24			2,245.24
Stormwater Management:					
2008	300.00		(2,622.00)		2,922.00
Drunk Driving Enforcement Fund					
2016		6,035.34	372.12	720.10	4,943.12
	<u>29,868.48</u>	<u>17,403.41</u>	<u>(991.04)</u>	<u>1,370.10</u>	<u>46,892.83</u>
Federal:					
Community Development Block Grant					
2015		21,360.00	19,912.00		1,448.00
2016		23,062.00			23,062.00
		<u>\$ 44,422.00</u>	<u>\$ 19,912.00</u>		<u>\$ 24,510.00</u>
	<u>\$ 30,868.48</u>	<u>\$ 61,825.41</u>	<u>\$ 18,920.96</u>	<u>\$ 1,370.10</u>	<u>\$ 72,402.83</u>
Detail:					
Grant - As Adopted		\$ 8,293.07			
Grant - Added by N.J.S.A. 40A:4-87		<u>53,532.34</u>			
		<u>\$ 61,825.41</u>			

BOROUGH OF HELMETTA
GRANT FUND
STATEMENT OF UNAPPROPRIATED RESERVES

	<u>Balance</u> December 31, <u>2015</u>	<u>Increased by</u> Cash <u>Received</u>	<u>Decreased by</u> Anticipated as <u>Revenue</u>	<u>Balance</u> December 31, <u>2016</u>
State:				
Body Armor Replacement Fund	\$ 836.78	\$ 820.79	\$ 836.78	\$ 820.79
Recycling Tonnage Grant	0.70	2,244.54	2,245.24	
Alcohol and Education	471.47	1,571.22	471.47	1,571.22
Clean Communities	4,739.58	5,264.41	4,739.58	5,264.41
Drunk Driving Enforcement Fund		6,035.34	6,035.34	
Volunteer Fire Assistant Grant	<u> </u>	<u>3,075.00</u>	<u>3,075.00</u>	<u> </u>
	<u>\$ 6,048.53</u>	<u>\$ 19,011.30</u>	<u>\$ 17,403.41</u>	<u>\$ 7,656.42</u>

TRUST AND AGENCY FUNDS

**BOROUGH OF HELMETTA
TRUST AND AGENCY FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015**

	Payroll Fund		Animal Control		Other		Totals (Memorandum Only)	
	2016	2015	2016	2015	2016	2015	2016	2015
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 830.57	\$ 830.57	\$ 6,635.98	\$ 4,763.16	\$ 143,535.58	\$ 141,464.47	\$ 151,002.13	\$ 147,058.20
Amounts Held by Plan Administrator (Unaudited)					74,820.70	68,811.30	74,820.70	68,811.30
Due from Federal Government (IRS)	2,179.41						2,179.41	
Total Assets	\$ 3,009.98	\$ 830.57	\$ 6,635.98	\$ 4,763.16	\$ 218,356.28	\$ 210,275.77	\$ 228,002.24	\$ 215,869.50
<u>LIABILITIES AND RESERVES</u>								
Other Liabilities and Reserves:								
Interfunds Payable - Due to Current Fund	\$ 537.00	\$ 537.00			\$ 0.08		\$ 537.08	\$ 537.00
Due to Employee	293.57	293.57					293.57	293.57
Due to State of New Jersey			\$ 11.20	\$ 16.20			11.20	16.20
Various Reserves	2,179.41		6,624.78	4,746.96	142,950.20	\$ 140,643.86	151,754.39	145,390.82
Unemployment Reserves					585.30	820.61	585.30	820.61
Reserve for LOSAP Funds (Unaudited)					74,820.70	68,811.30	74,820.70	68,811.30
Total Liabilities and Reserves	\$ 3,009.98	\$ 830.57	\$ 6,635.98	\$ 4,763.16	\$ 218,356.28	\$ 210,275.77	\$ 228,002.24	\$ 215,869.50

BOROUGH OF HELMETTA
TRUST OTHER FUND
STATEMENT OF VARIOUS RESERVES

	Balance December 31, <u>2015</u>	<u>Deposits</u>	<u>Disbursed</u>	Balance December 31, <u>2016</u>
Reserve for:				
Land Right of Way Acquisition - Developers - Heather Glen	\$ 300.00			\$ 300.00
Performance Bond	1,586.59			1,586.59
Developer Deposits and Reserves	21,967.58	\$ 16,753.86	\$ 17,721.17	21,000.27
Off Duty Police	8,232.78	23,717.43	20,553.59	11,396.62
Municipal Alliance Donations	240.00			240.00
Street Opening Deposits	7,296.00			7,296.00
Recreation	355.68	6,434.00	6,338.60	451.08
Accumulated Sick Leave Reserve	8,435.78	3,000.00		11,435.78
Parking Offense Adjudication Account	84.00			84.00
Tax Title Lien Premium	40,600.20	127,733.04	105,960.49	62,372.75
Uniform Fire Safety Penalty Act	284.00	1,000.00		1,284.00
COAH	9,090.17	0.06	36.00	9,054.23
Animal Shelter Donations	7,998.32			7,998.32
Animal Control Restitution	5,954.46	75.00		6,029.46
School Board Dissolution	25,785.20		25,785.20	
Municipal Forfeiture	442.65			442.65
Miscellaneous	1,990.45		12.00	1,978.45
	<u>\$ 140,643.86</u>	<u>\$ 178,713.39</u>	<u>\$ 176,407.05</u>	<u>\$ 142,950.20</u>
		Reconciliation to Exhibit C:		
		Due to Current Fund		\$ 0.08
		NJUCC		<u>585.30</u>
				<u>\$ 143,535.58</u>

BOROUGH OF HELMETTA
PAYROLL FUND
STATEMENT OF PAYROLL DEDUCTIONS PAYABLE

	<u>Increased</u>	<u>Decreased</u>	<u>Adjustment</u>	<u>Balance December 31, 2016</u>
Federal Withholding Tax	\$ 86,843.58	\$ 86,843.58		
FICA and Medicare				
Employer	64,208.88	64,208.88		
Due from IRS*			\$ (2,179.41)	\$ (2,179.41)
Employee	64,208.87	64,208.87		
NJ State Withholding	22,504.68	22,504.68		
NJ Unemployment				
Employer	3,729.34	3,729.34		
Employee	2,264.22	2,264.22		
NJ Disability				
Employer	532.78	532.78		
Employee	1,059.30	1,059.30		
NJ Family Leave	426.30	426.30		
Public Employees Retirement System:				
Regular	20,739.14	20,739.14		
Contributory Insurance	1,455.24	1,455.24		
Back Pension	380.64	380.64		
Police and Firemen's Retirement System:				
Regular	35,748.13	35,748.13		
Back Pension	3,183.30	3,183.30		
Loans	2,224.36	2,224.36		
Loans Arrears	8,043.68	8,043.68		
Pension Shortage	150.00	150.00		
Child Support	5,453.76	5,453.76		
Dues	5,594.00	5,594.00		
Garnishment	692.07	692.07		
Deferred Compensation - PEBSO	8,320.00	8,320.00		
Dental	600.00	600.00		
Health	33,730.31	33,730.31		
Supplemental Insurance Pre-Tax	2,401.26	2,401.26		
Supplemental Insurance Post-Tax	3,461.32	3,461.32		
	<u>\$ 377,955.16</u>	<u>\$ 377,955.16</u>	<u>\$ (2,179.41)</u>	<u>\$ (2,179.41)</u>

*Fourth quarter 941 Form amended

BOROUGH OF HELMETTA
ANIMAL CONTROL TRUST FUND
STATEMENT OF RESERVE
FOR ANIMAL CONTROL EXPENDITURES

<u>BALANCE, DECEMBER 31, 2015</u>	\$	4,746.96
 <u>INCREASED BY</u>		
Cash Receipts:		
Dog License Fees		2,645.85
	\$	7,392.81
 <u>DECREASED BY</u>		
Expenditures		756.83
 <u>BALANCE, DECEMBER 31, 2016</u>	 \$	 <u><u>6,635.98</u></u>

DOG LICENSE FEES COLLECTED

<u>Year</u>		
2014	\$	2,419.20
2015		2,268.00
	\$	<u><u>4,687.20</u></u>

AUDITOR'S NOTE

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

BOROUGH OF HELMETTA
TRUST OTHER FUND
STATEMENT OF RESERVE FOR STATE OF NEW JERSEY
UNEMPLOYMENT COMPENSATION CLAIMS

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 820.61
<u>DECREASED BY</u>	
Expenditures	<u>235.31</u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 585.30</u>

GENERAL CAPITAL FUND

**BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance December 31, 2015	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfer</u>		Balance December 31, 2016	
		Miscellaneous	Other	Improvement Authorizations	From	To	
Fund Balance	\$ 472.29						\$ 472.29
Capital Improvement Fund	168.26	\$ 30,000.00			\$ 30,600.00	\$ 4,314.98	3,883.24
Accounts Receivable	(12,522.79)	12,522.79					
Due from State of New Jersey DOT	(142,191.85)					10,191.58	(132,000.27)
Due from County of Middlesex CDBG	(24,782.00)	24,782.00					
Due to/From Current Fund			\$ 55,545.08				(55,545.08)
Reserve for Encumbrances	251,943.56		251,943.56				
Reserve for Detention Basin	3,082.64						3,082.64
Reserve for HFD Lower House Repairs	106,475.00						106,475.00
Reserve for Affordable Housing	24,000.00						24,000.00
<u>Ordinance</u>							
<u>Number</u>		<u>Improvement Authorizations</u>					
2010-15/ 2010-28		Various Improvements for Animal Shelter					17,411.26
	17,411.26						
2012-3					4,314.98		
	4,314.98						
2014-4				\$ 7,923.40	10,191.58		(5,718.28)
	12,396.70						
2014-5						2,200.00	2,914.00
	714.00						
2014-9					2,200.00		300.32
	2,500.32						
2015-7							201.00
ii Replacement of Dump Truck Body	201.00						
iii Sealant of various roads	12,247.00			5,218.00			7,029.00
2015-8							17.87
	17.87						
2015-15							5,907.13
	6,229.16						
2016-2							
Various Capital Improvements:							
i 2016 Road Project NJDOT Design						15,000.00	15,000.00
ii Fire Equipment				5,000.00		5,000.00	
iii Police Equipment						9,000.00	9,000.00
iv Computer Equipment		3,400.00		2,941.00		1,600.00	2,059.00
v Tank Repair		19,000.00					19,000.00
	<u>\$ 262,677.40</u>	<u>\$ 89,704.79</u>	<u>\$ 307,488.64</u>	<u>\$ 21,404.43</u>	<u>\$ 47,306.56</u>	<u>\$ 47,306.56</u>	<u>\$ 23,489.12</u>

BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF INTERGOVERNMENTAL ACCOUNTS RECEIVABLE

		<u>NJ DOT</u>	<u>County of Middlesex</u>
	<u>Total</u>	High, John and Willow Streets <u>2014-4</u>	Sanitary Sewer Improvements (CDBG) <u>2014-1</u>
<u>BALANCE, DECEMBER 31, 2015</u>	\$ 166,973.85	\$ 142,191.85	\$ 24,782.00
<u>DECREASED BY</u>			
Cash Receipts	24,782.00		24,782.00
Cancelled	<u>10,191.58</u>	<u>10,191.58</u>	<u> </u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 132,000.27</u>	<u>\$ 132,000.27</u>	<u> </u>

BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION, UNFUNDED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31, 2015</u>	<u>Resulting from 2016</u>	<u>Budget Appropriation</u>	<u>Balance December 31, 2016</u>	<u>Analysis of Detail</u>	
						<u>Bond Anticipation Notes</u>	<u>Expenditures</u>
2010-15/ 2010-28	Various Improvements for Animal Shelter	\$ 1,450,000.00		\$ 50,000.00	\$ 1,400,000.00	\$ 1,400,000.00	
2014-4	Various Street Improvements		\$ 5,718.28		5,718.28		\$ 5,718.28
		<u>\$ 1,450,000.00</u>	<u>\$ 5,718.28</u>	<u>\$ 50,000.00</u>	<u>\$ 1,405,718.28</u>	<u>\$ 1,400,000.00</u>	<u>\$ 5,718.28</u>

BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Notes</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Decreased By</u>	<u>Balance December 31, 2016</u>
2010-15/2010-28	Various Improvements for Animal Shelter	12/23/10	05/13/16	05/12/17	2.00%	\$ 685,000.00	\$ 25,000.00	\$ 660,000.00
2010-15/2010-28	Various Improvements for Animal Shelter	05/17/11	05/13/16	05/12/17	2.00%	<u>765,000.00</u>	<u>25,000.00</u>	<u>740,000.00</u>
						<u>\$ 1,450,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ 1,400,000.00</u>
Detail: Budget Appropriation							<u>\$ 50,000.00</u>	

BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2015</u>	\$	168.26
 <u>INCREASED BY</u>		
Improvement Authorizations Canceled	\$ 4,314.98	
2016 Budget Appropriation	<u>30,000.00</u>	<u>34,314.98</u>
 <u>BALANCE, DECEMBER 31, 2016</u>	 \$	 <u><u>34,483.24</u></u>

Detail of Improvements Authorizations:

Ord 2016-2	\$	<u><u>30,600.00</u></u>
------------	----	-------------------------

**BOROUGH OF HELMETTA
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Description	Ordinance		Balance December 31, 2015		2016 Authorizations	Paid or Charged	(Canceled)/ Transferred	Balance December 31, 2016	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
2010-15/ 2010-28	Various Improvements for Animal Shelter	07/13/10 10/27/10	\$ 1,900,000.00		\$ 17,411.26					\$ 17,411.26
2012-3	Improvements to North Shore Boulevard (NJDOT \$175,000)	05/23/12	195,000.00	\$ 4,314.98				\$ (4,314.98)		
2014-4	Various Street Improvements (CIF \$15,000 and NJDOT \$250,000)	07/23/14	265,000.00	12,396.70			\$ 7,923.40	(4,473.30)		
2014-5	Acquisition of DPW Truck (CIF \$15,000)	07/23/14	15,000.00	714.00				2,200.00	\$ 2,914.00	
2014-9	Various Police Department Improvements (CIF \$20,000)	12/22/14	20,000.00	2,500.32				(2,200.00)	300.32	
2015-7	Various Capital Improvements and Authorizations (CIF: \$8,000 and CFB: \$22,200)	07/22/15	30,200.00							
	i Replacement of Dump Truck Body			201.00						201.00
	ii Sealant of various roads			12,247.00			5,218.00			7,029.00
2015-8	Acquisition of Firefighter Equipment (FEMA: \$46,858 and CIF: \$2,342)	07/22/15	49,200.00	17.87						17.87
2015-15	Improvements to Helme Park (CIF: \$35,000)	12/15/15	35,000.00	6,229.16			322.03			5,907.13
2016-2	Various Capital Improvements: (General Capital \$30,600, Sewer Capital \$1,700 and Water Capital \$20,700)	07/21/16	53,000.00							
	i 2016 Road Project NJDOT Design					\$ 15,000.00				15,000.00
	ii Fire Equipment					5,000.00	5,000.00			
	iii Police Equipment					9,000.00				9,000.00
	iv Computer Equipment					5,000.00	2,941.00			2,059.00
	v Tank Repair					19,000.00				19,000.00
				<u>\$ 38,621.03</u>	<u>\$ 17,411.26</u>	<u>\$ 53,000.00</u>	<u>\$ 21,404.43</u>	<u>\$ (8,788.28)</u>	<u>\$ 61,428.32</u>	<u>\$ 17,411.26</u>
	Detail:									
	NJ DOT Grant Receivable - Cancelled							\$ (10,191.58)		
	Fund Balance Charged							(4,314.98)		
	Deferred Charges for Future Taxation - Unfunded							5,718.28		
								<u>\$ (8,788.28)</u>		

UTILITY OPERATING FUNDS - COMBINED STATEMENTS

BOROUGH OF HELMETTA
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,
RESERVES AND FUND BALANCE - SEWER UTILITY AND
WATER UTILITY OPERATING FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	<u>Sewer Utility</u>		<u>Water Utility</u>		<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>						
Operating Fund:						
Cash and Cash Equivalents	\$ 132,068.96	\$ 177,270.15	\$ 5,489.76	\$ 90,921.08	\$ 137,558.72	\$ 268,191.23
Consumer Accounts Receivable	38,533.37	46,061.22	36,842.86	40,221.90	75,376.23	86,283.12
Interfund Receivable:						
Due from Current Fund	15,787.94		77,681.45	4,154.06	93,469.39	4,154.06
Deferred Charges			15,000.00		15,000.00	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>186,390.27</u>	\$ <u>223,331.37</u>	\$ <u>135,014.07</u>	\$ <u>135,297.04</u>	\$ <u>321,404.34</u>	\$ <u>358,628.41</u>
 <u>LIABILITIES, RESERVES</u>						
<u>AND FUND BALANCE</u>						
Operating Fund:						
Liabilities:						
Appropriation Reserves	\$ <u>27,192.57</u>	\$ <u>25,679.39</u>	\$ <u>2,201.80</u>	\$ <u>4,138.34</u>	\$ <u>29,394.37</u>	\$ <u>29,817.73</u>
Other Liabilities and Reserves:						
Reserve for Encumbrances	3,213.26	1,709.68	3,022.67	2,057.68	6,235.93	3,767.36
Consumer Overpayments	2,174.90	812.98	1,956.36	1,424.48	4,131.26	2,237.46
Accrued Interest on Loans			14,099.63	14,353.16	14,099.63	14,353.16
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	5,388.16	2,522.66	19,078.66	17,835.32	24,466.82	20,357.98
Reserve for Receivables and Other Assets	<u>38,533.37</u>	<u>46,061.22</u>	<u>36,842.86</u>	<u>40,221.90</u>	<u>75,376.23</u>	<u>86,283.12</u>
Fund Balance	<u>115,276.17</u>	<u>149,068.10</u>	<u>76,890.75</u>	<u>73,101.48</u>	<u>192,166.92</u>	<u>222,169.58</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Reserves and Fund Balance	\$ <u>186,390.27</u>	\$ <u>223,331.37</u>	\$ <u>135,014.07</u>	\$ <u>135,297.04</u>	\$ <u>321,404.34</u>	\$ <u>358,628.41</u>

SEWER UTILITY OPERATING FUND

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

	<u>Year 2016</u>	<u>Year 2015</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 95,249.00	\$ 86,826.00
Rents	422,715.63	408,257.45
Nonbudget Revenue	25,294.86	11,166.83
Other Credits to Income	<u>21,446.58</u>	<u>114,646.57</u>
Total Income	\$ <u>564,706.07</u>	\$ <u>620,896.85</u>
<u>EXPENDITURES</u>		
Operating	\$ 467,200.00	\$ 467,050.00
Capital Improvements	20,000.00	19,400.00
Deferred Charges and Statutory Expenditures	<u>16,049.00</u>	<u>15,376.00</u>
Total Expenditures	\$ <u>503,249.00</u>	\$ <u>501,826.00</u>
Statutory Excess to Fund Balance	\$ 61,457.07	\$ 119,070.85
Fund Balance, January 1	<u>149,068.10</u>	<u>116,823.25</u>
Decreased by -	\$ 210,525.17	\$ 235,894.10
Utilized by Sewer Operating Budget	<u>\$ 95,249.00</u>	<u>\$ 86,826.00</u>
Fund Balance, December 31	<u>\$ <u>115,276.17</u></u>	<u>\$ <u>149,068.10</u></u>

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

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	\$ 95,249.00	\$ 95,249.00	
Rents	<u>408,000.00</u>	<u>422,715.63</u>	\$ <u>14,715.63</u>
	\$ 503,249.00	\$ 517,964.63	\$ 14,715.63
Nonbudget Revenue	<u> </u>	<u>25,294.86</u>	<u>25,294.86</u>
	<u>\$ 503,249.00</u>	<u>\$ 543,259.49</u>	<u>\$ 40,010.49</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous:

Refund of Prior Year Expenditures	\$ 15,787.94
Interest & Costs on Rents	4,346.61
Interlocal Service Agreement - Borough of Jamesburg	4,500.00
Prior Year Overpayments	<u>660.31</u>
	<u>\$ 25,294.86</u>

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 76,200.00	\$ 76,200.00	\$ 75,549.43		\$ 650.57
Other Expenses	390,000.00	390,000.00	360,844.74	\$ 3,213.26	25,942.00
Accumulated Sick Leave	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>		
Total Operating	<u>\$ 467,200.00</u>	<u>\$ 467,200.00</u>	<u>\$ 437,394.17</u>	<u>\$ 3,213.26</u>	<u>\$ 26,592.57</u>
<u>CAPITAL IMPROVEMENTS</u>					
Capital Improvement Fund	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00		
Capital Outlay	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>		
Total Capital Improvements	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 9,549.00	\$ 9,549.00	\$ 9,549.00		
Social Security System (O.A.S.I.)	5,900.00	5,900.00	5,900.00		
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	<u>600.00</u>	<u>600.00</u>			<u>\$ 600.00</u>
Total Deferred Charges and Statutory Expenditures	<u>\$ 16,049.00</u>	<u>\$ 16,049.00</u>	<u>\$ 15,449.00</u>		<u>\$ 600.00</u>
Total Sewer Utility Appropriations	<u>\$ 503,249.00</u>	<u>\$ 503,249.00</u>	<u>\$ 472,843.17</u>	<u>\$ 3,213.26</u>	<u>\$ 27,192.57</u>

BOROUGH OF HELMETTA
SEWER UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2015</u>		\$	46,061.22
<u>INCREASED BY</u>			
Sewer Rents Levied			<u>419,747.78</u>
		\$	465,809.00
<u>DECREASED BY</u>			
Collections	\$ 422,562.96		
Customer Overpayments Applied	152.67		
Cancellation of Prior Year Sewer Billings	<u>4,560.00</u>		<u>427,275.63</u>
<u>BALANCE, DECEMBER 31, 2016</u>		\$	<u><u>38,533.37</u></u>

BOROUGH OF HELMETTA
SEWER UTILITY OPERATING FUND
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance December 31, 2015				
	Appropriation Reserves	Encumbered	Balance After Transfers	Paid or Charged	Balance Lapsed
<u>OPERATING</u>					
Salaries and Wages	\$ 599.46		\$ 599.46		\$ 599.46
Other Expenses	15,079.93	\$ 1,709.68	16,789.61	\$ 5,942.49	10,847.12
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay	10,000.00		10,000.00		10,000.00
	\$ 25,679.39	\$ 1,709.68	\$ 27,389.07	\$ 5,942.49	\$ 21,446.58

WATER UTILITY OPERATING FUND

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

	<u>Year 2016</u>	<u>Year 2015</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>		
Fund Balance Utilized	\$ 17,961.00	\$ 12,948.00
Rents	433,912.08	430,121.38
Cell Tower Revenue	77,681.45	87,016.59
Nonbudget Revenue	5,041.64	35,492.17
Other Credits to Income	<u>3,115.10</u>	<u>7,285.00</u>
Total Income	<u>\$ 537,711.27</u>	<u>\$ 572,863.14</u>
<u>EXPENDITURES</u>		
Operating	\$ 421,500.00	\$ 401,050.00
Capital Improvements	15,000.00	14,400.00
Debt Service	78,512.00	78,512.00
Deferred Charges and Statutory Expenditures	<u>15,949.00</u>	<u>15,376.00</u>
Total Expenditures	<u>\$ 530,961.00</u>	<u>\$ 509,338.00</u>
	\$ 6,750.27	\$ 63,525.14
Adjustments to Income Before Fund Balance:		
Expenditures Above which are by Statute Deferred Charges to Budgets of Succeeding Years	<u>15,000.00</u>	<u> </u>
Statutory Excess to Fund Balance	\$ 21,750.27	\$ 63,525.14
Fund Balance, January 1	<u>73,101.48</u>	<u>22,524.34</u>
	\$ 94,851.75	\$ 86,049.48
Decreased By:		
Utilized by Water Operating Budget	<u>17,961.00</u>	<u>12,948.00</u>
Fund Balance, December 31	<u>\$ 76,890.75</u>	<u>\$ 73,101.48</u>

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

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Utilized	\$ 17,961.00	\$ 17,961.00	
Rents	430,000.00	433,912.08	\$ 3,912.08
Cell Tower Revenue	<u>68,000.00</u>	<u>77,681.45</u>	<u>9,681.45</u>
	\$ 515,961.00	\$ 529,554.53	\$ 13,593.53
Nonbudget Revenue	<u> </u>	<u>5,041.64</u>	<u>5,041.64</u>
	<u>\$ 515,961.00</u>	<u>\$ 534,596.17</u>	<u>\$ 18,635.17</u>

ANALYSIS OF NONBUDGET REVENUE

Interest on Delinquent Accounts	\$ 3,841.26
Meter Readings	560.00
Miscellaneous	75.00
Prior Year Overpayments	<u>565.38</u>
	<u>\$ 5,041.64</u>

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 75,500.00	\$ 75,500.00	\$ 74,549.47		\$ 950.53
Other Expenses (Emergency Appropriation: \$15,000)	330,000.00	345,000.00	341,326.06	\$ 2,201.80	1,472.14
Accumulated Sick Leave	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>		
Total Operating	<u>\$ 406,500.00</u>	<u>\$ 421,500.00</u>	<u>\$ 416,875.53</u>	<u>\$ 2,201.80</u>	<u>\$ 2,422.67</u>
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay - Reserve Water Tower Repainting	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00		
Capital Improvement Fund	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>		
Total Capital Improvements	<u>\$ 15,000.00</u>	<u>\$ 15,000.00</u>	<u>\$ 15,000.00</u>		
<u>DEBT SERVICE</u>					
USDA Loan	<u>\$ 78,512.00</u>	<u>\$ 78,512.00</u>	<u>\$ 78,512.00</u>		
Total Debt Service	<u>\$ 78,512.00</u>	<u>\$ 78,512.00</u>	<u>\$ 78,512.00</u>		
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 9,549.00	\$ 9,549.00	\$ 9,549.00		
Social Security System (O.A.S.I.)	5,800.00	5,800.00	5,800.00		
Unemployment Compensation Insurance (NJSA 43:21-3 et. Seq.)	<u>600.00</u>	<u>600.00</u>			<u>\$ 600.00</u>
Total Deferred Charges and Statutory Expenditures	<u>\$ 15,949.00</u>	<u>\$ 15,949.00</u>	<u>\$ 15,349.00</u>		<u>\$ 600.00</u>
Total Water Utility Appropriations	<u>\$ 515,961.00</u>	<u>\$ 530,961.00</u>	<u>\$ 525,736.53</u>	<u>\$ 2,201.80</u>	<u>\$ 3,022.67</u>
Analysis of Budget:					
Original Budget		\$ 515,961.00			
Added by Emergency Appropriation (NJSA 40:4-46)		<u>15,000.00</u>			
		<u>\$ 530,961.00</u>			

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2015</u>		\$ 40,221.90
<u>INCREASED BY</u>		
Water Rents Levied		<u>430,646.82</u>
		\$ 470,868.72
<u>DECREASED BY</u>		
Collections	\$ 433,052.98	
Customer Overpayments Applied	859.10	
Cancellation of Prior Year Billings	<u>113.78</u>	<u>434,025.86</u>
<u>BALANCE, DECEMBER 31, 2016</u>		<u>\$ 36,842.86</u>

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST ON LOANS

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 14,353.16
 <u>INCREASED BY</u>	
Budget Appropriation for:	
Interest on USDA Loan	<u>57,162.09</u>
	\$ 71,515.25
 <u>DECREASED BY</u>	
Disbursed	<u>57,415.62</u>
 <u>BALANCE, DECEMBER 31, 2016</u>	 <u>\$ 14,099.63</u>

ANALYSIS OF ACCRUED INTEREST, DECEMBER 31, 2016

	<u>Principal Outstanding December 31, 2016</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
USDA Loan	\$ 1,187,337.28	4.75%	10/1/2016	12/31/2016	3 Months	\$ <u>14,099.63</u>
						\$ <u>14,099.63</u>

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance December 31, 2015				
	<u>Appropriation Reserves</u>	<u>Encumbered</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 1,860.53		\$ 1,860.53		\$ 1,860.53
Other Expenses	<u>2,277.81</u>	<u>\$ 2,057.68</u>	<u>4,335.49</u>	<u>\$ 3,080.92</u>	<u>1,254.57</u>
	<u>\$ 4,138.34</u>	<u>\$ 2,057.68</u>	<u>\$ 6,196.02</u>	<u>\$ 3,080.92</u>	<u>\$ 3,115.10</u>

UTILITY CAPITAL FUNDS - COMBINED STATEMENTS

BOROUGH OF HELMETTA
COMBINED COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES -
SEWER UTILITY AND WATER UTILITY CAPITAL FUNDS - REGULATORY BASIS
AS OF DECEMBER 31, 2016 AND 2015

	Sewer Utility		Water Utility		Total (Memorandum Only)	
	2016	2015	2016	2015	2016	2015
ASSETS						
Cash and Cash Equivalents	\$ 88,699.08	\$ 70,399.08	\$ 136,422.84	\$ 142,122.84	\$ 225,121.92	\$ 212,521.92
Fixed Capital	\$ 1,722,344.62	\$ 1,720,644.62	\$ 3,427,613.21	\$ 3,406,913.21	\$ 5,149,957.83	\$ 5,127,557.83
Total Assets	<u>\$ 1,811,043.70</u>	<u>\$ 1,791,043.70</u>	<u>\$ 3,564,036.05</u>	<u>\$ 3,549,036.05</u>	<u>\$ 5,375,079.75</u>	<u>\$ 5,340,079.75</u>
LIABILITIES AND RESERVES						
USDA Loan			\$ 1,187,337.28	\$ 1,208,687.19	\$ 1,187,337.28	\$ 1,208,687.19
Capital Improvement Fund	\$ 61,450.00	\$ 53,150.00	\$ 19,072.29	\$ 29,772.29	\$ 80,522.29	\$ 82,922.29
Reserve for Acquisition of a Dump Truck	5,000.00	5,000.00			5,000.00	5,000.00
Reserve for Water - Painting			61,000.00	56,000.00	61,000.00	56,000.00
Reserve for Future Debt Service			30,000.00	30,000.00	30,000.00	30,000.00
Reserve for Capital Outlay - I & I	11,000.00	1,000.00			11,000.00	1,000.00
	<u>\$ 77,450.00</u>	<u>\$ 59,150.00</u>	<u>\$ 110,072.29</u>	<u>\$ 115,772.29</u>	<u>\$ 187,522.29</u>	<u>\$ 174,922.29</u>
Reserve for Amortization	\$ 1,648,643.70	\$ 1,648,643.70	\$ 1,019,797.55	\$ 998,447.64	\$ 2,668,441.25	\$ 2,647,091.34
Deferred Reserve for Amortization	\$ 73,700.92	\$ 72,000.92	\$ 1,220,478.38	\$ 1,199,778.38	\$ 1,294,179.30	\$ 1,271,779.30
Fund Balance	\$ 11,249.08	\$ 11,249.08	\$ 26,350.55	\$ 26,350.55	\$ 37,599.63	\$ 37,599.63
Total Liabilities and Reserves	<u>\$ 1,811,043.70</u>	<u>\$ 1,791,043.70</u>	<u>\$ 3,564,036.05</u>	<u>\$ 3,549,036.05</u>	<u>\$ 5,375,079.75</u>	<u>\$ 5,340,079.75</u>

There were no Bonds and Notes Authorized but not Issued in the Sewer Utility Capital Fund and in the Water Utility Capital Fund at December 31, 2016.

SEWER UTILITY CAPITAL FUND

**BOROUGH OF HELMETTA
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Balance			Transfers		Balance
	December 31, <u>2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>From</u>	<u>To</u>	December 31, <u>2016</u>
Fund Balance	\$ 11,249.08					\$ 11,249.08
Capital Improvement Fund	53,150.00	\$ 10,000.00		\$ 1,700.00		61,450.00
Reserve for Capital Outlay - I & I	1,000.00	10,000.00				11,000.00
Reserve for Acquisition of Dump Truck	5,000.00					5,000.00
Improvement Authorization:						
2016-2 Various Capital Improvements			\$ 1,700.00		\$ 1,700.00	
	<u>\$ 70,399.08</u>	<u>\$ 20,000.00</u>	<u>\$ 1,700.00</u>	<u>\$ 1,700.00</u>	<u>\$ 1,700.00</u>	<u>\$ 88,699.08</u>

BOROUGH OF HELMETTA
SEWER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 1,720,644.62
 <u>INCREASED BY:</u>	
Fixed Capital Authorized	1,700.00
 <u>BALANCE, DECEMBER 31, 2016</u>	 <u>\$ 1,722,344.62</u>

Detail:

Construction of Sanitary Sewer	\$ 1,420,000.00
Renovation to Municipal Building Including Furniture, Fixtures and Equipment	13,000.00
Waste Water Collection Facility	205,750.92
Capital Outlay - 2004	8,140.00
Capital Outlay - 2005	503.70
Acquisition of a New Loader/ Backhoe	20,000.00
Purchase and Installation of Computer and Phone Upgrades	1,600.00
Acquisition of a Dump Truck	32,250.00
Acquisition of DPW Truck	15,000.00
Various Capital Improvements - 2015	4,400.00
Various Capital Improvements - 2016	1,700.00
	<u>\$ 1,722,344.62</u>

BOROUGH OF HELMETTA
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2015</u>	\$ 53,150.00
<u>INCREASED BY</u>	
2016 Budget Appropriation	<u>10,000.00</u>
	\$ 63,150.00
<u>DECREASED BY</u>	
Appropriated to Finance Improvement Authorization	<u>1,700.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	<u>\$ 61,450.00</u>

BOROUGH OF HELMETTA
SEWER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance</u>		<u>2016 Authorization</u>	<u>Paid or Charged</u>
		<u>Date</u>	<u>Amount</u>		
2016-2	Various Capital Improvements	07/21/16	\$ 1,700.00	\$ <u>1,700.00</u>	\$ <u>1,700.00</u>
				\$ <u>1,700.00</u>	\$ <u>1,700.00</u>

WATER UTILITY CAPITAL FUND

BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
ANALYSIS CASH AND CASH EQUIVALENTS

	Balance December 31, <u>2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>		Balance December 31, <u>2016</u>
				<u>From</u>	<u>To</u>	
Fund Balance	\$ 26,350.55					\$ 26,350.55
Capital Improvement Fund	29,772.29	\$ 10,000.00		\$ 20,700.00		19,072.29
Reserve for Water Tower Repainting	56,000.00	5,000.00				61,000.00
Reserve for Future Debt Service	30,000.00					30,000.00
Improvement Authorization:						
2016-2 Various Capital Improvements	<u> </u>	<u> </u>	\$ <u>20,700.00</u>	<u> </u>	\$ <u>20,700.00</u>	<u> </u>
	<u>\$ 142,122.84</u>	<u>\$ 15,000.00</u>	<u>\$ 20,700.00</u>	<u>\$ 20,700.00</u>	<u>\$ 20,700.00</u>	<u>\$ 136,422.84</u>

BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL

<u>BALANCE, DECEMBER 31, 2015</u>	\$	3,406,913.21
<u>INCREASED BY</u>		
Fixed Capital Authorized		20,700.00
 <u>BALANCE, DECEMBER 31, 2016</u>	 \$	 <u><u>3,427,613.21</u></u>

Detail:

<u>Description</u>		
Improvements to Water System - Tank Cleaning	\$	50,000.00
Improvement to Water System - Helmetta Boulevard		417,000.00
Improvement to Water System		204,566.81
Renovation of Municipal Building		13,000.00
Improvement to Water System - John Street		54,705.75
Construction of a Water Storage Tank		20,000.00
Improvement to Water System		50,000.00
Construction of a Water Tower		1,975,087.50
Reconstruction of Railroad Avenue Water Main		120,000.00
Replacement of Water Meters - 2001		35,000.00
Replacement of Water Meters - 2003		180,010.42
Capital Outlay - 2005		503.70
Acquisition of a New Loader/ Backhoe		20,000.00
Purchase and Installation of Computer and Phone Upgrades		1,600.00
Installation of Water Main on High Street		63,789.03
Acquisition of a Dump Truck		32,250.00
Various Water Improvements		150,000.00
Acquisition of DPW Truck		15,000.00
Various Capital Improvements - 2015		4,400.00
Various Capital Improvements - 2016		20,700.00
	 \$	 <u><u>3,427,613.21</u></u>

**BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
STATEMENT OF USDA LOAN PAYABLE**

Purpose	Date of Issue	Issue	Maturity of Loan Outstanding December 31, 2016		Interest Rate	Balance December 31, 2015	Decreased by	Balance December 31, 2016	
			Year	Date/Amount					
Construction of Water Tower	10/10/03	\$ 1,400,000.00		April 1	Oct 1	4.75%	\$ 1,208,687.19	\$ 21,349.91	\$ 1,187,337.28
			2017	\$ 11,056.74	\$ 11,319.34				
			2018	11,588.17	11,863.39				
			2019	12,145.15	12,433.59				
			2020	12,728.89	13,031.20				
			2021	13,340.69	13,657.54				
			2022	13,981.90	14,313.97				
			2023	14,653.93	15,001.96				
			2024	15,358.26	15,723.02				
			2025	16,096.44	16,478.73				
			2026	16,870.10	17,270.76				
			2027	17,680.94	18,100.86				
			2028	18,530.76	18,970.87				
			2029	19,421.42	19,882.68				
			2030	20,354.90	20,838.33				
			2031	21,333.24	21,839.90				
			2032	22,358.60	22,889.61				
			2033	23,433.24	23,989.78				
			2034	24,559.54	25,142.83				
			2035	25,739.97	26,351.29				
			2036	26,977.14	27,617.84				
			2037	28,273.77	28,945.27				
			2038	29,632.72	30,336.50				
			2039	31,056.99	31,794.59				
			2040	32,549.72	33,322.77				
			2041	34,114.19	34,924.40				
			2042	35,753.85	36,603.01				
2043	37,472.33	37,629.66							
			<u>\$ 587,063.59</u>	<u>\$ 600,273.69</u>		<u>\$ 1,208,687.19</u>	<u>\$ 21,349.91</u>	<u>\$ 1,187,337.28</u>	

BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2015</u>	\$	29,772.29
<u>INCREASED BY</u>		
2016 Budget Appropriation		<u>10,000.00</u>
		39,772.29
<u>DECREASED BY:</u>		
Appropriated to Finance Improvement Authorization		<u>20,700.00</u>
<u>BALANCE, DECEMBER 31, 2016</u>	\$	<u>19,072.29</u>

BOROUGH OF HELMETTA
WATER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance</u>		<u>2016 Authorization</u>	<u>Paid or Charged</u>
		<u>Date</u>	<u>Amount</u>		
2016-2	Various Capital Improvements	07/21/16	\$ 20,700.00	\$ <u>20,700.00</u>	\$ <u>20,700.00</u>
				\$ <u><u>20,700.00</u></u>	\$ <u><u>20,700.00</u></u>

CAPITAL ASSETS

BOROUGH OF HELMETTA
COMPARATIVE STATEMENT OF CAPITAL ASSETS

	Balance December 31, 2016	Balance December 31, 2015
Capital Assets:		
Land	\$ 198,531.09	\$ 198,531.09
Buildings	2,474,861.81	2,474,861.81
Vehicles	952,581.93	1,078,470.29
Equipment	<u>1,049,643.43</u>	<u>894,592.01</u>
	<u>\$ 4,675,618.26</u>	<u>\$ 4,646,455.20</u>
Investment in Capital Assets	<u>\$ 4,675,618.26</u>	<u>\$ 4,646,455.20</u>
	<u>\$ 4,675,618.26</u>	<u>\$ 4,646,455.20</u>

STATISTICAL SECTION

(UNAUDITED)

**BOROUGH OF HELMETTA
CURRENT FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	\$ 234,510.00	\$ 293,850.00	\$ 233,855.00	\$ 208,400.00	\$ 199,012.00	\$ 234,950.00	\$ 234,750.00	\$ 191,800.00	\$ 190,275.00	\$ 211,025.00
Land Use	7,500.00	7,200.00	4,200.00	7,460.00	7,400.00	13,900.00	16,208.00	22,200.00	10,200.00	13,600.00
Insurance	258,650.00	208,600.00	181,541.00	218,000.00	192,000.00	176,925.00	155,600.00	144,100.00	133,868.00	131,438.00
Public Safety	603,850.00	580,578.00	583,090.00	475,432.80	525,038.17	534,252.00	531,920.00	501,038.00	484,512.00	448,735.00
Public Works	356,565.00	369,850.00	372,710.00	310,450.00	370,880.96	352,180.00	348,037.00	353,179.00	314,610.00	306,610.00
Health and Human Services	24,030.00	24,149.00	21,700.00	13,910.00	35,535.00	43,478.00	36,115.00	33,658.00	27,458.00	27,316.00
Park and Recreation	7,300.00	7,500.00	8,000.00	16,000.00	15,000.00	15,000.00	9,700.00	18,000.00	17,250.00	20,500.00
Utilities	108,300.00	104,200.00	106,800.00	105,200.00	106,500.00	107,800.00	96,600.00	104,200.00	107,900.00	97,450.00
Interlocal Agreement-Animal Shelter		50,851.00	448,400.00	403,060.00	261,125.00	108,900.00				
Uniform Construction Code	5,900.00	6,150.00	5,180.00	5,360.00						
Deferred Charges and Statutory Expenditures	201,850.00	153,177.00	130,371.00	174,807.00	169,720.00	182,883.00	134,752.11	138,045.08	131,794.03	102,350.00
Grants	61,825.41	18,240.62	13,583.02	3,794.98	14,174.24	47,543.86	15,528.94	20,282.88	50,513.74	115,237.17
Capital Improvements	30,000.00	44,500.00	70,000.00	70,000.00	60,000.00	79,000.00	113,000.00	65,000.00	35,000.00	18,000.00
Debt Service	64,500.00	64,100.00	104,946.00	109,100.00	109,341.00	110,834.00	88,470.00	90,845.00	302,720.00	326,730.00
Contingent				500.00	500.00	500.00	500.00	500.00	500.00	500.00
Reserve for Uncollected Taxes	158,933.78	155,935.36	159,235.26	158,838.26	158,836.45	154,315.00	152,661.67	149,475.03	147,023.14	149,000.00
	<u>\$ 2,123,714.19</u>	<u>\$ 2,088,880.98</u>	<u>\$ 2,443,611.28</u>	<u>\$ 2,280,313.04</u>	<u>\$ 2,225,062.82</u>	<u>\$ 2,162,460.86</u>	<u>\$ 1,933,842.72</u>	<u>\$ 1,832,322.99</u>	<u>\$ 1,953,623.91</u>	<u>\$ 1,968,491.17</u>

Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

BOROUGH OF HELMETTA
SEWER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating	\$ 467,200.00	\$ 467,050.00	\$ 448,150.00	\$ 419,550.00	\$ 420,304.00	\$ 415,100.00	\$ 394,100.00	\$ 355,100.00	\$ 349,600.00	\$ 330,100.00
Capital Improvements	20,000.00	19,400.00	20,000.00	20,000.00	18,000.00	20,000.00	20,000.00	20,000.00	20,000.00	25,500.00
Debt Service										10,400.00
Deferred Charges and Statutory Expenditures	<u>16,049.00</u>	<u>15,376.00</u>	<u>15,983.00</u>	<u>11,598.00</u>	<u>11,006.00</u>	<u>12,645.00</u>	<u>8,950.00</u>	<u>8,800.00</u>	<u>8,000.00</u>	<u>5,900.00</u>
	<u>\$ 503,249.00</u>	<u>\$ 501,826.00</u>	<u>\$ 484,133.00</u>	<u>\$ 451,148.00</u>	<u>\$ 449,310.00</u>	<u>\$ 447,745.00</u>	<u>\$ 423,050.00</u>	<u>\$ 383,900.00</u>	<u>\$ 377,600.00</u>	<u>\$ 371,900.00</u>

BOROUGH OF HELMETTA
WATER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating	\$ 421,500.00	\$ 401,050.00	\$ 380,150.00	\$ 349,550.00	\$ 348,304.00	\$ 364,100.00	\$ 333,100.00	\$ 338,100.00	\$ 347,600.00	\$ 317,600.00
Capital Improvements	15,000.00	14,400.00	10,000.00	16,250.00	15,000.00	15,000.00	10,000.00	15,000.00	15,000.00	17,000.00
Debt Service	78,512.00	78,512.00	117,112.00	144,312.00	146,464.00	146,032.00	145,620.00	147,537.00	141,190.00	161,996.00
Deferred Charges and Statutory Expenditures	15,949.00	15,376.00	15,983.00	11,498.00	10,906.00	12,645.00	8,950.00	8,800.00	8,000.00	6,400.00
	<u>\$ 530,961.00</u>	<u>\$ 509,338.00</u>	<u>\$ 523,245.00</u>	<u>\$ 521,610.00</u>	<u>\$ 520,674.00</u>	<u>\$ 537,777.00</u>	<u>\$ 497,670.00</u>	<u>\$ 509,437.00</u>	<u>\$ 511,790.00</u>	<u>\$ 502,996.00</u>

**BOROUGH OF HELMETTA
CURRENT FUND REVENUES BY SOURCE
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)**

Source	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Surplus Anticipated	\$ 200,000.00	\$ 234,000.00	\$ 312,400.00	\$ 246,000.00	\$ 246,000.00	\$ 246,000.00	\$ 246,000.00	\$ 235,000.00	\$ 225,000.00	\$ 48,000.00
Taxes (1)	1,388,038.17	1,304,338.61	1,293,794.23	1,269,178.79	1,234,602.56	1,180,064.52	1,151,660.26	1,148,995.87	1,183,003.44	1,174,057.97
Delinquent Taxes	121,653.73	105,034.17	105,048.35	97,133.98	86,149.56	111,556.44	95,395.77	69,145.92	37,856.72	42,313.15
Miscellaneous	217,377.96	232,340.57	222,578.76	254,658.84	276,689.00	532,467.72	417,478.37	315,039.65	291,401.52	448,307.54
Animal Control/Sheiter	3,584.10	33,793.08	398,042.61	415,958.63	356,119.50					
State Aid	142,271.00	142,271.00	142,271.00	142,271.28	142,271.00	142,271.00	142,271.00	178,844.00	308,429.00	320,886.00
Grants	61,825.41	18,240.62	13,583.02	3,794.98	14,174.24	47,543.86	12,228.94	17,991.76	38,731.61	109,204.17
Nonbudget Revenue and Other Items	176,326.41	143,097.25	178,840.36	260,423.19	153,865.32	135,389.75	78,242.00	109,414.36	81,297.04	112,503.59
	<u>\$ 2,311,076.78</u>	<u>\$ 2,213,115.30</u>	<u>\$ 2,666,558.33</u>	<u>\$ 2,689,419.69</u>	<u>\$ 2,509,871.18</u>	<u>\$ 2,395,293.29</u>	<u>\$ 2,143,276.34</u>	<u>\$ 2,074,431.56</u>	<u>\$ 2,165,719.33</u>	<u>\$ 2,255,272.42</u>

(1) Excludes tax allocated to county and school.

BOROUGH OF HELMETTA
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Borough</u>	<u>County</u>	<u>School</u>	<u>Total</u>	<u>Collection Rates Current</u>	<u>Delinquent Taxes as Percent of Levy</u>
2016	\$ 0.727	\$ 0.428	\$ 1.719	\$ 2.874	97.49%	2.54%
2015	0.680	0.430	1.635	2.745	97.56%	2.41%
2014	0.663	0.435	1.615	2.713	97.86%	2.07%
2013	0.652	0.446	1.664	2.762	97.85%	2.03%
2012 *	0.635	0.404	1.674	2.713	97.64%	1.88%
2011	0.469	0.339	1.283	2.091	97.34%	1.67%
2010	0.450	0.305	1.278	2.033	97.57%	2.22%
2009	0.439	0.307	1.257	2.003	98.03%	1.87%
2008	0.442	0.293	1.230	1.965	98.50%	1.41%
2007 *	0.425	0.291	1.194	1.910	98.79%	0.79%

Source: Tax Collector.

* Revaluation effective for 2007 and reassessment effective for 2012

BOROUGH OF HELMETTA
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u> <u>Tax Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2016	\$ 5,356,687.71	\$ 5,222,109.53	97.49%
2015	5,130,685.70	5,005,682.34	97.56%
2014	5,074,122.07	4,965,394.27	97.85%
2013	5,167,627.12	5,056,899.48	97.85%
2012	5,102,564.03	4,982,280.62	97.64%
2011	5,168,794.33	5,031,235.47	97.34%
2010	5,041,253.55	4,918,987.79	97.57%
2009	5,007,190.19	4,908,722.72	98.03%
2008	4,917,217.04	4,843,764.39	98.51%
2007	4,787,617.27	4,730,007.49	98.80%

BOROUGH OF HELMETTA
DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Amount of</u> <u>Tax Title Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of Tax Levy</u>
2016	\$ 4,485.94	\$ 131,690.91	\$ 136,176.85	2.54%
2015	None	123,328.98	123,328.98	2.41%
2014	None	104,976.04	104,976.04	2.07%
2013	None	105,048.35	105,048.35	2.03%
2012	None	96,081.15	96,081.15	1.88%
2011	None	86,149.60	86,149.60	1.67%
2010	None	111,556.44	111,556.44	2.22%
2009	None	93,632.54	93,632.54	1.87%
2008	None	69,129.87	69,129.87	1.41%
2007	None	37,856.72	37,856.72	0.79%

BOROUGH OF HELMETTA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Aggregate</u> <u>Assessed</u> <u>Valuations</u> <u>of Real</u> <u>Property</u>	<u>Estimated</u> <u>Full Cash</u> <u>Valuations</u>	<u>Percentage of</u> <u>Net Assessed</u> <u>to Estimated</u> <u>Full Cash</u> <u>Valuations</u>
2016	\$ 185,822,200	\$ 206,492,055	89.99%
2015	186,609,000	200,870,829	92.90%
2014	186,766,300	198,899,148	93.89%
2013	186,874,900	201,591,046	92.70%
2012	* 187,786,600	215,722,688	87.05%
2011	246,767,300	237,253,437	104.01%
2010	247,418,300	245,357,299	100.84%
2009	249,607,900	251,849,359	99.11%
2008	249,230,300	255,568,396	97.52%
2007	250,335,900	251,770,995	99.43%

* Reassessment Effective

Source: Table of Equalized Valuations, State of New Jersey, Division of Taxation.

BOROUGH OF HELMETTA
SCHEDULE OF LARGEST TAXPAYERS
(UNAUDITED)

<u>Taxpayer</u>	<u>Assessed Value - 2016</u>	<u>As a Percent of Net Assessed Valuation Taxable</u>
Sutton Plaza Associates	\$ 1,422,600	0.77%
Buchan, William & Roseann	1,233,000	0.66%
Kaplan at Helmetta, LLC	819,700	0.44%
Aggo LLC	817,100	0.44%
Bohinski, Loretta & Carol - Trustees	816,300	0.44%
Maglies, Robert	641,400	0.35%
Federal National Mortgage Association	432,300	0.23%
Bohinski, Charles & Sandra	568,600	0.31%
Tarantino, David	552,000	0.30%
Raczynski, Anthony & Barbara	<u>541,200</u>	<u>0.29%</u>
	<u>\$ 7,844,200</u>	<u>4.22%</u>

Source: Municipal Tax Collector's Office.

BOROUGH OF HELMETTA
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Average Equalized Valuation	\$ <u>202,087,344.00</u>
Borrowing Margin - 3½% of Average Equalized Valuation	\$ 7,073,057.05
Net Debt	<u>1,400,000.00</u>
Remaining Borrowing Power	\$ <u>5,673,057.05</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt - Borough of Helmetta	\$ 2,587,337.28	\$ 1,187,337.28	\$ 1,400,000.00
Consolidated School District Debt allocated to Borough	\$ 1,707,126.64	\$ 1,707,126.64	None
Overlapping Debt Apportioned to the Municipality: County of Middlesex (1) \$512,964,315 x .1976%			<u>1,013,617.49</u>
			<u>\$ 2,413,617.49</u>

Source: (1) County of Middlesex Director of Finance.

BOROUGH OF HELMETTA
RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND
LOANS TO EQUALIZED VALUE AND DEBT PER CAPITA
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Borough</u> <u>Population (1)</u>	<u>Equalized</u> <u>Valuation (2)</u>	<u>Net</u> <u>Debt (3)</u>	<u>Ratio of</u> <u>Net</u> <u>Debt to</u> <u>Equalized</u> <u>Valuation</u>	<u>Net</u> <u>Debt Per</u> <u>Capita</u>
2016	2,178	\$ 202,087,344.00	\$ 2,587,337.28	1.28%	\$ 1,187.94
2015	2,178	200,870,829.00	2,658,687.19	1.32%	1,220.70
2014	2,178	198,899,148.00	2,729,058.00	1.37%	1,253.01
2013	2,178	201,591,046.00	2,876,494.60	1.43%	1,320.70
2012	2,178	215,722,688.00	3,038,039.84	1.41%	1,394.88
2011	2,178	237,253,437.00	3,253,734.60	1.37%	1,493.91
2010	2,178	245,357,299.00	3,413,617.89	1.39%	1,567.32
2009	1,825	251,849,359.00	1,764,551.92	0.70%	966.88
2008	1,825	255,568,396.00	1,766,922.18	0.69%	968.18
2007	1,825	251,770,995.00	2,117,587.57	0.84%	1,160.32

(1) Based on the 2000 U.S. Census for 2007 through 2009 and 2010 Census for 2010 through 2016.

(2) Per the State of New Jersey only Real Property included.

(3) Per Annual Debt Statement - Includes Self-Liquidating Net Debt.

BOROUGH OF HELMETTA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR BONDED DEBT, BOND ANTICIPATION NOTES AND LOANS (1)
FOR THE LAST TEN (10) FISCAL YEARS
(UNAUDITED)

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt</u> <u>Service</u>	<u>Total</u> <u>Current Fund</u> <u>Expenditures</u>	<u>Ratio of</u> <u>Debt Service to</u> <u>Current Fund</u> <u>Expenditures</u>
2016	\$ 50,000.00	\$ 14,500.00	\$ 64,500.00	\$ 2,123,714.19	3.03%
2015	50,000.00	14,100.00	64,100.00	2,088,880.98	3.06%
2014	90,000.00	14,946.00	104,946.00	2,443,611.28	4.28%
2013	80,000.00	29,100.00	109,100.00	2,280,313.04	4.78%
2012	60,000.00	49,341.00	109,341.00	2,225,062.82	4.91%
2011	80,000.00	30,834.00	110,834.00	2,162,460.86	5.13%
2010	81,000.00	7,470.00	88,470.00	1,933,842.72	4.57%
2009	80,000.00	10,845.00	90,845.00	1,832,322.99	4.96%
2008	284,000.00	18,720.00	302,720.00	1,953,623.91	15.50%
2007	294,500.00	32,173.05	326,673.05	1,968,491.17	16.60%

(1) Excludes Sewer and Water Utilities.

BOROUGH OF HELMETTA
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
SEWER UTILITY OPERATING FUND
(UNAUDITED)

Cash Receipts from Fees, Rents and Other Charges	\$ 527,471.55
Deductions:	
Operating and Maintenance Cost	<u>483,249.00</u>
Excess in Revenues	<u><u>\$ 44,222.55</u></u>

BOROUGH OF HELMETTA
CALCULATION OF "SELF-LIQUIDATING PURPOSE" PER N.J.S. 40A:2-45
WATER UTILITY OPERATING FUND
(UNAUDITED)

Cash Receipts from Fees, Rents and Other Charges		\$ 534,211.70
Deductions:		
Operating and Maintenance Cost	\$ 437,449.00	
Debt Service	<u>78,512.00</u>	
		<u>515,961.00</u>
Excess in Revenues		<u><u>\$ 18,250.70</u></u>

BOROUGH OF HELMETTA
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Population</u> (1)	<u>Unemployment</u> <u>Rate</u> (2)	<u>Housing</u> <u>Unit</u> <u>Counts</u> (3)	<u>Per Capita</u> <u>Income</u> (2)
2016	2,178	4.40%	869	\$ 36,941
2015	2,178	5.50%	869	36,941
2014	2,178	5.50%	869	36,941
2013	2,178	6.50%	870	36,941
2012	2,178	8.70%	870	36,941
2011	2,178	8.60%	868	36,941
2010	2,178	8.80%	868	36,941
2009	1,825	8.80%	868	26,688
2008	1,825	5.70%	868	26,688
2007	1,825	4.20%	868	26,688

(1) 2000 U.S. Census for 2007 through 2009 and 2010 Census for 2010 through 2016.

(2) State of New Jersey, Department of Labor.

(3) Borough Tax Collector's Office.

BOROUGH OF HELMETTA
MISCELLANEOUS STATISTICS
DECEMBER 31, 2016
(UNAUDITED)

Date of Incorporation	1888
Form of Government	Borough
Area	.8 square miles

	<u>Full Time</u>	<u>Part Time</u>
Employees:		
Administrative	3	3
Police	7	
Public Works	3	
Volunteer Firemen		7
Other	—	<u>2</u>
Total Employees	<u>13</u>	<u>12</u>

Source: Borough Records.

AUDITOR'S COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2016

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate of \$17,500.00, due to the absence of a Qualified Purchasing Agent (QPA), except by contract or agreement."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that there were no bids by public advertising during the year.

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

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

State Contract Purchases

There were no state contract purchases during the year.

All the professional services contracts of the Borough were done under the "Not Fair and Open Method" and all required certifications were on file.

GENERAL COMMENTS
DECEMBER 31, 2016

Collection of Interest on Delinquent Taxes, Assessments and Utility Charges

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

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

BE IT RESOLVED, by the Mayor and Council of the Borough of Helmetta, County of Middlesex, State of New Jersey that in accordance with Chapter 54:4-67 of the New Jersey Statutes the interest rate on delinquent taxes shall be eight per cent (8%) annum on the first \$1,500.00 of delinquency, and 18% per annum on any amount in the excess of \$1,500.00 to be calculated from the date the tax was payable until the date of actual payment. There shall be a ten (10) day grace period for payment of taxes.

In addition, the governing body, on January 4, 2016, adopted the following resolution authorizing additional interest to be charged on delinquent taxes and assessments:

RESOLVED, by the Mayor and Council of the Borough of Helmetta, County of Middlesex and State of New Jersey, that the Borough of Helmetta hereby adopts and authorizes the Tax Collector of the Borough of Helmetta to assess an additional six (6%) percent penalty to any taxpayer with a delinquency of all taxes and municipal charges due in excess of ten thousand (\$10,000.00) dollars, who fail to pay the delinquency prior to the end of the calendar year.

The governing body also adopted on January 4, 2016 the following resolution authorizing interest on delinquent utility charges:

WHEREAS, the Governing Body of the Borough of Helmetta has previously established an interest rate in accordance with State law as a charge to be made to consumers who have not made timely payments of water rents and sewer user charges; and

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Governing Body of the Borough of Helmetta that the Collector of Sewer and Water Revenue be and is hereby authorized to charge eight percent (8%) per annum as interest to be paid on delinquent accounts for unpaid balances of less than \$1,500.00 and eighteen percent (18%) per annum, as the interest to be paid on delinquent accounts with unpaid balances of more than \$1,500.00. The Collector shall allow a thirty (30) day grace period for payment, after which, when an account becomes delinquent, interest will be charged from the due date for such payments.

It appears, from an examination of the Tax Collector and the Collector of Sewer and Water revenue records, that interest was collected in accordance with the foregoing resolution and ordinance.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2016

Delinquent Taxes and Tax Title Liens

The detail of all unpaid taxes for 2016 is being properly carried in the Tax Collector's records. An abstract taken from these records as at December 31, 2016 covering all unpaid charges on that date was verified with the accounting control figures shown in this report. There was no documentation of a monthly or annual proof of receivables during the year to the General Ledger.

There was a tax sale held on November 10, 2016 and it was complete.

As of December 31, 2016, there were tax title liens receivable totaling \$4,485.94.

Water Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Balance Sheet (Exhibit EW-1), have been proven to the detail on file in the Water Utility Collector's office at yearend. There was no documentation of a monthly or annual proof of receivables during the year to the General Ledger.

Sewer Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Balance Sheet (Exhibit ES-1) has been proven to the detail on file in the Sewer Utility Collector's office at yearend. However, there was no documentation of a monthly or annual proof of receivables during the year to the General Ledger.

Cash Balances

The cash balances in all funds were verified with the depositories as of December 31, 2016 and June 30, 2017 in connection with a supplemental bank reconciliation. The supplemental bank reconciliation as of June 30, 2017 where in an agreement with the general ledger for all funds, except for the current fund. This condition may be a carryover from the prior yearend and is under review by the Borough CFO for reconciliation.

The municipal court bank reconciliation contains several old reconciling items that subsequent to yearend, were corrected by municipal court personnel.

Cash counts were made on various dates in all departments of the Borough.

The bank reconciliations for four (4) (*three of which were operating funds*) of the nine (9) funds that were presented for audit did not agree to the general ledger account for cash that was presented for audit. It was necessary to do extensive analysis of the bank and book records in order to ascertain the accuracy of the year end cash. As a result of the analysis, it was necessary to reallocate cash between the various operating funds. It was also determined that certain cash receipts were not recorded, adjustments had to be made to the deposits in transit and the outstanding checklists. The problem arose during the early part 2016 as a result of a transition from one CFO to another on or about the end of March 2016. The present Borough CFO due to the workload was unable to maintain the records timely and properly. This condition was also commented on in last year's audit.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2016

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary.

Expenditures

The vouchers for all funds were examined to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute. Our examination of expenditures revealed for the most part, compliance with procedures and requirements have been adhered to.

Borough Clerk

The Borough Clerk should continue to utilize prenumbered receipts and maintain contemporaneous manual cash receipt journal for all revenues, which she is in control of.

Payroll

An examination was made of the employees' compensation records for the year 2016 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance. Our examination of payroll did not cover verification of the validity and reasonableness of the allocation of salaries for individuals whose job encompasses activities that relate to more than one of the Borough's operating funds or Departments. The allocation of salaries for individuals whose duties encompass more than one fund or appropriation is done at the sole discretion of the management of the Borough. It is proper and legal to allocate salaries amongst funds as long as the duties of the individuals relate to the costs charged to the fund or appropriation.

The Borough utilizes the services of a payroll service vendor to process net pay and agency withholdings. We do not believe that anyone in the Borough reviewed the quarterly or annual payroll tax returns and bi-weekly payrolls for accuracy. We also believe that a payroll fund general ledger should be re-established.

On file at the Borough is the required Report on Description of the Organization's System and the Suitability of the Design and Operating Effectiveness of Controls for the payroll processing system in accordance with SSAE #16.

In previous audit general comments we indicated that The Borough salary ordinances adopted and amended over a several year period should be condensed into one comprehensive all-inclusive document. We have been notified that a salary ordinance was introduced by the council on July 19, 2017 and was adopted at the August 16, 2017 meeting

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2016

Miscellaneous Comments

Various

The confirmation sent to the Consolidated Board of Education verified that the school taxes payable at December 31, 2016 were in agreement with the Borough's records.

Construction Code Official

The Construction Code Official have been transferred to another municipality under an interlocal agreement.

Interfunds

The balance sheets of various funds reflect an Interfund Receivable/Payable as of December 31, 2016. We have been advised by the Chief Financial Officer that these will be liquidated subsequent to year end.

Surety Bonds

The surety bonds covering the Tax Collector, Chief Financial Officer, and the Municipal Court employees were tested for adequacy of coverage and were determined to be sufficient.

Technical Directives – State of New Jersey

The general ledger for 2016 was not properly maintained. The general ledger presented for audit reflected inaccurate amounts in virtually all categories. It was necessary to perform extensive analysis of all underlying and supporting documents, such as bank statements, proofs of receivable for water, sewer and taxes, revenue reports and appropriation reports in order to present proper yearend balances. A detailed general ledger should also be maintained for the payroll fund.

A complete encumbrance system for budgetary purposes was maintained during 2016.

A fixed assets detail was maintained in 2016.

Length of Service Awards Program

The Borough adopted a Length of Service Awards Program (LOSAP). The participants in the program direct the investments within their individual accounts. A separate Accountants Review Report was prepared on the program for the year ended December 31, 2016.

Financial Procedures Review

It is suggested that for all financial processes and computer controls within each department that a review, updating and documentation of all procedures be done in order to be in compliance with recent accounting and auditing requirements related to internal control.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2016

Redevelopment Agreement

The Borough has an agreement with a developer for the old Snuff Mill site for residential rental housing ("the Project") for a phased-in tax abatement. The agreement calls for the Borough to receive an independent audit from the developer on the Project annually. It is suggested that the Borough obtain the required audit.

Other Matters

The contents of this audit report have been discussed at an exit conference, with the appropriate Borough Officials, in accordance with auditing standards generally accepted in the United States of America and the Borough official's appeared to be in agreement with the findings.

The General Accounting Office Audit Requirements require that a plan of action be apparently adopted on all audit recommendations. A formal plan of action for 2015 was adopted.

The matters in this report should be reviewed by the Business Administrator and the present Chief Financial Officer for prospective compliance and corrective action where necessary.

Appreciation

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

Follow-up on Prior Year Recommendations

2015-1: That the General Comments section of this report should be reviewed by the Business Administrator and the present Chief Financial Officer for prospective compliance and corrective action where necessary.

Status: Minimal progress activity in 2016 in the area of bank reconciliation and the general ledger.

RECOMMENDATIONS
DECEMBER 31, 2016

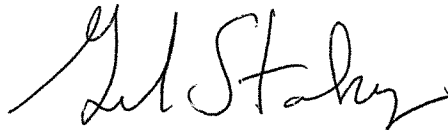
It is recommended:

- 2016-1 That the items referred to in the General Comments section of this report should be reviewed by the Borough Chief Financial Officer for future compliance and corrective action where necessary; most especially in the area of monthly bank reconciliations, monthly proof of receivables, payroll fund general ledger and the general ledger and the "proof" to supporting documentation and underlying reports.

The problems and weaknesses noted in my audit were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

Very truly yours,



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431

For The Firm
SAMUEL KLEIN AND COMPANY