

REPORT OF AUDIT
BOROUGH OF OGDENSBURG
COUNTY OF SUSSEX
DECEMBER 31, 2016

BOROUGH OF OGDENSBURG, N.J.
YEAR ENDED DECEMBER 31, 2016
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BOROUGH OF OGDENSBURG

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTAL DATA

YEAR ENDED DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Ogdensburg
Ogdensburg, New Jersey 07439

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Ogdensburg in the County of Sussex, as of December 31, 2016 and 2015, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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



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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Ogdensburg on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of 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 matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Ogdensburg as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully describe in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2016, and 2015, stated as \$11,391,902.00 and \$11,372,695.00, respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion on Regulatory Basis Accounting Principles” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2016 and 2015, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ogdensburg’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Honorable Mayor and
Members of the Borough Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2017, on our consideration of the Borough of Ogdensburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Ogdensburg's internal control over financial reporting and compliance.



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Registered Municipal Accountant
No. 497

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Certified Public Accountants

Newton, New Jersey

May 10, 2017



Borough of Ogdensburg, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	1,869,801.50	1,629,553.02
Change Fund	A-5	100.00	100.00
		1,869,901.50	1,629,653.02
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	128,546.02	224,006.01
Tax Title Liens Receivable	A-7	144,732.52	186,547.36
Property Acquired for Taxes - Assessed Valuation	A-8	2,371,100.00	2,371,100.00
		2,644,378.54	2,781,653.37
Prepaid Local School District Taxes	A-17	12,706.00	
Deferred Charges:			
Special Emergency	A-12	19,280.00	28,920.00
		4,546,266.04	4,440,226.39
Federal and State Grant Fund:			
Interfund Receivable:			
Current Fund	A-19	449,425.94	485,326.61
Grants Receivable	A-21	13,493.44	7,993.00
		462,919.38	493,319.61
		5,009,185.42	4,933,546.00

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-13	199,378.28	175,667.54
Encumbered	A-3;A-13	75,883.17	67,712.52
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-10	6,573.06	7,073.06
Interfunds Payable:			
Federal and State Grants	A-11	449,425.94	485,326.61
Animal Control Trust Fund	A-11		784.66
Local School District Taxes Payable	A-17		1,249.00
Due to State of New Jersey:			
Marriage Surcharge	A-14	25.00	
Tax Overpayments	A-14	11,799.94	10,922.03
Reserve for:			
Revision of Master Plan	A-14	4,320.86	4,320.86
Tax Appeals	A-14	27,579.20	27,579.20
Outside Lien Redemption	A-14		15,675.74
Sale of Municipal Assets	A-14		800.00
Codification of Ordinance	A-14	200.00	200.00
Accounts Payable	A-14	3,268.01	
Prepaid Taxes	A-15	20,866.30	36,810.98
County Taxes Payable	A-16	963.06	96.68
		<u>800,282.82</u>	<u>834,218.88</u>
Reserve for Receivables	Contra	2,644,378.54	2,781,653.37
Fund Balance	A-1	1,101,604.68	824,354.14
		<u>4,546,266.04</u>	<u>4,440,226.39</u>
Federal and State Grant Fund:			
Encumbrances Payable	A-20	62,084.00	94,455.77
Appropriated Reserves	A-22	392,653.47	391,407.38
Unappropriated Reserve for Grants	A-23	8,181.91	7,456.46
		<u>462,919.38</u>	<u>493,319.61</u>
		<u>5,009,185.42</u>	<u>4,933,546.00</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	81,768.00	60,268.00
Miscellaneous Revenue Anticipated	A-2	358,288.15	290,546.42
Receipts from Delinquent Taxes	A-2	291,893.55	195,846.12
Receipts from Current Taxes	A-2	6,680,535.60	6,447,752.28
Non-Budget Revenue	A-2	9,838.91	11,037.04
Other Credits to Income:			
Statutory Excess-Animal Control Trust Fund	A-4	2,399.48	2,615.34
Police Outside Services Receivable Returned			1,596.48
Appropriated Grants Cancelled	A-11	4,130.00	255.54
Unexpended Balance of Appropriation Reserves	A-13	103,822.28	115,523.11
Cancellation of Various Reserves	A-14	881.70	
Total Revenues and Other Income		<u>7,533,557.67</u>	<u>7,125,440.33</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	1,028,989.58	955,812.66
Other Expenses	A-3	957,259.34	974,143.00
Deferred Charges and Statutory Expenditures -			
Municipal - Within "CAPS"	A-3	236,941.00	226,386.00
Operations - Excluded From CAPS:			
Other Expenses	A-3	96,091.31	106,647.57
Capital Improvements - Excluded from Caps	A-3	20,000.00	20,000.00
Municipal Debt Service - Excluded from Caps	A-3	149,614.66	148,250.63
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3	22,640.00	22,640.00
Refund of Prior Year Revenue	A-4	75.00	360.88
Refund of Lien			9,405.96
Grants Receivable Cancelled			203.58
County Taxes including Added Taxes	A-16	1,054,255.24	1,007,115.56
Local District School Tax	A-17	2,365,941.00	2,359,217.00
Regional High School Tax	A-18	1,242,732.00	1,193,315.00
Total Expenditures		<u>7,174,539.13</u>	<u>7,023,497.84</u>
Statutory Excess to Fund Balance		359,018.54	101,942.49
Fund Balance, January 1,	A-1	<u>824,354.14</u>	<u>782,679.65</u>
		1,183,372.68	884,622.14
Decreased by:			
Fund Balance Utilized as Budget Revenue	A-1	<u>81,768.00</u>	<u>60,268.00</u>
Fund Balance, December 31,	A	<u><u>1,101,604.68</u></u>	<u><u>824,354.14</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget</u>	<u>Appropriated by: 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	81,768.00		81,768.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	1,000.00		786.00	(214.00)
Other	A-9	800.00		320.00	(480.00)
Fines and Costs:					
Municipal Court	A-9	21,800.00		23,432.78	1,632.78
Interest and Costs on Taxes	A-9	42,000.00		92,390.12	50,390.12
Interest on investment and deposits	A-9	1,900.00		2,170.93	270.93
Energy Receipts Tax	A-9	149,340.00		149,340.00	
Consolidated Municipal Property Tax Relief Aid	A-9	40,938.00		40,938.00	
Garden State Trust	A-9	7,111.00		7,111.00	
Special Items of General Revenue Anticipated					
With Prior Written Consent of Director of					
Local Government Services:					
Public and Private Revenues:					
Recycling Tonnage Grant	A-21	3,125.85		3,125.85	
Municipal Alliance	A-21	500.00	3,493.00	3,993.00	
Body Armor Fund	A-21	1,005.16		1,005.16	
Click It or Ticket	A-21		5,000.00	5,000.00	
Drive Sober or Get Pulled Over	A-21		10,000.00	10,000.00	
Clean Communities Grant	A-21	5,979.83		5,979.83	
Municipal Court Alcohol Education	A-21	471.47		471.47	
Other Special Items:					
Uniform Fire Safety Act	A-9	2,090.00		3,042.01	952.01
Cable TV Franchise Fee	A-9	8,382.00		8,382.00	
Reserve for Sale of Assets	A-9	800.00		800.00	
Total Miscellaneous Revenues	A-1	287,243.31	18,493.00	358,288.15	52,551.84
Receipts from Delinquent Taxes	A-1;A-2	220,000.58		291,893.55	71,892.97
Subtotal General Revenues		589,011.89	18,493.00	731,949.70	124,444.81
Amount to be Raised by Taxes for Support of					
Municipal Budget-Local Tax for Municipal					
Purposes Including Reserve for Uncollected Taxes	A-2	2,168,629.00		2,282,205.36	113,576.36
Budget Totals		2,757,640.89	18,493.00	3,014,155.06	238,021.17
Non-Budget Revenue	A-1;A-2			9,838.91	9,838.91
		<u>2,757,640.89</u>	<u>18,493.00</u>	<u>3,023,993.97</u>	<u>247,860.08</u>
		A-3	A-3		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N.J.
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2016

Revenue from Collections	A-1;A-6		6,680,535.60
Allocated to School and County Taxes	A-6		<u>4,662,928.24</u>
Balance for Support of Municipal Budget Appropriations			2,017,607.36
Add:			
Appropriated Reserve for Uncollected Taxes	A-3		<u>264,598.00</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>2,282,205.36</u></u>
Receipts from Delinquent Taxes:			
Delinquent Taxes			
Taxes Receivable	A-6		225,819.44
Tax Title Lien Receivable	A-7		<u>66,074.11</u>
	A-2		<u><u>291,893.55</u></u>
			A-2
<u>Analysis of Non-budget Revenues</u>	<u>Ref.</u>		
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Clerk	A-9	107.80	
Planning/Zoning	A-9	565.00	
Tax Collector	A-9	400.60	
Board of Health/Registrar of Vital Statistics	A-9	2,555.00	
Police Department	A-9	<u>331.75</u>	
			3,960.15
Senior Citizen and Veterans Admin. Costs Reimb.		565.00	
Fire Prevention		2,072.00	
Garbage Stickers		184.00	
Various Refunds and Miscellaneous		<u>3,057.76</u>	
	A-4		<u>5,878.76</u>
	A-2		<u><u>9,838.91</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
General Government:						
Administrative and Executive						
Mayor and Council		14,500.00	14,500.00	14,500.00		
Salaries and Wages		4,300.00	4,300.00	4,084.99	215.01	
Other Expenses						
Clerk						
Salaries and Wages		52,559.16	52,559.16	50,455.40	2,103.76	
Other Expenses		21,730.00	21,730.00	17,811.05	3,918.95	
Financial Administration						
Salaries and Wages		62,269.79	62,269.79	56,296.05	5,973.74	
Other Expenses		14,215.00	15,415.00	14,010.27	1,404.73	
Annual Audit		21,700.00	21,700.00	12,500.00	9,200.00	
Computer Services		3,964.00	5,964.00	4,170.90	1,793.10	
Collection of Taxes						
Salaries and Wages		6,630.00	6,630.00	6,400.00	230.00	
Other Expenses		2,570.00	2,570.00	1,580.81	989.19	
Assessment of Taxes						
Salaries and Wages		20,215.85	20,215.85	18,736.96	1,478.89	
Other Expenses		1,650.00	1,650.00	1,158.38	491.62	
Legal Services and Costs						
Other Expenses		34,400.00	34,400.00	17,999.60	16,400.40	
Municipal Court						
Salaries and Wages		51,237.80	51,237.80	49,240.36	1,997.44	
Other Expenses		7,527.00	7,527.00	6,626.94	900.06	
Public Defender:						
Other Expenses		1.00	1.00		1.00	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
<u>Engineering Services and Costs</u>						
Other Expenses		3,200.00	2,200.00		2,200.00	
<u>Public Buildings and Grounds</u>						
Miscellaneous Other Expenses		11,000.00	11,000.00	9,213.61	1,786.39	
<u>Municipal Land Use Law (N.J.S. 40:55 D-1)</u>						
<u>Planning Board</u>						
Salaries and Wages		6,527.90	6,527.90	6,162.70	365.20	
Other Expenses		3,220.00	3,220.00	2,364.34	855.66	
<u>Public Safety:</u>						
<u>Fire</u>						
Other Expenses		33,000.00	33,000.00	18,058.34	14,941.66	
<u>Police</u>						
Salaries and Wages		619,539.41	629,539.41	596,746.51	32,792.90	
Other Expenses		38,200.00	38,200.00	25,198.27	13,001.73	
<u>First Aid Organization</u>		4,000.00	4,000.00	4,000.00		
<u>Uniform Fire Safety Act (CH. 383, P.L. 1983)</u>						
<u>Fire Official</u>						
Salaries and Wages		3,811.40	3,811.40	3,679.12	132.28	
Other Expenses		1,122.00	1,122.00	771.75	350.25	
<u>Emergency Management Services</u>						
Salaries and Wages		1,500.00	1,500.00	1,500.00		
Streets and Roads						
<u>Road Repair and Maintenance</u>						
Salaries and Wages		130,939.57	130,939.57	124,945.82	5,993.75	
Other Expenses		47,600.00	47,600.00	28,490.39	19,109.61	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Snow Removal						
Salaries and Wages		20,000.00	20,000.00	8,964.18	11,035.82	
Other Expenses		56,700.00	56,700.00	21,351.49	35,348.51	
Sanitation						
Garbage and Trash Removal						
Other Expenses - Contractual		190,000.00	173,510.00	147,223.56	26,286.44	
Recycling						
Salaries and Wages		1.00	1.00		1.00	
Other Expenses		3,500.00	3,500.00	1,667.10	1,832.90	
Health and Welfare						
Board of Health						
Salaries and Wages		14,590.23	14,590.23	13,780.11	810.12	
Other Expenses		1,470.00	1,470.00	1,013.06	456.94	
Recreation and Education;						
Parks and Playgrounds						
Salaries and Wages		7,044.67	7,044.67	7,044.67		
Other Expenses		35,000.00	35,000.00	25,321.77	9,678.23	
Utility Expenses						
Electricity		40,000.00	46,500.00	38,426.36	8,073.64	
Telephone		23,000.00	23,000.00	22,098.60	901.40	
Natural Gas		8,500.00	10,000.00	5,256.32	4,743.68	
Fuel Oil		7,000.00	4,500.00	1,406.17	3,093.83	
Gasoline/Diesel Fuel		20,000.00	17,915.34	9,064.17	8,851.17	
Insurance:						
General Liability		116,597.00	116,597.00	116,169.00	428.00	
Worker's Compensations		41,888.00	41,888.00	41,888.00		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	Ref.	Budget After Modification		Paid or Charged	Reserved	Unexpended Balance
		Budget	Modification			
<u>General Appropriations</u>						
Employee Group Health		153,580.00	153,580.00	139,102.68	14,477.32	
Surety Bonds		800.00	800.00	659.00	141.00	
Health Benefit Waiver		11,200.00	11,200.00	10,362.36	837.64	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)						
Construction Code Official: Building Inspector		7,622.80	7,622.80	7,358.24	264.56	
Salaries and Wages						
Unclassified:						
Sick Pay Benefits		5,500.00	5,500.00	5,500.00		
Total Operations Within "CAPS"		1,987,123.58	1,986,248.92	1,720,359.40	265,889.52	
Detail:						
Salaries and Wages	A-1	1,018,989.58	1,028,989.58	965,810.12	63,179.46	
Other Expenses (Including Contingent)	A-1	968,134.00	957,259.34	754,549.28	202,710.06	
Deferred Charges and Statutory Expenditures-						
Municipal Within "CAPS"						
Statutory Expenditures						
Contribution to:						
Public Employees Retirement System		28,100.00	25,100.00	23,854.14	1,245.86	
Public Employees Retirement System-Retro Pay		900.00	900.00		900.00	
Social Security System (O.A.S.I.)		79,500.00	79,500.00	74,227.79	5,272.21	
Defined contribution retirement program		2,050.00	2,440.00	2,417.41	22.59	
Police and Firemen's Retirement System		123,420.00	126,420.00	126,420.00		
Police and Firemen's Retirement System- Retro Pay		2,580.00	2,580.00	651.73	1,928.27	
Unemployment Compensation Insurance		1.00	1.00		1.00	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Statement of Expenditures - Regulatory Basis

		Current Fund				Unexpended
		Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
Ref.	Year Ended December 31, 2016					
<u>General Appropriations</u>						
	Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1 236,551.00	236,941.00	227,571.07	9,369.93	
	(G) Cash Deficit of Proceeding Year					
	Total General Appropriations for Municipal Purposes within "CAPS"	2,223,674.58	2,223,189.92	1,947,930.47	275,259.45	
	Interlocal Municipal Service Agreements					
	Animal Control "Contractual"	12,077.00	12,077.00	12,077.00		
	"911" Services "Contractual"	53,439.00	53,439.00	53,439.00		
	Total Interlocal Municipal Service Agreements	65,516.00	65,516.00	65,516.00		
	Public and Private Programs Offset By Revenues					
	Recycling Tonnage Grant					
	Other Expenses	3,125.85	3,125.85	3,125.85		
	Municipal Alliance					
	Other Expenses	500.00	3,993.00	3,993.00		
	Municipal Share	1,000.00	1,000.00	998.00	2.00	
	Reserve for Municipal Court Alcohol and Rehab. Program					
	Other Expenses	471.47	471.47	471.47		
	Reserve for Clean Communities					
	Other Expenses	5,979.83	5,979.83	5,979.83		
	Reserve for Body Armor Fund					
	Other Expenses	1,005.16	1,005.16	1,005.16		
	Reserves for Click It or Ticket					
	Other Expenses		5,000.00	5,000.00		
	Reserves for Drive Sober or Get Pulled Over					
	Other Expenses		10,000.00	10,000.00		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
<u>General Appropriations</u>						
Total Public and Private Programs Offset						
By Revenues		12,082.31	30,575.31	30,573.31	2.00	
Total Operations - Excluded from "CAPS"		77,598.31	96,091.31	96,089.31	2.00	
Detail:						
Other Expenses	A-1	77,598.31	96,091.31	96,089.31	2.00	
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund		20,000.00	20,000.00	20,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	20,000.00	20,000.00	20,000.00		
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Anticipation and Capital Notes		142,000.00	142,000.00	142,000.00		
Interest on Notes		7,130.00	7,614.66	7,614.66		
Total Municipal Debt Service-Excluded from "CAPS"	A-1	149,130.00	149,614.66	149,614.66		
Deferred Charges - Municipal - Excluded From "CAPS"						
Deferred Charges to Future Taxation Unfunded:						
Ord. # 01-97 Various Public Improvements		3,440.00	3,440.00	3,440.00		
Ord. # 02-99 Acquisition of Backhoe and Other Equip.		6,600.00	6,600.00	6,600.00		
Ord. # 01-04 Improvements to Kennedy Avenue		2,960.00	2,960.00	2,960.00		
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)		9,640.00	9,640.00	9,640.00		
Total Deferred Charges - Excluded from "CAPS"	A-1	22,640.00	22,640.00	22,640.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		269,368.31	288,345.97	288,343.97	2.00	
Total General Appropriations - Excluded From "CAPS"		269,368.31	288,345.97	288,343.97	2.00	
Subtotal General Appropriations		2,493,042.89	2,511,535.89	2,236,274.44	275,261.45	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.
Statement of Expenditures - Regulatory Basis

Current Fund							
Year Ended December 31, 2016							
<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance</u>		
					<u>Canceled</u>	<u></u>	
<u>General Appropriations</u>							
Reserve for Uncollected Taxes	264,598.00	264,598.00	264,598.00				
Total General Appropriations	<u>2,757,640.89</u>	<u>2,776,133.89</u>	<u>2,500,872.44</u>	<u>275,261.45</u>			
<u>Ref.</u>							
<u>Analysis of Modified Budget</u>							
Adopted Budget	2,757,640.89						
Appropriation by 40A:4-87	18,493.00						
	<u>2,776,133.89</u>						
<u>Analysis of Paid or Charged</u>							
Reserve for Uncollected Taxes			264,598.00				
Cash Disbursed			2,196,061.13				
Federal & State Grants (Matching Funds)			998.00				
Deferred Charges - Special Emergency			9,640.00				
Interfund - Federal and State Grant Fund			29,575.31				
			<u>2,500,872.44</u>				
<u>Analysis of Appropriations Reserved</u>							
Unencumbered				199,378.28			
Encumbered				75,883.17			
				<u>275,261.45</u>			

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Animal Control Trust Fund:			
Cash- Treasurer	B-1	6,766.00	6,702.34
Change Fund	B-2	100.00	100.00
Interfund - Current Fund	B-4		784.66
		<u>6,866.00</u>	<u>7,587.00</u>
Other Trust Funds:			
Cash	B-1	433,432.11	502,122.92
		<u>440,298.11</u>	<u>509,709.92</u>
 <u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Trust			
Fund Expenditures	B-3	6,866.00	6,986.40
Due to the State of New Jersey	B-5		0.60
Encumbrances Payable	B-8		600.00
		<u>6,866.00</u>	<u>7,587.00</u>
Other Trust Fund:			
Reserve for:			
Recreation	B-6	2,302.14	2,301.08
Unemployment	B-6	44,904.38	43,503.10
Municipal Alliance	B-6		268.18
Tax Sale Premiums	B-6	65,300.00	55,800.00
Municipal Court P.O.A.A. Fees	B-6	189.00	185.00
Public Defender	B-6	1,338.30	1,577.64
COAH - RCA - Vernon	B-6	206,781.64	299,665.30
Ogdensburg Day	B-6	0.10	4,700.88
Escrow Deposits	B-6	1,296.22	1,666.56
Police Outside Services	B-6	2,088.40	1,485.80
Memorial Park	B-6	8,304.11	8,917.83
Snow Removal	B-6	53,201.55	40,065.37
Sick and Vacation	B-6	39,025.17	33,525.17
Mobile Video Systems	B-6	100.00	
Payroll	B-6	7,898.15	8,461.01
Encumbrances	B-7	702.95	
		<u>433,432.11</u>	<u>502,122.92</u>
		<u>440,298.11</u>	<u>509,709.92</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.
Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Cash	C-2;C-3	210,120.25	235,815.87
Deferred Charges to Future Taxation Unfunded	C-4	631,504.16	786,504.16
		<u>841,624.41</u>	<u>1,022,320.03</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Capital Improvement Fund	C-5	38,752.93	18,715.37
Improvement Authorizations:			
Funded	C-6	8,425.67	13,404.27
Unfunded	C-6	167,389.67	171,838.25
Encumbrances Payable	C-7	11,832.00	31,838.00
Reserve for:			
Bond Anticipation Notes	C-8	593,016.00	735,016.00
Fund Balance	C-1	22,208.14	51,508.14
		<u>841,624.41</u>	<u>1,022,320.03</u>

Footnote C: There were Bonds and Notes Authorized But Not Issued in the amount of \$38,488.16 and \$51,488.16 on December 31, 2016 and 2015 Per Exhibit C-9.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31,

		<u>2016</u>	<u>2015</u>
	<u>Ref.</u>		
Balance - January 1,	C	51,508.14	<u>51,508.14</u>
Decreased by:			
Improvement Authorizations	C-6	<u>29,300.00</u>	
Balance - December 31,	C	<u>22,208.14</u>	<u>51,508.14</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-5	297,608.49	284,807.88
Change Fund	D-7	25.00	25.00
		297,633.49	284,832.88
Receivables with Full Reserves:			
Consumer Accounts	D-8	43,691.61	41,395.85
Water Liens Receivable	D-9	1,175.71	934.99
Inventory	D-10	2,583.00	2,583.00
		47,450.32	44,913.84
Total Operating Fund		345,083.81	329,746.72
Capital Fund:			
Cash	D-5;D-6	247,373.96	213,252.82
Fixed Capital*	D-11	4,566,757.37	4,566,757.37
Fixed Capital Authorized and Uncompleted*	D-12	823,000.00	823,000.00
Total Capital Fund		5,637,131.33	5,603,010.19
Total Assets		5,982,215.14	5,932,756.91

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-4;D-13	35,167.59	20,790.62
Encumbered	D-4;D-13	13,218.93	18,858.03
Accrued Interest on Loans and Notes	D-15	29,478.40	39,962.55
Water Overpayments	D-14	1,594.42	1,549.50
		79,459.34	81,160.70
Reserve for Receivables	Contra	47,450.32	44,913.84
Fund Balance	D-1	218,174.15	203,672.18
Total Operating Fund		345,083.81	329,746.72
Capital Fund:			
Improvement Authorization			
Funded	D-16	34,278.99	34,278.99
Unfunded	D-16	6,121.01	6,349.87
Reserve for Encumbrances	D-17		650.00
Reserve for Capital Outlay	D-17	27,448.18	27,448.18
Capital Improvement Fund	D-18	161,430.00	126,430.00
Reserve for Amortization	D-19	3,549,757.37	3,469,757.37
Reserve for Deferred Amortization	D-20	135,000.00	110,000.00
USDA Rural Development Loan	D-21		
Bonds Payable	D-21	1,680,000.00	1,760,000.00
Bond Anticipation Notes Payable	D-22	25,000.00	50,000.00
Fund Balance	D-2	18,095.78	18,095.78
		5,637,131.33	5,603,010.19
Total Liabilities, Reserves and Fund Balances		5,982,215.14	5,932,756.91

Footnote D: There were no Bonds and Notes Authorized But Not Issued on December 31, 2016.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-1;D-3	22,746.39	40,000.00
Rents	D-3	350,624.27	360,572.55
Interest on Investments	D-3	518.59	493.15
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-13	21,500.50	39,356.47
Total Income		<u>395,389.75</u>	<u>440,422.17</u>
Expenditures:			
Operating	D-4	177,641.39	174,147.00
Capital Improvements	D-4	35,000.00	35,000.00
Debt Service	D-4	135,850.00	150,478.96
Deferred Charges and			
Statutory Expenditures	D-4	9,650.00	9,600.00
Total Expenditures		<u>358,141.39</u>	<u>369,225.96</u>
Excess in Revenue over Expenditures		<u>37,248.36</u>	<u>71,196.21</u>
Statutory Excess to Surplus		37,248.36	71,196.21
Fund Balance - January 1,	D	<u>203,672.18</u>	<u>172,475.97</u>
		240,920.54	243,672.18
Decreased by:			
Utilized as Anticipated Revenue		<u>22,746.39</u>	<u>40,000.00</u>
Fund Balance - December 31,	D	<u><u>218,174.15</u></u>	<u><u>203,672.18</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Comparative Statement of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Balance - January 1,	D	<u>18,095.78</u>	11,167.48
Increased by:			
Improvement Authorizations Cancelled			
Bonds Sale Premium	D-5		<u>6,928.30</u>
Balance - December 31,	D	<u>18,095.78</u>	<u>18,095.78</u>

D-3

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	22,746.39	22,746.39	
Rents	D-1;D-8	335,000.00	350,624.27	15,624.27
Interest on Investments	D-1;D-5	395.00	518.59	123.59
Budget Totals		<u>358,141.39</u>	<u>373,889.25</u>	<u>15,747.86</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.
Statement of Expenditures - Regulatory Basis

Water Operating Fund

Year Ended December 31, 2016

	<u>Appropriated</u>	<u>Budget</u>	<u>Expended</u>
<u>Ref.</u>	<u>Budget</u>	<u>After Modification</u>	<u>Paid or Charged</u>
			<u>Reserved</u>
Operating:			
Salaries and Wages	57,611.39	57,811.39	57,621.42
Other Expenses	120,080.00	119,830.00	71,697.86
Total Operating	177,691.39	177,641.39	129,319.28
			48,322.11
Capital Improvements:			
Capital Improvement Fund	35,000.00	35,000.00	35,000.00
Total Capital Improvements	35,000.00	35,000.00	35,000.00
Debt Service:			
Payment of Bond Principal	80,000.00	80,000.00	80,000.00
Interest on Bonds	30,850.00	30,850.00	30,850.00
Payment of Bond Anticipation Note	25,000.00	25,000.00	25,000.00
Total Debt Service	135,850.00	135,850.00	135,850.00

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N. J.

Statement of Expenditures - Regulatory Basis

Water Operating Fund

Year Ended December 31, 2016

	<u>Appropriated</u>	<u>Budget</u>	<u>Expended</u>
<u>Ref.</u>	<u>Budget</u>	<u>After</u>	<u>Paid or</u>
	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>
Deferred Charges and Statutory Expenditures			
Statutory Expenditures:			
Contribution to:			
Public Employees' Retirement System	4,400.00	4,400.00	4,400.00
Social Security System (O.A.S.I.)	4,400.00	4,400.00	4,400.00
Defined Contribution Retirement Program	800.00	850.00	785.59
Total Deferred Charges and Statutory Expenditures	9,600.00	9,650.00	9,585.59
	D-1		64.41
Total Water Utility Appropriations	358,141.39	358,141.39	309,754.87
		D-5	48,386.52
<u>Analysis of Appropriations Reserved</u>			
Unencumbered	D		35,167.59
Encumbered	D		13,218.93
			48,386.52

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Ogdensburg, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

(Unaudited)

	<u>2016</u>	<u>2015</u>
<u>General Fixed Assets:</u>		
Land	6,695,200.00	6,695,200.00
Buildings	2,369,600.00	2,369,600.00
Machinery and Equipment	<u>2,327,102.00</u>	<u>2,307,895.00</u>
	<u>11,391,902.00</u>	<u>11,372,695.00</u>
Investment in Fixed Assets	<u>11,391,902.00</u>	<u>11,372,695.00</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Borough of Ogdensburg have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Ogdensburg (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, water utility and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will be by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJSA 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department and volunteer first aid squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Trust - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by N.J.S.A. 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Water Operating and Water Capital Fund - This fund is used to account for the operations and acquisition of capital facilities of the municipally owned water utility.

General Fixed Assets Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

A modified accrual basis of accounting is followed by the Borough of Ogdensburg. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund and water operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Animal Control Trust Fund
Trust Fund

General Capital Fund
Water Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2016, the Governing Body increased the original Current Fund budget for a Special Item of Revenue. Also, several budget transfers were approved by the Governing Body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmeasured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at fair value which approximates cost and are limited by NJSA 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

General Fixed Assets - The Borough of Ogdensburg has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs from generally accepted accounting principles.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

GAAP requires that all fixed assets be capitalized at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

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

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year have been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Recent Accounting Pronouncements

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Recent Accounting Pronouncements (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Recent Accounting Pronouncements (continued)

Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued 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. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued 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 established 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. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, Blending Requirements for Certain Component Units, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Borough does not believe this Statement will have any effect on future financial statements.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Recent Accounting Pronouncements (continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. 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.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The 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.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2016 statutory budget included a reserve for uncollected taxes in the amount of \$264,598.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 statutory budget was \$81,768.00.

Interdepartment budget transfers are not permitted prior to November 1. After November 1 budget transfers can be made in the form of a resolution and approved by the Mayor and Council.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. There were three special items of revenue and appropriation inserted into the budget in 2016: Municipal Alliance in the amount of \$3,493.00, Click-it-or-Ticket, in the amount of \$5,000.00, and Drive Sober or Get Pulled Over for \$10,000.00.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2016, the Borough did not have any special emergency appropriations.

NOTE 3: 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 the balance sheets of the various funds:

	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Appropriation</u>	<u>Balance to Succeeding Budget</u>
Current Fund			
Special Emergency - Revaluation	<u>\$19,280.00</u>	<u>\$9,640.00</u>	<u>\$9,640.00</u>

NOTE 4: GENERAL FIXED ASSETS (UNAUDITED)

The following schedule is a summary of changes in the general fixed assets account group for the year 2016.

	<u>Balance Dec. 31, 2015</u>	<u>Additions</u>	<u>Balance Dec. 31, 2016</u>
Land	\$ 6,695,200.00	\$ -	\$ 6,695,200.00
Buildings	2,369,600.00	-	2,369,600.00
Equipment (Including Vehicles)	<u>2,307,895.00</u>	<u>19,207.00</u>	<u>2,327,102.00</u>
	<u>\$11,372,695.00</u>	<u>\$19,207.00</u>	<u>\$11,391,902.00</u>

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2016 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Due Within</u> <u>One Year</u>
Water Capital Fund:					
Bonds Payable	<u>1,760,000.00</u>	<u>-</u>	<u>80,000.00</u>	<u>1,680,000.00</u>	<u>65,000.00</u>
Compensated Absences Payable	<u>123,003.10</u>	<u>-</u>	<u>768.94</u>	<u>122,234.16</u>	<u>N/A</u>
Capital Leases	<u>4,669.58</u>	<u>34,445.50</u>	<u>12,446.18(1)</u>	<u>26,668.90</u>	<u>9,479.73</u>
	<u>\$1,887,672.68</u>	<u>34,445.50</u>	<u>93,215.12</u>	<u>1,828,903.06</u>	<u>74,479.73</u>

(1) Net of additions and payouts.

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. 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 retired by the issuance of bonds.

The Borough's debt is summarized as follows:

<u>Issued</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General:			
Bonds and Notes	593,016.00	735,016.00	790,250.00
Water Utility:			
Bonds and Notes	<u>1,705,000.00</u>	<u>1,810,000.00</u>	<u>1,862,706.05</u>
Total Issued	<u>2,298,016.00</u>	<u>2,545,016.00</u>	<u>2,652,956.05</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>38,488.16</u>	<u>51,488.16</u>	<u>64,488.16</u>
Bonds and Notes Issued and Authorized But Not Issued	2,336,504.16	2,596,504.16	2,717,444.21
Less:			
Self Liquidating	<u>1,705,000.00</u>	<u>1,810,000.00</u>	<u>1,862,706.05</u>
Net Debt	<u>631,504.16</u>	<u>786,504.16</u>	<u>854,738.16</u>

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.334%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Reg. School Dist. Debt	295,402.55	295,402.55	-
Water Utility Debt	1,705,000.00	1,705,000.00	-
General Debt	<u>631,504.16</u>	<u>-</u>	<u>631,504.16</u>
	<u>2,631,906.71</u>	<u>2,000,402.55</u>	<u>631,504.16</u>

Net Debt \$631,504.16 divided by Average Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, 189,039,014.00 = 0.334%.

SUMMARY OF AVERAGE EQUALIZED VALUATIONS

2016	189,039,014.00	
2015	193,830,730.00	
2014		202,533,586.33

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

3 ½% of Equalized Valuation Basis (Municipal)	\$6,616,365.49
Net Debt	<u>631,504.16</u>
Remaining Borrowing Power	<u>\$5,984,861.33</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$373,889.25
Deductions:	
Operating and Maintenance Cost	\$187,291.39
Debt Service	<u>135,850.00</u>
Total Deductions	<u>323,141.39</u>
Excess in Revenue/(Deficit)	<u>\$ 50,747.86</u>

Footnote: If there is an "Excess in Revenue," all such utility debt is deductible. If there is a "deficit," then utility debt is not deductible to the extent of 20 times such deficit amount.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER UTILITY PER N.J.S. 40A:2-45

The forgoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

An analysis of Long-term debt as of December 31, 2016 consisted of the following:

Paid by Water Utility Fund:

Water Utility Refunding Bonds of 2015 - dated 10/13/15, in the amount of \$1,760,000.00. The bond is payable in annual installments through 1/15/36. Interest is paid semi-annually at a rate of 2.00% to 4.00% per annum. The balance as of December 31, 2016 was \$1,680,000.00. Outstanding bond principal and interest are paid from the Water Utility Operating Budget of the Borough.

Total Water Utility Capital Bonds and Loans - \$1,680,000.00

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT
ISSUED AND OUTSTANDING

Calendar Year	Water Utility		Total
	Principal	Interest	
2017	65,000.00	55,975.00	120,975.00
2018	70,000.00	53,950.00	123,950.00
2019	70,000.00	51,850.00	121,850.00
2020	75,000.00	49,675.00	124,675.00
2021	75,000.00	47,800.00	122,800.00
2022-2026	400,000.00	212,825.00	612,825.00
2027-2031	470,000.00	139,600.00	609,600.00
2032-2036	<u>455,000.00</u>	<u>37,900.00</u>	<u>492,900.00</u>
	<u>1,680,000.00</u>	<u>649,575.00</u>	<u>2,329,575.00</u>

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 6: BOND ANTICIPATION NOTES

The Borough issued bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of such notes issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

The following activity related to Bond Anticipation Notes occurred during the calendar year ended December 31, 2016:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
General Capital:				
Lakeland Bank	\$ -	\$593,016.00	\$ -	\$593,016.00
Lakeland Bank	<u>735,016.00</u>	<u>-</u>	<u>735,016.00</u>	<u>-</u>
	<u>735,016.00</u>	<u>593,016.00</u>	<u>735,016.00</u>	<u>593,016.00</u>
Water Capital Fund:				
Lakeland Bank	-	25,000.00	-	25,000.00
Lakeland Bank	<u>50,000.00</u>	<u>-</u>	<u>50,000.00</u>	<u>-</u>
	<u>50,000.00</u>	<u>25,000.00</u>	<u>50,000.00</u>	<u>25,000.00</u>
	<u>\$785,016.00</u>	<u>\$618,016.00</u>	<u>\$785,016.00</u>	<u>\$618,016.00</u>

General Capital

The Borough has outstanding at December 31, 2016, a bond anticipation note in the amount of \$593,016.00 payable to Lakeland Bank. This note will mature on December 01, 2017 and it is the intent of the Borough Council to renew this note for another one year period. The current interest rate on this note is 1.27%. Principal and interest on this note is paid from the Current Fund Budget of the Borough.

Water Capital

The Borough has outstanding at December 31, 2016, a bond anticipation note in the amount of \$25,000.00 payable to Lakeland Bank. This note will mature on December 01, 2017 and it is the intent of the Borough Council to renew this note for another one year period. The current interest rate on this note is 1.27%. Principal and interest on this note is paid from the Water Operating Fund Budget of the Borough.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 7: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2016 consist of the following:

<u>\$449,425.94</u>	Due to Federal and State Grant Fund from Current Fund for receipts and disbursements received in Current Fund for the Federal and State Grant Fund.
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NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016 and 2015 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Current Fund	<u>\$99,845.00</u>	<u>\$81,768.00</u>
Water Utility Operating Fund	<u>\$23,215.00</u>	<u>\$22,746.39</u>

NOTE 9: LOCAL AND REGIONAL DISTRICT SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District. The Borough of Ogdensburg has not elected to defer school taxes.

NOTE 10: PENSION PLANS

Description of Plans:

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemens' Retirement System (PFRS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. 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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2016	\$23,854.14	\$126,420.00	\$2,417.41
2015	31,917.00	119,248.00	1,448.07
2014	33,651.00	109,533.00	1,125.16

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements. The following pension information is as of June 30, 2015 which is the latest information available. This information is eighteen months prior to December 31, 2016. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the State of New Jersey Division of Local Government Services is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS)

At December 31, 2015, the Borough had a liability of \$733,704.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0032684611 percent, which was a (decrease) of 0.0006031496 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2016, the Borough recognized pension expense of \$23,854.14. At December 31, 2016, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$17,504.00	\$ -
Changes of assumptions	78,794.00	-
Net difference between projected and actual earnings on pension plan investments	-	11,797.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	-	174,136.00
Borough contributions subsequent to the measurement date	<u>28,100.00</u>	<u>-</u>
Total	<u>\$124,398.00</u>	<u>\$185,933.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Year ended June 30:	
2017	\$15,383.00
2018	15,383.00
2019	24,501.00
2020	13,850.00

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Borough s Proportion	0.003268411%	0.0038716107%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback three years for males and setback 1 year for females) are used to value disable retirees.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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 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:

	<u>June 30, 2015</u>		
	<u>1%</u> <u>Decrease</u> <u>3.90%</u>	<u>At Current</u> <u>Discount Rate</u> <u>4.90%</u>	<u>1%</u> <u>Increase</u> <u>5.90%</u>
Borough's proportionate share of the pension liability	\$911,904.00	\$733,704.00	\$584,302.00

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). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the Borough had a liability of \$2,529,058.00 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was 0.0151835974 percent, which was a (decrease) of 0.000034209 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2016, the Borough recognized pension expense of \$126,420.00. At December 31, 2016, 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>
Difference in actual and expected experience	\$ -	\$21,814.00
Changes of assumptions	466,927.00	-
Net difference between projected and actual earnings on pension plan investments	-	44,016.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	46,045.00	37,523.00
Borough contributions subsequent to the measurement date	<u>123,420.00</u>	<u>-</u>
Total	<u>\$636,392.00</u>	<u>\$103,353.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

Year ended June 30:

2017	\$76,176.00
2018	76,176.00
2019	124,902.00
2020	47,668.00

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,512,729,953	\$ 750,532,959
Collective deferred inflows of resources	871,083,367	1,561,923,934
Collective net pension liability	16,656,514,197	13,933,627,178
Borough's Proportion	0.0151835974%	0.0155256871%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.60-9.48 Percent (based on age)
Thereafter	3.60-10.48 Percent (based on age)
Investment Rate of Return	7.90 Percent

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 10: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended 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 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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 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:

	<u>June 30, 2015</u>		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>4.79%</u>	<u>5.79%</u>	<u>6.79%</u>
Borough's proportionate share of the pension liability	3,626,491	2,529,058	2,036,839

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). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 11: ACCRUED SICK AND VACATION BENEFITS

The Borough of Ogdensburg permits employees to accrue unused vacation and sick and floating holiday pay, which may be taken as time off or paid upon retirement or separation at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$122,234.16. This amount is not reported either as an expenditure or liability. The Borough has reserved \$39,025.17 from previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

NOTE 12: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2016, \$-0- of the Borough's bank balance of \$3,091,249.09 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the Boroughs or bonds or other obligations of the local unit or units within which the Borough is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 13: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2016 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 14: PUBLIC ASSISTANCE

The Borough of Ogdensburg has elected to have the County of Sussex process all public assistance granted to the residents. Therefore, the Borough of Ogdensburg no longer has a public assistance director.

NOTE 15: LEASES

On June 23, 2014, the Borough entered into a long-term lease for the purchase of two (2) Panasonic Toughbook laptops. The lease is for a three (3) year term expiring June 1, 2017. The interest rate is 13.00%.

On June 5, 2016, the Borough entered into a long term lease for the purchase of a 2016 Ford Police Interceptor. The lease is for a three (3) year term, expiring on June 5, 2019. On June 5, 2016, the Borough made an initial payment of \$9,434.76. The balance remaining is \$25,010.74 as of December 31, 2016.

The following is a schedule of future minimum lease payments as of December 31, 2016:

Total minimum lease payment	\$30,025.58
Less: amount representing interest	<u>(3,356.68)</u>
Present Value of net minimum lease payments	<u>\$26,668.90</u>

Calendar Year	Principal	Interest	Total Lease Payments
2017	\$ 9,479.73	\$1,676.33	\$11,156.06
2018	8,326.06	1,108.70	9,434.76
2019	<u>8,863.11</u>	<u>571.65</u>	<u>9,434.76</u>
	<u>\$26,668.90</u>	<u>\$3,356.68</u>	<u>\$30,025.58</u>

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 16: HEALTH INSPECTIONS

The Borough of Ogdensburg has elected to have the County of Sussex, Department of Health, perform all inspections. Therefore, the Borough of Ogdensburg does not have a health inspector.

NOTE 17: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec. 31, 2016</u>	<u>Balance Dec. 31, 2015</u>
Prepaid Taxes	<u>\$20,866.30</u>	<u>\$36,810.98</u>
Cash Liability for Taxes Collected in Advance	<u>\$20,866.30</u>	<u>\$36,810.98</u>

NOTE 18: POST-RETIREMENT BENEFITS

Information for this note was obtained from Danziger & Markhoff LLP report dated April, 2016.

A. PLAN OVERVIEW

Borough of Ogdensburg ("Ogdensburg") provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. As a result of offering such benefits, Ogdensburg will be required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting "by Employers for Postemployment Benefits Other Than Pensions ("GASB 45").

Ogdensburg provides medical benefits to retirees and their covered eligible dependents. Ogdensburg pays a portion of the cost for eligible retirees, spouses and dependents. All active employees who retire directly from Ogdensburg and meet eligibility criteria may participate.

CONSIDERATIONS

For FYE 2015, there were 6 retirees plus dependents who are receiving employer subsidized benefits. Danziger & Markhoff LLP (herein after "the Actuaries") reflected known retirements and terminations in their database through December 31, 2014. Where data was missing or inaccurate, the Actuaries assumed reasonable estimates. In all, the Actuaries valued 10 active employees plus dependents.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 18: POST-RETIREMENT BENEFITS (CONTINUED)

Retiree medical coverage is provided primarily through Horizon Blue Cross/Blue Shield and Aetna. Dental coverage is a flat \$1,500/yr. for police.

Future retirees are assumed to be covered by the existing arrangement as outlined in the materials forwarded by the Borough. Those provisions, as they relate to employer liability, can be found in the Summary of Plan Provisions section of this report.

ASSUMPTIONS/RECOGNITION

To establish the per capita claims cost of medical benefits, the Actuaries used current premium rates provided by the Borough as the starting point for our calculations. The Actuaries then employed a health care trend rate that begins at 8.0% for the first year, decreases by 0.5% per year through year 7 to 5% thereafter. This assumption needs to be reviewed periodically. The health care trend rate is a major contributor to widening the gap between pay-as-you-go recognition and GASB #45 recognition. Adjustments were also required to be made to recognize differences between the average age of the 'full' population and the average age of a 'retiree only' population (to develop "age adjusted" current premium rate equivalents).

SUMMARY OF PLAN PROVISIONS

The following is a summary of the current major provisions of the retiree medical program.

1. **MEDICAL BENEFITS**

The plan is a fully insured plan. Current (renewal) retiree premium rates provided to the Actuaries by the Borough include:

- | | |
|-----------------------------|--|
| a) Individual Pre-age 65: | Provided for each participant. |
| b) Family Pre-age 65: | Provided for each participant. |
| c) Individual Post-age 65*: | Generally, \$285.01 per month, per person. |
| d) Dental/Vision (Police): | A flat \$1,500 per year. |

* Only the five retirees over age 65 on 1/1/2012 are entitled to Post-age 65 coverage.

Adjustments to these premium equivalents to reflect the difference between the active/retiree group (for which the current premium rates were based on) and a retiree-only group, were required, in accordance with ASOP 6. However, these adjustments were NOT required because premiums for every active and retiree were provided.

2. **MEDICARE PART B PREMIUMS** - Not applicable

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 18: POST-RETIREMENT BENEFITS (CONTINUED)

3. ELIGIBILITY

- a) Police & Fire:
An employee must retire after age 55 with at least 25 years of service (20 years if hired prior to 1/1/2000).
- b) Other employees (Must retire/satisfy PERS requirements):
Tier I and 2: Age 60; Tier 3: Age 62.
- c) Spousal benefit upon retiree's death:
Coverage continues, until the spouse reaches age 65.

4. BOROUGH SUBSIDY

Generally, the Borough will contribute most of the cost (subject to Chapter 78) of pre-age 65 coverage, for retirees and eligible dependents. Post-age 65 coverage is not paid by the Borough, except for the five retirees on 1/1/2012.

5. FUNDING POLICY

The employer's funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants (i.e., pay-as-you-go). Current New Jersey state law prohibit municipalities from pre-funding retiree medical benefit obligations in a Trust, although pre-funding moneys can arguably be "set aside" on the municipality's balance sheet.

ACTUARIAL BASIS

ACTUARIAL FUNDING METHOD: Projected Unit Credit

ACTUARIAL ASSUMPTIONS

- 1. Valuation date: January 1, 2015
- 2. Discount Rate: 4.5% per annum.
- 3. Salary Scale: Not applicable.
- 4. Mortality: RP-2014 Mortality Table with MP-2014 Projection
- 5. Withdrawal: Sarasson T-5 Table.
- 6. Disability: N/A

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 18: POST-RETIREMENT BENEFITS (CONTINUED)

EXECUTIVE SUMMARY OF RESULTS

Valuation Date	January 1, 2015
Number of Plan Members:	
Active Participants	10
Retired Participants	<u>6</u>
Total	16
Average Age of Actives	41 yrs.
Average Credited Service of Actives	12 yrs.
Current Covered Payroll	\$810,000
Market Value of assets as of January 1	\$ -
Unfunded Accrued Liability	\$910,000
Annual Required Contribution (ARC)	\$ 70,000
OPEB Cost for the Year	\$ 70,000

RESULTS AND DISCLOSURES

Results have been presented rounded to the nearest \$10,000.

VALUATION RESULTS - (Cost to Borough)

1. Actuarial present values as of January 1, 2015

		(EPBO) Projected Benefits	(APBO) Unit Credit Accrued Liability
a) Actives	(10)	\$ 620,000	\$290,000
b) Retirees and Beneficiaries	<u>(6)</u>	<u>\$ 600,000</u>	<u>\$620,000</u>
c) Total	(16)	\$1,220,000	\$910,000
2. Accrued Liability as of January 1, 2015		\$ 910,000	
3. Actuarial value of assets, January 1, 2015		-	
4. Unfunded accrued liability, January 1, 2015		\$ 910,000	
5. Normal cost as of January 1, 2015		\$ 25,000	
6. Amortization of unfunded accrued liability (Level percentage of pay basis/Closed, over 30 years; 26 years remain)		\$ 42,000	
7. Interest (rounded) on Normal Cost (\$1,119) and Amortization (\$1,881)		\$ 3,000	
8. Annual Required Contribution (ARC) (5+6+7)		\$ 70,000	

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 18: POST-RETIREMENT BENEFITS (CONTINUED)

DEVELOPMENT OF THE OPEB COST FOR THE YEAR ENDING DECEMBER 31, 2015

Actual contribution information is included below.

<u>Contribution rates:</u>	Varies by employee class
Plan Members	(See summary of Plan Provision)
Borough:	Actuarially determined, equals the balance not paid by plan members
Annual required contribution (ARC)	\$70,000
Interest on net OPEB obligation	-0-
Adjustment to annual required contribution (-)	-0-
Annual OPEB cost	\$70,000
Contributions made*	\$60,000
Increase in net OPEB obligation	\$10,000
Net OPEB obligation-beginning of year	<u>\$10,000</u>
Net OPEB obligation-end of year	<u>\$20,000</u>

*Contributions made include Medical premium and dental/life payments of \$60,000 (rounded).

**DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
AND FUNDED RATIO (actual)**

Actuarial accrued liability (a)	\$910,000
Actuarial value of plan assets (b)	-0-
Unfunded actuarial accrued liability (a - b)	\$910,000
Funded ratio (b / a)	0.0%
Covered payroll (c)	\$810,000
Unfunded actuarial accrued liability as percentage of covered payroll [(a - b) / c]	112%

**DEVELOPMENT OF OPEB COST AND OPEB OBLIGATION
FOR THE LAST THREE YEARS (actual)**

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2013	\$50,000	100.0%	\$10,000
12/31/2014	\$50,000	100.0%	\$10,000
12/31/2015	\$70,000	85.7%	\$20,000

* Reflects 2012 AOC and Contributions of \$50,000 cash for 2013 and 2014.

BOROUGH OF OGDENSBURG, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 18: POST-RETIREMENT BENEFITS (CONTINUED)

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (actual)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a) / c]
1/1/2009	\$0	\$0.56M	\$0.56M	0.0%	\$0.70M	80%
1/1/2012	\$0	\$0.75M	\$0.75M	0.0%	\$0.78M	96%
1/1/2015	\$0	\$0.91M	\$0.91M	0.0%	\$0.81M	112%

NOTE 19: CONTINGENT LIABILITIES

We are advised by Borough Counsel that there is one tax appeal currently pending. Also, there was a civil complaint that has been resolved. A stipulation of dismissal with prejudice is being processed and filed with the court, thereby terminating the litigation.

NOTE 20: SUBSEQUENT EVENT

The Borough has evaluated subsequent events through May 10, 2017, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

BOROUGH OF OGDENSBURG, N.J.
OFFICIALS IN OFFICE AND SURETY BONDS
 Year ended December 31, 2016

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

<u>Name</u>	<u>Title</u>
Steve Ciasullo	Mayor
Robert McGuire	Council President
Rachel Slater	Councilperson
Regina Rizzo	Councilperson
David Astor	Councilperson
George Hutnick	Councilperson
Peter Opilla	Councilperson
Phyllis Drouin	Borough Clerk; Registrar of Vital Statistics; Assessment Search Officer
Richard Briigliodoro	Attorney
Monica Goscicki	Chief Financial Officer
Regina Flammer	Tax Collector
Donna Paiva	Deputy Registrar of Vital Statistics; Deputy Clerk
Jacquelin Ward	Water Cashier
Kevin Kervatt	Zoning Officer; Fire Subcode Official
Steven Gordon	Police Chief
John Mulhern	Judge
Aida Cahill	Adm. of the Court to December 2016
Magret Rodriguez	Adm. of the Court from December 2016
Bonnie Messina	Dep. Adm. of the Court
Jonathan McMeen	Borough Prosecutor
Kathleen Kieb	Tax Assessor
Eugene Buczynski	Borough Engineer
State of New Jersey	Building Inspector; Construction Code Official
Daniel Colfax	Public Defender
Township of Wantage	Animal Control Officer
Blanche Stuckey	Planning Board/Zoning Board Secretary/Administrator
Thomas M. Ferry, C.P.A., R.M.A.	Auditor

Blanket Bond coverage is provided for all officials and employees in the amount of \$1,000,000. The coverage type provided by Blanket Bond is for employee theft.

Borough of Ogdensburg
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A Number	State Award Number	Program or Award Amount	Grant Period To/From	Receipts	Expended	12/31/2016		MEMO Cumulative Total Expenditures
							(Receivable)	Reserve Balance	
FEDERAL AND STATE GRANT FUND									
United States Department of Transportation (Passed through NJ Division of Highway and Traffic Safety)									
Click It or Ticket	20.616	1160-100-066-1160-155	5,000.00	1/1/16-12/31/16	5,000.00	5,000.00			5,000.00
Drive Sober or Get Pulled Over	20.616	1160-100-066-1160-157	10,000.00	1/1/16-12/31/16	5,000.00	7,625.00	2,375.00		7,625.00
Total US Department of Transportation					10,000.00	12,625.00	2,375.00		12,625.00
TOTAL FEDERAL AND STATE GRANT FUND									
			TOTAL FEDERAL AID		10,000.00	12,625.00	2,375.00		12,625.00

Note: This schedule was not subject to an audit in accordance with U.S. Uniform Guidance.

Borough of Ogdensburg
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	12/31/2015		12/31/2016		Cumulative Total Expenditures
				(Receivable)	Reserve Balance	(Receivable)	Reserve Balance	
FEDERAL AND STATE GRANT FUND								
NJ Department of Environmental Protection:								
Clean Communities	4900-765-4900-004-V42Y-6020	4,000.00	1/1/08-12/31/08	-	915.97	-	915.97	4,000.00
Clean Communities	4900-765-4900-004-V42Y-6020	4,597.14	1/1/09-12/31/09	-	4,597.14	-	2,966.70	2,966.70
Clean Communities	4900-765-4900-004-V42Y-6020	4,786.99	1/1/10-12/31/10	-	4,786.99	-	-	4,786.99
Clean Communities	4900-765-4900-004-V42Y-6020	4,548.65	1/1/11-12/31/11	-	4,548.65	-	-	4,548.65
Clean Communities	4900-765-4900-004-V42Y-6020	4,468.95	1/1/12-12/31/12	-	4,468.95	-	-	4,468.95
Clean Communities	4900-765-4900-004-V42Y-6020	5,246.91	1/1/13-12/31/13	-	5,246.91	-	-	5,246.91
Clean Communities	4900-765-4900-004-V42Y-6020	4,921.26	1/1/14-12/31/14	-	4,921.26	-	-	4,921.26
Clean Communities	4900-765-4900-004-V42Y-6020	5,979.83	1/1/15-12/31/15	-	5,979.83	-	-	5,979.83
Clean Communities	4900-765-4900-004-V42Y-6020	6,838.13	1/1/16-12/31/16	-	6,838.13	-	-	6,838.13
				(5,000.00)	35,465.70	-	3,882.67	6,966.70
Highlands Assessment	09-033-011-2116	50,000.00	1/1/09-12/31/09	(5,000.00)	5,000.00	-	(5,000.00)	5,000.00
Stormwater Management	N/A	3,750.00	1/1/06-12/31/06	-	812.50	-	437.50	3,750.00
Stormwater Management	N/A	1,250.00	1/1/07-12/31/07	-	1,250.00	-	437.50	1,250.00
				(5,000.00)	2,062.50	-	-	1,625.00
				(5,000.00)	42,528.20	-	4,320.17	45,046.16
Total NJ Department of Environmental Protection:								
NJ Department of Community Affairs:								
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	1,039.16	1/1/08-12/31/08	-	425.24	-	425.24	1,039.16
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	139.23	1/1/09-12/31/09	-	139.23	-	139.23	139.23
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	269.67	1/1/11-12/31/11	-	269.67	-	269.67	269.67
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	593.59	1/1/12-12/31/12	-	593.59	-	65.86	65.86
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	158.32	1/1/13-12/31/13	-	158.32	-	527.73	527.73
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	295.40	1/1/14-12/31/14	-	295.40	-	158.32	158.32
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	471.47	1/1/16-12/31/16	-	471.47	-	295.40	295.40
Alcohol Education Rehab Fund	9735-760-098-Y900-001-X100-6020	362.59	1/1/16-12/31/16	-	362.59	-	471.47	471.47
				-	2,352.92	-	900.00	362.59
				-	4,130.00	-	4,130.00	1,815.51
Council on Affordable Housing	N/A	60,000.00	1/1/00-12/31/00	-	-	-	-	55,870.00
Municipal Alliance								
Municipal Alliance	N/A	2,993.00	1/1/13-12/31/13	-	791.16	-	791.16	2,993.00
Municipal Alliance	N/A	4,489.50	1/1/14-12/31/14	(2,993.00)	4,285.92	-	3,077.36	3,077.36
Municipal Alliance	N/A	3,993.00	1/1/15-12/31/15	-	2,993.00	-	2,993.00	2,993.00
				(2,993.00)	8,070.08	-	3,868.52	3,993.00
				-	595.00	-	-	8,194.56
Hepatitis B Fund	4230-100-036-4781-241-1002-3890	595.00	1/1/99-12/31/99	-	595.00	-	595.00	-
				-	327,119.29	-	2,973.00	675,853.71
				(2,993.00)	342,267.29	-	7,741.52	334,751.36
Total NJ Department of Community Affairs:								
NJ Division of Motor Vehicles:								
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	813.00	1/1/04-12/31/04	-	722.01	-	722.01	90.99
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	1,536.80	1/1/05-12/31/05	-	1,536.80	-	1,536.80	-
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	1,117.12	1/1/06-12/31/06	-	1,117.12	-	1,117.12	-
Drunk Driving Enforcement Fund	6400-100-078-6400-YYYY	4,000.00	1/1/10-12/31/10	-	4,000.00	-	4,000.00	-
				-	7,375.93	-	7,375.93	90.99

Note: This schedule was not subject to an audit in accordance with N.J.O.M.B. Circular 15-08.

Borough of Ogdensburg
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	12/31/2015		Receipts	Expended	Reserve Cancelled	12/31/2016		Cumulative Total Expenditures
				(Receivable)	Reserve Balance				(Receivable)	Reserve Balance	
NJ Department of Solid Waste Protection: Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	2,660.46	1/1/14-12/31/14		2,490.77	3,125.85	360.53		2,130.24	530.22	
	4900-752-042-4900-001-V42Y-6020	3,125.85	1/1/16-12/31/16		2,490.77	3,125.85	360.53		3,125.85	530.22	
Total Department of Environmental Solid Waste Protection:											
NJ Department of Criminal Justice:	1020-718-066-1020-001-YCIS-6120	1,025.39	1/1/12-12/31/12		272.22				272.22	753.17	
	1020-718-066-1020-001-YCIS-6120	1,299.16	1/1/13-12/31/13		1,299.16				1,299.16		
	1020-718-066-1020-001-YCIS-6120	1,006.11	1/1/14-12/31/14		1,006.11				1,006.11		
	1020-718-066-1020-001-YCIS-6120	1,005.16	1/1/15-12/31/15		1,005.16				1,005.16		
	1020-718-066-1020-001-YCIS-6120	981.19	1/1/16-12/31/16		3,582.65	981.19			4,563.84	753.17	
Total NJ Department of Criminal Justice:				(7,993.00)	398,244.84	14,800.32	12,422.22	4,130.00	(8,493.44)	396,993.38	
TOTAL STATE AID											

Note: This schedule was not subject to an audit in accordance with N.J.O.M.B. Circular 15-08.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2016</u>		<u>Year 2015</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	81,768.00	1.09%	60,268.00	0.85%
Miscellaneous - From Other Than				
Local Property Tax Levies	358,288.15	4.76%	290,546.42	4.08%
Collection of Delinquent Taxes				
and Tax Title Liens	291,893.55	3.87%	195,846.12	2.75%
Collection of Current				
Tax Levy	6,680,535.60	88.68%	6,447,752.28	90.49%
Other Credits to Income	<u>121,072.37</u>	<u>1.61%</u>	<u>131,027.51</u>	<u>1.84%</u>
<u>Total Revenue and Other Income Realized</u>	<u>7,533,557.67</u>	<u>100.00%</u>	<u>7,125,440.33</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	2,511,535.89	35.01%	2,453,879.86	34.94%
Local and Regional School Taxes	3,608,673.00	50.30%	3,552,532.00	50.58%
County Taxes	1,054,255.24	14.69%	1,007,115.56	14.34%
Other Expenditures	<u>75.00</u>	<u>0.00%</u>	<u>9,970.42</u>	<u>0.14%</u>
<u>Total Expenditures</u>	<u>7,174,539.13</u>	<u>100.00%</u>	<u>7,023,497.84</u>	<u>100.00%</u>
Statutory Excess to Fund Balance	359,018.54		101,942.49	
Fund Balance, January 1,	<u>824,354.14</u>		<u>782,679.65</u>	
	1,183,372.68		884,622.14	
Less:				
Utilized as Anticipated Revenue	<u>81,768.00</u>		<u>60,268.00</u>	
Fund Balance, December 31,	<u>1,101,604.68</u>		<u>824,354.14</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER UTILITY OPERATING FUND

	<u>Year 2016</u>		<u>Year 2015</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	22,746.39	5.75%	40,000.00	9.08%
Collection of Water Rents	350,624.27	88.68%	360,572.55	81.87%
Miscellaneous - From Other Than Water Rents	518.59	0.13%	493.15	0.11%
Other Credits to Income	<u>21,500.50</u>	<u>5.44%</u>	<u>39,356.47</u>	<u>8.94%</u>
<u>Total Revenue and Other Income Realized</u>	<u>395,389.75</u>	<u>100.00%</u>	<u>440,422.17</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	177,641.39	49.60%	174,147.00	47.17%
Capital Improvements	35,000.00	9.77%	35,000.00	9.48%
Debt Service	135,850.00	37.93%	150,478.96	40.76%
Deferred Charges and Statutory Expenditures	<u>9,650.00</u>	<u>2.69%</u>	<u>9,600.00</u>	<u>2.60%</u>
<u>Total Expenditures</u>	<u>358,141.39</u>	<u>100.00%</u>	<u>369,225.96</u>	<u>100.00%</u>
 Statutory Excess to Fund Balance	 37,248.36		 71,196.21	
 Fund Balance, January 1,	 <u>203,672.18</u>		 <u>172,475.97</u>	
	240,920.54		243,672.18	
 Less:				
Utilized as Anticipated Revenue	<u>22,746.39</u>		<u>40,000.00</u>	
 Fund Balance, December 31,	 <u><u>218,174.15</u></u>		 <u><u>203,672.18</u></u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014 (1)</u>
Tax Rate:			
General	<u>3.474</u>	<u>3.401</u>	<u>3.356</u>
Apportionment of Tax Rate:			
Municipal	1.102	1.088	1.088
County	.538	.512	.530
Local School	1.203	1.196	1.183
Regional High School	.631	.605	.555

Assessed Valuation

2016	190,649,453.00		
2015		197,210,511.00	
2014 (1)			192,776,052.00

(1) Revaluation Year

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2016	6,837,537.84	6,680,535.60	97.70%
2015	6,707,772.27	6,447,752.28	96.12%
2014	6,637,797.26	6,406,400.41	96.51%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	128,546.02	144,732.52	273,278.54	3.99%
2015	224,006.01	186,547.36	410,553.37	6.12%
2014	194,566.87	155,156.15	349,723.02	5.27%

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	2,371,000.00
2015	2,371,000.00
2014	2,371,000.00

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2016	353,160.75	350,864.99
2015	344,902.30	360,938.37
2014	348,542.79	406,175.16

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund:	2016	1,101,604.68	99,845.00
	2015	824,354.14	81,768.00
	2014	782,679.65	60,268.00
	2013	670,734.82	60,267.89
	2012	474,267.75	47,148.00
	Water Utility Operating Fund:	2016	218,174.15
2015		203,672.18	22,746.39
2014		172,475.97	40,000.00
2013		76,502.47	49,374.99
2012		107,496.98	50,707.50

Borough of Ogdensburg, N.J.

Schedule of Cash - Treasurer

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	A		1,629,553.02
Increased by Receipts:			
Statutory Excess - Animal Control Fund	A-1	2,399.48	
Miscellaneous Revenue Not Anticipated	A-2	5,878.76	
Taxes Receivable	A-6	6,832,724.54	
Tax Title Liens Receivable	A-7	66,074.11	
Revenue Accounts Receivable	A-9	331,872.99	
Due To State - Senior Citizen and Veteran Deductions	A-10	28,250.00	
Interfunds	A-11	39,054.01	
Various Cash Liabilities and Reserves	A-14	32,715.36	
Prepaid Taxes	A-15	20,866.30	
		<hr/>	7,359,835.55
			<hr/> <u>8,989,388.57</u>
Decreased by Disbursements:			
Refund of Prior Year Tax Overpayment	A-1	75.00	
Current Year Budget Appropriations	A-3	2,196,061.13	
Interfunds	A-11	72,607.34	
Appropriation Reserves	A-13	136,289.77	
Various Cash Liabilities and Reserves	A-14	38,536.97	
County Taxes Payable	A-16	1,053,388.86	
Local School District Taxes Payable	A-17	2,379,896.00	
Regional High School Taxes Payable	A-18	1,242,732.00	
		<hr/>	7,119,587.07
			<hr/> <u>1,869,801.50</u>
Balance - December 31, 2016	A		<hr/> <u>1,869,801.50</u>

Borough of Ogdensburg, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	<u>100.00</u>
Balance - December 31, 2016	A	<u>100.00</u>
<u>Analysis of Balance:</u>		
Municipal Court		<u>100.00</u>

Borough of Ogdensburg, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2016

Year	Balance, Dec. 31, 2015	Levy	Added Taxes	Collected 2016	Senior Citizen and Veteran Deductions	Overpayments Applied	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2016
2015	224,006.01		4,589.63	226,569.44	(750.00)			2,776.20	
	224,006.01		4,589.63	226,569.44	(750.00)			2,776.20	
2016		6,831,316.00	6,221.84	6,606,155.10	29,500.00	8,069.52	23,327.91	5,128.31	128,546.02
	224,006.01	6,831,316.00	10,811.47	6,832,724.54	28,750.00	8,069.52	23,327.91	7,904.51	128,546.02
A				A-2;A-4	A-2;A-10	A-2;A-14	A-7		A

Analysis of Tax Levy

	Ref.
Tax yield:	
General Purpose Tax	6,831,316.00
Added Tax	6,221.84
	<u>6,837,537.84</u>
Tax Levy:	
County Tax	A-16 1,053,292.18
Added County Taxes	A-16 <u>963.06</u>
Local District School Tax	A-17 1,054,255.24
Regional High School Tax	A-18 2,365,941.00
	A-2 <u>1,242,732.00</u>
	4,662,928.24
Local Tax for Municipal Purposes	A-2 2,168,629.00
Additional Taxes	<u>5,980.60</u>
	2,174,609.60
	<u>6,837,537.84</u>

Borough of Ogdensburg, N.J.
Schedule of Tax Title Liens Receivable
Current Fund
Year Ended December 31, 2016

Balance - December 31, 2015	<u>Ref.</u> A	186,547.36
Increased by:		
Transferred from 2016 Taxes		
Receivable	A-6	23,327.91
6% Penalty Added		<u>931.36</u>
		<u>24,259.27</u>
		210,806.63
Decreased by:		
Cash Receipts	A-2;A-4	<u>66,074.11</u>
Balance - December 31, 2016	A	<u><u>144,732.52</u></u>

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Schedule of Property Acquired for
Taxes Assessed Valuation

Current Fund
Year Ended December 31, 2016

Balance - December 31, 2015	<u>Ref.</u> A	<u><u>2,371,100.00</u></u>
Balance - December 31, 2016	A	<u><u>2,371,100.00</u></u>

Borough of Ogdensburg, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	786.00	786.00
Other	A-2	320.00	320.00
Miscellaneous Revenue not Anticipated	A-2	107.80	107.80
Municipal Court :			
Fines and Costs	A-2	23,432.78	23,432.78
Tax Collector:			
Interest and Costs on Taxes	A-2	92,390.12	92,390.12
Miscellaneous Revenue not Anticipated	A-2	400.60	400.60
Interest on Investments and Deposits	A-2	2,170.93	2,170.93
Board of Health / Registrar of Vital Statistics			
Miscellaneous Revenue not Anticipated	A-2	2,555.00	2,555.00
Planning/Zoning			
Miscellaneous Revenue not Anticipated	A-2	565.00	565.00
Police Department:			
Miscellaneous Revenue not Anticipated	A-2	331.75	331.75
Energy Receipts Tax	A-2	149,340.00	149,340.00
Garden State Trust	A-2	7,111.00	7,111.00
Consolidated Municipal Property Tax			
Relief Aid	A-2	40,938.00	40,938.00
Uniform Fire Safety Act	A-2	3,042.01	3,042.01
Cable TV Franchise Fee	A-2	8,382.00	8,382.00
Reserve for Sale of Assets	A-2	800.00	800.00
		<u>332,672.99</u>	<u>332,672.99</u>
Cash Receipts	A-4		331,872.99
Reserves	A-14		800.00
			<u>332,672.99</u>

Borough of Ogdensburg, N.J.

**Schedule of Amount Due to State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	7,073.06
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>28,250.00</u>
		35,323.06
Decreased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billing		29,250.00
Deductions Per Tax Collector		500.00
Less: Senior Citizens' and Veterans' Deductions Disallowed By the Tax Collector - Current Year		250.00
Disallowed By the Tax Collector - Prior Year		<u>750.00</u>
	A-6	<u>28,750.00</u>
Balance - December 31, 2016	A	<u><u>6,573.06</u></u>

Borough of Ogdensburg, N.J.
Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2016

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance Dec. 31, 2015	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance Dec. 31, 2016
Federal and State Grants	A	(485,326.61)	75,952.68	40,052.01	(449,425.94)
Animal Control Trust Fund	A	(784.66)	784.66		(449,425.94)
		<u>(486,111.27)</u>	<u>76,737.34</u>	<u>40,052.01</u>	<u>(449,425.94)</u>
<u>Analysis</u>					
Due To Current Fund		<u>(486,111.27)</u>			<u>(449,425.94)</u>
Appropriated Grants Cancelled	A-1		4,130.00		
Appropriations-Grants Received	A-3			998.00	
	A-4			39,054.01	
Disbursed	A-4		72,607.34		
			<u>76,737.34</u>	<u>40,052.01</u>	

Borough of Ogdensburg, N.J.

Schedule of Deferred Charges - Special Emergency

Current Fund

Year Ended December 31, 2016

<u>Purpose</u>	<u>Date</u>	<u>Authorized Amount</u>	<u>1/5 of Amount Authorized</u>	<u>Balance, Dec. 31, 2015</u>	<u>Reduced in 2015</u>	<u>Balance, Dec. 31, 2016</u>
Revaluation	09/09/13	48,200.00	9,640.00	28,920.00	9,640.00	19,280.00
				A	A-3	A

Borough of Ogdensburg, N.J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operations - within "CAPS"				
Mayor and Council				
Other Expenses	2,430.71	2,430.71	90.90	2,339.81
Clerk				
Salaries and Wages	1,933.98	1,933.98	1,933.54	0.44
Other Expenses	8,138.27	8,138.27	1,380.95	6,757.32
Financial Administration				
Salaries and Wages	3,324.14	3,324.14	2,276.19	1,047.95
Other Expenses	6,451.68	6,451.68	4,469.96	1,981.72
Annual Audit	9,150.00	9,150.00	9,150.00	
Computer Services	665.00	665.00		665.00
Assessment of Taxes				
Salaries and Wages	686.94	686.94	686.06	0.88
Other Expenses	398.65	398.65	338.96	59.69
Collection of Taxes				
Salaries and Wages	225.85	225.85	225.00	0.85
Other Expenses	941.99	941.99	83.04	858.95
Legal Services and Costs				
Other Expenses	6,415.29	6,415.29	457.11	5,958.18
Municipal Court				
Salaries and Wages	1,632.88	1,692.88	1,689.95	2.93
Other Expenses	2,353.63	2,353.63	960.36	1,393.27
Engineering Services and Costs				
Other Expenses	184.00	184.00		184.00
Public Buildings and Grounds				
Other Expenses	2,503.16	2,503.16	1,541.05	962.11
Municipal Land Use Law:				
Planning Board				
Salaries and Wages	381.01	381.01	155.08	225.93
Other Expenses	1,212.21	1,212.21	740.97	471.24
Public Safety:				
Fire				
Other Expenses	17,359.60	17,359.60	14,502.76	2,856.84

Borough of Ogdensburg, N.J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Police				
Salaries and Wages	19,975.33	22,725.33	22,703.05	22.28
Other Expenses	9,112.33	9,112.33	6,247.01	2,865.32
Fire Official				
Salaries and Wages	129.78	129.78	129.35	0.43
Other Expenses	646.40	646.40		646.40
Emergency Management Services				
Other Expenses	100.00	100.00		100.00
Streets and Roads:				
Road Repairs and Maintenance				
Salaries and Wages	4,020.55	4,720.55	4,134.83	585.72
Other Expenses	19,891.19	19,891.19	5,218.95	14,672.24
Snow Removal				
Salaries and Wages	7,243.71	7,243.71	7,243.71	
Other Expenses	20,015.91	20,015.91	20,015.91	
Garbage and Trash Removal				
Other Expenses - Contractual	14,139.70	14,139.70	13,180.74	958.96
Recycling				
Salaries and Wages	1.00	1.00		1.00
Other Expenses	1,802.40	1,802.40	59.60	1,742.80
Health and Welfare:				
Board of Health				
Salaries and Wages	1,099.07	1,099.07	459.24	639.83
Other Expenses	530.62	530.62	10.45	520.17
Recreation and Education:				
Parks and Playgrounds				
Salaries and Wages	2.33	2.33		2.33
Other Expenses	6,386.98	6,386.98	3,259.74	3,127.24
Utility Expenses:				
Electricity	7,401.42	7,401.42	6,623.75	777.67
Telephone	1,773.08	1,773.08	1,687.64	85.44
Natural Gas	5.53	1,005.53	996.91	8.62
Fuel Oil	10,592.61	10,592.61	1,044.29	9,548.32
Gasoline/Diesel Fuel	11,734.51	11,734.51	491.21	11,243.30

Borough of Ogdensburg, N.J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Insurance:				
General Liability	285.00	285.00		285.00
Surety Bonds	141.00	141.00		141.00
Employee Group Health	30,019.72	25,509.72	2,065.72	23,444.00
Health Benefit Waiver	0.50	0.50		0.50
Construction Code Official				
Salaries and Wages	259.68	259.68	258.70	0.98
Deferred Charges and Statutory Expenditures within "CAPS"				
Contribution to:				
Social Security System (O.A.S.I.)	9,527.79	9,527.79	2,893.17	6,634.62
Unemployment Compensation Ins.	1.00	1.00		1.00
Defined Contribution Retirement Program	151.93	151.93	151.93	
Total General Appropriation Reserves	<u>243,380.06</u>	<u>243,380.06</u>	<u>139,557.78</u>	<u>103,822.28</u>
				A-1

		<u>Ref.</u>
<u>Analysis of Appropriation Reserves</u>		
Unencumbered	A	175,667.54
Encumbered	A	<u>67,712.52</u>
		<u>243,380.06</u>

<u>Analysis of Paid or Charged</u>		
Cash Disbursements	A-4	136,289.77
Transfer to Accounts Payable	A-14	<u>3,268.01</u>
		<u>139,557.78</u>

Borough of Ogdensburg, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2016

<u>Liabilities and Reserves</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Liabilities:</u>				
Due State of NJ Marriage License Fees		200.00	175.00	25.00
Accounts Payable		3,268.01		3,268.01
Tax Overpayments	10,922.03	17,253.46	16,375.55	11,799.94
<u>Reserves for:</u>				
Revision of Master Plan	4,320.86			4,320.86
Tax Appeals	27,579.20			27,579.20
Outside Lien Redemption	15,675.74	15,261.90	30,937.64	
Codification of Ordinances	200.00			200.00
Sale of Municipal Assets	800.00		800.00	
	<u>59,497.83</u>	<u>35,983.37</u>	<u>48,288.19</u>	<u>47,193.01</u>
	A			A
	<u>Ref.</u>			
Cancelled	A-1		881.70	
Cash Received	A-4	32,715.36		
Cash Disbursed	A-4		38,536.97	
Applied to Taxes	A-6		8,069.52	
Realized as Anticipated Revenue	A-9		800.00	
Appropriation Reserves	A-13	3,268.01		
		<u>35,983.37</u>	<u>48,288.19</u>	

Borough of Ogdensburg, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	36,810.98
Increased by:		
Receipts - Prepaid Taxes	A-4	<u>20,866.30</u>
		57,677.28
Decreased by:		
Applied to 2016 Taxes	A-6	<u>36,810.98</u>
Balance - December 31, 2016	A	<u><u>20,866.30</u></u>

Borough of Ogdensburg, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	A		96.68
Increased by:			
Levy	A-6	1,053,292.18	
Added and Omitted Taxes	A-6	<u>963.06</u>	
	A-1		1,054,255.24
Decreased by:			
Payments	A-4		<u>1,053,388.86</u>
Balance - December 31, 2016	A		<u><u>963.06</u></u>

Schedule of Local School District Taxes Payable/Prepaid

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015			
Payable	A		1,249.00
Increased by:			
Levy- 2016	A-1:A-6	<u>2,365,941.00</u>	
			2,367,190.00
Decreased by:			
Payments	A-4		<u>2,379,896.00</u>
Balance - December 31, 2016			
Prepaid	A		<u><u>12,706.00</u></u>

Borough of Ogdensburg, N.J.**Schedule of Regional High School Taxes Payable****Current Fund****Year Ended December 31, 2016**

	<u>Ref.</u>	
Increased by:		
Levy- 2016	A-1;A-6	<u><u>1,242,732.00</u></u>
Decreased by:		
Payments	A-4	<u><u>1,242,732.00</u></u>

Borough of Ogdensburg, N.J.

Schedule of Interfunds Receivable (Payable)

Federal and State Grant Fund

Year Ended December 31, 2016

<u>Fund</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Current Fund	A	<u>485,326.61</u>	<u>25,798.32</u>	<u>61,698.99</u>	<u>449,425.94</u>
Encumbrances Payable	A-20			32,615.77	
Grants Receivable	A-21		16,618.41		
Appropriated Grants	A-22			24,953.22	
Appropriated Grants Cancelled	A-22			4,130.00	
Appropriated Grants - Matching Share	A-22		998.00		
Unappropriated Grants	A-23		<u>8,181.91</u>		
			<u>25,798.32</u>	<u>61,698.99</u>	

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Schedule of Encumbrances Payable

Federal and State Grant Fund

Year Ended December 31, 2016

Balance - December 31, 2015	<u>Ref.</u> A	94,455.77
Increased by:		
Appropriated Reserve for Grants	A-22	<u>244.00</u>
		94,699.77
Decreased by:		
Interfund - Current Fund	A-19	<u>32,615.77</u>
Balance - December 31, 2016	A	<u>62,084.00</u>

Borough of Ogdensburg, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2016

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Budget</u> <u>Revenue</u>	<u>Cash</u> <u>Received</u>	<u>Transfer from</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Recycling Tonnage Grant		3,125.85	3,125.85		
Clean Communities		5,979.83		5,979.83	
Municipal Court Alcohol Education and Rehab. Fund		471.47		471.47	
Body Armor Fund		1,005.16		1,005.16	
Click It or Ticket		5,000.00	5,000.00		5,000.00
Drive Sober or Get Pulled Over		10,000.00	5,000.00		3,493.44
Municipal Alliance on Alcohol and Drug Abuse	2,993.00	3,993.00	3,492.56		5,000.00
Highlands Assessment Grant	5,000.00				13,493.44
	<u>7,993.00</u>	<u>29,575.31</u>	<u>16,618.41</u>	<u>7,456.46</u>	<u>13,493.44</u>
	A	A-2	A-19	A-23	A

Borough of Ogdensburg, N.J.

Schedule of Appropriated Reserves

Federal and State Grant Fund

Year Ended December 31, 2016

Grant	Balance	Transfer	Expended	Cancelled	Balance
	Dec. 31, 2015	From 2016 Budget			Dec. 31, 2016
Municipal Court Alcohol Education and Rehab. Fund	1,881.45	471.47	900.00		1,452.92
Drunk Driving Enforcement Fund	7,375.93				7,375.93
Recycling Tonnage Grant	2,490.77	3,125.85	360.53		5,256.09
Council on Affordable Housing	4,130.00			4,130.00	
Highlands Assessment Grant	5,000.00				5,000.00
Municipal Alliance					
State Share	8,070.08	3,993.00	3,868.52		8,194.56
Local Share	619.00	998.00	150.00		1,467.00
Clean Communities	29,485.87	5,979.83	3,882.67		31,583.03
Click it or Ticket		5,000.00	5,000.00		
Drive Sober or Get Pulled Over		10,000.00	7,625.00		2,375.00
Body Armor Fund	2,577.49	1,005.16			3,582.65
Hepatitis B Fund	595.00				595.00
State of N.J. Sewer System Grant	327,119.29		2,973.00		324,146.29
Stormwater Management	2,062.50		437.50		1,625.00
	<u>391,407.38</u>	<u>30,573.31</u>	<u>25,197.22</u>	<u>4,130.00</u>	<u>392,653.47</u>
	A				A

Ref.

Budget Appropriations	A-3	29,575.31			
Interfund - Current Fund	A-19	998.00	24,953.22	4,130.00	
Encumbrances Payable	A-20		244.00		
		<u>30,573.31</u>	<u>25,197.22</u>	<u>4,130.00</u>	

Borough of Ogdensburg, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2016

<u>Grant</u>	Balance Dec. 31, 2015	Transfer To Appropriated Reserves	Cash Received	Balance Dec. 31, 2016
Clean Communities	5,979.83	5,979.83	6,838.13	6,838.13
Body Armor Fund	1,005.16	1,005.16	981.19	981.19
Municipal Court Alcohol Education and Rehab. Fund	471.47	471.47	362.59	362.59
	<u>7,456.46</u>	<u>7,456.46</u>	<u>8,181.91</u>	<u>8,181.91</u>
	A	A-21	A-19	A

Borough of Ogdensburg, N. J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2015	B	<u>6,702.34</u>	<u>502,122.92</u>
Increased by Receipts:			
Dog License Fees - Borough	B-3	2,298.40	
Cat License Fees - Borough	B-3	782.00	
Dog Late Fees	B-3	420.00	
Interest Earned	B-3	0.90	
Interfund - Current Fund	B-4	784.66	
Dog License Fees - State Share	B-5	531.60	
Other Trust Funds	B-6		1,419,849.93
Total Receipts		<u>4,817.56</u>	<u>1,419,849.93</u>
		<u>11,519.90</u>	<u>1,921,972.85</u>
Decreased by Disbursements:			
Reserve for Animal Control Trust			
Fund Expenditures	B-3	1,222.22	
Statutory Excess to Current	B-3	2,399.48	
State Share - Dog Licenses	B-5	532.20	
Other Trust Funds	B-6		1,488,540.74
Reserve for Encumbrances:			
Animal Control	B-8	600.00	
Total Disbursements		<u>4,753.90</u>	<u>1,488,540.74</u>
Balance - December 31, 2016	B	<u><u>6,766.00</u></u>	<u><u>433,432.11</u></u>

Borough of Ogdensburg, N. J.

Schedule of Cash - Change Fund

Trust Funds

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u><u>100.00</u></u>
Balance - December 31, 2016	B	<u><u>100.00</u></u>
<u>Analysis of Balance:</u>		
Dog Collector		<u><u>100.00</u></u>

Borough of Ogdensburg, N. J.

Reserve/(Deficit) for Animal Control Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	B		6,986.40
Increased by:			
Dog License Fees	B-1	2,298.40	
Cat License Fees	B-1	782.00	
Late Fees	B-1	420.00	
Interest Earned	B-1	0.90	
		3,501.30	
			10,487.70
Decreased by:			
Reserve for Animal Control Trust			
Fund Expenditures	B-1	1,222.22	
Statutory Excess	B-1	2,399.48	
		3,621.70	
Balance - December 31, 2016	B		6,866.00

License Fees Collected

<u>Year</u>	
2014	3,478.20
2015	3,387.80
	6,866.00
	6,866.00

Borough of Ogdensburg, N. J.

Schedule of Interfund Receivable (Payable) - Current Fund

Animal Control Trust Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>784.66</u>
Decreased by:		
Cash Receipt	B-1	<u>784.66</u>

B-5

Schedule of Due to State Department of Health

Animal Control Trust Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	0.60
Increased by:		
State Fees Collected	B-1	<u>531.60</u>
		<u>532.20</u>
Decreased by:		
Cash Disbursement	B-1	<u>532.20</u>

Borough of Ogdensburg, N. J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Reserve for:				
Recreation	2,301.08	1.06		2,302.14
Unemployment	43,503.10	1,679.78	278.50	44,904.38
Municipal Alliance	268.18		268.18	
Tax Sale Premiums	55,800.00	41,100.00	31,600.00	65,300.00
Municipal Court P.O.A.A. Fees	185.00	4.00		189.00
COAH - RCA - Vernon	299,665.30	15,741.34	108,625.00	206,781.64
Ogdensburg Day	4,700.88	11,349.22	16,050.00	0.10
Memorial Park	8,917.83	1,880.19	2,493.91	8,304.11
Escrow	1,666.56	3,500.00	3,870.34	1,296.22
Police Outside Services	1,485.80	2,000.00	1,397.40	2,088.40
Public Defender	1,577.64	660.66	900.00	1,338.30
Snow Removal	40,065.37	13,136.18		53,201.55
Accrued Sick and Vacation	33,525.17	5,500.00		39,025.17
Mobile Video Systems		125.00	25.00	100.00
Payroll	8,461.01	1,323,172.50	1,323,735.36	7,898.15
	<u>502,122.92</u>	<u>1,419,849.93</u>	<u>1,489,243.69</u>	<u>432,729.16</u>
	B			B

Ref.

Cash Receipts	B-1	1,419,849.93	
Cash Disbursements	B-1		1,488,540.74
Encumbrances	B-7		702.95
		<u>1,419,849.93</u>	<u>1,489,243.69</u>

B-7

Borough of Ogdensburg, N. J.

Schedule of Reserve for Encumbrances

Trust Funds

Year Ended December 31, 2016

	<u>Ref.</u>	
Increased by:		
Charges to Other Trust Reserves	B-6	<u>702.95</u>
Balance - December 31, 2016	B	<u>702.95</u>

B-8

Schedule of Reserve for Encumbrances

Animal Control Trust Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	<u>600.00</u>
Decreased by:		
Disbursement	B-1	<u>600.00</u>

Borough of Ogdensburg, N. J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	C		235,815.87
Increased by Receipts:			
Budget Appropriation:			
Improvement Costs	C-4	13,000.00	
Capital Improvement Fund	C-5	<u>20,000.00</u>	
			<u>33,000.00</u>
			268,815.87
Decreased by Disbursements:			
Improvement Authorizations	C-6	58,100.00	
Reserve for Encumbrances	C-7	<u>595.62</u>	
			<u>58,695.62</u>
Balance - December 31, 2016	C		<u><u>210,120.25</u></u>

Borough of Ogdensburg, N. J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2016

Ord. No./Date	Improvement Description	Balance Dec. 31, 2015		Notes Paid by Budget Appropriation		Funded by Budget Appropriation		Balance Dec. 31, 2016		Analysis of Balance Dec. 31, 2016	
										Financed by Bond Anticipation Notes	Unexpended Improvement Authorization
01-97	Various Public Improvements	3,440.00			3,440.00						
02-99	Purchase of Backhoe and Other Equipment and Machinery	6,600.00			6,600.00						
01-04	Improvements to Kennedy Avenue	41,448.16			2,960.00			38,488.16			38,488.16
01-08	Acquisition of Real Property and the Construction of a Municipal Parking Lot	123,378.00		112,684.00				10,694.00			
02-08	Imp. to Highland Ave. and High Street	527,684.00		29,316.00				498,368.00			
02-12	Various Public Improvements	83,954.00						83,954.00			
01-15	Acquisition of a Backhoe	786,504.16		142,000.00		13,000.00		631,504.16			38,488.16
		<u>C</u>		<u>C-8</u>		<u>C-2,C-9</u>		<u>C</u>		<u>C-8</u>	<u>38,488.16</u>
										Ref. C-6	<u>167,389.67</u>
										01-08	78,759.56
										02-12	84,858.97
										01-15	<u>3,771.14</u>
											<u>167,389.67</u>

Borough of Ogdensburg, N. J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	C		18,715.37
Increased by:			
Improvement Authorizations Canceled	C-6	37.56	
Cash Receipts	C-2	<u>20,000.00</u>	
			<u>38,752.93</u>
Balance - December 31, 2016	C		<u><u>38,752.93</u></u>

Borough of Ogdensburg, N. J.

Schedule of Reserve for Encumbrances

General Capital Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	C	31,838.00
Increased by:		
Charges to Improvement Authorizations	C-6	<u>11,832.00</u> 43,670.00
Decreased by:		
Cash Disbursements	C-2	595.62
Cancelled	C-6	<u>31,242.38</u>
Balance - December 31, 2016	C	<u><u>11,832.00</u></u>

Borough of Ogdensburg, N. J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2016

Ord. No./Date	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance	
						Dec. 31, 2015	Dec. 31, 2016
01-08	Acq. of Real Property and the Const. of a Mun. Parking Lot	12/10/09	12/04/15	12/01/16	0.97%	123,378.00	123,378.00
02-12	Various Public Improvements	12/06/12	12/04/15	12/01/16	0.97%	527,684.00	527,684.00
01-15	Acquisition of a Backhoe	12/04/15	12/04/15	12/01/16	0.97%	83,954.00	83,954.00
						<u>83,954.00</u>	<u>83,954.00</u>
						<u>735,016.00</u>	<u>735,016.00</u>
						C	C

Renewals	
Funded by Budget Appropriation	C-4
593,016.00	593,016.00
<u>142,000.00</u>	<u>142,000.00</u>
<u>593,016.00</u>	<u>735,016.00</u>
	C-4

Borough of Ogdensburg, N. J.
Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2016

<u>Ord.</u> <u>No./Date</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Funded by</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
	<u>General Improvements:</u>			
01-97	Various Public Improvements	3,440.00	3,440.00	
02-99	Acquisition of Backhoe and Other Equipment and Machinery	6,600.00	6,600.00	
01-04	Improvements to Kennedy Avenue	41,448.16	2,960.00	38,488.16
		<u>51,488.16</u>	<u>13,000.00</u>	<u>38,488.16</u>
		Footnote C	C-4	Footnote C

Borough of Ogdensburg, N. J.

Schedule of Cash

Water Utility Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2015	D;D-6	<u>284,807.88</u>	<u>213,252.82</u>
Increased by Receipts:			
Interest on Investments	D-3	518.59	
Consumer Accounts/Liens Receivable	D-8	349,074.77	
Water Rent Overpayment	D-14	1,594.42	
Capital Improvement Fund	D-18		35,000.00
		<u>351,187.78</u>	<u>35,000.00</u>
		635,995.66	248,252.82
Decreased by Disbursements:			
Budget Appropriations	D-4	309,754.87	
Appropriation Reserves	D-13	18,148.15	
Accrued Interest	D-15	10,484.15	
Improvement Authorizations	D-16		228.86
Capital Reserves	D-17		650.00
		<u>338,387.17</u>	<u>878.86</u>
Balance - December 31, 2016	D;D-6	<u><u>297,608.49</u></u>	<u><u>247,373.96</u></u>

Borough of Ogdensburg, N. J.

Analysis of Cash

Water Utility Capital Fund

Year Ended December 31, 2016

	Receipts		Disbursements		Balance Dec. 31, 2016
	Balance Dec. 31, 2015	Budget Appropriations	Improvement Authorizations	Miscellaneous	
Fund Balance	18,095.78				18,095.78
Capital Improvement Fund	126,430.00	35,000.00			161,430.00
Reserve for Capital Outlay	27,448.18				27,448.18
Reserve for Encumbrances	650.00			650.00	
Ord. No.	<u>Improvement Authorizations</u>				
01-99	722.41				722.41
01-10					
11-11	32,626.58				32,626.58
01-12	930.00				930.00
	6,349.87		228.86		6,121.01
	<u>213,252.82</u>	<u>35,000.00</u>	<u>228.86</u>	<u>650.00</u>	<u>247,373.96</u>
	D;D-5				D;D-5

Borough of Ogdensburg, N. J.

Schedule of Change Fund

Water Utility Operating Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	D	<u><u>25.00</u></u>
Balance - December 31, 2016	D	<u><u>25.00</u></u>

Schedule of Consumer Accounts Receivable

Water Utility Operating Fund

Year Ended December 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Charges</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Consumer Accounts Receivable	<u><u>41,395.85</u></u> D	<u><u>353,160.75</u></u>	<u><u>350,864.99</u></u>	<u><u>43,691.61</u></u> D
		<u>Ref.</u>		
Rents Received		D-5	349,074.77	
Overpayments Applied		D-14	<u>1,549.50</u>	
		D-3	<u>350,624.27</u>	
Transfer to Lien		D-9	<u>240.72</u>	
			<u><u>350,864.99</u></u>	

Borough of Ogdensburg, N. J.

Schedule of Water Liens

Water Utility Operating Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	D	934.99
Increased by:		
Transfer from Water Rents Receivable	D-8	<u>240.72</u>
Balance - December 31, 2016	D	<u><u>1,175.71</u></u>

Schedule of Inventory

Water Utility Operating Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	D	<u><u>2,583.00</u></u>
Balance - December 31, 2016	D	<u><u>2,583.00</u></u>

Borough of Ogdensburg, N. J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2016

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Distribution, Mains and Accessories	3,442,936.01	3,442,936.01
Meters, Water Boxes and Vaults	119,312.57	119,312.57
Hydrants and Cisterns	3,398.71	3,398.71
Land, Plant and General Equipment	319,968.94	319,968.94
Organization and Engineering	2,136.14	2,136.14
Water Storage Tank	350,000.00	350,000.00
Acquisition of Water Utility Truck and Snow Plow	40,672.07	40,672.07
Acquisition of New Backhoe	24,000.00	24,000.00
Improvements to Well	102,500.00	102,500.00
Improvements to Kennedy Avenue	1,918.09	1,918.09
Various Public Improvements	159,914.84	159,914.84
	<u>4,566,757.37</u>	<u>4,566,757.37</u>
	D	D

Borough of Ogdensburg, N. J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance, Dec. 31, 2015</u>	<u>Balance, Dec. 31, 2016</u>
		<u>Date</u>	<u>Amount</u>		
01-99	Various Public Improvements	11/08/99	600,000.00	600,000.00	600,000.00
01-10	Various Public Improvements and the acquisition of New Additional or Replacement Equipment	09/27/10	80,000.00	80,000.00	80,000.00
11-11	Replacement of the Pump at Well #3 and the Purchase of Water Meters	11/14/11	37,000.00	37,000.00	37,000.00
01-12	Acquisition of New Water Meters and the Undertaking of Various Improvements to the Water System	10/22/12	106,000.00	106,000.00	106,000.00
				<u>823,000.00</u>	<u>823,000.00</u>
				D	D

Borough of Ogdensburg, N. J.
Schedule of Appropriation Reserves
Water Utility Operating Fund
Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	885.97	885.97		885.97
Other Expenses	38,724.79	38,724.79	18,124.39	20,600.40
Statutory Expenditures:				
Defined Contribution Retirement Program	<u>37.89</u>	<u>37.89</u>	<u>23.76</u>	<u>14.13</u>
	<u>39,648.65</u>	<u>39,648.65</u>	<u>18,148.15</u>	<u>21,500.50</u>
	<u>Ref.</u>		D-5	D-1
Unencumbered	D 20,790.62			
Encumbered	D <u>18,858.03</u>			
	<u>39,648.65</u>			

Borough of Ogdensburg, N. J.

Schedule of Water Rent Overpayments

Water Utility Operating Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	D	1,549.50
Increased by:		
Cash Receipt	D-5	1,594.42
		<u>3,143.92</u>
Decreased by:		
Applied	D-8	1,549.50
		<u>1,549.50</u>
Balance - December 31, 2016	D	<u><u>1,594.42</u></u>

Borough of Ogdensburg, N. J.

Schedule of Accrued Interest

Water Utility Operating Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Totals</u>	<u>Bonds Payable</u>	<u>Bond Anticipation Notes</u>
Balance - December 31, 2015	D	39,962.55	39,094.30	868.25
Decreased by:				
Disbursements	D-5	10,484.15	10,484.15	
		10,484.15	10,484.15	
Balance - December 31, 2016	D	29,478.40	28,610.15	868.25

Principal Outstanding December 31, 2016	Interest Rate	From	To	Period in Days	Required Amount	Excess/ (Deficit)	Actual Amount
Bond Anticipation Notes	1.27%	12/1/2016	12/31/2016	30	26.10	842.15	868.25
25,000.00							
<u>Bonds Payable</u>							
1,680,000.00	Various	7/15/2016	12/31/2016	169	26,441.07	2,169.08	28,610.15
					26,441.07	2,169.08	28,610.15

Borough of Ogdensburg, N. J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year Ended December 31, 2016

ORD. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2015		Paid or Charged	Balance Dec. 31, 2016	
				Funded	Unfunded		Funded	Unfunded
01-99	Various Public Improvements	11/08/99	600,000.00	722.41			722.41	
01-10	Various Public Improvements and the acquisition of New Additional or Replacement Equipment	09/27/10	80,000.00	32,626.58			32,626.58	
11-11	Replacement of the Pump at Well #3 and the Purchase of Water Meters	11/14/11	37,000.00	930.00			930.00	
01-12	Acquisition of New Water Meters and the Undertaking of Various Improvements to the Water System	10/22/12	106,000.00			228.86		6,121.01
				<u>34,278.99</u>	<u>6,349.87</u>	<u>228.86</u>	<u>34,278.99</u>	<u>6,121.01</u>
				D	D	D-5	D	D

Borough of Ogdensburg, N. J.

Schedule of Reserves

Water Utility Capital Fund

Year Ended December 31, 2016

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Reserve for Encumbrances Payable:			
Bond Issuance Costs	650.00	650.00	
Reserve for Capital Outlay	<u>27,448.18</u>		<u>27,448.18</u>
	<u>28,098.18</u>	<u>650.00</u>	<u>27,448.18</u>
	D	D-5	D

Borough of Ogdensburg, N. J.
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	D	126,430.00
Increased by:		
Budget Appropriation	D-5	<u>35,000.00</u>
Balance - December 31, 2016	D	<u><u>161,430.00</u></u>

Schedule of Reserve for Amortization
Water Utility Capital Fund
Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	D	3,469,757.37
Increased by:		
Serial Bonds Paid by Operating Budget	D-21	<u>80,000.00</u>
Balance - December 31, 2016	D	<u><u>3,549,757.37</u></u>

Borough of Ogdensburg, N. J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year Ended December 31, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2015</u>	<u>Paid From Operating Budget Notes</u>	<u>Balance, Dec. 31, 2016</u>
01-10	Various Public Improvements and the acquisition of New Additional or Replacement Equipment	09/27/10	42,000.00		42,000.00
11-11	Replacement of the Pump at Well #3 and the Purchase of Water Meters	11/14/11	37,000.00		37,000.00
01-12	Acquisition of New Water Meters and the Undertaking of Various Improvements to the Water System	10/22/12	31,000.00	25,000.00	56,000.00
			<u>110,000.00</u>	<u>25,000.00</u>	<u>135,000.00</u>
			D	D-22	D

Borough of Ogdensburg, N. J.

Schedule of Bonds Payable

Water Utility Capital Fund

Year Ended December 31, 2016

Purpose	Date of Issue	Amount Issued	Maturities of Bonds Outstanding December 31 2016 Date	Amount	Interest Rate	Balance	
						Dec. 31, 2015	Dec. 31, 2016
Water Utility Refunding Bonds of 2015	10/13/2015	1,760,000.00	01/15/17	65,000.00	3.00%		
			01/15/18	70,000.00	3.00%		
			01/15/19	70,000.00	3.00%		
			01/15/20	75,000.00	3.00%		
			01/15/21	75,000.00	2.00%		
			01/15/22	75,000.00	2.00%		
			01/15/23	80,000.00	2.25%		
			01/15/24	80,000.00	2.25%		
			01/15/25	80,000.00	3.00%		
			01/15/26	85,000.00	3.00%		
			01/15/27	85,000.00	4.00%		
			01/15/28	90,000.00	4.00%		
			01/15/29	95,000.00	4.00%		
			01/15/30	100,000.00	4.00%		
			01/15/31	100,000.00	4.00%		
			01/15/32	105,000.00	4.00%		
		01/15/33	110,000.00	4.00%			
		01/15/34	115,000.00	4.00%			
		01/15/35	12,000.00	4.00%			
		01/15/36	5,000.00	4.00%			
						<u>1,760,000.00</u>	<u>1,680,000.00</u>
						D	D
						D-19	D

BOROUGH OF OGDENSBURG

PART II

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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

Honorable Mayor and
Members of the Borough Council
Borough of Ogdensburg
Ogdensburg, New Jersey 07439

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Ogdensburg in the County of Sussex as of and for the year ended December 31, 2016 and the related notes to the financial statements, and have issued our report thereon dated May 10, 2017, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Fixed Asset account group not being audited.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2016-01, that we consider to be a significant deficiency.



Honorable Mayor and
Members of the Borough Council
Page 2

Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Ogdensburg in the accompanying comments and recommendations section of this report.

Borough of Ogdensburg's Responses to Findings

The Borough of Ogdensburg's response to the findings identified in our audit are described in the accompanying Summary of Findings & Responses section of our audit. The Borough's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant

Ferraioli, Wielkotz, Cerullo & Cuva, PA
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

May 10, 2017

BOROUGH OF OGDENSBURG
SUMMARY OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

Summary of Auditor's Results:

A qualified opinion was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting.

The audit did disclose a significant deficiency in the internal controls of the Borough.

The Borough was not subject to the single audit provisions of Uniform Guidance and State Circular 15-08 OMB for 2016 as grant expenditures were less than the single audit thresholds identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

The audit did disclose findings required to be reported under Generally Accepted Government Auditing Standards, as follows:

Finding 2016-01:

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Tax Collector and Water Utility Collector's Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack of Internal Control and will consider strengthening internal control within reason of the costs and benefits derived.

Recommendation

That adequate segregation of duties within the Tax Collector and Water Utility Collector departments be maintained.

Management Response:

The Borough will consider strengthening internal control within reason of costs, benefits derived and budget constraints.

Findings and Questioned Costs for Federal Awards:

Not applicable

Findings and Questioned Costs for State Awards:

Not applicable

BOROUGH OF OGDENSBURG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

Finding 2015-01:

Condition:

The Borough does not maintain an adequate segregation of duties within the Tax Collector and Water Utility Collector's Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack of Internal Control and will consider strengthening internal control within reason of the costs, benefits derived and budget constraints.

Current Status:

Corrective action has not been taken. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs, benefits derived and budget constraints.

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2016, and at May 10, 2017, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

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

N.J.S.A. 40A:11-3 states:

a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsection b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

GENERAL COMMENTS (CONTINUED)

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

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$40,000.00.

The Governing Body of the Borough of Ogdensburg have the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

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

Inasmuch as the system of records did not provide for the accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. None were noted.

Our review of the Borough's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

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

Collection of Interest on Delinquent Taxes

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

The Governing Body on January 4, 2016 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

WHEREAS, N.J.S.A. 54:4-67 permits the Governing Body of each municipality to fix the rate of interest to be charged for late non-payment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law, and

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate at eight percent (8%) per annum for the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on amounts in excess of \$1,500.00, and allows for an additional penalty of six percent (6%) to be collected against a delinquency in excess of \$10,000.00 from properties that fail to pay the delinquency prior to the end of the calendar year;

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes (continued)

NOW THEREFORE BE IT RESOLVED by the Borough Committee of the Borough of Ogdensburg, County of Sussex, State of New Jersey as follows:

- 1) The Tax Collector is hereby authorized and directed to charge an 8% rate of interest per annum on the first \$1,500.00 of taxes becoming delinquent after due date, and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.
- 2) Effective January 1, 2016 there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.

Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

It appears from an examination of the Tax Collector's records that interest was not collected in accordance with forgoing resolutions.

It appears from an examination of the Utility Collector's records that interest was collected in accordance with the forgoing resolutions.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 25, 2016 and was complete, except for properties in Bankruptcy Court.

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

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

<u>Year</u>	<u>Number of Liens</u>
2016	8
2015	9
2014	9

GENERAL COMMENTS (CONTINUED)

Verification of Delinquent Taxes and other Charges

A test verification of delinquent charges and current payments was made in accordance with the requirements of the Division of Local Government Services.

The result of the test which was made as of December 31, 2016 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

Municipal Court

The report required by statute covering the accounts of the Municipal Court has been filed under separate cover with the Judge, Borough Clerk and Division of Local Government Services. We noted, however, that there are internal control problems that exist throughout the State of New Jersey Municipal Court System caused by the implementation of the Automated Traffic System and the Automated Complaint System.

- 1) There were 25 tickets assigned but not issued over 181 days as of December 31, 2016

OTHER COMMENTS

Finance

1. The analysis of General Capital Fund cash include cash deficits for ordinances over 5 years old.

Management Response:

The Borough is aware of this and is funding through future budget.

2. It was noted that orders are being placed prior to the preparation of purchase orders.

Management Response:

All efforts will be made to encumber funds prior to purchases.

3. In two cases, no quotes were received for expenditures over the quote threshold.

Management Response:

All expenditures over the quote threshold will receive written quotes.

OTHER COMMENTS (CONTINUED)

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Tax Collector and Water Utility Collector's Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack of Internal Control and will consider strengthening internal control within reason of the costs and benefits derived.

Management Response:

The Borough will consider strengthening internal control within reason of costs, benefits derived and budget constraints.

RECOMMENDATIONS

It is recommended:

1. That ordinances with a cash deficit over 5 years be funded.
2. That all efforts be made to issue a purchase order and encumber funds prior to a purchase.
3. That adequate segregation of duties within the Tax Collector and Water Utility Collector departments be maintained.
4. That all expenditures over the quote threshold have written quotes.
5. That municipal court tickets assigned but not issued over 181 days be recalled or reissued.

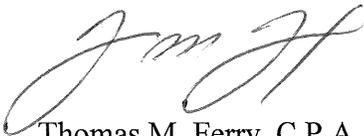
Status of Prior Year's Audit Findings/Recommendations

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

1. That ordinances with a cash deficit over 5 years be funded.
2. That all efforts be made to issue a purchase order and encumber funds prior to a purchase.
3. That adequate segregation of duties within the Tax Collector and Water Utility Collector departments be maintained.
4. That all expenditures over the quote threshold have written quotes.

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

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

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