

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

**AUDIT REPORT FOR THE YEAR ENDED
December 31, 2016**

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

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Shrewsbury
County of Monmouth
Shrewsbury, New Jersey 07702

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Shrewsbury, County of Monmouth, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts - regulatory basis 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 accounting principles and practices 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1 to the financial statements, the Borough of Shrewsbury prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Shrewsbury, County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Fund, and represent 34.38% and 26.59% of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2016 and 2015.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Borough of Shrewsbury, County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2017, on our consideration of the Borough of Shrewsbury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Shrewsbury's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
May 17, 2017

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**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 Shrewsbury
County of Monmouth
Shrewsbury, New Jersey 07702

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Shrewsbury (herein referred to as “the Municipality”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated May 17, 2017. Our report indicated that the Municipality’s financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund. As discussed in Note 1 the LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough of Shrewsbury’s financial statements as of and for the year ended December 31, 2016. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control over Financial Reporting

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

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

of the Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
May 17, 2017

BASIC FINANCIAL STATEMENTS

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash	A-4	\$ 3,460,120.54	\$ 3,412,612.78
Cash - Change Fund	A-5	<u>270.00</u>	<u>170.00</u>
		<u>3,460,390.54</u>	<u>3,412,782.78</u>
Receivables With Full Reserves:			
Taxes Receivable	A-7	168,153.67	214,263.52
Tax Title Liens Receivable	A-8	583.03	574.59
Revenue Accounts Receivable	A-9	<u>11,055.31</u>	<u>13,632.44</u>
		<u>179,792.01</u>	<u>228,470.55</u>
Deferred Charges:			
Special Emergency (40A:4-53)	A-10	<u>-</u>	<u>24,600.00</u>
		<u>3,640,182.55</u>	<u>3,665,853.33</u>
State and Federal Grant Fund:			
State and Federal Grants Receivable	A-29	14,835.12	-
Due From Current Fund	A	<u>43,263.55</u>	<u>72,509.71</u>
		<u>58,098.67</u>	<u>72,509.71</u>
Total Assets		<u><u>\$ 3,698,281.22</u></u>	<u><u>\$ 3,738,363.04</u></u>

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Appropriation Reserves	A-3,11	\$ 448,824.20	\$ 319,702.07
Encumbrances Payable	A-3,11	111,512.32	99,203.04
Accounts Payable	A-12	280.00	1,306.00
Prepaid Taxes	A-14	134,644.46	102,858.45
County Taxes Payable	A-15	20,088.62	38,475.15
Regional High School Tax Payable	A-16	569,808.00	562,613.48
Local District School Tax Payable	A-17	944,741.00	1,084,308.00
Due To State of New Jersey:			
Senior Citizens' and Veterans' Deductions	A-6	-	1,108.14
Marriage License Fees	A-20	150.00	100.00
State Grant Fund	A	43,263.55	72,509.71
Reserve for:			
State Tax Appeals Pending	A-21	25,000.00	50,000.00
Wardell House	A-23	137,711.11	157,500.00
Codification	A-24	15,000.00	-
Tax Sale	A-22	6,630.88	-
FEMA	A-19	141,248.01	-
Police Receipts	A-26	-	141.08
Insurance Claims	A-27	-	3,187.69
		<hr/>	<hr/>
		2,598,902.15	2,493,012.81
Reserve for Receivables	A	179,792.01	228,470.55
Fund Balance	A-1	861,488.39	944,369.97
		<hr/>	<hr/>
		3,640,182.55	3,665,853.33
State and Federal Grant Fund:			
Reserve for State and Federal Grants:			
Appropriated	A-30	30,757.29	45,094.67
Unappropriated	A-31	27,341.38	27,415.04
		<hr/>	<hr/>
		58,098.67	72,509.71
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,698,281.22</u>	<u>\$ 3,738,363.04</u>

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 840,000.00	\$ 1,320,000.00
Miscellaneous Revenue Anticipated	1,243,369.46	1,226,367.54
Receipts From Delinquent Taxes	221,086.81	267,799.74
Receipts From Current Taxes	23,565,005.14	23,290,361.08
Non-Budget Revenue	66,695.21	97,095.56
Other Credits To Income:		
Senior Citizen's & Vet's Cancelled	3,358.14	-
Grant Appropriation Cancelled	381.54	-
Police Receipts Cancelled	161.08	-
Prepaid Taxes Cancelled	58.20	-
PY Accounts Payable Cancelled	-	3,644.00
Unexpended Balances of Appropriation Reserves	219,496.42	171,206.74
	<hr/>	<hr/>
Total Revenues	26,159,612.00	26,376,474.66
<u>Expenditures</u>		
Budget and Emergency Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	3,766,093.00	3,736,115.00
Other Expenses	2,937,163.71	2,954,606.43
Deferred Charges and Statutory Expenditures	190,000.00	190,000.00
Budget Appropriations Excluded From "CAPS":		
Operations:		
Other Expenses	818,723.84	735,507.67
Capital Improvements	40,000.00	115,000.00
Municipal Debt Service	1,077,747.38	1,071,513.78
Deferred Charges - Other	105,670.67	96,503.36
Tax Appeals Pending	-	31,099.25
Canceled Grants Receivable	-	91.40
County Taxes	3,350,452.76	3,352,367.55
County Share of Added and Omitted Taxes	20,088.62	38,475.15
Regional High School Tax	5,339,616.00	5,325,227.00
Local District School Tax	7,649,492.00	7,797,268.00
Municipal Open Space Tax	107,445.60	107,445.60
	<hr/>	<hr/>
Total Expenditures	25,402,493.58	25,551,220.19
Excess in Revenue	757,118.42	825,254.47
Fund Balance, January 1	944,369.97	1,439,115.50
	<hr/>	<hr/>
Decreased By:	1,701,488.39	2,264,369.97
Utilized as Anticipated Revenue	840,000.00	1,320,000.00
	<hr/>	<hr/>
Fund Balance, December 31	\$ 861,488.39	\$ 944,369.97
	<hr/> <hr/>	<hr/> <hr/>

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

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Anticipated <u>Budget</u>	Amount <u>Realized</u>	Excess/ <u>(Deficit)</u>
Fund Balance Anticipated	\$ 840,000.00	\$ 840,000.00	\$ -
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	5,000.00	5,304.00	304.00
Other	36,000.00	36,596.00	596.00
Fees and Permits	115,000.00	150,918.91	35,918.91
Fines and Costs:			
Municipal Court	150,000.00	186,509.82	36,509.82
Interest and Costs on Taxes	60,000.00	50,411.13	(9,588.87)
Interest on Investments	14,000.00	17,898.61	3,898.61
Cable Franchise Fee	64,000.00	71,090.23	7,090.23
Mobile Tower Fee	35,000.00	40,003.90	5,003.90
Payment in Lieu of Taxes	40,000.00	40,000.00	-
Energy Receipts Tax	381,641.00	381,641.00	-
Uniform Construction Code	180,000.00	155,623.00	(24,377.00)
Shared Services- Shrew Twp Fire	10,000.00	10,000.00	-
Clean Communities Program	15,163.41	15,163.41	-
Recycling Tonnage Grant	8,931.19	-	(8,931.19)
Alcohol Education and Rehabilitation Fund	1,473.33	1,473.33	-
Safe and Secure Communities Program	25,895.00	25,895.00	-
Body Armor Fund	1,847.11	1,847.11	-
State Police-HMEP Project	7,835.12	7,835.12	-
Bulletproof Vest Partnership	406.87	406.87	-
EMAA Grant	7,000.00	7,000.00	-
Uniform Fire Safety Act	21,500.00	22,752.02	1,252.02
Administrative Costs for Outside Service - Police	8,000.00	15,000.00	7,000.00
Total Miscellaneous Revenues	<u>1,188,693.03</u>	<u>1,243,369.46</u>	<u>54,676.43</u>
Receipts From Delinquent Taxes	<u>170,000.00</u>	<u>221,086.81</u>	<u>51,086.81</u>
Amount To Be Raised By Taxes For Support of Municipal Budget:			
Local Tax for Municipal Purposes	<u>7,137,179.20</u>	<u>7,495,306.58</u>	<u>358,127.38</u>
Budget Revenues	<u>9,335,872.23</u>	<u>9,799,762.85</u>	<u>463,890.62</u>
Non-Budget Revenues	<u>-</u>	<u>66,695.21</u>	<u>66,695.21</u>
Total	<u>\$ 9,335,872.23</u>	<u>\$ 9,866,458.06</u>	<u>\$ 530,585.83</u>

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue From Collections	\$ 23,565,005.14
Allocated To School, County Taxes & Municipal Open Space	16,467,094.98
Balance for Support of Municipal Budget Appropriations	7,097,910.16
Add: Appropriation "Reserve for Uncollected Taxes"	397,396.42
Amount for Support of Municipal Budget Appropriations	\$ 7,495,306.58

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 221,086.81
	\$ 221,086.81

Licenses - Other:

Business Licenses	\$ 26,225.00
Food Licenses	9,775.00
Marriage Licenses	81.00
Raffle & Bingo License	440.00
Vending Licenses	75.00
	\$ 36,596.00

Fees & Permits:

Fire Marshall Fees	\$ 27,460.90
Outdoor Sale Permits	1,735.00
Planning & Zoning Applications	48,620.51
Police Reports	2,877.50
Recreation Fees	53,040.00
Street Opening Fees	450.00
Zoning Permits	15,615.00
Other Misc	1,120.00
	\$ 150,918.91

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues (continued):

Uniform Construction Code:

Building Permits	\$ 93,871.00
Electrical Permits	29,194.00
Plumbing Permits	23,382.00
Fire Permits	6,526.00
Certificates	2,650.00
	155,623.00
	\$ 155,623.00

Analysis of Non-Budget Revenues

Assessor's Lists	\$ 340.00
BOE-Refunds	4,676.59
Certified Copies	2,680.00
Division of Motor Vehicle	
Inspection Fee	5,013.25
Elections	800.00
Emergency Notification SY	7,000.00
Miscellaneous	1,975.18
NSF Check Charge	20.00
Photocopies	758.74
Prior Year Refunds	2,839.00
Prior Year Escrow Interest	2,995.40
Police Unclaimed Funds	125.00
Refunds/Dividends	22,125.45
Shared Service - Web	500.00
Shared Facility	13,500.00
SC&Vet - State Reimbursements	808.60
Tennis Badge	538.00
	66,695.21
	\$ 66,695.21

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
GENERAL APPROPRIATIONS						
Operations - Within "CAPS"						
GENERAL GOVERNMENT						
General Administration:						
Salaries and Wages	\$ 88,500.00	\$ 88,500.00	\$ 88,139.48	\$ -	\$ 360.52	\$ -
Other Expenses	12,500.00	12,500.00	12,342.58	-	157.42	-
Local Ethics Board:						
Other Expenses	50.00	50.00	-	-	50.00	-
Mayor and Council:						
Other Expenses	3,500.00	3,500.00	891.28	234.93	2,373.79	-
Municipal Clerk:						
Salaries and Wages	123,700.00	123,700.00	121,771.73	-	1,928.27	-
Other Expenses	32,000.00	32,000.00	20,404.38	3,755.58	7,840.04	-
Printing	12,500.00	12,500.00	11,753.85	741.59	4.56	-
Vital Statistics:						
Salaries and Wages	12,250.00	12,250.00	12,250.00	-	-	-
Financial Administration (Treasury):						
Salaries and Wages	135,100.00	137,100.00	137,088.95	-	11.05	-
Other Expenses	12,000.00	12,000.00	7,199.56	384.17	4,416.27	-
Audit Services	32,200.00	32,200.00	31,200.00	-	1,000.00	-
Revenue Administration (Tax Collection):						
Salaries and Wages	66,505.00	67,005.00	67,001.75	-	3.25	-
Other Expenses	4,500.00	4,500.00	4,009.06	486.61	4.33	-
Tax Assessment Administration:						
Salaries and Wages	26,010.00	26,010.00	26,010.00	-	-	-
Other Expenses	9,600.00	9,600.00	8,826.90	-	773.10	-
Legal Services (Legal Department):						
Salaries and Wages	19,101.00	19,101.00	19,100.15	-	0.85	-
Other Expenses	80,000.00	80,000.00	76,165.71	3,545.58	288.71	-
Engineering Services:						
Other Expenses	55,000.00	55,000.00	31,472.25	-	23,527.75	-
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	25,500.00	25,500.00	25,259.15	-	240.85	-
Other Expenses	1,500.00	1,500.00	1,481.25	-	18.75	-
Zoning Board of Adjustment:						
Salaries and Wages	25,500.00	25,500.00	25,500.00	-	-	-
Other Expenses	500.00	500.00	500.00	-	-	-
Zoning Officer:						
Salaries and Wages	4,330.00	4,330.00	4,329.39	-	0.61	-
Other Expenses	8,700.00	8,700.00	8,672.00	18.15	9.85	-
CODE ENFORCEMENT AND ADMINISTRATION						
Uniform Construction Code Enforcement:						
Salaries and Wages	70,500.00	70,500.00	61,097.99	-	9,402.01	-
Other Expenses	3,000.00	3,000.00	1,396.02	198.72	1,405.26	-
Building Inspector:						
Salaries and Wages	14,731.00	14,731.00	14,706.88	-	24.12	-
Code Enforcement Official:						
Salaries and Wages	17,500.00	17,500.00	16,493.36	-	1,006.64	-
Other Expenses	1,000.00	1,000.00	797.23	-	202.77	-
INSURANCE						
Disability Insurance	2,000.00	2,000.00	2,000.00	-	-	-
Other Insurance	115,500.00	115,500.00	115,462.11	10.00	27.89	-
Waiver of Insurance	5,000.00	-	-	-	-	-
Unemployment	2,000.00	250.00	-	-	250.00	-
Workers Compensation Insurance	147,393.58	147,393.58	147,393.58	-	-	-
Employee Group Insurance	1,105,000.00	1,105,000.00	1,092,194.86	928.18	11,876.96	-

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
PUBLIC SAFETY						
Police Department:						
Salaries and Wages	1,975,000.00	1,975,000.00	1,886,164.10	-	88,835.90	-
Other Expenses	188,300.00	188,300.00	151,376.17	23,319.63	13,604.20	-
OSHA Police Other Expense	3,000.00	3,000.00	778.00	2,222.00	-	-
Occupational Safety Law - 911	7,315.13	7,315.13	7,315.13	-	-	-
Office of Emergency Management:						
Other Expenses	4,500.00	4,500.00	1,430.53	24.52	3,044.95	-
First Aid Organization - Contribution:						
Other Expenses	21,950.00	21,950.00	12,494.59	3,592.70	5,862.71	-
Fire Protection Official:						
Salaries and Wages	14,731.00	14,731.00	14,730.95	-	0.05	-
Fire Marshall:						
Salaries and Wages	30,000.00	30,000.00	29,869.69	-	130.31	-
Other Expenses	4,500.00	4,500.00	4,159.62	150.75	189.63	-
Fire Company:						
Other Expenses	33,125.00	33,125.00	28,375.36	3,557.17	1,192.47	-
Occupational Safety Law (P.L. 1983, Ch. 516):						
OSHA - Fire Company Other Expenses	3,000.00	3,000.00	-	2,857.38	142.62	-
OSHA - First Aid Other Expenses	3,000.00	3,000.00	22.76	-	2,977.24	-
PUBLIC WORKS						
Streets and Road Maintenance:						
Salaries and Wages	965,000.00	965,000.00	878,715.12	-	86,284.88	-
Other Expenses	27,170.00	27,170.00	12,929.89	6,525.76	7,714.35	-
OSHA Other Expenses	2,500.00	2,500.00	2,380.00	120.00	-	-
Vehicle Maintenance	41,500.00	41,500.00	28,468.02	6,136.88	6,895.10	-
Shade Tree Commission:						
Salaries and Wages	600.00	600.00	-	-	600.00	-
Other Expenses	4,200.00	4,200.00	1,624.01	2,395.50	180.49	-
Solid Waste Collection:						
Contractual	159,000.00	159,000.00	159,000.00	-	-	-
Buildings and Grounds:						
Salaries and Wages	12,500.00	11,000.00	10,615.79	-	384.21	-
Other Expenses	71,460.00	75,460.00	69,963.01	5,434.94	62.05	-
NJDES Stormwater Permit	10,000.00	10,000.00	1,708.50	-	8,291.50	-
Municipal Court:						
Salaries and Wages	118,500.00	121,250.00	120,115.86	-	1,134.14	-
Other Expenses	7,300.00	7,800.00	6,526.25	985.22	288.53	-
Public Defender (P.L. 1997, c.256):						
Salaries and Wages	8,000.00	8,000.00	8,000.00	-	-	-
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health):						
Salaries and Wages	1,250.00	1,250.00	1,185.49	-	64.51	-
Other Expenses	45,000.00	46,000.00	45,857.25	-	142.75	-
OSHA Other Expense	1,000.00	1,000.00	-	-	1,000.00	-
Environmental Health Services:						
Salaries and Wages	785.00	785.00	750.00	-	35.00	-
Other Expenses	2,250.00	2,250.00	1,350.00	-	900.00	-
Animal Control Services:						
Other Expenses	50.00	50.00	-	-	50.00	-
Welfare/Administration of Public Assistance:						
Other Expenses	5,000.00	5,000.00	5,000.00	-	-	-
RECREATION AND EDUCATION						
Recreation Services and Programs:						
Salaries and Wages	9,500.00	7,000.00	6,744.10	-	255.90	-
Senior Citizens	3,000.00	3,000.00	1,897.37	1,102.63	-	-
Miscellaneous Other Expenses	56,500.00	56,500.00	42,413.48	10,754.46	3,332.06	-
Maintenance of Parks:						
Other Expenses	19,100.00	19,100.00	18,237.58	852.08	10.34	-

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
UNCLASSIFIED						
Utility Expenses and Bulk Purchases:						
Electricity	80,000.00	80,000.00	55,062.31	4,281.17	20,656.52	-
Street Lighting	42,000.00	42,000.00	30,913.14	7,184.13	3,902.73	-
Telephone (excluding telephone acquisition)	38,000.00	38,000.00	29,297.07	125.68	8,577.25	-
Water	15,000.00	15,000.00	8,222.41	-	6,777.59	-
Fire Hydrant Service	92,000.00	92,000.00	82,848.70	8,296.32	854.98	-
Gas (natural or propane)	24,000.00	24,000.00	9,450.52	2,230.00	12,319.48	-
Fuel Oil	35,000.00	35,000.00	13,820.47	-	21,179.53	-
Cellular Telephone	14,000.00	14,000.00	8,256.72	938.94	4,804.34	-
Gasoline	54,000.00	54,000.00	28,843.34	1,276.80	23,879.86	-
Landfill/Solid Waste Disposal Costs	159,000.00	159,000.00	134,373.41	6,762.75	17,863.84	-
Accumulated Leave Compensation:						
Salaries and Wages	500.00	500.00	82.16	-	417.84	-
Salary and Wage Adjustment Program:						
Salaries and Wages	500.00	500.00	-	-	500.00	-
Total Operations - Within "CAPS"	6,688,256.71	6,688,256.71	6,154,280.32	111,430.92	422,545.47	-
Contingent	15,000.00	15,000.00	5,675.49	81.40	9,243.11	-
Total Operations Including Contingent - Within "CAPS"	6,703,256.71	6,703,256.71	6,159,955.81	111,512.32	431,788.58	-
Detail:						
Salaries and Wages	3,766,093.00	3,766,093.00	3,575,722.09	-	191,620.91	-
Other Expenses	2,937,163.71	2,937,163.71	2,584,233.72	111,512.32	240,167.67	-
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"						
Statutory Expenditures:						
Contribution To:						
Social Security System (O.A.S.I.)	190,000.00	190,000.00	176,914.38	-	13,085.62	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	190,000.00	190,000.00	176,914.38	-	13,085.62	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	6,893,256.71	6,893,256.71	6,336,870.19	111,512.32	444,874.20	-
LOSAP	44,850.00	44,850.00	41,400.00	-	3,450.00	-
Statutory Expenditures:						
Public Employees' Retirement System	227,239.00	227,239.00	227,239.00	-	-	-
Police and Firemen's Retirement System	399,959.00	399,959.00	399,959.00	-	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Alcohol Education and Rehabilitation Fund:						
Other Expenses	1,473.33	1,473.33	1,473.33	-	-	-
Safe and Secure Communities Program:						
Other Expenses	112,450.00	112,450.00	112,450.00	-	-	-
Matching Funds For Other Expenses	500.00	500.00	-	-	500.00	-
Clean Communities Program	15,163.41	15,163.41	15,163.41	-	-	-
Body Armor Fund	1,847.11	1,847.11	1,847.11	-	-	-
State Police-HMEP Project	7,835.12	7,835.12	7,835.12	-	-	-
Bulletproof Vest Partnership	406.87	406.87	406.87	-	-	-
EMAA Grant	7,000.00	7,000.00	7,000.00	-	-	-
Total Operations - Excluded From "CAPS"	818,723.84	818,723.84	814,773.84	-	3,950.00	-
Detail:						
Other Expenses	818,723.84	818,723.84	814,773.84	-	3,950.00	-

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended			
	Original Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Cancelled
Capital Improvement Fund - Excluded From "CAPS"						
Capital Improvement Fund	40,000.00	40,000.00	40,000.00	-	-	-
Total Capital Improvement Fund - Excluded From "CAPS"	40,000.00	40,000.00	40,000.00	-	-	-
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	658,000.00	658,000.00	658,000.00	-	-	-
BAN Paydown	172,100.00	172,100.00	172,100.00	-	-	-
Miscellaneous Note Interest	12,325.00	12,325.00	9,247.79	-	-	3,077.21
Interest on Bonds	238,399.59	238,399.59	238,399.59	-	-	-
Total Municipal Debt Service - Excluded from "CAPS"	1,080,824.59	1,080,824.59	1,077,747.38	-	-	3,077.21
Deferred Charges - Excluded From "CAPS"						
Deferred Charges:						
5 Yr Special Emergency - Other Expense	24,600.00	24,600.00	24,600.00	-	-	-
Capital Budget Unfunded	81,070.67	81,070.67	81,070.67	-	-	-
Total Deferred Charges Other - Excluded from "CAPS"	105,670.67	105,670.67	105,670.67	-	-	-
Total General Appropriations - Excluded From "CAPS"	2,045,219.10	2,045,219.10	2,038,191.89	-	3,950.00	3,077.21
Subtotal General Appropriations	8,938,475.81	8,938,475.81	8,375,062.08	111,512.32	448,824.20	3,077.21
Reserve for Uncollected Taxes	397,396.42	397,396.42	397,396.42	-	-	-
Total General Appropriations	\$ 9,335,872.23	\$ 9,335,872.23	\$ 8,772,458.50	\$ 111,512.32	\$ 448,824.20	\$ 3,077.21
Adopted Budget		<u>\$ 9,335,872.23</u>				
		<u>\$ 9,335,872.23</u>				
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes			\$ 397,396.42			
Cash Disbursed			8,204,286.24			
Deferred Charges			24,600.00			
Reserve for State and Federal Grants - Appropriated			146,175.84			
			<u>\$ 8,772,458.50</u>			

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 7,978.41	\$ 7,478.99
Due for Restitution	B-5	<u>1,943.68</u>	<u>2,413.68</u>
		<u>9,922.09</u>	<u>9,892.67</u>
Trust - Other Fund:			
Cash - Treasurer	B-1	<u>1,103,992.69</u>	<u>1,413,302.80</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Investments	B-7	<u>583,518.52</u>	<u>515,373.76</u>
Total Assets		<u>\$ 1,697,433.30</u>	<u>\$ 1,938,569.23</u>
<u>Liabilities and Reserves</u>			
Animal Control Fund:			
Reserve for Expenditures	B-2	\$ 7,933.89	\$ 9,892.67
Due to State Department of Health	B-3	1.20	-
Reserve of Due to Borough of Red Bank	B-4	<u>1,987.00</u>	<u>-</u>
		<u>9,922.09</u>	<u>9,892.67</u>
Trust - Other Fund:			
Miscellaneous Trust Fund Reserves	B-6	<u>1,103,992.69</u>	<u>1,413,302.80</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:			
Miscellaneous Reserves	B-8	<u>583,518.52</u>	<u>515,373.76</u>
Total Liabilities and Reserves		<u>\$ 1,697,433.30</u>	<u>\$ 1,938,569.23</u>

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash - Treasurer	C-2,C-3	\$ 1,377,599.21	\$ 638,439.53
Deferred Charges To Future Taxation:			
Funded	C-4	4,996,000.00	5,688,000.00
Unfunded	C-5	<u>3,854,425.77</u>	<u>3,685,506.44</u>
Total Assets		<u>\$ 10,228,024.98</u>	<u>\$ 10,011,945.97</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$ 4,996,000.00	\$ 5,688,000.00
Bond Anticipation Notes	C-7	2,820,250.00	1,642,850.00
Improvement Authorizations:			
Funded	C-8	1,439,245.79	733,531.29
Unfunded	C-8	908,100.28	1,901,585.77
Capital Improvement Fund	C-9	53,012.44	34,662.44
Reserve for Fire Apparatus	C-10	100.00	-
Reserve for Green Acres	C-11	0.13	0.13
Fund Balance	C-1	<u>11,316.34</u>	<u>11,316.34</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,228,024.98</u>	<u>\$ 10,011,945.97</u>

There were Bonds and Notes Authorized on December 31, 2016 of \$1,034,175.77 and on December 31, 2015 of \$2,042,656.44.

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Balance, December 31, 2016 & 2015

\$ 11,316.34

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Cash - Treasurer	D-1	<u>\$ 10,237.24</u>	<u>\$ 8,357.24</u>
Total Assets		<u><u>\$ 10,237.24</u></u>	<u><u>\$ 8,357.24</u></u>
 <u>Reserves</u> 			
Reserve for Public Assistance Expenditures	D-2	<u>\$ 10,237.24</u>	<u>\$ 8,357.24</u>
Total Reserves		<u><u>\$ 10,237.24</u></u>	<u><u>\$ 8,357.24</u></u>

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

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS AND FUND BALANCE -
REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
Land	E-1	\$ 2,467,076.00	\$ 2,467,076.00
Buildings	E-1	4,741,553.33	4,741,553.33
Machinery and Equipment	E-1	<u>5,577,825.61</u>	<u>5,383,956.22</u>
Total General Fixed Assets		<u>\$ 12,786,454.94</u>	<u>\$ 12,592,585.55</u>
Investment in General Fixed Assets		<u>\$ 12,786,454.94</u>	<u>\$ 12,592,585.55</u>

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

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Borough of Shrewsbury, County of Monmouth, New Jersey ("Borough") is governed under the Borough form of New Jersey municipal government. The government consists of a Mayor and a Borough Council comprising 6 Council members, with all positions elected at large. The financial statements of the Borough include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Borough, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and whose financial statements can be obtained by contacting the treasurer of the respective entity.

Component Units

The Borough of Shrewsbury had no component units as defined by Governmental Accounting Standards Board Statement No.14, as amended by GASB 39 & 61.

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Borough of Shrewsbury contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough of Shrewsbury accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

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

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

Public Assistance Fund - is used to account for resources restricted in use for the general welfare of citizens living within the Borough.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

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

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current, open space trust and sewer utility funds in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40AA-9*. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

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

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

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

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

Fund Balances - Fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

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

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Shrewsbury School District and the Red Bank Regional High School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30 and for the regional high school district the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

County Taxes - The Borough is responsible for levying, collecting, and remitting county taxes for the County of Monmouth. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

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

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

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

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

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

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis

Volunteer Length of Service Award Plan - The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer First Aid Squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code".

The LOSAP Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements.

N.J.A.C.5:30-14.49 requires that the Borough perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accounts Statements for Accounting and Auditing Review Services.

Subsequent Events - The Borough of Shrewsbury has evaluated subsequent events occurring after December 31, 2016 through the date of May 17, 2017, which is the date the financial statements were available to be issued.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Borough implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Borough is required to measure certain investments at fair value for financial reporting purposes. In addition, the Borough is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Borough's financial statements.

The Borough implemented 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*. Implementation of this Statement did not impact the Borough's financial statements.

The Borough implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Borough's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Borough's financial statements.

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*. Implementation of this Statement did not impact the Borough's financial statements.

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. Implementation of this Statement did not impact the Borough's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

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. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements 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 will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Borough's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Borough's financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Borough's financial statements.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 2. Cash and Cash Equivalents

The Borough is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2016, and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	\$ 5,960,198.09
Total Deposits	\$ 5,960,198.09
Reconciliation of Statement of Assets, Liabilities, Reserves and Fund Balance:	
Current Fund	\$ 3,460,390.54
Animal Control Trust Fund	7,978.41
Trust - Other Fund	1,103,992.69
General Capital Fund	1,377,599.21
Public Assistance Fund	10,237.24
Total Cash & Cash Equivalents	\$ 5,960,198.09

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits might not be recovered. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule that follows.

As of December 31, 2016, the Borough's bank balances of \$6,184,597.43 were exposed to custodial credit risk as follows:

Uninsured & Uncollateralized	\$ 156,175.80
Insured Under F.D.I.C.	500,000.00
Collateralized Under GUDPA	5,528,421.63
Total	\$ 6,184,597.43

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note: 3: Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough, and are held by either the counterparty's trust department or agent but no in the Borough name. As of December 31, 2016 the Borough's balance of investments was \$583,518.52, which consisted of mutual funds for the Borough's Length of Service Awards Program in the amount of \$583,518.52, which are not exposed to custodial credit risk because the investments securities are registered in the Borough's name.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. 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.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits investments that the Borough may purchase. The Borough does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Borough does not place a limit on the amount that may be invested in any one issuer. Of the total December 31, 2016 balance of \$583,518.52, \$583,518.52 is recorded in the Trust Fund – LOSAP.

Note: 4: Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparative Schedule of Tax Rate Information

	2016	2015	2014
Tax Rate	<u>\$ 2.110</u>	<u>\$ 2.176</u>	<u>\$ 2.271</u>
Apportionment of Tax Rate			
Municipal	0.649	0.632	0.663
County	0.299	0.314	0.325
Local School	0.684	0.731	0.762
Regional High School	0.478	0.499	0.521

Net Valuation Taxable:

2016	<u>\$ 1,117,762,711.00</u>			
2015	<u>\$ 1,067,333,117.00</u>			
2014			<u>\$ 1,003,601,221.00</u>	

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 4: Property Taxes (continued):

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage of Collections
2016	\$ 23,726,359.72	\$ 23,565,005.14	99.32%
2015	23,491,950.81	23,290,361.08	99.14%
2014	23,274,359.60	22,985,185.68	98.76%

Delinquent Taxes and Tax Title Liens

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2016	583.03	168,153.67	168,736.70	0.71%
2015	574.59	214,263.52	214,838.11	0.91%
2014	565.89	269,776.10	270,341.99	1.16%

Note 5. Accounts Receivable

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Borough's individual major and fiduciary funds, in the aggregate, are as follows:

	Current Fund	State & Federal Grant Fund	Total
State Aid	\$ -	\$ 14,835.12	\$ 14,835.12
Taxes	168,736.70	-	168,736.70
Other	11,055.31	-	11,055.31
Total	\$ 179,792.01	\$ 14,835.12	\$ 194,627.13

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. General Fixed Assets

Fixed Assets activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016
Land	\$ 2,467,076.00	\$ -	\$ -	\$ 2,467,076.00
Buildings	4,741,553.33	-	-	4,741,553.33
Machinery & Equipment	5,383,956.22	418,625.09	(224,755.70)	5,577,825.61
Total General Fixed Assets	\$ 12,592,585.55	\$ 418,625.09	\$ (224,755.70)	\$ 12,786,454.94

Note: 7: Fund Balance Appropriated

The following schedule details the amount of fund balance available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

Comparative Schedule of Fund Balances

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$ 861,488.39	\$ 770,000.00
2015	944,369.97	840,000.00
2014	1,439,115.50	1,320,000.00
2013	1,198,044.14	1,080,000.00
2012	1,181,553.96	900,000.00

Note 8. Pension Obligations

A. 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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

The following represents the membership tiers for PERS:

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

Components of Net Pension Liability - At December 31, 2016, the Municipality reported a liability of \$7,796,159.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .02632%, which was a decrease of .00011% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	2,094,111.00	825,904.00
Deferred Inflows of Resources	17,641.00	95,396.00
Net Pension Liability	7,796,159.00	5,933,316.00
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.02632%	0.02643%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 144,985.00	\$ -
Changes of Assumptions	1,614,948.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	297,275.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	36,903.00	17,641.00
	\$ 2,094,111.00	\$ 17,641.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

Year Ending	PERS
<u>Dec 31,</u>	
2017	\$ 470,179.00
2018	470,181.00
2019	543,436.00
2020	453,265.00
2021	139,409.00
	\$ 2,076,470.00

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

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

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

	PERS
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of 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

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

A. Public Employees' Retirement System (PERS) (continued):

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
Municipality's proportionate share of the Net Pension Liability	\$ 9,553,282.89	\$ 7,796,159.00	\$ 6,345,500.88

B. Police and Firemen's 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 PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four 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 if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Municipality contributions to PFRS amounted to \$462,261.00 for 2016.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$7,655,637.00. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .04008%, which was a decrease of .00913% from its proportion measured as of June 30, 2015.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	1,882,757.00	1,880,329.00
Deferred Inflows of Resources	1,100,198.00	213,331.00
Net Pension Liability	7,655,637.00	8,195,751.00
Municipality's Portion of the Plan's Total Net Pension Liability	0.04008%	0.04920%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Municipality had 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>
Differences between Expected and Actual Experience	\$ -	\$ 50,184.00
Changes of Assumptions	1,060,369.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	536,415.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	<u>285,973.00</u>	<u>1,050,014.00</u>
	<u>\$ 1,882,757.00</u>	<u>\$ 1,100,198.00</u>

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

B. Police and Firemen's Retirement System (PFRS) (continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

Year Ending	<u>Dec 31,</u>	<u>PFRS</u>	<u>Deferred</u>	<u>Deferred</u>
			<u>Outflows of</u>	<u>Inflows of</u>
			<u>Resources</u>	<u>Resources</u>
	2017	\$ 273,362.00		
	2018	273,361.00		
	2019	420,767.00		
	2020	134,063.00		
	2021	<u>(318,994.00)</u>		
		<u>\$ 782,559.00</u>		
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
	June 30, 2014		-	-
	June 30, 2015		-	5.53
	June 30, 2016		-	5.58
Changes of Assumptions				
Year of Pension Plan Deferral:				
	June 30, 2014		6.17	-
	June 30, 2015		5.53	-
	June 30, 2016		5.58	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
	June 30, 2014		-	5.00
	June 30, 2015		-	5.00
	June 30, 2016		5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
	June 30, 2014		6.17	6.17
	June 30, 2015		5.53	5.53
	June 30, 2016		5.58	5.58

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the net pension liability attributable to the Municipality is \$642,884.00 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State’s proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2016 was .04008%, which was a decrease of .00913% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality’s.

Municipality's Proportionate Share of the Net Pension Liability	\$ 7,655,637.00
State's Proportionate Share of the Net Pension Liability Associated with the Municipality	642,884.00
Total Net Pension Liability	\$ 8,298,521.00

For the year ended December 31, 2016, the Municipality’s total allocated pension expense was \$753,195.00.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

	PFRS
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary’s modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

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

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

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

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

B. Police and Firemen’s Retirement System (PFRS) (continued):

	Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 10,700,334.34	\$ 8,298,521.00	\$ 6,339,986.69

Note 9: Other Post Employment Benefits

Plan Description

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

The S.H.B.P. was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the S.H.B.P.

All employees of the Borough who have completed twenty-five (25) years of employment have the option, upon retirement, of retaining all of the health/medical benefits provided. The cost of retirees' health care benefits is recognized as an expenditure when claims are paid. During 2016, the Borough paid \$182,125.22 for those costs.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the S.H.B.P. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the S.H.B.P. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasurv/pensions/.

Funding Policy

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

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 9: Other Post Employment Benefits (continued):

Contributions to pay for the health premiums of participating retirees in the S.H.B.P. are billed to the Borough on a monthly basis. The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits.

The Borough contributions to SHBP for the years ended December 31, 2016 and 2015 were \$182,125.22 and \$141,730.58, which equaled the required contributions for each year. There were 15 and 15 retired participants eligible at December 31, 2016 and 2015.

Note 10. Interfunds

The following interfunds remained as of December 31, 2016:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ -	\$ 43,263.55
Federal and State Grant Fund	<u>43,263.55</u>	<u>-</u>
	<u>\$ 43,263.55</u>	<u>\$ 43,263.55</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 210,762.65	\$ 172,585.00
Grant Fund	-	38,177.65
General Capital	172,100.00	172,100.00
Trust Other	<u>485.00</u>	<u>485.00</u>
	<u>\$ 383,347.65</u>	<u>\$ 383,347.65</u>

Note 11. 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 Borough did not have any deferred charges.

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 12. Local District School and Regional High School Taxes

Regulations provide for 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 has elected to defer school taxes as follows:

	Local District School Tax		Regional High School Tax	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance of Tax	\$ 3,719,741.00	\$ 3,859,308.00	\$ 2,669,808.00	\$ 2,662,613.48
Deferred	<u>2,775,000.00</u>	<u>2,775,000.00</u>	<u>2,100,000.00</u>	<u>2,100,000.00</u>
Tax Payable	<u>\$ 944,741.00</u>	<u>\$ 1,084,308.00</u>	<u>\$ 569,808.00</u>	<u>\$ 562,613.48</u>

Note 13. Capital Debt

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	<u>\$ 7,816,250.00</u>	<u>\$ 7,330,850.00</u>	<u>\$ 7,744,207.00</u>
Total Issued	<u>7,816,250.00</u>	<u>7,330,850.00</u>	<u>7,744,207.00</u>
Less:			
Reserve To Pay Debt Service	<u>-</u>	<u>-</u>	<u>10,687.94</u>
Net Debt Issued	<u>7,816,250.00</u>	<u>7,330,850.00</u>	<u>7,733,519.06</u>

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 13. Capital Debt (continued):

Authorized But Not Issued

General:

Bonds and Notes	1,034,175.77	2,042,656.44	327,784.80
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Net Bonds and Notes Issued and

Authorized But Not Issued	\$ 8,850,425.77	\$ 9,373,506.44	\$ 8,061,303.86
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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 0.793%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local District School	\$ 1,580,000.00	\$ 1,580,000.00	-
Regional School	826,188.70	826,188.70	-
General	8,850,425.77	-	\$ 8,850,425.77
	\$ 11,256,614.47	\$ 2,406,188.70	\$ 8,850,425.77

Net Debt \$8,850,425.77 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,115,511,569.67 = 0.793%

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 39,042,904.94
Less: Net Debt	8,850,425.77
Remaining Borrowing Power	\$ 30,192,479.17

The Borough's long-term debt consisted of the following at December 31, 2016:

A. Serial Bonds Payable

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Bonded Debt Issued and Outstanding:

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 13. Capital Debt (continued):

<u>GENERAL DEBT</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>
2017	\$ 678,000.00	\$ 224,042.50	\$ 902,042.50
2018	691,000.00	192,882.50	883,882.50
2019	717,000.00	160,117.50	877,117.50
2020	748,000.00	129,042.50	877,042.50
2021	742,000.00	95,882.50	837,882.50
2022-2025	1,420,000.00	139,168.78	1,559,168.78
Total	<u>\$ 4,996,000.00</u>	<u>\$ 941,136.28</u>	<u>\$ 5,937,136.28</u>

B. Bond Anticipation Notes

The Borough issues 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 ten years. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the third anniversary date of the original issuance.

At December 31, 2016, the Borough had the following bond anticipation notes:

<u>Issued</u>	<u>Description</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Ousting</u>
12/18/2016	Improvements to Blade Run	12/15/2017	1.19%	\$ 150,000.00
12/18/2016	Acquisition of Fire Apparatus	12/15/2017	1.19%	440,000.00
12/18/2016	Purchase of Fire Equipment	12/15/2017	1.19%	45,000.00
12/18/2016	Improvements to Various Roads	12/15/2017	1.19%	213,750.00
12/18/2016	Fire Equipment	12/15/2017	1.19%	62,000.00
12/18/2016	DPW Equipment	12/15/2017	1.19%	60,000.00
12/18/2016	Ave at the Commons	12/15/2017	1.19%	300,000.00
12/18/2016	Improvements to Various Roads	12/15/2017	1.19%	237,500.00
12/18/2016	Acquisition of Ambulance	12/15/2017	1.19%	152,000.00
12/18/2016	Acquisition of Ladder Truck	12/15/2017	1.19%	960,000.00
12/18/2016	Improvements to Various Roads	12/15/2017	1.19%	200,000.00
				<u>\$ 2,820,250.00</u>

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 13. Capital Debt (continued):

C. Bonds and Notes Authorized But Not Issued

At December 31, 2016, the Borough of Shrewsbury had \$1,034,175.77 authorized but not issued bonds and notes.

During the fiscal year ended December 31, 2016 the following changes occurred in capital debt:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
General Capital Fund:					
General Serial Bonds	\$ 5,688,000.00	\$ 1,030,000.00	\$ (1,722,000.00)	\$ 4,996,000.00	\$ 678,000.00
Bond Anticipation Notes	1,642,850.00	2,820,250.00	(1,642,850.00)	2,820,250.00	2,820,250.00
Authorized but Not Issued	2,042,656.44	546,350.00	(1,554,830.67)	1,034,175.77	-
Total General Capital	<u>\$ 9,373,506.44</u>	<u>\$ 4,396,600.00</u>	<u>\$ (4,919,680.67)</u>	<u>\$ 8,850,425.77</u>	<u>\$ 3,498,250.00</u>

Note 14. Compensated Absences

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused sick pay. Full-time employees are entitled to 15 working days of sick leave per calendar year. Unused sick leave will be accumulated to the employee's credit. However, no employee shall be allowed to accumulate more than 180 days. The current cost of such unpaid compensation would approximate \$333,530.14 at December 31, 2016. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

Note 15. New Jersey Unemployment Compensation Insurance

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

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

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 15. New Jersey Unemployment Compensation Insurance (continued):

<u>Fiscal Year</u>	<u>Borough Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 49.60	\$ 142.50	\$ 14,107.20
2015	49.59	-	14,200.10
2014	10,016.03	859.40	14,150.51

Note 16. Risk Management

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property.

Note 17. Litigation

There are actions which have been instituted against the Borough which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Borough.

Note 18. Subsequent Events

As discussed in Note 1, the Borough has evaluated subsequent events through May 17, 2017, the date the financial statements were available to be issued. No additional disclosures necessary.

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SUPPLEMENTARY SCHEDULES

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CURRENT FUND

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BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - COLLECTOR/TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015		\$ 3,412,612.78
Increased By Receipts:		
Taxes Receivable	\$23,659,800.76	
Revenue Accounts Receivable	1,183,748.62	
Miscellaneous Revenue Not Anticipated	66,695.21	
Due From:		
State of New Jersey for Senior Citizens' and Veterans' Deductions	32,750.00	
Tax Overpayments	19,759.97	
Prepaid Taxes	136,403.55	
Due To State of New Jersey -		
Marriage License Fees	675.00	
Reserve for:		
Police Receipts	504.00	
Tax Sale	6,630.88	
FEMA	266,765.35	
Debt Service	9,035.13	
Insurance Claims	8,855.62	
Grants Receivable	26,301.87	
Grants - Unappropriated	18,410.19	
	<u>25,436,336.15</u>	
		28,848,948.93
Decreased By Disbursements:		
Current Budget Appropriations	8,204,286.24	
2015 Appropriation Reserves	199,128.69	
Accounts Payable	1,306.00	
County Taxes	3,388,927.91	
Tax Overpayments	19,759.97	
Regional High School Tax	5,332,421.48	
Local District School Tax	7,789,059.00	
Change Fund	100.00	
Prepaid Taxes	1,700.89	
Municipal Open Space Tax	107,445.60	
Due To State of New Jersey -		
Marriage License Fees	625.00	
Reserve for:		
Tax Appeals	11,000.00	
FEMA	125,517.34	
Codification	6,067.26	
Wardell House	19,788.89	
Police Receipts	484.00	
Debt Service	9,035.13	
Insurance Claims	12,043.31	
Grants - Appropriated	160,131.68	
	<u>25,388,828.39</u>	
		<u>\$ 3,460,120.54</u>
Balance, December 31, 2016		

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 170.00
Increased By:	
Cash Disbursement	<u>100.00</u>
Balance, December 31, 2016	<u><u>\$ 270.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY FOR
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ (1,108.14)
Increased By:		
Senior Citizens' Deductions Per Tax Billing	\$ 500.00	
Veterans' Deductions Per Tax Billing	30,000.00	
Veterans' Deductions Allowed	250.00	
Cancelled to Operations	3,358.14	
		34,108.14
		33,000.00
Decreased By:		
Cash Receipts	32,750.00	
Veterans' Deductions Disallowed	250.00	
		33,000.00
Balance, December 31, 2016		\$ -

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Year	Balance December 31, 2015	2016 Levy	Added Taxes	Collections		Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Transfer To Liens	Cancelled	Balance December 31, 2016
				2015	2016				
2015	\$ 214,263.52	\$ -	\$ -	\$ -	\$ 221,086.81	\$ -	\$ -	\$ (6,823.29)	\$ -
2016	-	23,584,793.20	141,566.52	102,858.45	23,431,646.69	30,500.00	8.44	(6,807.53)	168,153.67
	\$ 214,263.52	\$ 23,584,793.20	\$ 141,566.52	\$ 102,858.45	\$ 23,652,733.50	\$ 30,500.00	\$ 8.44	\$ (13,630.82)	\$ 168,153.67

Analysis of 2016 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 23,584,793.20
Added Taxes (54-4-63 et seq.)	<u>141,566.52</u>
	<u>\$ 23,726,359.72</u>
 Tax Levy:	
Regional High School Taxes	\$ 5,339,616.00
Local District School Taxes	7,649,492.00
Municipal Open Space Tax	107,445.60
County Tax	\$ 2,975,226.70
County Library Tax	204,291.14
County Open Space Fund Tax	170,934.92
Added/Omitted County Taxes	<u>20,088.62</u>
	3,370,541.38
Local Taxes for Municipal Purposes	7,137,179.20
Add: Additional Taxes Levied	<u>122,085.54</u>
	<u>7,259,264.74</u>
	<u>\$ 23,726,359.72</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 574.59
Increased By:	
Transfer From Taxes Receivable	<u>8.44</u>
Balance, December 31, 2016	<u><u>\$ 583.03</u></u>

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collected</u>	Balance December 31, <u>2016</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 5,304.00	\$ 5,304.00	\$ -
Other	-	36,596.00	36,596.00	-
Fees and Permits	-	150,918.91	150,918.91	-
Fines and Costs:				
Municipal Court	13,632.44	183,932.69	186,509.82	11,055.31
Interest and Costs on Taxes	-	50,411.13	50,411.13	-
Interest on Investments	-	17,898.61	17,898.61	-
Cable Franchise Fee	-	71,090.23	71,090.23	-
Mobile Tower Fee	-	40,003.90	40,003.90	-
Payment in Lieu of Taxes	-	40,000.00	40,000.00	-
Energy Receipts Tax	-	381,641.00	381,641.00	-
Uniform Construction Code	-	155,623.00	155,623.00	-
Shared Services- Shrew Twp Fire	-	10,000.00	10,000.00	-
Uniform Fire Safety Act	-	22,752.02	22,752.02	-
Administrative Costs for Outside Service - Police	-	15,000.00	15,000.00	-
	<u>\$ 13,632.44</u>	<u>\$ 1,181,171.49</u>	<u>\$ 1,183,748.62</u>	<u>\$ 11,055.31</u>

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCY (NJS 40A:4-53 & N.J.S. 40A-55.1)
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Balance December 31, 2015</u>	<u>Increased</u>	<u>Raised 2016 Budget</u>	<u>Balance December 31, 2016</u>
5/21/2012	Revaluation	\$ 123,000.00	\$ 24,600.00	\$ -	\$ 24,600.00	\$ -
			\$ 24,600.00	\$ -	\$ 24,600.00	\$ -

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 948.06	\$ -	\$ 948.06	\$ -	\$ 948.06
Other Expenses	2,072.81	1,520.99	3,593.80	1,520.99	2,072.81
Local Ethics Board:					
Other Expenses	50.00	-	50.00	-	50.00
Mayor and Council:					
Other Expenses	816.96	323.31	1,140.27	323.31	816.96
Municipal Clerk:					
Salaries and Wages	556.27	-	556.27	-	556.27
Other Expenses	24,589.98	125.98	24,715.96	23,309.59	1,406.37
Printing	2.95	189.05	192.00	189.05	2.95
Financial Administration (Treasury):					
Salaries and Wages	29.98	-	29.98	-	29.98
Other Expenses	3,316.19	1,650.34	4,966.53	2,209.12	2,757.41
Audit Services					
Audit Services	1,000.00	-	1,000.00	-	1,000.00
Revenue Administration (Tax Collection):					
Other Expenses	403.79	-	403.79	-	403.79
Tax Assessment Administration:					
Salaries and Wages	0.03	-	0.03	-	0.03
Other Expenses	876.75	7,870.95	8,747.70	7,870.95	876.75
Legal Services (Legal Department):					
Salaries and Wages	24.49	-	24.49	-	24.49
Other Expenses	646.57	1,025.00	26,671.57	21,851.38	4,820.19
Engineering Services:					
Other Expenses	2,573.62	-	2,573.62	2,096.50	477.12
LAND USE ADMINISTRATION					
Planning Board:					
Salaries and Wages	784.90	-	784.90	282.06	502.84
Other Expenses	4.19	-	4.19	-	4.19
Zoning Board of Adjustment:					
Salaries and Wages	915.99	-	915.99	385.97	530.02
Other Expenses	62.09	-	62.09	-	62.09
Zoning Officer:					
Salaries and Wages	5.13	-	5.13	-	5.13
Other Expenses	25.00	-	25.00	-	25.00
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement:					
Salaries and Wages	2,005.83	-	2,005.83	-	2,005.83
Other Expenses	243.22	721.95	1,565.17	1,505.17	60.00
Building Inspector:					
Salaries and Wages	58.00	-	58.00	-	58.00
Code Enforcement Official:					
Salaries and Wages	714.74	-	714.74	-	714.74
Other Expenses	376.64	-	376.64	-	376.64

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
INSURANCE					
Disability Insurance	1,848.50	-	1,248.50	-	1,248.50
Other Insurance	43.37	292.36	335.73	292.36	43.37
Waiver of Insurance	249.97	-	249.97	-	249.97
Workers Compensation Insurance	100.00	-	100.00	-	100.00
Employee Group Insurance	19,909.97	-	19,909.97	-	19,909.97
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	53,408.21	-	28,408.21	10,756.74	17,651.47
Other Expenses	8,715.25	22,289.56	31,004.81	22,705.24	8,299.57
OSHA	179.09	1,384.06	1,563.15	1,384.06	179.09
Office of Emergency Management:					
Other Expenses	1,726.61	75.52	1,802.13	75.52	1,726.61
First Aid Organization - Contribution					
Other Expenses	1,970.26	6,374.41	8,344.67	8,339.70	4.97
Fire Protection Official:					
Salaries and Wages	58.00	-	58.00	-	58.00
Fire Marshall:					
Salaries and Wages	215.90	-	215.90	-	215.90
Other Expenses	-	525.00	525.00	525.00	-
Fire Company:					
Other Expenses	3,180.58	10,063.99	13,244.57	10,378.99	2,865.58
Occupational Safety Law (P.L. 1983, Ch. 516):					
OSHA - Fire Company Other Expenses	1,045.68	-	1,045.68	-	1,045.68
OSHA - First Aid Other Expenses	750.29	1,355.00	2,105.29	-	2,105.29
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	5,015.11	-	10,015.11	5,000.00	5,015.11
Other Expenses	5,117.71	2,637.20	27,754.91	24,237.20	3,517.71
Vehicle Maintenance	7,899.31	5,284.88	13,184.19	7,117.21	6,066.98
Shade Tree Commission:					
Salaries and Wages	600.00	-	600.00	-	600.00
Other Expenses	-	1,661.50	1,661.50	1,661.50	-
Buildings and Grounds:					
Salaries and Wages	3,658.90	-	3,658.90	-	3,658.90
Other Expenses	4,908.93	511.50	5,420.43	974.32	4,446.11
NJDES Stormwater Permit	6,601.00	-	6,601.00	-	6,601.00
Municipal Court:					
Salaries and Wages	1,851.93	-	1,851.93	-	1,851.93
Other Expenses	97.52	-	97.52	-	97.52

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health):					
Salaries and Wages	74.26	-	74.26	29.69	44.57
Other Expenses	21.00	-	21.00	-	21.00
OSHA Other Expenses	1,000.00	-	1,000.00	-	1,000.00
Environmental Health Services:					
Salaries and Wages	15.00	-	15.00	-	15.00
Other Expenses	895.24	-	895.24	-	895.24
Animal Control Services:					
Other Expenses	50.00	-	50.00	-	50.00
RECREATION AND EDUCATION					
Recreation Services and Programs:					
Salaries and Wages	1,747.37	-	1,747.37	-	1,747.37
Senior Citizens	-	656.36	656.36	656.36	-
Miscellaneous Other Expenses	6,873.68	4,154.44	11,028.12	6,394.48	4,633.64
Maintenance of Parks:					
Other Expenses	3,566.93	823.16	4,390.09	1,375.48	3,014.61
UNCLASSIFIED					
Utility Expenses and Bulk Purchases:					
Electricity	20,947.51	-	15,947.51	3,378.66	12,568.85
Street Lighting	6,280.07	-	6,280.07	2,322.11	3,957.96
Telephone (excluding telephone acquisition)	5,734.13	401.02	6,135.15	562.46	5,572.69
Water	7,780.08	-	7,780.08	357.33	7,422.75
Fire Hydrant Service	4,279.27	7,531.70	11,810.97	7,531.70	4,279.27
Gas (natural or propane)	9,034.40	1,286.94	10,321.34	816.71	9,504.63
Fuel Oil	20,841.33	1,783.09	17,624.42	1,783.09	15,841.33
Cellular Telephone	3,064.30	651.92	3,716.22	651.92	3,064.30
Gasoline	24,426.07	-	17,426.07	1,261.97	16,164.10
Landfill/Solid Waste Disposal Costs	20,920.61	15,815.36	36,735.97	17,078.30	19,657.67
Accumulated Leave Compensation:					
Salaries and Wages	500.00	-	500.00	-	500.00
Salary and Wage Adjustment Program:					
Salaries and Wages	500.00	-	500.00	-	500.00
Contingent	303.87	216.50	520.37	216.50	303.87
Statutory Expenditures:					
Contribution To:					
Social Security System (O.A.S.I.)	8,090.68	-	90.68	-	90.68

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES - REGULATORY ACCOUNTING BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	<u>Encumbered</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Matching Funds - For Grants	500.00	-	500.00	-	500.00
	<hr/>				
Total General Appropriations	\$ 319,702.07	\$ 99,203.04	\$ 418,905.11	\$ 199,408.69	\$ 219,496.42
	<hr/> <hr/>				
Cash Disbursement				\$ 199,128.69	
Accounts Payable				<u>280.00</u>	
				<u>\$ 199,408.69</u>	

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 1,306.00
Increased By:	
Transferred from Appropriation Reserves	<u>280.00</u>
	1,586.00
Decreased By:	
Cash Disbursements	<u>1,306.00</u>
Balance, December 31, 2016	<u><u>\$ 280.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Overpayments Created	<u>19,759.97</u>
	19,759.97
Decreased By:	
Cash Disbursements	<u>19,759.97</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 102,858.45
Increased By:		
Cash Receipts:		
Collection of 2017 Taxes		<u>136,403.55</u>
		239,262.00
Decreased By:		
Cash Disbursements	1,700.89	
Cancelled to Operations	58.20	
Amount Applied To 2016 Taxes Recievable	<u>102,858.45</u>	
		<u>104,617.54</u>
Balance, December 31, 2016		<u><u>\$ 134,644.46</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 38,475.15
Increased By:		
2016 Tax Levy:		
County Tax	\$ 2,975,226.70	
County Library Tax	204,291.14	
County Open Space Fund Tax	170,934.92	
Due County for Added Taxes	<u>20,088.62</u>	
		<u>3,370,541.38</u>
		3,409,016.53
Decreased By:		
Cash Disbursements		<u>3,388,927.91</u>
Balance, December 31, 2016		<u><u>\$ 20,088.62</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		
School Tax Payable	\$ 562,613.48	
School Tax Deferred	<u>2,100,000.00</u>	
		\$ 2,662,613.48
Increased By:		
Levy (School Year July 1, 2016 to June 30, 2017)		<u>5,339,616.00</u>
		8,002,229.48
Decreased By:		
Cash Disbursements		<u>5,332,421.48</u>
Balance, December 31, 2016		
School Tax Payable	\$ 569,808.00	
School Tax Deferred	<u>2,100,000.00</u>	
		<u><u>\$ 2,669,808.00</u></u>
 <u>2016 Liability for Regional High School Tax</u>		
Tax Payable, December 31, 2016		\$ 569,808.00
Tax Paid		<u>5,332,421.48</u>
		5,902,229.48
Less:		
Tax Payable, December 31, 2015		<u>562,613.48</u>
Amount Charged To 2016 Operations		<u><u>\$ 5,339,616.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		
School Tax Payable	\$ 1,084,308.00	
School Tax Deferred	<u>2,775,000.00</u>	
		\$ 3,859,308.00
Increased By:		
Levy (School Year July 1, 2016 to June 30, 2017)		<u>7,649,492.00</u>
		11,508,800.00
Decreased By:		
Cash Disbursements		<u>7,789,059.00</u>
Balance, December 31, 2016		
School Tax Payable	\$ 944,741.00	
School Tax Deferred	<u>2,775,000.00</u>	
		<u>\$ 3,719,741.00</u>
 <u>2016 Liability for Local District School Tax</u>		
Tax Payable, December 31, 2016		\$ 944,741.00
Tax Paid		<u>7,789,059.00</u>
		8,733,800.00
Less:		
Tax Payable, December 31, 2015		<u>1,084,308.00</u>
Amount Charged To 2016 Operations		<u>\$ 7,649,492.00</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO TRUST FUND - OPEN SPACE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Tax Levy	<u>107,445.60</u>
	107,445.60
Decreased By:	
Cash Disbursements	<u>107,445.60</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR FEMA
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ -
Increased By:		
Cash Receipts		<u>266,765.35</u>
		266,765.35
Decreased By:		
Improvement Authorization - Ord: 1024	124,260.00	
Cash Disbursements	<u>1,257.34</u>	
		<u>125,517.34</u>
Balance, December 31, 2016		<u><u>\$ 141,248.01</u></u>

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSE FEES
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	\$ 100.00
Increased By:	
Cash Receipts	<u>675.00</u>
	775.00
Decreased By:	
Cash Disbursements	<u>625.00</u>
Balance, December 31, 2016	<u><u>\$ 150.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR STATE TAX APPEALS PENDING
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 50,000.00
Decreased By:		
Tax Appeals Applied	\$ 14,000.00	
Cash Disbursements	<u>11,000.00</u>	
		<u>25,000.00</u>
Balance, December 31, 2016		<u><u>\$ 25,000.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX SALE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Cash Receipts	<u>6,630.88</u>
Balance, December 31, 2016	<u><u>\$ 6,630.88</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR WARDELL HOUSE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	157,500.00
Decreased By:	
Cash Disbursements	<u>19,788.89</u>
Balance, December 31, 2016	<u><u>\$ 137,711.11</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR CODIFICATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Charge Budget	<u>21,067.26</u>
	21,067.26
Decreased By:	
Cash Disbursements	<u>6,067.26</u>
Balance, December 31, 2016	<u><u>\$ 15,000.00</u></u>

**BOROUGH OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF RESERVE FOR DEBT SERVICE
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$	-
Increased By:		
Cash Receipt		9,035.13
		<u>9,035.13</u>
Decreased By:		
Cash Disbursements		9,035.13
		<u>9,035.13</u>
Balance, December 31, 2016	\$	<u><u>-</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR POLICE RECEIPTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 141.08
Increased By:		
Cash Receipts		<u>504.00</u>
		645.08
Decreased By:		
Cancelled to Operations	\$ 161.08	
Cash Disbursements	<u>484.00</u>	
		<u>645.08</u>
Balance, December 31, 2016		<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF RESERVE FOR INSURANCE CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 3,187.69
Increased By:	
Cash Receipts	<u>8,855.62</u>
	12,043.31
Decreased By:	
Cash Disbursements	<u>12,043.31</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATE AND FEDERAL GRANT FUND
SCHEDULE OF DUE FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 72,509.71
Increased By:		
Local Matching Funds	\$ 86,555.00	
Cash Receipts:		
Grants Receivable	26,301.87	
Grants - Unappropriated	18,410.19	
	131,267.06	131,267.06
		203,776.77
Decreased By:		
Cash Disbursements:		
Grants - Appropriated	160,131.68	
Cancellation of Grants - Appropriated	381.54	
	160,513.22	160,513.22
Balance, December 31, 2016		\$ 43,263.55

**BOROUGH OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 STATE AND FEDERAL GRANT FUND
 SCHEDULE OF GRANTS RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Increased By Revenue Anticipated <u>2016</u>	Cash Received	Transfer from Unappropriated Grants	Balance December 31, <u>2016</u>
Safe and Secure Communities Program	\$ -	\$ 25,895.00	\$ 25,895.00	\$ -	\$ -
Body Armor Grant	-	1,847.11	-	1,847.11	-
Alcohol Education Rehabilitation Fund	-	1,473.33	-	1,473.33	-
Clean Communities Program	-	15,163.41	-	15,163.41	-
ESAA Grant	-	7,000.00	-	-	7,000.00
State Police-HMEP Project	-	7,835.12	-	-	7,835.12
Bulletproof Vest Grant	-	406.87	406.87	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ 59,620.84	\$ 26,301.87	\$ 18,483.85	\$ 14,835.12
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATE AND FEDERAL GRANT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Grant</u>	Balance December 31, <u>2015</u>	Transferred From 2016 <u>Appropriations</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance December 31, <u>2016</u>
Alcohol Education Rehabilitation Fund	\$ 5,804.58	\$ 1,473.33	\$ 1,940.00	\$ -	\$ 5,337.91
Safe and Secure Communities Program:					
State Share	-	25,895.00	25,895.00	-	-
Matching Funds - Borough Share	-	86,555.00	86,555.00	-	-
Clean Communities Program	14,199.69	15,163.41	6,847.00	-	22,516.10
Bulletproof Vest	-	406.87	-	-	406.87
Body Armor Fund	1,553.95	1,847.11	904.65	-	2,496.41
Recycling Tonnage Grant	23,154.91	-	23,154.91	-	-
ESSA Grant	-	7,000.00	7,000.00	-	-
State Police - HMEP Project	381.54	7,835.12	7,835.12	381.54	-
	<u>\$ 45,094.67</u>	<u>\$ 146,175.84</u>	<u>\$ 160,131.68</u>	<u>\$ 381.54</u>	<u>\$ 30,757.29</u>
Grants Appropriated		\$ 59,620.84			
Local Match		<u>86,555.00</u>			
		<u>\$ 146,175.84</u>			

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
STATE AND FEDERAL GRANT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Grant</u>	Balance December 31, <u>2015</u>	Cash <u>Received</u>	Grants <u>Appropriated</u>	Balance December 31, <u>2016</u>
Alcohol Education Rehabilitation Fund	\$ 1,473.33	\$ 2,115.10	\$ 1,473.33	\$ 2,115.10
Clean Communities Program	15,163.41	9,511.73	15,163.41	9,511.73
Body Armor Fund	1,847.11	1,783.18	1,847.11	1,783.18
Recycling Tonnage Grant	8,931.19	-	-	8,931.19
Drunk Driving Enforcement Fund	-	5,000.18	-	5,000.18
	<u>\$ 27,415.04</u>	<u>\$ 18,410.19</u>	<u>\$ 18,483.85</u>	<u>\$ 27,341.38</u>

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TRUST FUNDS

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Animal Control</u>	<u>Trust - Other</u>
Balance, December 31, 2015	\$ 7,478.99	\$ 1,413,302.80
Increased By Receipts:		
Animal Control Fund	6,998.80	-
Due To State Department of Health	634.20	-
Miscellaneous Trust Fund Reserves	-	6,073,178.48
Due for Restitution	470.00	-
	<u>8,103.00</u>	<u>6,073,178.48</u>
	<u>15,581.99</u>	<u>7,486,481.28</u>
Decreased By Disbursements:		
Expenditures Under R.S. 4:19-15.11	6,299.36	-
Due To:		
State Department of Health	633.00	-
Due To Borough of Red Bank	671.22	-
Miscellaneous Trust Fund Reserves	-	6,382,488.59
	<u>7,603.58</u>	<u>6,382,488.59</u>
Balance, December 31, 2016	<u>\$ 7,978.41</u>	<u>\$ 1,103,992.69</u>

**BOROUGH OF SHREWSBURY
 COUNTY OF MONMOUTH, NEW JERSEY
 ANIMAL CONTROL FUND
 SCHEDULE OF RESERVE FOR EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 9,892.67
Increased By:		
Late Fees	\$ 1,130.00	
Dog Licenses	5,088.80	
Cat Licenses	780.00	
		6,998.80
		16,891.47
Decreased By:		
Expenditures Under R.S. 4:19-15.11	6,299.36	
Due To Borough of Red Bank	2,658.22	
		8,957.58
Balance, December 31, 2016		\$ 7,933.89

<u>Year</u>	<u>Amount</u>
2014	\$ 5,214.40
2015	5,194.80
	\$ 10,409.20

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE DEPARTMENT OF HEALTH
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Collected in 2016	<u>634.20</u>
	634.20
Decreased By:	
Payments	<u>633.00</u>
Balance, December 31, 2016	<u><u>\$ 1.20</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE OF DUE TO BOROUGH OF RED BANK
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Reserve for Expenditures	<u>2,658.22</u>
Decreased By:	
Cash Disbursements	<u>671.22</u>
Balance, December 31, 2016	<u><u>\$ 1,987.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE FOR RESTITUTION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 2,413.68
Decreased By:	
Cash Receipts	<u>470.00</u>
Balance, December 31, 2016	<u><u>\$ 1,943.68</u></u>

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF MISCELLANEOUS TRUST FUND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2016</u>
Tax Sale Premium	\$ 195,400.00	\$ 152,300.00	\$ 145,000.00	\$ 202,700.00
Unemployment Compensation	14,200.10	49.60	142.50	14,107.20
Inspection Fees	3,334.00	15,148.00	16,079.00	2,403.00
Municipal Court - P.O.A.A.	866.41	4.00	-	870.41
Payroll Deductions	6,858.31	4,975,747.57	4,973,763.44	8,842.44
Developers' Escrow	580,221.77	304,696.81	285,184.50	599,734.08
Environmental Trust	6,968.22	-	-	6,968.22
Open Space	339,688.79	135,154.49	451,532.91	23,310.37
Sidewalk Repair	806.01	-	192.00	614.01
Recycling	5,294.03	9,258.51	11,968.42	2,584.12
Rhododendron Garden	7,467.23	2,125.00	969.26	8,622.97
Law Enforcement Forfeiture Fund	1,374.98	4.29	870.00	509.27
Recreation	589.95	-	-	589.95
Uniform Fire Safety Act	6,185.55	530.00	1,872.28	4,843.27
Alliance on Alcoholism	5,338.86	1,000.00	-	6,338.86
Public Defender	4,744.49	5,603.00	4,508.17	5,839.32
Accumulated Sick and Vacation	18,819.94	82.16	18,902.10	-
Tax Redemption	25,822.17	278,432.21	225,611.49	78,642.89
Snow Emergency	38,802.19	26,600.00	49,946.46	15,455.73
Community Day Donations	138.35	-	-	138.35
Affordable Housing Trust	146,431.70	24,822.94	60,269.66	110,984.98
Reserve for Outside Employment	3,949.75	141,619.90	135,676.40	9,893.25
	<u>\$ 1,413,302.80</u>	<u>\$ 6,073,178.48</u>	<u>\$ 6,382,488.59</u>	<u>\$ 1,103,992.69</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") - UNAUDITED
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 515,373.76
Increased By:		
Borough Contributions	\$ 41,400.00	
Earnings on Investments	39,529.39	
Interest on Investments	1,828.91	
	<u>82,758.30</u>	<u>82,758.30</u>
		598,132.06
Decreased By:		
Distributions		<u>14,613.54</u>
Balance, December 31, 2016		<u><u>\$ 583,518.52</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") - UNAUDITED
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 515,373.76
Increased By:		
Borough Contributions	\$ 41,400.00	
Earnings on Investments	39,529.39	
Interest on Investments	<u>1,828.91</u>	
		<u>82,758.30</u>
		598,132.06
Decreased By:		
Distributions		<u>14,613.54</u>
Balance, December 31, 2016		<u><u>\$ 583,518.52</u></u>

GENERAL CAPITAL FUND

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 638,439.53
Increased By Receipts:		
Deferred Charges Unfunded	\$ 81,070.67	
Reserve for FEMA Proceeds	124,260.00	
Reserve for Fire Apparatus	10,000.00	
Grants in Aid	31,000.00	
Bond Anticipation Notes	1,349,500.00	
Capital Improvement Fund: Budget Appropriations	40,000.00	
		1,635,830.67
		2,274,270.20
Decreased By Disbursements:		
Improvement Authorizations	886,770.99	
Reserve for Fire Apparatus	9,900.00	
		896,670.99
Balance, December 31, 2016		\$ 1,377,599.21

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

		Balance December 31, <u>2016</u>
Capital Improvement Fund		\$ 53,012.44
Reserve for Green Arces Trust		0.13
Reserve for Fire Apparatus		100.00
Fund Balance		11,316.34
Ordinance		
<u>Number</u>	<u>Improvement Description</u>	
915	Improvements To DPW Complex	(60,000.00)
1006	DPW Equipment	480.68
1007	Pedestrian Safety Improvements	(32,325.33)
1008	Generator for Municipal Building	(3,000.00)
1012	Ave at the Common	270,115.11
1014	Police Equipment	(3,334.00)
1018	Acquisition of Fire Equipment	(8,218.00)
1022	Acquisition of Ladder Truck	1,160,000.00
1027	Acquisition of Police Equipment	(9,500.00)
1028	Acquisition of Fire Equipment	1,150.00
1029	Improvements to Various Roads	(9,698.16)
1030	Acquisition of Packer Truck	7,500.00
		\$ 1,377,599.21

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 5,688,000.00
Decreased By:		
Bonds Refunded	\$ 34,000.00	
Serial Bonds Paid By Current Fund	<u>658,000.00</u>	
		<u>692,000.00</u>
Balance, December 31, 2016		<u><u>\$ 4,996,000.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Balance December 31, 2015	Increased By 2016 Authorizations	Decreases	Balance December 31, 2016	Analysis of Balance		
						Bond Anticipation Notes	Unexpended Improvement Authorizations	Expenditures
915	Improvements To DPW Complex	\$ 75,000.00	\$ -	\$ 11,275.69	\$ 63,724.31	\$ -	\$ 3,724.31	\$ 60,000.00
956	IMPS TO Blades Run	170,000.00	-	20,000.00	150,000.00	150,000.00	-	-
966	Acquisition of Fire Apparatus	502,233.00	-	62,233.00	440,000.00	440,000.00	-	-
983	Purchase of Fire Equip	52,020.00	-	7,020.00	45,000.00	45,000.00	-	-
994	Improvements to Patterson Ave	90,074.25	-	76,382.79	13,691.46	-	13,691.46	-
1003	Improvements to Various Roads	237,500.00	-	23,750.00	213,750.00	213,750.00	-	-
1004	Fire Equipment	69,350.00	-	7,350.00	62,000.00	62,000.00	-	-
1005	Police Equipment	7,804.19	-	7,804.19	-	-	-	-
1006	DPW Equipment	66,500.00	-	6,500.00	60,000.00	60,000.00	-	-
1007	Pedestrian Safety Improvements	33,250.00	-	132.00	33,118.00	-	792.67	32,325.33
1008	Generator for Municipal Building	95,000.00	-	-	95,000.00	-	92,000.00	3,000.00
1012	Ave at the Common	855,000.00	-	-	855,000.00	300,000.00	555,000.00	-
1014	Police Equipment	20,900.00	-	17,566.00	3,334.00	-	-	3,334.00
1016	Improvements to Various Roads	237,500.00	-	-	237,500.00	237,500.00	-	-
1018	Acquisition of Fire Equipment	21,375.00	-	13,157.00	8,218.00	-	-	8,218.00
1019	Acquisition of Ambulance	152,000.00	-	-	152,000.00	152,000.00	-	-
1022	Acquisition of Ladder Truck	1,000,000.00	-	-	1,000,000.00	960,000.00	40,000.00	-
1024	Acquisition of Dump Truck	-	135,000.00	124,260.00	10,740.00	-	10,740.00	-
1027	Acquisition of Police Equipment	-	9,500.00	-	9,500.00	-	-	9,500.00
1028	Acquisition of Fire Equipment	-	21,850.00	-	21,850.00	-	21,850.00	-
1029	Improvements to Various Roads	-	237,500.00	-	237,500.00	200,000.00	27,801.84	9,698.16
1030	Acquisition of Packer Truck	-	142,500.00	-	142,500.00	-	142,500.00	-
		\$ 3,685,506.44	\$ 546,350.00	\$ 377,430.67	\$ 3,854,425.77	\$ 2,820,250.00	\$ 908,100.28	\$ 126,075.49

BAN's Paid by Operating Budget \$ 172,100.00
 Funded by Budget Appropriation 81,070.67
 Reserve for FEMA Proceeds 124,260.00
\$ 377,430.67

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Purpose	Original Issue		Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance December 31, 2015	Increased	Refunded	Decreased	Balance December 31, 2016
	Date	Amount	Date	Amount						
Refunding Bonds	03/08/07	\$ 3,067,000.00	12/01/17	383,000.00	5.000%	\$ 1,602,000.00	\$ -	\$ -	\$ 353,000.00	\$ 1,249,000.00
			12/01/18	214,000.00	5.000%					
			12/01/19	217,000.00	5.000%					
			12/01/20	218,000.00	4.000%					
			12/01/21	217,000.00	4.000%					
Government Loan Revenue Bonds	12/04/08	2,636,000.00	12/01/17	140,000.00	4.000%	1,576,000.00	-	1,064,000.00	150,000.00	362,000.00
			12/01/18	222,000.00	5.250%					
MCIA Fire Company Bonds - 2005	09/07/05	2,275,000.00	09/01/17	85,000.00	4.000%	1,730,000.00	-	-	100,000.00	1,630,000.00
			09/01/18	185,000.00	4.000%					
			09/01/19	195,000.00	4.000%					
			09/01/20	200,000.00	4.250%					
			09/01/21	175,000.00	4.250%					
			09/01/22	185,000.00	4.250%					
			09/01/23	195,000.00	4.250%					
			09/01/24	200,000.00	4.250%					
			09/01/25	210,000.00	4.250%					
				230,000.00	4.000%		1,030,000.00	-	10,000.00	
Refunding Bonds - 2016	02/1/2016	1,030,000.00	12/01/18	250,000.00	5.250%					
			12/01/19	270,000.00	4.500%					
			12/01/20	270,000.00	4.500%					
				70,000.00	4.300%					
MCIA Fire Company Bond - 2006	05/11/06	975,000.00	09/01/17	70,000.00	4.300%	780,000.00	-	-	45,000.00	735,000.00
			09/01/18	70,000.00	4.300%					
			09/01/19	75,000.00	4.300%					
			09/01/20	80,000.00	4.300%					
			09/01/21	80,000.00	4.300%					
			09/01/22	85,000.00	4.375%					
			09/01/23	90,000.00	4.375%					
			09/01/24	90,000.00	4.375%					
			09/01/25	95,000.00	4.375%					

\$ 5,688,000.00 \$ 1,030,000.00 \$ 1,064,000.00 \$ 658,000.00 \$ 4,996,000.00

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance	Improvement Description	Original Issue Date	Date of Issue	Date of Maturity	Interest Rate	Balance		Balance December 31, 2016	
						December 31, 2015	December 31, 2016		
						Increased	Decreased		
956	Improvements to Blade Run	12/21/12	12/16/16	12/15/17	1.19%	\$ 170,000.00	\$ 170,000.00	\$ 150,000.00	
966	Acquisition of Fire Apparatus	12/21/12	12/16/16	12/15/17	1.19%	502,233.00	502,233.00	440,000.00	
983	Purchase of Fire Equipment	12/21/12	12/16/16	12/15/17	1.19%	52,020.00	45,000.00	45,000.00	
998	Sycamore Avenue Sidewalks	12/21/12	12/16/16	12/15/17	1.19%	45,247.00	-	45,247.00	
1003	Improvements to Various Roads	12/19/14	12/16/16	12/15/17	1.19%	237,500.00	213,750.00	213,750.00	
1004	Fire Equipment	12/19/14	12/16/16	12/15/17	1.19%	69,350.00	62,000.00	62,000.00	
1006	DPW Equipment	12/19/14	12/16/16	12/15/17	1.19%	66,500.00	60,000.00	60,000.00	
1012	Ave at the Commons	12/18/15	12/16/16	12/15/17	1.19%	300,000.00	300,000.00	300,000.00	
1016	Improvements to Various Roads	12/18/15	12/16/16	12/15/17	1.19%	200,000.00	237,500.00	237,500.00	
1019	Acquisition of Ambulance	12/18/16	12/16/16	12/15/17	1.19%	-	152,000.00	-	
1022	Acquisition of Ladder Truck	12/18/16	12/16/16	12/15/17	1.19%	-	960,000.00	-	
1029	Improvements to Various Roads	12/18/16	12/16/16	12/15/17	1.19%	-	200,000.00	-	
						<u>\$ 1,642,850.00</u>	<u>\$ 2,820,250.00</u>	<u>\$ 1,642,850.00</u>	<u>\$ 2,820,250.00</u>
						BAN's Rolled	\$ 1,470,750.00	\$ 1,470,750.00	
						New Issuances	1,349,500.00	-	
						Paid By Operating Budget	-	172,100.00	
						<u>\$ 2,820,250.00</u>	<u>\$ 1,642,850.00</u>	<u>\$ 1,642,850.00</u>	

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance		2016 Authorizations		Balance	
				December 31, 2015		Deferred Charges - Unfunded	Grants In Aid	December 31, 2016	
				Funded	Unfunded			Funded	Unfunded
915	Improvements To DPW Complex	06/16/08	\$ 200,000.00	\$ -	\$ 3,724.31	\$ -	\$ -	\$ -	\$ 3,724.31
994	Improvements To Patterson Ave	05/26/13	400,000.00	-	13,691.46	-	-	-	13,691.46
1005	Police Equipment	6/2/2014	36,000.00	-	-	-	-	-	-
1006	DPW Equipment	6/2/2014	70,000.00	480.68	-	-	-	-	480.68
1007	Pedestrian Safety Improvements	6/2/2014	35,000.00	-	33,118.00	-	-	32,325.33	792.67
1008	Generator for Municipal Building	9/15/2014	100,000.00	5,000.00	95,000.00	-	-	8,000.00	92,000.00
1012	Ave at the Common	5/4/2015	900,000.00	307,550.61	555,000.00	-	-	37,435.50	555,000.00
1014	Police Equipment	5/18/2015	22,000.00	-	3,334.00	-	-	3,334.00	-
1016	Improvements to Various Roads	6/1/2015	250,000.00	212,500.00	37,500.00	-	-	250,000.00	-
1018	Acquisition of Fire Equipment	8/18/2015	22,500.00	-	8,218.00	-	-	8,218.00	-
1019	Acquisition of Ambulance	8/18/2015	160,000.00	8,000.00	152,000.00	-	-	160,000.00	-
1022	Acquisition of Ladder Truck	10/5/2015	1,200,000.00	200,000.00	1,000,000.00	-	-	-	40,000.00
1024	Acquisition of Dump Truck	3/21/2016	166,000.00	-	-	135,000.00	31,000.00	155,260.00	10,740.00
1027	Acquisition of Police Equipment	7/19/2016	10,000.00	-	-	9,500.00	-	10,000.00	-
1028	Acquisition of Fire Equipment	7/19/2016	23,000.00	-	-	21,850.00	-	-	1,150.00
1029	Improvements to Various Roads	7/19/2016	250,000.00	-	-	237,500.00	-	222,198.16	27,801.84
1030	Acquisition of Packer Truck	8/15/2016	150,000.00	-	-	142,500.00	-	-	7,500.00
				\$ 733,531.29	\$ 1,901,585.77	\$ 546,350.00	\$ 31,000.00	\$ 886,770.99	\$ 908,100.28

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 34,662.44
Increased By:	
2016 Budget Appropriations	<u>40,000.00</u>
	74,662.44
Decreased By:	
Improvement Authorizations	<u>21,650.00</u>
Balance, December 31, 2016	<u><u>\$ 53,012.44</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR FIRE APPARATUS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Cash Receipts	<u>10,000.00</u>
	10,000.00
Decreased By:	
Cash Disbursements	<u>9,900.00</u>
Balance, December 31, 2016	<u><u>\$ 100.00</u></u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR GREEN ACRES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 0.13

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Balance December 31, 2015	Increased	Current Budget Appropriation	Decreased by		Balance December 31, 2016
					Reserve for FEMA Proceeds	BAN's Issued	
915	Improvements To DPW Complex	\$ 75,000.00	\$ -	\$ 11,275.69	\$ -	\$ -	\$ 63,724.31
994	Improvements to Patterson Ave	44,827.25	-	31,135.79	-	-	13,691.46
1005	Police Equipment	7,804.19	-	7,804.19	-	-	-
1007	Pedestrian Safety Improvements	33,250.00	-	132.00	-	-	33,118.00
1008	Generator for Municipal Building	95,000.00	-	-	-	-	95,000.00
1012	Ave at the Common	555,000.00	-	-	-	-	555,000.00
1014	Police Equipment	20,900.00	-	17,566.00	-	-	3,334.00
1016	Improvements to Various Roads	37,500.00	-	-	-	37,500.00	-
1018	Acquisition of Fire Equipment	21,375.00	-	13,157.00	-	-	8,218.00
1019	Acquisition of Ambulance	152,000.00	-	-	-	152,000.00	-
1022	Acquisition of Ladder Truck	1,000,000.00	-	-	-	960,000.00	40,000.00
1024	Acquisition of Dump Truck	-	135,000.00	-	124,260.00	-	10,740.00
1027	Acquisition of Police Equipment	-	9,500.00	-	-	-	9,500.00
1028	Acquisition of Fire Equipment	-	21,850.00	-	-	-	21,850.00
1029	Improvement to Various Roads	-	237,500.00	-	-	200,000.00	37,500.00
1030	Acquisition of Packer Truck	-	142,500.00	-	-	-	142,500.00
		\$ 2,042,656.44	\$ 546,350.00	\$ 81,070.67	\$ 124,260.00	\$ 1,349,500.00	\$ 1,034,175.77

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR DOWN PAYMENT
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Cash Receipts	<u>31,000.00</u>
	31,000.00
Decreased By:	
Improvement Authorizations	<u>31,000.00</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

PUBLIC ASSISTANCE FUND

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	P.A.T.F. Account I (75%)	P.A.T.F. Account II (100%)	Fund Total
Balance, December 31, 2015	\$ 4,936.26	\$ 3,420.98	\$ 8,357.24
Increased By:			
Cash Receipts	<u>-</u>	<u>4,600.00</u>	<u>4,600.00</u>
Decreased By:			
Maintenance Payment	<u>4,936.26</u>	<u>8,020.98</u>	<u>12,957.24</u>
Balance, December 31, 2016	<u>\$ 4,736.26</u>	<u>\$ 5,500.98</u>	<u>\$ 10,237.24</u>

**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF RESERVE FOR EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 8,357.24
Increased By:	
Cash Receipts	<u>4,600.00</u>
	12,957.24
Decreased By:	
Maintenance Payment	<u>2,720.00</u>
Balance, December 31, 2016	<u><u>\$ 10,237.24</u></u>

BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH AND RECONCILIATION PER N.J.S.A. 40A:5-5
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	\$ 8,357.24
Increased By:	
Cash Receipts	4,600.00
Decreased By:	
Maintenance Payment	2,720.00
Balance, December 31, 2016	\$ 10,237.24

Reconciliation - December 31, 2016

	P.A.T.F. Account I <u>(75%)</u>	P.A.T.F. Account II <u>(100%)</u>	Fund <u>Total</u>
Balance on Deposit Per Statement of 1st Constitution Bank:			
Account I	\$ 4,736.26	\$ -	\$ 4,736.26
Account II	-	5,500.98	5,500.98
Balance, December 31, 2016	\$ 4,736.26	\$ 5,500.98	\$ 10,237.24

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GENERAL FIXED ASSETS ACCOUNT GROUP

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**BOROUGH OF SHREWSBURY
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	December 31, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2016</u>
General Fixed Assets:				
Land	\$ 2,467,076.00	\$ -	\$ -	\$ 2,467,076.00
Buildings	4,741,553.33	-	-	4,741,553.33
Machinery and Equipment	5,383,956.22	418,625.09	224,755.70	5,577,825.61
	<hr/>			
Total General Fixed Assets	<u>\$ 12,592,585.55</u>	<u>\$ 418,625.09</u>	<u>\$ 224,755.70</u>	<u>\$ 12,786,454.94</u>

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COMMENTS AND RECOMMENDATIONS

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The Honorable Mayor and Members of the
Borough Council
Borough of Shrewsbury
Shrewsbury, New Jersey

We have audited the financial statements – statutory basis of the Borough of Shrewsbury in the County of Monmouth for the year ended December 31, 2016.

Scope of Audit

The audit covered the financial transactions of the Treasurer, Tax Collector, and the activities of the Mayor and Council and the records of the various outside departments.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Borough records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000 for the period of January 1, 2016 to December 31, 2016, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made. The minutes indicate that bids were requested by public advertising for the following items:

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

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

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Borough Council.

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," 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*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$6,000 for the period of January 1, 2016 to December 31, 2016, thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, as amended, 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 3, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes and water/sewer rents on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One

Collection of Interest on Delinquent Taxes and Assessments (continued):

Thousand Five Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable.”

The Borough also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

It appears from an examination of the Collector's record that interest was collected in accordance with the foregoing resolution.

Tax Collector’s Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2016 with the governing body.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2016 included real estate taxes for 2016 and 2015.

The last tax sale was held on December 16, 2016 and was complete.

Inspection of 2016 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:

YEAR	NUMBER OF LIENS
2016	3
2015	3
2014	3

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get properties back on a taxpaying basis.

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Deposit of Funds Paid to Local Unit

N.J.S.40A:5-15 States:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall within 48 hours after the receipt thereof, either;

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or;
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our testing revealed no exceptions.

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Borough employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies.

Municipal Court

A separate report for the Municipal Court transactions was filed in accordance with the requirements of the Local Finance Board.

As part of the test of the municipal court records, no attempt was made to differentiate between fines due the Borough, County, or State, or to pass upon the authenticity of the preparation and procedures for complaints issued.

A test sample was selected of fifteen (15) traffic and criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

The computer software does not allow for a posting distribution in the cash receipts journal when a transaction involves both a check and cash payment being made by the defendant. The computer system requires this particular type of transaction be posted as either entirely cash or check. As a result of this limitation no test can be conducted to determine if the receipt detail batch totals from the journal agree with the detail of cash and checks deposited for that particular day.

A review of the partial payment system indicated that collection procedures are being enforced to collect delinquent balances.

Follow Up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year findings. There were no prior year findings.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2016:

NAME	POSITION	AMOUNT OF BOND
Donald W. Burden	Mayor	
Erik Anderson	Council President	
Deidre DerAsadourian	Councilperson	
Jeff Desalvo	Councilperson	
Peter Meyer	Councilperson	
Donald Eddy	Councilperson	
Thomas Moran	Councilperson	
Kathleen P. Krueger	Borough Clerk	\$1,000,000
Thomas X. Seaman	Chief Financial Officer Tax Collector	\$1,000,000
William Fitzpatrick	Tax Assessor	\$1,000,000
Martin M. Barger	Attorney	
James E. Berbue, Jr.	Judge of the Municipal Court	\$1,000,000
Megan Thomas	Municipal Court Administrator	\$1,000,000

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

May 17, 2017
Freehold, New Jersey