

**BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

**WITH
REPORT OF INDEPENDENT AUDITORS**

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

**BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY**

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MIDDLESEX COUNTY, NEW JERSEY

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BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

PART I
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Middlesex
County of Middlesex, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the Borough of Middlesex, County of Middlesex, New Jersey, as of and for the year ended December 31, 2017 and 2016, the statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Borough as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and 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 opinion.

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough of Middlesex, County of Middlesex, New Jersey, as of December 31, 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Borough of Middlesex, County of Middlesex, New Jersey as of December 31, 2017 and 2016 and the results of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2017, on the basis of accounting described in Note 2.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that pension plan information, including the Notes thereto, (Required Supplementary Information – Part II), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

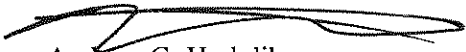
Our audit was made for the purpose of forming an opinion on the financial statements of the Borough of Middlesex, County of Middlesex, New Jersey. The information included in Part III – Supplementary Schedules and Part IV – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Middlesex, County of Middlesex, New Jersey. The Part III – Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to 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, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole. The schedules and information contained in Part IV - Supplementary Data have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated September 26, 2018 on our consideration of the Borough of Middlesex’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Middlesex’s internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants



Andrew G. Hodulik
Registered Municipal Accountant
No. 406

Highland Park, New Jersey
September 26, 2018

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Middlesex
County of Middlesex, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and 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 Middlesex as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough of Middlesex's financial statements and have issued our report thereon dated September 26, 2018. Our report was modified to reflect the departures from accounting principles generally accepted in the United States of America, as disclosed in Note 2, that are embodied in the Other Comprehensive Basis of Accounting utilized for financial statement presentations and was unmodified based upon that Other Comprehensive Basis of Accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Middlesex'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Middlesex's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Middlesex's internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Borough of Middlesex's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted other matters involving internal control over financial reporting that we have reported to management of the Borough of Middlesex in the General Comments section of the Report of Audit.

Purpose of this Report

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



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Highland Park, New Jersey
September 26, 2018

FINANCIAL STATEMENTS

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND DECEMBER 31, 2016

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31.2017</u>	<u>BALANCE</u> <u>DEC. 31.2016</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31.2017</u>	<u>BALANCE</u> <u>DEC. 31.2016</u>
Cash and Investments - Treasurer	A- 4	\$ 6,934,451.67 ✓	\$ 5,959,198.79	Liabilities:			
Cash - Change Fund	A- 5	500.00 ✓	500.00	Appropriation Reserves	A-3, A-11	\$ 652,503.97 ✓	\$ 602,329.13
Due from State of N.J. per Ch. 129, P.L. 1976	A- 6	43,661.05 ✓	39,661.05	Reserve for Encumbrances	A-3, A-11	218,936.41 ✓	175,159.78
		<u>6,978,612.72</u>	<u>5,999,359.84</u>	Prepaid Taxes	A- 7	905,467.87 ✓	223,346.50
				Various Payables	A-14	81,947.84 ✓	72,267.04
Receivables With Offsetting Reserves:				Various Reserves	A-14	1,130,077.88 ✓	1,430,077.88
Taxes Receivable	A- 7	498,985.48 ✓	701,809.59	Interfunds Payable	A-10	799,034.15 ✓	870,878.58
Tax Title Liens	A- 7	360,646.06 ✓	334,506.62			3,787,968.12	3,374,058.91
Property Acquired for Taxes (At Assessed Valuation)	A- 7	1,423,139.00 ✓	1,423,139.00	Reserve for Receivables	Reserve	2,782,504.29	3,702,962.48
Revenue Accounts Receivable	A- 8	22,214.39 ✓	25,223.93	Fund Balance	A-1	3,190,644.60 ✓	2,705,300.93
Sewer Flow Charges Receivable	A- 9	186,778.64 ✓	1,170,920.95				
Interfunds Receivable	A-10	290,740.72 ✓	47,362.39	Total Regular Fund		<u>9,761,117.01</u>	<u>9,782,322.32</u>
		<u>2,782,504.29</u>	<u>3,702,962.48</u>				
Deferred Charges:							
2012 Emergency - Hurricane Sandy	A-12		80,000.00				
		-	80,000.00				
Total Regular Fund		<u>9,761,117.01</u>	<u>9,782,322.32</u>				
State and Federal Grant Fund:				State and Federal Grant Fund:			
Grants Receivable	A-17	1,524,198.53 ✓	1,514,484.89	Reserve for State and Federal Grants:			
Due from Current Fund	A-18	377,893.89 ✓	471,489.73	Appropriated	A-19	1,474,271.13 ✓	1,920,507.50
Due from General Capital Fund	A-16	23,775.00 ✓	23,775.00	Unappropriated	A-20	30,420.23 ✓	30,420.23
		<u>1,925,867.42</u>	<u>2,009,749.62</u>	Reserve for Encumbrances	A-19	421,176.06 ✓	58,821.89
Total State and Federal Grant Fund		<u>1,925,867.42</u>	<u>2,009,749.62</u>	Total State and Federal Grant Fund		<u>1,925,867.42</u>	<u>2,009,749.62</u>
		<u>\$ 11,686,984.43</u>	<u>\$ 11,792,071.94</u>			<u>\$ 11,686,984.43</u>	<u>\$ 11,792,071.94</u>
Deferred School Taxes:							
Balance of Tax	A-15	\$ 12,136,004.00 ✓	\$ 11,743,634.00				
Deferred	A-15	12,136,004.00	11,743,634.00				
School Taxes Payable		<u>\$ -</u>	<u>\$ -</u>				

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND
 CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2017</u>	<u>YEAR 2016</u>
Fund Balance Utilized	A-1, A-2	\$ 1,886,616.88	\$ 1,618,212.06
Miscellaneous Revenues Anticipated	A-2	5,455,165.91	5,753,352.85
Receipts from Delinquent Taxes	A-2	688,212.53	636,089.00
Receipts from Current Taxes	A-7	42,363,346.31	40,773,289.51
Non-Budget Revenue	A-2	473,762.95	63,382.52
Other Credits to Income:			
Unexpended Balances of Approp. Reserves	A-11	372,009.90	807,610.29
Interfunds Advanced/Returned - Statutory Animal Excess			
Due from Animal Control Fund	A-10	<u>6,863.34</u>	<u>7,174.04</u>
 Total Revenues		 <u>51,245,977.82</u>	 <u>49,659,110.27</u>
 <u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating			
Salaries and Wages	A-3	6,531,189.00	5,977,338.95
Other Expenses	A-3	8,080,390.88	7,955,548.01
State and Federal Programs Off-Set by Revenue	A-3	148,671.31	1,675,785.02
Municipal Debt Service	A-3	2,301,480.87	2,274,996.44
Capital Improvements	A-3	80,000.00	65,000.00
Deferred Charges and Statutory Expend.-Mun.	A-3	1,701,478.00	1,380,089.30
County Tax	A-13	5,831,969.88	5,556,152.47
Local District School Taxes	A-13	23,955,459.00	23,225,281.00
Interfunds Advanced - Net	A-10	<u>243,378.33</u>	<u>19,367.95</u>
 Total Expenditures		 <u>48,874,017.27</u>	 <u>48,129,559.14</u>
 Excess in Revenue		 2,371,960.55	 1,529,551.13
 <u>FUND BALANCE</u>			
Balance - January 1	A	<u>2,705,300.93</u>	<u>2,793,961.86</u>
		5,077,261.48	4,323,512.99
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>1,886,616.88</u>	<u>1,618,212.06</u>
Balance - December 31	A	<u>\$ 3,190,644.60</u>	<u>\$ 2,705,300.93</u>

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	REF.	ANTICIPATED 2016 BUDGET	APPROP. N.J.S.A. 40A:4-87	Total Budget	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	\$ 1,886,616.88	\$	\$ 1,886,616.88	\$ 1,886,616.88	\$
Miscellaneous Revenues:						
Licenses:						
Alcoholic Beverages		13,600.00		13,600.00	13,510.00	(90.00)
Other		34,900.00		34,900.00	20,016.70	(14,883.30)
Fees and Permits		77,500.00		77,500.00	91,394.34	13,894.34
Fines and Costs:						
Municipal Court		278,000.00		278,000.00	306,294.05	28,294.05
Interest and Costs on Taxes		164,500.00		164,500.00	170,627.27	6,127.27
Interest on Investments and Deposits		111,800.00		111,800.00	74,379.42	(37,420.58)
Television Franchise Fees		96,640.16		96,640.16	96,640.16	-
Payment in Lieu of Taxes - Prebyterian Homes		58,400.00		58,400.00	58,703.43	303.43
Sewer Rents Receivable		794,000.00		794,000.00	2,001,686.62	1,207,686.62
Host Community Benefit Funds		64,000.00		64,000.00	79,762.19	15,762.19
Consolidated Municipal Property Tax Relief Aid		176,560.00		176,560.00	176,560.00	-
Energy Receipts Taxes		1,603,254.00		1,603,254.00	1,603,254.00	-
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17):						
Uniform Construction Code Fees		373,000.00		373,000.00	224,492.00	(148,508.00)
Hazardous Waste Facilities Siting Act (N.J.S.A. 13-15-80)		20,000.00		20,000.00	20,000.00	-
Public and Private Revenues Offset with Approps.:						
N.J. Alcohol Education & Rehabilitation - Municipal Court			64.34	64.34	64.34	
Body Armor Replacement Grant - CY			2,990.70	2,990.70	2,990.70	
Drunk Driving Enforcement Fund			27,358.42	27,358.42	27,358.42	
Community Development Block Grant		48,921.00		48,921.00	48,921.00	
DMV Inspection Fines			2,635.00	2,635.00	2,635.00	
Drunk Driving Enforcement Fund			3,821.85	3,821.85	3,821.85	
Middlesex County - Info. Assis & Transp. Assist - Older American Act of 1965		17,700.00	3,250.00	20,950.00	20,950.00	
Municipal Alliance on Alcoholism and Drug Abuse		20,965.00	20,965.00	41,930.00	41,930.00	
Other Special Items:						
Reserve for Sale of Municipal Assets - Cell Tower		300,000.00		300,000.00	300,000.00	-
MCUA - Overpayment Credit		69,174.42		69,174.42	69,174.42	-
Additional Sewer Rents Receivable		100,000.00		100,000.00		(100,000.00)
Total Miscellaneous Revenues	A-1,A-8	4,422,914.58	61,085.31	4,483,999.89	5,455,165.91	971,166.02
Receipts from Delinquent Taxes	A-1,A-7	650,000.00		650,000.00	688,212.53	38,212.53
Subtotal General Revenues		6,959,531.46	\$ 61,085.31	\$ 7,020,616.77	8,029,995.32	1,009,378.55
Amount to be Raised by Taxes for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-7	12,221,626.42		12,221,626.42	12,573,560.43	351,934.01
Minimum Library Tax	A-7	484,987.00		484,987.00	484,987.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget		12,706,613.42		12,706,613.42	13,058,547.43	351,934.01
Budget Totals		19,666,144.88	61,085.31	19,727,230.19	21,088,542.75	\$ 1,361,312.56
Non-Budget Revenues	A-1,A-4				473,762.95	
		\$ 19,666,144.88	\$ 61,085.31	\$ 19,727,230.19	\$ 21,562,305.70	
	Ref.	A-3	A-3	A-3		

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Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT:</u>						
General Administration						
Salaries & Wages	\$ 105,000.00	\$ 105,000.00	\$ 103,690.57	\$	\$ 1,309.43	
Other Expenses	5,000.00	5,000.00	2,813.26	1,862.72	324.02	
Mayor and Council						
Salaries and Wages	12,000.00	12,000.00	11,999.76		0.24	
Other Expenses	7,500.00	7,500.00	5,486.72	495.52	1,517.76	
Municipal Clerk						
Salaries and Wages	173,000.00	173,000.00	172,933.26		66.74	
Other Expenses	12,200.00	12,200.00	8,807.62	2,639.66	752.72	
Postage for All Departments						
Other Expenses	23,000.00	23,000.00	16,622.24	566.99	5,810.77	
Printing and Advertising						
Other Expenses	7,500.00	7,500.00	6,387.47	-	1,112.53	
Financial Administration (Treasury)						
Salaries and Wages	95,750.00	95,750.00	95,136.66		613.34	
Other Expenses	44,700.00	44,700.00	42,181.40	140.00	2,378.60	
Elections						
Other Expenses	6,000.00	6,000.00	6,000.00		-	
Annual Audit						
Other Expenses	45,000.00	45,000.00	-	-	45,000.00	
Revenue Administration (Tax Collection)						
Salaries and Wages	71,750.00	72,250.00	72,045.00		205.00	
Other Expenses	11,235.00	10,735.00	8,608.55	488.58	1,637.87	
Tax Assessment Administration						
Salaries and Wages	20,000.00	20,000.00	19,999.99		0.01	
Other Expenses	3,350.00	3,350.00	3,325.57	-	24.43	
Legal Services						
Other Expenses	98,500.00	108,600.00	94,436.53	7,971.00	6,192.47	
Engineering Services						
Other Expenses	99,500.00	93,400.00	47,016.29	45,140.74	1,242.97	
Computer Data Services						
Salaries and Wages	84,500.00	84,500.00	84,405.94		94.06	
Other Expenses	189,900.00	189,900.00	150,669.44	36,481.39	2,749.17	
Environmental Legal & Engineering Services and Costs						
Other Expenses	14,500.00	10,500.00	1,404.00	195.00	8,901.00	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>GENERAL GOVERNMENT (CONT'D):</u>						
<u>LAND USE ADMINISTRATION:</u>						
Planning Board						
Salaries and Wages	\$ 4,800.00	\$ 4,800.00	\$ 3,200.00	\$ -	\$ 1,600.00	\$
Other Expenses	62,750.00	62,750.00	33,541.15	15,041.10	14,167.75	
Zoning Board of Adjustment						
Salaries and Wages	4,800.00	4,800.00	2,800.00	-	2,000.00	
Other Expenses	6,000.00	6,000.00	4,325.73	1,135.00	539.27	
Code Enforcement						
Salaries and Wages	63,500.00	63,500.00	57,099.57	-	6,400.43	
Other Expenses	12,250.00	12,250.00	5,914.48	161.47	6,174.05	
<u>INSURANCE:</u>						
Temporary Disability Insurance	27,000.00	27,000.00	25,769.94		1,230.06	
Long-Term Disability Insurance	18,000.00	18,000.00	16,792.81		1,207.19	
Liability Insurance	286,700.00	286,700.00	284,184.47		2,515.53	
Workmen's Compensation	148,050.00	148,050.00	148,050.00		-	
Employee Group Insurance	2,393,628.88	2,418,628.88	2,418,444.01		184.87	
<u>PUBLIC SAFETY:</u>						
Police Department						
Salaries and Wages	3,433,000.00	3,394,295.00	3,204,462.42	-	189,832.58	
Other Expenses	148,500.00	148,500.00	126,294.14	12,241.61	9,964.25	
Juvenile Conference Committee						
Salaries and Wages	2,135.00	2,135.00	2,108.98	-	26.02	
Other Expenses	250.00	250.00	-	-	250.00	
Office of Emergency Management						
Salaries and Wages	4,400.00	4,400.00	4,400.00	-	-	
Other Expenses	16,900.00	16,900.00	11,828.99	4,430.00	641.01	
Aid to Volunteer Ambulance Companies	25,000.00	25,000.00	25,000.00	-	-	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>PUBLIC SAFETY (CONT'D):</u>						
Fire Department						
Other Expenses	\$ 132,050.00	\$ 132,050.00	\$ 97,840.08	\$ 13,849.74	\$ 20,360.18	\$
Hazardous Waste Facilities Tax -						
Other Expenses	2,000.00	2,000.00	-	-	2,000.00	
Fire Hydrant Fees						
Other Expenses	210,000.00	210,000.00	191,518.47	-	18,481.53	
Municipal Prosecutor's Office						
Salaries and Wages	24,398.00	24,398.00	24,398.00		-	
Municipal Court						
Salaries and Wages	161,000.00	151,000.00	148,151.88	112.50	2,735.62	
Other Expenses	12,250.00	12,250.00	7,917.50	200.90	4,131.60	
<u>PUBLIC WORKS:</u>						
Road Repairs and Maintenance						
Salaries and Wages	706,000.00	732,500.00	732,500.00		-	
Other Expenses	147,875.00	147,875.00	126,188.93	20,915.99	770.08	
Shade Tree Commission						
Salaries and Wages	2,483.00	2,483.00	2,483.00		-	
Other Expenses	25,000.00	25,000.00	22,590.00	2,410.00	-	
Solid Waste Collection						
Salaries and Wages	162,750.00	162,750.00	159,226.66		3,523.34	
Garbage and Trash Removal						
Salaries and Wages	368,000.00	400,000.00	398,362.83		1,637.17	
Other Expenses	48,600.00	48,600.00	47,586.60	459.94	553.46	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
<u>PUBLIC WORKS (CONT'D):</u>						
Community Services Act (Condominium Community Costs)						
Other Expenses	\$ 55,500.00	\$ 55,500.00	\$ -	\$ -	\$ 55,500.00	\$
Building and Grounds						
Other Expenses	111,000.00	126,000.00	109,798.70	15,332.43	868.87	
Rental of Rescue Squad Building						
Other Expenses	7,200.00	7,200.00	6,600.00	600.00	-	
<u>HEALTH AND HUMAN SERVICES:</u>						
Public Health Services (Board of Health)						
Salaries and Wages	2,939.00	2,939.00	1,469.50		1,469.50	
Other Expenses	67,800.00	67,800.00	66,692.85	56.50	1,050.65	
Animal Control						
Other Expenses	30,000.00	30,000.00	16,500.00	-	13,500.00	
Senior Nutrition - Program Costs						
Salaries and Wages	7,200.00	7,200.00	3,442.36		3,757.64	
Title III Senior Medical Transportation - Program Costs						
Salaries and Wages	12,500.00	12,500.00	3,775.36		8,724.64	
Title III Information & Assistance - Program Costs						
Salaries and Wages	32,000.00	32,000.00	28,842.62		3,157.38	
<u>PARKS AND RECREATION:</u>						
Recreation Services and Programs						
Salaries and Wages	103,500.00	103,500.00	90,261.36		13,238.64	
Other Expenses	32,060.00	42,060.00	26,007.46	3,949.41	12,103.13	
Parks and Playgrounds						
Salaries and Wages	304,000.00	244,000.00	238,379.40		5,620.60	
Other Expenses	66,820.00	66,820.00	50,818.23	8,442.46	7,559.31	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>PARKS AND RECREATION (CONT'D):</u>						
Celebration of Public Events						
Other Expenses	\$ 60,000.00	\$ 60,000.00	\$ 50,477.64	\$ 539.09	\$ 8,983.27	\$
Senior Citizens Bus Transportation						
Other Expenses	4,000.00	4,000.00	1,009.36	95.00	2,895.64	
Senior Citizens Coordinator						
Salaries and Wages	51,000.00	51,000.00	50,958.04		41.96	
Other Expenses	6,000.00	6,000.00	4,302.71	871.70	825.59	
<u>OTHER COMMON OPERATING FUNCTIONS - UNCLASSIFIED:</u>						
Accumulated Sick Leave Compensation						
Salaries and Wages	40,000.00	30,000.00	30,000.00		-	
Housing and Community Advisory Board						
Salaries and Wages	375.00	375.00	375.00		-	
Other Expenses	100.00	100.00	-		100.00	
Maintenance of Tax Map						
Other Expenses	1,150.00	1,150.00	-	-	1,150.00	
Beautification Committee						
Other Expenses	1,000.00	1,000.00	382.50	458.00	159.50	
Multi-Family Solid Waste Collection						
Other Expenses	35,000.00	20,000.00	18,837.60	-	1,162.40	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Electricity	\$ 175,000.00	\$ 185,000.00	\$ 152,133.23	\$ -	\$ 32,866.77	\$
Street Lighting	171,000.00	151,000.00	124,068.32	-	26,931.68	
Telephone (Excluding Equipment Acquis.)	75,000.00	75,000.00	56,102.58	-	18,897.42	
Water	35,000.00	25,000.00	20,073.22	-	4,926.78	
Gas (Natural or Propane)	25,000.00	25,000.00	24,047.05	-	952.95	
Fuel Oil (Diesel Fuel)	75,000.00	40,000.00	40,000.00	-	-	
Gasoline	85,000.00	61,000.00	60,040.00	-	960.00	
Sewer Processing and Disposal						
Salaries and Wages	74,000.00	79,000.00	73,589.80		5,410.20	
Other Expenses	46,200.00	46,200.00	45,539.20	560.54	100.26	
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS:</u>						
Landfill Fees						
Other Expenses	350,000.00	350,000.00	314,547.75	20,041.58	15,410.67	
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>						
Construction Inspector, Plumbing Inspector and Code Enforcer						
Salaries and Wages	151,500.00	151,500.00	146,552.56	-	4,947.44	
Other Expenses	7,200.00	7,200.00	5,116.34	1,049.85	1,033.81	
Total Operations Within "CAPS"	12,090,998.88	11,991,793.88	11,147,691.65	218,936.41	625,165.82	
Contingent	28,000.00	28,000.00	25,019.54	-	2,980.46	
Total Operations Including Contingent Within "CAPS"	12,118,998.88	12,019,793.88	11,172,711.19	218,936.41	628,146.28	
DETAIL:						
Salaries and Wages	6,278,280.00	6,223,575.00	5,967,050.52	112.50	256,411.98	
Other Expenses (Including Contingent)	5,840,718.88	5,796,218.88	5,205,660.67	218,823.91	371,734.30	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELLED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>						
<u>MUNICIPAL WITHIN "CAPS"</u>						
<u>STATUTORY EXPENDITURES:</u>						
Contribution to:						
Social Security System (O.A.S.I.)	\$ 270,000.00	\$ 292,000.00	\$ 290,605.37		\$ 1,394.63	\$
Public Employees' Retirement System of NJ	328,116.00	328,116.00	328,116.00		-	
Police and Firemen's Retirement System of NJ	701,362.00	701,362.00	701,362.00		-	
Pension & Firemen's Widow (NJSA 43:12-228.1)	5,000.00	5,000.00	5,000.00		-	
Defined Contribution Retirement Program (DCRP)	<u>10,000.00</u>	<u>10,000.00</u>	<u>9,636.56</u>		<u>363.44</u>	
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	<u>1,314,478.00</u>	<u>1,336,478.00</u>	<u>1,334,719.93</u>		<u>1,758.07</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>13,433,476.88</u>	<u>13,356,271.88</u>	<u>12,507,431.12</u>	<u>218,936.41</u>	<u>629,904.35</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Maintenance of Free Public Library (NJSA 40:54-8)						
Other Expenses	484,987.00	484,987.00	484,987.00		-	
Middlesex County Utilities Authority Sewerage Treatment						
Contractual	1,219,430.00	1,219,430.00	1,219,429.40		0.60	
Piscataway Sewerage Authority - Share of Costs	400,000.00	477,205.00	477,202.18	-	2.82	
Middlesex County Improvement Authority - County Curbside Collection Program						
Other Expenses	117,500.00	117,500.00	97,903.80	-	19,596.20	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>OPERATIONS EXCLUDED FROM "CAPS" (CONT'D)</u>						
Stormwater Pollution Programs: NJDES/Stormwater Permit						
Salaries & Wages	286,664.00	286,664.00	286,664.00		-	
Other Expense	6,000.00	6,000.00	3,000.00		3,000.00	
<u>PUBLIC AND PRIVATE PROGRAMS</u>						
<u>OFFSET BY REVENUES</u>						
Body Armor Replacement Grant - CY	\$	\$ 2,990.70	\$ 2,990.70	\$	\$ -	\$
Drunk Driving Enforcement Fund		3,821.85	3,821.85		-	
Clean Communities Grant		27,358.42	27,358.42		-	
CDBG	48,921.00	48,921.00	48,921.00		-	
DMV Inspection Fines		2,635.00	2,635.00		-	
Middlesex County Open Space		-	-		-	
Municipal Alliance on Alcohol & Drug Abuse	20,965.00	41,930.00	41,930.00		-	
N.J. Alcohol Education & Rehabilitation - Municipal Court		64.34	64.34		-	
Older Americans Act - Information Assist	17,700.00	20,950.00	20,950.00		-	
		-	-		-	
Total Operations Excluded from "CAPS"	2,602,167.00	2,740,457.31	2,717,857.69	-	22,599.62	
<u>DETAIL:</u>						
Salaries and Wages	304,364.00	307,614.00	307,614.00	-	-	
Other Expenses	2,297,803.00	2,432,843.31	2,410,243.69	-	22,599.62	
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Down Payments on Improvements						
Capital Improvement Fund	80,000.00	80,000.00	80,000.00		-	
Total Capital Improvements Excl. from "CAPS"	80,000.00	80,000.00	80,000.00	-	-	
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	959,000.00	959,000.00	959,000.00			
Interest on Bonds	269,509.00	269,509.00	269,508.76			0.24
Loan Repayment for Principal and Interest	23,891.00	23,891.00	23,890.58			0.42
Loan Repayments for Principal and Interest						
MCIA Loan	963,685.00	963,685.00	963,684.90			0.10
Loan Repayments for Principal and Interest						
Environmental Infrastructure Loan	94,416.00	94,416.00	85,396.63			9,019.37
Total Municipal Debt Service - Excl. from "CAPS"	2,310,501.00	2,310,501.00	2,301,480.87	-	-	9,020.13

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>EXPENDED ENCUMBERED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCE CANCELLED</u>
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</u>						
Deferred Charges						
Special Emergency Authorization - 5 Years	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ -	\$ -	
Deferred Charges to Future Taxation - Unfunded	<u>285,000.00</u>	<u>285,000.00</u>	<u>285,000.00</u>		<u>-</u>	
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>365,000.00</u>	<u>365,000.00</u>	<u>365,000.00</u>		<u>-</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>5,357,668.00</u>	<u>5,495,958.31</u>	<u>5,464,338.56</u>	<u>-</u>	<u>22,599.62</u>	<u>9,020.13</u>
Subtotal General Appropriations	18,791,144.88	18,852,230.19	17,971,769.68	218,936.41	652,503.97	9,020.13
Reserve for Uncollected Taxes	<u>875,000.00</u>	<u>875,000.00</u>	<u>875,000.00</u>		<u>-</u>	
Total General Appropriations	<u>\$ 19,666,144.88</u>	<u>\$ 19,727,230.19</u>	<u>\$ 18,846,769.68</u>	<u>\$ 218,936.41</u>	<u>\$ 652,503.97</u>	<u>\$ 9,020.13</u>
	<u>REF.</u>	A-2	A-2	A-1	A, A-1	A, A-1
Adopted Budget	A-2	\$ 19,666,144.88				
Approp. by N.J.S.A. 40A:4-87	A-2	<u>61,085.31</u>				
		<u>\$ 19,727,230.19</u>				
Disbursed	A-4		\$ 17,743,098.37			
Reserve for Uncollected Taxes	A- 7		875,000.00			
Reserve for State Grants	A-10		148,671.31			
Emergency Approp. 40A:4-47	A-12		<u>80,000.00</u>			
			<u>\$ 18,846,769.68</u>			

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Assessment Trust Fund:				Assessment Trust Fund:			
Cash and Investments - Treasurer	B- 6	\$ 25,642.32 ✓	\$ 25,387.89	Due to General Capital Fund	B- 6	\$ 7,164.08 ✓	\$ 7,164.08
Assessment Liens Receivable	B- 3	<u>1,470.00 ✓</u>	<u>1,470.00</u>	Due to Current Fund	B- 6	<u>14,382.47 ✓</u>	<u>14,128.04</u>
				Fund Balance	B- 1	<u>5,565.77 ✓</u>	<u>5,565.77</u>
Total Assessment Trust Fund		<u>27,112.32</u>	<u>26,857.89</u>	Total Assessment Trust Fund		<u>27,112.32</u>	<u>26,857.89</u>
Animal Control Fund:				Animal Control Fund:			
Cash and Investments - Treasurer	B- 6	<u>44,116.06 ✓</u>	<u>37,795.72</u>	Due to State of NJ	B- 6	4.20 ✓	
				Due to Current Fund	B- 6	<u>27,656.66 ✓</u>	<u>20,793.32</u>
				Reserve for Animal Control Expenditures	B- 6	<u>16,455.20 ✓</u>	<u>17,002.40</u>
Total Animal Control Fund		<u>44,116.06</u>	<u>37,795.72</u>	Total Animal Control Fund		<u>44,116.06</u>	<u>37,795.72</u>
Trust-Other Fund:				Trust-Other Fund:			
Cash and Investments - Treasurer	B- 6	<u>157,498.23 ✓</u>	<u>486,889.90</u>	Reserve for Unemployment Insurance	B- 6	<u>207,983.83 ✓</u>	<u>212,120.77</u>
Due from Current Fund	B- 6	<u>421,140.26 ✓</u>	<u>399,388.85</u>	Reserve for Various Deposits	B- 6	<u>893,441.67 ✓</u>	<u>932,315.97</u>
Due from General Capital Fund	B- 6	<u>522,787.01 ✓</u>	<u>258,157.99</u>				
Total Trust-Other Fund		<u>1,101,425.50</u>	<u>1,144,436.74</u>	Total Trust-Other Fund		<u>1,101,425.50</u>	<u>1,144,436.74</u>
Escrow Trust Fund:				Escrow Trust Fund:			
Cash and Investments - Treasurer	B- 6	<u>496,318.21 ✓</u>	<u>637,289.49</u>	Developers' Escrow - Water & Soil	B- 6	<u>20,062.00 ✓</u>	<u>19,962.00</u>
				Developers' Escrow Funds	B- 6	<u>476,256.21 ✓</u>	<u>617,327.49</u>
Total Escrow Trust Fund		<u>496,318.21</u>	<u>637,289.49</u>	Total Escrow Trust Fund		<u>496,318.21</u>	<u>637,289.49</u>
Payroll Fund:				Payroll Fund:			
Cash and Investments - Treasurer	B- 6	<u>127,908.39 ✓</u>	<u>129,491.21</u>	Payroll Deductions Payable	B- 6	<u>127,908.39 ✓</u>	<u>129,491.21</u>
Total Payroll Trust Fund		<u>127,908.39</u>	<u>129,491.21</u>	Total Payroll Trust Fund		<u>127,908.39</u>	<u>129,491.21</u>
Public Assistance Trust Fund:				Public Assistance Trust Fund:			
Cash and Investments - Treasurer	B- 6	<u>9,837.96 ✓</u>	<u>9,838.23</u>	Reserve for Public Assistance	B- 6	<u>9,837.96 ✓</u>	<u>9,838.23</u>
Total Public Assistance Trust Fund		<u>9,837.96</u>	<u>9,838.23</u>	Total Public Assistance Trust Fund		<u>9,837.96</u>	<u>9,838.23</u>
Community Development Block Grant Fund:				Community Development Block Grant Fund:			
Due from Midd. Cty CDBG	B- 6	<u>67,448.91 ✓</u>	<u>92,760.41</u>	Due to Current Fund	B- 6	<u>8,200.00 ✓</u>	<u>12,294.00</u>
				Reserve for Comm. Dev. Block Expend.	B- 6	<u>59,248.91 ✓</u>	<u>80,466.41</u>
Total Comm. Develop. Block Grant Fund		<u>67,448.91</u>	<u>92,760.41</u>	Total Comm. Develop. Block Grant Fund		<u>67,448.91</u>	<u>92,760.41</u>
		<u>\$ 1,874,167.35</u>	<u>\$ 2,078,469.69</u>			<u>\$ 1,874,167.35</u>	<u>\$ 2,078,469.69</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

TRUST ASSESSMENT FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	
Balance - December 31, 2016	B	\$ 5,565.77
Balance - December 31, 2017	B	<u>\$ 5,565.77</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, <u>2017</u>	BALANCE DECEMBER 31, <u>2016</u>
Cash and Investments - Treasurer	C-2	\$ - /	\$ 1,028,015.02
Grants - In - Aid, Loans and Other Receivable	C-4	1,426,497.97 ✓	1,326,497.97
Interfunds Receivable	C-7	7,164.08 ✓	7,164.08
Deferred Charges to Future Taxation:			
Funded	C-5	11,645,938.37 ✓	13,596,684.52
Unfunded	C-6	<u>6,228,722.55 ✓</u>	<u>1,471,727.55</u>
		<u>\$ 19,308,322.97</u>	<u>\$ 17,430,089.14</u>
<u>LIABILITIES, RESERVES</u>			
<u>AND FUND BALANCE</u>			
General Serial Bonds	C-9	8,432,000.00 ✓	9,391,000.00
Capital Leases Payable - M.C.I.A.	C-10	2,556,267.01 ✓	3,393,822.13
Loans Payable - N.J. Green Trust Fund - 1987	C-11	-	10,786.43
Loans Payable - N.J. Green Trust Fund - 1989	C-12	67,370.35 ✓	78,846.80
Loans Payable - N.J. Infrastructure	C-15	590,301.01 ✓	722,229.16
Reserve for Encumbrances Payable	C-8	1,409,753.13 ✓	455,744.31
Interfunds Payable	C-7	786,987.42 ✓	281,932.99
Improvement Authorizations:			
Funded	C-8	1,785,549.58 ✓	1,691,145.21
Unfunded	C-8	3,243,660.61 ✓	888,043.25
Reserve for:			
Capital Improvement Fund	C-14	41,834.58 ✓	221,939.58
Grants and Loans Receivable	C-13	324,908.55 ✓	224,908.55
Insurance Refund	C-13	4,838.08 ✓	4,838.08
To Pay Debt Service	C-13	64,317.08 ✓	64,317.08
Fund Balance	C-1	<u>535.57 ✓</u>	<u>535.57</u>
		<u>\$ 19,308,322.97</u>	<u>\$ 17,430,089.14</u>
Bonds and Notes Authorized but not Issued	C-16	<u>\$ 6,228,722.55 ✓</u>	<u>\$ 1,471,727.55</u>

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>		
Balance - December 31, 2016	C	\$	535.57
Balance - December 31, 2017	C	<u>\$</u>	<u>535.57</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D-5	\$ 203,695.18 ✓	\$ 280,975.38	Appropriation Reserves	D-4, D-11	\$ 66,805.18 ✓	\$ 12,677.53
Cash - Snack Bar Fund	D-5	3,006.75 ✓	3,003.47	Reserve for Encumbrances	D-4, D-11	6,395.92 ✓	6,093.26
Due from Swimming Pool Capital Fund	D-13	<u>160,774.90</u>	<u>160,774.90</u>	Accounts Payable	D-10	34,235.43 ✓	34,234.50
				Due to Current Fund	D-13	76.18 ✓	147.03
		<u>367,476.83</u>	<u>444,753.75</u>	Accrued Interest on Bonds	D-19	<u>9,676.56</u> ✓	<u>10,185.31</u>
						117,189.27	63,337.63
				Fund Balance	D-1	<u>250,287.56</u> ✓	<u>381,416.12</u>
						<u>367,476.83</u>	<u>444,753.75</u>
Total Operating Fund		<u>367,476.83</u>	<u>444,753.75</u>	Total Operating Fund		<u>367,476.83</u>	<u>444,753.75</u>
Capital Fund:				Capital Fund:			
Cash and Investments - Treasurer	D-5	130,485.78 ✓	130,485.78	Swim Pool Bonds	D-20	1,016,000.00 ✓	1,127,000.00
Fixed Capital	D-8	666,291.56 ✓	666,291.56	Improvement Authorizations			
Fixed Capital Authorized and Uncompleted	D-9	<u>1,650,000.00</u> ✓	<u>1,650,000.00</u>	Funded	D-18	51,651.79 ✓	51,651.79
				Unfunded	D-18	93,670.00 ✓	93,670.00
		<u>2,446,777.34</u>	<u>2,446,777.34</u>	Reserve for Encumbrances Payable	D-18	64,039.99 ✓	64,039.99
Total Capital Fund		<u>2,446,777.34</u>	<u>2,446,777.34</u>	Capital Improvement Fund	D-14	7,730.10 ✓	7,730.10
				Due to Swimming Pool Operating Fund	D-17	160,774.90 ✓	160,774.90
				Reserve for:			
				Amortization	D-15	885,291.56 ✓	774,291.56
				Deferred Amortization	D-16	165,000.00 ✓	165,000.00
				Fund Balance	D-2	<u>2,619.00</u> ✓	<u>2,619.00</u>
						<u>2,446,777.34</u>	<u>2,446,777.34</u>
				Total Capital Fund		<u>2,446,777.34</u>	<u>2,446,777.34</u>
		<u>\$ 2,814,254.17</u>	<u>\$ 2,891,531.09</u>			<u>\$ 2,814,254.17</u>	<u>\$ 2,891,531.09</u>

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There were Bonds and Notes Authorized but not Issued at December 31, 2017 and 2016 in the amount of \$250,000.00. (Exhibit D-21)

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY OPERATING FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND
 CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>REVENUE AND OTHER INCOME</u>		<u>YEAR 2017</u>	<u>YEAR 2016</u>
Fund Balance Utilized	D-1, D-3	\$ 155,000.00	\$ 153,744.10
Fees - Membership	D- 3	276,587.50	262,985.00
Miscellaneous	D- 3	106,108.19	114,217.89
Other Credits to Income:			
Unexpend. Balance of Appropriation Reserves			
Lapsed and Reserve for Encumb. Canceled	D-11	<u>13,176.50</u>	<u>14,186.11</u>
 Total Revenues		 <u>550,872.19</u>	 <u>545,133.10</u>
 <u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	D- 4	\$ <u>527,000.75</u>	\$ <u>513,744.10</u>
 Total Expenditures		 <u>527,000.75</u>	 <u>513,744.10</u>
 Excess/(Deficit) in Revenues		 23,871.44	 31,389.00
 <u>FUND BALANCE</u>			
Balance - January 1	D	<u>381,416.12</u>	<u>503,771.22</u>
		405,287.56	535,160.22
Decreased by:			
Utilized as Anticipated Revenue	D- I	<u>155,000.00</u>	<u>153,744.10</u>
 Balance - December 31	D	 <u>\$ 250,287.56</u>	 <u>\$ 381,416.12</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY CAPITAL FUND
 STATEMENT OF CHANGE IN FUND BALANCE
 REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	
Balance - December 31, 2016	D	\$ 2,619.00
Balance - December 31, 2017	D	<u>\$ 2,619.00</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	2017 <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance	D- 1	\$ 155,000.00	\$ 155,000.00	\$
Fees - Membership	D-1, D-5	262,250.00	276,587.50	14,337.50
Miscellaneous	D- 1	<u>110,260.00</u>	<u>106,108.19</u>	<u>(4,151.81)</u>
		<u>\$ 527,510.00</u>	<u>\$ 537,695.69</u>	<u>\$ 10,185.69</u>

<u>REF.</u>	D- 4	D- 1
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Analysis of Realized Revenues:

Analysis of Miscellaneous Revenues:

Snack Bar	D-7,D-12		\$ 9,445.48	
Miscellaneous Revenues	D- 7		<u>96,662.71</u>	
	D- 1		<u>\$ 106,108.19</u>	

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - D-4

SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>MODIFICATION</u>	<u>EXPENDED</u>		<u>RESERVED</u>	<u>UNEXPENDED</u>
					<u>PAID OR</u>	<u>ENCUMBERED</u>		<u>BALANCE</u>
					<u>CHARGED</u>			<u>CANCELLED</u>
Operating:								
Salaries and Wages	\$	194,187.00	\$	194,187.00	\$	181,603.73	\$	12,583.27
Other Expenses		184,500.00		184,500.00		123,882.17	6,395.92	54,221.91
Debt Service:								
Payment of Bond Principal		111,000.00		111,000.00		111,000.00		
Interest on Bonds		22,223.00		22,223.00		21,713.75		509.25
Deferred Charges and Statutory Expenditures:								
Statutory Expenditures:								
Social Security System (O.A.S.I.)		13,600.00		13,600.00		13,600.00		
State Unemployment Insurance		<u>2,000.00</u>		<u>2,000.00</u>		<u>2,000.00</u>		
Total Swimming Pool Utility Appropriations	\$	<u>527,510.00</u>	\$	<u>527,510.00</u>	\$	<u>453,799.65</u>	\$	<u>66,805.18</u>
	<u>Ref.</u>	D- 3			D-1,D-5	D, D-1	D, D-1	
Cash Disbursements	D- 5				\$ 432,085.90			
Accrued Interest Payable	D-19				<u>21,713.75</u>			
					<u>\$ 453,799.65</u>			

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

DECEMBER 31, 2017 AND 2016

	<u>BALANCE</u> <u>DEC 31, 2017</u>	<u>BALANCE</u> <u>DEC 31, 2016</u>
General Fixed Assets:		
Land	\$ 5,864,700.00	\$ 5,864,700.00
Buildings	6,533,000.00	6,533,000.00
Machinery and Equipment	<u>9,371,724.00</u>	<u>8,943,668.00</u>
Total Governmental Fixed Assets	<u>\$ 21,769,424.00</u>	<u>\$ 21,341,368.00</u>
Investment in Governmental Fixed Assets	<u>\$ 21,769,424.00</u>	<u>\$ 21,341,368.00</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

Note 1: FORM OF GOVERNMENT

The Borough of Middlesex operates under the legislative Borough of N.J.S.A. 40A:60-1 et seq., which provides for the election of a mayor to serve a term of four years and a council of six members serving three-year terms. At its annual meeting, the council elects a president of the council who shall preside at all its meetings when the mayor is not present. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Middlesex include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Middlesex, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Middlesex do not include the operations of the municipal library.

B. Description of Funds

The accounting policies of the Borough of Middlesex conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Middlesex accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purposes for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

- Trust Assessment Fund
- Animal Control Trust Fund
- Unemployment Compensation Insurance Trust Fund
- Dedicated Law Enforcement Trust Fund
- Developer's Escrow Fund
- Uniform Fire Safety Act - Penalty Monies (N.J.S.A. 52:27D-192 et seq.)
- Disposal of Forfeited Property (P.L. 1985, Ch. 135)
- Payroll Fund
- Community Development Block Grant Fund

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Swimming Pool Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally-owned Swimming Pool.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Description of Funds (Cont'd.)

Governmental Fixed Assets - the Governmental Fixed Asset System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

C. Basis of Accounting

Basis of Accounting and Measurement Focus - The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes and water and sewer consumer charges are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refers to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Expenditures (Cont'd.)

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets.

In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - The Borough has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulated earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Borough records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year-end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Fixed Assets - Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Contributions in aid of construction are not capitalized.

Governmental Fixed Assets – New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of Governmental Fixed Assets of the Borough as part of the basic financial statements. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

No depreciation has been provided for in the financial statements.

Accounting for utility fund “fixed capital” remains unchanged under the requirements of regulation 5:30-5.6.

Property and equipment purchased by the Swimming Pool Utility Fund are recorded in the capital account as cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized the balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Grants Received – Federal and state grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough’s Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Disclosures About Pension Liabilities

The Borough has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 7 and the accompanying required supplementary information. As the Borough does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.

Disclosures About Fair Value of Financial Instruments - The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments - The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt - The Borough’s long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough’s long-term debt is provided in Note 3 to the financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting

GASB issued Statement No. 80, “Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14” in January 2016. 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.

GASB issued Statement No. 81, “Irrevocable Split-Interest Agreements” in March 2016. 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.

GASB issued Statement No. 82, “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73” in March 2016. 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.

GASB issued Statement No. 83, “Certain Asset Retirement Obligations” in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB issued Statement No. 84, “Fiduciary Activities” in January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB issued Statement No. 85, “Omnibus 2017” in March 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]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB issued Statement No. 86, “Certain Debt Extinguishment Issues” in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

GASB issued Statement No. 87, "Leases" in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The Borough does not prepare its financial statements in accordance with generally accepted accounting principles. The adoption of these new standards will not adversely effect the reporting on the Borough's financial condition.

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain reclassifications have been made to the fiscal year 2016 financial statements to conform with classifications used in fiscal year 2017.

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of bonds to finance municipal capital expenditures. The Borough's debt is summarized as follows:

A. Summary of Municipal Debt for Capital Projects

	<u>2017</u>	<u>2016</u>
<u>Issued:</u>		
General:		
Bonds and Notes	\$ 8,432,000.00	\$ 9,391,000.00
Green Acres Loan	67,370.35	89,633.23
M.C.I.A. Capital Leases	2,556,267.01	3,393,822.13
NJ Environmental Infrastructure Loans	590,301.01	722,229.16
Swim Pool Utility		
Bonds and Notes	<u>1,016,000.00</u>	<u>1,127,000.00</u>
Net Issued	<u>12,661,938.37</u>	<u>14,723,684.52</u>
<u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	6,228,722.55	1,471,727.55
Swim Pool Utility		
Bonds and Notes	<u>250,000.00</u>	<u>250,000.00</u>
Total Authorized But Not Issued	<u>6,478,722.55</u>	<u>1,721,727.55</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 19,140,660.92</u>	<u>\$ 16,445,412.07</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual bond and loan issues which were outstanding at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
<u>General Debt:</u>		
\$9,865,000, General Improvement Bonds of 2010, due in annual installments of \$400,000 to \$800,000 through Feb. 1, 2025, interest at 3.00% to 4.00%.	\$ 6,065,000.00	\$ 6,765,000.00
\$2,878,000, General Improvement Bonds of 2015, due in annual installments of \$252,000 to \$326,500 through July 15, 2025, interest at 1.00% to 2.50%.	<u>2,367,000.00</u>	<u>2,626,000.00</u>
Subtotal - Serial Bond Debt and BAN's for Capital Projects Outstanding December 31	<u>8,432,000.00</u>	<u>9,391,000.00</u>
<u>Loans Outstanding:</u>		
Green Acres Loans	67,370.35	89,633.23
NJ Environmental Infrastructure Loans	590,301.01	722,229.16
MCIA Capital Equipment Loan - 2008	66,833.58	131,339.38
MCIA Capital Equipment Loan - 2013	1,426,999.21	1,808,536.90
MCIA Capital Equipment Lease - 2014	50,171.76	74,167.06
MCIA Capital Equipment Loan - 2014	306,378.87	452,908.53
MCIA Capital Equipment Lease - 2015	<u>705,883.59</u>	<u>926,870.26</u>
Subtotal - Loans Outstanding	<u>3,213,938.37</u>	<u>4,205,684.52</u>
Subtotal General Debt	<u>11,645,938.37</u>	<u>13,596,684.52</u>
<u>Swimming Pool Utility Debt:</u>		
\$1,235,000, General Improvement Bonds of 2015, due in annual installments of \$108,000 to \$141,500 through July 15, 2025, interest at 1.00% to 2.50%.	<u>1,016,000.00</u>	<u>1,127,000.00</u>
Total Outstanding Debt	<u>\$ 12,661,938.37</u>	<u>\$ 14,723,684.52</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. 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:

<u>2017</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$2,265,000.00	\$2,265,000.00	
Swimming Pool Utility Debt	1,266,000.00	1,266,000.00	
General Debt	<u>18,174,660.92</u>	<u>64,317.08</u>	<u>\$18,110,343.84</u>
	<u>\$21,705,660.92</u>	<u>\$3,595,317.08</u>	<u>\$18,110,343.84</u>

Net Debt \$18,110,343.84 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended $\$1,447,436,931.67 = \underline{\underline{1.251\%}}$

<u>2016</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$2,745,000.00	\$2,745,000.00	
Swimming Pool Utility Debt	1,377,000.00	1,377,000.00	
General Debt	<u>15,068,412.07</u>	<u>64,317.08</u>	<u>\$15,004,094.99</u>
	<u>\$19,190,412.07</u>	<u>\$4,186,317.08</u>	<u>\$15,004,094.99</u>

Net Debt \$15,004,094.99 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended $\$1,420,388,588.67 = \underline{\underline{1.056\%}}$

The Borough's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at December 31, was as follows:

	<u>2017</u>	<u>2016</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>\$50,660,292.61</u>	<u>\$49,713,600.60</u>
	<u>18,110,343.84</u>	<u>15,004,094.99</u>
Remaining Borrowing Power	<u>\$32,549,948.77</u>	<u>\$34,709,505.61</u>

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

Calculation of "Self-Liquidating Purpose"

Swimming Pool Utility Per N.J.S.A. 40A: 2-45

	<u>2017</u>	<u>2016</u>
Cash Receipts From Fees, Rents or Other Charges for the year	\$ 537,845.69	\$ 530,946.99
Deductions:		
Operating and Maintenance Costs	<u>394,287.00</u>	<u>382,942.00</u>
Excess in Revenue	<u>\$ 143,558.69</u>	<u>\$ 148,004.99</u>

C. Schedule of General Capital Annual Debt Service for Principal and Interest for the Bonded Debt Issued and Outstanding at December 31, 2017

Calendar <u>Year</u>	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 966,000.00	\$ 245,918.75	\$ 1,211,918.75
2019	973,000.00	220,928.75	1,193,928.75
2020	983,500.00	193,768.75	1,177,268.75
2021	1,065,500.00	163,820.63	1,229,320.63
2022	1,101,000.00	130,932.50	1,231,932.50
2023	1,108,000.00	96,912.50	1,204,912.50
2024	1,118,500.00	62,252.50	1,180,752.50
2025	<u>1,116,500.00</u>	<u>23,856.45</u>	<u>1,140,356.45</u>
Total	<u>\$ 8,432,000.00</u>	<u>\$ 1,138,390.83</u>	<u>\$ 9,570,390.83</u>

C. Schedule of Swim Pool Utility Annual Debt Service for Principal and Interest for the Bonded Debt Issued and Outstanding at December 31, 2017

Calendar <u>Year</u>	<u>Swim Pool</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 114,000.00	\$ 21,112.50	\$ 135,112.50
2019	117,000.00	19,402.50	136,402.50
2020	121,500.00	17,062.50	138,562.50
2021	124,500.00	14,632.50	139,132.50
2022	129,000.00	12,142.50	141,142.50
2023	132,000.00	9,562.50	141,562.50
2024	136,500.00	6,922.50	143,422.50
2025	<u>141,500.00</u>	<u>3,643.55</u>	<u>145,143.55</u>
Total	<u>\$ 1,016,000.00</u>	<u>\$ 104,481.05</u>	<u>\$ 1,120,481.05</u>

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

D. Loan Agreements

Department of Environmental Protection - Green Acres Program Loans

New Jersey 1989 Green Trust Fund

The Borough has contracted with Department of Environmental Protection to fund costs related to Mountainview Phase II Project. The Borough has been awarded a loan amount of \$209,000. Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq. the loan principal in the amount of \$67,370.35 and \$78,846.80 at December 31, 2017 and 2016 has been included in the calculation of the Borough's statutory debt condition.

Terms of the above loans are included in their respective supplemental schedules.

New Jersey Environmental Infrastructure Trust and Fund Loans

The Borough has contracted with the New Jersey Environmental Infrastructure Trust to fund costs related to sewer system. Information on these loans and as included in their respective supplemental schedule, is as follows:

Infrastructure Trust Loan:

Dated Date	Oct. 15, 2004
Draw Down Date - Expected	Nov. 4, 2004
Loan Amount	\$895,000
Principal Due Dates	Sept. 1
Interest Rates	2.110% - 5.160%
Interest Due Dates	Mar. 1 & Sept. 1
Number of Payments	19
Final Payment	Sept. 1, 2024

Infrastructure Fund Loan (Principal Only):

Dated Date	Oct. 15, 2004
Draw Down Date - Expected	Nov. 4, 2004
Loan Amount	\$844,827.50
Principal Due Dates	Feb 1 & Aug. 1
Non-Interest Loan	
Number of Payments	38
Final Payment	Aug. 1, 2024

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

D. Loan Agreements (Cont'd.)

Capital Equipment and Improvement Revenue Bonds, Series 2008

The Borough entered into a capital equipment loan agreement with the Middlesex County Improvement Authority - Capital Equipment and Improvement Revenue Bonds, Series 2008 in the amount of \$572,745.83 for the acquisition of 10 year capital equipment. The loan obligation is due in ten annual installments commencing with a principal payment of \$48,577.05 for 2009 and remaining principal payments spread over a nine year period with amounts ranging from \$50,330.01 through \$66,833.58 and bearing interests rates ranging between 3.500% for calendar year 2009 and 4.200% for calendar year 2018.

Capital Equipment and Improvement Revenue Bonds, Series 2013

The Borough entered into a capital equipment loan agreement with the Middlesex County Improvement Authority - Capital Equipment and Improvement Revenue Bonds, Series 2013 in the amount of \$2,900,567.38 for the acquisition of 10 year capital equipment. The loan obligation is due in ten annual installments commencing with a principal payment of \$360,260.22 for 2014 and remaining principal payments spread over a nine year period with amounts ranging from \$360,034.60 through \$220,000.00 and bearing interests rates ranging between 2.000% for calendar year 2014 and 4.000% for calendar year 2023.

Capital Equipment and Improvement Revenue Bonds, Series 2014

The Borough entered into a capital equipment loan agreement with the Middlesex County Improvement Authority - Capital Equipment and Improvement Revenue Bonds, Series 2014 in the amount of \$738,861.92 for the acquisition of 5 year capital equipment. The loan obligation is due in five annual installments commencing with a principal payment of \$142,296.86 for 2015 and remaining principal payments spread over a four year period with amounts ranging from \$143,656.53 through \$155,453.32 and bearing interests rates ranging between 1.500% for calendar year 2015 and 3.000% for calendar year 2019.

Capital Equipment and Improvement Revenue Bonds, Series 2014

The Borough entered into a capital equipment lease agreement with the Middlesex County Improvement Authority - Capital Equipment and Improvement Revenue Bonds, Series 2014 in the amount of \$120,994.00 for the acquisition of 5 year capital equipment. The loan obligation is due in five annual installments commencing with a principal payment of \$23,302.14 for 2015 and remaining principal payments spread over a four year period with amounts ranging from \$23,524.80 through \$25,456.61 and bearing interests rates ranging between 1.500% for calendar year 2015 and 3.000% for calendar year 2019.

Capital Equipment and Improvement Revenue Bonds, Series 2015

The Borough entered into a capital equipment lease agreement with the Middlesex County Improvement Authority - Capital Equipment and Improvement Revenue Bonds, Series 2015 in the amount of \$1,146,063.89 for the acquisition of 5 year capital equipment. The loan obligation is due in five annual installments commencing with a principal payment of \$219,193.63 for 2016 and remaining principal payments spread over a four year period with amounts ranging from \$220,986.67 through \$243,822.55 and bearing interests rates ranging between 1.500% for calendar year 2016 and 4.000% for calendar year 2020.

The NJ Economic Development, Environmental Infrastructure Loans and the MCIA Loans above have been included in the calculation of the Borough's statutory debt condition.

NOTES TO FINANCIAL STATEMENTS

Note 4: FUND BALANCES APPROPRIATED

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

	<u>Fund Balance</u> <u>December 31,2017</u>	<u>Utilized in</u> <u>Succeeding Budget</u>
Current Fund	\$3,190,644.60	\$2,211,000.00
Swimming Pool Utility Fund	250,287.56	128,060.00
	<u>Fund Balance</u> <u>December 31,2016</u>	<u>Utilized in</u> <u>Succeeding Budget</u>
Current Fund	\$2,705,300.93	\$1,886,616.88
Swimming Pool Utility Fund	381,416.12	155,000.00

Note 5: DEPOSITS AND INVESTMENTS

The Borough considers change funds, cash in banks and certificates of deposit as cash and cash equivalents.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2017 and 2016, the book value of the Borough's deposits were \$7,890,631.66 and \$8,488,087.70 and the bank balances of the Borough's cash and deposits amounted to \$7,921,611.05 and \$8,783,648.10, respectively. Of the bank balance, during 2017 and 2016, \$250,000.00 and \$250,000.00 was FDIC insured and \$7,671,611.05 and \$8,533,648.10 were GUDPA insured.

NOTES TO FINANCIAL STATEMENTS

Note 5: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

At December 31, 2017, the Borough has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Borough has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk – The Borough's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the Borough will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Borough's 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 or the counterparty's trust department or agent but not in the Borough's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that in possession of an outside party.
- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Borough does not have an investment policy regarding Credit Risk except to the extent outlined under the Borough's investment policy. The New Jersey Cash Management Fund is not rated.
- (d) Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2017, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of the Borough's bank balances was considered exposed to custodial credit risk. In addition, based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;

NOTES TO FINANCIAL STATEMENTS

Note 5: DEPOSITS AND INVESTMENTS (CONT'D.)

Investments (Cont'd.)

2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Investments generally are shown by type, carrying amount, market value and level of risk assumed in the holding of the various securities, where applicable. At year-end, the Borough maintained its invested funds in various money market and sweep accounts included in the above categorization of the Borough's deposits. In addition to the sweep accounts, the Borough held cash management fund investments in the amount of \$242,828.89 and \$240,783.18 at December 31, 2017 and 2016, respectively.

	2017	2016
<u>Cash & Cash Equivalents:</u>	<u>Amount</u>	<u>Amount</u>
Change Fund	\$500.00	\$500.00
Demand Accounts	<u>7,890,131.66</u>	<u>8,487,587.70</u>
Total Cash & Cash Equivalents	7,890,631.66	8,488,087.70
 <u>Investments:</u>		
State of NJ Cash Mgmt. Fund	<u>242,828.89</u>	<u>240,783.18</u>
Total Cash, Cash Equivalents & Investments	<u>\$8,133,460.55</u>	<u>\$8,728,870.88</u>

NOTES TO FINANCIAL STATEMENTS

Note 6: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District and County the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector on or before May 13th.

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The New Jersey Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% may be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

Note 7. PENSION PLANS

Description of Plans - The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. Public Employees' Retirement System (PERS) - The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	170,124
Inactive plan members entitled to but not yet receiving benefits	650
Active plan members	<u>254,685</u>
 Total	 <u>425,459</u>

Contributing Employers – 1,705.

Significant Legislation - Chapter 19, P.L. 2009, effective March 17, 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 an employer 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 PERS, 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.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

Payrolls and Covered Wages:

For the year ended December 31, 2017 the Borough's total payroll for all employees was \$7,426,271. Total PERS covered payroll was \$2,786,154. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% for State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2016 and 2017 were \$304,004 and \$328,116, respectively. Borough Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Borough payments to PERS for the years ending December 31, 2016 and 2017 consisted of the following:

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

	<u>2016</u>	<u>2017</u>
Normal Cost	\$ 48,401	\$ 48,287
Amortization of Accrued Liability	<u>222,968</u>	<u>245,738</u>
Total Pension	271,369	294,025
NCGI Premiums	<u>14,529</u>	<u>14,674</u>
Total Pension & NCGI	285,898	308,699
Additional Billings:		
LTD Expense		1,112
Ch. 19, P.L. 2009	<u>18,106</u>	<u>18,305</u>
Total PERS Payment	<u>\$ 304,004</u>	<u>\$ 328,116</u>

Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen-year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances.

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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 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.

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2017, the PERS reported a net pension liability of \$23,278,401,588 for its Local (Non-State) Employer Member Group. The Borough's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Borough was \$8,099,204 or 0.034793%. At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 for its Local Employer Member Group. The Borough's proportionate share of the net pension liability for the Local Employer Member Group that was attributable to the Borough was \$10,291,452 or 0.034748%.

Actuarial Assumptions- The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25%
Salary Increases: Through 2026	1.65-4.15% Based on age
Thereafter	2.65-5.15% Based on age
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2016 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.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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.

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate – The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS participating employers as of June 30, 2017, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease (4.00%)</u>	<u>At current discount rate (5.00%)</u>	<u>At 1% increase (6.00%)</u>
State	\$29,818,581,732	\$25,645,622,797	\$22,179,578,513
Local	28,878,437,027	23,278,401,588	18,612,878,069
PERS Plan Total	<u>\$58,697,018,759</u>	<u>\$48,924,024,385</u>	<u>\$40,792,456,582</u>
Borough's proportionate share of the net pension liability	\$10,047,613	\$8,099,204	\$6,475,939

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Components of Net Pension Liability – The components of net pension liability for PERS, including the State of New Jersey, at June 30, 2017 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$32,535,896,852	\$44,852,367,051	\$77,388,263,903
Plan Fiduciary Net Position	<u>6,890,274,055</u>	<u>21,573,965,463</u>	<u>28,464,239,518</u>
Net Pension Liability	<u>\$25,645,622,797</u>	<u>\$23,278,401,588</u>	<u>\$48,924,024,385</u>

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>Amount</u>
2018	\$301,244
2019	390,916
2020	264,952
2021	(194,843)
2022	<u>(168,120)</u>
Total	<u>\$594,149</u>

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

B. Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	43,011
Inactive plan members entitled to but not yet receiving benefits	47
Active plan members	<u>40,789</u>
Total	<u>83,847</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2017 the Borough's total payroll for all employees was \$7,426,271. Total PFRS covered payroll was \$2,802,491. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate was 10.0% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended December 31, 2016 and 2017 were \$655,824 and \$701,362, respectively.

Borough Contributions are due and payable on April 1st in the calendar year subsequent to the close of the plan year for which the contributions requirements were calculated. Borough payments to PFRS for the years ending December 31, 2015 and 2016 consisted of the following:

	<u>2016</u>	<u>2017</u>
Normal Cost	\$ 204,668	\$ 223,141
Amortization of Accrued Liability	<u>378,595</u>	<u>403,933</u>
Total Pension	583,263	627,074
NCGI Premiums	<u>27,214</u>	<u>28,500</u>
Total Regular Billing	610,477	655,574
Additional Billings: Ch. 19, P.L. 2009	<u>45,347</u>	<u>45,788</u>
Total PFRS Payment	\$ <u>655,824</u>	\$ <u>701,362</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until fiscal period in which such payments will become due and payable.

At June 30, 2017, the PFRS reported a net pension liability of \$15,438,066,691 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State, Non-Special Funding Situation Employer Member Group was \$12,120,985 or 0.078514%. At June 30, 2016, the PFRS reported a net pension liability of \$19,102,557,969 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State, Non-Special Funding Situation Employer Member Group was \$15,359,398 or 0.080405%.

Actuarial Assumptions- The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary Increases: Through 2026	2.10-8.98% Based on age
Thereafter	3.10-9.98% Based on age
Investment rate of return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

The long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

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

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Sensitivity of Net Pension Liability – The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease <u>(5.14%)</u>	At current discount rate <u>(6.14%)*</u>	At 1% increase <u>(7.14%)</u>
State	\$ 5,202,348,756	\$ 4,395,743,141	\$ 3,734,560,750
Local	<u>22,619,279,081</u>	<u>17,167,260,198</u>	<u>12,687,806,745</u>
PFRS Plan Total	<u>\$27,821,627,837</u>	<u>\$21,563,003,339</u>	<u>\$16,422,367,495</u>

*- Local Share includes \$1,729,193,507 of Special Funding Situation allocated to the State of NJ as a non-employer.

Components of Net Pension Liability – The components of the net pension liability for PFRS, including the State of New Jersey, at June 30, 2017 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 5,939,531,281	\$41,471,190,457	\$47,410,721,738
Plan Fiduciary Net Position	<u>1,543,788,140</u>	<u>24,303,930,259</u>	<u>25,847,718,399</u>
Net Pension Liability	<u>\$ 4,395,743,141</u>	<u>\$17,167,260,198</u>	<u>\$21,563,003,339</u>

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>Amount</u>
2018	\$125,827
2019	367,995
2020	16,256
2021	(588,954)
2022	<u>(25,796)</u>
Total	<u>\$(104,672)</u>

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.59, 5.58, 5.53, and 6.17 years for the 2017, 2016, 2015 and 2014 amounts, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 7. PENSION PLANS (CONT'D.)

C. Defined Contribution Retirement System (DCRP)

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established “maximum compensation” limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment, but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2016, the membership in the DCRP, based on the information within the Division’s database, was 46,557.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees base salary. Active members contribute 5.5% of base salary.

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

For the year ended December 31, 2016 the Borough’s total payroll for all employees was \$7,426,271. Total DCRP covered payroll was \$321,219. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. Borough and employee contributions to the DCRP for the year ended December 31, 2016 were \$9,637 and \$19,432, respectively.

D. Cumulative PERS and PFRS Deferred Outflows of Resources and Deferred Inflows of Resources

	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Total Pension Expense</u>
PERS	\$8,099,204	\$2,219,877	\$1,625,728	\$698,381
PFRS	<u>12,120,985</u>	<u>2,281,295</u>	<u>2,385,966</u>	<u>1,142,448</u>
Total	<u>\$ 20,220,189</u>	<u>\$4,501,172</u>	<u>\$4,011,694</u>	<u>\$1,840,829</u>

Note 8: POST-RETIREMENT HEALTH CARE BENEFITS

Plan Description: The Borough of Middlesex contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP 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. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In order to receive health benefits, retirees must have been enrolled in the pension system for 25 years. All active full time employees are covered by the SHBP.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. 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 SHBP. 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 www.state.nj.us/treasury/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.

Cost sharing requirements for retirees are as follows:

1. Any eligible employee who was retired as of June 28, 2011 (the effective date of Ch. 78, P.L. 2011) is not required to contribute to the cost of benefits.
2. Active employees who had accrued 25 years of service at June 28, 2011 will not be required to contribute to the costs of benefits upon retirement.
3. Active employees who had accrued 20 years of service at June 28, 2011 will be required to contribute 1.5% of their retirement benefit towards the cost of post-retirement health benefits.
4. Active employees who had not accrued 20 years of service at June 28, 2011 will, upon retirement continue to pay the applicable percentage of health care costs as set forth in the law. However, retiree contributions will be based upon the retirement benefit rather than the final active salary.

The Borough of Middlesex contributions to SHBP for the year ended December 31, 2017 were \$1,160,659.68, which equaled the required contributions for the year. There were approximately 46 retired participants eligible at December 31, 2017.

NOTES TO FINANCIAL STATEMENTS

Note 9: ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost of such unpaid sick and vacation pay would approximate \$134,684.86 and \$125,679.04 for 2017 and 2016. This amount represents the current value of all accumulations, and is not intended to portray amounts that would be recorded under GAAP. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations. In addition, the Police are entitled to compensation hours capped at a maximum of 480 hours per officer. The estimated cost of such pay would approximate \$322,616.96 and \$321,623.34 for 2017 and 2016.

Note 10: RISK MANAGEMENT

The Borough, together with other governmental units, is a member of the Garden State Municipal Joint Insurance Fund (the Fund). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. The Fund's governing board based upon actuarial and budgetary requirements calculates payments to the Fund. Each participant in the Fund is jointly and severably obligated for any deficiency in the amount available to pay all claims. Lines of coverage provided by the Fund include property; boiler and machinery; equipment floater; auto physical; blanket bond; auto liability; general liability; law enforcement liability; public official liability and worker compensation and employer liability.

At December 31, 2017, the Fund reported for all years combined, total assets of \$49,959,759, liabilities and expenses of \$43,134,304, which includes case reserves of \$28,162,179 and IBNR of \$14,639,682 and net position for all years of \$6,825,455.

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following table is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the 2017 and the previous two years

<u>Fiscal Year</u>	<u>Borough Contributions And Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$2,113.43	\$0.00	\$6,250.37	\$207,983.83
2016	2,123.05	3,024.89	5,290.92	212,120.77
2015	1,620.14	1,204.68	4,743.69	212,263.75

NOTES TO FINANCIAL STATEMENTS

Note 11: COMMITMENTS AND CONTINGENCIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Borough does not believe that any material liabilities will result from such audits.

As of the date of this report, the Borough has litigation pending that traditionally would be covered through the procurement of liability insurance coverage's.

Note 12: DEFERRED COMPENSATION

The Borough has instituted a Deferred Compensation Plan pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Borough has engaged a private contractor to administer the plan.

Note 13: INTERFUNDS

The following interfund balances remained on the balance sheet date at December 31, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$290,740.72	\$799,034.15
Grant Fund	401,668.89	
Assessment Trust Fund		21,546.55
Animal Control Fund		27,656.66
Trust Fund	943,927.27	
Community Development Block Grant		8,200.00
General Capital Fund	7,164.08	786,987.42
Swimming Pool Util. Oper Fund	160,774.90	76.18
Swimming Pool Util. Cap Fund	<u> </u>	<u>160,774.90</u>
Total	<u>\$1,804,275.86</u>	<u>\$1,804,275.86</u>

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

Note 14: LONG TERM TAX EXEMPTIONS

The Borough provides for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Borough are predominately for affordable housing projects. Taxes abated include municipal, local school and county taxes. The Borough is required to remit five percent (5.00%) to the County for any payments received in lieu of taxes (PILOT payments). The Borough PILOT billings in 2017 were \$0.00 and taxes in 2017 that otherwise would have been due on these long-term tax exemptions amounted to \$2,584.55, based upon the assessed valuations of the long-term tax exemptions properties.

Note 15: SUBSEQUENT EVENTS

Subsequent to the year ending December 31, 2017 and as of the date of the audit report, the following projects have been authorized:

Appropriating \$1,981,165 and authorizing \$1,882,106 bonds and notes for Various Capital Improvements.

The Borough issued Bond Anticipation Notes dated June 28, 2018 with a maturity date of June 27, 2019. The BAN's were issued for \$3,400,000 with a net interest cost of 2.1403% and a coupon rate of 2.75%.

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

PART II

REQUIRED SUPPLEMENTARY INFORMATION

BOROUGH OF MIDDLESEX
 SCHEDULE OF THE BOROUGH'S SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

	<u>Last 10 Fiscal Years*</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Borough's Proportion of the Net Pension Liability	0.032148%	0.033254%	0.034748%	0.034793%
Borough's Proportionate Share of the Net Pension Liability	\$6,018,951	\$7,464,929	\$10,291,452	\$8,099,204
Borough's Covered-Employee Payroll	\$ 2,358,908	\$ 2,407,049	\$ 2,420,826	\$ 2,786,154
Borough's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	255.16%	310.13%	425.12%	290.69%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%

* Amounts presented for each fiscal year were determined as of June 30.

BOROUGH OF MIDDLESEX
 SCHEDULE OF THE BOROUGH'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 255,353	\$ 283,016	\$ 304,004	\$ 328,116
Contribution in Relation to Contractually Required Contribution	<u>\$ (255,353)</u>	<u>\$ (283,016)</u>	<u>\$ (304,004)</u>	<u>\$ (328,116)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Borough's Proportionate Share of the Payroll	\$ 2,358,908	\$ 2,407,049	\$ 2,420,826	\$ 2,786,154
Contributions as a percentage of Covered Employee Payroll	10.83%	11.76%	12.56%	11.78%

* Amounts presented for each fiscal year were determined as of June 30.

BOROUGH OF MIDDLESEX
 SCHEDULE OF THE BOROUGH'S SHARE OF THE NET PENSION LIABILITY
POLICE AND FIREMEN RETIREMENT SYSTEM
 (Non-State, Non-Special Funding Situation Employer Member Group)

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Proportion of the Non-State, Non-Special Funding Situation Employer Group Net Pension Liability attributable to the Borough	0.075461%	0.075103%	0.080405%	0.078514%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group	\$9,492,284	\$12,509,575	\$15,359,398	\$12,120,985
Borough's Covered-Employee Payroll	\$2,467,337	\$2,517,691	\$2,517,691	\$2,802,494
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group as a percentage of the Borough's Covered-Employee Payroll	384.72%	496.87%	610.06%	432.51%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	62.41%	56.31%	52.01%	58.60%

* Amounts presented for each fiscal year were determined as of June 30.

Note: Percentages shown are Plan-wide, and include NPL and PFNP data that include employees of the State of New Jersey.

BOROUGH OF MIDDLESEX
 SCHEDULE OF THE BOROUGH'S CONTRIBUTIONS
POLICE AND FIREMEN RETIREMENT SYSTEM
 (Non-State, Non-Special Funding Situation Employer Member Group)

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 605,973	\$ 624,804	\$ 655,824	\$ 701,362
Contribution in Relation to Contractually Required Contribution	<u>\$ (605,973)</u>	<u>\$ (624,804)</u>	<u>\$ (655,824)</u>	<u>\$ (701,362)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Borough's Proportionate Share of the Payroll	\$2,467,337	\$ 2,517,691	\$ 2,572,302	\$ 2,802,491
Contributions as a percentage of Covered Employee Payroll	24.56%	24.82%	25.50%	25.03%

* Amounts presented for each fiscal year were determined as of June 30.

**BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY**

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
DECEMBER 31, 2017**

NOTE 1. CHANGES IN ASSUMPTIONS

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2017, dated March 29, 2018. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

PERS

Changes in benefit terms - None

Changes in assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

PFRS

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

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

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

PART III
SUPPLEMENTARY SCHEDULES

CURRENT FUND

CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Cash Balance December 31, 2016.....	A	\$ 5,959,198.79
Increased by Cash Receipts		
Miscellaneous Revenue Not Anticipated.....	A-1, A-8	473,762.95
Due NJ Sr Citizens and Veterans Deductions.....	A- 6	132,250.00
Taxes Receivable.....	A- 7	43,597,430.21
Miscellaneous Anticipated Revenue.....	A- 8	3,002,699.38
Sewer Rents Collections.....	A- 9	2,001,686.62
Interfunds.....	A-10	519,418.21
Various Accounts Payable & Reserves.....	A-14	13,407.00
Petty Cash Returned.....	A- 5	<u>300.00</u>
Total Cash Receipts.....		49,740,954.37
Decreased by Disbursements		
Budget Appropriations.....	A- 3	(17,743,098.37)
Interfunds.....	A-10	(825,669.03)
Appropriation Reserves	A-11	(394,775.91)
Taxes Payable.....	A-13	(29,787,428.88)
Various A/P, & Reserves.....	A-14	(14,429.30)
Petty Cash Advanced.....	A- 5	<u>(300.00)</u>
Total Cash Disbursements.....		<u>(48,765,701.49)</u>
Cash Balance December 31, 2017.....	A	<u>\$ 6,934,451.67</u>

CURRENT FUND
SCHEDULE OF PETTY CASH AND CHANGE FUNDS

	Balance December 31, 2016	Advanced	Returned	Balance December 31, 2017
Change Fund				
Collector - Treasurer	\$ 200.00	\$ -	\$ -	\$ 200.00
Municipal Court	150.00			150.00
Construction	50.00			50.00
Borough Clerk	50.00			50.00
Swim Pool Utility	50.00			50.00
Petty Cash Funds:				
Borough Clerk		100.00	100.00	-
Police		100.00	100.00	-
Recreation		100.00	100.00	-
	<u>\$ 500.00</u>	<u>\$ 300.00</u>	<u>\$ 300.00</u>	<u>\$ 500.00</u>
<u>Ref.</u>	A	A-4	A-4	A

SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
 FOR ALLOWABLE DEDUCTIONS PER CHAPTER 129, P.L. 1976
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2016	A	\$ 39,661.05
Increased by:		
Allowable Deductions per Tax Billings	A- 6	133,000.00
2017 Sr. Citizens and Vet. Ded. Allowed by Collector	A- 6	<u>3,750.00</u>
		<u>136,750.00</u>
		176,411.05
Decreased by:		
Collected	A- 4	132,250.00
2017 Sr. Citizens and Vet. Ded. Disallowed by Collector	A- 6	<u>500.00</u>
		<u>132,750.00</u>
Balance - December 31, 2017	A	<u><u>\$ 43,661.05</u></u>
Analysis of Sr. Citizens & Veterans <u>Deductions Allowed - 2017 Taxes</u>		
Per Tax Billings	A- 6	\$ 133,000.00
Allowed (Disallowed) by Tax Collector (Net)	A- 6	<u>3,250.00</u>
	A-7	<u><u>\$ 136,250.00</u></u>

CURRENT FUND
SCHEDULE OF PROPERTY TAXES RECEIVABLE AND LEVY ANALYSIS

	Total	CY 18 Prepaid	CY 17 Current	CY 16 Delinquent	Arrears	Tax Liens	Property Acquired for Taxes
<u>Ref</u>							
Balance 12/31/2016.....	\$ 2,236,108.71	\$ (223,346.50)	\$ -	\$ 701,809.59		\$ 334,506.62	\$ 1,423,139.00
Billings / Levy:							
Original Levy..... A-7	42,879,044.46		42,879,044.46				
Added & Omitted..... A-7	60,751.01		60,751.01				
Added by Assessor..... A-7	-						
TTL Interest & Costs..... A-9	791.00		791.00				
			-				
Canceled Taxes.....	(65,712.30)		(52,365.24)	(13,347.06)			
Transfers							
Tax Lien.....	-		(26,139.44)			26,139.44	
Revenue							
Sr. Citizens & Vets.....							
Original Levy..... A-6	(133,000.00)		(133,000.00)				
Allowed/Disallowed..... A-6	(3,250.00)		(3,250.00)				
Cash Receipts..... A-4	(43,597,430.21)	(905,467.87)	(42,003,749.81)	(688,212.53)			
Prepaid Applied.....	-	223,346.50	(223,346.50)				
Balance 12/31/2017.....	\$ 1,377,302.67	\$ (905,467.87)	\$ 498,735.48	\$ 250.00	\$ -	\$ 360,646.06	\$ 1,423,139.00

Ref

A

A, A-7

A

A

A

A

Analysis of 2017 Property Tax Levy:

Tax Yield:

General Purpose Tax
Added Taxes

\$ 42,879,044.46
60,751.01
\$ 42,939,795.47

Tax Levy:

Local School District Tax
County Tax
County Open Space
Due County - Added & Omitted

Local Tax for Municipal Purposes
Minimum Library Tax
Add: Additional Tax Levied

Ref

A-15
A-13
A-13
A-13

\$ 24,347,829.00
5,385,830.30
437,890.60
8,248.98

30,179,798.88
12,221,626.42
484,987.00
53,383.17

\$ 42,939,795.47

Current

Taxes Realized:

Sr. Citizens & Vets
Cash Receipts
Prepayments
Subtotal
Res. For Uncoll. Tax

Allocated to School
and County

Ref

A- 6, A- 7
A- 7
A- 7
A- 1
A- 3

A-13, A-15
A- 2

\$ 136,250.00
42,003,749.81
223,346.50
42,363,346.31
875,000.00
43,238,346.31

(30,179,798.88)
\$ 13,058,547.43

CURRENT FUND
SCHEDULE OF NONBUDGET REVENUES & VARIOUS ACCOUNTS RECEIVABLES

		Dec. 31, 2016	Accrued/ Adjustments	Cash Receipts	Dec. 31, 2017
Revenue Accounts Receivable:	<u>Ref.</u>				
Fines and Costs - Municipal Court		\$ 25,223.93	22,214.39	\$ (25,223.93)	\$ 22,214.39
	A-2	<u>25,223.93</u>	<u>22,214.39</u>	<u>(25,223.93)</u>	<u>22,214.39</u>
Non - Budget Revenue:					
Abandoned Property			85,500.00	(85,500.00)	-
Containers			3,319.00	(3,319.00)	-
Duplicate Rec & Tax Bills			850.00	(850.00)	-
Easements			13,500.00	(13,500.00)	-
FEMA - Hurricane Sandy			134,632.98	(134,632.98)	-
FEMA - Severe Winter Storm			54,802.15	(54,802.15)	-
Health Benefits Contrib. - Library			36,815.88	(36,815.88)	-
Homestead Rebate			684.60	(684.60)	-
Landlord Registration			21,450.00	(21,450.00)	-
Police Outside Service Admin			67,315.55	(67,315.55)	-
Property Maintenance Admin Fee			9,727.76	(9,727.76)	-
Property Tax List			520.00	(520.00)	-
Senior Citizens & Veterans Deduct. - Admin. Fee			2,645.00	(2,645.00)	-
Miscellaneous			42,000.03	(42,000.03)	-
	A-1, A-2,A-4	<u>-</u>	<u>473,762.95</u>	<u>(473,762.95)</u>	<u>-</u>
Total		<u>\$ 25,223.93</u>	<u>\$ 495,977.34</u>	<u>\$ (498,986.88)</u>	<u>\$ 22,214.39</u>

	<u>Ref.</u>	A		A- 4	A
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<u>Analysis of Miscellaneous Revenues:</u>	<u>Ref.</u>				
Account Receivable Collections	A- 4			\$ 25,223.93	
Current Year Collections	A- 4			<u>2,977,475.45</u>	
Subtotal	A- 4			3,002,699.38	
Sewer Collections	A- 9			2,001,686.62	
Interest on Investments	A-10			2,108.60	
Grants Realized - Grant Fund	A-10			148,671.31	
Reserve for Sale of Municipal Assets - Cell Tower	A-14			<u>300,000.00</u>	
	A-2			<u>\$ 5,455,165.91</u>	

SCHEDULE OF SEWER FLOW CHARGES RECEIVABLE
CURRENT FUND

	<u>REF.</u>		
Balance - December 31, 2016	A		\$ 1,170,920.95
Increased by:			
Sewer Flow Charges:			
User Charges	Reserve		<u>1,074,085.48</u>
			2,245,006.43
Decreased by:			
Collected - Current Year	A-4, A-8	2,001,686.62	
Canceled	Reserve	<u>56,541.17</u>	
			<u>2,058,227.79</u>
Balance - December 31, 2017	A		<u>\$ 186,778.64</u>
<u>Collection Analysis:</u>			
Budget Revenues	A-9		<u>\$ 2,001,686.62</u>
	A-4, A-8		<u>\$ 2,001,686.62</u>
<u>Analysis of Balance:</u>			
Year - 2017			<u>\$ 186,778.64</u>
			<u>\$ 186,778.64</u>

CURRENT FUND
STATEMENT OF INTERFUNDS RECEIVABLE/ PAYABLE

	Dec. 31, 2015	Cash Receipts	Cash Disbursements	Budget Revenues	Budget Appropriations	Adjustments	Dec. 31, 2016	
Interfunds								
Animal Control Fund.....	\$ (20,793.32)	\$ -	\$ -	\$ -	\$ -	(6,863.34)	(27,656.66)	
Trust Assessment Fund.....	(14,128.04)			(254.43)			(14,382.47)	
Trust - Other Fund.....	399,388.85	66,241.52	(44,490.11)				421,140.26	
Community Development Block Grant.....	(12,294.00)	12,294.00	\$ (8,200.00)				(8,200.00)	
General Capital Fund.....		300,000.00	(540,425.41)				(240,425.41)	
Swimming Pool Utility Operating Fund....	(147.03)	1,925.02		(1,854.17)			(76.18)	
Grant Fund.....	471,489.73	138,957.67	(232,553.51)	(148,671.31)	148,671.31		377,893.89	
Total.....	\$ 823,516.19	\$ 519,418.21	\$ (825,669.03)	\$ (150,779.91)	\$ 148,671.31	\$ (6,863.34)	\$ 508,293.43	
	<u>Ref.</u>	A	A-4	A-4	A-1,A-8	A-1,A-3	A-1	A
Receivables	\$ (47,362.39)						\$ (290,740.72)	
Payables	<u>870,878.58</u>						<u>799,034.15</u>	
	<u>\$ 823,516.19</u>						<u>\$ 508,293.43</u>	

SCHEDULE OF 2016 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>Operations Within "CAPS"</u>					
General Administration					
Salaries and Wages	\$ 461.57	\$	\$ 461.57	\$ -	\$ 461.57
Other Expenses	2,754.49		2,754.49	1,373.73	1,380.76
Mayor and Council					
Salaries and Wages	0.24		0.24	-	0.24
Other Expenses	3,157.55	660.88	3,818.43	1,042.88	2,775.55
Municipal Clerk					
Salaries and Wages	120.76		120.76	-	120.76
Other Expenses	573.75	558.04	1,131.79	921.02	210.77
Postage for All Departments					
Other Expenses	2,194.60		2,194.60	2,100.00	94.60
Printing and Advertising					
Other Expenses	2,717.41		2,717.41	853.79	1,863.62
Financial Administration					
Salaries and Wages	1,929.74		1,929.74	-	1,929.74
Other Expenses	4,823.61		4,823.61	1,978.05	2,845.56
Elections					
Other Expenses	4,921.00		4,921.00	4,921.00	-
Annual Audit					
Other Expenses	41,467.00		41,467.00	41,175.00	292.00
Revenue Administration					
Salaries and Wages	736.89		736.89	-	736.89
Other Expenses	1,707.59	394.95	2,102.54	336.95	1,765.59
Tax Assessment Administration					
Salaries and Wages	475.12		475.12		475.12
Other Expenses	755.57		755.57	120.00	635.57
Legal Services					
Other Expenses	16,034.28	3,937.44	19,971.72	14,983.92	4,987.80
Engineering Services					
Other Expenses	11,344.72	9,858.60	21,203.32	12,824.50	8,378.82
Computer Data Services					
Salaries and Wages	52.01		52.01	-	52.01
Other Expenses	26,937.98	47,763.74	74,701.72	50,452.75	24,248.97

SCHEDULE OF 2016 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>LAND USE ADMINISTRATION:</u>					
Environmental Legal & Engineering Services and Costs					
Other Expenses	\$ 11,345.25	\$ 936.00	\$ 12,281.25	\$ 2,652.00	\$ 9,629.25
Planning Board					
Salaries and Wages	1,400.00		1,400.00	-	1,400.00
Other Expenses	11,589.20	952.19	12,541.39	7,079.16	5,462.23
Zoning Board of Adjustment					
Salaries and Wages	1,800.00		1,800.00	-	1,800.00
Other Expenses	12,565.78		12,565.78	4,050.00	8,515.78
Code Enforcement					
Salaries and Wages	135.93		135.93	-	135.93
Other Expenses	6,624.19	354.78	6,978.97	401.46	6,577.51
<u>INSURANCE</u>					
Temporary Disability Insurance	1,474.11		1,474.11	-	1,474.11
Long-Term Disability Insurance	2,723.66		2,723.66	-	2,723.66
Employees Group Insurance	194.93		194.93	-	194.93
<u>PUBLIC SAFETY</u>					
Police Department					
Salaries and Wages	84,649.37		84,649.37	6,503.40	78,145.97
Other Expenses	10,914.63	14,644.35	25,558.98	21,365.33	4,193.65
Juvenile Conference Committee					
Other Expenses	236.02		236.02	-	236.02
Office of Emergency Management					
Other Expenses	4,745.07	583.28	5,328.35	234.53	5,093.82
Fire Department					
Other Expenses	6,490.29	8,986.82	15,477.11	8,532.45	6,944.66
Hazardous Waste Facilities Tax-					
Fire Services/ First Aid Organization				-	-
Other Expenses	3,000.00		3,000.00	-	3,000.00
Fire Hydrant Fees	18,689.49		18,689.49	17,410.77	1,278.72
Municipal Prosecutor's Office					
Salaries and Wages	0.60		0.60	-	0.60
Municipal Court					
Salaries and Wages	6,386.40		6,386.40	200.00	6,186.40
Other Expenses	2,830.34		2,830.34	-	2,830.34

SCHEDULE OF 2016 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>PUBLIC WORKS</u>					
Road Repairs and Maintenance					
Salaries and Wages	\$ 9,432.25	\$	\$ 9,432.25	\$ -	\$ 9,432.25
Other Expenses	3,633.32	24,125.23	27,758.55	26,263.25	1,495.30
Shade Tree Commission					
Salaries and Wages	18.13		18.13	-	18.13
Other Expenses	165.10	15,000.00	15,165.10	14,550.00	615.10
Garbage and Trash Removal					
Salaries and Wages	16,876.61		16,876.61	-	16,876.61
Other Expenses	14,096.36	3,263.87	17,360.23	3,996.94	13,363.29
Community Services Act (Condominium Community Costs)					
Other Expenses	583.77		583.77	-	583.77
Building and Grounds					
Other Expenses	3,669.11	17,942.84	21,611.95	21,150.67	461.28
Rental of Rescue Squad Building					
Other Expenses		1,800.00	1,800.00	1,800.00	-
<u>HEALTH AND HUMAN SERVICES</u>					
Public Health Services (Board of Health)					
Salaries and Wages	1.67		1.67	-	1.67
Other Expenses	1,077.57		1,077.57	-	1,077.57
Animal Control					
Other Expenses	6,566.66		6,566.66	4,800.00	1,766.66
Senior Nutrition -Program Costs					
Salaries and Wages	1,426.43		1,426.43	-	1,426.43
Title III Senior Medical Transportation - Program Costs					
Salaries and Wages	784.28		784.28	-	784.28
Title III Information & Assistance - Program Costs					
Salaries and Wages	7,621.24		7,621.24	-	7,621.24

SCHEDULE OF 2016 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>PARKS AND RECREATION</u>					
Recreation Services and Programs					
Salaries and Wages	\$ 10,869.12	\$	\$ 10,869.12	\$ -	\$ 10,869.12
Other Expenses	7,718.54	328.19	8,046.73	328.19	7,718.54
Parks and Playgrounds					
Salaries and Wages	2,168.97		2,168.97	-	2,168.97
Other Expenses	1,617.83	3,505.88	5,123.71	4,147.31	976.40
Celebration of Public Events					
Other Expenses	7.83	154.00	161.83	154.00	7.83
Senior Citizens Bus Transportation					
Other Expenses	2,098.07		2,098.07	-	2,098.07
Senior Citizen Coordinator					
Salaries and Wages	613.02		613.02	-	613.02
Other Expenses	3,415.42	832.29	4,247.71	825.29	3,422.42
<u>OTHER COMMON OPERATING FUNCTIONS-</u> <u>UNCLASSIFIED</u>					
Accumulated Sick Leave Compensation					
Salaries and Wages	9,431.52		9,431.52	-	9,431.52
Housing and Community Advisory Board					
Other Expenses	100.00		100.00	-	100.00
Maintenance of Tax Map					
Other Expenses	1,000.00		1,000.00	-	1,000.00
Beautification Committee					
Other Expenses	14.60		14.60	-	14.60
Multi-Family Solid Waste Collection					
Other Expenses	48,000.00		48,000.00	33,457.09	14,542.91

SCHEDULE OF 2016 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Electricity	\$ 32,812.08	\$	\$ 32,812.08	\$ 14,225.70	\$ 18,586.38
Street Lighting	16,601.82		16,601.82	15,940.09	661.73
Telephone (Excluding Equipment Acquis.)	2,438.61		2,438.61	2,438.61	-
Water	5,662.04		5,662.04	4,032.09	1,629.95
Gas (Natural or Propane)	1,183.38		1,183.38	-	1,183.38
Fuel Oil (Diesel Fuel)	4,957.05	42.95	5,000.00	42.95	4,957.05
Gasoline	2,442.12		2,442.12	-	2,442.12
Sewer Processing and Disposal					
Salaries and Wages	4,520.70		4,520.70	-	4,520.70
Other Expenses	901.95	10,130.00	11,031.95	10,795.50	236.45
<u>LANDFILL/ SOLID WASTE DISPOSAL COSTS:</u>					
Landfill Fees:					
Other Expenses	42,869.67	2,830.85	45,700.52	29,503.89	16,196.63
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>					
Construction Inspector, Plumbing Inspector and Code Enforcer					
Salaries and Wages	4,668.47		4,668.47	-	4,668.47
Other Expenses	2,164.90	572.61	2,737.51	593.52	2,143.99
Total Operations Within "CAPS"	<u>585,191.35</u>	<u>170,159.78</u>	<u>755,351.13</u>	<u>390,557.78</u>	<u>364,793.35</u>
Contingent	<u>579.75</u>	<u>5,000.00</u>	<u>5,579.75</u>	<u>5,130.85</u>	<u>448.90</u>
Total Operations Including Contingent Within "CAPS"	<u>585,771.10</u>	<u>175,159.78</u>	<u>760,930.88</u>	<u>395,688.63</u>	<u>365,242.25</u>

SCHEDULE OF 2016 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>STATUTORY EXPENDITURES:</u>					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 2,792.06	\$	\$ 2,792.06	\$ -	\$ 2,792.06
Defined Contribution Retirement Program	<u>47.56</u>	<u></u>	<u>47.56</u>	<u>-</u>	<u>47.56</u>
 Total General Appropriations for Municipal Purposes Within "CAPS"	 <u>588,610.72</u>	 <u>175,159.78</u>	 <u>763,770.50</u>	 <u>395,688.63</u>	 <u>368,081.87</u>
<u>Operations Excluded from "CAPS"</u>					
Middlesex County Utilities Authority Sewerage Treatment Stormwater Pollution Programs: NJDES/Stormwater Permit Other Expense	912.59		912.59	-	912.59
Middlesex County Improvement Authority County Curbside Collection Program	3,000.00		3,000.00	-	3,000.00
	<u>9,805.82</u>	<u></u>	<u>9,805.82</u>	<u>9,790.38</u>	<u>15.44</u>
Total Operations - Excluded from "CAPS"	<u>13,718.41</u>	<u>-</u>	<u>13,718.41</u>	<u>9,790.38</u>	<u>3,928.03</u>
Total General Appropriations	<u>\$ 602,329.13</u>	<u>\$ 175,159.78</u>	<u>\$ 777,488.91</u>	<u>\$ 405,479.01</u>	<u>\$ 372,009.90</u>
	<u>Ref</u>	<u>A</u>	<u>A</u>		<u>A-1</u>
Accounts Payable	A-14			\$ 10,703.10	
Disbursed	A-4			<u>394,775.91</u>	
				<u>\$ 405,479.01</u>	

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SCHEDULE OF DEFERRED CHARGES

	<u>BALANCE DEC. 31, 2016</u>	<u>RAISED IN CY 2017 BUDGET</u>	<u>BALANCE DEC. 31, 2017</u>
Emergency - Hurricane Sandy	<u>\$ 80,000.00</u>	<u>\$ 80,000.00</u>	<u>\$ -</u>
	<u>\$ 80,000.00</u>	<u>\$ 80,000.00</u>	<u>\$ -</u>
<u>Ref.</u>	A	A-3	A

CURRENT FUND
SCHEDULE OF TAXES PAYABLE

	Dec. 31, 2016	Taxes Levied	Cash Disbursements	Dec. 31, 2017
County - General.....	\$ -	\$ 5,385,830.30	\$ (5,385,830.30)	\$ -
County - Open Space.....	-	437,890.60	(437,890.60)	-
County - Added & Omitted.....	-	8,248.98	(8,248.98)	-
Local School District Taxes.....	-	23,955,459.00	(23,955,459.00)	-
Total.....	\$ -	\$ 29,787,428.88	\$ (29,787,428.88)	\$ -
<u>Ref.</u>	A	A-1,A-7,A-15	A-4	A

CURRENT FUND
SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLES & RESERVES

	Dec. 31, 2016	Transfer from/(to) Budget	Cash Receipts	Cash Disbursements	Adjustments	Dec. 31, 2017
Accounts Payable:						
Vendor Accounts Payable.....	\$ 71,430.04	\$ -	\$ -	\$ (24.30)	\$ 10,703.10	\$ 82,108.84
Marriage License Filing Fees.....	375.00		1,550.00	(2,100.00)		(175.00)
State Training Fees.....	462.00		11,857.00	(12,305.00)		14.00
Subtotal	<u>72,267.04</u>	<u>-</u>	<u>13,407.00</u>	<u>(14,429.30)</u>	<u>10,703.10</u>	<u>81,947.84</u>
Reserve for:						
Codification of Ordinances.....	6,389.15					6,389.15
FEMA/NJDEP Buyout	171.76					171.76
Master Plan.....	1,161.96					1,161.96
Tax Appeals.....	30,000.00					30,000.00
Sewer Overpayment.....	7,530.79					7,530.79
Farmers Market.....	215.00					215.00
Sale of Assets - Cell Tower.....	1,384,609.22	\$ (300,000.00)				1,084,609.22
Subtotal	<u>1,430,077.88</u>	<u>(300,000.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,130,077.88</u>
Total.....	<u>\$ 1,502,344.92</u>	<u>\$ (300,000.00)</u>	<u>\$ 13,407.00</u>	<u>\$ (14,429.30)</u>	<u>\$ 10,703.10</u>	<u>\$ 1,212,025.72</u>
<u>Ref.</u>	A	A-2,A-8	A- 4	A-4	A- 11	A

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX - DEFERRED SCHOOL TAXES

	<u>REF.</u>	
Balance - December 31, 2016		
Deferred School Taxes	A	\$ 11,743,634.00
Increased by:		
Levy, School Year July 1, 2017 to		
June 30, 2018	A-7	<u>24,347,829.00</u>
		36,091,463.00
Decreased by:		
School Taxes Requirement -		
Calendar Year Taxes Payable	A-1,A-13	<u>23,955,459.00</u>
Balance - December 31, 2017	A	<u>\$ 12,136,004.00</u>
Deferred School Taxes		

SCHEDULE OF DUE FROM GENERAL CAPITAL FUND - GRANT FUND

	<u>Ref.</u>	
Balance - December 31, 2016	A	\$ 23,775.00
Balance - December 31, 2017	A	<u>\$ 23,775.00</u>

SCHEDULE OF STATE GRANTS RECEIVABLE
GRANT FUND

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	BALANCE <u>DEC. 31, 2016</u>	2017 BUDGET REVENUE <u>REALIZED</u>	COLLECTED <u>2017</u>	BALANCE <u>DEC. 31, 2017</u>
Alcohol Ed & Rehab Fund - Municipal Court	\$ 362.59	\$	\$	\$ 362.59
Forestry Grant Match	3,000.00		3,000.00	-
Middlesex County - Info. Assis & Transp. Assist - Older American Act of 1965	2,914.00			2,914.00
Middlesex County Open Space	1,497,227.00			1,497,227.00
Municipal Alliance on Alcoholism and Drug Abuse	10,981.30		10,981.30	-
N.J. Alcohol Education & Rehabilitation - Municipal Court		64.34	64.34	-
Body Armor Replacement Grant - CY		2,990.70	2,990.70	-
Clean Communities Program		27,358.42	27,358.42	-
Community Development Block Grant		48,921.00	48,921.00	-
DMV Inspection Fines		2,635.00	2,635.00	-
Drunk Driving Enforcement Fund		3,821.85	3,474.81	347.04
Middlesex County - Info. Assis & Transp. Assist - Older American Act of 1965		20,950.00	17,698.00	3,252.00
Municipal Alliance on Alcoholism and Drug Abuse		41,930.00	21,834.10	20,095.90
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Federal and State Grants Receivable	\$ <u>1,514,484.89</u>	\$ <u>148,671.31</u>	\$ <u>138,957.67</u>	\$ <u>1,524,198.53</u>
<u>Ref.</u>	A	A-18	A-18	A

SCHEDULE OF DUE FROM CURRENT FUND
GRANT FUND

	<u>REF.</u>		
Balance - December 31, 2016	A		\$ 471,489.73
Increased by:			
Grants receivable collected	A-17	\$ 138,957.67	
Grants appropriated - Current Fund budget	A-19	<u>148,671.31</u>	
			<u>287,628.98</u>
			759,118.71
Decreased by:			
Grants revenue - Current Fund budget	A-17	148,671.31	
Grants expended	A-19	<u>232,553.51</u>	
			<u>381,224.82</u>
Balance - December 31, 2017	A		<u>\$ 377,893.89</u>

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
GRANT FUND

	TRANSFERRED FROM					
	BALANCE DEC. 31,2016	ENCUMBERED DEC. 31,2016	2017 BUDGET BY BUDGET	PAID OR CHARGED	ENCUMBERED DEC. 31,2017	BALANCE DEC. 31,2017
<u>Year 2005:</u>						
N.J. Hepatitis "B" Grant	\$ 2,549.00	\$ -	\$ -	\$ -	\$ -	\$ 2,549.00
Subtotal	2,549.00	-	-	-	-	2,549.00
<u>Year 2006:</u>						
Livable Communities Grant	24.43					24.43
County of Middlesex - Victor Crowell Park	201,443.66			690.00		200,753.66
Subtotal	201,468.09	-	-	690.00	-	200,778.09
<u>Year 2008:</u>						
County of Middlesex - Mountain View Park	7,032.27	2,526.48		540.00	6,286.48	2,732.27
Subtotal	7,032.27	2,526.48	-	540.00	6,286.48	2,732.27
<u>Year 2010:</u>						
Municipal Alliance Alcohol and Drug Abuse	47.40					47.40
Subtotal	47.40	-	-	-	-	47.40
<u>Year 2011:</u>						
N.J. Clean Communities Grant	2,937.78	1,501.41		2,175.94	825.47	1,437.78
Drunk Driving Enforcement Fund	21,332.71	169.00		2,762.06	2.95	18,736.70
Alcohol Education & Rehab	2,385.07					2,385.07
Body Armor Replacement Fund	1,005.68					1,005.68
Subtotal	27,661.24	1,670.41	-	4,938.00	828.42	23,565.23
<u>Year 2012:</u>						
Body Armor Replacement Grant - CY	399.98					399.98
Drunk Driving Enforcement Fund	1,166.14			240.00	199.20	726.94
Haz-Mat Grant	136.44					136.44
Middlesex County - Mountainview Park	119,386.51					119,386.51
N.J. Alcohol Education & Rehabilitation - Municipal Court	161.80					161.80
N.J. Clean Communities Grant	11,284.18					11,284.18
Older Americans Act - Information Assist	167.44					167.44
Subtotal	132,702.49	-	-	240.00	199.20	132,263.29
<u>Year 2013:</u>						
Body Armor Replacement Grant - CY	1,686.68					1,686.68
Drunk Driving Enforcement Fund	4,699.42					4,699.42
N.J. Alcohol Education & Rehabilitation - Municipal Court	53.96					53.96
Subtotal	6,440.06	-	-	-	-	6,440.06

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
GRANT FUND

	BALANCE <u>DEC. 31,2016</u>	ENCUMBERED <u>DEC. 31,2016</u>	TRANSFERRED FROM		ENCUMBERED <u>DEC. 31,2017</u>	BALANCE <u>DEC. 31,2017</u>
			<u>2017 BUDGET BY BUDGET</u>	<u>PAID OR CHARGED</u>		
<u>Year 2014:</u>						
Body Armor Replacement Grant - CY	1,011.08					1,011.08
N.J. Alcohol Education & Rehabilitation - Municipal Court	52.77					52.77
Forestry Grant Match	875.00	2,125.00		2,125.00		875.00
N.J. Clean Communities Grant	21,766.90			20,040.00		1,726.90
Subtotal	<u>23,705.75</u>	<u>2,125.00</u>	<u>-</u>	<u>22,165.00</u>	<u>-</u>	<u>3,665.75</u>
<u>Year 2015:</u>						
Body Armor Replacement Grant - CY	2,946.00					2,946.00
Municipal Alliance on Alcoholism and Drug Abuse	925.75			350.49		575.26
Subtotal	<u>3,871.75</u>	<u>-</u>	<u>-</u>	<u>350.49</u>	<u>-</u>	<u>3,521.26</u>
<u>Year 2016:</u>						
Alcohol Education & Rehabilitation	362.59					362.59
N.J. Clean Communities Grant	39,795.19					39,795.19
Municipal Alliance on Alcoholism and Drug Abuse	20,965.00					20,965.00
Drunk Driving Enforcement Fund	3,602.18			3,330.98		271.20
DWI - Municipal Court	58.93					58.93
Body Armor Replacement Grant - CY	5,518.56					5,518.56
Middlesex County Open Space	1,444,727.00	52,500.00		151,378.04	413,861.96	931,987.00
Subtotal	<u>1,515,029.45</u>	<u>52,500.00</u>	<u>-</u>	<u>154,709.02</u>	<u>413,861.96</u>	<u>998,958.47</u>
<u>Year 2017:</u>						
Body Armor Replacement Grant - CY			2,990.70			2,990.70
Drunk Driving Enforcement Fund			3,821.85			3,821.85
Clean Communities Grant			27,358.42			27,358.42
CDBG			48,921.00	48,921.00		-
DMV Inspection Fines			2,635.00			2,635.00
Municipal Alliance on Alcohol & Drug Abuse			41,930.00			41,930.00
N.J. Alcohol Education & Rehabilitation - Municipal Court			64.34			64.34
Older Americans Act - Information Assist			20,950.00			20,950.00
Subtotal	<u>-</u>	<u>-</u>	<u>148,671.31</u>	<u>48,921.00</u>	<u>-</u>	<u>99,750.31</u>
Total Federal and State Grants	<u>\$ 1,920,507.50</u>	<u>\$ 58,821.89</u>	<u>\$ 148,671.31</u>	<u>\$ 232,553.51</u>	<u>\$ 421,176.06</u>	<u>\$ 1,474,271.13</u>
<u>Ref.</u>	A	A	A-18	A-18	A	A

SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED
GRANT FUND

	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Body Armor Replacement Grant	\$ 5,367.83	\$ 5,367.83
Clean Communities Program	23,307.90	23,307.90
Drunk Driving Enforcement Fund	<u>1,744.50</u>	<u>1,744.50</u>
	<u>\$ 30,420.23</u>	<u>\$ 30,420.23</u>
<u>Ref.</u>	A	A

TRUST FUND

ANALYSIS OF TRUST ASSESSMENT CASH AND INVESTMENTS

	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>RECEIPTS</u> <u>ASSESSMENTS</u> <u>AND LIENS</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Fund Balance	\$ 5,565.77	\$	\$ 5,565.77
Assessments Receivable	(1,470.00)		(1,470.00)
Due to Current Fund	14,128.04	254.43	14,382.47
Due to General Capital Fund	<u>7,164.08</u>		<u>7,164.08</u>
	<u>\$ 25,387.89</u>	<u>\$ 254.43</u>	<u>\$ 25,642.32</u>
<u>Ref.</u>	B	B- 5	B

() Denotes Deficit or Deduction

SCHEDULE OF ASSESSMENT LIENS
TRUST ASSESSMENT FUND

<u>ORD</u> <u>NO.</u>	<u>IMPROVEMENT</u> <u>DESCRIPTION</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>PLEGDED TO</u> <u>GENERAL CAPITAL</u>
1106	Curbs and Gutters	<u>\$ 1,470.00</u>	<u>\$ 1,470.00</u>	<u>\$ 1,470.00</u>
<u>Ref.</u>		B	B	

SCHEDULE OF DUE TO GENERAL CAPITAL FUND
ASSESSMENT TRUST FUND

	<u>REF.</u>	
Balance - December 31, 2016	B	\$ 7,164.08
Balance - December 31, 2017	B	\$ <u>7,164.08</u>

SCHEDULE OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND

	<u>REF.</u>	
Balance - December 31, 2016	B	\$ 14,128.04
Increased by Cash Receipts	B- 2	<u>254.43</u>
Balance - December 31, 2017	B	\$ <u>14,382.47</u>

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance Dec. 31. 2016	Cash.....		Adjustments	Balance Dec. 31. 2017
		Receipts	Disbursements		
Assessment Trust:					
Assessments Liens Receivable.....	\$ (1,470.00)				\$ (1,470.00)
Due to General Capital Fund.....	7,164.08				7,164.08
Due to Current Fund.....	14,128.04	254.43			14,382.47
Fund Balance.....	5,565.77				5,565.77
Total	25,387.89	254.43	-	-	25,642.32
Animal Control:					
Due Current Fund.....	20,793.32			6,863.34	27,656.66
Due To NJ - State License Fees.....		960.60	(956.40)		4.20
Animal Control Reserves.....	17,002.40	6,916.40	(600.26)	(6,863.34)	16,455.20
Total	37,795.72	7,877.00	(1,556.66)	-	44,116.06
Payroll:					
Deductions Payable (Net Change).....	129,491.21		(1,582.82)		127,908.39
Total	129,491.21	-	(1,582.82)	-	127,908.39
Developers' Escrow:					
Developer's Escrow Funds.....	617,327.49	285,532.65	(426,603.93)		476,256.21
Developer's Escrows - Water & Soil.....	19,962.00	100.00			20,062.00
Total	637,289.49	285,632.65	(426,603.93)	-	496,318.21
Public Assistance:					
Reserve for Public Assistance.....	9,838.23	98.04	(98.31)		9,837.96
Total	9,838.23	98.04	(98.31)	-	9,837.96

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance Dec. 31. 2016	Cash Receipts	Disbursements	Adjustments	Balance Dec. 31. 2017
Community Development Blk Grant:					
Due from Midd. Cty. CDBG.....	(92,760.41)	74,232.50		(48,921.00)	(67,448.91)
Due to Current Fund.....	12,294.00	8,200.00	(12,294.00)		8,200.00
Community Development Blk Grant:					
Year 2012/2013 Reserves					
Senior Center Improvements	1,877.76				1,877.76
Manhole Retrofit	139.00				139.00
Community Development Blk Grant:					
Year 2013/2014 Reserves					
Lincoln Fire House Doors.....	800.00				800.00
Passive Improvements.....	365.15				365.15
Community Development Blk Grant:					
Year 2015/2016 Reserves					
ADA Borough Hall Improvements	28,363.50		(28,363.50)		-
Community Development Blk Grant:					
Year 2016/2017 Reserves					
Senior Center Improvements	15,346.00		(8,200.00)		7,146.00
Senior Nutrition Project	7,500.00		(7,500.00)		-
Senior Van Driver	7,500.00		(7,500.00)		-
Code Enforcement	7,500.00		(7,500.00)		-
Senior Center Coordinator	11,075.00		(11,075.00)		-
Community Development Blk Grant:					
Year 2017/2018 Reserves					
Senior Center Improvements				15,346.00	15,346.00
Senior Nutrition Project				7,500.00	7,500.00
Senior Van Driver				7,500.00	7,500.00
Code Enforcement				7,500.00	7,500.00
Senior Center Coordinator				11,075.00	11,075.00
Total	(0.00)	82,432.50	(82,432.50)	-	(0.00)

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance	Cash			Balance
	Dec. 31. 2016	Receipts	Disbursements		Adjustments
Other Trust Funds:					
Due from Current Fund	\$ (399,388.85)	(66,241.52)	44,490.11		\$ (421,140.26)
Due from General Capital Fund.....	(258,157.99)		(264,629.02)		(522,787.01)
Reserve for Unemployment Insurance.....	212,120.77	2,113.43	(6,250.37)		207,983.83
Miscellaneous Reserves:					
Commodity Resale Program -					
Gasoline - Borough of Dunellen...	157,288.25	59,535.69	(69,322.43)		147,501.51
Developers Escrow Unclaimed Funds	12,474.42				12,474.42
Development	-	21,751.41			21,751.41
Federal Asset Forfeitures.....	4,661.93	46.73			4,708.66
Municipal Law Enforcement Trust.....	9,390.09	93.71	(500.00)		8,983.80
Older Americans Act.....	6,503.64	5,800.50	(5,373.50)		6,930.64
Outside Police Services.....	24,412.09	478,905.95	(475,119.81)		28,198.23
Police Found Money.....	161.66	899.26	(444.00)		616.92
Parking Offense Adjudication Act.....	3,308.50	248.00			3,556.50
Police Application Fees.....	318.85				318.85
Public Defender Fees.....	7,331.50	8,485.00	(7,850.00)		7,966.50
Police Communities Education.....	1,817.40	800.00	(150.00)		2,467.40
Premium on Tax Sale.....	210,500.00	223,700.00	(155,700.00)		278,500.00
Police Memorial Fund.....	50.00				50.00
Police Donations.....	5,260.41	100.00	(102.20)		5,258.21
Police - DARE.....	1,635.00				1,635.00
Police 911 Fund.....	19.84				19.84
Recreation Fund.....	79,118.21	83,067.38	(80,313.69)		81,871.90
Recycling Trust.....	37,580.07	56,261.96	(63,630.43)		30,211.60
Restitution.....	4,135.56				4,135.56
Sanitary Sewer.....	880.00				880.00
Senior Assisted Transportation.....	3,762.94	1,309.00			5,071.94
Special Inspection.....	3,672.28				3,672.28
Street Opening Deposits.....	96,491.05	30,250.00	(5,625.00)		121,116.05
Third Party Outside Lien Redemption	236,264.12		(145,997.83)		90,266.29
Tree Replacement Fund.....	9,825.50				9,825.50
UFC Dedicated Penalties.....	53.86				53.86
Uniform Fire Safety Penalties.....	12,405.53				12,405.53
100th Anniversary.....	2,993.27				2,993.27
Total	486,889.90	907,126.50	(1,236,518.17)	-	157,498.23
Total	\$ 1,326,692.44	\$ 1,283,421.12	\$(1,748,792.39)	\$ -	\$ 861,321.17

Ref.

B

B

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2015	\$ 8,461.20
2016	7,994.00
	<u>\$ 16,455.20</u>

Note: R.S. 4:19.11

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

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL FUND
CASH AND INVESTMENTS - TREASURER

	<u>REF.</u>		
Balance - December 31, 2016	C		\$ 1,028,015.02
Increased by Receipts:			
Grants, Loans and Other Receivables	C- 4	300,000.00	
Deferred Charges - Unfunded	C- 6	285,000.00	
Interfunds Received	C- 7	805,054.43	
Capital Improvement Fund	C-14	<u>80,000.00</u>	
			<u>1,470,054.43</u>
			2,498,069.45
Decreased by Disbursements:			
Interfunds Disbursed	C- 7	300,000.00	
Improvement Authorizations	C- 8	<u>2,198,069.45</u>	
			<u>2,498,069.45</u>
Balance - December 31, 2017	C,C-3		<u><u>\$ -</u></u>

GENERAL CAPITAL FUNDANALYSIS OF CASH AND INVESTMENTS

	BALANCE DECEMBER 31, 2016	BALANCE DECEMBER 31, 2017
Grants Receivable	\$ (1,101,589.42)	\$ (1,101,589.42)
Due from Assessment Trust	(7,164.08)	(7,164.08)
Due to Current Fund		240,425.41
Due to Grant Fund	23,775.00	23,775.00
Due to Trust Fund	258,157.99	522,787.01
Improvement Authorizations Funded	1,691,145.21	1,785,549.58
Improvement Authorizations Expended	(583,684.30)	(2,985,061.94)
Unexpended Proceeds of BAN's Issued		
Reserve for Encumbrances	455,744.31	1,409,753.13
Reserve for:		
Capital Improvement Fund	221,939.58	41,834.58
Insurance Refund	4,838.08	4,838.08
To Pay Debt Service	64,317.08	64,317.08
Fund Balance	535.57	535.57
	<u>\$ 1,028,015.02</u>	<u>\$ -</u>

Ref.

C-2

C-2

SCHEDULE OF VARIOUS GRANTS, LOANS AND OTHER RECEIVABLES

- 99 -

	Ordinance Number	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017
Receivables:					
New Jersey Environmental Infrastructure Trust	1611-04	\$ 140,593.00			\$ 140,593.00
Federal Homeland Security	1643-05	24,000.00			24,000.00
Middlesex County	1643-05	35,966.00			35,966.00
Recycling Trust	1676-05	2,350.00			2,350.00
State of NJ DCA - Livable Communities	1688-06	130.00			130.00
Federal Homeland Security	1688-06	8,805.00			8,805.00
State of NJ DOT - Beechwood Ave.	1715-07	69,476.44			69,476.44
State of NJ DOT - Greenbrook Rd	1736-08	56,250.00			56,250.00
State of NJ DOT - Beechwood Ave.	1772-10	16,361.77			16,361.77
State of NJ DOT - Parker Street	1797-11	15,238.34			15,238.34
State of NJ OEM	1808-12	140,250.00			140,250.00
Federal Emergency Management Agency (FEMA)	1808-12	26,297.55			26,297.55
State of NJ DOT - Howard Avenue	1818-12	1,441.57			1,441.57
State of NJ DOT - Fairview Avenue	1842-13	10,638.30			10,638.30
Various Capital Improvements (MCIA)	1855-14	125,000.00			125,000.00
State of NJ DOT -Marlborough Avenue	1857-14	300,000.00			300,000.00
State of NJ DOT -Warrenville Road	1893-16	353,700.00			353,700.00
State of NJ DOT -South Avenue	1909-17		\$ 400,000.00	\$ 300,000.00	100,000.00
		<u>\$ 1,326,497.97</u>	<u>\$ 400,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 1,426,497.97</u>
	<u>Ref.</u>	C	C-13	C-2	C

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	<u>Total</u>	<u>Serial Bonds</u>	<u>Infrastructure Trust</u>	<u>Green Acres Loans</u>	<u>MCIA Loans/Leases</u>
Balance - December 31, 2016	C	\$ 13,596,684.52	\$ 9,391,000.00	\$ 722,229.16	\$ 89,633.23	\$ 3,393,822.13
Decreased by:						
Serial Bonds/Loans Paid From	C-9,C-10					
Budget Appropriation	C-11,C-12,C-15	1,895,695.35	959,000.00	76,877.35	22,262.88	837,555.12
De-Obiligation	C-15			55,050.80		
Balance - December 31, 2017	C	<u>\$ 11,645,938.37</u>	<u>\$ 8,432,000.00</u>	<u>\$ 590,301.01</u>	<u>\$ 67,370.35</u>	<u>\$ 2,556,267.01</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit - C-6

ANALYSIS OF BALANCE - DECEMBER 31, 2017

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2016</u>	<u>2017 AUTHOR</u>	<u>2017 FUNDING</u>	<u>BALANCE DEC. 31, 2017</u>	<u>EXPENDED</u>	<u>UNEXPENDED BALANCE OF IMPROV. AUTHOR</u>
<u>General Improvements</u>							
1808-12	Acq and Demolition of Certain Flood Prone Properties	\$ 166,547.55	\$	\$	\$ 166,547.55	\$ 78,131.56	\$ 88,415.99
1857-14	Improvements to Marlborough Ave	30,400.00			30,400.00	4,823.27	25,576.73
1893-16	Various Capital Improvements	989,780.00			989,780.00	860,242.33	129,537.67
1900-16	Milling and Paving of Various Roads	285,000.00		285,000.00	-		
1907-17	Sanitary Sewer Improvements		2,327,500.00		2,327,500.00	161,935.55	2,165,564.45
1909-17	South Ave Improvements		400,000.00	300,000.00	100,000.00	-	100,000.00
1920-17	2017 Capital Improvements		1,745,625.00		1,745,625.00	1,239,170.23	506,454.77
1922-17	Warrenville Rd Improvements		380,000.00		380,000.00	198,755.00	181,245.00
1924-17	George Ave Improvements		488,870.00		488,870.00	442,004.00	46,866.00
		<u>\$ 1,471,727.55</u>	<u>\$ 5,341,995.00</u>	<u>\$ 585,000.00</u>	<u>\$ 6,228,722.55</u>	<u>\$ 2,985,061.94</u>	<u>\$ 3,243,660.61</u>
	<u>Ref.</u>	C	C-8	C-2	C		

SCHEDULE OF INTERFUNDS
GENERAL CAPITAL FUND

	<u>Ref.</u>	<u>TOTAL</u>	<u>CURRENT</u>	<u>ASSESSMENT TRUST</u>	<u>TRUST - OTHER</u>	<u>GRANT FUND</u>
Balance - December 31, 2016						
Due From	C	\$ 7,164.08	\$	\$ 7,164.08	\$	\$
Due To	C	281,932.99			258,157.99	23,775.00
Increased by:						
Cash Received	C-2	<u>805,054.43</u>	<u>540,425.41</u>	<u> </u>	<u>264,629.02</u>	<u> </u>
Subtotal		<u>805,054.43</u>	<u>540,425.41</u>	<u>-</u>	<u>264,629.02</u>	<u>-</u>
Decreased by:						
Funds Disbursed	C-2	<u>300,000.00</u>	<u>300,000.00</u>	<u> </u>	<u> </u>	<u> </u>
		<u>300,000.00</u>	<u>300,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - December 31, 2017						
Due From	C	7,164.08		7,164.08		
Due To	C	<u>\$ 786,987.42</u>	<u>\$ 240,425.41</u>	<u>\$</u>	<u>\$ 522,787.01</u>	<u>\$ 23,775.00</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit C-8

ORD. NO	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE - DEC. 31, 2016		2017 AUTHORIZATIONS	RESERVE FOR	PAID OR CHARGED	RESERVE FOR	BALANCE - DEC. 31, 2017		
		DATE	AMOUNT	FUNDED	UNFUNDED		ENCUMBR. 12/31/16		ENCUMBR. 12/31/17	FUNDED	UNFUNDED	
<u>General Improvements:</u>												
1611-04	Improvement to the Sanitary Sewer System (Infrastructure Trust \$1,689,655)	07/13/04	1,627,000.00	\$ 176,527.28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,527.28	\$ -	
1687-06	Various Capital Improvements (NJDOT - \$200,000)	10/20/06	1,358,900.00	3,075.53						3,075.53		
57	Acq and Demolition of Certain Flood Prone Properties	03/27/12	2,540,000.00		88,415.99						88,415.99	
1818-12	Various Capital Improvements	08/28/12	1,116,450.00	57,902.61					576.67	57,325.94		
1832-13	Various Capital Improvements (MCIA)	07/26/13	3,081,700.00	271,061.57			10,500.00	25,229.80	1,475.10	254,856.67		
1842-13	Reconstruction of Fairview Ave (NJDOT-\$300,000)	08/27/13	380,000.00	51,088.98			12,973.85			64,062.83		
1855-14	Various Capital Improvements (MCIA)	09/09/14	888,325.00	346,436.56			800.00	12,330.62		334,905.94		
1857-14	Improvements to Marlborough Ave (NJDOT - \$300,000)	09/09/14	332,000.00		18,477.01		7,099.72				25,576.73	
1879-15	Various Capital Improvements (MCIA)	07/19/15	1,176,500.00	467,247.87			13,029.10	37,686.21	10,760.00	431,830.76		
1893-16	Various Capital Improvements	08/09/16	1,393,000.00		726,332.23		355,619.11	873,150.03	79,263.64		129,537.67	
1899-16	Various Capital Improvements	10/11/16	614,202.14	317,804.81			19,349.15	168,175.72	37,455.33	131,522.91		
1900-16	Milling and Paving of Various Roads	10/11/16	300,000.00		54,818.02		36,373.38			91,191.40		
1907-17	Sanitary Sewer Improvements	02/14/17	2,450,000.00			2,450,000.00		194,682.44	89,753.11		2,165,564.45	
1909-17	South Ave Improvements	02/14/17	400,000.00			400,000.00		59,749.68		240,250.32	100,000.00	
1920-17	2017 Capital Improvements	05/23/17	1,837,500.00			1,837,500.00		670,292.49	660,752.74		506,454.77	
1922-17	Warrenville Rd Improvements	07/25/17	400,000.00			400,000.00		156,772.46	61,982.54		181,245.00	
1924-17	George Ave Improvements	09/19/17	514,600.00			514,600.00			467,734.00		46,866.00	
				<u>\$ 1,691,145.21</u>	<u>\$ 888,043.25</u>	<u>\$ 5,602,100.00</u>	<u>\$ 455,744.31</u>	<u>\$ 2,198,069.45</u>	<u>\$ 1,409,753.13</u>	<u>\$ 1,785,549.58</u>	<u>\$ 3,243,660.61</u>	
				Ref	C	C	C	C-2	C	C	C	
Deferred Charges to Future Taxation - Unfunded				C-6		\$ 5,341,995.00						
Capital Improvement Fund				C-14		260,105.00						
						<u>\$ 5,602,100.00</u>						

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - C-9

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>			<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2016</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2017</u>
			<u>OUTSTANDING - DEC. 31, 2017</u>	<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds of 2010	02/15/10	\$ 9,865,000.00	02/15/18	\$ 700,000.00	3.000%	\$ 6,765,000.00	\$ 700,000.00	\$ 6,065,000.00	
			02/15/19	700,000.00	3.000%				
			02/15/20	700,000.00	3.200%				
			02/15/21	775,000.00	3.375%				
			02/15/22	800,000.00	3.500%				
			02/15/23	800,000.00	3.500%				
			02/15/24	800,000.00	3.625%				
			02/15/25	790,000.00	4.000%				
General Obligation Bonds of 2015	07/16/15	2,878,000.00	07/15/18	266,000.00	1.500%	2,626,000.00	259,000.00	2,367,000.00	
			07/15/19	273,000.00	2.000%				
			07/15/20	283,500.00	2.000%				
			07/15/21	290,500.00	2.000%				
			07/15/22	301,000.00	2.000%				
			07/15/23	308,000.00	2.000%				
			07/15/24	318,500.00	2.500%				
			07/15/25	326,500.00	2.500%				
						<u>\$ 9,391,000.00</u>	<u>\$ 959,000.00</u>	<u>\$ 8,432,000.00</u>	
<u>Ref.</u>						C	C-5	C	

SCHEDULE OF CAPITAL LEASES PAYABLE
MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Exhibit - C-10

<u>PROJECT DESCRIPTION</u>	<u>AMOUNT OF LOAN</u>	<u>FEE PAYABLE</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LEASES</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2016</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2017</u>
Capital Equipment - 2008	\$ 572,745.83	\$ 14,522.02	4.200%	09/15/18	\$ 66,833.58	\$ 131,339.38	\$ 64,505.80	\$ 66,833.58
Capital Equipment - 2013	2,900,567.38	56,064.13	4.000%	08/15/18	396,999.21	1,808,536.90	381,537.69	1,426,999.21
			4.000%	08/15/19	190,000.00			
			4.000%	08/15/20	200,000.00			
			4.000%	08/15/21	205,000.00			
			4.000%	08/15/22	215,000.00			
			4.000%	08/15/23	220,000.00			
Capital Equipment - 2014 (Lease)	120,994.00	910.59	3.000%	09/15/18	24,715.15	74,167.06	23,995.30	50,171.76
			3.000%	09/15/19	25,456.61			
Capital Equipment - 2014 (Loan)	738,861.92	5,560.58	3.000%	09/15/18	150,925.55	452,908.53	146,529.66	306,378.87
			3.000%	09/15/19	155,453.32			
Capital Equipment - 2015	1,146,063.89	6,123.76	3.000%	09/15/18	227,616.28	926,870.26	220,986.67	705,883.59
			4.000%	09/15/19	234,444.76			
			4.000%	09/15/20	243,822.55			
						<u>\$ 3,393,822.13</u>	<u>\$ 837,555.12</u>	<u>\$ 2,556,267.01</u>
				<u>Ref.</u>		C	C- 5	C

SCHEDULE OF LOANS PAYABLE
NEW JERSEY 1987 GREEN TRUST FUND

<u>PAYMENT NUMBER</u>	<u>DATE OF PAYMENT</u>	<u>INTEREST PAYMENTS</u>	<u>PRINCIPAL PAYMENTS</u>	<u>BALANCE - LOANS PAYABLE</u>
<u>Payments Made in 2017</u>				
36	June 2, 2017	\$ 107.86	\$ 10,786.43	
		<u>\$ 107.86</u>	<u>\$ 10,786.43</u>	
	REF.		C-5	

Details as to Loan Repayments:

- A. Payments made payable to: Treasurer, State of New Jersey, 1987 Green Trust Fund
- B. Payments to be mailed to: New Jersey Department of Environmental Protection
Division of Financial Management and General Services
Office of Trust Fund Management
Post Office Box 420
Trenton, New Jersey 08625
- C. Original Amount of Loan = \$328,000.00

SCHEDULE OF LOANS PAYABLE
NEW JERSEY GREEN TRUST FUND - 1989

<u>PAYMENT NUMBER</u>	<u>DATE OF PAYMENT</u>	<u>INTEREST PAYMENTS</u>	<u>PRINCIPAL PAYMENTS</u>	<u>BALANCE - LOANS PAYABLE</u>
				\$ 67,370.35
29	January 15, 2018	\$ 673.70	\$ 5,824.44	61,545.91
30	July 15, 2018	615.46	5,882.68	55,663.23
31	January 15, 2019	556.63	5,941.51	49,721.72
32	July 15, 2019	497.22	6,000.93	43,720.79
33	January 15, 2020	437.21	6,060.94	37,659.85
34	July 15, 2020	376.60	6,121.55	31,538.30
35	January 15, 2021	315.38	6,182.76	25,355.54
36	July 15, 2021	253.56	6,244.59	19,110.95
37	January 15, 2022	191.11	6,307.03	12,803.92
38	July 15, 2022	128.04	6,370.10	6,433.82
39	January 15, 2023	64.30	6,433.82	-
Total Balance Due - Principal and Interest		<u>\$ 4,109.21</u>	<u>\$ 67,370.35</u>	
Payments Made <u>Made in 2017</u>				
27	January 15, 2017	\$ 788.47	\$ 5,709.68	
28	July 15, 2017	<u>731.37</u>	<u>5,766.77</u>	
		<u>\$ 1,519.84</u>	<u>\$ 11,476.45</u>	

REF.

C-5

Details as to Loan Repayments:

- A. Payments made payable to: Treasurer, State of New Jersey, 1989 Green Trust Fund
- B. Payments to be mailed to: New Jersey Department of Environmental Protection
Division of Financial Management and General Services
Office of Trust Fund Management
Post Office Box 420
Trenton, New Jersey 08625
- C. Original Amount of Loan = \$209,000.00

SCHEDULE OF VARIOUS RESERVES

	Ordinance Number	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017
Reserve for:					
Cash or Appropriated Reserves:					
Insurance Refund - Landfill (Payment of Bonds)		\$ 4,838.08			\$ 4,838.08
Payment of Debt Service		<u>64,317.08</u>			<u>64,317.08</u>
Subtotal		<u>69,155.16</u>	-	-	<u>69,155.16</u>
Grants, Loans & Other Receivables:					
New Jersey Environmental Infrastructure Trust	1611-04	58,305.00			58,305.00
Middlesex County - Cedar Ave.	1643-05	56.00			56.00
State of NJ OEM	1808-12	98,598.63			98,598.63
Federal Emergency Management Agency (FEMA)	1808-12	67,948.92			67,948.92
State of NJ DOT -South Avenue	1909-17		<u>400,000.00</u>	<u>300,000.00</u>	<u>100,000.00</u>
Subtotal		<u>224,908.55</u>	<u>400,000.00</u>	<u>300,000.00</u>	<u>324,908.55</u>
		<u>\$ 294,063.71</u>	<u>\$ 400,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 394,063.71</u>
	<u>Ref.</u>	C	C-4	C-6	C

SCHEDULE OF RESERVE FOR
CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance - December 31, 2016	C	\$ 221,939.58
Increased by:		
Budget Appropriation	C- 2	<u>80,000.00</u>
		301,939.58
Decreased by:		
Appropriated to Finance Improvement Authorizations	C- 8	<u>260,105.00</u>
Balance - December 31, 2017	C	<u>\$ 41,834.58</u>

SCHEDULE OF LOANS PAYABLE
NJ ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN AND FUND LOAN PAYABLE

<u>PAYMENT NUMBER</u>	<u>COUPON</u>	<u>DATE OF PAYMENT</u>	<u>PRINCIPAL PAYMENTS</u>	<u>INTEREST PAYMENTS</u>	<u>NET SAVINGS PRINCIPAL</u>	<u>NET SAVINGS INTEREST</u>	<u>TOTAL PAYMENTS</u>	<u>BALANCE - TRUST LOAN PAYABLE</u>	<u>DATE OF PAYMENT</u>	<u>PRINCIPAL PAYMENTS ONLY</u>	<u>BALANCE - FUND LOAN PAYABLE</u>	
<u>NJ Infrastructure Trust Loan:</u>			<u>NJ Infrastructure Fund Loan:</u>									
								\$ 400,000.00			\$ 310,605.98	
26		02/01/18		\$ 9,553.13		\$ 1,632.30	\$ 7,920.83	400,000.00	02/01/18	\$ 6,204.66	304,401.32	
27	5.000%	08/01/18	\$ 50,000.00	9,553.13	\$ 11,815.37	1,636.18	46,101.58	350,000.00	08/01/18	38,679.14	265,722.18	
28		02/01/19		8,303.13		1,336.46	6,966.67	350,000.00	02/01/19	5,392.79	260,329.39	
29	5.000%	08/01/19	50,000.00	8,303.13	12,345.52	1,331.48	44,626.13	300,000.00	08/01/19	37,867.28	222,462.11	
30		02/01/20		7,053.13		1,027.67	6,025.46	300,000.00	02/01/20	4,580.93	217,881.18	
31	5.000%	08/01/20	55,000.00	7,053.13	13,041.88	1,029.49	47,981.76	245,000.00	08/01/20	40,302.57	177,578.61	
32		02/01/21		5,678.13		701.36	4,976.77	245,000.00	02/01/21	3,687.88	173,890.73	
33	5.000%	08/01/21	55,000.00	5,678.13	13,659.36	698.25	46,320.52	190,000.00	08/01/21	39,409.82	134,480.91	
34		02/01/22		4,303.13		359.84	3,943.29	190,000.00	02/01/22	2,794.83	131,686.08	
35	5.000%	08/01/22	60,000.00	4,303.13	14,392.04	359.81	49,551.28	130,000.00	08/01/22	41,764.22	89,921.86	
36		02/01/23		2,803.13			2,803.13	130,000.00	02/01/23	1,820.60	88,101.26	
37	4.250%	08/01/23	65,000.00	2,803.13			67,803.13	65,000.00	08/01/23	33,050.46	55,050.80	
38		02/01/24		1,421.88			1,421.88	65,000.00	02/01/24	-	55,050.80	
39	4.375%	08/01/24	65,000.00	1,421.88			66,421.88	-	08/01/24	-	55,050.80	
Total Due			<u>\$ 400,000.00</u>	<u>\$ 78,231.32</u>	<u>\$ 65,254.17</u>	<u>\$ 10,112.84</u>	<u>\$ 402,864.31</u>			<u>\$ 255,555.18</u>		
		Principal									Principal Only	
		Interest										
		Savings Credits										
		Principal and Interest										
Payments Made in 2017			Payments Made in 2017									
		02/01/17			<u>\$ 11,220.35</u>				02/01/17	\$ 6,935.33		
		08/01/17	<u>\$ 45,000.00</u>		<u>\$ 11,220.35</u>				08/01/17	<u>36,162.37</u>		
			<u>\$ 45,000.00</u>		<u>\$ 11,220.35</u>					<u>\$ 43,097.70</u>		
		REF.	C-5		C-5					C-5		
									De-Obligaated	<u>\$ 55,050.80</u>		
										C-5		

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORD. NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2016</u>	<u>AUTHORIZED 2017</u>	<u>2017 FUNDING</u>	<u>BALANCE DEC. 31, 2017</u>
<u>General:</u>					
1808-12	Acq and Demolition of Certain Flood Prone Properties	\$ 166,547.55			\$ 166,547.55
1857-14	Improvements to Marlborough Ave	30,400.00			30,400.00
1893-16	Various Capital Improvements	989,780.00			989,780.00
1900-16	Milling and Paving of Various Roads	285,000.00		285,000.00	-
1907-17	Sanitary Sewer Improvements		2,327,500.00		2,327,500.00
1909-17	South Ave Improvements		400,000.00	300,000.00	100,000.00
1920-17	2017 Capital Improvements		1,745,625.00		1,745,625.00
1922-17	Warrenville Rd Improvements		380,000.00		380,000.00
1924-17	George Ave Improvements		488,870.00		488,870.00
		<u>\$ 1,471,727.55</u>	<u>\$ 5,341,995.00</u>	<u>\$ 585,000.00</u>	<u>\$ 6,228,722.55</u>

Ref.

C

SWIMMING POOL UTILITY FUND

SCHEDULE OF SWIMMING POOL UTILITY CASH AND INVESTMENTS
TREASURER

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>	<u>SNACK BAR ACCOUNT</u>
Balance - December 31, 2016	D	\$280,975.38	\$130,485.78	\$3,003.47
Increased by Receipts:				
Membership Fees	D- 3	276,587.50		
Miscellaneous Revenues	D- 7	96,662.71		
Snack Bar Operation	D-12			25,496.00
Due to Current Fund	D-13	1,775.38		78.79
Transfer from Snack Bar Account	D- 5	<u>9,445.48</u>		
		<u>384,471.07</u>	<u>-</u>	<u>25,574.79</u>
		665,446.45	130,485.78	28,578.26
Decreased by Disbursements:				
Budget Appropriations	D-4	432,085.90		
Accounts Payable	D-10	425.00		
Appropriation Reserves	D-11	5,168.36		
Snack Bar Operations	D-12			16,050.52
Due to Current Fund	D-13	1,849.51		75.51
Accrued Interest	D-19	22,222.50		
Transfer to Operating Fund	D-5	<u>9,445.48</u>		
		<u>461,751.27</u>	<u>-</u>	<u>25,571.51</u>
Balance - December 31, 2017	D	<u><u>\$203,695.18</u></u>	<u><u>\$130,485.78</u></u>	<u><u>\$3,006.75</u></u>

ANALYSIS OF SWIMMING POOL CAPITAL
CASH AND INVESTMENTS

	BALANCE DEC. 31, <u>2016</u>	BALANCE DEC. 31, <u>2017</u>
Capital Improvement Fund	\$ 7,730.10	\$ 7,730.10
Improvement Authorizations Funded	51,651.79	51,651.79
Improvement Authorizations Unfunded	(156,330.00)	(156,330.00)
Reserve for Encumbrances Payable	64,039.99	64,039.99
Due (from)/to Swimming Pool Operating Fund	160,774.90	160,774.90
Fund Balance	<u>2,619.00</u>	<u>2,619.00</u>
	<u>\$ 130,485.78</u>	<u>\$ 130,485.78</u>
<u>Ref.</u>	D	D

SCHEDULE OF MISCELLANEOUS RECEIPTS
SWIMMING POOL UTILITY OPERATING FUND

	<u>Ref.</u>	<u>YEAR 2017</u>
Miscellaneous (Net of Refunds):		
Interest Income		\$ 2,045.71
Guest Admissions		31,613.00
Swim Classes Registration		26,595.00
Long Course		23,240.00
Swim Team Membership		7,875.00
Aquacize		1,880.00
Synchro Membership		1,496.00
Party Fees		1,000.00
Syncro Show		180.00
Weekly Passes		60.00
Miscellaneous Income		<u>678.00</u>
Subtotal	D-3,D-5	96,662.71
Food Concession	D-3, D-12	<u>9,445.48</u>
		<u>\$ 106,108.19</u>

SCHEDULE OF FIXED CAPITAL
SWIMMING POOL UTILITY CAPITAL FUND

<u>ACCOUNT</u>	BALANCE DEC. 31, <u>2016</u>	BALANCE DEC. 31, <u>2017</u>
Swimming Pool and Grounds	\$ 234,000.00	\$ 234,000.00
Improvement - 1987	217,721.56	217,721.56
Improvement - 1991	65,300.00	65,300.00
Improvement - 1997	<u>149,270.00</u>	<u>149,270.00</u>
	<u>\$ 666,291.56</u>	<u>\$ 666,291.56</u>
<u>REF.</u>	D	D

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETE
SWIMMING POOL UTILITY CAPITAL FUND

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE DATE</u>	<u>AMOUNT</u>	BALANCE DEC. 31, <u>2016</u>	BALANCE DEC. 31, <u>2017</u>
1771-10	Swim Pool Improvements	07/27/10	\$ 350,000.00	\$ 350,000.00	\$ 350,000.00
1852-14	Swim Pool Improvements	06/24/14	1,300,000.00	<u>1,300,000.00</u>	<u>1,300,000.00</u>
				<u>\$ 1,650,000.00</u>	<u>\$ 1,650,000.00</u>
				D	D

SCHEDULE OF ACCOUNTS PAYABLE
SWIMMING POOL UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2016	D	\$ 34,234.50
Increased by:		
Charges from Approp. Reserves	D-11	<u>425.93</u>
		34,660.43
Decreased by:		
Cash Disbursements	D- 5	<u>425.00</u>
Balance - December 31, 2017	D	<u>\$ 34,235.43</u>

SCHEDULE OF 2016 APPROPRIATION RESERVES
SWIMMING POOL UTILITY OPERATING FUND

	BALANCE DECEMBER 31, 2016		BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCED LAPSED
	<u>APROPRIATION RESERVES</u>	<u>RESERVE FOR ENCUMBRANCES</u>			
Operations:					
Salaries and Wages	\$ 8,772.53	\$	\$ 8,772.53	\$ -	\$ 8,772.53
Other Expenses	<u>3,622.17</u>	<u>6,093.26</u>	<u>9,715.43</u>	<u>5,594.29</u>	<u>4,121.14</u>
Total Operations	<u>12,394.70</u>	<u>6,093.26</u>	<u>18,487.96</u>	<u>5,594.29</u>	<u>12,893.67</u>
Deferred Charges and Statutory Expenditures					
Contribution to:					
Social Security System	<u>282.83</u>		<u>282.83</u>	<u>-</u>	<u>282.83</u>
Total Deferred Charges and Statutory Expenditures	<u>282.83</u>	<u>-</u>	<u>282.83</u>	<u>-</u>	<u>282.83</u>
	<u>\$ 12,677.53</u>	<u>\$ 6,093.26</u>	<u>\$ 18,770.79</u>	<u>\$ 5,594.29</u>	<u>\$ 13,176.50</u>

<u>REF.</u>	D	D		D-1
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Cash Disbursements	D- 5		\$ 5,168.36
Accounts Payable	D-10		<u>425.93</u>
			<u>\$ 5,594.29</u>

SCHEDULE OF RESERVE FOR SNACK BAR OPERATIONS
SWIMMING POOL UTILITY OPERATING FUND

	<u>REF.</u>		
Increased by:			
Receipts from Sales	D- 5		\$ 25,496.00
Decreased by:			
Transfer to Miscellaneous Revenues	D-3, D-7	9,445.48	
Purchases	D-5	<u>16,050.52</u>	
			<u>\$ 25,496.00</u>

SCHEDULE OF INTERFUNDS RECEIVABLE/PAYABLE
SWIMMING POOL UTILITY OPERATING FUND

	REF.	Total	SWIMMING POOL CAPITAL	CURRENT FUND
Balance - December 31, 2016	D			
Due from		\$ 160,774.90	\$ 160,774.90	
Due to		147.03		\$ 147.03
Increased by:				
Interest earned on investments	D-5	1,775.38		1,775.38
Interest earned on investments - snack bar	D-5	78.79		78.79
		162,776.10	160,774.90	2,001.20
Decreased by:				
Interest earned on investments	D-5	1,849.51		1,849.51
Interest earned on investments - snack bar	D-5	75.51		75.51
Balance - December 31, 2017				
Due from	D	\$ 160,774.90	\$ 160,774.90	
Due to	D	76.18		\$ 76.18

SCHEDULE OF CAPITAL IMPROVEMENT FUND
SWIMMING POOL UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2016	D	\$ 7,730.10
Balance - December 31, 2017	D	<u>\$ 7,730.10</u>

SCHEDULE OF RESERVE FOR AMORTIZATION
SWIMMING POOL UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2016	D	\$ 774,291.56
Increased by:		
Bonds Paid by Budget Appropriation	D-20	<u>111,000.00</u>
Balance - December 31, 2017	D	<u>\$ 885,291.56</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
SWIMMING POOL UTILITY CAPITAL FUND

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORD.</u>	BALANCE DEC. 31, <u>2016</u>	BALANCE DEC. 31, <u>2017</u>
1771-10	Swim Pool Improvements	07/27/10	\$ 100,000.00	\$ 100,000.00
1852-14	Swim Pool Improvements	06/24/14	<u>65,000.00</u>	<u>65,000.00</u>
			<u>\$ 165,000.00</u>	<u>\$ 165,000.00</u>
			D	D

SCHEDULE OF DUE TO SWIMMING OPERATING FUND
SWIMMING POOL UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2016	D	\$ 160,774.90
Balance - December 31, 2017	D	<u>\$ 160,774.90</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 SWIMMING POOL UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC 31, 2016		ENCUMB DEC 31, 2016	ENCUMB DEC 31, 2017	BALANCE DEC 31, 2017	
		DATE	AMOUNT	FUNDED	UNFUNDED			FUNDED	UNFUNDED
<u>General Improvements:</u>									
1771-10	Swim Pool Improvements	07/27/10	\$ 350,000.00		\$ 93,670.00				\$ 93,670.00
1852-14	Swim Pool Improvements	06/24/14	1,300,000.00	\$ 51,651.79		\$ 64,039.99	\$ 64,039.99	\$ 51,651.79	
				<u>\$ 51,651.79</u>	<u>\$ 93,670.00</u>	<u>\$ 64,039.99</u>	<u>\$ 64,039.99</u>	<u>\$ 51,651.79</u>	<u>\$ 93,670.00</u>
		<u>Ref.</u>		D	D	D	D	D	D

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
SWIMMING POOL UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2016	D	\$ 10,185.31
Increased by:		
Accrued Interest Charged to:		
2017 Budget Appropriations	D-4	<u>21,713.75</u>
		31,899.06
Decreased by:		
Cash Disbursements	D-5	<u>22,222.50</u>
Balance - December 31, 2017	D	<u><u>\$ 9,676.56</u></u>

Analysis of Balance - December 31, 2017:

	<u>Principal</u> <u>Outstanding</u> <u>12/31/17</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Bonds	\$1,016,000.00	Various	07/15/17	12/31/17	5.5 months	\$ 9,676.56

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - D-20

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2017</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2016</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds of 2015	07/16/15	\$ 1,235,000.00	07/15/18	\$ 114,000.00	1.500%	\$ 1,127,000.00	\$ 111,000.00	\$ 1,016,000.00
			07/15/19	117,000.00	2.000%			
			07/15/20	121,500.00	2.000%			
			07/15/21	124,500.00	2.000%			
			07/15/22	129,000.00	2.000%			
			07/15/23	132,000.00	2.000%			
			07/15/24	136,500.00	2.500%			
			07/15/25	141,500.00	2.500%			
						<u>\$ 1,127,000.00</u>	<u>\$ 111,000.00</u>	<u>\$ 1,016,000.00</u>
						D	D-15	D

Ref.

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORD. NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2016</u>	<u>BALANCE DEC. 31, 2017</u>
1771-10	Swim Pool Improvements	<u>\$ 250,000.00</u>	<u>\$ 250,000.00</u>
		<u>\$ 250,000.00</u>	<u>\$ 250,000.00</u>

Ref.

D

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY



PART IV
SUPPLEMENTARY DATA

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY
 COMBINED BALANCE SHEET - ALL FUNDS
 FOR THE YEAR ENDING DECEMBER 31, 2017

<u>ASSETS</u>	<u>CURRENT FUND</u>	<u>TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SWIMMING POOL UTILITY FUND</u>	<u>GOVERNMENTAL FIXED ASSETS</u>	<u>MEMORANDUM TOTAL ONLY DEC. 31, 2017</u>	<u>DEC. 31, 2016</u>
Cash and Investments	\$ 6,934,951.67	\$ 861,321.17	\$	\$ 337,187.71	\$	\$ 8,133,460.55	\$ 8,728,870.88
Accounts Receivable:							
State & Federal Grants Receivable	1,524,198.53	67,448.91	1,426,497.97			3,018,145.41	2,933,743.27
Due from State of New Jersey	43,661.05					43,661.05	39,661.05
Taxes, Assessments, Liens & Utility Charges	859,631.54	1,470.00				861,101.54	1,037,786.21
Interfund Loans	692,409.61	943,927.27	7,164.08	160,774.90		1,804,275.86	1,368,112.94
Other Accounts Receivable	208,993.03					208,993.03	1,196,144.88
Property Acquired for Taxes at Assessed Valuation	1,423,139.00					1,423,139.00	1,423,139.00
Deferred Charges to Revenue of Succeeding Years						-	80,000.00
Fixed Assets - General					21,769,424.00	21,769,424.00	21,341,368.00
Fixed Capital - Utility				2,316,291.56		2,316,291.56	2,316,291.56
Deferred Charges to Future Taxation: General Capital Fund			17,874,660.92			17,874,660.92	15,068,412.07
	<u>\$ 11,686,984.43</u>	<u>\$ 1,874,167.35</u>	<u>\$ 19,308,322.97</u>	<u>\$ 2,814,254.17</u>	<u>\$ 21,769,424.00</u>	<u>\$ 57,453,152.92</u>	<u>\$ 55,533,529.86</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>CURRENT FUND</u>	<u>TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SWIMMING POOL UTILITY FUND</u>	<u>GOVERNMENTAL FIXED ASSETS</u>	<u>MEMORANDUM TOTAL ONLY DEC. 31, 2017</u>	<u>DEC. 31, 2016</u>
Bonds and Notes Payable	\$	\$	\$ 8,432,000.00	\$ 1,016,000.00	\$	\$ 9,448,000.00	\$ 10,518,000.00
Loans Payable			3,213,938.37			3,213,938.37	4,205,684.52
Prepaid Taxes, Assessments, Utility Charges and Licenses	905,467.87					905,467.87	223,346.50
Tax, Assessment, Lien, License and Utility Charge Overpayments						-	-
Appropriation Reserves	652,503.97			66,805.18		719,309.15	615,006.66
Reserve for Encumbrances/Accounts Payable	722,060.31	127,912.59	1,409,753.13	114,347.90		2,374,073.93	1,006,037.29
Amts. Pledged to Specific Purposes	2,634,769.24	1,186,967.57	435,898.29	7,730.10		4,265,365.20	5,156,482.78
Escrow Funds		496,318.21				496,318.21	637,289.49
Improvement Authorizations			5,029,210.19	145,321.79		5,174,531.98	2,724,510.25
Interfund Loans	799,034.15	57,403.21	786,987.42	160,851.08		1,804,275.86	1,368,112.94
Investments in Governmental Fixed Assets					21,769,424.00	21,769,424.00	21,341,368.00
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized				1,050,291.56		1,050,291.56	939,291.56
Reserve for Certain Assets Acquired or Receivables & Inventories	2,782,504.29					2,782,504.29	3,702,962.48
Fund Balance	<u>3,190,644.60</u>	<u>5,565.77</u>	<u>535.57</u>	<u>252,906.56</u>		<u>3,449,652.50</u>	<u>3,095,437.39</u>
	<u>\$ 11,686,984.43</u>	<u>\$ 1,874,167.35</u>	<u>\$ 19,308,322.97</u>	<u>\$ 2,814,254.17</u>	<u>\$ 21,769,424.00</u>	<u>\$ 57,453,152.92</u>	<u>\$ 55,533,529.86</u>

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

Revenue and Other Income Realized	Year 2017		Year 2016	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$ 1,886,616.88	3.68	\$ 1,618,212.60	3.26
Miscellaneous - From Other Than Local Property Tax Levies	6,307,802.10	12.31	6,631,519.70	13.35
Collection of Delinquent Taxes and Tax Title Liens	688,212.53	1.34	636,089.00	1.28
Collection of Current Tax Levies	<u>42,363,346.31</u>	<u>82.67</u>	<u>40,773,289.51</u>	<u>82.11</u>
Total Income	<u>51,245,977.82</u>	<u>100.00</u>	<u>49,659,110.81</u>	<u>100.00</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	18,843,210.06	38.55	19,328,757.72	40.16
County Taxes	5,831,969.88	11.93	5,556,152.47	11.54
Local School Taxes	23,955,459.00	49.01	23,225,281.00	48.26
Other Expenditures	<u>243,378.33</u>	<u>0.50</u>	<u>19,367.95</u>	<u>0.04</u>
Total Expenditures	<u>48,874,017.27</u>	<u>100.00</u>	<u>48,129,559.14</u>	<u>100.00</u>
Excess in Revenue	2,371,960.55		1,529,551.67	
Fund Balance January 1	<u>2,705,300.93</u>		<u>2,793,961.86</u>	
	5,077,261.48		4,323,513.53	
Less:				
Utilization as Anticipated Revenue	<u>1,886,616.88</u>		<u>1,618,212.60</u>	
Fund Balance December 31	<u>\$ 3,190,644.60</u>		<u>\$ 2,705,300.93</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - SWIMMING POOL UTILITY OPERATING FUND

Revenue and Other <u>Income Realized</u>	Year 2017		Year 2016	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$ 155,000.00	28.14	\$ 153,744.10	28.20
Membership Fees	276,587.50	50.21	262,985.00	48.24
Miscellaneous From Other Than Membership Fees	<u>119,284.69</u>	<u>21.65</u>	<u>128,404.00</u>	<u>23.56</u>
Total Income	<u>550,872.19</u>	<u>100.00</u>	<u>545,133.10</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures: Operating	<u>527,000.75</u>	<u>100.00</u>	<u>513,744.10</u>	<u>100.00</u>
Total Expenditures	<u>527,000.75</u>	<u>100.00</u>	<u>513,744.10</u>	<u>100.00</u>
Excess in Revenue	23,871.44		31,389.00	
Fund Balance January 1	<u>381,416.12</u>		<u>503,771.22</u>	
	405,287.56		535,160.22	
Less: Utilization as Anticipated Revenue	<u>155,000.00</u>		<u>153,744.10</u>	
Fund Balance December 31	<u>\$ 250,287.56</u>		<u>\$ 381,416.12</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate:</u>	<u>\$8.644</u>	<u>\$8.359</u>	<u>\$8.182</u>
<u>Apportionment of Tax Rate:</u>			
Municipal:	<u>2.463</u>	<u>2.393</u>	<u>2.343</u>
Municipal Library:	<u>0.097</u>	<u>0.094</u>	<u>0.094</u>
County:	<u>1.086</u>	<u>1.034</u>	<u>1.044</u>
County Open Space:	<u>0.089</u>	<u>0.086</u>	<u>0.086</u>
Local School:	<u>4.909</u>	<u>4.752</u>	<u>4.615</u>

Assessed Valuation:

2017	<u>\$496,055,584.00</u>		
2016		<u>\$495,949,961.00</u>	
2015			<u>\$495,857,040.00</u>

*Per Abstract of Ratables, Middlesex County, NJ

Note: Under the provisions of Chapter 73, L.1976, the County Board of Taxation estimated the amount of approved Veterans and Senior Citizens Tax Deductions for 2017 to be \$133,000.

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Calendar Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$42,939,795.47	\$42,363,346.31	98.66%
2016	41,510,703.28	40,773,289.51	98.22%
2015	40,613,489.16	39,966,937.15	98.41%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Calendar Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$360,646.06	\$498,985.48	\$859,631.54	2.00%
2016	334,506.62	701,809.59	1,036,316.21	2.50%
2015	323,406.72	633,246.09	956,652.81	2.36%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Calendar Year</u>	<u>Amount</u>
2017	\$1,423,139.00
2016	1,423,139.00
2015	1,423,139.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Calendar Year</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2017	\$3,190,644.60	\$2,211,000.00
	2016	2,705,300.93	1,886,616.88
	2015	2,793,961.86	1,618,212.06
	2014	1,701,515.87	1,019,770.00
	2013	1,514,126.73	996,000.00
Swimming Utility Operating Fund	2017	\$250,287.56	\$128,060.00
	2016	381,416.12	155,000.00
	2015	503,771.22	153,744.10
	2014	405,474.36	66,224.00
	2013	394,411.85	59,690.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2017:

<u>NAME</u>		<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Ronald J. DiMura	-	Mayor	*
Robert Schueler	-	President of Council	*
Patrick Corley	-	Councilperson	*
Kevin Dotey	-	Councilperson	*
John Madden	-	Councilperson	*
Jack Mikolajczyk	-	Councilperson	*
Dan Parenti	-	Councilperson	*
Denise Biancamano	-	Chief Financial Officer/ Tax Collector	*
Carmen Modica	-	Acting Purchasing Agent	*
Kathleen Anello	-	Borough Clerk/Dog License Officer/ Assessment Search Officer	*
Lizandra DeAngelis	-	Court Administrator	*
Dennis Fackelman	-	Municipal Court Judge	*
Aravind Aithal, Esq.	-	Attorney	
Robert Klein	-	Construction Code Official	
Terry Brundage	-	Health Officer	
Thomas Reilly		Tax Assessor	
Linda Chismar	-	Deputy Borough Clerk/ Registrar of Vital Statistics	
Remington & Vernick	-	Engineer	
Beverly Weber	-	Treasurer, Free Public Library	
Katherine Bird	-	Secretary, Swim Pool Commission	

* All officials and employees handling and collecting Borough Funds are covered by Public Employees Blanket Bond of \$1,000,000.00 under the Joint Insurance Fund.

All of the bonds were examined and were properly executed.

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY



PART V
GENERAL COMMENTS AND RECOMMENDATIONS

**BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of Middlesex, County of Middlesex, New Jersey, for the calendar year ended December 31, 2017, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of Middlesex, County of Middlesex, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of Middlesex, County of Middlesex, New Jersey as of and for the transition year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (Cont'd.)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 26, 2018 on the financial statements of the Borough of Middlesex. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

Control Deficiencies:

2017-1 Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Tax Office, Finance, Health Department/ Vital Statistics, Construction-Zoning/ Planning, Police, Fire Prevention, Recreation and Borough Clerk.

This condition is the result of the staffing levels and multi tasks performed by personnel within the respective offices.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (Cont'd.)

OTHER MATTERS

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

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3, of this act, shall be made or awarded only after public advertising for bids and bidding therefor, 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 \$17,500 except by contract or agreement."

On September 28, 2015, the Local Public Contracts Law was amended, effective on July 1, 2015. The amendment addresses the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$36,000.00 to \$40,000.00 under which a contract may be awarded without public advertising for those municipalities that have appointed a Qualified Purchasing Agent. The maximum bid threshold remains at \$17,500.00 for those municipalities that do not have a Qualified Purchasing Agent. As of December 31, 2017, the Borough has a Qualified Purchasing Agent.

A review of the Borough's purchasing procedures indicates bids were requested by public advertising for the following items tested, as disclosed in the official minutes:

Material, Supplies, Equipment, Service Rentals, Construction and Repairs:

Road Improvements; Tree Removal/Trimming and Stump Grinding; Mill & Overlay Project

State Contracts:

Antennas, Speakers and Charging System; Firefighter Helmets; 2 Mobile Radios

The minutes indicated the adoption of resolutions authorizing the purchase through state approved vendors as required by N.J.A.C. 5:34-1.2.

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

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

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A:11-4 (Cont'd.)

A test examination of expenditures revealed no individual payments, contracts or agreements in excess of \$17,500 or \$40,000 as applicable "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

Any interpretations as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

Compliance with P.L. 2005, c.271

The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. "Pay-to-Play" laws cover all contracts (not just professional services as some believe). Any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Borough to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006.

A non-compliance would result with the issuance of purchase orders exceeding \$17,500 during the fiscal period without a "fair and open" process, and without obtaining the requisite disclosures. It is important to note that the laws and regulations implementing "Pay-to-Play" focus on vendors rather than categories of goods and services. While this change may appear subtle, it greatly expands the monitoring required to assure continuing compliance.

Tests of expenditures for vendors with payments in excess of \$17,500.00 and less than the applicable bid threshold indicated the Borough had the required documentation for compliance with P.L. 2005, c.271 for items tested.

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 rate to be charged for the non- payment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 1, 2017, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, R.S. 54:4-67 has been amended to permit the governing body to fix the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent and may provide that no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same is payable;

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Collection of Interest on Delinquent Taxes and Assessments (Cont'd.)

NOW, THEREFORE, BE IT RESOLVED that the Borough Council does hereby fix the rate of interest at eight percent (8%) per annum on the first One Thousand Five Hundred Dollars (\$1,500) and at eighteen percent (18%) per annum on any amount in excess of One thousand Five Hundred Dollars (\$1,500) from the date when any tax installment shall be payable and delinquent until the said installment together with interest is paid provided, however, that if any installments shall be paid within ten (10) days after the date payable, in that event there shall be no interest charged.

“In addition, pursuant to N.J.S.A. 54:4-67, there is hereby fixed as a penalty to be charged to a tax payer with a delinquency in excess of \$10,000 who fails to pay the delinquency prior to the end of the calendar year of 6 percent to the amount of delinquency”.

The audit of the Collector’s records on a test basis indicated that interest on all delinquent accounts was calculated in accordance with the foregoing resolution for items tested.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 13, 2017. There were no properties excluded from the sale. There are no properties payable on an installment basis.

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

<u>Year</u>	<u>Number of Liens</u>
CY 2017	9
CY 2016	9
CY 2015	9

Investments

The Borough has adopted a formal cash management plan policy in compliance with N.J.S.A. 40A:5-14 of the Local Fiscal Affairs Law, which requires that “each local unit shall adopt a cash management plan and shall deposit its fund pursuant to that plan”.

Interfund Balances

Interfund Balances appear in the balance sheets of the Borough’s financial statements of the year ended December 31, 2017.

These interfunds, in most cases, resulted from CY 2017 operations and should be cleared by cash transfer where feasible.

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Purchase Order and Encumbrance System

The Borough utilized a purchase order system for its expenditures in connection with its budgetary accounting encumbrance system during the year under review. Transactions are approved based on availability of funds. The utilization of confirming orders was noted.

Payment of Claims

Payments of claims were examined on a test basis for the year under review. There were no exceptions noted for items tested.

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2017. The minimum surety bond requirements for both the Tax Collector and Municipal Court were met for fiscal year 2017.

During July 1998, the Local Finance Board completed a readopting of the Board's general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. The Borough's surety bond Coverage meets the new recommended amounts as it is covered under the Garden State Joint Insurance Fund.

Municipal Court

The financial records maintained by the Municipal Court during the period were reviewed. The examination of the general account included review, on a test basis, that deposits were properly recorded and spread by receipt category and disbursements were made to the appropriate agencies on a timely basis. The bank reconciliations for both the general and bail accounts were made available for review. The examination of the bail account's financial and supporting records maintained by the Municipal Court revealed no exceptions for items tested

The processing of traffic and criminal cases entered on the State's on-line computer system revealed no exceptions for items tested.

Condition of Records - Other Officials Collecting Fees

Our reviews of the records maintained for other officials collecting fees were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48-hour period as required by N.J.S.A. 40A:5-15, and the fees charged were in accordance with the provisions of the Borough Code and that monthly financial reports are being submitted to the Finance Department timely. There were no exceptions noted for items tested.

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Condition of Records - Collector of Revenues

The records maintained by the Collector of Revenues were reviewed. Computerized cash receipt records were agreed to manual controls daily and in total monthly with no exceptions noted for items tested. No exceptions were noted for the testing of computerized real estate tax billings and billing adjustments for real estate taxes.

Condition of Records - Finance Office

The financial records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for each fund, and was found to be suitable to serve as the basis for financial statement preparation. Control accounts were generally in proof with supporting detail.

Administration and Accounting of State & Federal Grants

During CY 2017, the Borough operated programs that were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program.

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure compliance with the many requirements.

We noted that the Finance office made an effort to review prior years' grant receivable balances and unexpended grant reserve balances for proper disposition at December 31, 2017. It was noted that the Borough continues to carry unexpended balances of grant awards that are several years old. This condition may have resulted from the decentralized management of the various grant programs. In the current environment, it is possible that grant program coordinators may have reported expenditures that were not charged to grant program appropriations. We suggest that the Borough continue to monitor prior years' unexpended grant reserves and that proper disposition is made in compliance with the terms and conditions of the grant agreements.

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Internal Control Documentation

Statement on Auditing Standards 115 sets forth requirements upon the auditee that includes the documentation of its internal controls. We suggest the Borough initiate this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance along with providing for this documentation in conjunction with information relating to job descriptions and procedures manual.

The Local Finance Board, Department of Community Affairs, State of New Jersey, adopted the following requirements, previously identified as “technical accounting directives” as codified in the New Jersey Administrative Code, as follows:

Compliance with N.J.A.C. 5:30:

N.J.A.C. 5:30 – 5.2 - Encumbrance Accounting: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough of Middlesex is in compliance with this directive.

N.J.A.C. 5:30 - 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough contracted with an outside agency to perform a fixed asset inventory and has established a Fixed Assets Accounting and Reporting System. The Borough is in compliance with this directive.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Borough is in compliance with this directive.

Compliance with Local Finance Notices

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c)2, and no exceptions were noted for those items tested.

The Borough prepared and filed a corrective action plan for the year 2016, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

RECOMMENDATIONS

We recommend the following:

None

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ACKNOWLEDGMENT

During the course of our audit we received the complete cooperation of the various officials of the Borough, and the courtesies extended to us were greatly appreciated.

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

Very truly yours,

HODULIK & MORRISON, P.A.



Andrew G. Hodulik, CPA, RMA
No. 406