

**TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE FISCAL YEARS
ENDED JUNE 30, 2017 and 2016**

HODULIK & MORRISON, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

**TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

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MIDDLESEX COUNTY, NEW JERSEY**

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**TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**



**PART I
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS**

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REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Municipal Council
Township of North Brunswick
Middlesex County, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds of the Township of North Brunswick, County of Middlesex, New Jersey, as of and for the years ended June 30, 2017 and 2016, the statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds and governmental fixed assets for the year ended June 30, 2017, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, and 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 of the differences 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 matters 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 Township of North Brunswick, County of Middlesex, New Jersey, as of June 30, 2017 and 2016, the changes in the financial position for the years ended or the revenue and expenditures for the year ended June 30, 2017.

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 Township of North Brunswick, County of Middlesex, New Jersey as of June 30, 2017 and 2016 and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended June 30, 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 Township of North Brunswick, 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 Township of North Brunswick, County of Middlesex, New Jersey. The information included in 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. 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 the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Regulations

The financial statements referred to above include the assets and liabilities of the Township's Length of Service Award Program (LOSAP), which, by regulation, is subject to an accountant's review report. The Length of Service Award Program is included in the Trust Fund and is unaudited. The Independent Accountant's Review Report for the LOSAP is included in Part V – Supplementary Data as listed in the table of contents.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 2017 on our consideration of the Township of North Brunswick'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 Township of North Brunswick'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
December 20, 2017

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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 Municipal Council
Township of North Brunswick
Middlesex County, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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 Township of North Brunswick, County of Middlesex, New Jersey as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Township of North Brunswick's financial statements and have issued our report thereon dated December 20, 2017. Our report reflects the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2 and unmodified based upon the Other Comprehensive Basis of Accounting financial statement presentations.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of North Brunswick's internal control over financial reporting 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 Township of North Brunswick's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of North Brunswick's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of North Brunswick'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 certain matters we have reported to management of the Township of North Brunswick in the General Comments and Recommendations 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
Registered Municipal Accountants

Highland Park, New Jersey
December 20, 2017

FINANCIAL STATEMENTS

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
 CURRENT FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2017 AND 2016

Assets	Ref.	June 30, 2017	June 30, 2016	Liabilities	Ref.	June 30, 2017	June 30, 2016
<u>Current Fund:</u>							
Cash.....	A-4	\$ 10,588,369.63	\$ 8,369,810.69	Accounts Payable.....	A-9	\$ 11,086.96	\$ 12,162.12
Change Fund.....	A-5	1,225.00	1,125.00	Encumbrances, Current Budget.....	A-3, A-10	783,127.58	465,241.26
Due New Jersey - Sr Citizens & Veterans Deductions.....	A-6	148,724.47	157,132.06	Appropriation Reserves.....	A-3, A-10	961,276.59	1,039,076.08
Total.....		<u>10,738,319.10</u>	<u>8,528,067.75</u>	Prepaid & Overpaid Taxes.....	A-11	301,740.19	281,242.20
				Taxes Payable.....	A-12	40,923,662.50	39,962,779.00
Receivable Offset by Reserves:				Less Deferred School Taxes.....	A-12	(40,567,758.00)	(39,717,758.00)
Municipal Service Reimburse.....	A-9	-	3,400.00	Filing Fees Due State of NJ.....	A-9	19,045.00	28,794.00
Property Tax Receivables.....	A-7	113,066.49	1,626.06	Reserve, Tax Appeals.....	A-9	365,803.86	360,803.86
Tax Title Liens Receivables.....	A-7	37,569.02	413,593.82	Reserve, Rental Inspections.....	A-9	180.00	180.00
Property Acquired for Taxes.....	A-7	534,280.68	161,970.58	Reserve, FMBA Health.....	A-9	27,897.80	21,423.88
Due From Grant Fund.....	A-18	250,000.00	125,000.00	Total Cash Liabilities.....		2,826,062.48	2,453,944.40
Total.....	A	<u>934,916.19</u>	<u>705,590.46</u>	Reserve for Accounts Receivable.....	A	934,916.19	705,590.46
Total Current Fund.....		<u>\$ 11,673,235.29</u>	<u>\$ 9,233,658.21</u>	Fund Balance.....	A-1	7,912,256.62	6,074,123.35
				Total Current Fund.....		<u>\$ 11,673,235.29</u>	<u>\$ 9,233,658.21</u>
<u>Grant Fund:</u>							
Cash.....	A-4	\$ 996.91	\$ 2,276.46	Unappropriated Grant Reserves.....	A-15	\$ 68,907.86	\$ 77,669.66
Grant Accounts Receivable.....	A-16	909,532.51	2,143,674.24	Reserve for Encumbrances.....	A-17	201,826.76	791,736.80
Total Grant Fund.....		<u>\$ 910,529.42</u>	<u>\$ 2,145,950.70</u>	Due to Current Fund.....	A-18	250,000.00	125,000.00
				Appropriated Grant Reserves.....	A-17	389,794.80	1,151,544.24
Total.....		<u>\$ 12,583,764.71</u>	<u>\$ 11,379,608.91</u>	Total Grant Fund.....		<u>\$ 910,529.42</u>	<u>\$ 2,145,950.70</u>
				Total.....		<u>\$ 12,583,764.71</u>	<u>\$ 11,379,608.91</u>

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>Ref.</u>	June 30, 2017	June 30, 2016
<u>Revenue and Other Realized Income</u>			
Surplus Anticipated.....	A-1,A-2	\$ 3,000,000.00	\$ 2,850,000.00
Miscellaneous Revenues Anticipated.....	A-2	12,668,555.87	13,128,845.94
Receipts from Current Taxes.....	A-7	133,726,337.12	129,854,749.72
Non Budget Revenue (MRNA).....	A-8	422,014.19	330,809.39
Unexpended Balance of Appropriation Reserves.....	A-10	818,995.22	830,779.85
Interfund Returned.....	A-14	125,000.00	14.96
Accounts Payable and Reserves Canceled.....	A-9	6,153.94	70,703.00
Total Revenue and Realized Income.....		<u>150,767,056.34</u>	<u>147,065,902.86</u>
<u>Expenditures</u>			
Budget Appropriations.....	A-3	45,183,108.01	45,268,480.97
Tax Collections			
County Taxes.....	A-12	17,790,296.47	17,789,165.79
Local School District Taxes.....	A-12	82,808,208.50	80,605,256.00
Less Additional School Taxes Deferred.....	A-12	(850,000.00)	(850,000.00)
Municipal Open Space Trust Fund.....	A-12	739,311.09	737,850.13
Interfund - Grant Fund.....	A-4	250,000.00	125,000.00
Prior Year Senior Citizens & Vet Adjustment.....	A-6,A-7	7,999.00	5,875.00
Total Expenditures.....		<u>145,928,923.07</u>	<u>143,681,627.89</u>
Statutory Excess.....	A-1	4,838,133.27	3,384,274.97
Fund Balance, Beginning of Year.....	A	6,074,123.35	5,539,848.38
Decreased by Surplus Anticipated.....	A-1, A-2	<u>(3,000,000.00)</u>	<u>(2,850,000.00)</u>
Fund Balance, End of Year.....	A	<u>\$ 7,912,256.62</u>	<u>\$ 6,074,123.35</u>

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
 STATEMENT OF REVENUE - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Ref.</u>	Anticipated SFY 2017	N.J.S.A. 40A: 4-87	Realized	Excess (Deficit)
Surplus Anticipated.....	A-1	\$ 3,000,000.00		\$ 3,000,000.00	
<u>Miscellaneous Revenues:</u>					
Licenses - Alcoholic Beverages.....		53,000.00		53,640.00	640.00
Licenses - Other.....		190,376.00		178,582.74	(11,793.26)
Fees & Permits.....		306,766.00		347,245.33	40,479.33
Fines & Costs - Municipal Court.....		1,191,668.50		1,309,751.31	118,082.81
Interest & Costs on Taxes.....		127,000.00		144,070.37	17,070.37
Interest on Investments and Deposits.....		90,000.00		128,998.40	38,998.40
Water & Sewer Operating Funds.....		975,000.00		975,000.00	-
Fire Prevention Fines & Fees.....		135,800.00		151,574.06	15,774.06
Cable Television Franchise Fee.....		146,300.00		137,832.00	(8,468.00)
Hotel Tax.....		190,000.00		191,544.01	1,544.01
Payments In Lieu of Taxes (PILOT)					
Sr Citizens Housing Complex.....		250,150.00		258,922.00	8,772.00
Technology Center of NJ.....		1,230,000.00		1,292,190.15	62,190.15
Uniform Construction Code Fees.....		586,656.00		1,428,891.00	842,235.00
Uniform Fire Safety Act.....		61,000.00		73,679.15	12,679.15
Open Space Trust Fund.....		850,000.00		785,000.00	(65,000.00)
General Capital Surplus.....		200,000.00		200,000.00	-
Library Contribution.....		100,000.00		90,724.31	(9,275.69)
School Soil Remediation Debt.....				2,489.89	2,489.89
State Aid:					
Consolidated Municipal					
Property Tax Relief Aid.....		124,150.00		124,150.00	-
Energy Receipts Tax.....		4,362,819.00		4,362,819.00	-
Watershed Moratorium Aid.....		4,653.00		4,653.00	-
Sub-total.....		11,175,338.50		12,241,756.72	1,066,418.22

Public and Private Revenues
Offset with Appropriations:

Public Safety:					
Drunk Driving Enforcement Fund.....			8,937.07	8,937.07	
Highway Safety - Safe Corridors.....			46,685.34	46,685.34	
Click it or Ticket.....			5,500.00	5,500.00	
MCPO Task Force.....			12,000.00	12,000.00	
Safe and Secure.....			60,000.00	60,000.00	
Bullet Proof Vests.....			9,183.90	9,183.90	
Body Armor Grant - State.....			6,915.89	6,915.89	
Justice Assistance Grant.....			20,000.00	20,000.00	
Drive Sober or Get Pulled Over.....			10,000.00	10,000.00	
Distracted Driving.....			5,500.00	5,500.00	
OEM EMMA.....			7,000.00	7,000.00	

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
 STATEMENT OF REVENUE - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Ref.</u>	Anticipated SFY 2017	N.J.S.A. 40A: 4-87	Realized	Excess (Deficit)
Municipal Court					
Alcohol Education & Enforce Fund.....		725.18		725.18	
Parks Recreation & Community Service					
Municipal Alliance.....		41,482.00		41,482.00	
Senior Center Outreach Grant.....			9,500.00	9,500.00	
Senior Center Congregate Meals.....			16,500.00	16,500.00	
Senior Center Transportation Program.....			5,000.00	5,000.00	
Heritage Day (County/Federal).....			5,500.00	5,500.00	
Cablevision.....			4,600.00	4,600.00	
Public Works:					
Recycling Tonnage Grant.....			74,825.29	74,825.29	
Clean Communities.....		76,944.48		76,944.48	
Sub-total.....		119,151.66	307,647.49	426,799.15	
Current Fund Total Miscellaneous.....	A-1	11,294,490.16	307,647.49	12,668,555.87	1,066,418.22
Local Purpose Tax.....	A-7	30,060,000.00	-	31,554,619.45	1,494,619.45
Library Tax.....	A-7	1,496,211.61	-	1,496,211.61	
Sub-total.....		31,556,211.61		33,050,831.06	1,494,619.45
Total General Revenues.....	A-1	\$ 45,850,701.77	\$ 307,647.49	\$ 48,719,386.93	\$ 2,561,037.67
	<u>Ref.</u>	A-3	A-3	A-1	
			<u>Ref.</u>		
Federal & State Grants.....			A-15	\$ 426,799.15	
Cash.....			A-4	12,241,756.72	
Total Miscellaneous Revenue.....				<u>\$ 12,668,555.87</u>	

Note: See Notes to Financial Statements

MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	SFY 2017 Budget	Modified Budget	Expended	Encumbered	Balance Canceled	Balance Reserved
	Salaries	Salaries	Salaries	Salary	Expenses	Salaries
	Other	Other	Other	Other	Other	Other
General Government:						
Administration	\$ 555,477.00	\$ 31,250.00	\$ 555,477.00	\$ (544,253.93)	\$ (1,555.16)	\$ 11,223.07
Municipal Clerk	187,831.00	31,750.00	187,831.00	(184,515.05)	(432.00)	3,315.95
Financial Administration	264,482.00	33,800.00	264,482.00	(261,214.33)	(60.65)	3,267.67
Audit		55,000.00			(55,000.00)	
Information Technology	179,258.00	99,350.00	179,258.00	(151,859.21)	(36,274.51)	27,398.79
Tax Collection	127,119.00	49,050.00	137,119.00	(136,532.69)	(5,008.47)	586.31
Tax Assessment	139,842.00	87,700.00	153,842.00	(153,156.85)	(14,268.00)	685.15
Reserve for Tax Appeals		5,000.00		(5,000.00)		
Legal		350,000.00		(267,864.74)	(39,173.06)	
Insurance:						
Other Insurance		1,131,700.00		(1,124,807.60)	(5,000.00)	
Employee Group Insurance		5,436,530.00		(4,960,401.17)		
Health Benefit Waiver		80,000.00		(71,217.00)		
Community Development					(300,000.00)	
Engineering						
Planning	94,949.00	106,250.00	94,949.00	(91,136.72)	(51,068.44)	3,812.28
Zoning	272,496.00	17,000.00	272,496.00	(271,876.06)	(4,626.68)	619.94
Affordable Housing	111,584.00	5,800.00	111,584.00	(111,544.51)	(4,361.65)	39.49
Code Enforcement	3,600.00	-	3,600.00	(3,600.00)		
Fire Safety	118,161.00	3,250.00	118,161.00	(91,264.53)	(2,187.92)	523.83
Uniform Construction Code	248,284.00	8,250.00	248,284.00	(183,623.82)	(7,377.80)	64,660.18
Public Safety:						
Police	342,902.00	36,300.00	342,902.00	(330,514.60)	(33,893.20)	12,387.40
Emergency Management	13,087,779.00	520,000.00	13,087,779.00	(12,952,324.22)	(348,286.28)	13,155.78
Volunteer Fire Departments	88,680.00	21,050.00	88,680.00	(64,480.24)	(7,372.68)	24,199.76
First Aid Organizations	198,000.00	198,000.00			(188,159.06)	
Length of Service Award Program	65,000.00	65,000.00			(60,000.00)	
Juvenile Aid	78,000.00	78,000.00			(60,962.63)	
Municipal Court	2,400.00	10,000.00	2,400.00	(500.00)	(6,239.89)	1,900.00
Public Defender	453,242.00	33,550.00	453,242.00	(452,139.25)	(36,408.80)	3,602.75
		10,000.00		(1,200.00)	(1,000.00)	
						7,800.00

MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	SFY 2017 Budget		Modified Budget		Expended		Encumbered		Balance Canceled		Balance Reserved	
	Salaries	Other	Salaries	Other	Salaries	Other	Salary	Other Expenses	Salaries	Canceled	Salaries	Other
Public Works:												
Streets and Roads	728,683.00	197,450.00	688,683.00	197,450.00							36,620.63	16,503.41
Sanitation	608,717.00	387,450.00	608,717.00	412,450.00							19,532.01	11,148.33
Solid Waste Disposal Fees		845,000.00		845,000.00								64,702.00
Recycling		292,950.00		302,950.00								4,938.30
Buildings and Grounds	302,797.00	185,200.00	307,797.00	195,200.00							36.82	4,873.64
Motor Vehicle Maintenance	362,827.00	410,500.00	362,827.00	430,500.00							12,000.98	12,791.79
Muni Service Reimbursement												
Condominiums		69,500.00		69,500.00								71,246.60
NJDEP - Stormwater Permit	405,490.00	16,000.00	410,490.00	16,000.00							8,764.66	6,622.00
Parks Recreation & Community Services												
Board of Health												
Animal Control	1,000.00	95,000.00	1,000.00	95,000.00								2,107.08
Environmental Commission	1,200.00	45,000.00	1,200.00	45,000.00							1,000.00	241.82
Recreation & Community Services	219,914.00	500.00	225,914.00	500.00							950.00	500.00
Senior Services	151,509.00	74,350.00	151,509.00	74,350.00							1,411.92	12,928.31
Parks and Playgrounds	581,103.00	122,000.00	575,103.00	122,000.00							5,348.86	33,480.60
Education - Library		362,300.00		362,300.00							20,855.09	30,700.35
Unclassified		1,496,211.61		1,496,211.61								
Salary Adjustments		50,000.00		23,500.00								23,500.00
Utilities / Facilities Costs		1,592,156.00		1,642,156.00								34,926.02
Contingency		100.00		100.00								100.00
Statutory Expenditures:												
Public Employees Retirement		944,612.00		944,612.00								524.65
Police & Fire Retirement		2,296,466.00		2,296,466.00								
Defined Contribution (DCRP)		10,000.00		10,000.00								5,234.29
Social Security		1,325,000.00		1,337,000.00								3,545.42
Unemployment Compensation		20,000.00		20,000.00								
Matching Funds for Grants		40,000.00		37,250.00								37,250.00
Sub-Total Operations	19,641,326.00	19,381,325.61	19,637,826.00	19,382,075.61							304,271.96	657,004.63
											(122,299.00)	(300,000.00)
											(660,828.58)	
											(19,211,255.04)	(17,764,242.40)

MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	SFY 2017 Budget		Modified Budget		Expended		Encumbered		Balance Canceled		Balance Reserved	
	Salaries	Other	Salaries	Other	Salaries	Other	Salary	Other Expenses	Salaries	Other	Salaries	Other
<u>Public & Private Programs</u>												
<u>Offset by Revenues:</u>												
Public Safety:	\$ -	\$ -	\$ -	\$ 8,937.07	\$ -	\$ (8,937.07)					\$ -	\$ -
Drunk Driving Enforcement Fund				46,685.34		(46,685.34)						
Highway Safety - Safe Corridors				12,000.00		(12,000.00)						
MCPO Task Force				5,500.00		(5,500.00)						
Distracted Driving				10,000.00		(10,000.00)						
Drive Sober or Get Pulled Over				60,000.00		(60,000.00)						
Safe and Secure				20,000.00		(20,000.00)						
Justice Assistance Grant				9,183.90		(9,183.90)						
Bullet Proof Vests				6,915.89		(6,915.89)						
Body Armor Grant				5,500.00		(5,500.00)						
Click it or Ticket				7,000.00		(7,000.00)						
EMMA												
Municipal Court			725.18			(725.18)						
Alcohol Education & Enforce Fund												
Parks Recreation & Community Service												
Municipal Alliance			51,852.50			(51,852.50)						
Senior Center Outreach Grant				9,500.00		(9,500.00)						
Senior Center Congregate Meals				16,500.00		(16,500.00)						
Senior Center Transportation Program				5,000.00		(5,000.00)						
Heritage Day (County/Federal)				8,250.00		(8,250.00)						
Cabevision				4,600.00		(4,600.00)						
Public Works:												
Recycling Tonnage Grant				74,825.29		(74,825.29)						
Clean Communities			76,944.48			(76,944.48)						

MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	SFY 2017 Budget		Modified Budget		Expended		Encumbered		Balance Canceled		Balance Reserved	
	Salaries	Other	Salaries	Other	Salaries	Other	Salary	Other Expenses	Salaries	Other	Salaries	Other
Public and Private Programs		129,522.16	439,919.65									
Total Operations	19,641,326.00	19,510,847.77	19,637,826.00	19,821,995.26	(19,211,255.04)	(18,204,162.05)	(122,299.00)	(660,828.58)	(300,000.00)		304,271.96	657,004.63
Capital Improvements: Capital Improvement Fund		317,500.00	-	317,500.00		(317,500.00)						
Total Capital Improvements	-	317,500.00	-	317,500.00		(317,500.00)						
Debt Service: Bond Principal		3,673,000.00		3,673,000.00		(3,673,000.00)						
Interest on Bonds		1,416,046.00		1,416,046.00		(1,416,046.00)						
Note Principal		165,672.00		165,672.00		(154,030.00)						
Interest on Notes		464,000.00		464,000.00		(462,711.11)						
Total Debt Service	-	5,718,718.00	-	5,718,718.00		(5,705,786.75)						
Total Reserve for Uncollected Taxes	19,641,326.00	25,547,065.77	19,637,826.00	25,858,213.26	(19,211,255.04)	(24,227,448.80)	(122,299.00)	(660,828.58)	(312,931.25)		304,271.96	657,004.63
Total Current Fund Budget	19,641,326.00	26,209,375.77	19,637,826.00	26,520,523.26	(19,211,255.04)	(24,889,758.80)	(122,299.00)	(660,828.58)	(312,931.25)		304,271.96	657,004.63
Total Current Fund Budget	\$ 19,641,326.00	\$ 26,209,375.77	\$ 19,637,826.00	\$ 26,520,523.26	\$ (19,211,255.04)	\$ (24,889,758.80)	\$ (122,299.00)	\$ (660,828.58)	\$ (312,931.25)	\$	\$ 304,271.96	\$ 657,004.63

		A		A	
		A		A	
Adopted Budget:					
Salaries	\$ 19,641,326.00		A-4	\$ (42,993,784.19)	
Other Expenses	26,209,375.77		A-9	(5,000.00)	
Total Adopted Budget	45,850,701.77		A-7	(662,310.00)	
Budget Amendments-NJSA 40A-4-87	307,647.49		A-16	(439,919.65)	
Total Modified Budget	\$ 46,158,349.26			\$ (44,101,013.84)	
Cash Disbursed					
Reserve for Tax Appeals					
Reserve for Uncollected Taxes					
State & Federal Grants					
Total Paid or Charged					

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

TRUST FUNDS
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2017 AND 2016

		June 30, 2017	June 30, 2016
<u>ASSETS</u>			
	<u>Ref.</u>		
Cash.....	B-2	\$ 5,786,198.10	\$ 4,972,400.25
Investment LOSAP, Funds held by Trustee (unaudited)...	B	1,095,504.11	1,067,157.95
Trust Assessment - Accounts Receivable.....	B-1	71,055.00	71,055.00
Trust Other - Accounts Receivable			
Middlesex County			
CDBG - FY 2014.....	B-2		95.00
CDBG - FY 2015.....	B-2		461.67
CDBG - FY 2016.....	B-2	6,951.00	181,902.00
CDBG - FY 2017.....	B-2	20,407.99	
Total.....		<u>\$ 6,980,116.20</u>	<u>\$ 6,293,071.87</u>
<u>LIABILITIES</u>			
LOSAP Funds (unaudited).....	B	\$ 1,095,504.11	\$ 1,067,157.95
Trust Assessment - Reserve for Receivables.....	B-1	71,055.00	71,055.00
Parks and Recreation			
Due NJ - Animal License Fees.....	B-2	25.00	63.60
Animal Control Reserves.....	B-2	34,444.12	36,795.00
Recreation Programs.....	B-2	1,396,866.80	1,005,197.81
Open Space.....	B-2	94,137.57	324,532.99
Finance			
NJ Unemployment.....	B-2	147,745.71	168,869.46
Terminal Leave.....	B-2	1,001,694.44	610,660.85
Tax Sale, Premium on TTL.....	B-2	1,094,900.00	1,136,900.00
Payroll Liabilities Payable.....	B-2	19,035.57	19,566.24

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

TRUST FUNDS
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2017 AND 2016

		June 30, 2017	June 30, 2016
Public Safety			
Forfeited Funds.....	B-2	19,602.70	18,907.21
Seized Funds.....	B-2	18,907.10	17,399.10
Unclaimed Funds.....	B-2	3,469.07	3,793.59
Outside Employment.....	B-2	24,205.97	9,292.15
Uniform Fire Code.....	B-2	38,329.90	34,491.58
Municipal Court			
Handicapped Parking.....	B-2	1,800.00	850.00
Public Defender.....	B-2	27,903.59	25,400.59
POAA Fines.....	B-2	333.57	663.57
Public Works - Snow Removal.....			
	B-2	328,825.52	148,776.23
Donations, Gifts, & Bequests.....			
	B-2	3,434.55	4,144.55
Community Development Block Grant			
CDBG - FY12.....	B-2		1,137.95
CDBG - FY14.....	B-2		95.00
CDBG - FY16.....	B-2	6,951.00	93,199.51
CDBG - FY17.....	B-2	4,446.79	
Community Development Department			
Growth Share Reserve.....	B-2	102,810.76	107,597.23
Third Party UCC Inspections.....	B-2	108,758.65	71,120.25
Developers' Escrow.....	B-2	1,334,928.71	1,315,404.46
Total.....		\$ 6,980,116.20	\$ 6,293,071.87

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2017 AND 2016

	<u>Ref.</u>	June 30, 2017	June 30, 2016
<u>ASSETS</u>			
Cash.....	C-2	\$ 3,565,154.00	\$ 507,174.85
Deferred Charges to Future Taxation:			
Funded.....	C-4	42,731,750.00	46,725,750.00
Unfunded.....	C-5	<u>38,056,891.00</u>	<u>32,330,063.00</u>
Total.....		<u>\$ 84,353,795.00</u>	<u>\$ 79,562,987.85</u>
<u>LIABILITIES, RESERVES, & FUND BALANCE</u>			
Outstanding Debt:			
Bond Anticipation Notes Payable.....	C-8	\$ 30,000,000.00	\$ 23,200,000.00
Serial Bonds Payable.....	C-7	42,731,750.00	46,725,750.00
Improvement Authorizations:			
Funded.....	C-6	1,212,753.90	1,114,753.02
Unfunded.....	C-6	2,097,211.10	2,111,158.00
Reserve for Encumbrances.....	C-6	6,608,890.57	5,230,170.22
Reserve to Retire Debt.....	C-10	1,157,686.20	696,313.28
Capital Improvement Fund.....	C-9	342.00	342.00
Fund Balance.....	C-1	<u>545,161.23</u>	<u>484,501.33</u>
Total.....		<u>\$ 84,353,795.00</u>	<u>\$ 79,562,987.85</u>
Bonds & Notes Authorized not Issued.....	C-11	<u>\$ 8,056,891.00</u>	<u>\$ 9,130,063.00</u>

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Ref.</u>	
Balance June 30, 2016	C	\$ 484,501.33
Increased by Cash Receipts		
Premium on Sale of Notes.....	C-2	<u>260,659.90</u>
		745,161.23
Decreased by Cash Disbursements		
Surplus - Anticipated in Current Fund.....	C-2	<u>(200,000.00)</u>
Balance June 30, 2017	C	<u>\$ 545,161.23</u>

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2017 AND 2016

Assets	Ref.	June 30, 2017	June 30, 2016	Liabilities	Ref.	June 30, 2017	June 30, 2016
<u>Water Operating</u>							
Cash.....	D-6	\$ 3,181,532.51	\$ 3,029,025.49	Reserve for Encumbrances.....	D-5, D-10	\$ 612,404.90	\$ 718,336.57
				Appropriation Reserves.....	D-5, D-10	286,057.35	51,495.16
				Accounts Payable.....	D-10	30,500.00	12,863.15
				Accrued Interest Payable.....	D-13	369,931.63	373,180.92
				Total Liabilities.....		1,298,893.88	1,155,875.80
				Fund Balance.....	D-1	1,882,638.63	1,873,149.69
Total Water Operating Fund.....		\$ 3,181,532.51	\$ 3,029,025.49	Total Water Operating Fund.....		\$ 3,181,532.51	\$ 3,029,025.49
<u>Water Assessment</u>							
Cash.....	D-6	\$ 414,811.54	\$ 400,528.34	Reserve for:			
Assessment Receivable:				Accounts Receivable.....	D-19	\$ 320,435.52	\$ 428,093.72
Accounts Receivable.....	D-18	2,110,435.52	2,313,093.72	Liens Interest & Costs.....	D-19	288.00	288.00
Liens Interest & Costs.....	D-18	288.00	288.00	Serial Bonds Payable.....	D-20	1,790,000.00	1,885,000.00
				Fund Balance.....	D-3	414,811.54	400,528.34
Total Water Assessment Fund.....		\$ 2,525,535.06	\$ 2,713,910.06	Total Water Assessment Fund.....		\$ 2,525,535.06	\$ 2,713,910.06

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
 WATER UTILITY FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2017 AND 2016

Assets	Ref.	June 30, 2017	June 30, 2016	Liabilities	Ref.	June 30, 2017	June 30, 2016
<u>Water Capital</u>							
Cash.....	D-6,D-7	\$ 1,245,161.28	\$ 850,992.11	Bond Anticipation Notes.....	D-14	\$ 3,000,000.00	\$ 2,000,000.00
				Serial Bonds Payable.....	D-12	12,852,117.00	14,265,170.00
				NJEIT Loan Obligation.....	D-15	11,413,427.16	12,378,971.33
				Improvement Authorizations:			
				Funded.....	D-11	242,480.70	136,056.00
				Unfunded.....	D-11	1,663,499.05	2,135,759.53
Fixed Capital Completed.....	D-8	58,542,087.11	58,542,087.11	Reserve for Encumbrances.....	D-11	513,165.18	717,130.23
Authorized not Completed.....	D-9	2,496,602.48	2,496,602.48	Reserve for Amortization.....	D-16	32,412,643.43	30,034,046.26
				Capital Improvement Fund.....	D-17	89,067.59	89,067.59
				Fund Balance.....	D-2	97,450.76	133,480.76
Total Water Capital Fund.....		\$ 62,283,850.87	\$ 61,889,681.70	Total Water Capital Fund.....		\$ 62,283,850.87	\$ 61,889,681.70
Total.....		\$ 67,990,918.44	\$ 67,632,617.25	Total.....		\$ 67,990,918.44	\$ 67,632,617.25

There were Bonds and Notes Authorized but Not Issued at June 30, 2017 and 2016 in the amounts of \$ 1,360,502.00 and \$2,360,502.00, respectively (Exhibit - D-21).

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND
 CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	Ref.	June 30, 2017	June 30, 2016
<u>Revenue and Other Realized Income</u>			
Surplus Anticipated.....	D-4	\$ 400,000.00	\$ 300,000.00
Water Rents.....	D-4	6,155,501.08	6,211,264.92
Connection Fees.....	D-4	321,350.00	185,705.00
Developer Contribution.....	D-4	145,090.00	151,090.00
Miscellaneous Revenues.....	D-4	632,092.16	644,219.07
Water Utility Capital Surplus.....	D-4	75,000.00	50,000.00
Water Utility Assessment Trust Fund Interest.....	D-4	93,375.00	97,175.00
Unexpended Balance of Appropriation Reserves.....	D-10	50,658.61	28,246.04
SREC Sales.....	D-4	18,866.77	26,414.90
Prior Years' Accounts Payable Canceled.....	D-10	12,863.15	-
Total Revenue and Realized Income.....		<u>7,904,796.77</u>	<u>7,694,114.93</u>
<u>Expenditures</u>			
Budget Appropriations.....	D-5	<u>(7,495,307.83)</u>	<u>(7,157,113.13)</u>
Total Expenditures.....		<u>(7,495,307.83)</u>	<u>(7,157,113.13)</u>
Statutory Excess.....		409,488.94	537,001.80
Decreased by Surplus Anticipated.....	D-1	(400,000.00)	(300,000.00)
Fund Balance, Beginning of Year.....	D	<u>1,873,149.69</u>	<u>1,636,147.89</u>
Fund Balance, End of Year.....	D	<u>\$ 1,882,638.63</u>	<u>\$ 1,873,149.69</u>

() Denotes Deficit or Deduction

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017 AND JUNE 30, 2016

	<u>Ref.</u>	
Balance June 30, 2016	D	\$ 133,480.76
Increased by:		
Premium on BAN Sale	D-6	38,970.00
Decreased by:		
Use of Surplus in budget	D-6	(75,000.00)
Balance June 30, 2017	D	<u>\$ 97,450.76</u>

() Denotes Deficit or Deduction

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY TRUST ASSESSMENT FUND
 STATEMENT OF FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

	<u>REF.</u>	
Balance - June 30, 2016	D	\$ 400,528.34
Increased by:		
Collection of Pledged Assessments.....	D-19	<u>107,658.20</u>
		508,186.54
Decrease by:		
Payment to Water Operating Fund as Anticipated Revenue.....	D-6	<u>93,375.00</u>
Balance - June 30, 2017	D	<u><u>\$ 414,811.54</u></u>

Note: See Accompanying Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Ref.</u>	Anticipated	Realized	Excess (Deficit)
Water Operating Surplus Anticipated	D-1	\$ 400,000.00	\$ 400,000.00	\$ -
Water Rents.....	D-1, D-6	6,075,050.00	6,155,501.08	80,451.08
Connection Fees.....	D-1, D-6	100,000.00	321,350.00	221,350.00
Dedicated Water Utility Assessment : Interest.....	D-1, D-6	91,950.00	93,375.00	1,425.00
Developer Contribution.....	D-1, D-6	145,000.00	145,090.00	90.00
Miscellaneous				
Meter Fees.....	D-1, D-6	500,000.00	492,655.42	(7,344.58)
Interest on Delinquent Accounts.....	D-1, D-6	38,000.00	71,110.29	33,110.29
Other.....	D-1, D-6	75,000.00	68,326.45	(6,673.55)
SREC Sales.....	D-1, D-6	-	18,866.77	18,866.77
Water Utility Capital Surplus.....	D-1, D-6	75,000.00	75,000.00	-
Water Utility Operating Fund Total.....		<u>\$ 7,500,000.00</u>	<u>\$ 7,841,275.01</u>	<u>\$ 341,275.01</u>
	Ref.		D-5	

() Denotes Deficit or Deduction
 Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	Budget				Canceled	Reserved
	Original	Modified	Paid/Charged	Encumbrances		
Operating Salaries.....	\$ 81,400.00	\$ 81,400.00	\$ (77,883.87)	\$ -	\$ -	\$ 3,516.13
Operating Expenses.....	4,004,930.00	4,004,930.00	(3,109,983.88)	(612,404.90)	-	282,541.22
Debt - Bond Principal.....	1,347,000.00	1,347,000.00	(1,347,000.00)	-	-	-
Debt - Interest on Bonds.....	487,000.00	487,000.00	(486,887.93)	-	(112.07)	-
Debt - Interest on Notes.....	59,000.00	59,000.00	(58,990.73)	-	(9.27)	-
Debt - NJEIT.....	1,303,720.00	1,303,720.00	(1,299,149.17)	-	(4,570.83)	-
Water Assessment - Bond Interest.....	91,950.00	91,950.00	(91,950.00)	-	-	-
Surplus - Current Fund.....	125,000.00	125,000.00	(125,000.00)	-	-	-
Total Water Utility Operating.....	\$ 7,500,000.00	\$ 7,500,000.00	\$ (6,596,845.58)	\$ (612,404.90)	\$ (4,692.17)	\$ 286,057.35
	D-4	D-1	D	D-1	D	D
Cash.....			\$ (6,600,094.87)			
Accrued Interest 6/30/2016.....			373,180.92			
Accrued Interest 6/30/2017.....			(369,931.63)			
Total Paid or Charged.....			\$ (6,596,845.58)			

() Denotes deficit or deduction.
Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
JUNE 30, 2017 AND 2016

<u>Assets</u>	<u>Ref.</u>	June 30, 2017	June 30, 2016	<u>Liabilities</u>	<u>Ref.</u>	June 30, 2017	June 30, 2016
<u>Sewer Utility Operating:</u>							
Cash.....	E-5	\$ 2,908,407.48	\$ 3,099,672.64	Encumbrances Payable.....	E-4,E-9	\$ 76,910.03	\$ 140,784.33
				Appropriation Reserves.....	E-4,E-9	510,745.92	286,653.40
				Accounts Payable.....	E-9	-	1,575.29
				Accrued Interest Payable.....	E-11	160,587.88	162,818.86
				Total Liabilities.....		748,243.83	591,831.88
				Fund Balance.....	E-1	2,160,163.65	2,507,840.76
Total Sewer Operating Fund.....		<u>\$ 2,908,407.48</u>	<u>\$ 3,099,672.64</u>	Total Sewer Operating Fund.....		<u>\$ 2,908,407.48</u>	<u>\$ 3,099,672.64</u>
<u>Sewer Utility Capital:</u>							
Cash.....	E-5,E-6	\$ 1,115,263.29	\$ 1,266,740.38	Debt			
Fixed Capital				NJ EIT Loan Payable.....	E-12	\$ 533,773.65	\$ 593,032.65
Completed.....	E-7	21,703,653.51	21,577,910.79	Serial Bonds.....	E-10	10,461,883.00	11,686,830.00
Authorized and Uncompleted..	E-8	1,790,965.49	7,007,726.21	BAN.....	E-16	2,000,000.00	1,500,000.00
				Improvement Authorizations:			
				Funded	E-13	-	135,061.00
				Unfunded	E-13	44,885.79	6,872,665.21
				Encumbrances	E-13	1,746,079.70	551,714.37
				Reserve for:			
				Amortization.....	E-15	9,246,668.35	7,962,462.35
				Deferred Amortization.....	E-15	252,294.00	370,000.00
				Capital Improvement Fund.....	E-14	28,900.00	28,900.00
				Fund Balance.....	E-2	295,397.80	151,711.80
Total Sewer Capital Fund.....		<u>\$ 24,609,882.29</u>	<u>\$ 29,852,377.38</u>	Total Sewer Capital Fund.....		<u>\$ 24,609,882.29</u>	<u>\$ 29,852,377.38</u>
Total Sewer Utility Funds.....		<u>\$ 27,518,289.77</u>	<u>\$ 32,952,050.02</u>	Total Sewer Utility Funds.....		<u>\$ 27,518,289.77</u>	<u>\$ 32,952,050.02</u>

Note: See Notes to Financial Statements
There were Bonds and Notes Authorized but Not Issued at June 30, 2017 and 2016 in the amount of \$1,000,000 and \$ 6,473,312 (Exhibit E-17).

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND
 CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>Ref.</u>	June 30, 2017	June 30, 2016
<u>Revenue and Other Realized Income</u>			
Fund Balance Utilized.....	E-1,E-3	\$ 1,050,000.00	\$ 475,000.00
Sewer Rents.....	E-3	6,485,376.63	6,580,480.14
Connection Fees.....	E-3	10,050.00	13,675.00
Unexpended Balance of Appropriation Reserves.	E-9	400,900.36	310,503.13
A/P Balance Cancelled	E-9	1,575.29	0.01
		<hr/>	<hr/>
Total Revenue and Realized Income.....		7,947,902.28	7,379,658.28
Budget Appropriations.....	E-4	(7,245,579.39)	(6,906,554.93)
		<hr/>	<hr/>
Statutory Excess.....		702,322.89	473,103.35
Fund Balance, Beginning of Year.....	E	2,507,840.76	2,509,737.41
Decreased by:			
Utilized as Anticipated Surplus.....	E-3	1,050,000.00	475,000.00
		<hr/>	<hr/>
Fund Balance, End of Year.....	E	<u>\$ 2,160,163.65</u>	<u>\$ 2,507,840.76</u>

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Ref.</u>	
Balance June 30, 2016.....	E	\$ 151,711.80
Increased by:		
Premium on BAN	E-5	25,980.00
Ord # 95-19 Cancelled	E-15	<u>117,706.00</u>
Balance June 30, 2017.....	E	<u><u>\$ 295,397.80</u></u>

() Denotes Deficit or Deduction
 Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Ref.</u>	Anticipated	Realized	Excess (Deficit)
Operating Surplus Anticipated.	E-1	\$ 1,050,000.00	\$ 1,050,000.00	
Sewer Rents.....	E-1,E-5	6,590,000.00	6,485,376.63	(104,623.37)
Connection Fees.....	E-1,E-5	10,000.00	10,050.00	50.00
Sewer Utility Operating Fund Total.....		<u>\$ 7,650,000.00</u>	<u>\$ 7,545,426.63</u>	<u>\$ (104,573.37)</u>
	<u>Ref.</u>	E-4		

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Modified Budget	Cash Disbursed	Encumbrances	Canceled	Reserved
Operating Salaries & Wages.....	\$ 459,265.00	\$ 459,265.00	\$ (430,386.91)	\$ -	\$ -	\$ 28,878.09
Operating Other Expenses.....	4,589,670.00	4,589,670.00	(3,630,892.14)	(76,910.03)	(400,000.00)	481,867.83
Statutory Expenditures						
PERS Retirement.....	14,000.00	14,000.00	(14,000.00)	-	-	-
Social Security.....	21,000.00	21,000.00	(21,000.00)	-	-	-
Debt Service:						
Debt - Bond Principal.....	1,215,000.00	1,215,000.00	(1,215,000.00)	-	-	-
Debt - Bond Interest.....	385,575.00	385,575.00	(385,569.96)	-	(5.04)	-
Debt - NJ EIT Principal.....	59,260.00	59,260.00	(59,259.00)	-	(1.00)	-
Debt - NJ EIT Interest.....	14,520.00	14,520.00	(10,501.27)	-	(4,018.73)	-
Debt - NJ EIT Administration....	1,710.00	1,710.00	(1,710.00)	-	-	-
Debt - Interest on Notes.....	40,000.00	40,000.00	(39,604.16)	-	(395.84)	-
Surplus - Current Fund.....	850,000.00	850,000.00	(850,000.00)	-	-	-
Total Sewer Utility Operating.....	\$ 7,650,000.00	\$ 7,650,000.00	\$ (6,657,923.44)	\$ (76,910.03)	\$ (404,420.61)	\$ 510,745.92
Cash.....			\$ (6,660,154.42)			
Accrued Interest June 30, 2016.....			162,818.86			
Accrued Interest June 30, 2017.....			(160,587.88)			
Total Paid or Charged.....			\$ (6,657,923.44)			

() Denotes deficit or deduction.
Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS - REGULATORY BASIS
 JUNE 30, 2017 AND JUNE 30, 2016

	BALANCE JUNE 30, 2017	BALANCE JUNE 30, 2016
<u>GOVERNMENTAL FIXED ASSETS</u>		
Land	\$ 56,263,300.00	\$ 56,251,300.00
Buildings	18,030,500.00	18,030,500.00
Equipment	4,603,156.33	4,352,760.46
Vehicles	5,370,426.44	5,412,875.32
	<hr/>	<hr/>
Total Governmental Fixed Assets	\$ <u>84,267,382.77</u>	\$ <u>84,047,435.78</u>

Note: See Notes to Financial Statements

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
THE FISCAL YEAR ENDED JUNE 30, 2017 AND JUNE 30, 2016

Note 1: FORM OF GOVERNMENT

The Township of North Brunswick is managed under a Mayor Council Administrator form of government. Under this plan, created by N.J.S.A. 40:69A-149 et seq., the Mayor and six Council members are elected at partisan elections for terms of four years and three years, respectively. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, water and sewer, and general administrative services.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of North Brunswick include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of North Brunswick, as required by N.J.S.A. 40A: 5-5. Accordingly, the financial statements of the Township of North Brunswick do not include the operations of the municipal library, the board of education, first aid organizations, volunteer fire companies or senior housing.

B. Description of Funds

The accounting policies of the Township of North Brunswick 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 Township of North Brunswick 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:

- Animal Control Trust Fund
- Unemployment Compensation Insurance Fund
- Developer's Escrow Fund
- Community Development Block Grant Fund
- Open Space Trust Fund
- Other Trust Funds

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.

NOTES TO THE FINANCIAL STATEMENTS

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

B. Description of Funds (Cont'd.)

Water Utility Fund – This fund is used to account for the revenues and expenditures for the operation of the Township's Water Utility activities and the assets and liabilities relative to such activities.

Sewer Utility Fund – This fund is used to account for the revenues and expenditures for the operation of the Township's Sewer Utility activities and the assets and liabilities relative to such activities.

Governmental Fixed Assets - Governmental Fixed Assets 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 governmental 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 recognizes three fund categories and two account groups as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles in the United States of America. This structure of funds and account groups differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. 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 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 significant differences are as follows:

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds that 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 Township budget. Receivables for property taxes and water and sewer utility consumer charges are recorded with offsetting reserves within the Current Fund and Water and Sewer Utility Funds, respectively. Other amounts that are due to the Township, 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, with the exception of water and sewer utility consumer charges, which should be recognized in the period they are earned and become measurable.

NOTES TO THE FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township "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 refer 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.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township 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.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Township, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized as a "component unit" of the Township, and discrete reporting of the Library's financial position and operating results would be incorporated in the Township's financial statements.

Compensated Absences - The Township has adopted policies, which set forth the terms under which an employee may accumulate 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 Township 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, and that expenditures be recorded in the enterprise (Water Utility and Sewer Utility) fund on a full accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

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.

Self-Insurance Reserves - Charges to self-insurance reserves are recorded when payments of claims and related expenses are made. Increases to self-insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims be recorded as determined actuarially, and that operating transfers to self-insurance funds not exceed the amount determined.

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 an offsetting reserve. 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 is 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.

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Year end balances of reserved 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 the sales contracts become legally enforceable.

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. Property and equipment purchased by the Water Utility Fund and the Sewer Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for amortization accounts in the Utility Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

Governmental Fixed Assets - N.J.A.C. 5:30-5.6 established a mandate for fixed accounting by municipalities, effective December 31, 1985. The Township with a third-party inventory service performed a physical inventory and assessment of fixed assets in June of 2000. Assets acquired through June 2000 were valued based on actual costs, where available, and other methods, including current replacement values and estimated historical costs. The Township records assets acquired subsequent to June 2000 at original cost.

NOTES TO THE FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

Disclosures About Pension Liabilities – The Township has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined pension benefit plans in which it participates within these Notes to the Financial Statements and the accompanying required supplementary information. As the Township does not present entity-wide financial statements, it does not present include within 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 the associated deferred inflows and 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 Township'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 Township's long-term debt is disclosed in Note 3 to the financial statements.

Recent Accounting Standards

GASB issued Statement No. 77, "Tax Abatement Disclosures" in August 2015. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

GASB issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pensions Plans" in December 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

GASB issued Statement No. 79, "Certain External Investment Pools and Pool Participants" in December 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

NOTES TO THE FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement 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.

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).

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. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

NOTES TO THE 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

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

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Township'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 to 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 Township's debt is summarized as follows:

A. Summary of Municipal Debt for Capital Projects

	<u>SFY 2017</u>	<u>SFY 2016</u>
<u>Issued:</u>		
General:		
Bonds and Notes	\$ 72,731,750.00	\$ 69,925,750.00
Water Utility:		
Bonds, Notes, and Loans	29,055,544.16	30,529,141.33
Sewer Utility:		
Bonds, Notes, and Loans	<u>12,995,656.65</u>	<u>13,779,862.65</u>
Total Issued	<u>114,782,950.81</u>	<u>114,234,753.98</u>
Net Issued	<u>114,782,950.81</u>	<u>114,234,753.98</u>
 <u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	8,056,891.00	9,130,063.00
Water Utility:		
Bonds and Notes	1,360,502.00	2,360,502.00
Sewer Utility:		
Bonds and Notes	<u>1,000,000.00</u>	<u>6,473,312.00</u>
Total Authorized But Not Issued	<u>10,417,393.00</u>	<u>17,963,877.00</u>
Total Bonds and Notes Issued and Authorized but not Issued	<u>\$ 125,200,343.81</u>	<u>\$ 132,198,630.98</u>

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 Township's individual bond and loan issues which were outstanding at June 30, 2017 and 2016:

	<u>SFY 2017</u>	<u>SFY 2016</u>
<u>General Debt:</u>		
\$5,500,000, General Obligation Bonds of 2007 due in annual installments of \$235,000 to \$465,000 through August 2022, interest at 4.12% to 4.25%.	\$ -	\$ 450,000.00
\$7,811,435 General Obligation Bonds of 2010 due in annual installments of \$78,000 to \$1,090,000 through August 2022, interest at 1.50% to 4.00%.	1,885,000.00	4,598,435.00
\$8,045,565 General Obligation Bonds of 2010 due in annual installments of \$17,000 to \$1,048,000 through August 2029, interest at 1.50% to 4.00%.	416,000.00	7,336,565.00
\$13,455,750 General Obligation Bonds of 2012 due in annual installments of \$530,000 to \$1,060,000 through August 2027, interest at 1.50% to 2.375%.	10,040,750.00	10,960,750.00
\$2,275,000 Refunding Bonds of 2012 due in annual installments of \$530,000 to \$1,060,000 through August 2017, interest at 2.00% to 4.00%.	560,000.00	1,125,000.00
\$15,000,000 General Improvement Bonds of 2015 due in annual installments of \$500,000 to \$1,000,000 through July 2035, interest at 2.75% to 3.50%.	14,500,000.00	15,000,000.00
\$2,960,000 Open Space Refunding Bonds of 2012 due in annual installments of \$195,000 to \$205,000 through August 2028, interest at 1.50% to 2.375%.	2,350,000.00	2,550,000.00
\$4,745,000 General Obligation Refunding Bonds of 2015 due in annual installments of \$40,000 to \$455,000 through August 2022, interest at 2.00% to 5.00%.	4,380,000.00	4,705,000.00
\$6,530,468 Open Space Refunding Bonds of 2017 due in annual installments of \$43,000 to \$1,000,000 through August 2029, interest at 3.00% to 4.00%.	6,530,468.00	
\$2,069,532 General Obligation Refunding Bonds of 2017 due in annual installments of \$22,000 to \$712,412 through August 2022, interest at 3.00% to 4.00%.	2,069,532.00	
\$23,200,000, General Capital Bond Anticipation Notes issued on 07/30/15 due on 07/29/16, interest 2.00%		23,200,000.00
\$30,000,000, General Capital Bond Anticipation Notes issued on 07/28/16 due on 07/27/17, interest 2.00%	<u>30,000,000.00</u>	
Total General Capital Debt	<u>\$ 72,731,750.00</u>	<u>\$ 69,925,750.00</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.)

	<u>SFY 2017</u>	<u>SFY 2016</u>
<u>Utility Debt:</u>		
\$2,020,000, Ordinance 96-21 due in annual installments of \$90,000 to \$150,000 through April 2019, interest at 4.80% to 4.90%.	\$ 285,000.00	\$ 410,000.00
\$2,000,000, Ordinance 5-16/6-16 due in annual installments of \$4,000 to \$260,000 through August 2030, interest at 1.50% to 4.00%.	104,000.00	1,824,000.00
\$10,252,500, Water Refunding Bonds of 2011A due in annual installments of \$55,000 to \$1,202,500 through April 2023, interest at 0.650% to 5.000%.	6,497,500.00	7,452,500.00
\$1,500,000, Ordinance 5-16/6-16 due in annual installments of \$60,000 to \$100,000 through August 2032, interest at 1.50% to 3.00%.	1,255,000.00	1,320,000.00
\$1,275,000, Water Refunding Bonds of 2015 due in annual installments of \$10,000 to \$120,000 through August 2018, interest at 2.00% to 5.00%.	1,165,000.00	1,265,000.00
\$1,993,670, Water Improvement Bonds of 2015 due in annual installments of \$70,000 to \$133,670 through July 2035, interest at 2.75% to 3.50%.	1,923,670.00	1,993,670.00
\$2,250,000 Water Assessment Bond due in annual installments of \$90,000 to \$105,000 through August 2031, interest at 4.00% to 5.00%.	1,790,000.00	1,885,000.00
\$1,621,947 Water Obligation Refunding Bonds of 2017 due in annual installments of \$13,026 to \$252,174 through August 2029, interest at 3.00% to 4.00%.	1,621,947.00	
\$2,000,000, Water Utility Capital Bond Anticipation Notes issued on 7/30/15 due on 7/29/16, interest 2.00%		2,000,000.00
\$3,000,000, Water Utility Capital Bond Anticipation Notes issued on 07/28/16 due on 07/27/17, interest 2.00%	3,000,000.00	
\$9,700,000 State of NJ - Environmental Infrastructure Loan Nov. 8, 2007, interest at 5%	5,949,000.00	6,414,000.00
\$8,939,498 State of NJ - Environmental Infrastructure Loan Nov. 8, 2007, interest at 0%	5,464,427.16	5,964,971.33

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

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

	<u>SFY 2017</u>	<u>SFY 2016</u>
<u>Utility Debt (cont'd.):</u>		
\$300,000, Ordinance 5-17 due in annual installments of \$4,000 to \$39,000 through August 2029, interest at 1.50% to 4.00%.	\$ 15,000.00	\$ 273,000.00
\$10,252,500, Sewer Refunding Bonds of 2011A due in annual installments of \$55,000 to \$1,202,500 through April 2023, interest at 0.650% to 5.000%.	6,497,500.00	7,452,500.00
\$480,000, Sewer Refunding Bonds of 2012 due in annual installments of \$95,000 to \$1,000,000 through August 2018, interest at 0.650% to 5.000%.	190,000.00	285,000.00
\$1,700,000, Ordinance 5-17/8-21 due in annual installments of \$70,000 to \$110,000 through August 2032, interest at 1.50% to 3.00%.	1,420,000.00	1,490,000.00
\$2,186,330, Sewer Improvement Bonds of 2015 due in annual installments of \$90,000 to \$146,330 through July 2035, interest at 2.75% to 3.50%	2,096,330.00	2,186,330.00
\$243,053 Sewer Obligation Refunding Bonds of 2017 due in annual installments of \$1,974 to \$37,826 through August 2029, interest at 3.00% to 4.00%.	243,053.00	
\$1,500,000, Sewer Utility Capital Bond Anticipation Notes issued on 07/30/15 due on 07/29/16, interest 2.00%		1,500,000.00
\$2,000,000, Sewer Utility Capital Bond Anticipation Notes issued on 07/28/16 due on 07/27/17, interest 2.00%	2,000,000.00	
\$570,000 State of NJ - Environmental Infrastructure Loan Nov. 4, 2004, interest at 4% to 5%	300,000.00	330,000.00
\$581,688 State of NJ - Environmental Infrastructure Loan Nov. 4, 2004, interest at 0%	<u>233,773.65</u>	<u>263,032.65</u>
Total Utility Debt	<u>42,051,200.81</u>	<u>44,309,003.98</u>
Total Debt Issued and Outstanding	<u>\$ 114,782,950.81</u>	<u>\$ 114,234,753.98</u>

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>SFY 2017</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 114,973,000.00	\$ 114,973,000.00	
Water Utility and Sewer Utility Debt *	44,411,702.81	44,411,702.81	
General Debt**	<u>80,788,641.00</u>	<u>19,230,271.00</u>	<u>61,558,370.00</u>
	<u>\$ 240,173,343.81</u>	<u>\$ 178,614,973.81</u>	<u>\$ 61,558,370.00</u>

Net Debt \$61,558,370 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$ 4,459,794,369.00 = 1.38%

* Gross Debt includes Water/Wastewater System Lease Revenue Bonds issued by the MCIA (F).
 ** Gross Debt includes Capital Lease Purchase Agreements issued by the MCIA and NJEDA Loan Payable (E).

<u>SFY 2016</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 40,160,000.00	\$ 40,160,000.00	
Water Utility and Sewer Utility Debt *	53,142,817.98	53,142,817.98	
General Debt**	<u>79,055,813.00</u>	<u>19,972,010.00</u>	<u>59,083,803.00</u>
	<u>\$ 172,358,630.98</u>	<u>\$ 113,274,827.98</u>	<u>\$ 59,083,803.00</u>

Net Debt \$59,083,803 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$ 4,459,550,842.00 = 1.32%

* Gross Debt includes Water/Wastewater System Lease Revenue Bonds issued by the MCIA (F).
 ** Gross Debt includes Capital Lease Purchase Agreements issued by the MCIA and NJEDA Loan Payable (E).

The Township's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at June 30, was as follows:

	<u>2017</u>	<u>2016</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	\$ 156,092,802.91	\$ 156,084,279.47
	<u>61,558,370.00</u>	<u>59,083,803.00</u>
Remaining Borrowing Power	<u>\$ 94,534,432.91</u>	<u>\$ 97,000,476.47</u>

SFY 2017 Equalized Valuation Basis

2014 Equalized Valuation Basis of Real Property	\$ 4,437,249,457.00
2015 Equalized Valuation Basis of Real Property	4,485,733,504.00
2016 Equalized Valuation Basis of Real Property	4,456,400,145.00
Average Equalized Valuation	<u>\$ 4,459,794,369.00</u>

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

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd.)

SFY 2016 Equalized Valuation Basis

2013 Equalized Valuation Basis of Real Property	\$ 4,455,669,565.00
2014 Equalized Valuation Basis of Real Property	4,437,249,457.00
2015 Equalized Valuation Basis of Real Property	4,485,733,504.00
Average Equalized Valuation	<u>\$ 4,459,550,842.00</u>

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

The calculation of "Self-Liquidating Purpose" for the Water Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2017</u>	<u>2016</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 7,841,275.01	\$ 7,665,868.89
Deductions:		
Operating & Maintenance Cost	4,086,330.00	3,887,918.00
Debt Service Per Water Acct.	<u>3,283,977.83</u>	<u>3,169,195.13</u>
Total Deductions	<u>7,370,307.83</u>	<u>7,057,113.13</u>
Excess/(Deficit) in Revenue	<u>\$ 470,967.18</u>	<u>\$ 608,755.76</u>

The difference between the excess in revenues for debt statement purposes and the statutory cash basis for the Water Utility is as follows:

	<u>2017</u>	<u>2016</u>
Excess/(Deficit) in Revenues - Cash Basis (D-1)	\$ 409,488.94	\$ 537,001.80
Add: Revenue in Municipal Budget	<u>125,000.00</u>	<u>100,000.00</u>
	534,488.94	637,001.80
Less: Unexpended Balance of Appropriation Reserves	50,658.61	28,246.04
Prior Years' Accounts Payables Cancelled	<u>12,863.15</u>	<u></u>
	<u>63,521.76</u>	<u>28,246.04</u>
Excess/(Deficit) in Revenue	<u>\$ 470,967.18</u>	<u>\$ 608,755.76</u>

The calculation of "Self-Liquidating Purpose" for the Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2017</u>	<u>2016</u>
Cash Receipts from Fees, Rents or Other Charges for Year	\$ 7,545,426.63	\$ 7,069,155.14
Deductions:		
Operating & Maintenance Cost	4,683,935.00	4,502,477.00
Debt Service Per Sewer Acct.	<u>1,711,644.39</u>	<u>1,629,077.93</u>
Total Deductions	<u>6,395,579.39</u>	<u>6,131,554.93</u>
Excess/(Deficit) in Revenue	<u>\$ 1,149,847.24</u>	<u>\$ 937,600.21</u>

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

B. Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd.)

The difference between the excess in revenues for debt statement purposes and the statutory cash basis for the Sewer Utility is as follows:

	<u>2017</u>	<u>2016</u>
Excess/(Deficit) in Revenues - Cash Basis (E-1)	\$ 702,322.89	\$ 473,103.35
Add: Revenue in Municipal Budget	<u>850,000.00</u>	<u>775,000.00</u>
	1,552,322.89	1,248,103.35
Less: Unexpended Balance of Appropriation Reserves	400,900.36	310,503.13
Prior Years' Accounts Payables Cancelled	<u>1,575.29</u>	<u>0.01</u>
	<u>402,475.65</u>	<u>310,503.14</u>
Excess/(Deficit) in Revenue	\$ <u><u>1,149,847.24</u></u>	\$ <u><u>937,600.21</u></u>

C. North Brunswick Senior Housing Bonds

\$8,300,000 North Brunswick Taxable Guaranteed Revenue Bonds were issued by the Middlesex County Improvement Authority for the Senior Citizens Housing Project. The Bonds were dated November 1, 1994 and come due on December 1, in years 1998 through 2027. Payment, when due, of the principal and interest on the Bonds is guaranteed by the Township of North Brunswick.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 310,000.00	\$ 488,643.75	\$ 798,643.75
2019	340,000.00	458,987.50	798,987.50
2020	370,000.00	426,593.75	796,593.75
2021	405,000.00	391,236.38	796,236.38
2022	440,000.00	372,678.26	812,678.26
2023	485,000.00	310,478.13	795,478.13
2024	525,000.00	264,396.88	789,396.88
2025	575,000.00	214,209.38	789,209.38
2026	625,000.00	159,459.38	784,459.38
2027	685,000.00	99,690.63	784,690.63
2028	750,000.00	34,218.75	784,218.75
	<u>\$ 5,510,000.00</u>	<u>\$ 3,220,592.79</u>	<u>\$ 8,730,592.79</u>

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

D. North Brunswick General Obligation Refunding Bonds, Series 2015

On May 24, 2017, the Township of North Brunswick issued \$10,465,000 General Obligation Refunding Bonds, Series 2017 consisting of \$8,600,000 General Improvement Refunding Bonds and \$1,865,000 Water/Sewer Improvement Refunding Bonds to advance refund all the outstanding amount of originally issued \$18,157,000 General Obligation Bonds of 2009 consisting of \$7,811,435 General Improvement Bonds, \$8,045,565 Open Space Bonds, \$2,000,000 Water Improvement Bonds and \$300,000 Sewer Improvement Bonds, each dated August 14, 2009 and maturing on or after August 15, 2020 at par plus unpaid accrued interest to August 15, 2019, the call date for the refunded bonds, and to pay the cost of issuance with respect to the Bonds. Interest on the Refunding Bonds ranged from 3.00 % to 4.00%, while yields, which reflects premium or discounts ranging from 1.00% to 2.86%, and a net interest cost of 2.546968%. The net proceeds of the sale of \$11,691,682.30, which includes premiums of \$1,270,357.80 and deducts \$43,675.50 of underwriting fees and other costs associated with the issuance of the Bonds.

The Township completed its refunding to reduce its total debt service payments through August 15, 2027 by \$580,755.27 and to obtain net economic gain (the difference between the present value of the old and new debt service payment of \$573,579.29). The net economic benefit represents 5.346670% of the debt service on the refunded bonds.

The outstanding debt service with respect to the Township's 2017 General Obligation Refunding Bond, Series 2017 is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 80,000.00	\$ 301,705.00	\$ 381,705.00
2019		415,400.00	415,400.00
2020		415,400.00	415,400.00
2021	835,000.00	398,700.00	1,233,700.00
2022	865,000.00	364,700.00	1,229,700.00
2023	910,000.00	329,200.00	1,239,200.00
2024	955,000.00	291,900.00	1,246,900.00
2025	990,000.00	253,000.00	1,243,000.00
2026	1,050,000.00	212,200.00	1,262,200.00
2027	1,100,000.00	169,200.00	1,269,200.00
2028	1,165,000.00	123,900.00	1,288,900.00
2029	1,225,000.00	76,100.00	1,301,100.00
2030	1,290,000.00	25,800.00	1,315,800.00
	<u>\$ 10,465,000.00</u>	<u>\$ 3,377,205.00</u>	<u>\$ 13,842,205.00</u>

NOTES TO THE FINANCIAL STATEMENTS

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

E. Schedule of Annual Debt Service for Principal and Interest for Township Bonded Debt Issued and Outstanding and NJEIT Loans

SFY Year	General		Open Space	
	Principal	Interest	Principal	Interest
2018	\$ 3,321,000.00	\$ 898,038.18	\$ 376,000.00	\$ 276,961.82
2019	3,237,000.00	822,822.53	338,000.00	335,968.72
2020	3,274,000.00	722,606.28	345,000.00	322,998.72
2021	2,829,808.00	630,986.37	345,192.00	309,194.88
2022	<u>2,710,312.00</u>	<u>554,696.47</u>	<u>349,688.00</u>	<u>295,297.28</u>
Subtotal	<u>15,372,120.00</u>	<u>3,629,149.83</u>	<u>1,753,880.00</u>	<u>1,540,421.42</u>
2023	2,642,412.00	479,766.99	357,588.00	281,151.76
2024	1,470,000.00	425,443.75	940,000.00	256,200.00
2025	1,600,000.00	387,793.75	965,000.00	220,075.00
2026	1,500,000.00	349,418.75	1,010,000.00	183,012.50
2027	<u>1,530,000.00</u>	<u>310,937.50</u>	<u>1,045,000.00</u>	<u>144,325.00</u>
Subtotal	<u>8,742,412.00</u>	<u>1,953,360.74</u>	<u>4,317,588.00</u>	<u>1,084,764.26</u>
2028	1,395,750.00	272,509.38	1,090,000.00	103,731.25
2029	1,000,000.00	238,812.50	1,135,000.00	61,543.75
2030	1,000,000.00	208,812.50	1,000,000.00	20,000.00
2031	1,000,000.00	178,187.50		
2032	<u>1,000,000.00</u>	<u>146,937.50</u>		
Subtotal	<u>5,395,750.00</u>	<u>1,045,259.38</u>	<u>3,225,000.00</u>	<u>185,275.00</u>
2033	925,000.00	116,281.25		
2034	1,000,000.00	85,000.00		
2035	1,000,000.00	51,875.00		
2036	<u>1,000,000.00</u>	<u>17,500.00</u>		
Subtotal	<u>3,925,000.00</u>	<u>270,656.25</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 33,435,282.00</u>	<u>\$ 6,898,426.20</u>	<u>\$ 9,296,468.00</u>	<u>\$ 2,810,460.68</u>

NOTES TO THE FINANCIAL STATEMENTS

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

E. Schedule of Annual Debt Service for Principal and Interest for
Township Bonded Debt Issued and Outstanding and NJEIT Loans (Cont'd)

SFY Year	Water Utility		NJEIT Loans	
	Principal	Interest	Principal	Interest
2018	\$ 1,413,526.00	\$ 439,556.33	\$ 917,255.93	\$ 286,950.00
2019	1,450,000.00	411,894.04	938,176.84	265,425.00
2020	1,353,500.00	358,499.04	961,015.13	242,825.00
2021	1,390,116.00	304,876.72	980,749.79	219,150.00
2022	<u>1,450,333.00</u>	<u>245,492.74</u>	<u>1,007,227.84</u>	<u>194,275.00</u>
Subtotal	<u>7,057,475.00</u>	<u>1,760,318.87</u>	<u>4,804,425.53</u>	<u>1,208,625.00</u>
2023	1,517,394.00	178,275.70	1,038,143.57	168,175.00
2024	476,787.00	136,976.46	1,053,871.14	140,875.00
2025	481,429.00	121,237.14	1,082,709.43	112,175.00
2026	499,053.00	103,311.87	1,113,187.47	81,975.00
2027	<u>513,541.00</u>	<u>85,316.24</u>	<u>1,144,811.42</u>	<u>50,300.00</u>
Subtotal	<u>3,488,204.00</u>	<u>625,117.41</u>	<u>5,432,723.03</u>	<u>553,500.00</u>
2028	406,296.00	69,769.50	1,176,278.60	17,050.00
2029	429,298.00	55,320.12		
2030	452,174.00	40,021.93		
2031	200,000.00	29,190.95		
2032	<u>210,000.00</u>	<u>23,131.58</u>		
Subtotal	<u>1,697,768.00</u>	<u>217,434.08</u>	<u>1,176,278.60</u>	<u>17,050.00</u>
2033	220,000.00	16,578.45		
2034	125,000.00	11,097.20		
2035	130,000.00	6,872.20		
2036	<u>133,670.00</u>	<u>2,339.23</u>		
Subtotal	<u>608,670.00</u>	<u>36,887.08</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 12,852,117.00</u>	<u>\$ 2,639,757.44</u>	<u>\$ 11,413,427.16</u>	<u>\$ 1,779,175.00</u>

NOTES TO THE FINANCIAL STATEMENTS

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

E. Schedule of Annual Debt Service for Principal and Interest for
Township Bonded Debt Issued and Outstanding and NJEIT Loans (Cont'd)

SFY Year	Sewer Utility		NJEIT Loans		Total
	Principal	Interest	Principal	Interest	
2018	\$ 1,254,474.00	\$ 357,351.17	\$ 58,381.60	\$ 13,668.76	\$ 9,613,163.79
2019	1,270,000.00	322,164.71	65,575.11	12,043.76	9,469,070.71
2020	1,217,500.00	280,045.96	64,437.73	10,293.76	9,152,721.62
2021	1,269,884.00	232,942.03	63,300.36	8,543.76	8,584,743.91
2022	1,324,667.00	177,963.51	70,331.38	6,668.76	8,386,952.98
Subtotal	6,336,525.00	1,370,467.38	322,026.18	51,218.80	45,206,653.01
2023	1,382,606.00	114,630.55	69,031.53	4,668.76	8,233,843.86
2024	213,213.00	79,273.55	67,829.35	2,818.76	5,263,288.01
2025	213,571.00	73,331.62	74,886.59	984.38	5,333,192.91
2026	220,947.00	67,206.88			5,128,112.47
2027	231,459.00	60,708.76			5,116,398.92
Subtotal	2,261,796.00	395,151.36	211,747.47	8,471.90	29,074,836.17
2028	238,704.00	53,849.25			4,823,937.98
2029	245,702.00	46,711.13			3,212,387.50
2030	257,826.00	39,215.57			3,018,050.00
2031	230,000.00	31,949.68			1,669,328.13
2032	230,000.00	25,155.93			1,635,225.01
Subtotal	1,202,232.00	196,881.56	-	-	14,358,928.62
2033	240,000.00	17,996.55			1,535,856.25
2034	135,000.00	12,040.30			1,368,137.50
2035	140,000.00	7,484.05			1,336,231.25
2036	146,330.00	2,560.78			1,302,400.01
Subtotal	661,330.00	40,081.68	-	-	5,542,625.01
Totals	<u>\$ 10,461,883.00</u>	<u>\$ 2,002,581.98</u>	<u>\$ 533,773.65</u>	<u>\$ 59,690.70</u>	<u>\$ 94,183,042.81</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 4: FUND BALANCES APPROPRIATED

Fund balances at June 30, 2017 and 2016, which were appropriated and included as anticipated revenue in their own respective funds for the "Fiscal Year" ending June 30, 2017 and 2016 as follows:

	<u>FUND BALANCE</u> <u>JUNE 30, 2017</u>	<u>UTILIZED IN</u> <u>SUCCEEDING BUDGET</u>
Current Fund	\$ 7,912,256.62	\$3,350,000.00
Sewer Utility Fund	2,160,163.65	1,000,000.00
Water Utility Fund	1,882,638.63	400,000.00

	<u>FUND BALANCE</u> <u>JUNE 30, 2016</u>	<u>UTILIZED IN</u> <u>SUCCEEDING BUDGET</u>
Current Fund	\$ 6,074,123.95	\$3,000,000.00
Sewer Utility Fund	2,507,840.76	1,050,000.00
Water Utility Fund	1,873,149.69	400,000.00

Note 5: FIXED ASSETS

Following is a summary of changes in the Governmental Fixed Assets for the years 2017 and 2016.

	<u>Balance</u> <u>June 30,</u> <u>2016</u>	<u>Additions</u>	<u>Adjustment/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30,</u> <u>2017</u>
<u>2017</u>				
Land and Land Improvements	\$56,251,300.00	\$ 12,000.00		\$56,263,300.00
Buildings and Building Improvement	18,030,500.00			18,030,500.00
Equipment And Improvements	4,352,760.46	285,395.87	(35,000.00)	4,603,156.33
Vehicles	5,412,875.32	746,593.12	(789,042.00)	5,370,426.44
	<u>\$84,047,435.78</u>	<u>\$1,043,988.99</u>	<u>(\$824,042.00)</u>	<u>\$84,267,382.77</u>

	<u>Balance</u> <u>June 30,</u> <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>
<u>2016</u>				
Land and Land Improvements	\$55,992,300.00	\$259,000.00		\$56,251,300.00
Buildings and Building Improvement	18,030,500.00			18,030,500.00
Equipment And Improvements	4,304,269.46	69,351.00	(20,860.00)	4,352,760.46
Vehicles	5,094,087.99	432,902.00	(114,114.67)	5,412,875.32
	<u>\$83,421,157.45</u>	<u>\$761,253.00</u>	<u>(\$134,974.67)</u>	<u>\$84,047,435.78</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DEPOSITS AND INVESTMENTS

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 as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

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

The State of New Jersey Cash Management Fund is authorized by statutes and regulations of the State Investment Council to invest in fixed income and debt securities, which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one and one-half percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At June 30, 2017 and 2016 the cash and cash equivalents and investments of the Township consisted of the following:

	<u>2017</u>	<u>2016</u>
Cash (Demand Accts.)	\$27,153,346.73	\$22,264,284.26
Change Funds (On-Hand)	1,225.00	1,125.00
Total	<u>\$27,154,571.73</u>	<u>\$22,265,409.26</u>

Based upon GASB criteria, the Township considers change fund, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the book value of the Township's deposits was \$28,807,119.73 and the bank balance was \$27,153,346.73. Of the bank balance, \$750,000.00 was covered by Federal depository insurance and \$26,403,346.73 was covered under the provisions of NJGUDPA.

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DEPOSITS AND INVESTMENTS (CONT'D).

At June 30, 2009, the Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk – The Township’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 no in the depositor-governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township 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 Township’s investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty’s trust department or agent but not in the Township’s name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township 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 Township 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 Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township’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 Township 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 June 30, 2017, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of the Township’s bank balance were considered exposed to custodial credit risk.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured--FDIC	\$ 750,000.00
Insured—NJGUDPA (N.J.S.A. 17:941)	<u>26,403,346.73</u>
Total	<u>\$ 27,153,346.73</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 6: DEPOSITS AND INVESTMENTS (CONT'D).

Investments

New Jersey statutes establish the following securities as eligible for the investment of Township funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
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 Township or bonds or other obligations of school districts of which the Township is a part and 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 that are approved by the Division of Investment of the Department of 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 more than 30 days; and
 - 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 the collateral is executed.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2017, the Township had no funds on deposit with the New Jersey Cash Management Fund.

Generally, the Township's investments consist of money market and savings accounts. Based upon the existing deposit and investment practices, the Township is generally not exposed to credit risks, custodial 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 7: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

A taxable valuation of real property is prepared by the Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. The County Board of Taxation establishes tax rates to reflect the levy necessary for municipal, local school district, special district and county taxes.

The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formulae used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous year's billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January 1 through June 30.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent. In addition, the law now allows for, and the Township has authorized, the imposition of a penalty of 6% on delinquencies exceeding \$10,000.00 that remains unpaid at the end of a calendar year. If taxes remain delinquent on or after April 1 of the succeeding fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property, and allows the holder to enforce the tax lien by collection foreclosure. New Jersey property tax laws establish property taxes as a lien on real estate as of the first day of the fiscal year of the municipality even though the full amount due is not known.

As County, School and Special District tax requirements are certified to the County Board of Taxation on a calendar year basis and within a time frame which precludes the certification of a municipal purpose tax certification for the calendar year, the conversion to a fiscal year has necessitated that tax bills be prepared and mailed by the Tax Collector twice annually. The law requires tax bills for the first and second installments to be delivered on or before October 1 of the pre-tax year, and bills for the third and fourth installments to be delivered on or before June 14.

The statutory requirement to deliver tax bills for the first and second installments by October 1 of the pre-tax year requires that these bills utilize assessed valuations from the pre-tax year. As a result, tax bills for the third and fourth installments will also include adjustments to reflect the results of changes in assessed valuations from the pre-tax year to the current tax year.

In accordance with the accounting principles presented by the State of New Jersey, taxes receivable and tax title liens are realized when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. 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:

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, 2016:

Inactive plan members or beneficiaries currently receiving benefits	171,422
Inactive plan members entitled to but not yet receiving benefits	703
Active plan members	<u>261,171</u>
Total	<u>433,296</u>

Contributing Employers – 1,713.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONT'D.)

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

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

For the year ended June 30, 2017 the Township's total payroll for all employees was \$21,353,848.61. Total PERS covered payroll was \$7,442,897. Covered payroll refers to all compensation paid by the Township 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 7.06% for State fiscal year 2016. 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 Township's cash basis contributions to the Plan for the years ended June 30, 2016 and 2017 were \$891,885 and \$947,674, respectively. Township Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Township payments to PERS for the years ending June 30, 2016 and 2017 consisted of the following:

	<u>2016</u>	<u>2017</u>
Normal Cost	\$ 150,992	\$ 147,757
Amortization of Accrued Liability	<u>695,567</u>	<u>751,952</u>
Total Pension	846,559	899,709
NCGI Premiums	<u>45,326</u>	<u>44,903</u>
Total Pension & NCGI	891,885	944,612
LTD Expense	<u>0</u>	<u>3,062</u>
Total PERS Payment	<u>\$ 891,885</u>	<u>\$ 947,674</u>

The Township 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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONT'D.)

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

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.

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 Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township 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, 2016, the PERS reported a liability of \$29,617,131,759 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Group that is attributable to the Township was \$31,491,612 or 0.106329%. At June 30, 2015, the PERS reported a liability of \$22,447,996,119 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Group that is attributable to the Township was \$23,287,531 or 0.103740%.

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

Inflation	3.08%
Salary Increases: Through 2026	1.65-4.15% Based on age
Thereafter	2.65-5.15% Based on age
Investment rate of return	7.65%

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).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONT'D.)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONT'D.)

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

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS participating employers as of June 30, 2016, 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:

	At 1% Decrease <u>(2.98%)</u>	At current discount rate <u>(3.98%)</u>	At 1% increase <u>(4.98%)</u>
State	\$34,422,851,197	\$29,390,685,705	\$25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
PERS Plan Total	<u>\$70,715,189,252</u>	<u>\$59,007,817,464</u>	<u>\$49,352,744,647</u>
Township's proportionate share of the net pension liability	<u>\$38,589,294</u>	<u>\$31,491,612</u>	<u>\$25,631,859</u>

Components of Net Pension Liability – The components of the net pension liability for PERS, including the State of New Jersey, at June 30, 2016 is as follows:

	State	Local	Total
Total Pension Liability	\$36,295,189,928	\$49,474,698,146	\$85,769,888,074
Plan Fiduciary Net Position	<u>6,904,504,223</u>	<u>19,857,566,387</u>	<u>26,762,070,610</u>
Net Pension Liability	<u>\$29,390,685,705</u>	<u>\$29,617,131,759</u>	<u>\$59,007,817,464</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>
2017	\$1,954,787
2018	1,954,787
2019	2,243,463
2020	1,913,008
2021	<u>639,690</u>
Total	<u>\$8,705,735</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 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONT'D.)

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, 2016:

Inactive plan members or beneficiaries currently receiving benefits	45,423
Inactive plan members entitled to but not yet receiving benefits	51
Active plan members	<u>42,036</u>
 Total	 <u>87,510</u>

Contributing Employers – 586.

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing 3/7th of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such 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 PFRS, 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 PFRS.

For the year ended June 30, 2017 the Township's total payroll for all employees was \$21,353,848.61. Total PFRS covered payroll was \$9,616,360. Covered payroll refers to all compensation paid by the Township 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 increased from 8.5% of annual compensation to 10.0% in October 2011. 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 Township's cash basis contributions to the Plan for the years ended June 30, 2016 and 2017 were \$2,350,727 and \$2,296,466, respectively. Township Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONT'D.)

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

Township payments to PFRS for the years ending June 30, 2016 and 2017 consisted of the following:

	<u>2016</u>	<u>2017</u>
Normal Cost	\$ 788,104	\$ 781,660
Amortization of Accrued Liability	<u>1,457,831</u>	<u>1,414,972</u>
Total Pension	2,245,935	2,196,632
NCGI Premiums	<u>104,792</u>	<u>99,834</u>
Total PFRS Payment	<u>\$2,350,727</u>	<u>\$2,296,466</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

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 Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township 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, 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 Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$53,803,742 or 0.281657%. At June 30, 2015, the PFRS reported a net pension liability of \$16,656,514,197 for its Non-State. Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$48,169,868 or 0.289195%.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONT'D.)

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

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

Inflation	3.08%
Salary Increases: Through 2026	2.10-8.98% Based on age
Thereafter	3.10-9.98% Based on age
Investment rate of return	7.65%

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

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

The long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONT'D.)

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

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

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

Discount Rate – The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – The following presents the collective net pension liability of the participating employers as of June 30, 2016, 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:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. PENSION PLANS (CONT'D.)

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

	At 1% Decrease (4.55%)	At current discount rate (5.55%)*	At 1% increase (6.55%)
State	\$ 5,612,325,178	\$ 4,710,744,193	\$ 3,977,817,225
Local	<u>26,699,770,118</u>	<u>20,706,699,056</u>	<u>15,819,710,095</u>
PFRS Plan Total	<u>\$32,312,095,296</u>	<u>\$25,417,443,249</u>	<u>\$19,797,527,320</u>
Township's proportionate share of the net pension liability	<u>\$75,201,842</u>	<u>\$58,321,922</u>	<u>\$44,557,362</u>

*- Local Share includes \$1,604,141,087 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, 2016 is as follows:

	State	Local	Total
Total Pension Liability	\$ 6,255,619,682	\$43,146,550,231	\$49,402,169,913
Plan Fiduciary Net Position	<u>1,544,875,489</u>	<u>22,439,851,175</u>	<u>23,984,726,664</u>
Net Pension Liability	<u>\$ 4,710,744,193</u>	<u>\$20,706,699,056</u>	<u>\$25,417,443,249</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>
2017	\$2,644,472
2018	2,644,472
2019	3,522,585
2020	2,052,117
2021	<u>(44,840)</u>
Total	<u>\$10,818,806</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 5.58, 5.53, and 6.17 years for the 2016, 2015 and 2014 amounts, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. 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 June 30, 2017 the Township’s total payroll for all employees was \$21,353,848.61. Total DCRP covered payroll was \$164,536.00. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. Township and employee contributions to the DCRP for the year ended June 30, 2017 were \$4,765.71 and \$9,049.49, respectively.

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

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Total Pension Expense
PERS	\$ 31,491,612	\$8,763,131	\$57,396	\$947,674
PFRS	<u>53,803,742</u>	<u>12,552,697</u>	<u>1,733,891</u>	<u>2,296,466</u>
Total	<u>\$ 85,295,354</u>	<u>\$21,315,828</u>	<u>\$1,791,287</u>	<u>\$3,244,140</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 9: POST-RETIREMENT HEALTH CARE BENEFITS

Plan Description: The Township of North Brunswick 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. The Township of North Brunswick provides postretirement health benefits to retirees of the PBA, SOA and FMBA only. 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 be contributed based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township of North Brunswick on a monthly basis. Currently there is no cost-sharing requirement for retirees.

At June 30, 2017 and 2016, Fifty-one (51) and Fifty-Two (52) retirees were receiving postretirement health care benefits at an annual cost to the Township of approximately \$1,648,100.24 and \$1,432,870.27.

Note 10: ACCRUED SICK AND VACATION BENEFITS

The Township has established uniform personnel policies via employee contracts and municipal ordinances that set forth the terms under which an employee may accumulate unused benefits as follows:

Sick Leave - Sick Leave shall accumulate at the rate of one (1) day per month for the first year of service and fifteen (15) days for each subsequent year for all permanent employees and shall be cumulative from year to year without limit. Upon retirement, the employee is entitled to receive partial payment for any unused accumulated sick leave computed on the basis of final wages and subject to limitations that vary with union affiliation.

Vacations - Vacation pay for permanent employees accumulates in accordance with the approved schedules. Vacation days may be taken in year earned, but not to exceed the number of days earned at time of vacation. Earned vacation day may be accumulated up to one (1) year of current vacation credits with the exception of employees in the PBA or SOA unions who may accumulate vacation days without limit.

Any employee who has separated his/her employment may be paid the salary equivalent to accrued vacation earned, not to exceed more than one (1) year of current vacation credits earned with the exception of those employees in the PBA or SOA.

NOTES TO THE FINANCIAL STATEMENTS

Note 10: ACCRUED SICK AND VACATION BENEFITS (CONT'D.)

The Township maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. It is estimated that the cost of such unpaid sick and vacation pay would approximate \$6,298,106.00 and \$5,995,893.00 at June 30, 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. The Township has not discounted the total based upon a study of utilization by employees separating from service. Neither has it excluded the accumulations of any employees based upon the likelihood that the right to receive termination payments for such accumulations will vest with the employees. The amount that the valuation reported above would be reduced under either of the methodologies permitted under GAAP has not been determined. 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.

Note 11: RISK MANAGEMENT

Prior to December 31, 2010, the Township was a member of the Middlesex County 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 severally 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; house flooding; underground storage tanks; auto physical; blanket bond; auto liability; general liability; law enforcement liability; public official liability and worker compensation and employer liability.

On January 1, 2011, the Township joined the Garden State Municipal Joint Insurance Fund. This Fund provides for a pooling of self-retained risks of insurable losses, as well as cost effective excess insurance coverage. At December 31, 2016, the Fund reported total assets of \$45,429,384, liabilities and reserves of \$40,392,864, which includes case reserves of \$26,156,042 and IBNR of \$13,929,895 and a fund balance of \$5,036,520.

Note 12: LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Township has instituted a Length of Service Award Program (LOSAP) pursuant to section 457(e) of the Internal Revenue Code and P.L. 1997, C. 388 as amended by P.L. 2001, C. 272 of the Statutes of New Jersey. The Program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. The Township sponsors the Program, which is administered by a private contractor. The LOSAP section of this document includes the relevant unaudited financial statements and notes for the Program.

Note 13: DEFERRED COMPENSATION

The Township 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 Township has engaged a private contractor to administer the plan.

NOTES TO THE FINANCIAL STATEMENTS

Note 14: WATER AND SEWER UTILITY AGREEMENTS

On August 27, 2002, pursuant to the New Jersey Water Supply Public-Private Contracting Act, N.J.S.A. 58:26-19 et. seq. and other applicable law, the Township entered into a water services agreement with the Middlesex County Improvement Authority and a joint venture of American Water Services, Inc. and JJS Management Services, LLC (the “Water Operator”). The agreement transferred the responsibilities for the operation, management, maintenance and repairs of the water system to the Water Operator.

Under the agreement, American Water operates, maintains and manages the System at all times on behalf of the Township in compliance withal federal, state and local laws and regulations for a fixed annual fee. The Township receives the revenues generated from user charges to water and sewer customers. Such user charges are based on annual base rates established by Township ordinance. American Water is responsible for the billing and collection of such user charges.

In connection with the August 27, 2002 operating agreements with the water operator and wastewater operator, the Middlesex County Improvement Authority issued \$34,805,000 Township of North Brunswick Lease Revenue Bonds (Water/Wastewater System Project) Series 2002A, dated September 15, 2002. The Bonds finally mature October 1, 2022, and carry interest rates from 2.00% to 4.75% with yields of 1.40% to 4.65%. As of the date of the Bonds, the Township and the Authority entered into a Franchise Agreement, pursuant to which the Township conveyed to the Authority the franchise to operate and a leasehold interest in the Wastewater and Water Systems.

On September 24, 2006, the Township of North Brunswick terminated its agreement with United Water, Inc. (“aka U.S. Water”) for the operation, maintenance and management services for the Township’s wastewater system, and initiated an “in-house” sewer maintenance operation under the Department of Public Works.

On October 2011, the Township of North Brunswick issued \$20,105,000 General Obligations Water/Wastewater System Refunding Bonds, Series 2011A and \$400,000 General Obligation Water/Wastewater System Refunding Bonds, Series 2011B and refunded \$23,105,000 outstanding principal balance of the \$34,805,000 Township of North Brunswick Lease Revenue Bonds (Water/Wastewater System Project) Series 2002A, dated September 15, 2002, issued by the Middlesex County Improvement Authority. Interest rates on the refunding bonds ranged from 0.650% to 5.00% with yields of 0.650% to 2.61%.

Note 15: SCHOOL TAXES

Tax revenue for the Township of North Brunswick Board of Education has been collected and the liability deferred by statute. The following is a schedule of deferred taxes:

	<u>2017</u>	<u>June 30</u>	<u>2016</u>
Balance of Tax	\$ 40,923,663.00		\$ 39,962,779.00
Deferred	<u>40,567,758.00</u>		<u>39,717,758.00</u>
Payable	<u>\$ 355,905.00</u>		<u>\$ 245,021.00</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 16: AFFORDABLE HOUSING

On June 4, 2012, the governing body of the Township of North Brunswick authorized by resolution an agreement with the North Brunswick Housing Corporation to serve as Administrative Agent for the administration of affordable housing units within the Township of North Brunswick. The resolution also authorized the transfer of funds from the Affordable Housing Trust Fund to the North Brunswick Housing Corporation for affordability assistance in the accordance with the Townships Amended Spending Plan approved by the New Jersey Department of Community Affairs. The Township of North Brunswick transferred funds to the Housing Corporation in fiscal year 2013, as follow:

Housing Rehabilitation Program	\$1,075,000.00
Rent Subsidy Program	\$1,051,734.00
Market to Affordable Acquisitions and Renovations	\$450,000.00
Program Administration .....	.\$425,346.80

The funding for the Market to Affordable Acquisition and Renovations program is contingent upon future development fee revenue as described in the spending plan and not projected to be realized until calendar years 2013 through 2018. Also, the Housing Corporation is entitled to a program administration fee to manage the Housing Rehabilitation and Rent Subsidy programs in an amount prescribed by affordable housing regulations at no more than 20% of the project cost and as detailed in the approved spending plan. Annual reporting obligations on behalf of the Corporation are presented to the Township.

Note 17: LONG TERM TAX EXEMPTIONS

The Township 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 Township are predominately for affordable housing projects. Taxes abated include municipal, local school and county taxes. The Township is required to remit five percent (5.00%) to the County for any payments received in lieu of taxes (PILOT payments). The Township 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 \$2,164,714.42, based upon the assessed valuations of the long-term tax exemptions properties.

Note 18: COMMITMENTS AND CONTINGENCIES

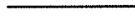
The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of June 30, 2017, and the date of this report, the Township does not believe that any material liabilities will result from such audits.

As of the filing date of this report, the Township had pending litigations. Management's review of the pending litigations indicates that any judgments rendered against the Township will not have a material adverse impact on the Township's financial position.

Note 19: SUBSEQUENT EVENTS

As of the date of the audit report, no events have occurred that would have a material effect on the financial statements.

**TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**



**PART II
REQUIRED SUPPLEMENTARY INFORMATION**

TOWNSHIP OF NORTH BRUNSWICK
 SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

	<u>Last 10 Fiscal Years*</u>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.104052%	0.103489%	0.103740%	0.106329%
Township's Proportionate Share of the Net Pension Liability	\$19,886,340	\$19,376,053	\$23,287,531	\$31,491,612
Township's Covered-Employee Payroll	\$7,198,093	\$7,344,993	\$7,179,038	\$7,442,897
Township's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	276.27%	263.80%	324.38%	423.11%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	52.08%	47.93%	40.14%

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

TOWNSHIP OF NORTH BRUNSWICK
 SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

	<u>Last 10 Fiscal Years*</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 784,008	\$ 853,152	\$ 891,885	\$ 947,674
Contribution in Relation to Contractually Required Contribution	<u>\$ (784,008)</u>	<u>\$ (853,152)</u>	<u>\$ (891,885)</u>	<u>\$ (947,674)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Township's Proportionate Share of the Payroll	\$ 7,198,093	\$ 7,344,993	\$7,179,038	\$7,442,897
Contributions as a percentage of Covered Employee Payroll	10.89%	11.62%	12.42%	12.73%

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

TOWNSHIP OF NORTH BRUNSWICK
 SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY
POLICE AND FIREMENS RETIREMENT SYSTEM
 (Non-State, Non Special Funding Situation Employer Member Group)

	<u>Last 10 Fiscal Years*</u>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.281156%	0.273629%	0.289195%	0.281657%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$37,377,142	\$34,420,044	\$48,169,868	\$53,803,742
District's Covered-Employee Payroll	\$11,292,169	\$11,522,621	\$9,129,749	\$9,616,360
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	331.00%	298.72%	527.61%	559.50%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	58.70%	62.41%	56.31%	52.01%

* 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

TOWNSHIP OF NORTH BRUNSWICK
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
POLICE AND FIREMENS 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	\$ 2,051,251	\$ 2,101,663	\$ 2,350,727	\$ 2,296,466
Contribution in Relation to Contractually Required Contribution	<u>\$ (2,051,251)</u>	<u>\$ (2,101,663)</u>	<u>\$ (2,350,727)</u>	<u>\$ (2,296,466)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Borough's Proportionate Share of the Payroll	\$ 11,292,169	\$ 11,522,621	\$9,129,749	\$9,616,360
Contributions as a percentage of Covered Employee Payroll	18.17%	18.24%	25.75%	23.88%

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

**TOWNSHIP OF NORTH BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY**

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
JUNE 30, 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, 2016, dated March 14, 2017. 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 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, 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 - None

Changes in assumptions - For 2016, the discount rate change to 5.55%, the long-term expected rate of return changed to 7.65% 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%.

**TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**



**PART III
SUPPLEMENTARY SCHEDULES**

Current Fund

CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	Current	Grants
Cash Balance June 30, 2016	A	\$ 8,369,810.69	\$ 2,276.46
Increased by Cash Receipts			
Petty Cash.....	A-5	1,050.00	
Interfund Transfers			
Due To Current Fund.....	A-14	125,000.00	250,000.00
Matching Funds For Grants.....	A-17		13,120.50
Grant Adjustment.....	A-17		
NJ Sr Citizens and Vets Deductions.....	A-6	149,132.19	
Revenue Collection			
Misc Anticipated Revenue.....	A-2	12,241,756.72	
Taxes Receivable.....	A-7	132,882,831.36	
Homestead Benefit Rebates.....	A-7	1,017,498.93	
Misc Revenue Not Anticipated.....	A-8	362,195.34	
Unappropriated Grant Reserves.....	A-14		68,907.86
Grants Receivable.....	A-15		757,370.52
Miscellaneous Reserves.....	A-9	144,654.92	
Total Cash Receipts.....		146,924,119.46	1,089,398.88
Decreased by Disbursements			
Petty Cash.....	A-5	(1,150.00)	
Budget			
Budget Appropriations.....	A-3	(42,993,784.19)	
Appropriation Reserves.....	A-10	(677,701.40)	
Appropriated Grant Reserves.....	A-16		(965,678.43)
Interfund Transfers			
Due From Grant.....	A-17	(250,000.00)	(125,000.00)
Grant Adjustment.....	A-17		-
Matching Funds for Transfer.....	A-17	(13,120.50)	
Tax Collections			
Tax Overpayments.....	A-11	(242,399.93)	
Taxes Payable.....	A-12	(100,376,932.56)	
Prior Year Deposit Adj. by Bank		-	
Miscellaneous Reserves.....	A-9	(150,471.94)	
Total Cash Disbursements.....		(144,705,560.52)	(1,090,678.43)
Cash Balance June 30, 2017	A	\$ 10,588,369.63	\$ 996.91

CURRENT FUND
SCHEDULE OF CHANGE PETTY CASH AND CHANGE FUNDS

	Balance June 30, 2016	Advanced	Returned	Balance June 30, 2017
Change Fund.....	\$ 1,125.00	\$ 100.00	\$ -	\$ 1,225.00
Petty Cash Funds:				
Senior Center.....		200.00	200.00	
Public Works.....		200.00	200.00	
Police.....		250.00	250.00	
Purchasing.....		200.00	200.00	
Recreation.....		200.00	200.00	
Total	\$ 1,125.00	\$ 1,150.00	\$ 1,050.00	\$ 1,225.00
	<u>Ref.</u>	A	A-4	A-4
			A-4	A

CURRENT FUND
SCHEDULE OF DUE NJ - SR CITIZENS & VETERANS DEDUCTIONS

	<u>Ref.</u>	
Balance June 30, 2016	A	\$ 157,132.06
Revenue - Eligible Sr Citizens & Veterans Deductions		
Original SFY 2017 Tax Levy.....		<u>148,723.60</u>
Total Revenue.....	A-7	<u>148,723.60</u>
Decreased by:		
Prior year Adjustment.....	A-1	(7,999.00)
Cash Received from State of NJ.....	A-4	<u>(149,132.19)</u>
		<u>(157,131.19)</u>
<hr/>		
Balance June 30, 2017	A	<u>\$ 148,724.47</u>

CURRENT FUND
SCHEDULE OF PROPERTY TAXES RECEIVABLE AND LEVY ANALYSIS

	Ref.	FY 2018 Prepaid	FY 2017 Current	FY 2016 Delinquent	Tax Liens	Property Acquired for Taxes
Balance June 30, 2016	A	\$ 577,190.46	\$ -	\$ 1,626.06	\$ 413,593.82	\$ 161,970.58
Levy & Adjustments						
Original Levy		133,198,618.67	133,198,618.67			
Added Omitted & Rollback		609,591.73	609,591.73			
Assessor's Appeals		-	-			
Appeals & Canceled Taxes		120,713.60	120,713.60			
Cost & Interest on Taxes		-	-			
Transfers & Tax Lien Sales		3,521.69	(54,038.67)		57,560.36	
Municipal Liens - trf to 3rd Party Lien		(1,125.93)			(1,125.93)	
Other Adjustments - by Resolution		-	(35,481.72)	(1,960.04)	3.70	
Foreclosed Property		-	-		(372,310.10)	372,310.10
Revenue						
Sr. Citizens & Vets	A-6	(148,723.60)	(148,723.60)			
Prepays Applied	A-11	(281,242.20)	(281,242.20)			
Cash Receipts	A-4	(132,882.83)	(132,601,129.56)	(2,626.06)	(60,152.83)	
Homestead Benefit Rebates	A-4	(1,017,498.93)	(1,017,498.93)			
Overpayments Applied	A-7	-	82,817.28			
Overpayments Refunded	A-11	242,399.93	239,439.89	2,960.04		
Tax Appeal Refunded	A-9	-	-			
Transfer to Overpayment	A-11	-	-			
Transfer to Prepaid	A-11	-	-			
Balance June 30, 2017	A	\$ 420,614.06	\$ (301,740.19)	\$ -	\$ 37,569.02	\$ 534,280.68

Analysis of FY 2017 Property Tax Levy

	Ref.	Tax Yield:	Tax Levy:	Ref.	% of Tax Levy Collected
General Purpose Tax	A-7	\$ 133,198,618.67	Non-Municipal Taxes	A-12	\$ 101,337,816.06
Added Taxes	A-7	609,591.73	Municipal Purpose Tax	A-2	30,060,000.00
			Municipal Library Tax	A-2	1,496,211.61
			Total Tax Levy		132,894,027.67
			Added Taxes		914,182.73
Total Levy		\$ 133,808,210.40	Total Amount to be Raised		\$ 133,808,210.40
Current Taxes Realized					
Sr. Citizens & Veterans Deductions	A-6, A-7	\$ 148,723.60			
Cash Receipts	A-7	132,601,129.56			
Prepaid Taxes Applied	A-7	281,242.20			
Homestead Benefits Credits	A-7	1,017,498.93			
Overpayment Applied	A-7	(82,817.28)			
Overpayment Refunded	A-7	(239,439.89)			
Subtotal - Revenue Realized including Adjustments	A-1	133,726,337.12	Total Tax Revenue		133,726,337.12
Reserve for Uncollected Taxes	A-3	662,310.00			
Total Revenue, Current Taxes	A-12	134,388,647.12	Total Tax Levy		133,808,210.40
Non-Municipal Taxes Payable	A-2	(101,337,816.06)	% of Tax Levy Collected		99.939%
Revenue, Local Purpose Tax	A-2	\$ 33,050,831.06			

CURRENT FUND
SCHEDULE OF NON-BUDGET REVENUE

	Ref	June 30, 2017	June 30, 2016
Receipts from Delinquent Taxes.....		<u>\$ 59,818.85</u>	<u>\$ 23,639.63</u>
Other Miscellaneous Revenues Not Anticipated:			
NSF Fees.....		785.00	130.00
Cellular Tower Lease.....		62,307.57	58,888.91
Cellular Franchise Fee.....		50,634.50	47,785.62
Inspection Fees - State of NJ.....		12,530.50	6,824.96
Miscellaneous.....		50,900.99	1,634.76
Sale of Municipal Assets (Auction).....		22,850.46	63,039.04
Buildings - Variations.....		840.00	672.00
Admin Fee Sr. Ctr. & Vet Deduction.....		3,042.64	3,187.08
Collector - Lot Clean -up Fees.....		2,090.77	2,103.86
Church & Dwight - Lease Agreement.....		100.00	100.00
Bail Returned.....		(211.00)	4,098.00
Parks Recreation & Community Services			
Senior Citizen Center.....		6.00	525.50
Public Works			
Sanitation Bins / Automated Carts....		2,047.00	2,395.00
Refuse Container Rental.....		7,600.00	9,200.00
Police - Admin Fee, Off-Duty Police.....		146,670.91	106,585.03
Total.....	A-4	<u>\$ 362,195.34</u>	<u>\$ 307,169.76</u>
Total.....		<u>\$ 422,014.19</u>	<u>\$ 330,809.39</u>

CURRENT FUND
SCHEDULE OF CHANGES IN MISCELLANEOUS RECEIVABLES, ACCOUNTS PAYABLE & RESERVES

	June 30, 2016	Transfer from (to) Budget	Cash Receipts	Cash Disbursements	Adjustments	June 30, 2017
Accounts Receivable:						
Municipal Services Reimbursement.....	\$ (3,400.00)				\$ 3,400.00	\$ -
Total Accounts Receivable.....	(3,400.00)				3,400.00	-
Accounts Payable:						
Filing Fees Due State of NJ:						
Marriage Licenses.....	2,200.00		7,400.00	(7,925.00)		1,675.00
DCA - UCC Training.....	26,519.00		130,781.00	(140,005.00)		17,295.00
EDA Pilot Payment	75.00					75.00
Total Filing Fees Due NJ.....	28,794.00		138,181.00	(147,930.00)		19,045.00
Vendor Accounts Payable.....	12,162.12	7,620.72		(2,541.94)	(6,153.94)	11,086.96
Total Payable.....	40,956.12	7,620.72	138,181.00	(150,471.94)	(6,153.94)	30,131.96
Reserves:						
Reserve for Tax Appeals.....	360,803.86	5,000.00				365,803.86
Reserve for Rental Inspections - Crescent.	180.00					180.00
Reserve for FMBA Health.....	21,423.88		6,473.92			27,897.80
Total Reserves.....	382,407.74	5,000.00	6,473.92	-		393,881.66
Total.....	\$ 419,963.86	\$ 12,620.72	\$ 144,654.92	\$ (150,471.94)	\$ (2,753.94)	\$ 424,013.62
	A	A-3, A-10	A-4	A-4	A	A
Accounts Payable Canceled					\$ (6,153.94)	
Accounts Receivable Canceled					3,400.00	
						\$ (2,753.94)

CURRENT FUND
SCHEDULE OF FY 2016 APPROPRIATION RESERVES

	June 30, 2016 Balance	Salaries	Other	Encumbrances	Transfer 8/1/16	Transfer 9/19/16	Salaries	Expended	Other	Transferred to Accounts Payable	Balance Lapsed
General Government:											
Administration.....	\$ 29,269.04	\$	644.32	\$ 13,177.95				\$	(10,977.95)		\$ 32,113.36
Municipal Clerk.....	25,479.42		28,538.13	15,079.85					(38,624.72)		30,472.68
Financial Administration.....	18,384.19		1,711.46		(10,000.00)						10,095.65
Audit.....	-		-	55,000.00					(55,000.00)		-
Information Technology.....	11,463.66		48.75	27,227.90	10,000.00				(19,841.15)		28,899.16
Tax Collection.....	1,200.71		3,011.70	19,887.54					(11,849.58)		12,250.37
Tax Assessment.....	1,090.01		9,238.48	20,830.50					(15,125.00)		16,033.99
Reserve for Tax Appeals.....	-		-						(34,942.39)		-
Legal.....	-		27,484.69	18,851.06							11,393.36
Insurance:											
Other Insurance.....	-		601.30	1,000.00					(482.00)	(1,000.00)	119.30
Employee Group Insurance.....	-		78,284.56	1,361.70					(3,332.10)		76,314.16
Health Benefit Waiver.....	-		252.90								252.90
Community Development											
Engineering.....	2,350.92		34,185.08	37,262.00					(4,196.25)	(22.75)	69,579.00
Planning.....	2,087.95		6,039.06	3,185.00					(1,476.00)		9,836.01
Zoning.....	1,077.19		150.63	145.00							1,372.82
Affordable Housing.....	300.00		-								300.00
Code Enforcement.....	5,365.22		438.17	1,056.50					(1,056.50)		5,803.39
Fire Safety.....	11,374.44		12.05	1,438.71					(1,344.35)		11,480.85
Uniform Construction Code.....	13,786.84		6,908.29	8,444.50					(872.92)		28,266.71
Public Safety:											
Police.....	59,789.33		28,942.88	66,705.65					(61,313.27)		94,124.59
Emergency Management.....	23,499.56		13,641.01	1,350.34					(1,317.43)		37,173.48
Volunteer Fire Departments.....	-		2,053.66	4,431.56					(4,773.02)		1,712.20
First Aid Organizations.....	-		57.00	4,943.00					(4,943.00)		57.00
Length of Service Award Program.....	-		10,408.32	9,532.16					(1,733.12)	(6,065.92)	12,141.44
Juvenile Aid.....	-		-	293.16					(230.22)		62.94
Municipal Court.....	2,244.72		1,294.88	400.90					(1,073.70)		2,866.80
Public Defender.....	-		1,000.00						(200.00)		800.00
Public Works:											
Streets and Roads.....	43,007.16		29,344.36	21,359.48				(12,559.61)	(10,178.63)		70,972.76
Sanitation.....	35,217.30		1,467.32	2,067.00				(14,058.05)			24,693.57
Solid Waste Disposal Fees.....	-		34,970.00	474.45	10,000.00				(44,871.77)		572.68
Recycling.....	-		1,366.10	740.57					(697.40)		1,409.27
Buildings and Grounds.....	6,636.25		10,097.50	32,883.86				(4,825.10)	(11,418.19)		33,374.32
Motor Vehicle Maintenance.....	6,131.43		16,533.73	32,995.02				(2,699.69)	(25,989.30)		26,971.19
Muni Service Reimbursement											
Condominiums.....	-		70,738.67						(70,004.01)		734.66
Apartments.....	-		-								-
NIDEP - Stormwater Permit.....	5,916.88		6,198.30				(4,590.20)				7,524.98

CURRENT FUND
SCHEDULE OF FY 2016 APPROPRIATION RESERVES

	June 30, 2016 Balance	Other	Encumbrances	Transfer 8/1/16	Transfer 9/19/16	Salaries	Expended	Other	Transferred to	Balance Lapsed
	Salaries						Salaries		Accounts Payable	
Parks Recreation & Community Services										
Board of Health.....		28.54								28.54
Committee Board Secretaries.....		5,833.34						(1,657.50)		5,175.84
Animal Control.....	1,000.00	490.00								490.00
Environmental Commission.....		722.50						(6,929.03)		5,360.39
Recreation & Community Services.....	4,217.08	18,561.91	7,349.84					(16,514.60)		5,494.61
Senior Services.....	1,084.77	26.41	2,362.53					(61,018.93)		3,515.32
Parks and Playgrounds.....	20,677.68		26,649.11		40,000.00		(22,818.95)			
Education - Library.....										
Unclassified										
Salary Adjustments.....										
Utilities / Facilities Costs.....		153,173.31	26,754.42	(65,000.00)	(40,000.00)			(37,165.77)	(532.05)	37,229.91
Contingency.....		100.00								100.00
Statutory Expenditures:										
Public Employees Retirement.....		14,000.00								14,000.00
Police & Fire Retirement.....										
DCRP.....		5,830.43								5,830.43
Social Security.....		65,365.09								65,365.09
Judgements Miscellaneous				55,000.00				(55,000.00)		
Matching Funds for Grants.....		16,629.50								16,629.50
Total Operations	\$ 332,651.75	\$ 706,424.33	\$ 465,241.26	\$ -	\$ -	\$ -	\$ (61,551.60)	\$ (616,149.80)	\$ (7,620.72)	\$ 818,995.22
	<u>Ref.</u>	<u>A</u>	<u>A</u>						<u>A-9</u>	<u>A-1</u>
Salaries.....	\$ 332,651.75							\$ (61,551.60)		
Other Expenses.....	<u>706,424.33</u>							<u>(616,149.80)</u>		
Total.....	<u>A</u>	<u>\$ 1,039,076.08</u>						<u>\$ (677,701.40)</u>	<u>Ref.</u>	<u>A-4</u>

CURRENT FUND
SCHEDULE OF PREPAID PROPERTY TAX & PROPERTY TAX OVERPAYMENTS

	FY 2018 Prepaid	FY 2017 Prepaid	FY 2017 Overpayments	FY 2016 Overpayments
	Total			
<u>Ref.</u>				
Balance June 30, 2016	\$ (281,242.20)	\$ (281,242.20)	\$ -	\$ -
Taxes Received.....	A-7 (242,399.93)		(239,439.89)	(2,960.04)
Transferred (from) or to Taxes Receivable...	A-7 (218,922.91)	(218,922.91)		
Prepaid Taxes Applied.....	A-7 281,242.20	281,242.20		
Overpayments Refunds.....	A-4 242,399.93		239,439.89	2,960.04
Overpayments Applied.....	A-7 (82,817.28)	(82,817.28)		
Balance June 30, 2017	A \$ (301,740.19)	\$ (301,740.19)	\$ -	\$ -

CURRENT FUND
SCHEDULE OF TAXES PAYABLE

Ref.	June 30, 2016	Taxes Levied	Cash Disbursements	June 30, 2017
	\$ -	\$ 16,340,761.58	\$ (16,340,761.58)	-
County - General.....				
County - Open Space.....	-	1,365,396.55	(1,365,396.55)	-
County - Added & Omitted.....	-	84,138.34	(84,138.34)	-
Local School District Taxes.....	39,962,779.00	82,808,208.50	(81,847,325.00)	40,923,662.50
Local Open Space.....	-	739,311.09	(739,311.09)	-
Sub-Total.....	39,962,779.00	101,337,816.06	(100,376,932.56)	40,923,662.50
School Taxes Deferred.....	(39,717,758.00)	(850,000.00)	-	(40,567,758.00)
Total Taxes Payable.....	\$ 245,021.00	\$ 100,487,816.06	\$ (100,376,932.56)	\$ 355,904.50

Ref. A A-1, A-7 A-4 A

CURRENT FUND
NON-LOCAL TAX LEVY CALCULATION

Ref.	Total	General	Open Space	Added & Omitted	Taxes	Local Open Space	Library
				County Tax Levy.....			
	\$ 100,352,660.97	\$ 16,406,587.68	\$ 1,360,169.17	\$ -	\$ 81,847,325.00	\$ 738,579.12	\$ 1,496,211.61
	49,275,313.74	8,269,119.94	674,857.21	-	39,962,779.00	368,557.59	740,005.71
	51,077,347.24	8,137,467.75	685,311.96	-	41,884,546.00	370,021.53	756,205.90
	50,176,330.49	8,203,293.84	680,084.59	-	40,923,662.50	369,289.56	748,105.81
A-12	\$ 101,253,677.72	\$ 16,340,761.59	\$ 1,365,396.55	\$ -	\$ 82,808,208.50	\$ 739,311.09	\$ 1,504,311.71

	CY 2015		CY 2016		CY 2017	
	Rate	Levy	Rate	Levy	Rate	Levy
County General Tax.....	\$ 0.674	\$ 16,538,239.87	\$ 0.667	\$ 16,406,587.68	\$ 0.675	\$ 16,599,765.92
County Open Space.....	0.055	1,349,714.420	0.056	1,360,169.170	0.055	1,349,640.410
Local School Tax.....	3.253	79,925,558.000	3.325	81,847,325.000	3.402	83,782,284.000
Municipal Open Space.....	0.030	737,115.180	0.030	738,579.120	0.030	738,789.540
Library.....	0.060	1,480,011.420	0.060	1,496,211.610	0.060	1,486,428.170
Total - Non Municipal.....	4.072	100,030,638.890	4.138	101,848,872.580	4.222	103,956,908.040
Local Purpose Municipal Tax.....	1.177	28,929,745.640	1.202	29,608,164.830	1.232	30,346,002.380
Total CY Tax Levy.....	\$ 5.249	\$ 128,960,384.53	\$ 5.340	\$ 131,457,037.41	\$ 5.454	\$ 134,302,910.42
Net Valuation Taxable.....		2,457,050,620.00		2,461,930,410.00		2,462,631,767.00

CURRENT FUND
SCHEDULE OF INTERFUNDS

	<u>Ref.</u>	
Interfund Balance - June 30, 2016		\$ (125,000.00)
Increased by		
Cash Disbursed.....	A-1, A-4	(250,000.00)
Decreased by		
Cash Receipts.....	A-1, A-4	125,000.00
<hr/>		
<u>Interfund Balance (Due from Grant Fund) June 30, 2017</u>	<u>A</u>	<u>\$ (250,000.00)</u>

STATE AND FEDERAL GRANT FUND
SCHEDULE OF UNAPPROPRIATED GRANT RESERVES

Grant Name	June 30, 2016	Appropriated	Cash Receipts	June 30, 2017
<u>Fiscal Year 2016</u>				
Clean Communities.....	\$ 76,944.48	\$ 76,944.48	\$ -	\$ -
Alcohol Education & Enforcement Fund.....	725.18	725.18		
<u>Fiscal Year 2017</u>				
Clean Communities.....			65,369.17	65,369.17
Alcohol Ed. Rehab. Enforcement Fund.....			3,538.69	3,538.69
<hr/>				
<u>Total.....</u>	<u>\$ 77,669.66</u>	<u>\$ 77,669.66</u>	<u>\$ 68,907.86</u>	<u>\$ 68,907.86</u>
Ref.	A	A-15	A-4	A

STATE AND FEDERAL GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

	June 30, 2016	Adopted	Budget	NJSA 40A.4-87	Cash	Unappropriated Realized	Canceled	June 30, 2017
<u>STATE GRANTS</u>								
Community Development:								
NJ DOT - Mae Brook (Water)	30,793.50		\$		-			\$ 30,793.50
NJ DOT - Mae Brook (Sewer)	32,371.00				-			32,371.00
NJ DOT - Rt 1 Sec (6V) Bridge (Water)	20,000.00				-			20,000.00
NJ DOT - Rt 1 Sec (6V) Bridge (Sewer)	20,000.00				-			20,000.00
NJ DOT - Rt 27 Sec (6V) Bridge (Water)	5,000.00				-			5,000.00
NJ DOT - Rt 130/Adams Lane (Water)	15,000.00				-			15,000.00
NJ DOT - Rt 130/Adams Lane (Sewer)	10,000.00				-			10,000.00
NJ DOT - Rt 130 - Mae Brook	5,000.00				-			5,000.00
NJ DOT - Rt 130/Adam Lane - Sewer	25,000.00				-			25,000.00
NJ DOT - Rt 130/Adam Lane - Water	25,000.00				-			25,000.00
NJ DOT - Redmond Street	85,000.00				(85,000.00)			-
NJ DOT - Stevens Street	400,000.00				(300,000.00)			100,000.00
Public Safety:								
Drunk Driving Enforcement	-				8,937.07			-
Body Armor Grant - State	-				6,915.89			-
Distracted Driving	-				5,500.00			5,500.00
Hazard Mitigation Grant Program - Energy Allocation	250,000.00							250,000.00
Pedestrian Safety, Education and Enforcement	15,000.00				(14,584.20)		(415.80)	(0.00)
Parks Recreation & Community Service								
Municipal Alliance	35,371.97				(35,371.97)			-
Municipal Alliance	-			41,482.00	(23,425.66)			18,056.34
Green Acres	825,000.00						(825,000.00)	-
Public Works:								
Clean Communities	-			76,944.48				(76,944.48)
Recycling Tonnage Grant	-			74,825.29	(74,825.29)			-
Municipal Court								
Alcohol Education & Enforce Fund	-			725.18				(725.18)
Total - State Grants	\$ 1,798,536.47	\$ 119,151.66	\$ 96,178.25	\$ (549,060.08)	\$ (77,669.66)	\$ (825,415.80)	\$ 561,720.84	

STATE AND FEDERAL GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE

	June 30, 2016	Adopted Budget.....	NJSA 40A-4-87	Cash	Unappropriated Realized	Canceled	June 30, 2017
FEDERAL GRANTS							
Community Development:							
Streetscape - Livingston Avenue.....	100,000.00	-	-	-	-	-	100,000.00
Public Safety:							
Bullet Proof Vest Grant - Federal.....	18,307.73	9,183.90	9,183.90	(10,200.30)	-	-	8,107.43
Bullet Proof Vest Grant - Federal.....	60,000.00	60,000.00	60,000.00	(60,000.00)	-	-	9,183.90
Safe and Secure.....	-	5,500.00	5,500.00	(30,000.00)	-	-	-
Click it or ticket.....	5,000.00	10,000.00	10,000.00	(5,500.00)	-	-	30,000.00
Click it or ticket.....	-	42,708.04	42,708.04	(5,000.00)	(3.90)	(0.00)	-
Drive Sober or Get Pulled Over.....	-	46,685.34	46,685.34	(9,996.10)	-	-	(0.00)
Highway Safety Safe Corridors.....	42,708.04	20,000.00	20,000.00	(42,708.04)	-	-	46,685.34
Highway Safety Safe Corridors.....	-	7,000.00	7,000.00	(7,000.00)	-	-	20,000.00
JAG BWC24-16							
EMMA.....	1,500.00	5,500.00	5,500.00	(1,500.00)	-	-	1,375.00
Parks Recreation & Community Service							
Heritage Day (County/Federal).....	-	16,500.00	16,500.00	(4,125.00)	-	-	12,127.00
Heritage Day (County/Federal).....	-	12,559.00	12,559.00	(4,373.00)	-	-	-
Senior Center Meal Program.....	12,559.00	3,884.00	3,884.00	(12,559.00)	-	-	-
Senior Center Meal Program.....	3,884.00	5,000.00	5,000.00	(3,884.00)	-	-	-
Senior Center Transportation.....	-	9,500.00	9,500.00	(1,589.00)	-	-	3,411.00
Senior Center Transportation.....	-	7,679.00	7,679.00	(2,678.00)	-	-	6,822.00
Senior Center Outreach Grant.....	7,679.00	-	-	(7,198.00)	(481.00)	-	-
Senior Center Outreach Grant.....	-	87,500.00	87,500.00	-	-	-	87,500.00
Department of Transportation							
NJ DOT - Nassau Street.....	87,500.00	-	-	-	-	-	-
Other Grants							
MCPO Task Force.....	6,000.00	12,000.00	12,000.00	-	-	-	6,000.00
MCPO Community Concerns.....	-	4,600.00	4,600.00	-	-	-	12,000.00
Cable Vision - PEG Access Programming Grant.....	-	211,469.24	211,469.24	-	-	-	4,600.00
Total - Federal Grants.....	345,137.77	211,469.24	211,469.24	(208,310.44)	(484.90)	(484.90)	347,811.67
Total - All Grants.....	\$ 2,143,674.24	\$ 119,151.66	\$ 307,647.49	\$ (757,370.52)	\$ (77,669.66)	\$ (825,900.70)	\$ 909,532.51
Adopted Budget.....	A	A-2	A-2	A-4	A-14	A-17	A
Amended (NJSA 40A-4-87).....							
Total.....		A-2, A-17	\$ 426,799.15				

STATE AND FEDERAL GRANT FUND
SCHEDULE OF APPROPRIATED GRANT RESERVES

	June 30, 2016	Adopted	Budget	6/30/16 Encumbrances	Paid or Charged	June 30, 2017 Encumbrances	June 30, 2017
			NJSA 40A:4-87				
STATE GRANTS							
Community Development:							
NJ DOT - Mae Brook (Water)	\$ -			\$ 14,698.25			\$ 14,698.25
NJ DOT - Mae Brook (Sewer)	-			15,342.75			15,342.75
NJ DOT - Rt 1 Sec (6V) Bridge (Water)	-			7,451.00			7,451.00
NJ DOT - Rt 1 Sec (6V) Bridge (Sewer)	-			19,474.00			19,474.00
NJ DOT - Rt 27 Sec (6V) Bridge (Water)	1,744.75						1,744.75
NJ DOT - Rt 130/Adams Lane (Water)	-			11,616.75			11,616.75
NJ DOT - Rt 130/Adams Lane (Sewer)	-			3,321.75			3,321.75
NJ DOT - Rt 130 - Mae Brook	-			2,430.00			2,430.00
NJ DOT - Rt 130 - Pedestrian/Bicycle Path	28.45			81,212.00		(81,212.00)	28.45
NJ DOT - Rt 130/Adams Lane (Water)	8,910.50						8,910.50
NJ DOT - Rt 130/Adams Lane (Sewer)	22,498.00						22,498.00
NJ DOT - Stevens Street	-			400,000.00	(400,000.00)		-
Public Safety:							
Drunk Driving Enforcement Fund	-		8,937.07				8,937.07
Drunk Driving Enforcement Fund	6,483.89						6,483.89
Drunk Driving Enforcement Fund	9,134.44				(765.00)		8,369.44
Drunk Driving Enforcement Fund	11,105.00			66.00	(2,605.05)		8,565.95
Body Armor Grant - State	-						6,915.89
Safe & Secure	-				(30,000.00)		30,000.00
Safe & Secure	15,000.00				(15,000.00)		-
Distracted Driving Crackdown U Text	-				(5,500.00)		-
Pedestrian Safety, Education and Enforcement	215.80				200.00	(415.80)	-
Parks Recreation & Community Service							
Clean Communities	-	76,944.48			(37,699.60)	(39,242.22)	2.66
Clean Communities	719.45			10,966.00	(10,886.02)	(799.43)	-
Municipal Alliance	-	51,852.50			(45,475.08)	(2,463.61)	3,913.81
Municipal Alliance	-			16,968.38	(16,968.38)		-
Green Acres	825,000.00					(825,000.00)	-

STATE AND FEDERAL GRANT FUND
SCHEDULE OF APPROPRIATED GRANT RESERVES

	June 30, 2016	Budget			June 30, 2017 Encumbrances	June 30, 2017
		Adopted	NJSA 40A:4-87	6/30/16 Encumbrances			Paid or Charged	Canceled
Public Works:						
Recycling Tonnage Grant.....	50,090.92				(50,037.94)	-
Recycling Tonnage Grant.....	772.83				(772.83)	52.98
Recycling Tonnage Grant.....	-			15,000.00	(15,000.00)	-
Recycling Tonnage Grant.....	-			30,490.00	(30,490.00)	-
Recycling Tonnage Grant.....			74,825.29		(73,206.61)	1,618.68
Municipal Court						-
Alcohol Education & Enforce Fund.....	953.07				(953.07)	-
Alcohol Education & Enforce Fund.....	1,237.60				(1,046.93)	190.67
Alcohol Education & Enforce Fund.....		725.18				725.18
Total - State Grants.....	953,894.70	129,522.16	156,178.25	629,036.88	(736,206.51)	183,292.42
FEDERAL GRANTS						
Public Safety:						
Bullet Proof Vest Grant - Federal.....	-		9,183.90		(7,514.10)	9,183.90
Bullet Proof Vest Grant - Federal.....	18,307.73				(3,520.00)	10,793.63
Click it or Ticket.....	-		5,500.00		(9,996.10)	1,980.00
Drive Sober or Get Pulled Over.....	-		10,000.00		(236.79)	(3.90)
Highway Safety Safe Corridors.....	236.79				(46,685.34)	0.00
Highway Safety Safe Corridors.....	-		46,685.34		(20,000.00)	-
JAG -BWC24-16			20,000.00		(7,000.00)	-
EMMA.....	-		7,000.00			-
Parks Recreation & Community Service						
Fed/County - Senior Center Congregate MealsGrant...	-		16,500.00		(6,735.09)	9,164.91
Fed/County - Senior Center Congregate MealsGrant...	9,649.53			100.00	(9,749.53)	-
Fed/County - Senior Center TransportationGrant.....	-		5,000.00		(1,589.00)	3,411.00
Fed/County - Senior Outreach Program.....	-		9,500.00		(2,678.00)	6,822.00
Fed/County - Senior Outreach Program.....	4,750.00				(4,269.00)	-
Department of Transportation						
NJ DOT - Nassau Street.....				86,452.58	(86,452.58)	-
Total - Federal Grants.....	32,944.05	-	129,369.24	86,552.58	(206,425.53)	41,355.44

STATE AND FEDERAL GRANT FUND
SCHEDULE OF APPROPRIATED GRANT RESERVES

	June 30, 2016	Budget		Paid or Charged	Canceled	June 30, 2017 Encumbrances	June 30, 2017
		Adopted	NJSA 40A 4-87					6/30/16 Encumbrances
Other/County/Local Grants:							
Cable Vision - PEG Access Programming Grant.....	42,050.10		4,600.00	(3,481.00)		(500.00)	38,069.10
Cable Vision - PEG Access Programming Grant.....							4,600.00
County - Heritage Day.....	772.16			(337.84)			772.16
County - Heritage Day.....	9,000.00			(8,800.00)		(200.00)	-
County - Heritage Day.....	-		8,250.00			(1,000.00)	7,250.00
Open Space - Recreation Pedestrian/Bicycle.....	-					(75,809.50)	-
Bristol Myers Squibb - Abilities Council.....	1,542.24			(1,542.24)			-
Bristol Myers Squibb - Abilities Council.....	2,000.00			(2,000.00)			-
MCPO Community Concerns.....	6,000.00			(6,000.00)			-
MCPO Community Concerns.....	-		12,000.00				12,000.00
MC Streetscape - Livingston Avenue.....	100,000.00						100,000.00
E-Waste.....	3,340.99			(885.31)			2,455.68
ANJEC Sustainable Land Use Planning.....	-						-
Total - Other/County/Local Grants.....	164,705.49	-	24,850.00	(23,046.39)	-	(77,509.50)	165,146.94
TOTAL - ALL Grants	\$ 1,151,544.24	\$ 129,522.16	\$ 310,397.49	\$ (965,678.43)	\$ (825,900.70)	\$ (201,826.76)	\$ 389,794.80

STATE & FEDERAL GRANT FUND
SCHEDULE OF INTERFUND CURRENT FUND / GRANT FUND

	<u>Ref.</u>	
Interfund Balance (Due Current Fund) June 30, 2016		\$ (125,000.00)
Increased by		
Cash Disbursed from Grant Fund to Current Fund.....	A-1,A-4	125,000.00
Interfund - Due to Current Fund.....	A-4	250,000.00
Local Match Requirement		
Appropriated Reserves.....	A-17	439,919.65
Less Grant Revenues.....	A-16	(426,799.15)
Local Match Requirement.....	A-4	<u>13,120.50</u>
Total Increases.....		\$ 388,120.50
Decreased by		
Adjustments		
Appropriated Reserves Canceled.....	A-16	(825,900.70)
Grant Receivables Canceled.....	A-15	825,900.70
Cash Disbursed from Current Fund to Grant Fund.....	A-4	<u>(13,120.50)</u>
Total Decreases.....		\$ (13,120.50)
<hr/>		
Interfund Balance (Due Current Fund) June 30, 2017	A	\$ 250,000.00

Trust Fund

TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

Description	Confirmation Date	Installments	Due Dates	Balance 06/30/16 & 06/30/17
<u>Assessments Receivable</u>				
Georges Road / Route #1 - Water.....	12/8/81	10	12/8/1981-1990	\$ 371.00
Total Assessments Receivable.....				\$ 371.00
<u>Assessment Liens</u>				
Maple Meade - Sewer.....	11/12/72			\$ 255.00
Maple Meade/Church Lane - Sewer....	08/21/74			396.00
East Adams - Sewer.....	11/15/76			13,763.00
Adams Lane - Water.....	07/07/75			34,791.00
East Adams - Water.....	12/18/77			3,659.00
Linder, Evelyn & Thomas.....	06/19/78			3,666.00
Aaron Road - Section 1.....	12/03/83			1,278.00
Marigold - LaRose.....	12/28/77			2,654.00
Interest & Costs on Assessment Liens.....				10,222.00
Total Assessment Liens Receivable.....				70,684.00
Total Assessments & Assessment Liens Receivable.....				\$ 71,055.00

Ref. B

TRUST FUND
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance June 30, 2016	Receipts	Disbursements	Adjustments	Balance June 30, 2017
Animal Control Trust Fund					
Due NJ - Animal License Fees.....	\$ 63.60	\$ 2,187.40	(2,226.00)		\$ 25.00
Animal Control Reserves.....	36,795.00	12,291.60	(14,642.48)		34,444.12
Payroll					
Deductions Payable.....	2,389.48	22,799,152.09	(22,799,682.76)		1,858.81
Miscellaneous.....	17,176.76				17,176.76
Recreation Trust.....	1,005,197.81	1,631,424.61	(1,239,755.62)		1,396,866.80
Developers' Escrow					
Inspections.....	404,093.43	258,891.80	(318,426.76)	282.93	344,841.40
Technical Review.....	219,602.80	169,351.39	(192,615.65)	130.77	196,469.31
Performance Bonds.....	691,708.23	346,441.91	(245,042.83)	510.69	793,618.00
Growth Share Reserve.....	107,597.23	415.23	(5,201.70)		102,810.76
Other Trust Funds					
Finance					
NJ Unemployment.....	168,869.46	45,173.53	(66,297.28)		147,745.71
Terminal Leave.....	610,660.85	450,000.00	(58,966.41)		1,001,694.44
Tax Sale - Premium on TTL.....	1,136,900.00	783,100.00	(825,100.00)		1,094,900.00
Open Space					
Dedicated Tax Levy - Open Space.....	54,068.77	739,311.09	(785,000.00)		8,379.86
Tree Preservation.....	177,400.00	9,309.00	(186,709.00)		-
Program Income.....	93,064.22	9,960.00	(17,266.51)		85,757.71
Public Safety					
Forfeited Funds.....	18,907.21	6,169.79	(5,474.30)		19,602.70
Seized Funds.....	17,399.10	1,508.00			18,907.10
Unclaimed Funds.....	3,793.59	75.48	(400.00)		3,469.07
Miscellaneous - Off Duty.....	9,292.15	877,297.57	(862,383.75)		24,205.97
Uniform Fire Code.....	34,491.58	29,813.00	(25,974.68)		38,329.90

TRUST FUND
SCHEDULE OF PAYROLL LIABILITIES

	Balance June 30, 2016	Receipts	Cash.....	Disbursements	Balance June 30, 2017
Miscellaneous.....	\$ 17,176.76				\$ 17,176.76
Federal and State Taxes					
Federal Withholding.....	-	2,710,826.68		(2,710,826.68)	-
Social Security/Medicare.....	183.66	2,819,064.23		(2,819,064.23)	183.66
NJ State Withholding.....	37.75	794,747.90		(794,747.90)	37.75
NJ Unemployment.....	1.47	43,717.08		(43,718.55)	-
Pension					
Police & Fire Pension.....	1.73	1,225,670.68		(1,225,670.17)	2.24
Public Employees Pension.....	2,164.86	749,956.83		(750,629.49)	1,492.20
Deferred Compensation (IRS 457).....	0.01	403,804.63		(403,804.63)	0.01
Garnishments - Wage Attachments.....	-	77,992.24		(77,992.24)	-
Union Dues.....	-	85,934.95		(85,916.95)	18.00
Employee Medical Premium Cost Sharing.....	-	1,072,632.39		(1,072,507.44)	124.95
Life & Disability Insurance.....	-	142,896.73		(142,896.73)	-
Flexible Spending Plan.....	-	30,121.34		(30,121.34)	-
Net Pay.....	-	12,641,786.41		(12,641,786.41)	-
Total - Payroll Liabilities.....	2,389.48	22,799,152.09		(22,799,682.76)	1,858.81
Total - Payroll Trust Fund.....	\$ 19,566.24	\$ 22,799,152.09		\$ (22,799,682.76)	\$ 19,035.57
	B, B-2	B-2		B-2	B, B-2

General Capital Fund

GENERAL CAPITAL FUND
SCHEDULE OF CASH AND INVESTMENTS

	<u>Ref.</u>		
Balance June 30, 2016.....	C		\$ 507,174.85
Increased by Receipts:			
Capital Improvement Fund.....	C-9	317,500.00	
Deferred Charges, Unfunded			
Retire Notes.....	C-5	154,030.00	
State Grant - Green Acres.....	C-10	129,040.10	
Proceeds from Issuing Debt			
Premium on Sale of Notes.....	C-1	260,659.90	
Sale of Bond Anticipation Notes.....	C-8	30,000,000.00	
Reserve to Retire Debt -			
Interest Earned + Squibb Settlement- Soil Remediation....	C-10	1,221.58	
Current Fund Revenue.....	C-10	<u>482,753.24</u>	
Total Receipts.....			31,345,204.82
Decreased by Disbursements:			
Surplus Anticipated in Current Fund.....	C-1	(200,000.00)	
Improvement Authorizations.....	C-6	(4,887,225.67)	
Redemption of Bond Anticipation Notes.....	C-8	<u>(23,200,000.00)</u>	
Total Disbursements.....			<u>(28,287,225.67)</u>
Balance June 30, 2017	C		<u>\$ 3,565,154.00</u>

Analysis of Cash Balance

Soil Remediation Account.....	\$	1,505,345.78
General Account.....		2,059,808.22
Total Cash.....	<u>\$</u>	<u>3,565,154.00</u>

GENERAL CAPITAL
SCHEDULE OF ANALYSIS OF CASH

Ord.	Description	Ref	Deferred Charges	Ordinance Balance	Reserve for Encumbrances	Notes Outstanding	Other	Cash Balance
00-27	Acquisition of Lands.....		\$ (450,000.00)	\$ 1,415,153.42	-	-		\$ 965,153.42
02-38	Various Capital Improvements.....		-	0.00	2,000.00	-		2,000.00
04-05	High School/Vets Park Soil Remediation..		-	185,418.58	284,750.42	-	1,035,176.78	1,505,345.78
09-16	Various Capital Improvements.....		-	4,650.00	24,320.00	-		28,970.00
09-22	Acquisition of Pulda Farm.....		(9,933,803.00)	-	-	9,933,803.00		-
10-06	Capital Items.....		-	57,531.90	113,402.62	-		170,934.52
11-16	Various Capital Improvements.....		(2,257,153.00)	-	-	2,257,153.00		-
12-13	Various Capital Improvements.....		(2,881,935.00)	14,400.00	5,912.00	2,881,935.00		20,312.00
13-14	Various Capital Improvements.....		(2,850,000.00)	31,150.00	9,759.70	2,850,000.00		40,909.70
14-10	Various Capital Improvements.....		(7,362,500.00)	93,038.52	202,499.56	7,362,500.00		295,538.08
15-14	Various Capital Improvements.....		(6,289,000.00)	241,424.39	1,999,368.49	4,714,609.00		666,401.88
16-15	Various Capital Improvements.....		(6,032,500.00)	1,267,198.19	3,966,877.78	-		(798,424.03)
	Capital Improvement Fund.....	C-10					342.00	342.00
	Reserve to Retire Debt.....	C-10					122,509.42	122,509.42
	Fund Balance.....	C-1					545,161.23	545,161.23
Total.....			\$ (38,056,891.00)	\$ 3,309,965.00	\$ 6,608,890.57	\$ 30,000,000.00	\$ 1,703,189.43	\$ 3,565,154.00

Ref C, C-5 C, C-6 C, C-6 C, C-8 C, C-1, C-10 C, C-2

GENERAL CAPITAL
SCHEDULE OF DEFERRED CHARGES - FUNDED

	Total Funded Deferred Charges	Serial Bonds
Balance - June 30, 2016.....	\$ 46,725,750.00	\$ 46,725,750.00
Serial Bonds/Loans paid from		
Budget Appropriation.....	(3,673,000.00)	(3,673,000.00)
Refunding Issue - 5/24/17	(8,921,000.00)	(8,921,000.00)
Bond Issue.....	<u>8,600,000.00</u>	<u>8,600,000.00</u>
Balance - June 30, 2017	<u>\$ 42,731,750.00</u>	<u>\$ 42,731,750.00</u>
<u>Ref.</u>	C	C-7

GENERAL CAPITAL
SCHEDULE OF DEFERRED CHARGES - UNFUNDED

Ord.	Description	Balance June 30, 2016	Authorizations	Reduced	Balance June 30, 2017	Financed by Bond Anticipation Notes	Cash Expended (Deficit)	Unfunded Balance of Improvement Authorization
00-27	Acquisition of Lands.....	\$ 450,000.00			\$ 450,000.00		-	\$ (450,000.00)
09-22	Acquisition of Pulda Farm.....	10,085,445.00		(151,642.00)	9,933,803.00	(9,933,803.00)	-	-
11-16	Various Capital Improvements.....	2,327,693.00		(70,540.00)	2,257,153.00	(2,257,153.00)	-	-
12-13	Various Capital Improvements.....	2,965,425.00		(83,490.00)	2,881,935.00	(2,881,935.00)	-	-
13-14	Various Capital Improvements.....	2,850,000.00		-	2,850,000.00	(2,850,000.00)	-	-
14-10	Various Capital Improvements.....	7,362,500.00		-	7,362,500.00	(7,362,500.00)	-	-
15-14	Various Capital Improvements.....	6,289,000.00		-	6,289,000.00	(4,714,609.00)	(1,332,966.61)	(241,424.39)
16-15	Various Capital Improvements		6,032,500.00		6,032,500.00		(4,765,301.81)	(1,267,198.19)
	Total.....	\$ 32,330,063.00	\$ 6,032,500.00	\$ (305,672.00)	\$ 38,056,891.00	\$ (30,000,000.00)	\$ (6,098,268.42)	\$ (1,958,622.58)
			C-6		C	C-8		
	Current Fund Appropriation							
	BAN's Principal.....		C-2	\$ 154,030.00				
	Reserve to Retire Debt.....		C-10	151,642.00				
	Total.....			\$ 305,672.00				

GENERAL CAPITAL
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord.	Description	June 30, 2016		Authorized	Encumbrance June 30, 2016	Paid or Charged	Encumbrance June 30, 2017	June 30, 2017	
		Funded	Unfunded					Funded	Unfunded
00-27	Acquisition of Land.....	\$ 962,580.47	\$ 450,000.00		\$ 40,243.70	\$ (37,670.75)	\$	\$ 965,153.42	\$ 450,000.00
02-38	Various Capital Improvements.....	2,000.00	-		431.10	(431.10)	(2,000.00)	0.00	-
03-30	Various Capital Improvements.....	-	-		284.20	(284.20)		-	-
04-05	High School / Vets Park Soil Remediation.....	0.14	-		481,156.17	(10,987.31)	(284,750.42)	185,418.58	-
04-26	Otken Farm Improvements.....	-	-		682.25	(682.25)		-	-
06-15	Various Capital Improvements...	184.84	-		2,074.95	(2,259.79)		(0.00)	-
07-22	Various Capital Improvements...	1,158.93	-		18,460.76	(19,619.69)		-	-
08-23	Various Capital Improvements...	-	-		63,330.21	(63,330.21)		-	-
09-16	Various Capital Improvements...	6,227.74	-		101,111.80	(78,369.54)	(24,320.00)	4,650.00	-
10-06	Capital Items.....	142,524.15	-		76,126.75	(47,716.38)	(113,402.62)	57,531.90	-
10-23	Capital Improvement.....	76.75	-		-	(76.75)		-	-
11-16	Various Capital Improvements...	-	4,060.01		90,480.61	(94,540.62)		-	-
12-13	Various Capital Improvements...	-	38,802.74		10,034.52	(28,525.26)	(5,912.00)	-	14,400.00
13-14	Various Capital Improvements...	-	54,630.52		13,972.48	(27,693.30)	(9,759.70)	-	31,150.00
14-10	Various Capital Improvements....	-	255,226.21		1,000,040.11	(959,728.24)	(202,499.56)	-	93,038.52
15-14	Various Capital Improvements....	-	1,308,438.52		3,331,740.61	(2,399,386.25)	(1,999,368.49)	-	241,424.39
16-15	Various Capital Improvements			6,350,000.00		(1,115,924.03)	(3,966,877.78)		1,267,198.19
Total.....		\$ 1,114,753.02	\$ 2,111,158.00	\$ 6,350,000.00	\$ 5,230,170.22	\$ (4,887,225.67)	\$ (6,608,890.57)	\$ 1,212,753.90	\$ 2,097,211.10
		Ref	C	C	C	C-2	C	C	C
Capital Improvement Fund.....				\$ 317,500.00					
Deferred Chgs Unfunded.....				6,032,500.00					
Total.....				\$ 6,350,000.00					

GENERAL CAPITAL
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Issue Date	Original Issue	Outstanding Maturities - 06/30/17	Rate	June 30, 2016	Bonds Issued	Budget Appropriation	June 30, 2017
General Obligation Bonds.....	08/20/07	5,500,000	08/15/16	4.250%	450,000.00		(450,000.00)	-
General Obligation.....	08/14/09	7,811,435	08/15/16	2.375%	584,000			
			08/15/17	3.000%	604,000			
			08/15/18	3.000%	627,000			
			08/15/19	4.000%	654,000	4,598,435.00	(2,713,435.00)	1,885,000.00
Open Space.....	08/14/09	8,045,565	08/15/16	2.375%	129,000			
			08/15/17	3.000%	133,000			
			08/15/18	3.000%	138,000			
			08/15/19	4.000%	145,000	7,336,565.00	(6,920,565.00)	416,000.00
General Obligation.....	08/08/12	13,455,750	08/01/16	2.000%	920,000			
			08/01/17	2.000%	850,000			
			08/01/18	2.000%	1,035,000			
			08/01/19	2.000%	1,060,000			
			08/01/20	2.000%	635,000			
			08/01/21	2.000%	690,000			
			08/01/22	2.000%	925,000			
			08/01/23	2.125%	920,000			
			08/01/24	2.125%	1,000,000			
			08/01/25	2.250%	1,000,000			
			08/01/26	2.375%	1,030,000			
			08/01/27	2.500%	895,750	10,960,750.00	(920,000.00)	10,040,750.00
General Obligation Refunding.....	09/12/12	2,275,000	08/15/16	3.000%	565,000			
			08/15/17	4.000%	560,000	1,125,000.00	(565,000.00)	560,000.00

GENERAL CAPITAL
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Issue Date	Original Issue	Outstanding Maturities - 06/30/17	Rate	June 30, 2016	Bonds Issued	Budget Appropriation	June 30, 2017
			Amount					
Open Space Refunding	09/12/12	2,960,000	08/15/16	200,000	3.000%			
			08/15/17	200,000	4.000%			
			08/15/18	200,000	4.000%			
			08/15/19	200,000	4.000%			
			08/15/20	200,000	4.000%			
			08/15/21	200,000	4.000%			
			08/15/22	200,000	4.000%			
			08/15/23	200,000	3.000%			
			08/15/24	195,000	3.000%			
			08/15/25	190,000	2.500%			
			08/15/26	190,000	3.000%			
			08/15/27	185,000	2.750%			
			08/15/28	185,000	2.750%	2,550,000.00		(200,000.00)	2,350,000.00
General Obligation Refunding...	06/02/15	4,745,000.00	08/15/16	325,000	3.000%			
			08/15/17	785,000	4.000%			
			08/15/18	775,000	4.000%			
			08/15/19	785,000	5.000%			
			08/15/20	790,000	2.000%			
			08/15/21	790,000	2.500%			
		08/15/22	455,000	2.000%	4,705,000.00		(325,000.00)	4,380,000.00

GENERAL CAPITAL
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Issue Date	Original Issue	Outstanding Maturities - 06/30/17	Rate	June 30, 2016	Bonds Issued	Budget Appropriation	June 30, 2017	
		Amount	Amount						
General Obligation Bonds.....	07/30/15	15,000,000.00	07/15/16 07/15/17 07/15/18 07/15/19 07/15/20 07/15/21 07/15/22 07/15/23 07/15/24 07/15/25 07/15/26 07/15/27 07/15/28 07/15/29 07/15/30 07/15/31 07/15/32 07/15/33 07/15/34 07/15/35	2.750% 2.750% 2.750% 2.750% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.000% 3.125% 3.125% 3.250% 3.250% 3.375% 3.500%	500,000 500,000 800,000 775,000 750,000 550,000 550,000 550,000 600,000 500,000 500,000 500,000 1,000,000 1,000,000 1,000,000 1,000,000 925,000 1,000,000 1,000,000 1,000,000 1,000,000				
2017 Refunding - Open Space -2009	05/24/17	6,530,468.00	08/15/17 08/15/20 08/15/21 08/15/22 08/15/23 08/15/24 08/15/25 08/15/26 08/15/27 08/15/28 08/15/29	3.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000%	43,000 145,192 149,688 157,588 740,000 770,000 815,000 855,000 905,000 950,000 1,000,000	6,530,468.00	(500,000.00)	14,500,000.00	
2017 Refunding - GO Bonds- 2009 Bonds	05/24/17	2,069,532.00	08/15/17 08/15/20 08/15/21 08/15/22	3.000% 4.000% 4.000% 4.000%	22,000 654,808 680,312 712,412	2,069,532.00		6,530,468.00	
Total.....					\$ 46,725,750.00	\$ 8,600,000.00	\$(12,594,000.00)	\$ 42,731,750.00	
				Ref	C	C-4	C-4	C	
				Issued for Cash.....			\$ (8,921,000.00)		
				Paid by Budget Appropriation.....			(3,673,000.00)		
							<u>\$ (12,594,000.00)</u>		

GENERAL CAPITAL
SCHEDULE OF BOND ANTICIPATION NOTES

Ord.	Description	Outstanding Maturities		Notes		BAN's Redeemed	Notes Outstanding June 30, 2017
		Interest Rate	Issue Date	Maturity Date	Outstanding June 30, 2016			BAN's Issued
09-22	Land Acquisition	2.00%	7/28/16	7/27/17	\$ 10,085,445.00	\$ 9,933,803.00	\$ 9,933,803.00
11-16	Various Capital Improvements	2.00%	7/28/16	7/27/17	2,327,693.00	2,257,153.00	2,257,153.00
12-13	Various Capital Improvements	2.00%	7/28/16	7/27/17	2,965,425.00	2,881,935.00	2,881,935.00
13-14	Various Capital Improvements	2.00%	7/28/16	7/27/17	2,850,000.00	2,850,000.00	2,850,000.00
14-10	Various Capital Improvements	2.00%	7/28/16	7/27/17	4,971,437.00	7,362,500.00	12,333,937.00
15-14	Various Capital Improvements	2.00%	7/28/16	7/27/17		4,714,609.00	4,714,609.00
Total.....						\$ 23,200,000.00	\$ 34,971,437.00
						\$ 30,000,000.00	\$ (23,200,000.00)
						\$ 30,000,000.00	\$ 34,971,437.00

Ref. C C-2 C-2 C

GENERAL CAPITAL
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance June 30, 2016.....	C	\$ 342.00
Increased by Receipts:		
Current Fund Budget Appropriation.....	C-2	317,500.00
Appropriated to Fund Improvement Authorizations.....	C-6	(317,500.00)
Balance June 30, 2017.....	C	\$ 342.00

GENERAL CAPITAL FUND
SCHEDULE OF GENERAL CAPITAL FUND RESERVE TO RETIRE DEBT

	Ordinance Number	Balance		Increases		Decreases		Balance June 30, 2017
		June 30, 2016	June 30, 2017	Cash Receipts				
Reserve to Retire Debt								
High School/Vets Park Soil Remediation.....	2004-05	\$ 551,201.96	\$	483,974.82				\$ 1,035,176.78
Land Acquisition.....	2000-27	94,708.32		129,040.10	(151,642.00)			72,106.42
Land Acquisition.....	2009-22	50,403.00		-	-			50,403.00
Total.....		\$ 696,313.28	\$	613,014.92	\$ (151,642.00)			\$ 1,157,686.20
	<u>Ref.</u>	C						C
2004-05 Interest Earned - Soil Remediation.....			\$	1,221.58				
2000-27 State Green Acres Grant.....				129,040.10	(151,642.00)			
2004-05 Payments made - Soil Remediation Expenses...				482,753.24				
Total.....			\$	613,014.92	\$ (151,642.00)			
				C-2	C-5			

GENERAL CAPITAL FUND
SCHEDULE OF BONDS & NOTES AUTHORIZED BUT NOT ISSUED

Ord.	Description	Balane June 30, 2016	FY 2017 Authorizations	Notes Issued	Balance June 30, 2017
2000-27	Acquisition of Lands.....	\$ 450,000.00	\$ -	\$ -	\$ 450,000.00
2014-10	Various Capital Improvements.....	2,391,063.00	-	(2,391,063.00)	
2015-14	Various Capital Improvements.....	6,289,000.00		(4,714,609.00)	1,574,391.00
2016-15	Various Capital Improvements		6,032,500.00		6,032,500.00
	Total.....	\$ 9,130,063.00	\$ 6,032,500.00	\$ (7,105,672.00)	\$ 8,056,891.00
		<u>Ref.</u>	<u>C</u>		<u>C</u>

Water Utility Fund

WATER UTILITY OPERATING AND CAPITAL FUNDS
SCHEDULE OF CASH

	<u>Ref.</u>	Operating	Capital	Assessment
Cash Balance June 30, 2016	D	\$ 3,029,025.49	\$ 850,992.11	\$ 400,528.34
Increased by Cash Receipts				
Premium on BAN Sale.....	D-2		38,970.00	
Revenues Collected.....	D-4	7,441,275.01		
Collector.....	D-18			202,658.20
Bond Anticipation Notes.....	D-14		3,000,000.00	
Total Cash Receipts.....		<u>7,441,275.01</u>	<u>3,038,970.00</u>	<u>202,658.20</u>
Decreased by Disbursements				
Surplus to Water Operating.....	D-2		(75,000.00)	
Assessment Trust Fund Surplus to Operating Budget..	D-3			(93,375.00)
Budget Appropriations.....	D-5	(6,600,094.87)		
Appropriation Reserves.....	D-10	(688,673.12)		
Improvement Authorizations.....	D-11		(569,800.83)	
Bond Anticipation Notes.....	D-14		(2,000,000.00)	
Assessment Serial Bonds.....	D-20			(95,000.00)
Total Cash Disbursements.....		<u>(7,288,767.99)</u>	<u>(2,644,800.83)</u>	<u>(188,375.00)</u>
Cash Balance June 30, 2017.....	D	<u>\$ 3,181,532.51</u>	<u>\$ 1,245,161.28</u>	<u>\$ 414,811.54</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Balance - June 30, 2016.....	<u>Ref.</u> D	\$ 58,542,087.11
Balance - June 30, 2017.....	D	<u>\$ 58,542,087.11</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED BUT NOT COMPLETED

Ord.	Improvement Description	Balance June 30, 2016	Balance June 30, 2017
05-16	Water Distribution System.....	\$ 12.00	\$ 12.00
07-20	Water Treatment Plant.....	496,546.00	496,546.00
12-14	Water Distribution System.....	44.48	44.48
15-16	Water Distribution System.....	2,000,000.00	2,000,000.00
	Total.....	<u>\$ 2,496,602.48</u>	<u>\$ 2,496,602.48</u>
	Ref.	D	D

WATER UTILITY OPERATING FUND
SCHEDULE OF SFY 2016 APPROPRIATION RESERVES/ACCOUNTS PAYABLE

	June 30, 2016	June 30, 2016 Encumbrances	Paid or Charged	Lapsed
Operating - S & W.....	\$ 7,090.69	\$ -	\$ -	\$ 7,090.69
Operating - Other Expenses.....	44,404.47	718,336.57	(719,173.12)	43,567.92
Total Water Utility Operating.....	\$ 51,495.16	\$ 718,336.57	\$ (719,173.12)	\$ 50,658.61

Ref. D D D-1

	<u>Ref.</u>	
Cash Disbursements.....	D-6	\$ (688,673.12)
June 30, 2017 Accounts Payable.....	D-10	<u>30,500.00</u>
Total Paid or Charged.....		<u>\$ (719,173.12)</u>

Accounts Payable Analysis

Balance June 30, 2016.....	D	\$ 12,863.15
Transfer from Appropriation Reserves.....	D-10	30,500.00
Prior Year's Payable Canceled.....	D-1, D-10	<u>(12,863.15)</u>
Balance June 30, 2017.....	D	<u>\$ 30,500.00</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord.	Original Appropriation	Description	June 30, 2016		Encumbrances June 30, 2016	Paid or Charged	June 30, 2017	
			Funded	Unfunded			Funded	Unfunded
05-16	\$ 2,000,000	Water Distribution System...	12.00	\$ -	\$ -	\$ -	12.00	\$ -
07-20	19,000,000	Water Treatment Plant.....	136,044.00	360,502.00	105,000.00	1,424.70	242,468.70	360,502.00
08-22	1,000,000	Water Distribution System...	-	-	1,780.00	-	-	1,780.00
12-14	1,000,000	Water Distribution System...	-	44.48	234,963.82	(88,664.22)	-	19.25
13-15	1,000,000	Water Distribution System...	-	-	157,837	(140,256.11)	-	-
15-16	2,000,000	Water Distribution System...	-	1,775,213.05	217,548.95	(342,305.20)	-	1,301,197.80
	\$ 26,000,000	Total.....	\$ 136,056.00	\$ 2,135,759.53	\$ 717,130.23	\$ (569,800.83)	\$ 242,480.70	\$ 1,663,499.05
		<u>Ref</u>	D	D	D	D-6	D	D

WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Issue Date	Original Issue	.....OUTSTANDING MATURITIES.....		.....INTEREST EXPENSE.....				FY Budget Appropriation Interest
			Date	Principal	Rate	Interest Cash Payments	.....Accrued Interest..... Beginning	Ending	
Ordinance 96-21.....	04/01/99	\$ 2,020,000	4/1/18	135,000	4.900%	13,965.00	(3,491.00)	1,838.00	12,312.00
			4/1/19	150,000	4.900%	7,550.00	(1,838.00)		5,512.00
Ordinance 5-16/6-16.....	08/14/09	2,000,000	8/14/17	33,000	3.000%	2,985.00	(26,625.00)	933.75	-22,706.25
			8/14/18	35,000	3.000%	1,965.00	(933.75)	540.00	1,571.25
			8/14/19	36,000	4.000%	720.00	(540.00)		180.00
			4/1/18	987,500	3.000%	248,537.50	(65,837.50)	58,431.25	241,131.25
2011 Refunding Bond.....	12/22/11	10,252,500	4/1/19	1,015,000	3.000%	218,500.00	(58,431.25)	50,818.50	210,887.25
			4/1/20	1,052,500	4.000%	182,225.00	(50,818.50)	40,293.75	171,700.25
			4/1/21	1,095,000	4.000%	139,275.00	(40,293.75)	29,343.75	128,325.00
			4/1/22	1,145,000	5.000%	88,750.00	(29,343.75)	15,031.25	74,437.50
			4/1/23	1,202,500	5.000%	30,062.50	(15,031.25)		15,031.25
			8/1/17	65,000	2.000%	28,900.00	(12,312.50)	11,770.83	28,358.33
			8/1/18	65,000	2.000%	27,600.00	(11,770.83)	11,229.17	27,058.33
2012 Improvement Bond... Ordinance 5-16/6-16	08/08/12	1,500,000	8/1/19	70,000	2.000%	26,250.00	(11,229.17)	10,645.83	25,666.67
			8/1/20	70,000	2.000%	24,850.00	(10,645.83)	10,062.50	24,266.67
			8/1/21	70,000	2.000%	23,450.00	(10,062.50)	9,479.17	22,866.67
			8/1/22	70,000	2.000%	22,050.00	(9,479.17)	8,895.83	21,466.67
			8/1/23	75,000	2.125%	20,553.13	(8,895.83)	8,231.78	19,889.07
			8/1/24	75,000	2.125%	18,959.38	(8,231.78)	7,567.69	18,295.30
			8/1/25	75,000	2.250%	17,318.75	(7,567.69)	6,864.58	16,615.64
			8/1/26	80,000	2.375%	15,525.00	(6,864.58)	6,072.92	14,733.33
8/1/27	85,000	2,500%	8/1/27	80,000	2.500%	13,575.00	(6,072.92)	5,239.58	12,741.67
			8/1/28	85,000	2.500%	11,512.50	(5,239.58)	4,354.17	10,627.08
			8/1/29	90,000	2.625%	9,268.75	(4,354.17)	3,369.79	8,284.38
			8/1/30	90,000	2.750%	6,850.00	(3,369.79)	2,338.54	5,818.75
			8/1/31	95,000	2.750%	4,306.25	(2,338.54)	1,250.00	3,217.71
8/1/32	100,000	3.000%	1,500.00	(1,250.00)		250.00			

WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Issue Date	Original Issue	.....OUTSTANDING MATURITIES.....		.....INTEREST EXPENSE.....				FY Budget Appropriation Interest
			Date	Principal	Rate	Interest Cash Payments	.....Accrued Interest..... Beginning	Ending	
Refunding Bonds.....	06/02/15	1,275,000.00	8/15/17	100,000	4.00%	40,562.50	(15,960.94)	14,460.94	39,062.50
			8/15/18	105,000	4.00%	36,462.50	(14,460.94)	12,885.94	34,887.50
			8/15/19	115,000	5.00%	31,487.50	(12,885.94)	10,729.69	29,331.25
			8/15/20	115,000	5.00%	25,737.50	(10,729.69)	8,573.44	23,581.25
			8/15/21	120,000	2.00%	21,362.50	(8,573.44)	7,448.44	20,237.50
			8/15/22	120,000	2.00%	18,662.50	(7,448.44)	6,548.44	17,762.50
			8/15/23	125,000	2.25%	16,056.25	(6,548.44)	5,493.75	15,001.56
			8/15/24	120,000	4.00%	12,250.00	(5,493.75)	3,693.75	10,450.00
			8/15/25	125,000	5.00%	6,725.00	(3,693.75)	1,350.00	4,381.25
			8/15/26	120,000	3.00%	1,800.00	(1,350.00)		450.00
2015 Bonds.....	07/30/15	1,993,670.00	7/15/17	80,000	2.75%	57,859.70	(22,109.89)	21,284.89	57,034.70
			7/15/18	80,000	2.75%	55,659.70	(21,284.89)	20,459.89	54,834.70
			7/15/19	80,000	2.75%	53,459.70	(20,459.89)	19,634.89	52,634.70
			7/15/20	80,000	2.75%	51,259.70	(19,634.89)	18,809.89	50,434.70
			7/15/21	85,000	3.00%	48,884.70	(18,809.89)	17,853.64	47,928.45
			7/15/22	90,000	3.00%	46,259.70	(17,853.64)	16,841.14	45,247.20
			7/15/23	90,000	3.00%	43,559.70	(16,841.14)	15,828.64	42,547.20
			7/15/24	95,000	3.00%	40,784.70	(15,828.64)	14,759.89	39,715.95
			7/15/25	95,000	3.00%	37,934.70	(14,759.89)	13,691.14	36,865.95
			7/15/26	100,000	3.00%	35,009.70	(13,691.14)	12,566.14	33,884.70
			7/15/27	100,000	3.00%	32,009.70	(12,566.14)	11,441.14	30,884.70
			7/15/28	105,000	3.00%	28,934.70	(11,441.14)	10,259.89	27,753.45
			7/15/29	110,000	3.00%	25,709.70	(10,259.89)	9,022.39	24,472.20
			7/15/30	110,000	3.125%	22,340.95	(9,022.39)	7,733.33	21,051.89
			7/15/31	115,000	3.125%	18,825.33	(7,733.33)	6,385.67	17,477.68
			7/15/32	120,000	3.250%	15,078.46	(6,385.67)	4,923.17	13,615.96
			7/15/33	125,000	3.250%	11,097.21	(4,923.17)	3,399.74	9,573.77
			7/15/34	130,000	3.375%	6,872.21	(3,399.74)	1,754.42	5,226.90
			7/15/35	133,670	3.500%	2,339.23	(1,754.42)		584.81

WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Issue Date	Original Issue	.....OUTSTANDING MATURITIES.....		.....INTEREST EXPENSE.....				FY Budget Appropriation Interest
			Date	June 30, 2017 Principal	Rate	Interest Cash Payments	.....Accrued Interest..... Beginning	Ending	
2017 Refunding Bonds	05/24/17	1,621,947.00	8/15/17	13,026	3.000%	46,746.63	(24,133.82)	24,133.82	70,880.45
			8/15/18			64,356.84	(24,133.82)	24,133.82	64,356.84
			8/15/19			64,356.84	(24,133.82)	24,133.82	64,356.84
			8/15/20	30,116	4.000%	63,754.52	(24,133.82)	23,682.08	63,302.78
			8/15/21	30,333	4.000%	62,545.54	(23,682.08)	23,227.08	62,090.54
			8/15/22	34,894	4.000%	61,241.00	(23,227.08)	22,703.67	60,717.59
			8/15/23	186,787	4.000%	56,807.38	(22,703.67)	19,901.87	54,005.58
			8/15/24	191,429	4.000%	49,243.06	(19,901.87)	17,030.43	46,371.62
			8/15/25	204,053	4.000%	41,333.42	(17,030.43)	13,969.64	38,272.63
			8/15/26	213,541	4.000%	32,981.54	(13,969.64)	10,766.52	29,778.42
			8/15/27	226,296	4.000%	24,184.80	(10,766.52)	7,372.08	20,790.36
			8/15/28	239,298	4.000%	14,872.92	(7,372.08)	3,782.61	11,283.45
			8/15/29	252,174	4.000%	5,043.48	(3,782.61)		1,260.87

	Ref.
June 30, 2016 Balance.....	D \$ 14,265,170.00
Serial Bonds Refunded	D-16 (1,688,000.00)
Refunding Bonds Issued - 05/24/17.....	D-16 1,621,947.00
Principal Payments.....	D-16 (1,347,000.00)
June 30, 2017.....	D \$ 12,852,117.00

WATER UTILITY OPERATING AND CAPITAL FUNDS
SCHEDULE OF ACCRUED INTEREST ON BONDS & NOTES

	Ref.	Total Accrued Interest	Bond Anticipation Notes	Serial Bonds	Belcourt Assessment	Environmental Infrastructure Trust
Accrued Interest June 30, 2016	D, D-5	\$ (373,180.92)	\$ (36,564.82)	\$ (162,778.59)	\$ (35,728.13)	\$ (138,109.38)
Cash Payments - SFY 2017.....		945,582.95	39,888.88	503,329.69	93,375.00	308,989.38
Accrued Interest June 30, 2017.....	D, D-5	369,931.63	55,666.67	146,336.83	34,303.13	133,625.00
SFY 2017 Budget Expense.....		\$ 942,333.66	\$ 58,990.73	\$ 486,887.93	\$ 91,950.00	\$ 304,505.00

WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord.	Description	Outstanding Maturities 06/30/2017				Notes Outstanding June 30, 2016	Increase	Decrease	Notes Outstanding June 30, 2017
		Interest Rate	Issue Date	Maturity Date					
12-14	Water Distribution System.....	2.00%	7/28/16	7/27/17	\$ 1,000,000.00	\$ 1,000,000.00	(1,000,000.00)	\$ 1,000,000.00	
13-15	Water Distribution System.....	2.00%	7/28/16	7/27/17	1,000,000.00	1,000,000.00	(1,000,000.00)	1,000,000.00	
15-16	Water Distribution System.....	2.00%	7/28/16	7/27/17		1,000,000.00		1,000,000.00	
Total.....						\$ 2,000,000.00	\$ 3,000,000.00	\$ (2,000,000.00)	\$ 3,000,000.00
					D	D-6	D-6	D	

Calculation of Accrued Interest

	7/28/16	7/27/17
Principal Outstanding.....	\$ 2,000,000.00	\$ 3,000,000.00
Interest Rate.....	2.00%	2.00%
Accrued Interest at June 30, 2017		55,666.67
SFY 2018 Budget Expense.....	-	4,166.67
Memo - Cash Interest at July 27, 2017 Maturity.....		\$ 59,833.33

SCHEDULE OF WATER LOAN PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

Purpose	Drawdown Date	Original Issue	Fiscal Year	OUTSTANDING MATURITIES		INTEREST EXPENSE.....					
				June 30, 2017	8/1 Maturities	Rate	Annual Cash Payments	Accrued Interest Beginning	Ending Interest	FY Budget Appropriation Interest	
Trust Loan Ordinance 07-20	11/8/07	\$ 9,700,000	2018	\$ 420,000.00			\$ 286,950.00	\$ (133,625.00)	\$ 123,937.50	\$ 277,262.50	
			2019	441,000.00			265,425.00	(123,937.50)	115,187.50	256,675.00	
			2020	463,000.00			242,825.00	(115,187.50)	106,000.00	233,637.50	
			2021	484,000.00			219,150.00	(106,000.00)	96,354.17	209,504.17	
			2022	511,000.00			194,275.00	(96,354.17)	86,270.83	184,191.66	
			2023	533,000.00			168,175.00	(86,270.83)	75,625.00	157,529.17	
			2024	559,000.00			140,875.00	(75,625.00)	64,520.83	129,770.83	
			2025	589,000.00			112,175.00	(64,520.83)	52,875.00	100,529.17	
			2026	619,000.00			81,975.00	(52,875.00)	40,604.17	69,704.17	
			2027	648,000.00			50,300.00	(40,604.17)	27,708.33	37,404.16	
			2028	682,000.00			17,050.00	(27,708.33)	14,208.33	3,550.00	
Trust Loan June 30, 2017 Balance.....				\$ 5,949,000.00							

SCHEDULE OF WATER LOAN PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

Purpose	Drawdown Date	Original Issue	Fiscal Year	Annual	Rate	SEMI-ANNUAL PRINCIPAL	
						1-Aug	1-Feb
Fund Loan Ordinance 07-20	11/8/07	\$ 8,939,498	2018	497,255.93	0.00%	407,507.55	89,748.38
			2019	497,176.84	0.00%	415,574.11	81,602.73
			2020	498,015.13	0.00%	423,245.25	74,769.88
			2021	496,749.79	0.00%	429,065.83	67,683.96
			2022	496,227.84	0.00%	437,796.69	58,431.15
			2023	505,143.57	0.00%	444,360.66	60,782.91
			2024	494,871.14	0.00%	453,692.56	41,178.58
			2025	493,709.43	0.00%	464,068.37	29,641.06
			2026	494,187.47	0.00%	473,510.99	20,676.48
			2027	496,811.42	0.00%	482,526.56	14,284.86
			2028	<u>494,278.60</u>	0.00%	<u>494,278.60</u>	

Fund Loan June 30, 2017 Balance..... \$ 5,464,427.16

Ref.

June 30, 2016 NJEIT Loan Balance..... D \$ 12,378,971.33

Principal Payments..... D-16 (965,544.17)

June 30, 2017 NJEIT Loan Balance..... D \$ 11,413,427.16

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance June 30, 2016	D	\$ 30,034,046.26
Principal Payments		
Serial Bonds.....	D-12	1,347,000.00
NJEIT Loan.....	D-15	965,544.17
Refunded Issue -2009	D-12	<u>1,688,000.00</u>
Total Principal Payments.....		<u>4,000,544.17</u>
		34,034,590.43
Decreased by:		
Refunding Bonds Issued	D-12	<u>1,621,947.00</u>
Balance June 30, 2017	D	<u><u>\$ 32,412,643.43</u></u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance June 30, 2017 and 2016	D	<u><u>\$ 89,067.59</u></u>
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WATER ASSESSMENT FUND
SCHEDULE OF ASSESSMENTS & LIENS RECEIVABLE

Description	Ordinance Number	Confirmation Date	Annual Installments	Due Dates	Balance 06/30/16	Collected	Balance 06/30/17	Balance Pledged To	
								Assessment Bonds	Reserve
<u>Assessment Receivables</u>									
Prior Year Assessment Receivables					\$ 412.00	\$ -	\$ 412.00	\$ -	\$ -
Water Improvement - Belcourt at Hidden Lakes Condo A:07/24/11/04	10/3/11	4	12/1/11-2031		2,312,681.72	202,658.20	2,110,023.52	1,790,000.00	320,023.52
Total Assessments Receivable					2,313,093.72	202,658.20	2,110,435.52	1,790,000.00	320,023.52
<u>Assessment Liens</u>									
Interest & Costs on Assessment Liens					288.00	-	288.00	-	-
Total Assessment Liens Receivable					288.00	-	288.00	-	-
Total Assessments & Assessment Liens Receivable					\$ 2,313,381.72	\$ 202,658.20	\$ 2,110,723.52	\$ 1,790,000.00	\$ 320,023.52
		<u>Ref</u>	D	D-6	D	D	D-20	D-20	D-19

STATEMENT OF RESERVES
FOR ASSESSMENTS AND LIENS
WATER UTILITY ASSESSMENT FUND

ORD. NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> JUNE 30, 2016	<u>COLLECTIONS</u>	<u>BALANCE</u> JUNE 30, 2017
	<u>ASSESSMENTS RECEIVABLE</u>			
	Assessment Liens.....	\$ 412.00	\$ -	\$ 412.00
07-24/11/04	Water Improvement - Belcourt at Hidden Lake Condo Ass.....	427,681.72	107,658.20	320,023.52
	Total Assessments Receivable	<u>428,093.72</u>	<u>107,658.20</u>	<u>320,435.52</u>
	<u>ASSESSMENT LIENS</u>			
	Assessment Liens Interest & Cost.....	<u>288.00</u>	<u>-</u>	<u>288.00</u>
		<u>\$ 428,381.72</u>	<u>\$ 107,658.20</u>	<u>\$ 320,723.52</u>

Ref. D D-3 D

WATER UTILITY ASSESSMENT FUND
SCHEDULE OF ASSESSMENT SERIAL BONDS PAYABLE

Purpose	Issue Date	Original IssueOUTSTANDING MATURITIES....		INTEREST EXPENSE.....				FY Budget Appropriation Interest
			June 30, 2016 Principal	Date	Rate	Interest Cash Payments	.....Accrued Interest..... Beginning	Ending	
Ordinance 07-24/11-04....	08/10/11	\$ 2,250,000	95,000.00	08/15/16	4.000%	93,375.00	(35,728.13)	34,303.13	91,950.00	
Belcourt Assessment			95,000.00	08/15/17	4.000%	89,575.00	(34,303.13)	32,878.13	88,150.00	
			100,000.00	08/15/18	4.250%	85,550.00	(32,878.13)	31,284.38	83,956.25	
			100,000.00	08/15/19	4.500%	81,175.00	(31,284.38)	29,596.88	79,487.50	
			105,000.00	08/15/20	4.500%	76,562.50	(29,596.88)	27,825.00	74,790.62	
			105,000.00	08/15/21	4.750%	71,706.25	(27,825.00)	25,954.69	69,835.94	
			110,000.00	08/15/22	5.250%	66,325.00	(25,954.69)	23,789.06	64,159.37	
			115,000.00	08/15/23	5.250%	60,418.75	(23,789.06)	21,525.00	58,154.69	
			115,000.00	08/15/24	5.250%	54,381.25	(21,525.00)	19,260.94	52,117.19	
			120,000.00	08/15/25	5.250%	48,212.50	(19,260.94)	16,898.44	45,850.00	
			125,000.00	08/15/26	5.250%	41,781.25	(16,898.44)	14,437.50	39,320.31	
			130,000.00	08/15/27	5.500%	34,925.00	(14,437.50)	11,756.25	32,243.75	
			135,000.00	08/15/28	5.500%	27,637.50	(11,756.25)	8,971.88	24,853.13	
			140,000.00	08/15/29	5.500%	20,075.00	(8,971.88)	6,084.38	17,187.50	
			145,000.00	08/15/30	5.500%	12,237.50	(6,084.38)	3,093.75	9,246.87	
			150,000.00	08/15/31	5.500%	4,125.00	(3,093.75)		1,031.25	
June 30, 2016 Balance.....			\$ 1,885,000.00	D						
Principal Payments.....			(95,000.00)	D-6						
June 30, 2017 Balance.....			\$ 1,790,000.00	D						

WATER UTILITY CAPITAL FUND
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord.	Description	Balance June 30, 2016	New Authorization	Balance June 30, 2017
07-20	Water Treatment Plant.....	\$ 360,502.00	\$ -	\$ 360,502.00
15-16	Water Distribution System.....	2,000,000.00	(1,000,000.00)	1,000,000.00
Total Bonds & Notes				
	Authorized but not Issued.....	<u>\$ 2,360,502.00</u>	<u>\$ (1,000,000.00)</u>	<u>\$ 1,360,502.00</u>
		<u>Ref.</u>		D

Sewer Utility Fund

SEWER UTILITY OPERATING & CAPITAL FUNDS
SCHEDULE OF CASH

		Operating	Capital
Cash Balance June 30, 2016	E	\$ 3,099,672.64	\$ 1,266,740.38
Increased by Cash Receipts			
Anticipated Revenue.....	E-3	6,495,426.63	-
Premium on BAN issue.....	E-2	-	25,980.00
Bond Anticipation Notes	E-16	-	500,000.00
Total Cash Receipts.....		<u>6,495,426.63</u>	<u>525,980.00</u>
Decreased by Disbursements			
Appropriation Reserves.....	E-9	(26,537.37)	-
Budget Appropriations.....	E-4	(6,660,154.42)	-
Improvement Authorizations.....	E-13	-	(677,457.09)
Total Cash Disbursements.....		<u>(6,686,691.79)</u>	<u>(677,457.09)</u>
Cash Balance June 30, 2017.....	E	<u>\$ 2,908,407.48</u>	<u>\$ 1,115,263.29</u>

SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH BALANCES

Ord.	Deferred Charges	Ordinance Balance	Reserve for Encumbrances	Other	Cash Balance
<u>Improvement Authorizations</u>					
08-21	Improve Sanitary Sewer System.....	\$ -	\$ 3,491.47	\$ -	\$ 3,491.47
09-17	Improvement to Sewer Distribution.....	-	45,274.76	-	45,274.76
11-17	Improvement to Sewer Distribution.....	-	(0.00)	31,863.73	31,863.73
12-15	Improvement to Sewer Distribution.....	-	-	143,998.38	143,998.38
13-16	Improvement to Sewer Distribution.....	-	-	907,073.90	907,073.90
15-15	Improvements to Sewer Distribution.....	(1,000,000.00)	44,885.79	614,377.46	(340,736.75)
	Fund Balance.....			295,397.80	295,397.80
	Capital Improvement Fund.....			28,900.00	28,900.00
	Total.....	\$ (1,000,000.00)	\$ 44,885.79	\$ 1,746,079.70	\$ 1,115,263.29
	<u>Ref</u>	E-17	E-13	E-2, E-14	E, E-5

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

Balance - June 30, 2016.....	<u>Ref</u> E	\$ 21,577,910.79
Increased By:		
Transfer From Fixed Capital Authorized but Not Completed	E-8	677,456.84
Adjustment	E-8	<u>(551,714.12)</u>
		<u>125,742.72</u>
Balance - June 30, 2017.....	E	<u>\$ 21,703,653.51</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED BUT NOT COMPLETED

Ord. Date	Description	Balance June 30, 2016	Adjustment 2017	Transferred to Fixed Capital	Cancelled	Balance June 30, 2017
95-19	North/South Brunswick Joint Outlet Sewer Project.....	\$ 2,497,706.00			\$ (2,497,706.00)	\$ -
97-25	Replacement of Schmidt Lane & West Lawrence Street Sanitary Sewer Pumping Station.....	2,523,695.08	69,616.92		(2,593,312.00)	-
08-21	Improve Sanitary Sewer System.....	-	3,491.47			3,491.47
09-17	Improvement to Sewer Distribution System.....	17,355.00	72,446.50	(44,526.74)		45,274.76
11-17	Improvement to Sewer Distribution System.....	-	124,017.45	(92,153.72)		31,863.73
12-15	Improvement to Sewer Distribution System.....	157,951.32	351,758.95	(365,711.89)		143,998.38
13-16	Improvement to Sewer Distribution System.....	1,000,000.00	(69,617.17)	(23,308.93)		907,073.90
15-15	Improvement to Sewer Distribution System.....	811,018.81		(151,755.56)		659,263.25
Total.....		<u>\$ 7,007,726.21</u>	<u>\$ 551,714.12</u>	<u>\$ (677,456.84)</u>	<u>\$ (5,091,018.00)</u>	<u>\$ 1,790,965.49</u>
	<u>Ref</u>	E	E-7	E-7	E-13	E

SEWER UTILITY OPERATING FUND
SCHEDULE OF SFY 2016 APPROPRIATION RESERVES

	June 30, 2016	Encumbrances	Paid or Charged	Balance Lapsed
Operating Salaries.....	\$ 48,871.94	\$ -	\$ (8,395.50)	\$ 40,476.44
Operating Expenses.....	237,781.46	140,784.33	(18,141.87)	360,423.92
Total Sewer Utility Operating.....	\$ 286,653.40	\$ 140,784.33	\$ (26,537.37)	\$ 400,900.36

<u>Ref.</u>	E	E	E-5	E-1
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	<u>Ref.</u>	
<u>Accounts Payable Analysis</u>		
Balance June 30, 2016.....	E	\$ 1,575.29
Cancelled	E-1	<u>(1,575.29)</u>
Balance June 30, 2017.....	E	<u>\$ -</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE & ACCRUED INTEREST

Purpose	Issue Date	Original Issue	Date	OUTSTANDING MATURITIES			INTEREST EXPENSE				FY Budget Appropriation Interest
				June 30, 2017	Principal	Rate	Interest Annual Cash Payments	Beginning	Ending		
Ordinance 5-17	08/15/09	\$ 300,000	08/15/16	\$ 5,000	2.375%	\$ 10,679.38	\$ (4,027.03)	\$ 3,982.50	\$ 10,634.85		
			08/15/17	5,000	3.000%	425.00	(3,982.50)	131.25	(3,426.25)		
			08/15/18	5,000	3.000%	275.00	(131.25)	75.00	218.75		
			08/15/19	5,000	4.000%	100.00	(75.00)		25.00		
2011 Refunding Bond	12/22/11	10,252,500	04/01/17	955,000	3.000%	277,675.00	(73,000.00)	65,837.50	270,512.50		
			04/01/18	987,500	3.000%	248,537.50	(65,837.50)	58,431.25	241,131.25		
			04/01/19	1,015,000	3.000%	218,500.00	(58,431.25)	50,818.50	210,887.25		
			04/01/20	1,052,500	4.000%	182,225.00	(50,818.50)	40,293.75	171,700.25		
			04/01/21	1,095,000	4.000%	139,275.00	(40,293.75)	29,343.75	128,325.00		
			04/01/22	1,145,000	5.000%	88,750.00	(29,343.75)	15,031.25	74,437.50		
			04/01/23	1,202,500	5.000%	30,062.50	(15,031.25)		15,031.25		
General Obligation Bond Ordinance 05-17; 08-21	08/08/12	1,700,000	08/01/16	70,000	2.000%	34,112.50	(14,502.21)	13,921.88	33,532.17		
			08/01/17	75,000	2.000%	32,662.50	(13,921.88)	13,296.88	32,037.50		
			08/01/18	75,000	2.000%	31,162.50	(13,296.88)	12,671.88	30,537.50		
			08/01/19	75,000	2.000%	29,662.50	(12,671.88)	12,046.88	29,037.50		
			08/01/20	80,000	2.000%	28,115.50	(12,046.88)	11,380.21	27,448.83		
			08/01/21	80,000	2.000%	26,512.50	(11,380.21)	10,713.54	25,845.83		
			08/01/22	80,000	2.000%	24,912.50	(10,713.54)	10,046.88	24,245.84		
			08/01/23	85,000	2.125%	23,209.38	(10,046.88)	9,294.28	22,456.78		
			08/01/24	85,000	2.125%	21,403.13	(9,294.28)	8,541.67	20,650.52		
			08/01/25	85,000	2.250%	19,543.75	(8,541.67)	7,744.79	18,746.87		
			08/01/26	90,000	2.375%	17,518.75	(7,744.79)	6,854.17	16,628.13		
			08/01/27	95,000	2.500%	15,262.50	(6,854.17)	5,864.58	14,272.91		
08/01/28	95,000	2.500%	12,887.50	(5,864.58)	4,875.00	11,897.92					
08/01/29	100,000	2.625%	10,387.50	(4,875.00)	3,781.25	9,293.75					
08/01/30	105,000	2.750%	7,631.25	(3,781.25)	2,578.13	6,428.13					
08/01/31	105,000	2.750%	4,743.75	(2,578.13)	1,375.00	3,540.62					
08/01/32	110,000	3.000%	1,650.00	(1,375.00)		275.00					

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE & ACCRUED INTEREST

Purpose	Issue Date	Original Issue	Date	OUTSTANDING MATURITIES		INTEREST EXPENSE				FY Budget Appropriation Interest
				June 30, 2017	Principal Rate	Interest Annual Cash Payments	Accrued Interest Beginning	Ending		
2012 Refunding Bond	09/12/12	480,000	08/15/16	95,000	3.000%	9,025.00	(6,768.75)	4,275.00	6,531.25	
			08/15/17	95,000	4.000%	5,700.00	(4,275.00)	1,425.00	2,850.00	
			08/15/18	95,000	4.000%	1,900.00	(1,425.00)		475.00	
2015 Bonds	07/30/15	2,186,330	07/15/16	90,000	2.750%	65,496.55	(30,586.44)	29,452.07	64,362.18	
			07/15/17	90,000	2.750%	63,021.55	(29,452.07)	28,317.69	61,887.18	
			07/15/18	80,000	2.750%	60,684.05	(28,317.69)	27,309.36	59,675.72	
			07/15/19	85,000	2.750%	58,415.30	(27,309.36)	26,238.01	57,343.95	
			07/15/20	90,000	2.750%	56,009.05	(26,238.01)	25,103.63	54,874.68	
			07/15/21	95,000	3.000%	53,346.55	(25,103.63)	23,797.38	52,040.30	
			07/15/22	95,000	3.000%	50,496.55	(23,797.38)	22,491.13	49,190.30	
			07/15/23	100,000	3.000%	47,571.55	(22,491.13)	21,116.13	46,196.55	
			07/15/24	100,000	3.000%	44,571.55	(21,116.13)	19,741.13	43,196.55	
			07/15/25	105,000	3.000%	41,496.55	(19,741.13)	18,297.38	40,052.80	
			07/15/26	110,000	3.000%	38,271.55	(18,297.38)	16,784.88	36,759.05	
			07/15/27	110,000	3.000%	34,971.55	(16,784.88)	15,272.38	33,459.05	
			07/15/28	115,000	3.000%	31,596.55	(15,272.38)	13,691.13	30,015.30	
			07/15/29	120,000	3.000%	28,071.55	(13,691.13)	12,041.13	26,421.55	
			07/15/30	125,000	3.125%	24,318.43	(12,041.13)	10,250.76	22,528.06	
07/15/31	125,000	3.125%	20,412.18	(10,250.76)	8,460.40	18,621.82				
07/15/32	130,000	3.250%	16,346.55	(8,460.40)	6,523.94	14,410.09				
07/15/33	135,000	3.250%	12,040.30	(6,523.94)	4,513.01	10,029.36				
07/15/34	140,000	3.375%	7,484.05	(4,513.01)	2,347.38	5,318.43				
07/15/35	146,330	3.500%	2,560.78	(2,347.38)		213.40				

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE & ACCRUED INTEREST

Purpose	Issue Date	Original Issue	Date	OUTSTANDING MATURITIES		INTEREST EXPENSE				FY Budget Appropriation Interest
				June 30, 2017	Principal Rate	Interest Annual Cash Payments	Accrued Interest Beginning	Ending		
2017 Refunding	05/24/17	243,053	08/15/17	1,974	3.000%	7,004.62		3,616.19		10,620.81
			08/15/18			9,643.16	(3,616.19)	3,616.19		9,643.16
			08/15/19			9,643.16	(3,616.19)	3,616.19		9,643.16
			08/15/20	4,884	4.000%	9,545.48	-3,616.19	3,542.93		9,472.22
			08/15/21	4,667	4.000%	9,354.46	(3,542.92)	3,472.92		9,284.46
			08/15/22	5,106	4.000%	9,159.00	(3,472.92)	3,396.33		9,082.41
			08/15/23	28,213	4.000%	8,492.62	(3,396.33)	2,973.14		8,069.43
			08/15/24	28,571	4.000%	7,356.94	(2,973.14)	2,544.57		6,928.37
			08/15/25	30,947	4.000%	6,166.58	(2,544.57)	2,080.37		5,702.38
			08/15/26	31,459	4.000%	4,918.46	(2,080.37)	1,608.48		4,446.57
			08/15/27	33,704	4.000%	3,615.20	(1,608.48)	1,102.92		3,109.64
			08/15/28	35,702	4.000%	2,227.08	(1,102.92)	567.39		1,691.55
			08/15/29	37,826	4.000%	756.52	(567.39)			189.13

	Ref	
June 30, 2016 Balance.....	E	\$ 11,686,830.00
Serial Bonds Refunded	E-15	(253,000.00)
Refunding Bonds Issued - 05/24/17.....	E-15	243,053.00
Principal Payments.....	E-4,E-15	(1,215,000.00)
June 30, 2017 Balance.....	E	<u>\$ 10,461,883.00</u>

SEWER UTILITY OPERATING AND CAPITAL FUNDS
 SCHEDULE OF ACCRUED INTEREST ON BONDS & NOTES

	Ref.	Total Accrued Interest	Bond Anticipation Notes	Serial Bonds	Environmental Infrastructure Trust
Accrued Interest June 30, 2016.....	E, E-4	\$ (162,818.86)	\$ (27,423.61)	\$ (128,887.43)	\$ (6,507.82)
Cash Payments - SFY 2017.....		441,923.85	29,916.66	396,988.43	15,018.76
Accrued Interest June 30, 2017.....	E, E-4	160,587.88	37,111.11	117,468.95	6,007.82
SFY 2017 Budget Expense.....		\$ 439,692.87	\$ 39,604.16	\$ 385,569.95	\$ 14,518.76

SCHEDULE OF SEWER LOAN PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

Purpose	Drawdown Date	Original Issue	Fiscal Year	OUTSTANDING MATURITIES			INTEREST EXPENSE				
				June 30, 2017 Principal	June 30, 2017 Savings Credit	Rate	Interest Annual Cash Payments	Savings Credit	Accrued Interest Beginning	Ending	FY Budget Appropriation Interest
Trust Loan Ordinance 97-25	11/4/04	\$570,000	2018	\$ 30,000.00	1,182.62	5.000%	\$ 13,668.76	951.89	\$ (6,007.82)	\$ 5,382.82	\$ 13,995.65
			2019	35,000.00	1,351.92	5.000%	12,043.76	904.43	(5,382.82)	4,653.65	12,219.02
			2020	35,000.00	1,364.82	5.000%	10,293.76	830.35	(4,653.65)	3,924.48	10,394.94
			2021	35,000.00	1,368.71	5.000%	8,543.76	757.16	(3,924.48)	3,195.32	8,571.76
			2022	40,000.00	1,367.74	5.000%	6,668.76	690.06	(3,195.32)	2,361.98	6,525.48
			2023	40,000.00	1,589.19	5.000%	4,668.76	609.93	(2,361.98)	1,528.65	4,445.36
			2024	40,000.00	3,491.64	4.250%	2,818.76	450.37	(1,528.65)	820.32	2,560.80
			2025	45,000.00	4,044.80	4.375%	984.38	165.27	(820.32)		329.33
Trust Loan June 30, 2017 Balance				\$ 300,000.00	\$ 15,761.44						

Purpose	Drawdown Date	Original Issue	Fiscal Year	Annual	Rate	SEMI-ANNUAL PRINCIPAL	
						1-Aug	1-Feb
Fund Loan Ordinance 97-25	11/4/04	\$ 581,688	2018	28,381.60	0.00%	24,183.46	4,198.14
			2019	30,575.11	0.00%	26,945.66	3,629.45
			2020	29,437.73	0.00%	26,376.97	3,060.76
			2021	28,300.36	0.00%	25,808.29	2,492.07
			2022	30,331.38	0.00%	28,489.24	1,842.14
			2023	29,031.53	0.00%	27,839.32	1,192.21
			2024	27,829.35	0.00%	27,189.58	639.77
			2025	29,886.59	0.00%	29,886.59	
Fund Loan June 30, 2017 Balance				\$ 233,773.65			

	Ref.
June 30, 2016 Balance	E \$ 593,032.65
Principal Payments	E-4,E-15 (59,259.00)
June 30, 2017 Balance	E \$ 533,773.65

SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord	Original	Description	June 30, 2016		Encumbrances 06/30/16	Paid	Encumbrances 6/30/17	Cancelled	June 30, 2017	
			Funded	Unfunded					Funded	Unfunded
95-19	\$ 2,500,000	North/South Brunswick Joint outlet sewer project.....	\$ 117,706.00	\$ 2,380,000.00	\$ -	\$ -	\$ -	\$ (2,497,706.00)	-	-
97-25	4,840,000	Replacement of Schmidt Lane & West Lawrence Street sanitary sewer pumping station.....	-	2,523,695.08	-	69,616.92	-	(2,593,312.00)	-	-
08-21	1,000,000	Improve Sanitary Sewer System.....	-	-	3,491.47	-	(3,491.47)	-	-	-
09-17	1,200,000	Sewer Distribution System.....	17,355.00	-	72,446.50	(44,526.74)	(45,274.76)	-	-	-
11-17	1,000,000	Improve Sanitary Sewer System.....	-	-	124,017.45	(92,153.72)	(31,863.73)	-	-	(0.00)
12-15	1,000,000	Improve Sanitary Sewer System.....	-	157,951.32	351,758.95	(365,711.89)	(143,998.38)	-	-	-
13-16	1,000,000	Improve Sanitary Sewer System.....	-	1,000,000.00	-	(92,926.10)	(907,073.90)	-	-	-
15-15	1,000,000	Improve Sanitary Sewer System.....	-	811,018.81	-	(151,755.56)	(614,377.46)	-	-	44,885.79
Total.....			\$ 135,061.00	\$ 6,872,665.21	\$ 551,714.37	\$ (677,457.09)	\$ (1,746,079.70)	\$ (5,091,018.00)	\$ -	\$ 44,885.79
			Ref	E	E	E-5	E	E-8	E	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>
Balance - June 30, 2017 and June 30, 2016	E \$ <u>28,900.00</u>

SEWER UTILITY CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES,
 RESERVE FOR AMORTIZATION & DEFERRED AMORTIZATION

	<u>Ref.</u>	Amortization	Deferred Amortization
Balance June 30, 2016.....	E	\$ (7,962,462.35)	\$ (370,000.00)
2017 Refunded	E-10	(253,000.00)	-
2017 Refunding Issue	E-2, E-10	243,053.00	117,706.00
Principal Payments.....	E-10, E-12	(1,274,259.00)	-
Balance June 30, 2017	E	<u>\$ (9,246,668.35)</u>	<u>\$ (252,294.00)</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord.	Description	Outstanding Maturities 06/30/2017				Notes Outstanding June 30, 2017
		Interest Rate	Issue Date	Maturity Date	Notes Outstanding June 30, 2016	
12-15	Improve Sanitary Sewer System.....	2.00%	7/28/16	7/27/17	\$ 1,000,000.00	\$ 1,000,000.00
13-16	Improve Sanitary Sewer System.....	2.00%	7/28/16	7/27/17	500,000.00	1,000,000.00
	Total.....				\$ 1,500,000.00	\$ 2,000,000.00
				<u>Ref.</u>	E	E-5

Calculation of Accrued Interest

	Total	Issued Date
	<u>7/28/16</u>	<u>7/27/17</u>
Principal Outstanding.....	1,500,000	2,000,000
Interest Rate.....	2.00%	
Accrued Interest at June 30, 2017		<u>37,111.11</u>
SFY 2018 Budget Expense.....	-	39,889.00
Cash Payment		<u>39,889.00</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord.	Description	June 30, 2016	BANS Issued	Cancelled	June 30, 2017
1995-19	North/South Brunswick Joint Outlet Sewer Project.....	\$ 2,380,000	-	\$ (2,380,000)	-
1997-25	Replacement of Schmidt Lane & West Lawrence Street Sanitary Sewer Pumping Station.....	2,593,312	-	(2,593,312)	-
2013-16	Improvements to Sanitary Sewerage System.....	500,000	(500,000)		-
2015-15	Improvements to Sanitary Sewerage System.....	1,000,000	-		1,000,000
	Total Bonds & Notes Authorized but not Issued.....	<u>\$ 6,473,312</u>	<u>\$ (500,000)</u>	<u>\$ (4,973,312)</u>	<u>\$ 1,000,000</u>

Ref.

E

**TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**



**PART IV
SUPPLEMENTARY DATA**

Length of Service Award Program (LOSAP) (Unaudited)

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
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MEMBERS OF:
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NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

Honorable Mayor and Members
of the Township Council
Township of North Brunswick
County of Middlesex, New Jersey

We have reviewed the accompanying statement of assets, liabilities and net assets of the Township of North Brunswick Length of Service Award Program (LOSAP) as of June 30, 2017, and the related statement of revenues, expenses and other changes in net assets for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the administration of the Township.

A review consists primarily of inquiries of the administration of the Township and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The Length of Service Award Program is a Township sponsored program and has no separate legal status or existence. The program prepares its financial statements in conformity with the accounting principles and practices prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the basis of accounting described in the note.

Hodulik & Morrison, P.A.

Hodulik and Morrison, P.A.
Highland Park, N.J.
December 20, 2017

TOWNSHIP OF NORTH BRUNSWICK
 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets		
Investments, at value as reported	\$ <u>1,095,504.11</u>	\$ <u>1,067,157.95</u>
Total Assets	\$ <u><u>1,095,504.11</u></u>	\$ <u><u>1,067,157.95</u></u>
Net Assets		
Restricted	\$ <u>1,095,504.11</u>	\$ <u>1,067,157.95</u>
Total Net Assets	\$ <u><u>1,095,504.11</u></u>	\$ <u><u>1,067,157.95</u></u>

See Accompanying Notes and Accountant's Review Report

TOWNSHIP OF NORTH BRUNSWICK
 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS

FOR THE YEAR ENDED

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Restricted Net Assets		
Contributions	\$ 866.56	\$ 68,458.24
Earnings	141,280.85	(7,048.39)
Withdrawals	(108,029.63)	(67,262.86)
Service Charges	<u>(5,771.62)</u>	<u>(3,969.84)</u>
Increase in Net Assets	28,346.16	(9,822.85)
Net Assets - Beginning of Year	<u>1,067,157.95</u>	<u>1,076,980.80</u>
Net Assets - End of Year	<u>\$ 1,095,504.11</u>	<u>\$ 1,067,157.95</u>

NOTE: See Notes to Unaudited Financial Statements

TOWNSHIP OF NORTH BRUNSWICK LENGTH OF SERVICE AWARD PROGRAM
(LOSAP)

NOTES TO UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Township of North Brunswick Length of Service Award Program (LOSAP) is a qualified plan under Internal Revenue Code Section 457(e) and pursuant to P.L. 1997, c.388. The Township established the LOSAP Program for the North Brunswick Fire Company #1, #2 & #3 and the North Brunswick First Aid and Rescue Squad on September 4, 2001 through Ordinance #01-17. LOSAP provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. LOSAP shall provide for annual contribution to each eligible member that meets the criteria as provided in the LOSAP Point System. The Township of North Brunswick sponsors LOSAP through an annual award appropriated through the municipal budget.

B. Basis of Presentation

The accounting policies of the Township of North Brunswick (the "Township"), Length of Service Award Program (LOSAP) (the "Program") conform to the accounting principles and practices prescribed by the division of Local Government Services, department of Community Affairs, State of New Jersey.

C. Description of Program

The Program was created in accordance with the Internal Revenue Code Section 457. The Program is offered to all volunteer members that meet the criteria set by the Township, and provides for fixed annual contributions for all eligible members. The deferred compensation is not available to volunteer members until termination, retirement, death, or unforeseeable emergency. Earnings of the Program and contributions by the Township are subject to vesting provisions of the plan and are exempt from income taxes until distribution to the participating volunteers.

The Program is offered by the Township to the participants through the Lincoln Financial Group.

All amounts of compensation deferred under the Program, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are (until paid or made available to the volunteer or other beneficiary) solely the property and rights of the Township (without being restricted to the provisions of benefits under the Program), subject only to the claims of the Township's general creditors. Participant's rights under the Program are equal to those of general creditors of the Township in an amount equal to the fair market value of the deferred account for each participant.

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

C. Description of Program (Cont'd.)

In accordance with standards established by the Governmental Accounting standards Board, the Program balances are displayed in the Trust Fund of the Township. The Program is tax exempt in Internal Revenue Code Section 457.

D. Amount of Contribution

The Township will contribute to the plan for an active volunteer who thereafter annually attains the minimum point score as provided below shall receive an annual contribution to their LOSAP account of \$866.56 for each year of qualified service. An active volunteer may also qualify for a retroactive annual contribution of \$100.00 per prior year of service for each of the previous five (5) years.

An active volunteer member will qualify for contribution to a LOSAP deferred account if they earn a cumulative total minimum of 100 points based on the point system below for each service year. For each service year during which a volunteer member is determined to be eligible to receive a LOSAP contribution, he/she will be credited with a year of service for purposes of vesting in accordance with this Plan. All members must be an active volunteer member in good standing throughout the year in order to be considered an eligible "qualified participant" in the Program and must be a qualified participant in the Program for five (5) years in order to be vested.

NOTE 2: QUALIFICATIONS

Qualification – Volunteer Fire Department

Each active volunteer member shall be credited with points for volunteer services provided to Fire Company #1, Fire Company #2 or Fire Company #3 in accordance with the following schedule:

- a. Response to fire alarm calls – minimum of 25% response to all calls required. Volunteers must annually respond to not less than 25 percent of the total number of actual calls in order to receive any points under this system and to be eligible to receive a LOSAP contribution to any service year. Providing that a volunteer member meets the minimum response requirements of 25 percent he/she shall receive one point per one percent of call responses, i.e. 29 percent call response equals 29 points. Active members with 30 years of active service are exempt from this minimum requirement.
- b. Attendance at regular business meeting – 2 points per meeting. A minimum of 12 points is required. 25 points will be earned if all meetings are made.

NOTE 2: QUALIFICATIONS (CONT'D)

Qualification – Volunteer Fire Department (Cont'd)

- c. Worknights – 1 point per worknight. A minimum of 12 points for participation in worknight is required and a maximum of 25 points may be earned.
- d. Fundraisers – 1 point per event. A minimum of 5 points for participation in fundraisers is required and a maximum of 20 points may be earned.
- e. Fund Drives – 3 points per session. A minimum of 6 points for participation in fund drives is required and a maximum of 15 points may be earned.
- f. Drills – 2 points per drill. A minimum of 12 points for participation in drills is required and a maximum of 24 points may be earned.
- g. Training – 1 point per hour. Maximum of 25 points.
- h. Memorial Day Parade – 10 points for participation.
- i. Elected Officers. Elected officers in the department and in each company shall receive points, subject to review by the Chief, President and LOSAP Secretary of each Fire Company respectively, for serving in the following positions.

a. Chief Officer	50 points
b. Company Life Member	50 points
c. Company Officer/Engineer or Executive Officer	35 points
d. Committee Member, LOSAP Secretary	25 points
- j. Miscellaneous Activities – 2 points per qualifying activity. A maximum of 10 points may be earned for participation in the following activities: wakes and memorial services, weather related standbys, overnight standbys, parades, township activities, special events, department meetings.

NOTE 2: QUALIFICATIONS (CONT'D)

Qualification – Volunteer First Aid & Rescue Squad

Each active volunteer member shall be credited with points for volunteer services provided to the North Brunswick First Aid and Rescue Squad organization in accordance with the following schedule:

- a. Crew Hours:
 - a. 1 point for each 5 hours of primary duty crew
 - b. 1 point for each 10 hours of backup duty crew
 - c. 1 point for each 2.5 hours of special event/standby duty crew
 - d. 1 point for each 2.5 hours of scramble duty calls
 - e. A minimum of .5 points per scramble call awarded.

- b. Officers: Elected officers shall receive points, subject to review by the executive committee, for serving in the following positions:
 - a. Captain or President 20 points
 - b. Asst Capt, V Pres, Recording or LOSAP Secretary 15 points
 - c. Lieutenant or Treasurer 10 points
 - d. Trustee and other administrative positions 5 points
 - e.

- c. Attendance at Business Executive Board, or Officer meeting - .5 points per meeting.

- d. Training - .5 points per hour of training.

- e. Various Events (cleanups, fund-drives, fundraising and attendance at wakes and memorial services) - .5 points per hour.

Other Supplementary Data

TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	WATER		SEWER UTILITY FUND	GENERAL FIXED ASSETS	MEMORANDUM ONLY TOTALS	
				UTILITY FUND	UTILITY FUND			JUNE 30, 2017	JUNE 30, 2016
Cash and Investments	\$ 10,590,591.54	\$ 5,786,198.10	\$ 3,565,154.00	\$ 4,841,505.33	\$ 4,023,670.77	\$	\$	\$ 28,807,119.74	\$ 22,499,746.21
Accounts Receivable:									
State & Federal Grants Receivable	909,532.51							909,532.51	2,143,674.24
Due from State of New Jersey	148,724.47							148,724.47	157,132.06
Taxes, Assessments, Liens & Utility Charges	150,635.51	71,055.00		2,110,723.52				2,332,414.03	2,799,656.60
Interfund Loans	250,000.00							250,000.00	125,000.00
Other Accounts Receivable		27,358.99						27,358.99	185,858.67
Property Acquired for Taxes at Assessed Valuation	534,280.68							534,280.68	161,970.58
LOSAP Funds (Unaudited)		1,095,504.11						1,095,504.11	1,067,157.95
Fixed Assets - General						84,267,382.77		84,267,382.77	84,047,435.78
Fixed Capital - Utility				58,542,087.11	21,703,653.51			80,245,740.62	80,119,997.90
Fixed Capital - Authorized and Uncompleted - Utility				2,496,602.48	1,790,965.49			4,287,567.97	9,504,328.69
Deferred Charges to Future Taxation:									
General Capital Fund			80,788,641.00					80,788,641.00	79,055,813.00
	\$ 12,583,764.71	\$ 6,980,116.20	\$ 84,353,795.00	\$ 67,990,918.44	\$ 27,518,289.77	\$ 84,267,382.77	\$	\$ 283,694,266.89	\$ 281,867,771.68
LIABILITIES, RESERVES AND FUND BALANCE									
Bonds and Notes Payable	\$	\$	\$ 72,731,750.00	\$ 17,642,117.00	\$ 12,461,883.00	\$	\$	\$ 102,835,750.00	\$ 101,262,750.00
Loans Payable				11,413,427.16	533,773.65			11,947,200.81	12,972,003.98
Taxes Payable	355,904.50							355,904.50	245,021.00
Prepaid Taxes, Assessments, Utility Charges and Licenses	301,740.19							301,740.19	281,242.20
Tax, Assessment, Lien, License and Utility Charge Overpayments	1,351,071.39	71,055.00		320,723.52	510,745.92			391,778.52	499,436.72
Appropriation Reserves				286,037.35				2,147,874.66	2,528,768.88
Reserve for Encumbrances/Accounts Payable	996,041.30			1,012,836.53	237,497.91			2,246,375.74	2,678,699.30
Other Liabilities	19,045.00	25.00						19,070.00	28,857.60
Interfund Payable	250,000.00				28,900.00			250,000.00	125,000.00
Amts. Pledged to Specific Purposes	462,789.52	4,478,603.38	342.00	89,067.59				5,059,702.49	4,417,777.85
Escrow Funds		1,334,928.71						1,334,928.71	1,315,404.46
Improvement Authorizations		1,095,504.11		2,419,144.93	1,790,965.49			14,128,965.99	19,004,467.58
LOSAP Funds (Unaudited)								1,095,504.11	1,067,157.95
Investments in General Fixed Assets									
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized						84,267,382.77		84,267,382.77	84,047,435.78
Reserve for Certain Assets Acquired or Receivables & Inventories	934,916.19		1,157,686.20	32,412,643.43	9,498,962.35			41,911,605.78	38,366,508.61
Fund Balance	7,912,256.62		545,161.23	2,394,900.93	2,455,561.45			13,307,880.23	11,625,336.03
	\$ 12,583,764.71	\$ 6,980,116.20	\$ 84,353,795.00	\$ 67,990,918.44	\$ 27,518,289.77	\$ 84,267,382.77	\$	\$ 283,694,266.89	\$ 281,867,771.68

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

<u>Revenue and Other Income Realized</u>	SFY 2017		SFY 2016	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Surplus Anticipated	\$ 3,000,000.00	1.99	\$ 2,850,000.00	1.94
Miscellaneous Revenues Anticipated	12,668,555.87	8.40	13,128,845.94	8.93
Receipts from Current Taxes	133,726,337.12	88.70	129,854,749.72	88.30
Other Miscellaneous Revenue	<u>1,372,163.35</u>	<u>0.91</u>	<u>1,232,307.20</u>	<u>0.84</u>
Total Income	<u>150,767,056.34</u>	<u>100.00</u>	<u>147,065,902.86</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Appropriations	45,183,108.01	30.96	45,268,480.97	31.51
Tax Collections				
County Taxes	17,790,296.47	12.19	17,789,165.79	12.38
Local School District Taxes	81,958,208.50	56.16	79,755,256.00	55.51
Other Miscellaneous Expenditures	<u>997,310.09</u>	<u>0.68</u>	<u>868,725.13</u>	<u>0.60</u>
Total Expenditures	<u>145,928,923.07</u>	<u>100.00</u>	<u>143,681,627.89</u>	<u>100.00</u>
Excess in Revenue	4,838,133.27		3,384,274.97	
Fund Balance - Beginning	<u>6,074,123.35</u>		<u>5,539,848.38</u>	
	10,912,256.62		8,924,123.35	
Utilized as Anticipated Revenue	<u>(3,000,000.00)</u>		<u>(2,850,000.00)</u>	
Fund Balance - Ending	<u>\$ 7,912,256.62</u>		<u>\$ 6,074,123.35</u>	

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

<u>Revenue and Other Income Realized</u>	SFY 2017		SFY 2016	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Surplus Anticipated	\$ 400,000.00	5.06	\$ 300,000.00	3.90
Water Rents	6,155,501.08	77.87	6,211,264.92	80.73
Developer Contribution	145,090.00	1.84	151,090.00	1.96
Miscellaneous Revenues	632,092.16	8.00	644,219.07	8.37
Connection Fees	321,350.00	4.07	185,705.00	2.41
Water Utility Capital Surplus	75,000.00	0.95	50,000.00	0.65
Unexpended Balance of Appropriation Reserve	50,658.61	0.64	28,246.04	0.37
Water Utility Assessment Trust Fund Interest	93,375.00	1.18	97,175.00	1.26
SREC Sales	18,866.77	0.24	26,414.90	0.34
Prior Year's Accounts Payable Canceled	12,863.15	0.16		
Total Income	7,904,796.77	100.00	7,694,114.93	100.00
<u>Expenditures</u>				
Budget Appropriations	7,495,307.83	100.00	7,157,113.13	100.00
Total Expenditures	7,495,307.83	100.00	7,157,113.13	100.00
Excess in Revenue	409,488.94		537,001.80	
Decreased by Surplus Anticipated				
Water Utility Operating Fund	(400,000.00)		(300,000.00)	
Fund Balance - Beginning	1,873,149.69		1,636,147.89	
Fund Balance - Ending	\$ 1,882,638.63		\$ 1,873,149.69	

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

<u>Revenue and Other Income Realized</u>	<u>SFY 2017</u>		<u>SFY 2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Surplus Anticipated	\$ 1,050,000.00	13.21	\$ 475,000.00	6.44
Sewer Rents	6,485,376.63	81.60	6,580,480.14	89.17
Connection Fees	10,050.00	0.13	13,675.00	0.19
Prior Year's Accounts Payable Canceled	1,575.29	0.02	0.01	0.00
Unexpended Balance of Appropriation Reserve	400,900.36	5.04	310,503.13	4.21
Total Income	<u>7,947,902.28</u>	<u>100.00</u>	<u>7,379,658.28</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Appropriations	<u>7,245,579.39</u>	<u>100.00</u>	<u>6,906,554.93</u>	<u>100.00</u>
Total Expenditures	<u>7,245,579.39</u>	<u>100.00</u>	<u>6,906,554.93</u>	<u>100.00</u>
Excess in Revenue	702,322.89		473,103.35	
Decreased by Surplus Anticipated	(1,050,000.00)		(475,000.00)	
Fund Balance - Beginning	<u>2,507,840.76</u>		<u>2,509,737.41</u>	
Fund Balance - Ending	<u>\$ 2,160,163.65</u>		<u>\$ 2,507,840.76</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate:</u>	<u>\$5.454</u>	<u>\$5.340</u>	<u>\$5.249</u>
<u>Apportionment of Tax Rate:</u>			
Municipal:	<u>\$1.232</u>	<u>\$1.202</u>	<u>\$1.177</u>
Municipal Open Space:	<u>\$0.030</u>	<u>\$0.030</u>	<u>\$0.030</u>
County:	<u>\$0.675</u>	<u>\$0.667</u>	<u>\$0.674</u>
County Open Space:	<u>\$0.055</u>	<u>\$0.056</u>	<u>\$0.055</u>
Local School:	<u>\$3.402</u>	<u>\$3.325</u>	<u>\$3.253</u>
Municipal Library:	<u>\$0.060</u>	<u>\$0.060</u>	<u>\$0.060</u>

Assessed Valuation:

2017	<u>\$2,462,631,767.00</u>		
2016		<u>\$2,461,930,410.00</u>	
2015			<u>\$2,457,050,620.00</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 \$148,000.

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>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
SFY 2017	\$133,808,210.40	\$133,726,337.12	99.94%
SFY 2016	129,973,744.53	129,854,999.72	99.91%
SFY 2015	129,659,436.35	129,527,676.68	99.90%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
SFY 2017	\$37,569.02	\$113,066.49	\$150,635.51	0.11%
SFY 2016	413,593.82	1,626.06	415,219.88	0.32%
SFY 2015	392,948.37	-	392,948.37	0.30%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on June 30 ,on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
SFY 2017	\$534,280.68
SFY 2016	161,970.58
SFY 2015	161,970.58

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year Ended</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	SYF 2017	\$ 7,912,256.62	\$ 3,350,000.00
	SYF 2016	6,074,124.43	3,000,000.00
	SYF 2015	5,539,848.38	2,850,000.00
	SYF 2014	5,091,996.91	3,250,000.00
	SYF 2013	4,364,372.42	2,950,000.00
Water Utility Operating Fund	SYF 2017	\$ 1,882,638.63	\$ 400,000.00
	SYF 2016	1,873,149.69	400,000.00
	SYF 2015	1,830,257.90	300,000.00
	SYF 2014	1,933,700.46	330,000.00
	SYF 2013	2,043,909.45	370,000.00
Sewer Utility Operating Fund	SYF 2017	\$ 2,160,163.65	\$ 1,000,000.00
	SYF 2016	2,507,840.76	1,050,000.00
	SYF 2015	2,590,085.41	475,000.00
	SYF 2014	2,379,026.88	384,000.00
	SYF 2013	2,188,023.73	50,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at June 30, 2017:

<u>NAME</u>		<u>TITLE</u>	<u>AMOUNT OF BOND</u>	
Francis Womack	-	Mayor		
Carlo Socio	-	Council President		
Ralph Andrews	-	Councilperson		
Robert Corbin	-	Councilperson		
Robert Davis	-	Councilperson		
Amanda Guadagnino	-	Councilperson		
Sylvester Paladino	-	Councilperson		
Kathryn Monzo	-	Business Administrator		
Justine Progebin	-	Assistant Business Administrator		
Kala Sriranganathan	-	Chief Financial Officer	\$1,000,000.00	(A)
Laurie Hammerstrom	-	Tax Collector	\$1,000,000.00	(A)
Justine Progebin	-	Purchasing Agent		
Lisa Russo	-	Township Clerk		
Diane Walker	-	Tax Assessor		
Sheral Rossmann	-	Court Administrator	\$1,000,000.00	(A)
Christine Heitman	-	Municipal Court Judge	\$1,000,000.00	(A)
William Feingold	-	Municipal Court Judge	\$1,000,000.00	(A)
Ron Gordon, Esq.	-	Township Attorney		
Lisa Russo	-	Registrar of Vital Statistics		
Lou Ann Benson	-	Director of Parks and Recreation/ Community Services		
Michael Hritz	-	Director of Community Development		
Eric Chaszar	-	Director of Public Works		
Tom Paun	-	Construction Official		
Kenneth McCormick	-	Director of Public Safety		

(A) Garden State Municipal Joint Insurance Fund

Comments related to surety bond coverages are located in the General Comment section of the report.

**TOWNSHIP OF NORTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**



PART V

GENERAL COMMENTS AND RECOMMENDATIONS

TOWNSHIP OF NORTH BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY
FISCAL YEAR ENDED JUNE 30, 2017

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Township of North Brunswick, County of Middlesex, New Jersey, for the fiscal year ended June 30, 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 Township of North Brunswick, 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 the Township of North Brunswick, County of Middlesex, New Jersey as of and for the fiscal year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 deficiencies, significant deficiencies, or material weaknesses. Professional accounting standards define the inadequacies or shortcomings of internal controls within an organization, as follows:

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

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is 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 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.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (cont'd.)

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

These general comments do not affect our report on the financial statements of the Township of North Brunswick, dated December 20, 2017. Our comments and recommendations, which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies.

Control Deficiencies:

2017-1 Segregation of Duties – Other Offices/Departments Collecting Municipal Fees

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Tax Office, Recreation, Police, Community Development, Fire, Building Regulations and Clerk.

This condition is the result of multiple tasks performed by the same individual and the staffing levels of the respective offices.

2017-2 Transaction Posting

The computerized data processing system allows for the back posting of transactions for those individuals with security rights in the system. The ability to back post transactions can limit the effectiveness of the data processing system.

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

GENERAL COMMENTS

OTHER MATTERS (CONT'D)

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

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township's Counsel's opinion should be sought before a commitment is made.

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 June 30, 2017, the Township has a Qualified Purchasing Agent.

On May 5, 2011, the Local Public Contracts Law was revised again pursuant to a statutorily permitted notice issued by the Governor of the State of New Jersey, effective January 1, 2011. The law eliminated the previous 'lower' non-QPA threshold of \$26,000. Thus a contracting unit without a Qualified Purchasing Agent now has a maximum bid threshold of \$17,500.00.

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

Materials, Supplies and Equipment:

Two Side Loading Refuse Trucks, Rollout Containers, Radio maintenance, Vehicles for Police, Vehicles for Public Works, Paper and Copier Supplies, John Deere Excavator, One Mall Chevrolet, Vehicle parts, Police Vehicle GPS Tracking Devices, Police Uniforms

Service, Rentals, Construction and Repairs:

Tree Maintenance and Tree Removal, Renovations to Municipal Building, Tax Counsel, Network Service/Support, Advertising, Snow Removal Services, Street and Road Improvements, Legal Services, Turf Management, Towing Services, Vehicle Repairs

Examination for items tested revealed no individual payments over the \$40,000 bid threshold, "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those were bids had been previously sought by public advertising or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A: 11-4.

GENERAL COMMENTS

OTHER MATTERS (CONT'D.)

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

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

Any interpretations as to the possible violation of N.J.S.A. 40A: 11-4 would be in the province of the Township solicitor.

Pay-to-Play and Business Registration Requirements

Tests of expenditures for vendors with payments in excess of \$17,500 and less than applicable bid threshold for contracts not awarded through state contracts, bidding or the "fair and open process" indicated the Township is in compliance with P.L. 2005, c.271.

Collection of Interest on Delinquent Taxes, Assessments and Water and Sewer Charges

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 2, 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 (10) days after the date upon which the same is payable.

NOW, THEREFORE, BE IT RESOLVED that the Township 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".

An examination of the Tax Collector's record indicated that interests on delinquent accounts were calculated in accordance with the foregoing resolution for the items tested.

GENERAL COMMENTS

OTHER MATTERS (CONT'D)

Delinquent Taxes and Tax Title Liens

The last accelerated tax sale was held on June 21, 2017. Properties that were in bankruptcy proceedings were excluded from the sale.

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>
SFY 2017	8
SFY 2016	49
SFY 2015	52

Investments

During SFY 2017, the Township's funds were invested primarily in interest bearing and sweep accounts.

The Township 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".

Purchase Order and Encumbrance System

The Township 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 processing of confirming orders was noted.

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 June 30, 2015. A review of surety bond coverage as of June 30, 2017, disclosed compliance with requirements, as promulgated by the Local Finance Board, State of New Jersey, for the Municipal Court and Collector.

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. We suggest that the Township review these revised regulations and determine their applicability and also determine if other positions should be bonded separately or covered with increased blanket coverage.

GENERAL COMMENTS

OTHER MATTERS (CONT'D.)

Municipal Court

The financial records maintained by the Municipal Court during the period were reviewed. The examination of the general account included a review to confirm deposits were properly recorded and spread by receipt category and disbursements were made to the appropriate agencies on a timely basis. There were no exceptions for turnover exceeding the 15th day of the following month for disbursements to the Township's Current Fund. It was noted in the prior year audit that bank reconciliations were completed within acceptable time frame for both the bail and general accounts and that cash bail on account was not in agreement with cash bail per bank reconciliation. The examination of the bail accounts and supporting records maintained by the Municipal Court indicated that the analysis of outstanding bail was reconciled to the book balance for the period under review. The examination of the court records also indicated that the court continues to complete its bank reconciliations in a timely manner.

Internal Control Documentation

Statement on Auditing Standards 115 identifies inadequate documentation of internal controls as a possible deficiency, significant deficiency or material weakness. The Township initiated the process of documenting its control, we suggest the Township 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; Information and Communication; Monitoring; and Control Activities. In addition, we suggest the documentation also include the internal controls that exist over grant compliance.

Condition of Records - Other Officials Collecting Fees

Our review 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 Township Code and that monthly financial reports are being submitted to the Finance Department timely.

The examination of the records of the various outside offices and departments indicated the following for the fiscal year ended June 30, 2017: all offices were in compliance with 48-hour deposit requirement (N.J.S.A 40A: 5-15).

It is suggested that the Township continually review its financial accounting and reporting policies and procedures as well as internal control procedures to ensure that all of its control objectives are met and to ensure compliance with N.J.S.A 40A: 5-15.

GENERAL COMMENTS

OTHER MATTERS (CONT'D.)

Water Utility Fund/ Sewer Utility Fund

The results of operation for the Water Utility Operating Fund and the Sewer Utility Operating Fund are set forth in Exhibit "D-1" and Exhibit "E-1", respectively, of this report. Realized revenues amounted to \$7,904,796.77 for Water and \$7,947,902.28 for Sewer. Expenditures amounted to \$7,495,307.83 for Water and \$7,245,579.39 for Sewer. This resulted in excess revenues of \$409,488.94 for Water and \$702,322.89 for Sewer. The calculation of "Self-Liquidating Purpose" water utility operations per N.J.S.A. 40A: 2-45 resulted in a statutory excess for debt statement purposes of \$470,967.18, which allows for the total deduction of Water Utility Debt in the calculation of the statutory net debt of the Township at June 30, 2017. The calculation of "Self-Liquidating Purpose" sewer utility operations per N.J.S.A. 40A:2-45 resulted in a statutory excess for debt statement purposes of \$1,149,847.24, which allows for the total deduction of Sewer Utility Debt in the calculation of the statutory net debt of the Township at June 30, 2017.

Condition of Records - Collector of Revenues

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

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. Adjustments were required to be posted and recorded within the general ledger accounting and reporting system in order to utilize the ledger as the basis of financial statement – regulatory basis preparation and presentation. The control accounts were generally in proof with supporting detail.

Administration and Accounting of State & Federal Grants

During SFY 2017, the Township operated programs that were funded in whole or in part by state and or federal grant awards. As part of the acceptance of these funds, the Township 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. Based upon the myriad compliance and reporting requirements for grant awards, the Township should continue to develop sound administrative functions over grant program.

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

It was noted in the previous and current audit that there are certain grant receivables recorded within the Township's financial statements where no recent activity has occurred. We suggest that the Township review older receivable balances, including grants receivables, for their proper disposition within all Township funds, and in particular the Grant Fund and General Capital Fund.

GENERAL COMMENTS

OTHER MATTERS (CONT'D.)

The grant administration process also requires the Township to prepare schedule(s) of financial assistance. As with other local entities, due to weaknesses in the grant notification process followed by certain agencies, that pass-through federal and state assistance to the Township, the Township often does not receive accurate and timely information with respect to the grant funding sources, along with the relevant CFDA and account number information from its grantor agencies, which can inhibit the preparation of these financial assistance schedules. Matters related to the inclusion of and classification of certain grants with respect to the financial assistance schedules were noted in our review. We suggest the Township review its procedures over the preparation of the financial assistance schedules for proper reporting.

We also suggest the Township periodically review its system of internal controls and various policies and procedures as they apply to the compliance requirements for State and Federal grants.

Other Compliance Matters:

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

N.J.A.C. 5:30 - 5.2 - Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Township of North Brunswick 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 assigns values to covered assets and can track additions, retirements and transfers of inventoried assets. The Township is 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 Township 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.

RECOMMENDATIONS

None.

* * * * *

ACKNOWLEDGMENT

During the course of our audit we received the complete cooperation of the various officials of the Township, 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