

**TOWNSHIP OF MILLSTONE**

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



**TOWNSHIP OF MILLSTONE  
COUNTY OF MONMOUTH**

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**TOWNSHIP OF MILLSTONE  
COUNTY OF MONMOUTH**

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**TOWNSHIP OF MILLSTONE  
COUNTY OF MONMOUTH**

**PART I**

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

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ALLISON, P.C.  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of Millstone  
County of Monmouth  
Millstone, New Jersey 08510

### Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Millstone, County of Monmouth, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Townships' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

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

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

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

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

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

### **Basis for Qualified Opinion on Regulatory Basis of Accounting**

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Township’s Trust Fund, and represent 5.287% and 4.822% of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2016 and 2015.

### **Qualified Opinion on Regulatory Basis of Accounting**

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

## **Other Matters**

### **Report on Supplementary Information**

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017, on our consideration of the Township of Millstone's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Millstone's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

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

Freehold, New Jersey  
June 8, 2017

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

Honorable Mayor and Members  
of the Township Committee  
Township of Millstone  
County of Monmouth  
Millstone, New Jersey 08510

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of Millstone (herein referred to as “the Township”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon dated June 8, 2017. Our report indicated that the Township’s financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant

deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

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

Freehold, New Jersey  
June 8, 2017

**BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Regular Fund:			
Cash - Treasurer	A-4	\$ 15,923,918.31	\$ 15,189,948.15
Change Funds	A-6	1,100.00	1,300.00
Due from State of New Jersey - Senior Citizen & Veteran Deductions	A-7	250.00	1,750.00
Total		<u>15,925,268.31</u>	<u>15,192,998.15</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	509,251.09	552,512.07
Tax Title Liens Receivable	A-9	263,931.51	248,599.74
Revenue Accounts Receivable	A-10	3,469.74	3,733.93
Total Receivable & Other Assets With Full Reserves		<u>776,652.34</u>	<u>804,845.74</u>
Deferred Charges To Future Taxation:			
Special Emergency Authorizations	A	-	368,000.00
Total		<u>-</u>	<u>368,000.00</u>
Total Regular Fund		<u>16,701,920.65</u>	<u>16,365,843.89</u>
Federal & State Grant Fund:			
Cash	A-4	46,580.77	103,346.54
Federal & State Grants Receivable	A-17	32,957.50	47,675.00
Total Federal & State Grants		<u>79,538.27</u>	<u>151,021.54</u>
		<u>\$ 16,781,458.92</u>	<u>\$ 16,516,865.43</u>

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

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2016	2015
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 103,225.65	\$ 136,805.76
Accounts Payable	A	1,978.00	3,956.00
Due to State of New Jersey:			
Construction Fees	A	4,995.00	5,204.00
Marriage License Fees	A	200.00	200.00
Reserve for Encumbrances	A-3	159,030.88	161,989.34
Prepaid Taxes	A-12	262,331.02	241,703.61
Tax Overpayments	A-13	45,212.10	26,579.58
Due County for Added & Omitted Taxes	A-15	35,063.11	37,923.67
Local District School Tax Payable	A-16	13,440,157.00	13,094,325.00
 Total Liabilities		<u>14,052,192.76</u>	<u>13,708,686.96</u>
 Reserve for Receivables & Other Assets	A	776,652.34	804,845.74
Fund Balance	A-1	<u>1,873,075.55</u>	<u>1,852,311.19</u>
 Total Regular Fund		<u>16,701,920.65</u>	<u>16,365,843.89</u>
State & Federal Grants:			
Encumbrance Payable	A-18	4,100.00	2,577.00
Reserve for Federal & State Grants:			
Appropriated	A-18	<u>75,438.27</u>	<u>148,444.54</u>
 Total State & Federal Grants		<u>79,538.27</u>	<u>151,021.54</u>
 Total Liabilities, Reserves & Fund Balance		<u>\$ 16,781,458.92</u>	<u>\$ 16,516,865.43</u>

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

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
STATEMENT OF OPERATIONS AND CHANGES IN  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

	2016	2015
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 891,893.04	\$ 832,663.28
Miscellaneous Revenue Anticipated	2,509,976.36	2,636,105.92
Receipts From Delinquent Taxes	547,112.87	402,018.73
Receipts from Current Taxes	41,397,931.08	40,769,956.36
Nonbudget Revenues	73,324.09	22,374.11
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	167,051.40	186,757.96
Cancellation of Prior Year Payable	1,978.00	-
Cancelled Grant Appropriated Reserves	60,857.86	2,406.45
	<u>45,650,124.70</u>	<u>44,852,282.81</u>
Total Income		
Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,469,339.10	1,450,752.20
Other Expenses	2,183,338.20	2,225,094.51
Deferred Charges & Statutory Expenditures - Municipal	272,735.83	259,840.00
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	25,150.07	24,462.80
Other Expenses	175,093.05	144,147.19
Municipal Debt Service	1,094,665.35	1,087,917.66
Capital Improvements	37,850.00	41,750.00
Deferred Charges & Statutory Expenditures	368,000.00	151,000.00
County Taxes	5,341,598.94	5,520,409.23
Due County for Added and Omitted Taxes	35,063.11	37,923.55
Local District School Taxes	30,880,311.00	30,188,648.00
Municipal Open Space Tax	1,117,164.75	1,045,075.65
Fire District Taxes	1,737,100.00	1,722,150.00
Cancelled Grant Receivables	57.90	2,406.45
	<u>44,737,467.30</u>	<u>43,901,577.24</u>
Total Expenditures		
Excess in Revenue	<u>912,657.40</u>	<u>950,705.57</u>
Fund Balance January 1	<u>1,852,311.19</u>	<u>1,734,268.90</u>
Total	2,764,968.59	2,684,974.47
Decreased by:		
Utilized as Anticipated Revenue	891,893.04	832,663.28
Fund Balance December 31	<u>\$ 1,873,075.55</u>	<u>\$ 1,852,311.19</u>

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

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

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$ 891,893.04	\$ -	\$ 891,893.04	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,072.00	-	10,072.00	-
Fees & Permits	33,000.00	-	32,060.34	(939.66)
Fines & Costs:				
Municipal Court	79,500.00	-	78,803.44	(696.56)
Interest on Costs & Taxes	96,000.00	-	105,506.81	9,506.81
Interest on Investments & Deposits	225,000.00	-	229,140.76	4,140.76
Interlocal Service Agreement:				
Roosevelt Court Fees	6,000.00	-	6,000.00	-
Garden State Trust Fund	20,207.00	-	20,207.00	-
Uniform Construction Code Fees	450,000.00	-	461,272.00	11,272.00
Energy Receipts Tax	821,546.00	-	821,546.00	-
Cable Franchise Fees	105,902.00	-	105,902.00	-
Verizon Franchise Fees	42,792.39	-	42,792.39	-
FEMA Reimbursement	478,089.33	-	478,089.33	-
Telecommunications Tower Lease	38,014.40	-	41,150.90	3,136.50
Reserve for Debt Service	-	2,463.49	2,463.49	-
Public & Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	8,506.94	-	8,506.94	-
Clean Communities Program	-	46,462.96	46,462.96	-
Municipal Alliance on Alcoholism & Drug Abuse	20,000.00	-	20,000.00	-
<b>Total Revenues</b>	<b>2,434,630.06</b>	<b>48,926.45</b>	<b>2,509,976.36</b>	<b>26,419.85</b>
Receipts from Delinquent Taxes	496,261.24	-	547,112.87	50,851.63
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	2,590,456.72	-	3,116,693.28	526,236.56
<b>Budget Totals</b>	<b>6,413,241.06</b>	<b>48,926.45</b>	<b>7,065,675.55</b>	<b>603,508.04</b>
Nonbudget Revenues	-	-	73,324.09	73,324.09
<b>Total</b>	<b>\$ 6,413,241.06</b>	<b>\$ 48,926.45</b>	<b>\$ 7,138,999.64</b>	<b>\$ 676,832.13</b>

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

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

**ANALYSIS OF REALIZED REVENUE**

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 41,397,931.08
Allocated to School, County, Fire District & Local Open Space Taxes	<u>39,111,237.80</u>
Balance of Support of Municipal Budget Appropriations	2,286,693.28
Add: Appropriation "Reserve for Uncollected Taxes"	<u>830,000.00</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 3,116,693.28</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u>\$ 547,112.87</u>
Fees & Permits - Other:	
Clerk	\$ 16,260.34
Planning	4,500.00
Zoning	9,200.00
Other	<u>2,100.00</u>
Total	<u>\$ 32,060.34</u>

**ANALYSIS OF NONBUDGET REVENUE**

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Sale of Assets	\$ 22,436.81
LOSAP Inactive Non-Vested Memberships	18,971.67
Tax Year End Penalties	14,824.03
Self Insurance 2015 Balance	5,452.90
Prior Year Rebates/Refunds	4,720.73
Credit Card Convenience Fees	4,634.00
Admin Fee - SC & VET	1,095.00
Returned Check Fees	400.00
Homestead Benefits- Admin Fees	315.00
Miscellaneous	250.80
Sale of Scrap Metal	189.27
Discovery Fees	<u>33.88</u>
Total	<u>\$ 73,324.09</u>

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

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS			EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
<b>GENERAL GOVERNMENT:</b>							
Mayor & Township Committee:							
Salaries and Wages	\$ 36,000.00	36,000.00	\$ 35,769.00	\$ -	\$ 231.00	\$ -	
Other Expenses	700.00	700.00	660.00	39.95	0.05	-	
General Administration:							
Salaries and Wages	71,000.00	75,500.00	75,054.55	-	445.45	-	
Other Expenses	78,200.00	78,200.00	63,404.50	10,555.67	4,239.83	-	
Municipal Clerk:							
Salaries and Wages	127,000.00	127,000.00	126,879.84	-	120.16	-	
Other Expenses	14,350.00	14,350.00	9,936.29	923.20	3,490.51	-	
Financial Administration:							
Salaries and Wages	120,000.00	120,000.00	119,784.04	-	215.96	-	
Other Expenses	29,244.00	29,244.00	22,277.79	4,139.24	2,826.97	-	
Audit Services:							
Other Expenses	27,000.00	27,000.00	27,000.00	-	-	-	
Collection of Taxes:							
Salaries and Wages	66,000.00	66,000.00	65,519.11	-	480.89	-	
Other Expenses	6,555.00	6,980.00	6,179.55	784.90	15.55	-	
Assessment of Taxes:							
Salaries and Wages	88,000.00	88,000.00	87,494.34	-	505.66	-	
Other Expenses	8,150.00	6,650.00	4,181.79	1,715.75	752.46	-	
Legal Services & Costs:							
Other Expenses	120,000.00	135,000.00	121,240.63	13,759.37	-	-	
Engineering Services & Costs:							
Other Expenses	40,000.00	37,000.00	27,236.47	3,000.00	6,763.53	-	
Historical Preservation Committee:							
Other Expenses	1,400.00	550.00	292.75	-	257.25	-	
Veterans Memorial Committee:							
Other Expenses	1,500.00	1,500.00	1,064.06	-	435.94	-	
Open Space Farmland Preservation Council:							
Salaries and Wages	57,000.00	57,000.00	55,702.65	-	1,297.35	-	
Other Expenses	1,650.00	900.00	598.90	-	301.10	-	
Agricultural:							
Other Expenses	2,460.00	1,460.00	1,098.11	-	361.89	-	
Municipal Land Use Law (N.J.S. 40:55D-1):							
Planning Board:							
Salaries and Wages	24,000.00	24,000.00	23,029.10	-	970.90	-	
Other Expenses	19,075.00	13,075.00	4,314.22	7,385.50	1,375.28	-	
Zoning Board of Adjustment:							
Salaries and Wages	24,000.00	23,550.00	23,029.10	-	520.90	-	
Other Expenses	7,875.00	8,325.00	7,292.43	900.00	132.57	-	

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

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS			EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
<b>INSURANCE:</b>						
Liability Insurance	131,900.00	131,900.00	131,900.00	-	-	-
Worker's Compensation Insurance	71,050.00	71,050.00	71,050.00	-	-	-
Employee Group Health Insurance	698,696.00	714,696.00	692,778.26	21,540.80	376.94	-
Employee Group Insurance Waiver	12,000.00	7,500.00	7,500.00	-	-	-
Unemployment Insurance	9,000.00	9,000.00	7,427.95	-	1,572.05	-
<b>PUBLIC SAFETY FUNCTIONS</b>						
Emergency Management Service:						
Other Expenses	9,500.00	9,500.00	3,681.23	1,012.96	4,805.81	-
Municipal Court:						
Salaries and Wages	116,000.00	116,000.00	115,006.36	-	993.64	-
Other Expenses	20,100.00	20,100.00	14,647.15	4,776.15	676.70	-
Aid to Volunteer Ambulance Companies:						
Contribution	35,000.00	35,000.00	35,000.00	-	-	-
Other Expenses	6,000.00	6,000.00	6,000.00	-	-	-
Public Defender:						
Other Expenses	5,000.00	5,000.00	2,862.00	-	2,138.00	-
Municipal Prosecutor:						
Other Expenses	28,000.00	28,000.00	27,980.00	-	20.00	-
<b>PUBLIC WORKS FUNCTIONS</b>						
Streets & Roads:						
Salaries and Wages	380,049.93	380,049.93	374,704.93	-	5,345.00	-
Other Expenses	140,971.20	150,971.20	92,391.30	31,759.08	26,820.82	-
Shade Tree Commission:						
Other Expenses	8,650.00	8,650.00	3,568.55	4,599.75	481.70	-
Sanitation:						
Salaries and Wages	17,000.00	17,000.00	16,880.17	-	119.83	-
Other Expenses	135,994.00	135,994.00	133,165.43	2,326.59	501.98	-
Buildings & Grounds:						
Other Expense	82,118.00	87,118.00	68,069.51	5,688.10	13,360.39	-
Vehicle Maintenance:						
Other Expense	85,000.00	100,000.00	75,295.00	16,370.16	8,334.84	-
<b>HEALTH &amp; HUMAN SERVICES</b>						
Senior Transportation:						
Other Expenses	10,500.00	10,500.00	8,665.00	1,835.00	-	-
Environmental Commission:						
Salaries and Wages	2,400.00	2,400.00	2,100.00	-	300.00	-
Other Expenses	2,500.00	1,000.00	602.66	62.75	334.59	-
<b>PARKS &amp; RECREATION FUNCTIONS:</b>						
Recreation Commission:						
Salaries and Wages	64,000.00	50,300.00	50,177.56	-	122.44	-
Other Expenses	3,325.00	2,520.00	1,877.28	455.03	187.69	-

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

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Maintenance of Parks:						
Other Expenses	24,000.00	23,400.00	23,398.98	-	1.02	-
Celebration of Public Events:						
Other Expenses	10,000.00	10,000.00	10,000.00	-	-	-
<b>EDUCATION FUNCTIONS:</b>						
Contribution to Municipal Library	250.00	250.00	250.00	-	-	-
<b>UTILITY EXPENSES:</b>						
Electricity	47,000.00	44,250.00	40,301.99	2,477.49	1,470.52	-
Street Lighting	92,000.00	81,350.00	74,278.75	5,951.90	1,119.35	-
Telephone	32,000.00	30,300.00	27,960.66	1,800.70	538.64	-
Gas	26,000.00	26,000.00	21,851.62	4,000.00	148.38	-
Gasoline	40,000.00	21,000.00	15,480.33	5,519.67	-	-
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS:</b>						
Landfill Tipping Fees						
Other Expenses	20,400.00	18,900.00	18,896.28	-	3.72	-
<b>Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.23-4.17):</b>						
State Uniform Construction Code:						
Construction:						
Salaries and Wages	253,000.00	250,539.17	250,115.32	-	423.85	-
Other Expenses	8,580.00	8,580.00	6,394.51	673.17	1,512.32	-
Other Code Enforcement:						
Salaries and Wages	36,000.00	36,000.00	35,700.08	-	299.92	-
Other Expenses	18,875.00	23,875.00	19,443.85	3,000.00	1,431.15	-
Total Operations Within "CAPS	3,654,018.13	3,652,677.30	3,396,441.93	157,052.88	99,182.49	-
Detail:						
Salaries and Wages	1,481,449.93	1,469,339.10	1,456,946.15	-	12,392.95	-
Other Expenses	2,172,568.20	2,183,338.20	1,939,495.78	157,052.88	86,789.54	-
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES MUNICIPAL - WITHIN "CAPS"</b>						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	153,895.00	154,755.83	154,755.83	-	-	-
Social Security System (O.A.S.I)	114,000.00	114,000.00	111,970.17	-	2,029.83	-
Defined Contribution Retirement Program	3,500.00	3,980.00	3,966.67	-	13.33	-
Total Statutory Expenditures	271,395.00	272,735.83	270,692.67	-	2,043.16	-
Total General Appropriations Within "CAPS"	3,925,413.13	3,925,413.13	3,667,134.60	157,052.88	101,225.65	-

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

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>						
Group Insurance Plan for Employees	11,304.00	11,304.00	11,304.00	-	-	-
County of Monmouth- 911 Service	25,038.35	25,038.35	25,038.35	-	-	-
Length of Service Awards Program (LOSAP):						
Other Expenses	15,787.00	15,787.00	15,787.00	-	-	-
Streets and Roads:						
Salaries and Wages	19,950.07	19,950.07	19,950.07	-	-	-
Other Expenses	20,178.80	20,178.80	20,178.80	-	-	-
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</b>						
Municipal Court:						
Salaries and Wages	5,200.00	5,200.00	5,200.00	-	-	-
Other Expenses	800.00	800.00	800.00	-	-	-
Animal Control Services:						
Other Expenses	18,037.00	18,037.00	18,037.00	-	-	-
<b>PUBLIC &amp; PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:</b>						
Municipal Alliance for a Drug Free New Jersey:						
State Share	20,000.00	20,000.00	20,000.00	-	-	-
Township Share	5,000.00	5,000.00	5,000.00	-	-	-
Local Matching Funds for Grants	2,000.00	2,000.00	-	-	2,000.00	-
Clean Communities Program	-	46,462.96	46,462.96	-	-	-
Supplemental Fire Services Program	1,978.00	1,978.00	-	1,978.00	-	-
Recycling Tonnage Grant	8,506.94	8,506.94	8,506.94	-	-	-
<b>Total Operations</b>	<b>153,780.16</b>	<b>200,243.12</b>	<b>196,265.12</b>	<b>1,978.00</b>	<b>2,000.00</b>	<b>-</b>
<b>Total Operations Including Contingent</b>	<b>153,780.16</b>	<b>200,243.12</b>	<b>196,265.12</b>	<b>1,978.00</b>	<b>2,000.00</b>	<b>-</b>
<b>Detail:</b>						
Salaries and Wages	25,150.07	25,150.07	25,150.07	-	-	-
Other Expenses	128,630.09	175,093.05	171,115.05	1,978.00	2,000.00	-
<b>Capital Improvements:</b>						
Capital Improvement Fund	37,850.00	37,850.00	37,850.00	-	-	-
<b>Total Capital Improvements</b>	<b>37,850.00</b>	<b>37,850.00</b>	<b>37,850.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Municipal Debt Service:</b>						
Payment of Bond Principal	505,000.00	505,000.00	505,000.00	-	-	-
Payment of Bond Anticipation & Capital Notes	186,909.00	186,909.00	182,639.11	-	-	4,269.89
Interest on Bonds	272,450.00	272,450.00	272,449.26	-	-	0.74
Interest on Notes	62,723.77	65,187.26	63,463.07	-	-	1,724.19

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

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	APPROPRIATIONS		EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Capital Lease Obligations						
Principal	64,500.00	64,500.00	64,500.00	-	-	-
Interest	6,615.00	6,615.00	6,613.91	-	-	1.09
Total Municipal Debt Service	1,098,197.77	1,100,661.26	1,094,665.35	-	-	5,995.91
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>						
<b>MUNICIPAL - EXCLUDED FROM "CAPS"</b>						
Special Emergency Authorizations - 5 Years	368,000.00	368,000.00	368,000.00	-	-	-
Total Deferred Charges & Statutory Expenditures	368,000.00	368,000.00	368,000.00	-	-	-
Subtotal General Appropriations	5,583,241.06	5,632,167.51	5,363,915.07	159,030.88	103,225.65	5,995.91
Reserve for Uncollected Taxes	830,000.00	830,000.00	830,000.00	-	-	-
Total General Appropriations	\$ 6,413,241.06	\$ 6,462,167.51	\$ 6,193,915.07	\$ 159,030.88	\$ 103,225.65	\$ 5,995.91
Budget Appropriation by 40A.4-87	\$ 6,413,241.06					
Total	\$ 6,462,167.51					
Reserve for State & Federal Grants Appropriated			\$ 79,969.90			
Deferred Charges - Emergency			368,000.00			
Reserve for Uncollected Taxes Reimbursements			830,000.00			
Disbursed			(76,802.46)			
			4,992,747.63			
Total			\$ 6,193,915.07			

**TOWNSHIP OF MILLSTONE  
TRUST FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	<u>2016</u>	<u>2015</u>
Animal Control Trust Fund:			
Cash	B-1	\$ 8,727.68	\$ 5,683.29
Total Animal Control Trust Fund		<u>8,727.68</u>	<u>5,683.29</u>
Other Funds:			
Cash - Treasurer	B-1	5,398,329.54	7,321,789.34
Open Space Grant Receivable	B	<u>683,000.00</u>	<u>183,000.00</u>
Total Other Funds		<u>6,081,329.54</u>	<u>7,504,789.34</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited:			
Funds Held by Trustee	B-5	<u>339,931.19</u>	<u>380,482.97</u>
Total Assets		<u>\$ 6,429,988.41</u>	<u>\$ 7,890,955.60</u>

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

**TOWNSHIP OF MILLSTONE  
TRUST FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2016	2015
Animal Control Trust Fund:			
Reserve for Animal Fund Expenditures	B-2	\$ 8,113.08	\$ 5,293.29
Reserve for Encumbrances	B	582.80	360.00
Due to State	B-3	31.80	30.00
 Total Animal Control Trust Fund		 8,727.68	 5,683.29
Other Funds:			
Reserve for Self Insurance	B-4	21,975.77	25,694.19
Reserve for Storm Recovery Trust	B-4	80,000.00	80,000.00
Reserve for Basin Maintenance	B-4	120,364.09	140,850.88
Reserve for Master Trust	B-4	73,123.73	78,465.10
Reserve for POAA	B-4	64.00	52.00
Reserve for Builders Escrow Over \$5,000	B-4	1,355,106.42	1,439,517.82
Reserve for Builders Escrow Under \$5,000	B-4	105,663.59	135,863.74
Reserve for COAH	B-4	4,336.83	93,947.94
Reserve for Municipal Open Space	B-4	3,142,269.40	4,261,598.51
Reserve for Municipal Alliance	B-4	3,124.60	3,174.60
Reserve for Recreation	B-4	606,617.76	555,346.99
Reserve for Tax Sale Premium	B-4	226,916.74	583,218.89
Reserve for Veterans Memorial	B-4	8,302.47	8,627.47
Reserve for Shade Tree	B-4	14,440.00	14,440.00
Reserve for Encumbrances	B-4	319,024.14	83,991.21
 Total Other Funds		 6,081,329.54	 7,504,789.34
Length of Service Awards Program Fund			
LOSAP- Unaudited:			
Reserve for Length of Services Awards Program (LOSAP)	B-5	339,931.19	380,482.97
 Total Liabilities, Reserves & Fund Balance		 \$ 6,429,988.41	 \$ 7,890,955.60

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

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Cash	C-1, C-3	\$ 2,108,091.30	\$ 984,210.83
Receivables With Full Reserves:			
Federal and State Grants and Aid Receivable	C-4	243,792.44	243,792.44
CDBG Grant Receivable	C-4	-	63,143.00
DOT Grant Receivable	C-4	255,000.00	120,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	5,767,093.71	6,377,499.00
Unfunded	C-6	19,361,462.20	14,436,173.20
<b>Total Assets</b>		<b>\$ 27,735,439.65</b>	<b>\$ 22,224,818.47</b>
<b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>			
Refunding Bonds	C-11	\$ 5,615,000.00	\$ 6,120,000.00
Bond Anticipation Notes	C-10	13,710,849.00	12,741,060.00
Capital Improvement Fund	C-7	136.08	136.08
Improvement Authorizations:			
Funded	C-8	266,674.50	113,762.19
Unfunded	C-8	2,710,702.53	1,874,845.19
Reserve for Encumbrances	C-8	4,535,451.50	414,765.90
Preliminary Costs Payable	C-9	3,073.41	3,073.41
Green Trust Loan Payable	C-12	84,293.71	125,199.00
Lease Revenue Bonds Payable	C-13	67,800.00	132,300.00
Reserve for Federal and State Grants and Aid Receivable	C	243,792.44	243,792.44
Fund Balance	C-2	497,666.48	455,884.26
<b>Total Liabilities, Reserves &amp; Fund Balance</b>		<b>\$ 27,735,439.65</b>	<b>\$ 22,224,818.47</b>

There were bonds and notes authorized but not issued on December 31, 2016 of \$5,650,613.20 and on December 31, 2015 was \$1,695,113.20 (Schedule C-14).

**TOWNSHIP OF MILLSTONE  
GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENT OF ASSETS AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2016 AND 2015**

ASSETS	<u>2016</u>	<u>2015</u>
Land & Land Improvements	\$ 13,282,930.75	\$ 13,132,930.75
Buildings	5,339,096.00	4,819,845.25
Improvement Other Than Buildings	5,660,686.87	5,614,561.87
Machinery & Equipment	<u>2,642,780.07</u>	<u>2,394,529.27</u>
Total	<u>\$ 26,925,493.69</u>	<u>\$ 25,961,867.14</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 26,925,493.69</u>	<u>\$ 25,961,867.14</u>

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

**TOWNSHIP OF MILLSTONE  
COUNTY OF MONMOUTH**

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

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**TOWNSHIP OF MILLSTONE**

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

**Note 1: Summary of Significant Accounting Policies**

**Description of Financial Reporting Entity**

The municipality was formed and incorporated by an act of legislation on February 28, 1844. It contains a grand total of 23,700 acres or 37.36 miles of rolling countryside located in the heart of New Jersey.

The Millstone Township Committee is made up of five elected officials. Township residents elect a new committee-person every 3 years on the first Tuesday after the first Monday in November. At the Reorganization meeting each year (first meeting in January), the committee elects a Mayor and Deputy Mayor, each of whom serve a term of one year or until the election and qualification of a successor.

The Township Committee is Millstone's legislative body. It sets policies, approves budgets, determines municipal tax rates, and passes resolutions and ordinances to govern the town. The Committee also appoints citizen volunteers to advisory boards, committees, and commissions. The Committee may investigate the conduct of any department, officer or agency of the municipal government. They have full power of subpoena permitted by state statute.

**Component Units**

The Township of Millstone had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and 61.

**Basis of Accounting, Measurement Focus and Basis of Presentation**

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

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

**Current Fund** - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

**TOWNSHIP OF MILLSTONE**

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

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

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

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

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

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

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

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

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

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

**TOWNSHIP OF MILLSTONE**

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

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

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

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

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

**Foreclosed Property** - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

**Fund Balance** - Fund Balances included in the current fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund; accordingly,

**TOWNSHIP OF MILLSTONE**

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

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

such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, Open Space Trust Fund, Fire District and the Millstone Township School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

**School Taxes** - The municipality is responsible for levying, collecting and remitting school taxes for the Millstone Township School District. Operations is charged for the full amount required to be raised from taxation to operate the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

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

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

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

Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

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

**TOWNSHIP OF MILLSTONE**

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

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

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

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

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

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

**Compensated Absences and Postemployment Benefits** - Compensated absences for sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis. At retirement, an employee with 15 years of service will be reimbursed for unused sick days accumulated at the rate of 50% per diem based upon salary at retirement up to a maximum of \$15,000. Total liability for compensated absences is estimated, at December 31, 2016, to be \$53,006.76.

**Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

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

The Township implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Township's financial statements.

**TOWNSHIP OF MILLSTONE**

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

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

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

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Township's financial statements.

Recently Issued Accounting Pronouncements

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

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

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

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

**TOWNSHIP OF MILLSTONE**

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

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

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

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

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

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

**Subsequent Events** - The Township has evaluated subsequent events occurring after December 31, 2016 through the date of June 8, 2017, which is the date the financial statements were available to be issued.

**TOWNSHIP OF MILLSTONE**

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

**Note 2: Cash and Cash Equivalents**

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

<u>Type</u>	<u>Carrying Value</u>
Demand Deposits	\$ 23,485,647.60
Total Deposits	<u>\$ 23,485,647.60</u>
Current Fund	\$ 15,923,918.31
State & Federal Grant Fund	46,580.77
General Capital	2,108,091.30
Trust Fund:	
Animal Control Trust	8,727.68
Trust - Other	<u>5,398,329.54</u>
Total	<u>\$ 23,485,647.60</u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2016, the Township’s bank balance of \$23,547,338.22 was insured or collateralized as follows:

Insured	\$ 1,000,000.00
Uninsured and uncollateralized	5,422,427.45
Collateralized in the Township's Name Under GUDPA	<u>17,124,910.77</u>
Total	<u>\$ 23,547,338.22</u>

**TOWNSHIP OF MILLSTONE**

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

**Note 3: Investments**

**Custodial Credit Risk** – For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township, and are held by either the counterparty’s trust department or agent but no in the Township’s name. As of December 31, 2016 the Township’s balance of investments was \$339,931.19, which consisted mutual funds for the Township’s Length of Service Awards Program in the amount of \$339,931.19, which are not exposed to custodial credit risk because the investments securities are registered in the Township’s name.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

**Concentration of Credit Risk** – The Township does not place a limit on the amount that may be invested in any one issuer. Of the total December 31, 2016 balance of \$339,931.19, \$339,931.19 is recorded in the Trust Fund – LOSAP.

**Note 4: Interfund Receivables and Payables**

The Township had no interfund receivables or payables as of December 31, 2016.

**Note 5. Accounts Receivable**

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

	<b>Current Fund</b>	<b>State &amp; Federal Grant Fund</b>	<b>Trust Other Fund</b>	<b>General Capital Fund</b>	<b>Total</b>
State Aid	\$ 250.00	\$ 23,400.00	\$ -	\$ 498,792.44	\$ 522,442.44
Taxes	773,182.60	-	-	-	773,182.60
Other	3,469.74	9,557.50	683,000.00	-	696,027.24
<b>Total</b>	<b>\$ 776,902.34</b>	<b>\$ 32,957.50</b>	<b>\$ 683,000.00</b>	<b>\$ 498,792.44</b>	<b>\$ 1,991,652.28</b>

**TOWNSHIP OF MILLSTONE**

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

**Note: 6: Property Taxes**

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

**Comparison of Tax Rate Information:**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Tax Rate	<u>\$2.257</u>	<u>\$2.374</u>	<u>\$2.601</u>
Apportionment of Tax Rate:			
Municipal	0.140	0.150	0.165
County	0.290	0.319	0.348
Local School	1.673	1.745	1.923
Fire District	0.094	0.100	0.105
Municipal Open Space	0.060	0.060	0.060

**Net Valuation Taxable:**

2016	<u>\$ 1,845,888,012</u>		
2015		<u>\$ 1,729,916,005</u>	
2014			<u>\$ 1,568,483,965</u>

**Comparison of Tax Levies and Collection Currently**

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2016	\$ 41,932,332.25	\$ 41,397,931.08	98.73%
2015	41,342,895.76	40,769,956.36	98.61%
2014	40,878,198.93	40,444,817.75	98.93%

**Delinquent Taxes and Tax Title Liens**

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2016	\$ 263,931.51	\$ 509,251.09	\$ 773,182.60	1.87%
2015	248,599.74	552,512.07	801,111.81	1.94%
2014	230,428.79	402,789.96	633,218.75	1.55%

**TOWNSHIP OF MILLSTONE**

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

**Note 7. General Fixed Assets**

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

	<b>Balance December 31, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2016</b>
Capital Assets Not Being Depreciated				
Land	\$ 13,132,930.75	\$ 150,000.00	\$ -	\$ 13,282,930.75
Buildings	4,819,845.25	519,250.75	-	5,339,096.00
Improvements Other than Buildings	5,614,561.87	46,125.00	-	5,660,686.87
Machinery & Equipment	2,394,529.27	336,141.80	(87,891.00)	2,642,780.07
<b>Total Fixed Assets</b>	<b>\$ 25,961,867.14</b>	<b>\$ 1,051,517.55</b>	<b>\$ (87,891.00)</b>	<b>\$ 26,925,493.69</b>

**Note 8. Fund Balance Appropriated**

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

YEAR	BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
<b>CURRENT FUND:</b>			
2016	\$ 1,873,075.55	\$ 944,746.38	50.44%
2015	1,852,311.19	891,893.04	48.15%
2014	1,734,268.90	832,663.28	48.01%
2013	1,670,522.36	785,876.92	47.04%
2012	1,506,133.27	755,709.37	50.18%

**TOWNSHIP OF MILLSTONE**

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

**Note 9: School Taxes**

The Millstone Township School District tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<b>Balance Dec 31, 2016</b>	<b>Balance Dec 31, 2015</b>
Local School Taxes:		
Balance of Tax	\$ 15,440,157.00	\$ 15,094,325.00
Deferred	2,000,000.00	2,000,000.00
	\$ 13,440,157.00	\$ 13,094,325.00

**Note 10. Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**TOWNSHIP OF MILLSTONE**

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

**Note 10. Pension Obligations (continued)**

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

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

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

**Components of Net Pension Liability** - At December 31, 2016, the Municipality reported a liability of \$4,951,415.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .01672%, which was a decrease of .00118% from its proportion measured as of June 30, 2015.

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

	<u>12/31/2016</u>	<u>12/31/2015</u>
	June 30, 2016	June 30, 2015
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 1,434,757.00	\$ 691,585.00
Deferred Inflows of Resources	192,671.00	64,606.00
Net Pension Liability	4,951,415.00	4,018,270.00
 Municipality's portion of the Plan's total net pension Liability	 0.01672%	 0.01790%

**TOWNSHIP OF MILLSTONE**

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

**Note 10. Pension Obligations (continued)**

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

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 92,081.00	\$ -
Changes of Assumptions	1,025,669.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	188,802.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	128,205.00	192,671.00
	\$ 1,434,757.00	\$ 192,671.00

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

<b>Year Ending</b>	<b>PERS</b>
<b><u>Dec 31,</u></b>	
2017	\$ 294,290.00
2018	294,290.00
2019	342,920.00
2020	269,125.00
2021	41,461.00
	\$ 1,242,086.00

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

**TOWNSHIP OF MILLSTONE**

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

**Note 10. Pension Obligations (continued)**

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

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

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

**TOWNSHIP OF MILLSTONE**

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

**Note 10. Pension Obligations (continued)**

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

	<u>PERS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

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

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

**TOWNSHIP OF MILLSTONE**

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

**Note 10. Pension Obligations (continued)**

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

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

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

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

**Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's

**TOWNSHIP OF MILLSTONE**

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

**Note 10. Pension Obligations (continued)**

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

proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<b>Decrease</b>	<b>Discount Rate</b>	<b>Increase</b>
	<b><u>(2.98%)</u></b>	<b><u>(3.98%)</u></b>	<b><u>(4.98%)</u></b>
Municipality's Proportionate Share			
of the Net Pension Liability	\$ 6,067,381.00	\$ 4,951,415.00	\$ 4,030,088.00

**B. Defined Contribution Retirement Program (DCRP)**

The DCRP was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter I, P.L. 2010. The DCRP Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Division. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Member contributions are matched by a 3% employer contribution. The employee contributions along with the Township's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

**Note 11: Other Post-Employment Benefits**

**Plan Description**

The Township contributes to the State Health Benefits Program (S.H.B.P.), a cost-sharing, multiple employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. S.H.B.P. was established in 1961 under *N.J.S.A.52:14-17.25 et seq.*, to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. S.H.B.P. provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The S.H.B.P. was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the S.H.B.P.

The Township's defined benefit postemployment healthcare plan provides post-employment health care benefits, at its cost, to certain retired employees. For employees hired before July 1, 2010, the Township will cover the entire cost of post-retirement health benefits for the retiree and his/her dependents only when the employee has worked twenty-five (25) or more years in a State or locally administered retirement system and ten (10) continuous years or more of service with the Township of Millstone. Post-retirement benefits include Medicare reimbursement.

**TOWNSHIP OF MILLSTONE**

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

**Note 11: Other Post-Employment Benefits (continued)**

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

**Funding Policy**

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

Contributions to pay for the health premiums of participating retirees in the S.H.B.P. are billed to the Township on a monthly basis.

**Note 12: Deferred Compensation Salary Account**

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**Note 13: Capital Debt**

<u>Issued</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Bond Anticipation Notes Issued	\$ 13,710,849.00	\$ 12,741,060.00	\$ 11,868,421.00
Serial Bonds Payable	-	-	502,000.00
Lease Revenue Bonds Payable	67,800.00	132,300.00	193,800.00
Refunding Bonds Payable	5,615,000.00	6,120,000.00	6,120,000.00
Green Trust Loan	84,293.71	125,199.00	165,298.30
	<hr/>	<hr/>	<hr/>
Total Debt Issued	19,477,942.71	19,118,559.00	18,849,519.30
	<hr/>	<hr/>	<hr/>
<b>Authorized But Not Issued</b>			
General Bonds and Notes	5,650,613.20	1,695,113.20	2,037,113.20
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	5,650,613.20	1,695,113.20	2,037,113.20
	<hr/>	<hr/>	<hr/>
Total Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 25,128,555.91</u>	<u>\$ 20,813,672.20</u>	<u>\$ 20,886,632.50</u>

**TOWNSHIP OF MILLSTONE**

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

**Note 13: Capital Debt (continued)**

**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding:**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.805%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 28,920,000.00	\$ 28,920,000.00	\$ -
General Debt	25,128,555.91	10,515,940.38	14,612,615.53
Total	\$ 54,048,555.91	\$ 39,435,940.38	\$ 14,612,615.53

Net Debt, \$14,612,615.53 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$1,785,880,453.00 equals 0.818%

**Borrowing Power Under 40A:2-6:**

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 62,505,815.86
Net Debt	14,612,615.53
Remaining Borrowing Power	\$ 47,893,200.33

**General Debt - Bonds:**

<u>Year</u>	<u>GENERAL DEBT</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 525,000.00	\$ 252,250.00	\$ 777,250.00
2018	545,000.00	231,250.00	776,250.00
2019	570,000.00	209,450.00	779,450.00
2020	595,000.00	186,650.00	781,650.00
2021	615,000.00	162,850.00	777,850.00
2022-2025	2,765,000.00	354,000.00	3,119,000.00
Total	\$ 5,615,000.00	\$ 1,396,450.00	\$ 7,011,450.00

**TOWNSHIP OF MILLSTONE**

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

**Note 13: Capital Debt (continued)**

**Green Trust Loan:**

Calendar Year	General Debt-Green Acres Loan		
	Interest	Principal	Total
2017	1,478.00	41,727.50	43,205.50
2018	640.00	42,566.21	43,206.21
	<u>2,118.00</u>	<u>84,293.71</u>	<u>86,411.71</u>

**Note 14: Capital Lease**

Calendar Year	Capital Leases		
	Interest	Principal	Total
2017	3,390.00	67,800.00	71,190.00
	<u>3,390.00</u>	<u>67,800.00</u>	<u>71,190.00</u>

**Note 15: Bond Anticipation Notes**

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. All such notes must be paid no later than the first day of the fifth month after the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

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

Purpose	Maturity	Gross Interest Rate	Amount
General Capital Fund	2/16/2017-9/14/2017	1.00-2.00%	\$ 7,328,455.00
Open Space Fund	2/16/2017	1.00%	<u>6,382,394.00</u>
Total			<u>\$ 13,710,849.00</u>

**TOWNSHIP OF MILLSTONE**

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

**Note 16: Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township is a member of the Middlesex County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Middlesex County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**Note 17: Pending Litigation**

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time.

It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

**SUPPLEMENTARY EXHIBITS**

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**CURRENT FUND**

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**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF CURRENT CASH  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>CURRENT</u>	<u>FEDERAL &amp; STATE GRANT FUNDS</u>
Balance December 31, 2015	\$ 15,189,948.15	\$ 103,346.54
Increased by Receipts:		
Tax Collector	\$ 42,085,290.28	\$ -
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions	54,750.00	-
Grant Rec. & Approp. Res. Cancelled	60,799.96	-
Miscellaneous Revenue Not Anticipated	73,324.09	-
Revenue Accounts Receivable	2,329,499.65	-
Payroll Liabilities	1,884,001.08	-
Due to State of New Jersey	22,550.00	-
Local Portion of Grant	-	5,000.00
Federal & State Grants Receivable	-	89,629.50
	<u>46,510,215.06</u>	<u>94,629.50</u>
Total Increases		
	<u>61,700,163.21</u>	<u>197,976.04</u>
Total Receipts		
Decreased by Disbursements:		
2016 Budget Appropriations	4,915,945.17	-
2015 Appropriation Reserves	131,743.70	-
Tax Overpayments	48,479.59	-
Fire District Taxes	1,737,100.00	-
Municipal Open Space Tax	1,117,164.75	-
County Taxes	5,341,598.94	-
County Share of Added & Omitted Taxes	37,923.67	-
Local District School Tax	30,534,479.00	-
Payroll Liabilities	1,884,001.08	-
Due to State of New Jersey	22,809.00	-
Local Portion of Grant	5,000.00	-
Grant Rec. & Approp. Res. Cancelled	-	60,799.96
Reserve for Federal & State Grant Funds - Appropriated	-	90,595.31
	<u>45,776,244.90</u>	<u>151,395.27</u>
Total Disbursements		
Balance December 31, 2016	<u>\$ 15,923,918.31</u>	<u>\$ 46,580.77</u>

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF CASH AND RECONCILIATION  
PER N.J.S.40A:5-5--COLLECTOR  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	-
Increased by:		
Taxes Receivable	\$	41,717,452.45
Interest & Costs on Taxes		105,506.81
Prepaid Taxes		262,331.02
		42,085,290.28
Subtotal		42,085,290.28
Decreased by Disbursements:		
Deposits Directly to Treasurer Bank Account		42,085,290.28
		42,085,290.28
Balance December 31, 2016	\$	-

**SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

OFFICE	December 31 2015	Decrease	December 31 2016
Recreation Department	\$ 300.00	\$ 200.00	\$ 100.00
Tax Department	300.00	-	\$ 300.00
Municipal Court	500.00	-	\$ 500.00
Animal Licensing	200.00	-	\$ 200.00
			200.00
Total	\$ 1,300.00	\$ 200.00	\$ 1,100.00
			1,100.00

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY  
CHAPTER 128, P.L. 1976  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	1,750.00
Increased by:		
Senior Citizen & Veteran Deductions per Tax Billing	\$	53,000.00
Allowed Veterans Deductions By Tax Collector	500.00	<u>53,500.00</u>
Subtotal		55,250.00
Decreased by:		
Current Year Disallowed By Tax Collector	250.00	
Collections	<u>54,750.00</u>	<u>55,000.00</u>
Balance December 31, 2016	<u>\$</u>	<u>250.00</u>

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2016**

YEAR	BALANCE DECEMBER 31, 2015	2016 LEVY	ADDED TAXES	COLLECTIONS 2016	DUE FROM STATE OF NEW JERSEY	CANCELLED	OVERPAYMENT APPLIED/(CREATED)	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31 2016
2015	\$ 552,512.07	\$ -	\$ -	\$ 552,762.07	\$(250,000)	\$ 5,399.20	\$(5,399.20)	\$ -	\$ -
Total	552,512.07	-	-	552,762.07	(250,000)	5,399.20	(5,399.20)	-	-
2016	-	41,605,476.43	326,855.82	241,703.61	53,250.00	9,818.31	(61,712.91)	15,331.77	509,251.09
Balance	\$ 552,512.07	\$ 41,605,476.43	\$ 326,855.82	\$ 41,717,452.45	\$ 53,000.00	\$ 15,217.51	\$(67,112.11)	\$ 15,331.77	\$ 509,251.09

**ANALYSIS OF 2016 PROPERTY TAX LEVY**

<b>Tax Yield:</b>	
General Purpose Tax	\$ 41,605,476.43
Added & Omitted Taxes (54.4-63.1 et seq.)	<u>326,855.82</u>
Total	<u>\$ 41,932,332.25</u>
<b>Tax Levy:</b>	
Local District School Tax	\$ 30,880,311.00
County Taxes:	
County Tax	\$ 4,659,994.87
County Library Tax	319,960.50
County Health Tax	93,923.07
Open Space	267,720.50
Due County:	
Added & Omitted Taxes (R.S. 54.4-63.1 et seq.)	<u>35,063.11</u>
Total County Taxes	<u>5,376,662.05</u>
Fire District Taxes	1,737,100.00
Local Tax for Municipal Purpose	2,590,456.72
Local Open Space Tax	1,117,164.75
Add: Additional Tax Levied	<u>230,637.73</u>
Local Tax for Municipal Purposes Levied	<u>5,675,359.20</u>
Total	<u>\$ 41,932,332.25</u>

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	248,599.74
Increased by:		
Transfer from Taxes Receivable	\$	15,331.77
Interest and Costs		-
		15,331.77
 Balance December 31, 2016	 \$	 <u>263,931.51</u>

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	ACCRUED	COLLECTED BY TREASURER	COLLECTED BY COLLECTOR	BALANCE DECEMBER 31, 2016
Licenses:					
Alcoholic Beverages	\$ -	\$ 10,072.00	\$ 10,072.00	\$ -	\$ -
Fees & Permits	-	32,060.34	32,060.34	-	-
Fines & Costs:					
Municipal Court	3,733.93	78,539.25	78,803.44	-	3,469.74
Interest on Costs & Taxes	-	105,506.81	-	105,506.81	-
Interest on Investments & Deposits	-	229,140.76	229,140.76	-	-
Interlocal Service Agreement:					
Roosevelt Court Fees	-	6,000.00	6,000.00	-	-
Garden State Trust Fund	-	20,207.00	20,207.00	-	-
Uniform Construction Code Fees	-	461,272.00	461,272.00	-	-
Energy Receipts Tax	-	821,546.00	821,546.00	-	-
Cable Franchise Fees	-	105,902.00	105,902.00	-	-
Verizon Franchise Fees	-	42,792.39	42,792.39	-	-
FEMA Reimbursement	-	478,089.33	478,089.33	-	-
Telecommunications Tower Lease	-	41,150.90	41,150.90	-	-
Reserve for Debt Service	-	2,463.49	2,463.49	-	-
 Total	 \$ 3,733.93	 \$ 2,434,742.27	 \$ 2,329,499.65	 \$ 105,506.81	 \$ 3,469.74

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
OPERATIONS - WITHIN "CAPS"				
<b>GENERAL GOVERNMENT:</b>				
Mayor & Township Committee:				
Salaries and Wages	\$ 231.00	\$ 231.00	\$ -	\$ 231.00
Other Expenses	92.47	92.47	-	92.47
General Administration:				
Salaries and Wages	19.84	19.84	-	19.84
Other Expenses	12,973.60	12,973.60	5,818.19	7,155.41
Municipal Clerk:				
Salaries and Wages	289.95	289.95	-	289.95
Other Expenses	2,034.79	2,034.79	959.36	1,075.43
Financial Administration:				
Salaries and Wages	3.38	3.38	-	3.38
Other Expenses	6,685.43	6,685.43	3,248.94	3,436.49
Collection of Taxes:				
Salaries and Wages	3.08	3.08	-	3.08
Other Expenses	1,245.04	1,245.04	242.90	1,002.14
Assessment of Taxes:				
Salaries and Wages	173.15	173.15	-	173.15
Other Expenses	2,054.42	2,054.42	1,908.71	145.71
Legal Services & Costs:				
Other Expenses	15,182.07	20,182.07	18,635.58	1,546.49
Engineering Services & Costs:				
Other Expenses	30,453.75	25,453.75	4,940.00	20,513.75
Historical Preservation Committee:				
Other Expenses	398.97	398.97	114.00	284.97
Veterans Memorial Committee:				
Other Expenses	429.21	429.21	345.08	84.13
Open Space Farmland Preservation Council:				
Salaries and Wages	378.58	378.58	-	378.58
Other Expenses	551.94	551.94	-	551.94
Agricultural:				
Other Expenses	666.09	666.09	-	666.09
Municipal Land Use Law (N.J.S. 40:55D-1):				
Planning Board:				
Salaries and Wages	344.22	344.22	-	344.22
Other Expenses	4,467.91	4,467.91	1,414.59	3,053.32
Zoning Board of Adjustment:				
Salaries and Wages	344.22	344.22	-	344.22
Other Expenses	1,323.50	1,323.50	900.00	423.50
<b>INSURANCE:</b>				
Liability Insurance	1.06	1.06	-	1.06
Employee Group Health Insurance	22,093.15	22,093.15	18,585.52	3,507.63
Unemployment Insurance	582.91	582.91	-	582.91

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
<b>OPERATIONS - WITHIN "CAPS"</b>				
<b>PUBLIC SAFETY FUNCTIONS</b>				
Emergency Management Service:				
Other Expenses	1,410.00	1,410.00	-	1,410.00
Municipal Court:				
Salaries and Wages	210.95	225.95	225.00	0.95
Other Expenses	8,590.85	8,575.85	1,328.67	7,247.18
Public Defender:				
Other Expenses	4,015.00	4,015.00	-	4,015.00
Municipal Prosecutor:				
Salaries and Wages	20.00	20.00	-	20.00
<b>PUBLIC WORKS FUNCTIONS</b>				
Streets & Roads:				
Salaries and Wages	2,301.83	2,301.83	-	2,301.83
Other Expenses	47,978.20	47,978.20	17,835.28	30,142.92
Shade Tree Commission:				
Other Expenses	4,109.62	4,109.62	832.84	3,276.78
Sanitation:				
Salaries and Wages	27.19	27.19	-	27.19
Other Expenses	2,315.48	2,315.48	1,220.28	1,095.20
Buildings & Grounds:				
Other Expense	21,247.42	21,247.42	3,911.56	17,335.86
Vehicle Maintenance:				
Other Expense	43,958.82	43,958.82	15,357.74	28,601.08
<b>HEALTH &amp; HUMAN SERVICES</b>				
Senior Transportation:				
Other Expenses	2,015.00	2,015.00	1,860.00	155.00
Environmental Commission:				
Salaries and Wages	50.00	50.00	-	50.00
Other Expenses	860.48	860.48	192.07	668.41
<b>PARKS &amp; RECREATION FUNCTIONS:</b>				
Recreation Commission:				
Salaries and Wages	485.34	485.34	-	485.34
Other Expenses	1,536.18	1,536.18	478.14	1,058.04
Maintenance of Parks:				
Other Expenses	367.23	367.23	-	367.23
Celebration of Public Events:				
Other Expenses	1,351.78	1,351.78	-	1,351.78
<b>UTILITY EXPENSES:</b>				
Electricity	7,489.50	7,189.50	5,406.81	1,782.69
Street Lighting	10,277.64	10,577.64	10,568.95	8.69
Telephone	2,748.13	2,748.13	2,051.40	696.73
Gas	7,537.91	7,537.91	4,906.44	2,631.47
Gasoline	10,209.67	10,209.67	3,644.01	6,565.66

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF 2015 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
OPERATIONS - WITHIN "CAPS"				
<b>Uniform Construction Code - Appropriations Offset</b>				
<b>by Dedicated Revenues (N.J.A.C.5:23-4.17):</b>				
State Uniform Construction Code:				
Construction:				
Salaries and Wages	3.63	3.63	-	3.63
Other Expenses	2,401.93	2,401.93	1,159.00	1,242.93
Other Code Enforcement:				
Salaries and Wages	270.04	270.04	-	270.04
Other Expenses	4,429.08	4,429.08	3,600.00	829.08
<b>DEFERRED CHARGES &amp; STATUTORY EXPENDITURES</b>				
<b>MUNICIPAL - WITHIN "CAPS"</b>				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I)	546.47	546.47	52.64	493.83
Defined Contribution Retirement Program	28.00	28.00	-	28.00
<hr/>				
Total General Appropriations for Municipal Purposes within Caps	291,817.10	291,817.10	131,743.70	160,073.40
<hr/>				
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>				
Interlocal Municipal Service Agreement				
Local Matching Funds for Grants	5,000.00	5,000.00	-	5,000.00
Supplemental Fire Services Program	1,978.00	1,978.00	-	1,978.00
<hr/>				
Total General Appropriations excluded from Caps	6,978.00	6,978.00	-	6,978.00
<hr/>				
Total	\$ 298,795.10	\$ 298,795.10	\$ 131,743.70	\$ 167,051.40
<hr/>				
2015 Appropriation Reserves	\$ 136,805.76			
2015 Encumbrances	161,989.34			
<hr/>				
Total	\$ 298,795.10			
<hr/>				

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 241,703.61
Increased by:	
Collection of 2017 Taxes	<u>262,331.02</u>
Subtotal	504,034.63
Decreased by:	
Applied to 2016 Taxes	<u>241,703.61</u>
Balance December 31, 2016	<u><u>\$ 262,331.02</u></u>

**SCHEDULE OF TAX OVERPAYMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 26,579.58
Increased by:	
Overpayments	<u>67,112.11</u>
Subtotal	93,691.69
Decreased by:	
Refunded	<u>\$ 48,479.59</u>
Balance December 31, 2016	<u><u>\$ 45,212.10</u></u>

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	-
Increased by:			
2016 Levy:			
County Tax	\$	4,659,994.87	
County Library Tax		319,960.50	
County Health Tax		93,923.07	
County Open Space Tax		267,720.50	5,341,598.94
Subtotal			5,341,598.94
Decreased by:			
Payments			5,341,598.94
Balance December 31, 2016		\$	-

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015:		\$	37,923.67
Added/Omitted Taxes (2015)			
Increase by County Share of 2016 Levy:			
Added/Omitted (R.S. 54:4-63.1 et seq.)			35,063.11
Subtotal			72,986.78
Decreased by:			
Payments:			
Added/Omitted Taxes (2015)			37,923.67
Balance December 31, 2016:		\$	35,063.11
Added/Omitted Taxes (2016)			35,063.11

**TOWNSHIP OF MILLSTONE  
CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015:		
School Tax Payable	\$ 13,094,325.00	
School Tax Deferred	<u>2,000,000.00</u>	\$ 15,094,325.00
Increased by Local District School's Share of 2016 Levy:		
Levy - School Year July 1, 2016 to June 30, 2017		<u>30,880,311.00</u>
Subtotal		45,974,636.00
Decreased by Payments:		
Payments		<u>30,534,479.00</u>
Balance December 31, 2016:		
School Tax Payable	13,440,157.00	
School Tax Deferred	<u>2,000,000.00</u>	15,440,157.00
Total		<u><u>\$ 15,440,157.00</u></u>
2016 Liability for Local District School Tax:		
Tax Paid	\$ 30,534,479.00	
Tax Payable December 31, 2016		<u>13,440,157.00</u>
Subtotal		43,974,636.00
Less: Tax Payable December 31, 2015		<u>13,094,325.00</u>
Amount Charged to 2016 Operations		<u><u>\$ 30,880,311.00</u></u>

**TOWNSHIP OF MILLSTONE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

PROGRAM	BALANCE DECEMBER 31, 2015	ACCRUED	RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2016
State Grants:					
Historical Preservation - ME Church - 2011	\$ 5,275.00	\$ -	\$ 5,275.00	\$ -	-
Historical Preservation - ME Church - 2012	6,000.00	-	6,000.00	-	-
Municipal Alliance on Alcoholism & Drug Abuse - 2015/16 FY	10,000.00	10,000.00	19,942.10	57.90	-
Municipal Alliance on Alcoholism & Drug Abuse - 2016/17 FY	-	10,000.00	442.50	-	9,557.50
Green Communities Grant - 2013	3,000.00	-	3,000.00	-	-
Recycling Tonnage Grant - 2015	-	8,506.94	8,506.94	-	-
ANJEC - Sign Grant - 2013	500.00	-	-	-	500.00
Clean Communities Grant - 2016	-	46,462.96	46,462.96	-	-
Recreation Trails Grant (Doctors Creek) - 2011	22,900.00	-	-	-	22,900.00
<b>Total State Grants</b>	<b>47,675.00</b>	<b>74,969.90</b>	<b>89,629.50</b>	<b>57.90</b>	<b>32,957.50</b>
<b>Total</b>	<b>\$ 47,675.00</b>	<b>\$ 74,969.90</b>	<b>\$ 89,629.50</b>	<b>\$ 57.90</b>	<b>\$ 32,957.50</b>
Cash Receipts			<u>\$ 89,629.50</u>		
Total			<u>\$ 89,629.50</u>		

**TOWNSHIP OF MILLSTONE  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

PROGRAM	BALANCE DECEMBER 31, 2015 APPROPRIATED	TRANSFERRED FROM 2016 BUDGET APPROPRIATION	RESERVE FOR ENCUMBRANCES	PAID OR CHARGED	CANCELLED APPROPRIATIONS	BALANCE DECEMBER 31, 2016 APPROPRIATED
State Grants:						
Alcohol Ed. & Rehab. Grant - 2009	185.64	-	-	-	-	185.64
Alcohol Ed. & Rehab. Grant - 2010	201.09	-	-	-	-	201.09
Alcohol Ed. & Rehab. Grant - 2011	107.87	-	-	-	-	107.87
Alcohol Ed. & Rehab. Grant - 2013	527.75	-	-	-	-	527.75
Clean Communities Grant - 2014	-	-	232.16	232.16	-	-
Clean Communities Grant - 2015	28,130.85	-	1,252.84	18,080.16	-	11,303.53
Clean Communities Grant - 2016	-	46,462.96	-	13,826.37	-	32,636.59
Green Communities - 2013	2.50	-	-	-	-	2.50
Historical Preservation - ME Church - 2011	5,275.00	-	-	5,275.00	-	-
Historical Preservation - ME Church - 2012	6,000.00	-	-	6,000.00	-	-
Municipal Alliance on Alcoholism & Drug Abuse - 2015/2016 FY	5,965.00	10,000.00	-	15,907.10	57.90	-
Municipal Alliance on Alcoholism & Drug Abuse - 2016/2017 FY	-	10,000.00	-	5,867.50	-	4,132.50
NJ Transportation Trust Fund - 2007	60,777.50	-	-	-	60,777.50	-
Recycling Tonnage Grant - 2014	-	-	1,092.00	1,092.00	-	-
Recycling Tonnage Grant - 2015	-	8,506.94	-	8,506.94	-	-
Cablevision Technology Grant - 2010	1,724.75	-	-	1,724.75	-	-
Cablevision Technology Grant - 2011	1,428.00	-	-	1,428.00	-	-
Recreational Trails (West Trail) - 2008	13,899.51	-	-	-	-	13,899.51
Recreation Trails Grant (Doctors Creek) - 2011	11,154.07	-	-	782.78	-	10,371.29
ANJEC - Sign Grant - 2013	125.00	-	-	-	-	125.00
<b>Total State Grants</b>	<b>135,504.53</b>	<b>74,969.90</b>	<b>2,577.00</b>	<b>78,722.76</b>	<b>60,835.40</b>	<b>73,493.27</b>
Municipal Share/ Local:						
Historical Preservation - ME Church - 2011	5,275.00	-	-	5,275.00	-	-
Historical Preservation - ME Church - 2012	6,000.00	-	-	6,000.00	-	-
Municipal Alliance on Alcoholism & Drug Abuse - 2015/2016 FY	1,665.01	2,500.00	-	4,142.55	22.46	-
Municipal Alliance on Alcoholism & Drug Abuse - 2016/2017 FY	-	2,500.00	-	555.00	-	1,945.00
<b>Total Local Grants</b>	<b>12,940.01</b>	<b>5,000.00</b>	<b>-</b>	<b>15,972.55</b>	<b>22.46</b>	<b>1,945.00</b>
<b>Total All Grants</b>	<b>148,444.54</b>	<b>79,969.90</b>	<b>2,577.00</b>	<b>94,695.31</b>	<b>60,857.86</b>	<b>75,438.27</b>
Reserve for Encumbrances				\$ 4,100.00		
Cash Disbursements				90,595.31		
<b>Total</b>				<u>\$ 94,695.31</u>		

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**TRUST FUND**

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**TOWNSHIP OF MILLSTONE  
TRUST FUND  
STATEMENT OF TRUST CASH  
PER N.J.S.40A:5-5-TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>ANIMAL CONTROL TRUST FUND</u>	<u>OTHER FUNDS</u>
Balance December 31, 2015	\$ 5,683.29	\$ 7,321,789.34
Increased by Receipts:		
Reserve for Dog Fund Expenditures	\$ 11,583.40	\$ -
Due State of New Jersey	1,611.60	-
Reserve for Self Insurance	-	20,475.97
Reserve for Master Trust	-	537.63
Reserve for Public Defender Fee	-	3,038.00
Reserve for POAA	-	12.00
Reserve for Builders Escrow Over \$5,000	-	165,118.23
Reserve for Builders Escrow Under \$5,000	-	47,680.21
Reserve for COAH	-	140,250.26
Reserve for Municipal Open Space	-	922,441.40
Reserve for Recreation	-	279,338.43
Reserve for Municipal Alliance	-	200.00
Reserve for Tax Sale Premium	-	304,296.10
Reserve for Payroll	-	1,884,001.08
	<u>13,195.00</u>	<u>3,767,389.31</u>
Total Increase	<u>13,195.00</u>	<u>3,767,389.31</u>
Total Receipts	<u>18,878.29</u>	<u>11,089,178.65</u>
Decreased by Disbursements:		
Reserve for Dog Fund Expenditures	8,540.81	-
Prior Year Encumbrances	-	83,991.21
Due State of New Jersey	1,609.80	-
Reserve for Self Insurance	-	22,694.59
Reserve for Basin Maintenance	-	20,486.79
Reserve for Master Trust	-	5,879.00
Reserve for Public Defender Fee	-	3,038.00
Reserve for Builders Escrow Over \$5,000	-	184,343.15
Reserve for Builders Escrow Under \$5,000	-	75,707.86
Reserve for COAH	-	221,030.34
Reserve for Municipal Open Space	-	2,311,409.75
Reserve for Recreation	-	217,094.09
Reserve for Municipal Alliance	-	250.00
Reserve for Tax Sale Premium	-	660,598.25
Reserve for Veterans Memorial	-	325.00
Reserve for Payroll	-	1,884,001.08
	<u>10,150.61</u>	<u>5,690,849.11</u>
Total Disbursements	<u>10,150.61</u>	<u>5,690,849.11</u>
Balance December 31, 2016	<u>\$ 8,727.68</u>	<u>\$ 5,398,329.54</u>

**TOWNSHIP OF MILLSTONE  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	5,293.29
Increased by:		
Collections:		
Dog License Fees Collected by Clerk	\$	11,583.40
Prior Year Encumbrance Payable		360.00
		11,943.40
Subtotal		17,236.69
Decreased by:		
Encumbrances Payable	\$	582.80
Expenditures Under R.S.4:19-15.11--Cash		8,540.81
		9,123.61
Balance December 31, 2016	\$	8,113.08

**LICENSE FEES COLLECTED**

YEAR	AMOUNT
2015	11,720.00
2014	12,378.13
Total	\$ 24,098.13

**ANIMAL CONTROL TRUST  
SCHEDULE OF DUE TO STATE OF NEW JERSEY  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$	30.00
Increased by:		
2016 Animal License Fees		1,611.60
Subtotal		1,641.60
Decreased by:		
Fees paid to State		1,609.80
Balance December 31, 2016	\$	31.80

**TOWNSHIP OF MILLSTONE  
TRUST OTHER FUNDS  
SCHEDULE OF MISCELLANEOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, 2015	Increased by Revenues	Decrease by Expenditures	Balance December 31, 2016
Self Insurance Trust	\$ 25,694.19	\$ 20,475.97	\$ 24,194.39	\$ 21,975.77
Storm Recovery Trust	80,000.00	-	-	80,000.00
Basin Maintenance Trust	140,850.88	-	20,486.79	120,364.09
Other Developers Trust	78,465.10	537.63	5,879.00	73,123.73
Public Defender Trust	-	3,038.00	3,038.00	-
POAA Trust	52.00	12.00	-	64.00
Builders Escrow - Over \$5,000	1,439,517.82	165,118.23	249,529.63	1,355,106.42
Builders Escrow - Under \$5,000	135,863.74	47,680.21	77,880.36	105,663.59
COAH Trust	93,947.94	140,250.26	229,861.37	4,336.83
Open Space Trust	4,261,598.51	1,422,441.40	2,541,770.51	3,142,269.40
Municipal Alliance Trust	3,174.60	200.00	250.00	3,124.60
Recreation Trust	555,346.99	279,338.43	228,067.66	606,617.76
Tax Sale Premium	583,218.89	304,296.10	660,598.25	226,916.74
Veterans Memorial Trust	8,627.47	-	325.00	8,302.47
Shade Tree Trust	14,440.00	-	-	14,440.00
Payroll Trust	-	1,884,001.08	1,884,001.08	-
	<u>7,420,798.13</u>	<u>4,267,389.31</u>	<u>5,925,882.04</u>	<u>5,762,305.40</u>
Total Reserves	<u>\$ 7,420,798.13</u>	<u>\$ 4,267,389.31</u>	<u>\$ 5,925,882.04</u>	<u>\$ 5,762,305.40</u>
Receipts		\$ 3,767,389.31	\$ -	
Disbursements		-	5,606,857.90	
Grants		500,000.00	-	
Reserve for Encumbrances		-	319,024.14	
		<u>\$ 4,267,389.31</u>	<u>\$ 5,925,882.04</u>	

**TOWNSHIP OF MILLSTONE  
TRUST OTHER FUNDS  
SCHEDULE OF RESERVE FOR LENGTH OF  
SERVICE AWARDS PROGRAM (LOSAP) - UNAUDITED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 380,482.97
Increased by:		
Township Contributions to Trustee	\$ 15,787.00	
Gain on Contributions	25,935.87	41,722.87
		<hr/>
Subtotal		422,205.84
Decreased by:		
Withdrawals	81,277.15	
Account Charge	997.50	82,274.65
		<hr/>
Balance December 31, 2016		<u>\$ 339,931.19</u>

**GENERAL CAPITAL FUND**

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**TOWNSHIP OF MILLSTONE  
 GENERAL CAPITAL FUND  
 SCHEDULE OF GENERAL CAPITAL CASH  
 PER N.J.S.40A:5-5-TREASURER  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$	984,210.83
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	\$	1,300,350.00	
Bond Anticipation Note Premium		58,293.97	
Grant Receivable		153,143.00	
Bond Anticipation Note Proceeds		1,251,150.00	2,762,936.97
Subtotal			3,747,147.80
Decreased by Disbursements:			
Improvement Authorizations		1,636,593.01	
Debt Service to Current Fund		2,463.49	1,639,056.50
Balance December 31, 2016		\$	<u><u>2,108,091.30</u></u>

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 455,884.26
Increased by:		
Premium on Sale of Notes		<u>58,293.97</u>
Subtotal		514,178.23
Decreased by:		
Debt Service to Current	\$ 2,463.49	
Improvement Authorization	<u>14,048.26</u>	<u>16,511.75</u>
Balance December 31, 2016		<u><u>\$ 497,666.48</u></u>

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
ANALYSIS OF GENERAL CAPITAL CASH  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	BALANCE DECEMBER 31, 2015		RECEIPTS		DISBURSEMENTS		TRANSFERS		BALANCE DECEMBER 31, 2016
			GRANTS	MISCELLANEOUS	IMPROVEMENT AUTHORIZATIONS	MISCELLANEOUS	FROM	TO	
Fund Balance	\$ 455,884.26	\$ -	\$ -	\$ 58,293.97	-	\$ -	\$ 14,048.26	\$ -	\$ 497,666.48
Capital Improvement Fund	136.08	-	-	1,300,350.00	-	-	1,300,350.00	-	136.08
Preliminary Costs Payable	3,073.41	-	-	-	-	-	-	-	3,073.41
Grants Receivable	(183,143.00)	153,143.00	-	-	-	-	225,000.00	-	(255,000.00)
Reserve for Encumbrances	414,765.90	-	-	-	-	-	414,765.90	4,535,451.50	4,535,451.50
<b>IMPROVEMENT AUTHORIZATIONS:</b>									
<b>ORDINANCE NUMBER</b>									
01-43	Acquisition of Development Rights - Buono Property	5,555.97	-	-	999.41	-	-	-	4,556.56
07-16	Park Improvements - Phase II	72,161.92	-	-	-	-	-	-	72,161.92
08-22	Site Improvements - Municipal Projects	-	-	-	-	-	-	-	-
08-29	Stormwater Management/Washing Facility/Pole Barn	(345.00)	-	-	-	-	-	-	(345.00)
10-33	Acquisition of Real Property (COAH)	21,750.00	-	-	-	-	-	-	21,750.00
11-03	2011 Road Improvement Program	-	-	-	-	-	-	-	-
12-11	2012 Road Improvement Program	3,410.55	-	-	5,660.55	-	-	2,250.00	-
12-12	Acquisition of Public Works Vehicles & Equipment	-	-	-	86,859.31	-	-	86,859.31	-
13-16	Technology Upgrades	486.33	-	-	486.33	-	-	-	-
13-17	Acquisition of Public Works Vehicles & Equipment	-	-	-	59,335.77	-	-	59,335.77	-
13-18	Acquisition/Installation of Generators	-	-	-	(669.13)	-	-	-	10,492.51
13-20	ME Church Improvements	9,823.38	-	-	-	-	-	7,587.66	-
14-08	2014 Road Improvement Program	(31,387.00)	-	-	204,200.66	-	-	24,960.00	65,329.24
14-09	2014 Site Improvements	66,689.50	-	-	26,320.26	-	-	88,040.00	77,828.00
14-10	Acquisition of Public Works Vehicles & Equipment	105,722.78	-	-	92,104.78	-	23,830.00	-	-
15-15	2015 Road Improvement Program	91,875.75	-	-	81,029.91	-	-	-	99,593.89
15-16	Acquisition of Public Works Vehicles and Equipment	(52,250.00)	-	-	743,519.36	-	-	10,237.50	-
16-05	Acquisition of COAH Property (Eckhardt, Technology Upgrades	-	-	-	150,000.00	-	-	54,465.75	-
16-07	2016 Road Program	-	-	-	21,650.63	-	-	7,500.00	-
16-08	Acquisition of Public Works Vehicles and Equipment	-	-	-	65,825.50	-	-	2,500.00	(19,150.63)
16-09	Acquisition of Property (CKV)	-	-	-	44,803.92	-	-	255,750.00	189,924.50
16-11	Millstone Park Improvements - Phase I	-	-	-	-	-	55,551.00	-	5,693.34
16-15		-	-	-	-	-	4,456,070.50	1,200,000.00	55,000.00
<b>Total</b>	\$ 984,210.83	\$ 153,143.00	\$ -	\$ 2,609,793.97	\$ 1,636,593.01	\$ -	\$ 2,463.49	\$ 6,489,615.66	\$ 2,108,091.30

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>ORDINANCE NUMBER</u>	BALANCE DECEMBER 31, 2016
Grants with Offsetting Reserves:		
Green Acres:		
Acquisition of Land for Open Space	08-05	\$ 243,792.44
Grants without Offsetting Reserves:		
New Jersey Department of Transportation:		
2015 Road Program	15-15	30,000.00
2016 Road Program	16-08	225,000.00
		\$ 498,792.44
		\$ 498,792.44

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 6,377,499.00
Decreased by:		
2016 Budget Appropriation to Pay Debt:		
General Serial Bonds & Loans	\$ 569,500.00	
Open Space Trust to Pay loans	40,905.29	610,405.29
		\$ 5,767,093.71
		\$ 5,767,093.71

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE		NOTES PAID BY BUDGET/TRUST AUTHORIZATIONS	BALANCE		ANALYSIS OF BALANCE			
		DECEMBER 31, 2015	2016 AUTHORIZATIONS		DECEMBER 31, 2016	BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED IMPROVEMENT AUTHORIZATIONS		
01-34	Renovations to the Clarksburg School			47.24		1,040.95				
01-43	Acquisition of Development Rights to the Buono Property	1,088.19								
06-12	Park Improvements	51,338.01		70.38		5,067.63				
06-13	2006 Road Improvement Program	392,199.07		17,034.49		375,164.58				
06-21	Brandywine Park Improvements	1,045,811.86		31,666.69		1,014,145.17				
06-22	Acquisition of Public Works Vehicles	15,019.58		6,551.72		144,363.86				
06-23	Various Improvements	98,318.00		31,666.69		66,851.31				
07-15	2007 Road Improvements	74,225.30		4,284.79		69,940.51				
07-16	Park Improvements - Phase II	82,595.80		24,359.55		828,202.25				
08-04	Acquisition of Development Easements	17,639.56		6,551.72		170,344.84				
08-05	Acquisition of Land for Open Space Purposes	61,283.12		8,277.72		604,395.40				
08-06	Acquisition of Development Easements for Open Space Purposes	3,159,821.20		49,156.11		3,110,665.09				
08-07	Acquisition of Development Easements for Open Space Purposes	1,175,679.31		16,363.14		1,159,316.17				
08-19	2008 Road Improvement Program	1,528,472.37		20,655.03		1,507,817.34				
08-20	Acquisition of Public Works Vehicles & Equipment	282,692.32		8,076.92		274,615.40				
08-21	ADA Improvements to Abate Park	253,333.33		12,666.67		240,666.65				
08-22	Site Improvements - Municipal Program	81,896.56		3,275.86		78,620.70				
08-29	Stormwater Management/Walking Facility Pole Barn	66,336.20		2,456.90		63,879.30				
09-16	2009 Road Improvement Program	260,613.20		54,076.92		260,613.20				
10-03	Acquisition of Real Property (COAH)	328,710.21		1,461.54		52,615.38				
10-33	2010 Road Improvement Program	45,064.10		4,269.89		324,440.32				
11-03	Acquisition of Real Property (COAH)	413,250.00		1,217.95		43,846.15				
12-11	2011 Road Improvement Program	212,500.00				413,250.00				
12-12	2012 Road Improvement Program	356,250.00		18,750.00		200,000.00				
13-16	Acquisition of Public Works Vehicles & Equipment	95,000.00				337,500.00				
13-17	Technology Upgrades	47,500.00				95,000.00				
13-18	Acquisition of Public Works Vehicles & Equipment	90,250.00				47,500.00				
13-19	2013 Road Improvement Program	99,750.00				90,250.00				
13-20	ME Church Improvements	228,000.00				99,750.00				
14-08	2014 Road Improvements	603,250.00				603,250.00				
14-09	2014 Site Improvements	570,000.00				228,000.00				
14-10	Acquisition of Public Works Vehicles & Equipment	142,500.00				570,000.00				
15-15	2015 Road Improvement Program	137,750.00				142,500.00				
15-16	Acquisition of Public Works Vehicles & Equipment	741,000.00				137,750.00				
16-05	Acquisition of COAH Property (Eckhard)	52,250.00				741,000.00				
16-07	Technology Upgrades					52,250.00				
16-08	2016 Road Improvement Program					142,500.00				
16-09	Acquisition of Public Works Vehicles & Equipment					47,500.00				
16-11	Acquisition of Property (CKV) Property (OST Portion)					584,250.00				
16-11	Acquisition of Property (CKV) Property (COAH Portion)					87,400.00				
16-15	Millstone Park Improvements - Phase I					749,252.67				
						295,747.33				
						3,300,000.00				
						19,561,462.20				
						13,710,849.00				
						3,275,566.13				
						2,375,047.07				
						2,710,702.53				

Improvement Authorizations - Unfunded  
Less: Unexpended Proceeds of Bond Anticipation Notes:

ORDINANCE NUMBER	DESCRIPTION	AMOUNT
01-43	Acquisition of Development Rights to the Buono Property	\$ 4,556.56
07-16	Park Improvements - Phase II	72,161.92
13-18	Acquisition/Installation of Generators	10,492.51
14-08	2014 Road Improvement Program	65,329.24
14-09	2014 Site Improvements	77,828.00
15-15	2015 Road Improvement Plan	99,593.89
16-09	Acquisition of Public Works Vehicles & Equipment	5,693.34
		<u>335,655.46</u>

\$ 2,375,047.07

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015		\$ 136.08
Increased by:		
2016 Budget Appropriation	\$ 37,850.00	
From COAH Trust	23,065.65	
From Open Space Trust	<u>1,239,434.35</u>	
		<u>1,300,350.00</u>
Subtotal		1,300,486.08
Decreased by:		
2016 Appropriated to Finance Improvement Authorizations:		<u>1,300,350.00</u>
Balance December 31, 2016		<u><u>\$ 136.08</u></u>

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

NUMBER	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2015		CAPITAL IMPROVEMENT FUND	GRANTS RECEIVABLE	GENERAL CAPITAL FUND BALANCE	DEFERRED CHARGES TO FUTURE TAXATION- UNFUNDED	RESERVE FOR ENCUMBRANCES	CASH EXPENDED	CURRENT YEAR ENCUMBRANCES	BALANCE DECEMBER 31, 2016											
			FUNDED	UNFUNDED								FUNDED	UNFUNDED										
01-43	12/19/2001	533,000.00	\$ 136.44	\$ 5,419.53	-	\$ -	\$ -	\$ -	999.41	\$ -	\$ -	\$ -	\$ 4,856.56										
07-16	7/18/2007	200,000.00	-	72,161.92	-	-	-	-	-	-	-	-	72,161.92										
08-29	11/5/2008	290,000.00	-	260,268.20	-	-	-	-	-	-	-	-	260,268.20										
10-33	12/15/2010	435,000.00	21,750.00	413,250.00	-	-	-	-	-	-	-	21,750.00	413,250.00										
12-11	7/18/2012	700,000.00	-	3,410.55	-	-	-	-	5,660.55	-	-	-	-										
12-12	7/18/2012	100,000.00	-	-	-	-	-	-	86,859.31	-	-	-	-										
13-16	7/17/2013	50,000.00	-	486.33	-	-	-	-	486.33	-	-	-	-										
13-17	7/17/2013	95,000.00	-	-	-	-	-	-	59,335.77	-	-	-	-										
13-18	7/17/2013	105,000.00	-	9,823.38	-	-	-	-	(669.13)	-	-	-	10,492.51										
13-20	8/7/2013	240,000.00	-	196,613.00	-	-	-	-	204,200.66	-	-	-	-										
14-08	7/16/2014	800,000.00	-	66,689.50	-	-	-	-	24,960.00	-	-	-	65,232.24										
14-09	7/16/2014	1,430,000.00	-	1,430,000.00	-	-	-	-	88,040.00	-	23,830.00	-	77,828.00										
14-11	7/16/2014	400,000.00	-	105,722.78	-	-	-	-	81,184.78	-	-	-	-										
15-15	7/16/2015	600,000.00	-	-	-	-	-	-	743,514.36	-	-	-	-										
15-16	7/16/2015	550,000.00	91,875.75	741,000.00	-	-	-	-	54,465.75	-	-	-	99,393.89										
16-05	3/16/2016	150,000.00	-	-	7,500.00	-	-	-	150,000.00	-	-	-	-										
16-07	5/4/2016	50,000.00	-	-	2,500.00	-	-	-	21,650.63	-	-	-	28,349.37										
16-08	5/4/2016	840,000.00	-	-	30,750.00	-	-	-	65,838.50	-	-	189,924.50	584,250.00										
16-09	5/4/2016	106,048.26	-	-	4,600.00	225,000.00	14,048.26	-	44,803.92	55,551.00	-	55,551.00	5,693.34										
16-11	8/17/2016	1,100,000.00	-	-	55,000.00	-	-	-	-	-	-	55,000.00	1,045,000.00										
16-15	11/2/2016	4,500,000.00	-	-	1,200,000.00	-	-	-	-	4,456,070.50	-	-	43,929.50										
Total													\$ 113,762.19	\$ 1,874,845.19	\$ 1,300,350.00	\$ 225,000.00	\$ 14,048.26	\$ 5,206,650.00	\$ 414,765.90	\$ 1,636,593.01	\$ 4,535,451.50	\$ 266,674.50	\$ 2,710,702.53

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF PRELIMINARY COSTS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2016 and 2015

\$ 3,073.41

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTES	DATE OF ISSUE	DATE OF MATURITY	GROSS INTEREST RATE	BALANCE DECEMBER 31, 2015	INCREASE	DECREASE	BALANCE DECEMBER 31, 2016
01-34	Renovations to the Clarksburg School	10/4/2007	9/15/2016	9/14/2017	2.0000%	\$ 1,088.19	\$ -	\$ 47.24	\$ 1,040.95
01-43	Acquisition of Development Rights to the Buono Property	10/4/2007	9/15/2016	9/14/2017	2.0000%	5,138.01	-	70.38	5,067.63
06-12	Park Improvements - Phase I	10/4/2007	9/15/2016	9/14/2017	2.0000%	392,199.07	-	17,034.49	375,164.58
06-21	2006 Road Improvements Program	10/4/2007	9/15/2016	9/14/2017	2.0000%	1,045,811.86	-	31,666.69	1,014,145.17
06-21	Brandywine Park Improvements	10/4/2007	9/15/2016	9/14/2017	2.0000%	150,915.58	-	6,551.72	144,363.86
06-22	Acquisition of Public Works Vehicles	10/4/2007	9/15/2016	9/14/2017	2.0000%	98,518.00	-	31,666.69	66,851.31
06-23	Various Improvements	10/4/2007	9/15/2016	9/14/2017	2.0000%	74,225.30	-	4,284.79	69,940.51
07-15	2007 Road Improvement Program	3/5/2009	2/17/2016	2/16/2017	1.0000%	852,561.80	-	24,359.55	828,202.25
07-16	Park Improvements - Phase II	9/27/2011	9/15/2016	9/14/2017	2.0000%	176,896.56	-	6,551.72	170,344.84
08-04	Acquisition of Development Easements for Open Space Purposes	3/19/2008	2/17/2016	2/16/2017	1.0000%	612,873.12	-	8,277.72	604,595.40
08-05	Acquisition of Land for Open Space	3/19/2008	2/17/2016	2/16/2017	1.0000%	3,159,821.20	-	49,156.11	3,110,665.09
08-06	Acquisition of Development Easements for Open Space Purposes	3/19/2008	2/17/2016	2/16/2017	1.0000%	1,175,679.31	-	16,363.14	1,159,316.17
08-07	Acquisition of Development Easements for Open Space Purposes	3/19/2008	2/17/2016	2/16/2017	1.0000%	1,528,472.37	-	20,655.03	1,507,817.34
08-19	2008 Road Improvement Program	3/5/2009	2/17/2016	2/16/2017	1.0000%	282,692.32	-	8,076.92	274,615.40
08-20	Acquisition of Public Works Vehicles and Equipment	3/5/2009	2/17/2016	2/16/2017	1.0000%	253,333.32	-	12,666.67	240,666.65
08-21	ADA Improvements to Abate Park	3/5/2009	2/17/2016	2/16/2017	1.0000%	81,896.56	-	3,275.86	78,620.70
08-22	Site Improvements - Municipal Projects	9/27/2011	9/15/2016	9/14/2017	2.0000%	66,336.20	-	2,456.90	63,879.30
09-16	2009 Road Improvement Program	9/27/2011	9/15/2016	9/14/2017	2.0000%	54,076.92	-	1,461.54	52,615.38
10-03	Acquisition of Real Property (COAH)	9/27/2011	9/15/2016	9/14/2017	2.0000%	328,710.21	-	4,269.89	324,440.32
10-21	2010 Road Improvement Program	9/27/2011	9/15/2016	9/14/2017	2.0000%	45,064.10	-	1,217.95	43,846.15
11-03	2011 Road Improvement Program	9/27/2011	9/15/2016	9/14/2017	2.0000%	212,500.00	-	12,500.00	200,000.00
12-11	2012 Road Improvement Program	9/23/2013	9/15/2016	9/14/2017	2.0000%	356,250.00	-	18,750.00	337,500.00
12-12	Acquisition of Public Works Vehicles & Equipment	6/17/2015	9/15/2016	9/14/2017	2.0000%	95,000.00	-	-	95,000.00
13-16	Technology Upgrades	9/19/2014	9/15/2016	9/14/2017	2.0000%	47,500.00	-	-	47,500.00
13-17	Acquisition of Public Works Vehicles & Equipment	6/17/2015	9/15/2016	9/14/2017	2.0000%	90,250.00	-	-	90,250.00
13-18	Acquisition/Installation of Generators	6/17/2015	9/15/2016	9/14/2017	2.0000%	99,750.00	-	-	99,750.00
13-19	Road Improvement Program	9/19/2014	9/15/2016	9/14/2017	2.0000%	603,250.00	-	-	603,250.00
13-20	Improvements to ME Church	9/15/2016	9/15/2016	9/14/2017	2.0000%	-	228,000.00	-	228,000.00
14-08	2014 Road Improvement Program	6/17/2015	9/15/2016	9/14/2017	2.0000%	570,000.00	-	-	570,000.00
14-09	2014 Site Improvements	6/17/2015	9/15/2016	9/14/2017	2.0000%	142,500.00	-	-	142,500.00
14-10	Acquisition of Public Works Vehicles & Equipment	6/17/2015	9/15/2016	9/14/2017	2.0000%	137,750.00	-	-	137,750.00
15-15	2015 Road Program	9/15/2016	9/15/2016	9/14/2017	2.0000%	-	741,000.00	-	741,000.00
15-16	Acquisition of Public Works Vehicles & Equipment	9/15/2016	9/15/2016	9/14/2017	2.0000%	-	52,250.00	-	52,250.00
16-05	Acquisition of COAH (Eckhardt)	9/15/2016	9/15/2016	9/14/2017	2.0000%	-	142,500.00	-	142,500.00
16-09	Acquisition of Public Works Vehicles & Equipment	9/15/2016	9/15/2016	9/14/2017	2.0000%	-	87,400.00	-	87,400.00
Total						\$ 12,741,060.00	\$ 1,251,150.00	\$ 281,361.00	\$ 13,710,849.00
Budget Appropriations									
COAH Trust						182,639.11			
Open Space Trust						4,269.89			
Total						94,452.00			
Total						281,361.00			

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF REFUNDING BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DEC. 31, 2015	INTEREST RATE	BALANCE DECEMBER 31, 2015	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2016
General Improvements	5/22/2012	\$ 6,120,000.00	525,000.00	4.00%			
			545,000.00	4.00%			
			570,000.00	4.00%			
			595,000.00	4.00%			
			615,000.00	4.00%			
			640,000.00	5.00%			
			675,000.00	5.00%			
			710,000.00	5.00%			
			740,000.00	5.00%			
					\$ 6,120,000.00	\$ 505,000.00	\$ 5,615,000.00
					\$ 6,120,000.00	\$ 505,000.00	\$ 5,615,000.00

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOAN PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$	125,199.00
Decreased by:		
Paid by Open Space Trust		40,905.29
Balance, December 31, 2016	\$	84,293.71

**SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE DECEMBER 31, 2016**

March 2017	\$	20,759.95
September 2017		20,967.55
March 2018		21,177.22
September 2018		21,388.99
Total	\$	84,293.71

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
SCHEDULE OF LEASE REVENUE BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DEC. 31, 2016	INTEREST RATE	BALANCE DECEMBER 31, 2015	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2016
General Improvements	10/04/2007	\$ 551,000.00	9/01/2017 67,800.00	5.00%	\$ 132,300.00	\$ 64,500.00	\$ 67,800.00
					\$ 132,300.00	\$ 64,500.00	\$ 67,800.00

**TOWNSHIP OF MILLSTONE  
GENERAL CAPITAL FUND  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2015	IMPROVEMENT AUTHORIZATIONS	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2016
08-29	Stormwater Management/Washing Facility/Pole Barn	\$ 260,613.20	-	-	\$ 260,613.20
10-33	Acquisition of Real Property (COAH)	413,250.00	-	-	413,250.00
13-20	ME Church Improvements	228,000.00	-	228,000.00	-
15-15	2015 Road Improvement Program	741,000.00	-	741,000.00	-
15-16	Acquisition of Public Works Vehicles & Equipment	52,250.00	-	52,250.00	-
16-05	Acquisition of Real Property (COAH)	-	142,500.00	142,500.00	-
16-07	Technology Improvements	-	47,500.00	-	47,500.00
16-08	2016 Road Improvements	-	584,250.00	-	584,250.00
16-09	Acquisition of Public Works Vehicles & Equipment	-	87,400.00	87,400.00	-
16-11	Acquisition of (CKV) Property (COAH Portion)	-	295,747.33	-	295,747.33
16-11	Acquisition of (CKV) Property (OST Portion)	-	749,252.67	-	749,252.67
16-15	Millstone Park Improvements - Phase I (OST)	-	3,300,000.00	-	3,300,000.00
Total		\$ 1,695,113.20	\$ 5,206,650.00	\$ 1,251,150.00	\$ 5,650,613.20

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**TOWNSHIP OF MILLSTONE  
COUNTY OF MONMOUTH**

**PART II**

**COMMENTS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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The Honorable Mayor and Members of the  
Township Committee  
Township of Millstone, New Jersey

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

**Scope of Audit**

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

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

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

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

**GENERAL COMMENTS**

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

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

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

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

A test was conducted to determine that expenditures greater than \$6,000 obtained solicitation of quotes. No exceptions were noted.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-3*.

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

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Township Committee.

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit “for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles,” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

**Contracts and Agreements Requiring Solicitation of Quotations**

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

**Collection of Interest on Delinquent Taxes and Assessments**

*N.J.S.54:4-67*, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 6, 2016 adopted the following resolutions (16-35 & 16-36) authorizing interest to be charged on delinquent taxes:

“NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Millstone that pursuant to the provisions of nonpayment of taxes and assessments, on or before the date when the same becomes delinquent it is hereby fixed at eight (8%) percent per annum for the first \$1,500.00, said interest may be waived for a ten (10) day period after actual due date, and eighteen (18%) percent on any balance over \$1,500.00, effective January 1, 2016.”

“BE IT FURTHER RESOLVED, by Mayor and Township Committee of the Township of Millstone, County of Monmouth, State of New Jersey as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date, and 18% per annum on any delinquency over \$1,500.00. Taxes and penalties together that exceed \$10,000.00 and are in the arrears beyond December 31<sup>st</sup>, an additional penalty of 6% shall be charged against the delinquency.
2. Effective January 1, 2016, there will be a ten (10) day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with this Resolution shall be charged interest from the due date as set forth above.

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

4. This Resolution shall be published in its entirety once in an official newspaper of the Township of Millstone.

5. The Municipal Clerk shall provide a certified copy of this Resolution to the Township Tax Collector, Township Attorney, and Township Auditor for the Township of Millstone.”

**Delinquent Taxes and Tax Title Liens**

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

The last tax sale was held on April 20, 2016 and was complete.

Inspection of 2016 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<b>YEAR</b>	<b>NUMBER OF LIENS</b>
2016	18
2015	18
2014	16

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

**Deductions From Taxes**

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

**Examination of Bills**

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

**Payroll Fund**

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of the Township employees.

## **Municipal Court**

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

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

A test sample was selected of ten (10); five traffic and five criminal cases processed through the system. The purpose of the test was to determine that traffic fines were levied in accordance with State Statutes, that payments were deposited intact and on a timely basis, that dispositions were entered in traffic and criminal dockets, closure procedures for delinquent traffic tickets were enforced and that proper procedures were in effect for defendants paying on a the partial payment system. This test disclosed no discrepancies regarding fines being properly levied, entering of dispositions and closure procedures.

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

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

## **Tax Collector's Annual Report**

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

## **Construction Code Office**

- (1) **Indirect Costs** – Indirect costs are not allocated to the Construction Code Budget Appropriation.
- (2) **Annual Report** – An annual report of revenue, expenditures and a recommendation for any fee increase or decrease was filed with the governing body.
- (3) **Construction Code Permits** – A test of the fees charged for construction code permits disclosed no exceptions regarding charges being levied in accordance with the Township Ordinances in effect.

## **Prior Year Findings**

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

**OFFICIALS IN OFFICE AND SURETY BONDS**

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

<b>NAME</b>	<b>POSITION</b>	<b>AMOUNT OF BOND</b>	
Robert Kinsey	Mayor		
Michael Kuczinski	Deputy Mayor		
Gary Dorfman	Committeeman		
Nancy Grbelja	Committeewoman		
Fiore Masci	Committeeman		
Maria Dellasala	Township Administrator/Clerk	\$1,000,000	(A)
Annette Murphy	Chief Financial Officer	\$1,000,000	(A)
Dawn Mitchell	Tax Collector	\$1,000,000	(A)
Robin Bucchi	Tax Assessor		
Nicole Sonnenblick	Magistrate	\$1,000,000	(A)
Diane Canzanella	Court Administrator	\$1,000,000	(A)

(A) Covered under the Blanket Bond Coverage through the Middlesex County Municipal Joint Insurance Fund for \$1,000,000.00.

## **Acknowledgment**

We express our appreciation for the assistance and courtesies extended to the members of the audit team. The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, please contact us.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

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

Freehold, New Jersey  
June 8, 2017