

TOWNSHIP OF MILLSTONE

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2017**

SCANNED

**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, 2017**

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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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

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 as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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, the financial statements are prepared by the Township of Millstone on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, 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, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2017 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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township’s basic financial statements. The supplemental schedules presented for the various funds and letter of comments and recommendations section 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 are not a required part of the basic financial statements.

The supplemental schedules presented for the various funds are 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2018 on our consideration of the Township'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'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 No. 483

Freehold, New Jersey
June 6, 2018

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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
Millstone, New Jersey

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, as of and for the year ended December 31, 2017, 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 6, 2018. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and 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.

A handwritten signature in black ink, appearing to read 'R. Allison', written over a horizontal line.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Freehold, New Jersey
June 6, 2018

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

ASSETS	REFERENCE	2017	2016
Regular Fund:			
Cash - Treasurer	A-4	\$ 18,933,215.20	\$ 15,923,918.31
Change Funds	A-6	1,000.00	1,100.00
Due from State of New Jersey - Senior Citizen & Veteran Deductions	A-7	<u>500.00</u>	<u>250.00</u>
Total		<u>18,934,715.20</u>	<u>15,925,268.31</u>
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	303,057.67	509,251.09
Tax Title Liens Receivable	A-9	281,303.84	263,931.51
Revenue Accounts Receivable	A-10	<u>5,501.96</u>	<u>3,469.74</u>
Total Receivable & Other Assets With Full Reserves		<u>589,863.47</u>	<u>776,652.34</u>
Deferred Charges To Future Taxation:			
Special Emergency Authorizations	A	<u>120,000.00</u>	<u>-</u>
Total		<u>120,000.00</u>	<u>-</u>
Total Regular Fund		<u>19,644,578.67</u>	<u>16,701,920.65</u>
Federal & State Grant Fund:			
Cash	A-4	58,312.02	46,580.77
Federal & State Grants Receivable	A-17	<u>42,465.00</u>	<u>32,957.50</u>
Total Federal & State Grants		<u>100,777.02</u>	<u>79,538.27</u>
		<u>\$ 19,745,355.69</u>	<u>\$ 16,781,458.92</u>

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

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 and 2016**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	<u>2017</u>	<u>2016</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 52,634.69	\$ 103,225.65
Accounts Payable	A	3,956.00	1,978.00
Due to State of New Jersey:			
Construction Fees	A	5,497.00	4,995.00
Marriage License Fees	A	150.00	200.00
Reserve for Encumbrances	A-3	180,161.46	159,030.88
Prepaid Taxes	A-12	3,340,713.07	262,331.02
Tax Overpayments	A-13	10,515.07	45,212.10
Due County for Added & Omitted Taxes	A-15	23,854.93	35,063.11
Local District School Tax Payable	A-16	13,661,014.00	13,440,157.00
		<u>17,278,496.22</u>	<u>14,052,192.76</u>
Total Liabilities			
Reserve for Receivables & Other Assets	A	589,863.47	776,652.34
Fund Balance	A-1	1,776,218.98	1,873,075.55
		<u>19,644,578.67</u>	<u>16,701,920.65</u>
Total Regular Fund			
State & Federal Grants:			
Encumbrance Payable	A-18	37,128.48	4,100.00
Reserve for Federal & State Grants:			
Appropriated	A-18	55,220.01	75,438.27
Unappropriated	A-19	8,428.53	-
		<u>100,777.02</u>	<u>79,538.27</u>
Total State & Federal Grants			
		<u>\$ 19,745,355.69</u>	<u>\$ 16,781,458.92</u>

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

**TOWNSHIP OF MILLSTONE
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 and 2016**

	2017	2016
Revenue & Other Income Realized:		
Fund Balance Utilized	\$ 944,746.38	\$ 891,893.04
Miscellaneous Revenue Anticipated	2,007,296.58	2,509,976.36
Receipts From Delinquent Taxes	509,282.98	547,112.87
Receipts from Current Taxes	42,157,294.53	41,397,931.08
Nonbudget Revenues	189,322.79	73,324.09
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	122,425.65	167,051.40
Cancellation of Prior Year Payable	-	1,978.00
Cancelled Grant Appropriated Reserves	811.70	60,857.86
	<u>45,931,180.61</u>	<u>45,650,124.70</u>
 Total Income		
	<u>45,931,180.61</u>	<u>45,650,124.70</u>
Expenditures:		
Budget Appropriations:		
Within "CAPS":		
Operations Within "CAPS":		
Salaries and Wages	1,485,261.87	1,469,339.10
Other Expenses	2,304,288.13	2,183,338.20
Deferred Charges & Statutory Expenditures - Municipal	269,468.00	272,735.83
Excluded from "CAPS":		
Operations Excluded from "CAPS":		
Salaries and Wages	13,228.13	25,150.07
Other Expenses	147,114.08	175,093.05
Municipal Debt Service	1,189,807.46	1,094,665.35
Capital Improvements	49,000.00	37,850.00
Deferred Charges & Statutory Expenditures	-	368,000.00
County Taxes	5,432,079.79	5,341,598.94
Due County for Added and Omitted Taxes	23,854.60	35,063.11
Local District School Taxes	31,322,024.00	30,880,311.00
Municipal Open Space Tax	1,122,389.74	1,117,164.75
Fire District Taxes	1,843,990.00	1,737,100.00
Cancelled Grant Receivables	785.00	57.90
	<u>45,203,290.80</u>	<u>44,737,467.30</u>
 Total Expenditures		
	<u>45,203,290.80</u>	<u>44,737,467.30</u>
Excess in Revenue	727,889.81	912,657.40
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	120,000.00	-
	<u>120,000.00</u>	<u>-</u>
Fund Balance January 1	1,873,075.55	1,852,311.19
Total	2,720,965.36	2,764,968.59
Decreased by:		
Utilized as Anticipated Revenue	944,746.38	891,893.04
	<u>944,746.38</u>	<u>891,893.04</u>
Fund Balance December 31	<u>\$ 1,776,218.98</u>	<u>\$ 1,873,075.55</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, 2017**

	ADOPTED BUDGET	ADDED BY N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Surplus Anticipated	\$ 944,746.38	\$ -	\$ 944,746.38	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	10,072.00	-	10,625.00	553.00
Fees & Permits	32,000.00	-	41,582.04	9,582.04
Fines & Costs:				
Municipal Court	78,500.00	-	62,184.48	(16,315.52)
Interest on Costs & Taxes	105,000.00	-	104,420.12	(579.88)
Interest on Investments & Deposits	270,000.00	-	260,390.16	(9,609.84)
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	-	372,257.00	(77,743.00)
Energy Receipts Tax	821,546.00	-	821,546.00	-
Cable Franchise Fees	105,321.00	-	105,321.00	-
Verizon Franchise Fees	44,156.24	-	44,156.24	-
FEMA Reimbursement	46,957.55	-	46,957.55	-
Telecommunications Tower Lease	39,154.88	-	39,154.88	-
Public & Private Revenues Offset with Appropriations:				
Recycling Tonnage Grant	3,021.91	-	3,021.91	-
Clean Communities Program	-	39,473.20	39,473.20	-
NJ DEP CFMP	-	10,000.00	10,000.00	-
Municipal Alliance on Alcoholism & Drug Abuse	20,000.00	-	20,000.00	-
Total Revenues	2,051,936.58	49,473.20	2,007,296.58	(94,113.20)
Receipts from Delinquent Taxes	531,563.03	-	509,282.98	(22,280.05)
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	-	3,242,956.40	652,499.68
Budget Totals	6,118,702.71	49,473.20	6,704,282.34	536,106.43
Nonbudget Revenues	-	-	189,322.79	189,322.79
Total	\$ 6,118,702.71	\$ 49,473.20	\$ 6,893,605.13	\$ 725,429.22

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, 2017**

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 42,157,294.53
Allocated to School, County, Fire District & Local Open Space Taxes	<u>39,744,338.13</u>
Balance of Support of Municipal Budget Appropriations	2,412,956.40
Add: Appropriation "Reserve for Uncollected Taxes"	<u>830,000.00</u>
Amount for Support of Municipal Budget Appropriations	<u><u>\$ 3,242,956.40</u></u>
Receipts from Delinquent Taxes:	
Tax Title Liens	\$ 108.63
Delinquent Tax Collections	<u>509,174.35</u>
Total Receipts from Delinquent Taxes:	<u><u>509,282.98</u></u>
Fees & Permits - Other:	
Zoning	\$ 11,700.00
Clerk	11,182.04
Planning	10,450.00
Road Opening	6,475.00
Tree Clearing	800.00
Tax Map Revisions	775.00
Soil Removal	<u>200.00</u>
Total	<u><u>\$ 41,582.04</u></u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Treasurer:	
Sale of Assets	\$ 143,428.14
Tax Sale Redemption (>5 years)	11,600.00
Donations	10,000.00
Tax Year End Penalties	7,819.21
Credit Card Convenience Fees	5,296.00
Self Insurance 2016 Balance	5,265.13
Miscellaneous	1,337.87
Prior Year Reimbursements	1,104.00
Grass Cutting Fees	1,070.00
Veterans & Senior Citizens Admin Fee	968.99
Returned Check Fees	475.00
Sale of Scrap Metal	384.25
Homestead Benefits- Admin Fees	270.00
Roosevelt Recycling Admin Fee	200.00
Court Account Unclaimed Funds	63.00
Discovery Fees	<u>41.20</u>
Total	<u><u>\$ 189,322.79</u></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, 2017**

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
GENERAL GOVERNMENT:						
Mayor & Township Committee:						
Salaries and Wages	\$ 36,000.00	35,775.00	\$ 35,769.00	\$ -	6.00	\$ -
Other Expenses	700.00	700.00	597.48	-	102.52	-
General Administration:						
Salaries and Wages	73,000.00	72,500.00	72,499.39	-	0.61	-
Other Expenses	76,950.00	82,950.00	67,666.04	12,296.29	2,987.67	-
Municipal Clerk:						
Salaries and Wages	130,000.00	129,550.00	129,523.99	-	26.01	-
Other Expenses	10,700.00	11,700.00	9,138.92	582.08	1,979.00	-
Financial Administration:						
Salaries and Wages	123,000.00	122,150.00	122,139.12	-	10.88	-
Other Expenses	26,405.00	25,705.00	21,451.08	3,463.36	790.56	-
Audit Services:						
Other Expenses	28,500.00	28,500.00	27,500.00	1,000.00	-	-
Collection of Taxes:						
Salaries and Wages	66,000.00	66,805.00	66,803.50	-	1.50	-
Other Expenses	7,070.00	6,820.00	6,779.23	-	40.77	-
Assessment of Taxes:						
Salaries and Wages	90,000.00	89,525.00	89,510.98	-	14.02	-
Other Expenses	7,075.00	6,075.00	4,362.95	1,650.04	62.01	-
Legal Services & Costs:						
Other Expenses	100,000.00	195,000.00	166,425.72	26,105.88	2,468.40	-
Engineering Services & Costs:						
Other Expenses	30,000.00	30,000.00	24,433.75	1,000.00	4,566.25	-

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

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Historical Preservation Committee:						
Other Expenses	1,400.00	550.00	465.46	72.44	12.10	-
Veterans Memorial Committee:						
Other Expenses	1,450.00	1,450.00	1,153.96	90.00	206.04	-
Open Space Farmland Preservation Council:						
Salaries and Wages	57,000.00	57,545.00	57,540.52	-	4.48	-
Other Expenses	2,350.00	1,890.00	1,502.26	355.65	32.09	-
Agricultural:						
Other Expenses	2,460.00	2,060.00	1,752.02	44.90	263.08	-
Municipal Land Use Law (N.J.S. 40:55D-1):						
Planning Board:						
Salaries and Wages	24,000.00	23,425.00	23,410.00	-	15.00	-
Other Expenses	30,520.00	57,320.00	54,748.63	2,565.00	6.37	-
Zoning Board of Adjustment:						
Salaries and Wages	24,000.00	23,500.00	23,491.26	-	8.74	-
Other Expenses	8,010.00	7,810.00	7,216.17	511.26	82.57	-
INSURANCE:						
Liability Insurance	141,200.00	141,200.00	141,200.00	-	-	-
Worker's Compensation Insurance	74,500.00	74,500.00	74,500.00	-	-	-
Employee Group Health Insurance	768,000.00	761,700.00	736,638.05	22,271.64	2,790.31	-
Employee Group Insurance Waiver	8,375.00	8,375.00	8,375.00	-	-	-
Unemployment Insurance	8,000.00	8,000.00	7,683.95	-	316.05	-
PUBLIC SAFETY FUNCTIONS						
Emergency Management Service:						
Other Expenses	7,500.00	1,100.00	287.21	-	812.79	-

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

	APPROPRIATIONS			EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED		
Municipal Court:							
Salaries and Wages	116,000.00	116,425.00	116,422.56	-	2.44	-	-
Other Expenses	19,600.00	18,600.00	12,640.49	4,546.64	1,412.87	-	-
Aid to Volunteer Ambulance Company:							
Contribution	35,000.00	35,000.00	26,250.00	8,750.00	-	-	-
Other Expenses	6,000.00	6,000.00	6,000.00	-	-	-	-
Public Defender:							
Other Expenses	5,000.00	5,000.00	1,799.50	-	3,200.50	-	-
Municipal Prosecutor:							
Other Expenses	28,000.00	28,000.00	27,980.00	-	20.00	-	-
PUBLIC WORKS FUNCTIONS							
Streets & Roads:							
Salaries and Wages	381,971.87	366,971.87	366,971.87	-	-	-	-
Other Expenses	114,017.50	124,017.50	101,505.79	15,992.51	6,519.20	-	-
Shade Tree Commission:							
Other Expenses	10,300.00	9,250.00	5,867.07	3,368.00	14.93	-	-
Sanitation:							
Salaries and Wages	23,500.00	24,060.00	24,056.67	-	3.33	-	-
Other Expenses	136,800.00	138,600.00	137,583.46	1,016.54	0.00	-	-
Buildings & Grounds:							
Salaries and Wages	15,000.00	16,000.00	15,928.25	-	71.75	-	-
Other Expense	56,680.00	62,680.00	52,716.95	5,280.53	4,682.52	-	-
Vehicle Maintenance:							
Other Expense	88,000.00	93,000.00	50,113.01	29,622.89	13,264.10	-	-

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

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
HEALTH & HUMAN SERVICES						
Senior Transportation:						
Other Expenses	10,700.00	11,110.00	9,094.60	2,015.00	0.40	-
Environmental Commission:						
Salaries and Wages	2,400.00	2,100.00	2,100.00	-	-	-
Other Expenses	1,500.00	1,125.00	961.28	155.10	8.62	-
PARKS & RECREATION FUNCTIONS:						
Recreation Commission:						
Salaries and Wages	55,000.00	52,325.00	52,321.96	-	3.04	-
Other Expenses	1,500.00	1,500.00	1,046.15	417.97	35.88	-
Maintenance of Parks:						
Other Expenses	17,975.00	17,975.00	17,893.00	-	82.00	-
Celebration of Public Events:						
Other Expenses	8,000.00	8,000.00	330.52	7,669.48	-	-
EDUCATION FUNCTIONS:						
Contribution to Municipal Library	250.00	250.00	250.00	-	-	-
UTILITY EXPENSES:						
Electricity	47,000.00	47,000.00	42,442.60	3,305.00	1,252.40	-
Street Lighting	91,000.00	94,500.00	86,414.96	7,880.39	204.65	-
Telephone	29,000.00	33,000.00	29,867.23	1,829.58	1,303.19	-
Natural Gas	30,000.00	31,500.00	24,804.31	6,200.00	495.69	-
Gasoline	34,135.63	36,635.63	32,326.62	4,309.01	(0.00)	-
LANDFILL/SOLID WASTE DISPOSAL COSTS:						
Landfill Tipping Fees	20,000.00	15,135.00	15,131.22	-	3.78	-
Other Expenses						

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

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17):						
State Uniform Construction Code:						
Construction:						
Salaries and Wages	246,000.00	242,275.00	242,252.17	-	22.83	-
Other Expenses	6,815.00	6,815.00	6,762.41	16.28	36.31	-
Other Code Enforcement:						
Salaries and Wages	48,000.00	44,330.00	44,323.69	-	6.31	-
Other Expenses	19,690.00	26,190.00	22,148.77	3,800.00	241.23	-
Total Operations Within "CAPS"	3,669,000.00	3,789,550.00	3,560,872.75	178,183.46	50,493.79	-
Detail:						
Salaries and Wages	1,510,871.87	1,485,261.87	1,485,064.93	-	196.94	-
Other Expenses	2,158,128.13	2,304,288.13	2,075,807.82	178,183.46	50,296.85	-
DEFERRED CHARGES & STATUTORY EXPENDITURES						
MUNICIPAL - WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	149,518.00	149,518.00	149,518.00	-	-	-
Social Security System (O.A.S.I)	114,000.00	114,400.00	114,263.18	-	136.82	-
Defined Contribution Retirement Program	6,500.00	5,550.00	5,545.92	-	4.08	-
Total Statutory Expenditures	270,018.00	269,468.00	269,327.10	-	140.90	-
Total General Appropriations Within "CAPS"	3,939,018.00	4,059,018.00	3,830,199.85	178,183.46	50,634.69	-

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

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
OPERATIONS EXCLUDED FROM "CAPS":						
County of Monmouth- 911 Service	25,038.35	25,038.35	25,038.35	-	-	-
Length of Service Awards Program (LOSAP):						
Other Expenses	10,282.00	10,282.00	10,282.00	-	-	-
Declared SOE: Snow Removal S&R S/W	8,028.13	8,028.13	8,028.13	-	-	-
Declared SOE: Snow Removal S&R Other Expense	9,537.25	9,537.25	9,537.25	-	-	-
Declared SOE: Snow Removal Gasoline OE	864.37	864.37	864.37	-	-	-
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:						
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	19,119.00	19,119.00	19,119.00	-	-	-
PUBLIC & PRIVATE REVENUES OFF-SET WITH APPROPRIATIONS:						
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	-	39,473.20	39,473.20	-	-	-
CFMP Grant 2017	-	10,000.00	10,000.00	-	-	-
Supplemental Fire Services Program	1,978.00	1,978.00	-	1,978.00	-	-
Recycling Tonnage Grant	3,021.91	3,021.91	3,021.91	-	-	-
Total Operations	110,869.01	160,342.21	156,364.21	1,978.00	2,000.00	-
Total Operations Including Contingent	110,869.01	160,342.21	156,364.21	1,978.00	2,000.00	-

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, 2017**

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Detail:						
Salaries and Wages	13,228.13	13,228.13	13,228.13	-	-	-
Other Expenses	97,640.88	147,114.08	143,136.08	1,978.00	2,000.00	-
Capital Improvements:						
Capital Improvement Fund	49,000.00	49,000.00	49,000.00	-	-	-
Total Capital Improvements	49,000.00	49,000.00	49,000.00	-	-	-
Municipal Debt Service:						
Payment of Bond Principal	525,000.00	525,000.00	525,000.00	-	-	-
Payment of Bond Anticipation & Capital Notes	218,708.11	218,708.11	218,708.11	-	-	-
Interest on Bonds	252,250.00	252,250.00	252,246.84	-	-	3.16
Interest on Notes	122,667.59	122,667.59	122,667.58	-	-	0.01
Capital Lease Obligations						
Principal	67,800.00	67,800.00	67,800.00	-	-	-
Interest	3,390.00	3,390.00	3,384.93	-	-	5.07
Total Municipal Debt Service	1,189,815.70	1,189,815.70	1,189,807.46	-	-	8.24

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

	APPROPRIATIONS		EXPENDED			CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	ENCUMBERED	RESERVED	
Subtotal General Appropriations	5,288,702.71	5,458,175.91	5,225,371.52	180,161.46	52,634.69	8.24
Reserve for Uncollected Taxes	830,000.00	830,000.00	830,000.00	-	-	-
Total General Appropriations	\$ 6,118,702.71	\$ 6,288,175.91	\$ 6,055,371.52	\$ 180,161.46	\$ 52,634.69	\$ 8.24
Budget		\$ 6,118,702.71				
Special Emergencies		120,000.00				
Appropriation by 40A:4-87		49,473.20				
Total		\$ 6,288,175.91				
Reserve for State & Federal Grants Appropriated			\$ 77,495.11			
Reserve for Uncollected Taxes			830,000.00			
Disbursed			5,147,876.41			
Total			\$ 6,055,371.52			

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**TOWNSHIP OF MILLSTONE
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

ASSETS	REFERENCE	2017	2016
Animal Control Trust Fund:			
Cash	B-1	\$ 11,774.58	\$ 8,727.68
Total Animal Control Trust Fund		<u>11,774.58</u>	<u>8,727.68</u>
Other Funds:			
Cash - Treasurer	B-1	5,046,028.29	5,398,329.54
Open Space Grant Receivable	B	<u>683,000.00</u>	<u>683,000.00</u>
Total Other Funds		<u>5,729,028.29</u>	<u>6,081,329.54</u>
Length of Service Awards Program Fund (LOSAP) :			
Funds Held by Trustee	B-5	<u>359,005.31</u>	<u>339,931.19</u>
Total Assets		<u>\$ 6,099,808.18</u>	<u>\$ 6,429,988.41</u>

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

**TOWNSHIP OF MILLSTONE
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2017	2016
Animal Control Trust Fund:			
Reserve for Animal Fund Expenditures	B-2	\$ 11,499.38	\$ 8,113.08
Reserve for Encumbrances	B	251.20	582.80
Due to State	B-3	24.00	31.80
Total Animal Control Trust Fund		11,774.58	8,727.68
Other Funds:			
Reserve for Self Insurance	B-4	28,229.33	21,975.77
Reserve for Storm Recovery Trust	B-4	59,108.72	80,000.00
Reserve for Basin Maintenance	B-4	112,485.50	120,364.09
Reserve for Mt. Laurel Special	B-4	1,275.96	1,941.19
Reserve for Master Trust	B-4	-	71,182.54
Reserve for Stavola Asphalt	B-4	1,893.95	-
Reserve for POAA	B-4	76.00	64.00
Reserve for Builders Escrow Over \$5,000	B-4	647,215.03	1,355,106.42
Reserve for Builders Escrow Under \$5,000	B-4	108,473.43	105,663.59
Reserve for COAH	B-4	124.96	4,336.83
Reserve for Municipal Open Space	B-4	3,716,108.07	3,142,269.40
Reserve for Municipal Alliance	B-4	3,324.60	3,124.60
Reserve for Recreation	B-4	666,337.28	606,617.76
Reserve for Tax Sale Premium	B-4	297,600.00	226,916.74
Reserve for Veterans Memorial	B-4	8,102.47	8,302.47
Reserve for Shade Tree	B-4	14,440.00	14,440.00
Reserve for Encumbrances	B-4	64,232.99	319,024.14
Total Other Funds		5,729,028.29	6,081,329.54
Length of Service Awards Program Fund			
LOSAP:			
Reserve for Length of Services Awards Program (LOSAP)	B-5	359,005.31	339,931.19
Total Liabilities, Reserves & Fund Balance		\$ 6,099,808.18	\$ 6,429,988.41

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

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 and 2016**

ASSETS	REFERENCE	2017	2016
Cash	C-1, C-3	\$ 2,625,594.15	\$ 2,108,091.30
Receivables With Full Reserves:			
Federal and State Grants and Aid Receivable	C-4	243,792.44	243,792.44
DOT Grant Receivable	C-4	-	255,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	5,132,566.21	5,767,093.71
Unfunded	C-6	19,975,032.20	19,361,462.20
Total Assets		\$ 27,976,985.00	\$ 27,735,439.65
LIABILITIES, RESERVES & FUND BALANCE			
Refunding Bonds	C-11	\$ 5,090,000.00	\$ 5,615,000.00
Bond Anticipation Notes	C-10	18,370,169.00	13,710,849.00
Capital Improvement Fund	C-7	136.08	136.08
Improvement Authorizations:			
Funded	C-8	21,750.00	266,674.50
Unfunded	C-8	1,066,122.64	2,710,702.53
Reserve for Encumbrances	C-8	2,581,314.28	4,535,451.50
Preliminary Costs Payable	C-9	215.91	3,073.41
Green Trust Loan Payable	C-12	42,566.21	84,293.71
Lease Revenue Bonds Payable	C-13	-	67,800.00
Reserve for Federal and State Grants and Aid Receivable	C	243,792.44	243,792.44
Fund Balance	C-2	560,918.44	497,666.48
Total Liabilities, Reserves & Fund Balance		\$ 27,976,985.00	\$ 27,735,439.65

There were bonds and notes authorized but not issued on December 31, 2017 of \$1,604,863.20 and on December 31, 2016 was \$5,650,613.20 (Schedule C-14).

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

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**TOWNSHIP OF MILLSTONE
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
Land & Land Improvements	\$ 14,382,930.75	\$ 13,282,930.75
Buildings	5,816,356.00	5,339,096.00
Improvement Other Than Buildings	7,781,470.57	5,660,686.87
Machinery & Equipment	2,216,379.09	2,642,780.07
Total	<u>\$ 30,197,136.41</u>	<u>\$ 26,925,493.69</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 30,197,136.41</u>	<u>\$ 26,925,493.69</u>

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

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**TOWNSHIP OF MILLSTONE
COUNTY OF MONMOUTH**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

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 - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

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, 2017

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. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore unrealized gains or losses on investments have not been recorded.

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 utilities 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, 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 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, 2017

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. The Township has adopted a capitalization threshold of \$5,000.00. 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, such amounts are not recorded as revenue until collected. Other amounts that are due the Township

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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.

Deferred School Taxes - School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

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, 2017

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.

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, 2017, to be \$44,892.59.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township's financial statements.

Note 2. Deposits and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law.

Deposits

Custodial Credit Risk Related to Deposits - 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, bail 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, 2017, the Township's bank balance of \$26,430,677.16 was insured or collateralized as follows:

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2. Deposits and Investments (continued)

Insured under FDIC and GUDPA	\$ 21,353,784.05
Uninsured and Uncollateralized	5,076,893.11
	\$ 26,430,677.16

Investments

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Township’s financial statements. However, had the financial statements been prepared in accordance with GAAP, the Township’s fair value, hierarchy level and maturities of its investments at December 31, 2017 would be as followed:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2017</u>			<u>Investment Maturities (in Years)</u>
		<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>	<u>Less Than 1 Year</u>
Mutual Funds	\$ 204,846.84	\$ 204,846.84	\$ -	\$204,846.84	\$ 204,846.84
Fixed Account Investment Contract	154,158.47	-	154,158.47	154,158.47	154,158.47
	\$ 359,005.31	\$ 204,846.84	\$ 154,158.47	\$359,005.31	\$ 359,005.31
 <u>Fund</u>					
Trust Fund - LOSAP	\$ 359,005.31	\$ 204,846.84	\$ 154,158.47	\$359,005.31	\$ 359,005.31
	\$ 359,005.31	\$ 204,846.84	\$ 154,158.47	\$359,005.31	\$ 359,005.31

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, 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.

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2. Deposits and Investments (continued)

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Township’s investment policies place no limit in the amount the Township may invest in any one issuer. More than 5% of the Township’s investments are in mutual funds and fixed investment accounts. These investments represent 100% of the Township’s total investments.

Note 3. 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 Schedule of Tax Rates

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 2.274</u>	<u>\$ 2.257</u>	<u>\$ 2.374</u>
Apportionment of Tax Rate:			
Municipal	0.139	0.140	0.150
County General	0.292	0.290	0.319
Local School	1.684	1.673	1.745
Fire District	0.099	0.094	0.100
Municipal Open Space	0.060	0.060	0.060

Assessed

<u>Year</u>	<u>Amount</u>
2017	\$ 1,860,694,140.00
2016	1,845,888,012.00
2015	1,729,916,005.00

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 3. Property Taxes (continued)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2017	\$42,497,393.95	\$42,157,294.53	99.20%
2016	41,932,332.25	41,397,931.08	98.73%
2015	41,342,895.76	40,769,956.36	98.61%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2017	\$ 281,303.84	\$ 303,057.67	\$ 584,361.51	1.38%
2016	263,931.51	509,251.09	773,182.60	1.84%
2015	248,599.74	552,512.07	801,111.81	1.94%

Note 4. Property Acquired By Tax Title Lien Liquidation

The Township had no properties acquired by liquidation of tax title liens as of December 31, 2017, 2016 or 2015.

Note 5. Fund Balances Appropriated

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2017	\$ 1,776,218.98	\$ 1,150,000.00	64.74%
2016	1,873,075.55	944,746.38	50.44%
2015	1,852,311.19	891,893.04	48.15%

Note 6. Interfund Receivables, Payables and Transfers

There were no individual fund receivable/payable balances at December 31, 2017.

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 7. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 8. General Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2017.

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Capital Assets Not Being Depreciated				
Land	\$ 13,282,930.75	\$ 1,100,000.00	\$ -	\$ 14,382,930.75
Buildings	5,339,096.00	477,260.00	-	5,816,356.00
Improvements Other than Buildings	5,660,686.87	2,120,783.70	-	7,781,470.57
Machinery & Equipment	2,642,780.07	208,507.57	634,908.55	2,216,379.09
	<u>\$ 26,925,493.69</u>	<u>\$ 3,906,551.27</u>	<u>\$ 634,908.55</u>	<u>\$ 30,197,136.41</u>

Note 9. 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 <http://www.nj.gov/treasury/pensions/financial-reports.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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2017, 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. For the year ended December 31, 2017, the Township's contractually required contribution to PERS plan was \$160,366.00 excluding long term disability.

Components of Net Pension Liability - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$4,029,676.00. The net pension liability was measured as of June 30, 2017. 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, 2016, which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Township's proportion measured as of June 30, 2017, was 0.01731% which was an increase of 0.00059% from its proportion measured as of June 30, 2016.

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 1,132,025	\$ 1,434,757
Deferred Inflows of Resources	959,375	192,671
Net Pension Liability	4,029,676	4,951,415
Township's portion of the Plan's total net pension Liability	0.01731%	0.01672%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2017, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$290,653.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$160,366.00 to the plan in 2017.

At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 94,885	\$ -
Changes of Assumptions	811,841	808,864
Net Difference between Projected and Actual Earnings on Pension Plan Investments	27,439	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>197,860</u>	<u>150,511</u>
	<u>\$ 1,132,025</u>	<u>\$ 959,375</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. 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	-
June 30, 2017	5.48	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
 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	-
June 30, 2017	5.00	-
 Changes in Proportion and Differences between 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
June 30, 2017	5.48	5.48

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

Year Ending <u>Dec 31,</u>	<u>Amount</u>
2018	\$ 109,417
2019	158,048
2020	84,253
2021	(105,075)
2022	<u>(73,993)</u>
	<u>\$ 172,650</u>

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:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

**TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Pension Obligations (continued)

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

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9. Pension Obligations (continued)

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

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

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 4,999,086</u>	<u>\$ 4,029,676</u>	<u>\$ 3,222,037</u>

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.

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 10. 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 retirees 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.

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/.

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.

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 11. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 23,502,735.21	\$ 19,477,942.71	\$ 19,118,559.00
Total Debt Issued	<u>23,502,735.21</u>	<u>19,477,942.71</u>	<u>19,118,559.00</u>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	1,604,863.20	5,650,613.20	1,695,113.20
Total Authorized But Not Issued	<u>1,604,863.20</u>	<u>5,650,613.20</u>	<u>1,695,113.20</u>
Total Gross Debt	<u>\$ 25,107,598.41</u>	<u>\$ 25,128,555.91</u>	<u>\$ 20,813,672.20</u>
Deductions:			
General:			
Deductions Applicable to Other Bonds and Notes			
Funds on Hand	\$ 42,566.21	\$ 84,293.71	\$ 125,199.00
Accounts Receivable from Public Authorities	9,857,942.00	10,431,646.67	6,476,846.00
Total Deductions	<u>9,900,508.21</u>	<u>10,515,940.38</u>	<u>6,602,045.00</u>
Total Net Debt	<u>\$ 15,207,090.20</u>	<u>\$ 14,612,615.53</u>	<u>\$ 14,211,627.20</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	<u>\$ 25,107,598.41</u>	<u>\$ 9,900,508.21</u>	<u>\$ 15,207,090.20</u>
	<u>\$ 25,107,598.41</u>	<u>\$ 9,900,508.21</u>	<u>\$ 15,207,090.20</u>

Net Debt \$25,107,598.41 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$1,824,919,129.67, equals 0.833%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2017 is calculated as follows:

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 11. Municipal Debt (continued)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 63,872,169.54
Net Debt	15,207,090.20
 Remaining Borrowing Power	 \$ 48,665,079.34

General Debt

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	640,000.00	138,250.00	778,250.00
2023-2025	2,125,000.00	215,750.00	2,340,750.00
	\$ 5,090,000.00	\$ 1,144,200.00	\$ 6,234,200.00

Green Trust Loans

Principal and interest due on the outstanding green trust loans is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	42,566.21	639.55	43,205.76
	\$ 42,566.21	\$ 639.55	\$ 43,205.76

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2017:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Gross Rate</u>	<u>Balance December 31, 2017</u>
Series 2017 A	2/15/2017	2/14/2018	2.00%	\$ 7,661,668.00
Series 2017 B	5/16/2017	5/4/2018	1.50%	1,045,000.00
Series 2017 C	9/13/2017	2/14/2018	2.00%	1,585,252.00
Series 2017 D	9/13/2017	9/12/2018	2.25%	8,078,249.00
				\$ 18,370,169.00

**TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 11. Municipal Debt (continued)

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2017, the Township had \$1,604,863.20 in various General Capital bonds and notes authorized but not issued.

Note 12. Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2017</u>	<u>2016</u>
Total Balance of Local Tax	\$ 15,661,014.00	\$ 15,440,157.00
Deferred Taxes	2,000,000.00	2,000,000.00
Local Tax Payable	\$ 13,661,014.00	\$ 13,440,157.00

Note 13. 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 benefits 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 14. 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.

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 15. 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.

Note 16. Length of Service Awards Program

The Township's length of service awards program ("LOSAP") is reported in the Township's trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents of the Township come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,635.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually by local finance notice. The Township elected to contribute between \$698.00 and \$1,628.00 for the year ended December 31, 2017 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2017, the Township contributed a total of \$10,282.00 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Township's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Township's creditors until distributed as benefit payments, are not available for funding the operations of the Township. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Township's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

TOWNSHIP OF MILLSTONE
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 16. Length of Service Awards Program (continued)

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2017 payouts of \$31,250.00 were made to vested participants.

Forfeited Accounts – During the year ended December 31, 2017, no accounts were forfeited.

Plan Information - Additional information about the Township's length of service awards program can be obtained by contacting the Plan Administrator.

Note 17. Subsequent Events

As discussed Note 1, the Township has evaluated subsequent events through June 6, 2018, the date the financial statements were available to be issued. The following was noted:

On February 1, 2018 the Township sold \$8,495,000 in General Obligation Bonds, Series 2018 to the Monmouth County Improvement Authority at interest rates varying from 3.00% to 5.00%.

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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, 2017**

	<u>CURRENT</u>	<u>FEDERAL & STATE GRANT FUNDS</u>
Balance December 31, 2016	\$ 15,923,918.31	\$ 46,580.77
Increased by Receipts:		
Tax Collector	\$ 45,800,680.36	\$ -
Due from State of New Jersey - Senior Citizens' & Veterans' Deductions	48,449.32	-
Grant Rec. & Approp. Res. Cancelled	811.70	785.00
Miscellaneous Revenue Not Anticipated	189,322.79	-
Liquidation of Change Fund	100.00	-
Revenue Accounts Receivable	1,830,381.35	-
Payroll Liabilities	1,748,339.47	-
Due to State of New Jersey	18,502.00	-
Local Portion of Grant	-	5,000.00
Federal & State Grants Receivable	-	62,202.61
Federal & State Grants Unappropriated	-	8,428.53
	<u>49,636,586.99</u>	<u>76,416.14</u>
Total Increases		
	<u>65,560,505.30</u>	<u>122,996.91</u>
Total Receipts		
Decreased by Disbursements:		
2017 Budget Appropriations	5,147,876.41	-
2016 Appropriation Reserves	137,852.88	-
Tax Overpayments	34,697.03	-
Fire District Taxes	1,843,990.00	-
Municipal Open Space Tax	1,122,389.74	-
County Taxes	5,432,079.79	-
County Share of Added & Omitted Taxes	35,062.78	-
Local District School Tax	31,101,167.00	-
Payroll Liabilities	1,748,339.47	-
Due to State of New Jersey	18,050.00	-
Local Portion of Grant	5,000.00	-
Grant Rec. & Approp. Res. Cancelled	785.00	811.70
Reserve for Federal & State Grant Funds - Appropriated	-	63,873.19
	<u>46,627,290.10</u>	<u>64,684.89</u>
Total Disbursements		
Balance December 31, 2017	<u>\$ 18,933,215.20</u>	<u>\$ 58,312.02</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, 2017**

Balance December 31, 2016		\$	-
Increased by:			
Taxes Receivable	\$ 42,355,438.54		
Tax Title Lien Redeemed	108.63		
Interest & Costs on Taxes	104,420.12		
Prepaid Taxes	3,340,713.07		
			<u>45,800,680.36</u>
Subtotal			45,800,680.36
Decreased by Disbursements:			
Deposits Directly to Treasurer Bank Account			<u>45,800,680.36</u>
Balance December 31, 2017		<u>\$</u>	<u>-</u>

**SCHEDULE OF CHANGE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

OFFICE	December 31 2016	Decrease	December 31 2017
Recreation Department	\$ 100.00	\$ -	\$ 100.00
Tax Department	300.00	100.00	200.00
Municipal Court	500.00	-	500.00
Animal Licensing	200.00	-	200.00
			<u>200.00</u>
Total	<u>\$ 1,100.00</u>	<u>\$ 100.00</u>	<u>\$ 1,000.00</u>

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, 2017

Balance December 31, 2016		\$	250.00
Increased by:			
Senior Citizen & Veteran Deductions per Tax Billing	\$	48,750.00	
Allowed Veterans Deductions By Tax Collector		1,000.00	49,750.00
			<hr/>
Subtotal			50,000.00
Decreased by:			
Current Year Disallowed By Tax Collector		500.00	
Prior Year Disallowed By Tax Collector		550.68	
Collections		48,449.32	49,500.00
			<hr/>
Balance December 31, 2017		\$	<u>500.00</u>

TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2017

YEAR	BALANCE DECEMBER 31, 2016	2017 LEVY	ADDED TAXES	COLLECTIONS 2016	COLLECTIONS 2017	DUE FROM STATE OF NEW JERSEY	CANCELLED	OVERPAYMENT APPLIED/(CREATED)	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31 2017
2016	\$ 509,251.09	\$ -	\$ -	\$ -	\$ 509,725.03	\$ (550.68)	\$ -	\$ -	\$ 76.74	\$ -
Total	509,251.09	-	-	-	509,725.03	(550.68)	-	-	76.74	-
2017	-	42,319,699.48	177,694.47	262,331.02	41,824,801.94	49,250.00	21,594.42	20,911.57	15,447.33	303,057.67
Balance	\$ 509,251.09	\$ 42,319,699.48	\$ 177,694.47	\$ 262,331.02	\$ 42,334,526.97	\$ 48,699.32	\$ 21,594.42	\$ 20,911.57	\$ 15,524.07	\$ 303,057.67

ANALYSIS OF 2017 PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 42,319,699.48
Added & Omitted Taxes (54-4-63.1 et seq.)	177,694.47
Total	\$ 42,497,393.95
Tax Levy:	
Local District School Tax	\$ 31,322,024.00
County Taxes:	
County Tax	\$ 4,727,735.84
County Library Tax	331,247.09
County Health Tax	95,379.63
Open Space	277,717.23
Due County:	
Added & Omitted Taxes (R.S. 54-4-63.1 et seq.)	23,854.60
Total County Taxes	\$ 5,455,934.39
Fire District Taxes	1,843,990.00
Local Tax for Municipal Purpose	2,590,456.72
Local Open Space Tax	1,122,389.74
Add: Additional Tax Levied	162,599.10
Local Tax for Municipal Purposes Levied	\$ 5,719,435.56
Total	\$ 42,497,393.95

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	263,931.51
Increased by:			
Transfer from Taxes Receivable	\$	15,524.07	
Interest and Costs		1,956.89	17,480.96
			263,931.51
Decreased by:			
Liens Redeemed			108.63
Balance December 31, 2017		\$	281,303.84

**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	BALANCE DECEMBER 31, 2016	ACCRUED	COLLECTED BY TREASURER	COLLECTED BY COLLECTOR	BALANCE DECEMBER 31, 2017
Licenses:					
Alcoholic Beverages	\$ -	\$ 10,625.00	\$ 10,625.00	\$ -	\$ -
Fees & Permits	-	41,582.04	41,582.04	-	-
Fines & Costs:					
Municipal Court	3,469.74	64,216.70	62,184.48	-	5,501.96
Interest on Costs & Taxes	-	104,420.12	-	104,420.12	-
Interest on Investments & Deposits	-	260,390.16	260,390.16	-	-
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	-	372,257.00	372,257.00	-	-
Energy Receipts Tax	-	821,546.00	821,546.00	-	-
Cable Franchise Fees	-	105,321.00	105,321.00	-	-
Verizon Franchise Fees	-	44,156.24	44,156.24	-	-
FEMA Reimbursement	-	46,957.55	46,957.55	-	-
Telecommunications Tower Lease	-	39,154.88	39,154.88	-	-
Total	\$ 3,469.74	\$ 1,936,833.69	\$ 1,830,381.35	\$ 104,420.12	\$ 5,501.96

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	BALANCE DECEMBER 31, 2016	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
OPERATIONS - WITHIN "CAPS"				
GENERAL GOVERNMENT:				
Mayor & Township Committee:				
Salaries and Wages	\$ 231.00	\$ 231.00	\$ -	\$ 231.00
Other Expenses	40.00	40.00	39.95	0.05
General Administration:				
Salaries and Wages	445.45	445.45	-	445.45
Other Expenses	14,795.50	14,795.50	12,567.89	2,227.61
Municipal Clerk:				
Salaries and Wages	120.16	120.16	-	120.16
Other Expenses	4,413.71	4,413.71	1,207.75	3,205.96
Financial Administration:				
Salaries and Wages	215.96	215.96	-	215.96
Other Expenses	6,966.21	6,966.21	2,946.62	4,019.59
Collection of Taxes:				
Salaries and Wages	480.89	480.89	-	480.89
Other Expenses	800.45	800.45	24.90	775.55
Assessment of Taxes:				
Salaries and Wages	505.66	505.66	-	505.66
Other Expenses	2,468.21	2,468.21	1,407.37	1,060.84
Legal Services & Costs:				
Other Expenses	13,759.37	18,259.37	17,347.36	912.01
Engineering Services & Costs:				
Other Expenses	9,763.53	9,763.53	5,735.00	4,028.53
Historical Preservation Committee:				
Other Expenses	257.25	257.25	-	257.25
Veterans Memorial Committee:				
Other Expenses	435.94	435.94	-	435.94
Open Space Farmland Preservation Council:				
Salaries and Wages	1,297.35	1,297.35	-	1,297.35
Other Expenses	301.10	301.10	-	301.10
Agricultural:				
Other Expenses	361.89	361.89	-	361.89
Municipal Land Use Law (N.J.S. 40:55D-1):				
Planning Board:				
Salaries and Wages	970.90	970.90	-	970.90
Other Expenses	8,760.78	8,760.78	7,460.40	1,300.38
Zoning Board of Adjustment:				
Salaries and Wages	520.90	520.90	-	520.90
Other Expenses	1,032.57	1,032.57	900.00	132.57
INSURANCE:				
Employee Group Health Insurance	21,917.74	21,917.74	21,250.10	667.64
Unemployment Insurance	1,572.05	1,572.05	-	1,572.05

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	BALANCE DECEMBER 31, 2016	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
OPERATIONS - WITHIN "CAPS"				
PUBLIC SAFETY FUNCTIONS				
Emergency Management Service:				
Other Expenses	5,818.77	5,818.77	1,012.96	4,805.81
Municipal Court:				
Salaries and Wages	993.64	993.64	-	993.64
Other Expenses	5,452.85	5,452.85	1,136.09	4,316.76
Public Defender:				
Other Expenses	2,138.00	2,138.00	-	2,138.00
Municipal Prosecutor:				
Salaries and Wages	20.00	20.00	-	20.00
PUBLIC WORKS FUNCTIONS				
Streets & Roads:				
Salaries and Wages	5,345.00	5,345.00	-	5,345.00
Other Expenses	58,579.90	45,133.53	16,096.81	29,036.72
Shade Tree Commission:				
Other Expenses	5,081.45	5,081.45	1,554.75	3,526.70
Sanitation:				
Salaries and Wages	119.83	119.83	-	119.83
Other Expenses	2,828.57	2,828.57	48.06	2,780.51
Buildings & Grounds:				
Other Expense	19,048.49	19,048.49	2,685.81	16,362.68
Vehicle Maintenance:				
Other Expense	24,705.00	24,705.00	12,946.89	11,758.11
HEALTH & HUMAN SERVICES				
Senior Transportation:				
Other Expenses	1,835.00	2,015.00	2,015.00	-
Environmental Commission:				
Salaries and Wages	300.00	300.00	-	300.00
Other Expenses	397.34	397.34	84.21	313.13
PARKS & RECREATION FUNCTIONS:				
Recreation Commission:				
Salaries and Wages	122.44	122.44	-	122.44
Other Expenses	642.72	642.72	155.07	487.65
Maintenance of Parks:				
Other Expenses	1.02	1.02	-	1.02
Celebration of Public Events:				
Other Expenses	-	-	-	-
UTILITY EXPENSES:				
Electricity	3,948.01	3,948.01	2,902.76	1,045.25
Street Lighting	7,071.25	14,514.62	14,514.62	-
Telephone	2,339.34	2,339.34	1,800.70	538.64
Natural Gas	4,148.38	5,471.38	5,470.64	0.74
Gasoline	5,519.67	5,519.67	1,226.84	4,292.83

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	BALANCE DECEMBER 31, 2016	BALANCE AFTER MODIFICATION	DISBURSED	BALANCE LAPSED
OPERATIONS - WITHIN "CAPS"				
LANDFILL/SOLID WASTE DISPOSAL COSTS:				
Landfill Tipping Fees				
Other Expenses	3.72	3.72	-	3.72
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17):				
State Uniform Construction Code:				
Construction:				
Salaries and Wages	423.85	423.85	-	423.85
Other Expenses	2,185.49	2,185.49	440.06	1,745.43
Other Code Enforcement:				
Salaries and Wages	299.92	299.92	-	299.92
Other Expenses	4,431.15	4,431.15	2,775.00	1,656.15
DEFERRED CHARGES & STATUTORY EXPENDITURES				
MUNICIPAL - WITHIN "CAPS"				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.F)	2,029.83	2,029.83	99.27	1,930.56
Defined Contribution Retirement Program	13.33	13.33	-	13.33
<hr/>				
Total General Appropriations for Municipal Purposes within Caps	258,278.53	258,278.53	137,852.88	120,425.65
<hr/>				
OPERATIONS EXCLUDED FROM "CAPS":				
Interlocal Municipal Service Agreement				
Local Matching Funds for Grants	2,000.00	2,000.00	-	2,000.00
Supplemental Fire Services Program	1,978.00	1,978.00	1,978.00	-
<hr/>				
Total General Appropriations excluded from Caps	3,978.00	3,978.00	1,978.00	2,000.00
<hr/>				
Total	\$ 262,256.53	\$ 262,256.53	\$ 139,830.88	\$ 122,425.65
<hr/>				
2016 Appropriation Reserves	\$ 103,225.65			
2016 Encumbrances	159,030.88			
<hr/>				
Total	\$ 262,256.53			
<hr/>				
Accounts Payable			\$ 1,978.00	
Disbursements			137,852.88	
			<hr/>	
Total			\$ 139,830.88	
			<hr/>	

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 262,331.02
Increased by:	
Collection of 2018 Taxes	<u>3,340,713.07</u>
Subtotal	3,603,044.09
Decreased by:	
Applied to 2017 Taxes	<u>262,331.02</u>
Balance December 31, 2017	<u><u>\$ 3,340,713.07</u></u>

**SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 45,212.10
Decreased by:	
Refunded	\$ 14,362.28
Overpayment Applied	<u>20,334.75</u>
	34,697.03
Balance December 31, 2017	<u><u>\$ 10,515.07</u></u>

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$	-
Increased by:			
2017 Levy:			
County Tax	\$	4,727,735.84	
County Library Tax		331,247.09	
County Health Tax		95,379.63	
County Open Space Tax		277,717.23	5,432,079.79
Subtotal			5,432,079.79
Decreased by:			
Payments			5,432,079.79
Balance December 31, 2017		\$	-

**SCHEDULE OF DUE COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016:			
Added/Omitted Taxes (2016)	\$	35,063.11	
Increase by County Share of 2017 Levy:			
Added/Omitted (R.S. 54:4-63.1 et seq.)			23,854.60
Subtotal			58,917.71
Decreased by:			
Payments:			
Added/Omitted Taxes (2016)			35,062.78
Balance December 31, 2017:			
Added/Omitted Taxes (2017)	\$	23,854.93	

**TOWNSHIP OF MILLSTONE
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016:		
School Tax Payable	\$ 13,440,157.00	
School Tax Deferred	<u>2,000,000.00</u>	\$ 15,440,157.00
Increased by Local District School's Share of 2017 Levy:		
Levy - School Year July 1, 2017 to June 30, 2018		<u>31,322,024.00</u>
Subtotal		46,762,181.00
Decreased by Payments:		
Payments		<u>31,101,167.00</u>
Balance December 31, 2017:		
School Tax Payable	13,661,014.00	
School Tax Deferred	<u>2,000,000.00</u>	15,661,014.00
Total		<u><u>\$ 15,661,014.00</u></u>
2017 Liability for Local District School Tax:		
Tax Paid	\$ 31,101,167.00	
Tax Payable December 31, 2017		<u>13,661,014.00</u>
Subtotal		44,762,181.00
Less: Tax Payable December 31, 2017		<u>13,440,157.00</u>
Amount Charged to 2017 Operations		<u><u>\$ 31,322,024.00</u></u>

**TOWNSHIP OF MILLSTONE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

PROGRAM	BALANCE DECEMBER 31, 2016	ACCRUED	RECEIVED	CANCELLED	BALANCE DECEMBER 31, 2017
State Grants:					
Municipal Alliance on Alcoholism & Drug Abuse - 2016/17 FY	\$ 9,557.50	\$ 10,000.00	\$ 19,272.50	\$ 285.00	\$ -
Municipal Alliance on Alcoholism & Drug Abuse - 2017/18 FY	-	10,000.00	435.00	-	9,565.00
Recycling Tonnage Grant - 2016	-	3,021.91	3,021.91	-	-
ANJEC- Sign Grant - 2013	500.00	-	-	500.00	-
Clean Communities Grant - 2017	-	39,473.20	39,473.20	-	-
CFMP-2017	-	10,000.00	-	-	10,000.00
Recreation Trails Grant (Doctors Creek) - 2011	22,900.00	-	-	-	22,900.00
Total State Grants	32,957.50	72,495.11	62,202.61	785.00	42,465.00
Total	\$ 32,957.50	\$ 72,495.11	\$ 62,202.61	\$ 785.00	\$ 42,465.00
Cash Receipts		<u>\$ 62,202.61</u>			
Total		<u>\$ 62,202.61</u>			

TOWNSHIP OF MILLSTONE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2017

PROGRAM	BALANCE DECEMBER 31, 2016 APPROPRIATED	TRANSFERRED FROM 2017 BUDGET APPROPRIATION	RESERVE FOR ENCUMBRANCES	PAID OR CHARGED	CANCELLED APPROPRIATIONS	BALANCE DECEMBER 31, 2017 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	-	-	5.40	-	522.35
Clean Communities Grant - 2015	11,303.53	-	-	11,303.53	-	-
Clean Communities Grant - 2016	32,636.59	-	500.00	26,519.00	-	6,617.59
Clean Communities Grant - 2017	-	39,473.20	-	22,074.55	-	17,398.65
Green Communities - 2013	2.50	-	-	-	2.50	-
Municipal Alliance on Alcoholism & Drug Abuse - 2016/2017 FY	4,132.50	10,000.00	3,600.00	17,447.50	285.00	-
Municipal Alliance on Alcoholism & Drug Abuse - 2017/2018 FY	-	10,000.00	-	5,294.74	-	4,705.26
Recycling Tonnage Grant - 2016	-	3,021.91	-	3,021.91	-	-
Recreational Trails (West Trail) - 2008	13,899.51	-	-	-	-	13,899.51
Recreation Trails Grant (Doctors Creek) - 2011	10,371.29	-	-	-	-	10,371.29
CFMP - 2017	-	10,000.00	-	10,000.00	-	-
ANJEC - Sign Grant - 2013	125.00	-	-	-	125.00	-
Total State Grants	73,493.27	72,495.11	4,100.00	96,161.23	412.50	53,514.65
Municipal Shares/ Local:						
Municipal Alliance on Alcoholism & Drug Abuse - 2016/2017 FY	1,945.00	2,500.00	-	4,045.80	399.20	-
Municipal Alliance on Alcoholism & Drug Abuse - 2017/2018 FY	-	2,500.00	-	794.64	-	1,705.36
Total Local Grants	1,945.00	5,000.00	-	4,840.44	399.20	1,705.36
Total All Grants	\$ 75,438.27	\$ 77,495.11	\$ 4,100.00	\$ 101,001.67	\$ 811.70	\$ 55,220.01

Reserve for Encumbrances \$ 37,128.48
Cash Disbursements 63,873.19
Total \$ 101,001.67

**TOWNSHIP OF MILLSTONE
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2017**

PROGRAM	BALANCE DECEMBER 31, 2016 UNAPPROPRIATED	CASH RECEIPTS	REALIZED AS REVENUE IN 2017 BUDGET	BALANCE DECEMBER 31, 2017 UNAPPROPRIATED
State Grants:				
Recycling Tonnage Grant - 2017	\$ -	\$ 8,428.53	\$ -	\$ 8,428.53
Total State Grants	<u>\$ -</u>	<u>\$ 8,428.53</u>	<u>\$ -</u>	<u>\$ 8,428.53</u>

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, 2017

	ANIMAL CONTROL TRUST FUND	OTHER FUNDS
Balance December 31, 2016	\$ 8,727.68	\$ 5,398,329.54
Increased by Receipts:		
Reserve for Dog Fund Expenditures	\$ 11,563.20	\$ -
Due State of New Jersey	1,563.00	-
Reserve for Self Insurance	-	26,124.07
Reserve for Basin Maintenance	-	17,000.00
Reserve for Mt. Laurel Special	-	1,893.10
Reserve for Master Trust	-	4.71
Reserve for Public Defender Fee	-	3,506.00
Reserve for POAA	-	12.00
Reserve for Builders Escrow Over \$5,000	-	356,636.84
Reserve for Builders Escrow Under \$5,000	-	68,577.08
Reserve for COAH	-	96,138.08
Reserve for Municipal Open Space	-	1,309,417.25
Reserve for Recreation	-	263,583.42
Reserve for Municipal Alliance	-	200.00
Reserve for Tax Sale Premium	-	574,786.59
Reserve for Veterans Memorial	-	200.00
Reserve for Stavola Asphalt	-	1,893.95
Reserve for Payroll	-	1,748,339.47
Total Increase	<u>13,126.20</u>	<u>4,468,312.56</u>
Total Receipts	<u>21,853.88</u>	<u>9,866,642.10</u>
Decreased by Disbursements:		
Reserve for Dog Fund Expenditures	8,508.50	-
Change in Encumbrances	-	254,791.15
Due State of New Jersey	1,570.80	-
Reserve for Self Insurance	-	19,870.51
Reserve for Storm Recovery	-	20,891.28
Reserve for Basin Maintenance	-	24,878.59
Reserve for Mt. Laurel Special	-	2,558.33
Reserve for Master Trust	-	71,187.25
Reserve for Public Defender Fee	-	3,506.00
Reserve for Builders Escrow Over \$5,000	-	1,064,528.23
Reserve for Builders Escrow Under \$5,000	-	65,767.24
Reserve for COAH	-	100,349.95
Reserve for Municipal Open Space	-	735,578.58
Reserve for Recreation	-	203,863.90
Reserve for Tax Sale Premium	-	504,103.33
Reserve for Veterans Memorial	-	400.00
Reserve for Payroll	-	1,748,339.47
Total Disbursements	<u>10,079.30</u>	<u>4,820,613.81</u>
Balance December 31, 2017	<u>\$ 11,774.58</u>	<u>\$ 5,046,028.29</u>

**TOWNSHIP OF MILLSTONE
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$ 8,113.08
Increased by:		
Collections:		
Dog License Fees Collected by Clerk	\$ 11,563.20	
Prior Year Encumbrance Payable	582.80	12,146.00
Subtotal		20,259.08
Decreased by:		
Encumbrances Payable	\$ 251.20	
Expenditures Under R.S.4:19-15.11--Cash	8,508.50	8,759.70
Balance December 31, 2017		\$ 11,499.38

LICENSE FEES COLLECTED

YEAR	AMOUNT
2016	11,583.40
2015	11,720.00
Total	\$ 23,303.40

**ANIMAL CONTROL TRUST
SCHEDULE OF DUE TO STATE OF NEW JERSEY
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$ 31.80
Increased by:		
2017 Animal License Fees		1,563.00
Subtotal		1,594.80
Decreased by:		
Fees paid to State		1,570.80
Balance December 31, 2017		\$ 24.00

**TOWNSHIP OF MILLSTONE
TRUST OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance December 31, 2016	Increased by Revenues	Decrease by Expenditures	Balance December 31, 2017
Self Insurance Trust	\$ 21,975.77	\$ 26,124.07	\$ 19,870.51	\$ 28,229.33
Storm Recovery Trust	80,000.00	-	20,891.28	59,108.72
Basin Maintenance Trust	120,364.09	17,000.00	24,878.59	112,485.50
Master Trust	71,182.54	4.71	71,187.25	-
Mt. Laurel Special	1,941.19	1,893.10	2,558.33	1,275.96
Public Defender Trust	-	3,506.00	3,506.00	-
POAA Trust	64.00	12.00	-	76.00
Builders Escrow - Over \$5,000	1,355,106.42	356,636.84	1,064,528.23	647,215.03
Builders Escrow - Under \$5,000	105,663.59	68,577.08	65,767.24	108,473.43
COAH Trust	4,336.83	96,138.08	100,349.95	124.96
Municipal Open Space Trust	3,142,269.40	1,309,417.25	735,578.58	3,716,108.07
Municipal Alliance Trust	3,124.60	200.00	-	3,324.60
Recreation Trust	606,617.76	263,583.42	203,863.90	666,337.28
Tax Sale Premium	226,916.74	574,786.59	504,103.33	297,600.00
Veterans Memorial Trust	8,302.47	200.00	400.00	8,102.47
Shade Tree Trust	14,440.00	-	-	14,440.00
Stavola Asphalt	-	1,893.95	-	1,893.95
Payroll Trust	-	1,748,339.47	1,748,339.47	-
Total Reserves	\$ 5,762,305.40	\$ 4,468,312.56	\$ 4,565,822.66	\$ 5,664,795.30
Receipts		\$ 4,468,312.56	\$ -	
Disbursements		-	4,501,589.67	
Reserve for Encumbrances		-	64,232.99	
		\$ 4,468,312.56	\$ 4,565,822.66	

**TOWNSHIP OF MILLSTONE
TRUST OTHER FUNDS
SCHEDULE OF RESERVE FOR LENGTH OF
SERVICE AWARDS PROGRAM (LOSAP)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$ 339,931.19
Increased by:		
Township Contributions to Trustee	\$ 10,282.00	
Gain on Contributions	40,567.12	50,849.12
Subtotal		390,780.31
Decreased by:		
Withdrawals	31,250.00	
Account Charge	525.00	31,775.00
Balance December 31, 2017		\$ 359,005.31

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, 2017**

Balance December 31, 2016		\$	2,108,091.30
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	\$	49,000.00	
Bond Anticipation Note Premium		63,251.96	
Grant Receivable		255,000.00	
Bond Anticipation Note Proceeds		4,976,750.00	5,344,001.96
			<hr/>
Subtotal			7,452,093.26
Decreased by Disbursements:			
Improvement Authorizations		4,823,641.61	
Preliminary Cost		2,857.50	4,826,499.11
			<hr/>
Balance December 31, 2017		\$	<u><u>2,625,594.15</u></u>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 497,666.48
Increased by:	
Premium on Sale of Notes	<u>63,251.96</u>
Balance December 31, 2017	<u><u>\$ 560,918.44</u></u>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>ORDINANCE NUMBER</u>	BALANCE DECEMBER 31, 2017
Grants with Offsetting Reserves:		
Green Acres:		
Acquisition of Land for Open Space	08-05	\$ 243,792.44
		<hr/>
		\$ 243,792.44
		<hr/> <hr/>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016		\$ 5,767,093.71
Decreased by:		
2017 Budget Appropriation to Pay Debt:		
General Serial Bonds & Loans	\$ 592,800.00	
Open Space Trust to Pay Loans	41,727.50	634,527.50
		<hr/>
Balance December 31, 2017		\$ 5,132,566.21
		<hr/> <hr/>

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2017**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2016	2017 AUTHORIZATIONS	NOTES PAID BY BUDGET/TRUST AUTHORIZATIONS	BALANCE DECEMBER 31, 2017	ANALYSIS OF BALANCE		
						BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED IMPROVEMENT AUTHORIZATIONS
01-34	Renovations to the Clarksburg School	\$ 1,040.95	\$ -	\$ 47.24	\$ 993.71	\$ 993.71	\$ -	\$ -
01-43	Acquisition of Development Rights to the Buono Property	5,067.63	-	70.38	4,997.25	4,997.25	-	-
06-12	Park Improvements	375,164.58	-	17,034.50	358,130.08	358,130.08	-	-
06-13	2006 Road Improvement Program	1,014,145.17	-	31,666.69	982,478.48	982,478.48	-	-
06-21	Brandywine Park Improvements	144,363.86	-	6,551.72	137,812.14	137,812.14	-	-
06-22	Acquisition of Public Works Vehicles	66,851.31	-	31,666.69	35,184.62	35,184.62	-	-
06-23	Various Improvements	69,940.51	-	4,284.79	65,655.72	65,655.72	-	-
07-15	2007 Road Improvements	828,202.25	-	24,359.55	803,842.70	803,842.70	-	-
07-16	Park Improvements - Phase II	170,344.84	-	6,551.72	163,793.12	163,793.12	-	-
08-04	Acquisition of Development Easements for Open Space Purposes	604,595.40	-	8,277.72	596,317.68	596,317.68	-	-
08-05	Acquisition of Land for Open Space Purposes	3,110,665.09	-	49,156.11	3,061,508.98	3,061,508.98	-	-
08-06	Acquisition of Development Easements for Open Space Purposes	1,159,316.17	-	16,363.14	1,142,953.03	1,142,953.03	-	-
08-07	Acquisition of Development Easements for Open Space Purposes	1,507,817.34	-	20,655.03	1,487,162.31	1,487,162.31	-	-
08-19	2008 Road Improvement Program	274,615.40	-	8,076.92	266,538.48	266,538.48	-	-
08-20	Acquisition of Public Works Vehicles & Equipment	240,666.63	-	12,666.67	227,999.98	227,999.98	-	-
08-21	ADA Improvements to Abate Park	78,620.70	-	3,273.86	75,344.84	75,344.84	-	-
08-22	Site Improvements - Municipal Program	63,879.30	-	2,456.90	61,422.40	61,422.40	-	-
08-29	Stormwater Management/Washing Facility/Pole Barn	260,613.20	-	-	260,613.20	-	345.00	260,268.20
09-16	2009 Road Improvement Program	52,615.38	-	1,461.54	51,153.84	51,153.84	-	-
10-03	Acquisition of Real Property (COAH)	324,440.32	-	4,269.89	320,170.43	320,170.43	-	-
10-21	2010 Road Improvement Program	43,846.15	-	1,217.95	42,628.20	42,628.20	-	-
10-33	Acquisition of Real Property (COAH)	413,250.00	-	-	413,250.00	-	-	413,250.00
11-03	2011 Road Improvement Program	200,000.00	-	12,500.00	187,500.00	187,500.00	-	-
12-11	2012 Road Improvement Program	337,500.00	-	18,750.00	318,750.00	318,750.00	-	-
12-12	Acquisition of Public Works Vehicles & Equipment	95,000.00	-	-	95,000.00	95,000.00	-	-
13-16	Technology Upgrades	47,500.00	-	4,318.99	43,181.01	43,181.01	-	-
13-17	Acquisition of Public Works Vehicles & Equipment	90,250.00	-	-	90,250.00	90,250.00	-	-
13-18	Acquisition/Installation of Generators	99,750.00	-	-	99,750.00	99,750.00	-	-
13-19	2013 Road Improvement Program	603,250.00	-	31,750.00	571,500.00	571,500.00	-	-
13-20	ME Church Improvements	228,000.00	-	-	228,000.00	228,000.00	-	-
14-08	2014 Road Improvement Program	570,000.00	-	-	570,000.00	570,000.00	-	-
14-09	2014 Site Improvements	142,500.00	-	-	142,500.00	142,500.00	-	-
14-10	Acquisition of Public Works Vehicles & Equipment	137,750.00	-	-	137,750.00	137,750.00	-	-
15-15	2015 Road Improvement Program	741,000.00	-	-	741,000.00	741,000.00	-	-
15-16	Acquisition of Public Works Vehicles & Equipment	52,250.00	-	-	52,250.00	52,250.00	-	-
16-05	Acquisition of COAH Property (Eckhardt)	142,500.00	-	-	142,500.00	142,500.00	-	-
16-07	Technology Upgrades	47,500.00	-	-	47,500.00	47,500.00	-	-
16-08	2016 Road Improvement Program	584,250.00	-	-	584,250.00	584,250.00	-	-
16-09	Acquisition of Public Works Vehicles & Equipment	87,400.00	-	-	87,400.00	87,400.00	-	-
16-11/17-10	Acquisition of Property (CKV) Property (OST Portion)	749,252.67	(479,252.67)	-	270,000.00	270,000.00	-	-
16-11/17-10	Acquisition of Property (CKV) Property (COAH Portion)	295,747.33	479,252.67	-	775,000.00	775,000.00	-	-
16-15	Millstone Park Improvements - Phase I	3,300,000.00	-	-	3,300,000.00	3,300,000.00	-	-
17-05	Acquisition of Public Works Vehicles & Equipment	-	323,000.00	-	323,000.00	-	313,867.64	9,132.36
17-09	2017 Road Improvement Program	-	608,000.00	-	608,000.00	-	526,721.20	81,278.80
Total		\$ 19,361,462.20	\$ 931,000.00	\$ 317,430.00	\$ 19,975,032.20	\$ 18,370,169.00	\$ 840,933.84	\$ 763,929.36

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

\$ 1,066,122.64

ORDINANCE NUMBER

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
14-09	2014 Site Improvements	55,629.25
15-15	2015 Road Improvement Program	63,801.40
16-08	2016 Road Improvement Program	6,656.14
16-15	Millstone Park Improvements - Phase I	88,895.50

302,193.28

\$ 763,929.36

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 136.08
Increased by:	
2017 Budget Appropriation	<u>49,000.00</u>
Subtotal	49,136.08
Decreased by:	
2017 Appropriated to Finance Improvement Authorizations:	<u>49,000.00</u>
Balance December 31, 2017	<u><u>\$ 136.08</u></u>

TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

IMPROVEMENT DESCRIPTION	ORDINANCE NUMBER	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2016		CAPITAL IMPROVEMENT FUND	DEFERRED CHARGES TO FUTURE TAXATION- UNFUNDED		RESERVE FOR ENCUMBRANCES	CASH EXPENDED	CURRENT YEAR ENCUMBRANCES	BALANCE DECEMBER 31, 2017	
				FUNDED	UNFUNDED		FUNDED	UNFUNDED				FUNDED	UNFUNDED
Outstanding Improvements:													
Acquisition of Development Rights - Buono Property	01-43	12/19/2001	533,000.00	\$ -	4,536.56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,536.56
Park Improvements - Phase II	07-16	7/18/2007	200,000.00	-	72,161.92	-	-	-	-	-	-	-	72,161.92
Stormwater Management/Washing Facility/Pole Barn	08-29	11/27/2008	290,000.00	-	260,288.20	-	-	-	-	-	-	-	260,288.20
Acquisition of Real Property (COAH)	10-33	12/15/2010	435,000.00	21,750.00	413,250.00	-	-	-	-	-	-	21,750.00	413,250.00
Acquisition/Installation of Generators	13-18	7/17/2013	105,000.00	-	10,492.51	-	-	-	-	-	-	-	10,492.51
2014 Road Improvement Program	14-08	7/16/2014	800,000.00	-	65,329.24	-	-	-	-	-	-	-	65,329.24
2014 Site Improvements	14-09	7/16/2014	150,000.00	-	77,828.00	-	-	23,830.00	-	600.00	45,428.75	-	55,629.25
2015 Road Improvement Program	15-15	7/1/2015	900,000.00	-	99,593.89	-	-	-	-	35,124.12	688.37	-	63,801.40
Technology Upgrades	16-07	5/4/2016	50,000.00	-	28,349.37	-	-	-	-	28,349.37	-	-	-
2016 Road Improvement Program	16-08	5/4/2016	840,000.00	189,924.50	584,250.00	-	-	-	-	767,150.00	368.36	-	6,656.14
Acquisition of Public Works - Vehicles & Equipment	16-09	5/4/2016	106,048.26	-	5,693.34	-	-	55,551.00	-	61,244.34	-	-	-
Acquisition of Property (CKY)	16-11/17-11	8/17/2016	1,100,000.00	55,000.00	1,045,000.00	-	-	-	-	1,100,000.00	-	-	-
Millstone Park Improvements - Phase I	16-15	11/2/2016	4,500,000.00	-	43,929.50	-	-	4,456,070.50	-	2,598,043.70	1,813,060.80	-	88,895.50
Acquisition of Public Works - Vehicles & Equipment	17-05	5/17/2017	340,000.00	-	-	17,000.00	323,000.00	-	120,644.64	210,223.00	-	-	9,132.36
2017 Road Improvement Program	17-09	7/5/2017	640,000.00	-	-	32,000.00	608,000.00	-	47,156.20	511,565.00	-	-	81,278.80
Total				\$ 2,666,674.50	\$ 2,710,702.53	\$ 49,000.00	\$ 951,000.00	\$ 4,535,451.50	\$ 4,823,641.61	\$ 2,581,314.28	\$ 21,750.00	\$ 1,066,122.64	

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF PRELIMINARY COSTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 3,073.41
Cash Disbursements	<u>2,857.50</u>
Balance December 31, 2017	<u><u>\$ 215.91</u></u>

TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2017

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTES	DATE OF ISSUE	DATE OF MATURITY	GROSS INTEREST RATE	BALANCE DECEMBER 31, 2016	INCREASE	DECREASE	BALANCE DECEMBER 31, 2017
01-34	Renovations to the Clarksburg School	10/4/2007	9/13/2017	2/14/2018	2.00%	\$ 1,040.95	\$ -	\$ 47.24	\$ 993.71
01-43	Acquisition of Development Rights to the Buono Property	10/4/2007	9/13/2017	2/14/2018	2.00%	5,067.63	-	70.38	4,997.25
06-12	Park Improvements - Phase I	10/4/2007	9/13/2017	2/14/2018	2.00%	375,164.58	-	17,034.50	358,130.08
06-13	2006 Road Improvement Program	10/4/2007	9/13/2017	2/14/2018	2.00%	1,014,145.17	-	31,666.69	982,478.48
06-21	Brandywine Park Improvements	10/4/2007	9/13/2017	2/14/2018	2.00%	144,363.86	-	6,551.72	137,812.14
06-22	Acquisition of Public Works Vehicles	10/4/2007	9/13/2017	2/14/2018	2.00%	66,851.31	-	31,666.69	35,184.62
06-23	Various Improvements	10/4/2007	9/13/2017	2/14/2018	2.00%	69,940.51	-	4,284.79	65,655.72
07-15	2007 Road Improvement Program	3/5/2009	2/15/2017	2/14/2018	2.00%	828,202.25	-	24,359.55	803,842.70
07-16	Park Improvements - Phase II	9/27/2011	9/13/2017	9/12/2018	2.25%	170,344.84	-	6,551.72	163,793.12
08-04	Acquisition of Development Easements for Open Space Purposes	3/19/2008	2/15/2017	2/14/2018	2.00%	604,595.40	-	8,277.72	596,317.68
08-05	Acquisition of Land for Open Space Purposes	3/19/2008	2/15/2017	2/14/2018	2.00%	3,110,665.09	-	49,156.11	3,061,508.98
08-06	Acquisition of Development Easements for Open Space Purposes	3/19/2008	2/15/2017	2/14/2018	2.00%	1,159,316.17	-	16,363.14	1,142,953.03
08-07	Acquisition of Development Easements for Open Space Purposes	3/19/2008	2/15/2017	2/14/2018	2.00%	1,507,817.34	-	20,655.03	1,487,162.31
08-19	2008 Road Improvement Program	3/5/2009	2/15/2017	2/14/2018	2.00%	274,615.40	-	8,076.92	266,538.48
08-20	Acquisition of Public Works Vehicles & Equipment	3/5/2009	2/15/2017	2/14/2018	2.00%	240,666.65	-	12,666.67	227,999.98
08-21	ADA Improvements to Abate Park	3/5/2009	2/15/2017	2/14/2018	2.00%	78,620.70	-	3,275.86	75,344.84
08-22	Site Improvements - Municipal Projects	9/27/2011	9/13/2017	9/12/2018	2.25%	63,879.30	-	2,456.90	61,422.40
09-16	2009 Road Improvement Program	9/27/2011	9/13/2017	9/12/2018	2.25%	52,615.38	-	1,461.54	51,153.84
10-03	Acquisition of Real Property (COAH)	9/27/2011	9/13/2017	9/12/2018	2.25%	324,440.32	-	4,269.89	320,170.43
10-21	2010 Road Improvement Program	9/27/2011	9/13/2017	9/12/2018	2.25%	43,846.15	-	1,217.95	42,628.20
11-03	2011 Road Improvement Program	9/27/2011	9/13/2017	9/12/2018	2.25%	200,000.00	-	12,500.00	187,500.00
12-11	2012 Road Improvement Program	9/27/2011	9/13/2017	9/12/2018	2.25%	337,500.00	-	18,750.00	318,750.00
12-12	Acquisition of Public Works Vehicles & Equipment	6/17/2015	9/13/2017	9/12/2018	2.25%	95,000.00	-	-	95,000.00
13-16	Technology Upgrades	9/19/2014	9/13/2017	9/12/2018	2.25%	47,500.00	-	4,318.99	43,181.01
13-17	Acquisition of Public Works Vehicles & Equipment	6/17/2015	9/13/2017	9/12/2018	2.25%	90,250.00	-	-	90,250.00
13-18	Acquisition/Installation of Generators	6/17/2015	9/13/2017	9/12/2018	2.25%	99,750.00	-	-	99,750.00
13-19	2013 Road Improvement Program	9/19/2014	9/13/2017	9/12/2018	2.25%	603,250.00	-	-	603,250.00
13-20	Improvements to ME Church	9/19/2014	9/13/2017	9/12/2018	2.25%	228,000.00	-	31,750.00	196,250.00
14-08	2014 Road Improvement Program	6/17/2015	9/13/2017	9/12/2018	2.25%	570,000.00	-	-	570,000.00
14-09	2014 Site Improvements	6/17/2015	9/13/2017	9/12/2018	2.25%	142,500.00	-	-	142,500.00
14-10	Acquisition of Public Works Vehicles & Equipment	6/17/2015	9/13/2017	9/12/2018	2.25%	137,750.00	-	-	137,750.00
15-15	2015 Road Improvement Program	9/15/2016	9/13/2017	9/12/2018	2.25%	741,000.00	-	-	741,000.00
15-16	Acquisition of Public Works Vehicles & Equipment	9/15/2016	9/13/2017	9/12/2018	2.25%	142,500.00	-	-	142,500.00
16-05	Acquisition of COAH (Eckhardt)	9/15/2016	9/13/2017	9/12/2018	2.25%	-	47,500.00	-	47,500.00
16-07	Technology Upgrades	9/15/2016	9/13/2017	9/12/2018	2.25%	-	584,250.00	-	584,250.00
16-08	2016 Road Improvement Program	9/15/2016	9/13/2017	9/12/2018	2.25%	87,400.00	-	-	87,400.00
16-09	Acquisition of Public Works Vehicles & Equipment	9/15/2016	9/13/2017	9/12/2018	2.25%	-	3,300,000.00	-	3,300,000.00
16-15	Millstone Park Improvements - Phase I	9/15/2016	9/13/2017	9/12/2018	2.25%	-	270,000.00	-	270,000.00
16-11/17-10	Acquisition of CKV Property (Open Space Portion)	5/16/2017	5/16/2017	5/4/2018	1.50%	-	775,000.00	-	775,000.00
16-11/17-10	Acquisition of CKV Property (COAH Portion)	5/16/2017	5/16/2017	5/4/2018	1.50%	-	-	-	-
Total						\$ 13,710,849.00	\$ 4,976,750.00	\$ 317,430.00	\$ 18,370,169.00
						Budget Appropriations		218,708.11	
						COAH Trust		4,269.89	
						Open Space Trust		94,452.00	
Total						\$	\$	\$	\$ 317,450.00

TOWNSHIP OF MILLSTONE
 GENERAL CAPITAL FUND
 SCHEDULE OF REFUNDING BONDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DEC. 31, 2015	INTEREST RATE	BALANCE DECEMBER 31, 2016	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2017
General Improvements	5/22/2012	\$ 6,120,000.00	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%			
					\$ 5,615,000.00	\$ 525,000.00	\$ 5,090,000.00
					\$ 5,615,000.00	\$ 525,000.00	\$ 5,090,000.00

**TOWNSHIP OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 84,293.71
Decreased by:	
Paid by Open Space Trust	<u>41,727.50</u>
Balance, December 31, 2017	<u><u>\$ 42,566.21</u></u>

SCHEDULE OF GREEN ACRES TRUST LOAN PAYABLE DECEMBER 31, 2017

March 2018	21,177.22
September 2018	<u>21,388.99</u>
Total	<u><u>\$ 42,566.21</u></u>

TOWNSHIP OF MILLSTONE
 GENERAL CAPITAL FUND
 SCHEDULE OF LEASE REVENUE BONDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

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

TOWNSHIP OF MILLSTONE
 GENERAL CAPITAL FUND
 STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
 FOR THE YEAR ENDED DECEMBER 31, 2017

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2016	IMPROVEMENT AUTHORIZATIONS	BOND ANTICIPATION NOTES ISSUED	BALANCE DECEMBER 31, 2017
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
16-07	Technology Improvements	47,500.00	-	47,500.00	-
16-08	2016 Road Improvement Program	584,250.00	-	584,250.00	-
16-11	Acquisition of (CKV) Property (COAH Portion)	295,747.33	479,252.67	775,000.00	-
16-11	Acquisition of (CKV) Property (OST Portion)	749,252.67	(479,252.67)	270,000.00	-
16-15	Millstone Park Improvements - Phase I (OST)	3,300,000.00	-	3,300,000.00	-
17-05	Acquisition of Public Works Vehicles & Equipment	-	323,000.00	-	323,000.00
17-09	2017 Road Improvement Program	-	608,000.00	-	608,000.00
Total		\$ 5,650,613.20	\$ 931,000.00	\$ 4,976,750.00	\$ 1,604,863.20

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GENERAL FIXED ASSETS ACCOUNT GROUP

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**TOWNSHIP OF MILLSTONE
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF GENERAL FIXED ASSETS
DECEMBER 31, 2017 AND 2016**

	BALANCE DECEMBER 31, 2016	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2017
Land & Land Improvements	\$ 13,282,930.75	\$ 1,100,000.00	\$ -	\$ 14,382,930.75
Buildings	5,339,096.00	477,260.00	-	5,816,356.00
Improvement Other Than Buildings	5,660,686.87	2,120,783.70	-	7,781,470.57
Machinery & Equipment	2,642,780.07	208,507.57	634,908.55	2,216,379.09
	<hr/>			
Total	\$ 26,925,493.69	\$ 3,906,551.27	\$ 634,908.55	\$ 30,197,136.41
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TOWNSHIP OF MILLSTONE

PART II

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -
GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2017

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**TOWNSHIP OF MILLSTONE
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

**TOWNSHIP OF MILLSTONE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

FEDERAL AWARDS

N/A – No Federal Single Audit in prior year.

STATE FINANCIAL ASSISTANCE

N/A – No State Single Audit in prior year.

TOWNSHIP OF MILLSTONE

PART III

LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

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OFFICIALS IN OFFICE AND SURETY BONDS

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

NAME	POSITION	AMOUNT OF BOND
Michael Kuczinski	Mayor	
Fiore Masci	Deputy Mayor	
Gary Dorfman	Committeeman	
Nancy Grbelja	Committeewoman	
Robert Kinsey	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.

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HOLMAN | FRENIA
ALLISON, P.C.

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www.hfacpas.com

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

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 ended December 31, 2017.

GENERAL COMMENTS:

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

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or 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 the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2017.

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.

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 4, 2017 adopted the following resolution 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, 2017.”

“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 31st, an additional penalty of 6% shall be charged against the delinquency.

2. Effective January 1, 2017, 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.

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.”

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

OTHER COMMENTS (FINDINGS):

None.

RECOMMENDATIONS:

None.

Appreciation

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read 'R. Allison', written over a horizontal line.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA No. 483

Freehold, New Jersey
June 6, 2018

