

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE
BOROUGH OF MILLTOWN**

**39 Washington Ave
Milltown, New Jersey 08850**

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

**Presented by:
Randy Bahr
Acting Chief Financial Officer
Borough of Milltown**

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PART I

INTRODUCTORY SECTION

Borough of Milltown

Middlesex County, New Jersey

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FINANCE DEPARTMENT

August 9, 2018

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

The Comprehensive Annual Financial Report for the Borough of Milltown, County of Middlesex, State of New Jersey, for the year ended December 31, 2017 is submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designated to set forth fairly the financial position and results of operations of the Borough of Milltown as measured by the financial activity of its various funds and account groups; and that all disclosures necessary to enable the reader to gain an understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four (4) sections: Introductory, Financial, Statistical and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter, the Borough's organizational chart and a list of principal officials. The Financial Section includes the annual financial statements and individual fund financial schedules, as well as the independent auditor's report. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis. The fourth and final section is prepared by the Independent Auditor and contains their required annual comments and recommendations, if any, to the Mayor and Council. The Mayor and Council are required to adopt a plan of action on the implementation of any audit recommendations. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

The financial statements have been audited by Gerard Stankiewicz, Certified Public Accountant, Registered Municipal Accountant of Samuel Klein and Company, Freehold, New Jersey, independent certified public accountants whose opinion is expressed in the Financial Section. Please note that the auditor's report is unqualified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

PRESENT AND FUTURE CHALLENGES

The Borough operates three (3) distinct funds for the benefits of its tax and rate payers.

Current Fund

The Current Fund, which finances most of the operational areas of our local government, had total revenues of \$9,325,280.62 exclusive of fund balance and total expenditures of \$9,938,477.93 and a Fund Balance increase of \$100,506.64 as of December 31, 2017. The following schedule summarizes revenues and expenses for 2016 and 2017.

<u>Revenues</u>	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Fund Balance	\$ 861,500.00	\$ 675,000.00	\$ 186,500.00	27.63 %
Real Estate Taxes	5,689,090.57	5,392,743.61	296,346.96	5.50
Delinquent Tax Receipts	89,527.40	6,427.10	83,100.30	1292.97
State Aid	387,169.00	387,169.00	0.00	0.00
School Aged Children	441,703.03	411,934.81	29,768.22	7.23
Electric Utility Surplus	1,614,341.00	1,172,341.00	442,000.00	37.70
Miscellaneous Anticipated Revenues	913,434.21	845,140.15	68,294.06	8.08
Grants	75,226.89	176,129.11	(100,902.22)	(57.29)
Other Credits to Income	357,273.60	312,089.19	45,184.41	14.48
Nonbudget Revenue	114,788.52	238,535.44	(123,746.92)	(51.88)
	<u>\$ 10,544,054.22</u>	<u>\$ 9,617,509.41</u>	<u>\$ 926,544.81</u>	<u>9.63 %</u>

1. Real Estate Taxes - These are the taxes levied on all real property within the Borough.
2. Delinquent Tax Receipts - This represents receipts from delinquent taxes and tax title liens.
3. Intergovernmental Revenue - This represents funds received from the State of New Jersey and the Federal Government in the form of grants or direct aid.
4. Miscellaneous Anticipated Revenues - This represents all of the miscellaneous revenues of the Borough including fees, fines, licenses, interest and other direct user charges, except those detailed separately above.

Current Fund (Continued)

The increase in budgetary expenditures in 2017 over 2016 was as follows:

<u>Expenditures</u>	<u>2017</u>	<u>2016</u>	<u>Amount</u>	<u>Percent</u>
General Government	\$ 568,447.00	\$ 598,117.00	\$ (29,670.00)	(4.96) %
Public Safety	2,603,754.00	2,601,839.00	1,915.00	0.07
Public Works	1,413,275.00	1,301,667.04	111,607.96	8.57
Utility Expense and Bulk Purchases	97,600.00	91,600.00	6,000.00	6.55
Land Use	80,050.00	77,675.00	2,375.00	3.06
Insurance	939,200.00	890,200.00	49,000.00	5.50
Health and Human Services	66,855.00	65,325.00	1,530.00	2.34
School Age Child Care Program	401,813.00	365,000.00	36,813.00	10.09
Parks and Recreation	634,550.00	584,940.00	49,610.00	8.48
Construction Code	61,050.00	59,250.00	1,800.00	3.04
Education - Library	293,517.19	301,444.42	(7,927.23)	(2.63)
Deferred Charges and Statutory Expenditures	840,428.45	829,637.00	10,791.45	1.30
Grants	82,295.89	199,198.11	(116,902.22)	(58.69)
Capital Improvements	472,000.00	30,000.00	442,000.00	1,473.33
Debt Service	725,170.00	600,837.00	124,333.00	20.69
Reserve for Uncollected Taxes	533,472.40	431,000.00	102,472.40	23.78
	<u>\$ 9,813,477.93</u>	<u>\$ 9,027,729.57</u>	<u>\$ 785,748.36</u>	<u>8.70 %</u>

Planning for the budget begins late in the preceding year and is further developed by the Chief Financial Officer/Business Administrator in conjunction with the Council Finance Committee in the early part of the ensuing year. In addition, the Capital Budget is reviewed annually in accordance with the budget law.

The Borough operates Electric and Water-Sewer Utilities. These utilities are separate budgetary entities that allow for the segregation of the revenue and expenses of the utilities. The utilities are under the operational control of the Mayor and Council.

Electric Utility Fund

The Electric Utility serves the entire Borough, which encompasses approximately 3,152 accounts. Revenues in 2017 were \$8,645,542.99 and expenditures exclusive of the transfer to the general budget were \$7,612,191.00 Fund balance decreased by \$580,989.01 The Electric Utility debt was considered to be self-liquidating for 2017, and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenue and expenses for 2017 and 2016.

	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Electric Charges	\$ 7,688,092.95	\$ 7,983,114.92	\$ (295,021.97)	(3.70)
Nonbudget Reserves	65,917.78	130,386.57	(64,468.79)	(49.44)
Other Credits to Income	<u>891,532.26</u>	<u>1,039,316.76</u>	<u>(147,784.50)</u>	<u>(14.22)</u>
	<u>\$ 8,645,542.99</u>	<u>\$ 9,152,818.25</u>	<u>\$ (507,275.26)</u>	<u>(5.54) %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 6,544,525.00	\$ 6,503,550.00	\$ 40,975.00	0.63 %
Capital Improvements	55,000.00	55,000.00	0.00	0.00
Debt Service	868,016.00	663,220.00	204,796.00	30.88
Deferred Charges	<u>144,650.00</u>	<u>153,200.00</u>	<u>(8,550.00)</u>	<u>(5.58)</u>
	<u>\$ 7,612,191.00</u>	<u>\$ 7,374,970.00</u>	<u>\$ 237,221.00</u>	<u>3.22 %</u>

Water-Sewer Utility Fund

The Water-Sewer Utility serves the entire Borough, which encompasses approximately 2,659 accounts. Revenues exclusive of fund balance were \$2,797,590.74 and expenditures were \$3,246,651.73. Fund balance decreased \$449,060.99. The Water-Sewer Utility Fund was considered to be self-liquidating for 2017 and, as a result, the Fund's debt is not factored into the Borough's net debt. The following schedule summarizes revenues and expenses for 2017 and 2016.

	<u>2017</u>	<u>2016</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>				
Fund Balance	\$ 796,651.73	\$ 500,814.15	\$ 295,837.58	59.07 %
Water Rents	2,364,977.17	2,361,545.68	3,431.49	0.15
Miscellaneous Revenues	192,988.60	194,690.86	(1,702.26)	(0.87)
Nonbudget Revenue	21,445.61	41,450.15	(20,004.54)	(48.26)
Other Credits to Income	218,179.36	276,732.18	(58,552.82)	(21.16)
	<u>\$ 3,594,242.47</u>	<u>\$ 3,375,233.02</u>	<u>\$ 219,009.45</u>	<u>6.49 %</u>
<u>Expenditures</u>				
Operating Expenses	\$ 2,402,035.73	\$ 2,073,200.73	\$ 328,835.00	15.86 %
Capital Improvements	110,000.00	110,000.00	0.00	0.00
Debt Service	657,616.00	595,940.00	61,676.00	10.35
Deferred Charges	77,000.00	79,473.42	(2,473.42)	(3.11)
Refund of Prior Years' Revenue		40,000.00	(40,000.00)	(100.00)
	<u>\$ 3,246,651.73</u>	<u>\$ 2,898,614.15</u>	<u>\$ 348,037.58</u>	<u>12.01 %</u>

MAJOR ACTIVITIES AFFECTING BUDGET/FINANCIAL CONDITIONS

The Borough of Milltown encompasses 1.4 square miles. The Borough is a fully developed mature community comprised of mostly residential dwellings. The Borough has eleven apartment complexes and is densely populated. The Borough relies heavily on its Electric Utility and thus dramatic changes in the weather pattern effect the Borough's revenues dramatically.

The Borough Council has, in recent years, become aggressive in their Capital Program of improvements. The Borough, annually, has appropriated monies for Parks and Recreation Equipment, Roadway Resurfacing and Improvements to the Infrastructure.

PROSPECTS FOR THE FUTURE

The 2017 Municipal Budget as adopted reflects a rate of \$1,176.00 representing an increase from the prior year in the Local Purpose Tax Rate. The 2018 Budget as adopted will have increase of 2.9¢ or 2.583% compared to 2017 appropriations exclusive of the Library.

In 2017, the Borough is continuing a several year plan of beautifying the downtown area. In addition, park improvements are in process using a combination of grants and local funds. Initial plans for a Redevelopment program in the business district have advanced to the serious conceptual stage and a number of professionals have been consulted in this process.

LOCAL ECONOMIC EVENTS

Major infrastructure improvements were undertaken in a number of areas including:

- Road resurfacing and intersection improvements with local funds as well as a variety of other governmental sources to reduce the local financial burden of such work. Being a crossroads community in such a busy part of the region, Milltown has an unusually large infrastructure renewal burden for a community our size. By taking advantage of multiple sources and continuing to maintain our existing programs, Milltown is responsibly tending to the transportation needs of our citizens and visitors.
- Improvements to the Borough's parks and recreational facilities continue.
- The water tower will undergo refurbishing in 2018.
- Various equipments are being purchased for all departments in order to provide a better level of service to the residents.
- Improvements to Wilson Avenue and Howard Street, partially funded by the NJDOT, are projected to be completed in late 2018 or early 2019.
- The Governing Body is in constant pursuit of grants from the federal, state and county governments in order to improve the Borough at minimal cost to the local residents.
- The Governing Body recently awarded contract to relocate the DPW/Utility Department and also construct a new Firehouse.
- Efforts are continuing to bring the redevelopment area to some conclusion; however, it is caught up in the court system.

CASH MANAGEMENT

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2017, funds were deposited in interest bearing accounts.

DEBT ADMINISTRATION

The current outstanding net debt of the Borough is \$15,072,219.69 which represents .915% of its average equalized value. Debt Service appropriations for 2017 were \$2,250.802.00 for all Borough funds.

RISK MANAGEMENT

The Borough is a member of the Middlesex County Joint Insurance Fund along with the statewide Municipal Excess Liability Joint Insurance Fund, Municipal Excess Liability Residual Claims Fund and Environmental Joint Insurance Fund, as well as a Private Insurance Plan for Volunteer Firemen. The Borough is well insured. These funds provide professional risk management, legal defense, loss prevention, claims management and actuarial services and are regulated by the New Jersey Department of Insurance.

The Borough is a member of the New Jersey State Health Benefits Program, as well as having dental and prescription plans with Blue Cross and Blue Shield of New Jersey.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the help and dedicated services of the entire staff of the Finance Department and the Administration of the Borough.

Respectfully submitted,



Randy Bahr
Acting Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Milltown
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

Report on the Financial Statements

We have audited the financial statements – regulatory basis of the various funds and account groups of the Borough of Milltown, County of Middlesex, State of New Jersey as of December 31, 2017, and the related statement of operations and change in fund balance – regulatory basis for the year then ended, the related statement of revenues – regulatory basis, statement of expenditures – regulatory basis, and the related notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements – regulatory basis, in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes 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 an opinion on these financial statements – regulatory basis, 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 auditing standards prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

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

As described in Note 1 of the financial statements – regulatory basis, the financial statements are prepared by the Borough on a basis of the financial reporting provisions of the regulatory basis of the accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of 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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on the United States 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 each fund of the Borough of Milltown, County of Middlesex, State of New Jersey as of December 31, 2017, and change in financial position or cash flows thereof for the year then ended.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements. The LOSAP financial activities are included in the Borough's Trust Fund, and represent 54.37% and 52.50% of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2017 and 2016.

Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Borough's financial statements, we do not express an opinion of the LOSAP financial statements.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements – regulatory basis been audited, the financial statements referred to above present fairly, in all material respects the financial statements – regulatory basis of the various funds and account groups of the Borough of Milltown, County of Middlesex, State of New Jersey, as of December 31, 2017, and the results of its operations and change in fund balance of such funds – regulatory basis for the year then ended, and the revenues – regulatory basis, expenditures – regulatory basis of the various funds and account groups 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Matters

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements of the Borough of Milltown, County of Middlesex, New Jersey. The information included in Part II – Fund Financial Statements, Part III – Other Supplementary Data as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Milltown, County of Middlesex, New Jersey. The information included in Part II – Fund Financial Statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

The information contained in Part III – Supplementary Data have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2018, on our consideration of the Borough of Milltown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Milltown's internal control over financial reporting and compliance.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
August 9, 2018

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**INDEPENDENT AUDITORS 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**

The Honorable Mayor and Members
of the Borough Council
Borough of Milltown
County of Middlesex
State of New Jersey

To the Honorable Mayor and Members of the Borough Council:

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, which is a basis of accounting other than accounting principles generally accepted in the United States of America, of the Borough of Milltown (herein referred to as “the Borough”), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough’s basic financial statements, and have issued our report thereon dated August 9, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements – regulatory basis, we considered the Borough’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 Borough’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough’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.

**INDEPENDENT AUDITORS 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 (CONTINUED)**

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 Borough's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that we have reported to the management of the Borough in the "General Comments and Recommendations" section of this report.

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 result of that testing, and not to provide an opinion on the effectiveness of the Borough of Milltown's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Milltown's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
August 9, 2018

FINANCIAL STATEMENTS

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
CURRENT FUND
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance, December 31</u>	
		<u>2017</u>	<u>2016</u>
Cash and Investments - Treasurer	A-4	\$ 2,790,393.27	\$ 2,018,289.81
Cash - Change Fund	A-5	350.00	350.00
Due from State of NJ per Ch. 20, P.L. 1976	A-6	613.70	16,328.33
		<u>2,791,356.97</u>	<u>2,034,968.14</u>
Receivables with Offsetting Reserves:			
Delinquent Taxes	A-7	179,396.27	121,235.57
Tax Title Liens	A-8	1,827,563.75	1,635,672.10
Property Acquired for Taxes (at Assessed Valuation)	A-9	3,400.00	3,400.00
Revenue Accounts Receivable	A-10	14,666.60	25,017.07
Due from Township of East Brunswick	A-12	8,450.00	8,450.00
		<u>2,033,476.62</u>	<u>1,793,774.74</u>
Deferred Charges	A-13	<u>125,000.00</u>	<u> </u>
Total Regular Fund		<u>4,949,833.59</u>	<u>3,828,742.88</u>
Grant Fund:			
Cash	A-4	38,438.49	57,607.88
Grants Receivable	A-24	203,557.75	181,325.50
Total Grant Fund		<u>241,996.24</u>	<u>238,933.38</u>
		<u>\$ 5,191,829.83</u>	<u>\$ 4,067,676.26</u>

See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
CURRENT FUND
DECEMBER 31, 2017 AND 2016

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance, December 31</u>	
		<u>2017</u>	<u>2016</u>
Liabilities:			
Appropriation Reserves	A-3, A-13	\$ 377,677.17	\$ 442,852.37
Reserve for Encumbrances	A-22	227,597.14	182,315.98
Prepaid Taxes	A-20	1,033,988.38	242,808.53
Various Reserves	A-15	25,933.96	20,082.82
Commitments Payable	A-16	124,173.92	149,295.92
Tax Overpayments	A-17	8,304.33	1,908.96
Local School Tax Payable	A-18	100,467.98	77,635.00
Due to Payroll Fund	A-11		361.11
		<u>1,898,142.88</u>	<u>1,117,260.69</u>
Reserve for Receivables	Reserve	2,033,476.62	1,793,774.74
Fund Balance	A-1	<u>1,018,214.09</u>	<u>917,707.45</u>
Total Regular Fund		<u>4,949,833.59</u>	<u>3,828,742.88</u>
Grant Fund:			
Reserve for Grants:			
Appropriated	A-24	187,109.94	179,858.11
Reserve for Encumbrances	A-26	4,886.30	9,075.27
Due to General Capital Fund	A-23	<u>50,000.00</u>	<u>50,000.00</u>
Total Grant Fund		<u>241,996.24</u>	<u>238,933.38</u>
		<u>\$ 5,191,829.83</u>	<u>\$ 4,067,676.26</u>

See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
DECEMBER 31, 2017 AND 2016

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2017</u>	<u>2016</u>
Fund Balance Utilized	A-1, A-2	\$ 861,500.00	\$ 675,000.00
Miscellaneous Revenues Anticipated	A-2	3,431,874.13	2,992,714.07
Receipts from Delinquent Taxes	A-2	89,527.40	6,427.10
Receipts from Current Taxes	A-7	24,192,810.20	23,305,386.62
Nonbudget Revenue	A-2	114,788.52	238,535.44
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	A-14	354,829.93	269,603.94
Cancellation of Current Appropriations	A-3	2,443.67	20,000.00
Cancellation of Reserve for State Tax Appeals	A-14		22,485.25
		<u>29,047,773.85</u>	<u>27,530,152.42</u>
 <u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages	A-3	3,831,069.00	4,136,961.00
Other Expenses	A-3	3,551,838.08	2,999,294.57
Deferred Charges and Statutory Expenditures	A-3	824,928.45	829,637.00
Municipal Debt Service	A-3	725,170.00	600,837.00
Capital Improvements	A-3	472,000.00	30,000.00
County Tax	A-19	3,508,292.46	3,357,313.02
County Share of Added and Omitted Taxes	A-20	1,841.89	6,420.27
Local District School Taxes	A-18	15,277,110.00	14,705,197.00
Refund of Prior Year Revenue	A-4	2,439.00	
Write-off of Prior Year -			
Senior Citizens and Veterans Receivable	A-6	16,078.33	
		<u>28,210,767.21</u>	<u>26,665,659.86</u>
Excess in Revenue		<u>837,006.64</u>	<u>864,492.56</u>
Add: Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Years		<u>125,000.00</u>	
Statutory Excess to Fund Balance		<u>962,006.64</u>	<u>864,492.56</u>
Balance - January 1	A	<u>917,707.45</u>	<u>728,214.89</u>
		1,879,714.09	1,592,707.45
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>861,500.00</u>	<u>675,000.00</u>
Balance - December 31	A	<u>\$ 1,018,214.09</u>	<u>\$ 917,707.45</u>

See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Anticipated</u> <u>2017</u>	<u>N.J.S.A.</u> <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
Surplus Anticipated	A-1	\$ 861,500.00	_____	\$ 861,500.00	_____
Miscellaneous Revenue Anticipated:					
Local Revenues:					
Licenses:					
Alcoholic Beverages	A-10	\$ 4,725.00		\$ 4,725.00	
Fees and Permits	A-10	32,900.00		48,573.54	\$ 15,673.54
Fines and Costs:					
Municipal Court	A-10	188,300.00		195,675.40	7,375.40
Interest and Costs on Taxes	A-10	21,000.00		34,494.94	13,494.94
Interest on Investments and Deposits	A-10	11,500.00		12,298.32	798.32
Anticipated Utility Operating Surplus - Electric	A-10	1,614,341.00		1,614,341.00	
Swimming Pool Fees	A-10	127,500.00		126,547.50	(952.50)
Cable Television Franchise Fees	A-10	31,798.00		31,798.00	
Recreation Fees	A-10	91,500.00		99,388.00	7,888.00
		<u>2,123,564.00</u>	_____	<u>2,167,841.70</u>	<u>44,277.70</u>
State Aid with Offsetting Appropriations:					
Consolidated Municipal Property Tax Relief Aid	A-10	55,617.00		55,617.00	
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-10	331,552.00		331,552.00	
		<u>387,169.00</u>	_____	<u>387,169.00</u>	_____
Dedicated Uniform Construction Code Fees Offset with Appropriations (NJS 40A:4-36 & NJAC 5:23-417):					
Uniform Construction Code Fees	A-10	86,100.00		113,206.00	27,106.00

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Anticipated 2017</u>	<u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items - Additional Revenues:					
School Age Child Care	A-10	\$ 400,000.00		\$ 441,703.03	\$ 41,703.03
Donation - Milltown Revitalization Committee	A-14	1,813.00		1,463.00	(350.00)
		<u>401,813.00</u>		<u>443,166.03</u>	<u>41,353.03</u>
Public and Private Revenues:					
Municipal Alliance on Alcoholism and Drug Abuse	A-23	16,276.00	\$	16,276.00	
Middlesex County Office on Aging Grant	A-23	6,000.00	2,000.00	8,000.00	
Middlesex County HUD Block Grant	A-23	35,140.00		35,140.00	
Body Armor Replacement Program Fund	A-23		1,785.52	1,785.52	
Clean Communities Program	A-23		14,025.37	14,025.37	
		<u>57,416.00</u>	<u>17,810.89</u>	<u>75,226.89</u>	
Other Special Items:					
Payment in lieu of Taxes - Arisa Redevelopment	A-10	157,525.84		157,525.84	
General Capital Fund Balance	A-10	22,114.58		22,114.58	
Cell Tower Lease	A-10	64,700.00		65,624.09	924.09
		<u>244,340.42</u>		<u>245,264.51</u>	<u>924.09</u>
Total Miscellaneous Revenue	A-2	<u>3,300,402.42</u>	<u>17,810.89</u>	<u>3,431,874.13</u>	<u>113,660.82</u>
Receipts from Delinquent Taxes	A-7	<u>90,019.00</u>		<u>89,527.40</u>	<u>(491.60)</u>
Subtotal General Revenues		<u>4,251,921.42</u>	<u>17,810.89</u>	<u>4,382,901.53</u>	<u>113,169.22</u>

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Anticipated 2017</u>	<u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes including					
Reserve for Uncollected Taxes	A-7	\$ 5,250,228.43		\$ 5,395,573.38	\$ 145,344.95
Municipal Library Levy	A-7	<u>293,517.19</u>		<u>293,517.19</u>	
		<u>5,543,745.62</u>		<u>5,689,090.57</u>	<u>145,344.95</u>
Budget Totals		\$ 9,795,667.04	\$ 17,810.89	\$ 10,071,992.10	\$ 258,514.17
Nonbudget Revenues	A-1, A-10			<u>114,788.52</u>	<u>114,788.52</u>
		<u>\$ 9,795,667.04</u>	<u>\$ 17,810.89</u>	<u>\$ 10,186,780.62</u>	<u>\$ 373,302.69</u>
		A-3	A-3		
Detail of Realized Revenue - Miscellaneous					
Other Reserves	A-15			\$ 1,463.00	
Revenue Accounts Receivable:	A-10			3,355,184.24	
Grants Receivable	A-23			<u>75,226.89</u>	
	A-2			<u>\$ 3,431,874.13</u>	

See Notes to Financial Statements

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
<u>GENERAL GOVERNMENT FUNCTIONS</u>						
General Administration:						
Salaries and Wages	\$ 8,200.00	\$ 8,200.00	\$ 8,037.62		\$ 162.38	
Other Expenses	770.00	770.00	220.00	\$ 69.23	480.77	
Mayor and Council:						
Salaries and Wages	8,900.00	8,900.00	8,692.78		207.22	
Other Expenses	3,550.00	3,550.00	1,887.36	154.66	1,507.98	
Payroll Processing Fees	6,650.00	6,650.00	4,746.83		1,903.17	
Municipal Clerk:						
Salaries and Wages	85,500.00	85,500.00	80,608.99		4,891.01	
Other Expenses	36,177.00	36,177.00	21,917.76	3,074.78	11,184.46	
Financial Administration:						
Salaries and Wages	85,200.00	85,200.00	82,620.71		2,579.29	
Other Expenses	23,700.00	23,700.00	20,884.58	713.91	2,101.51	
Audit Services:						
Other Expenses	23,200.00	19,400.00	19,400.00			
Collection of Taxes:						
Salaries and Wages	71,500.00	71,500.00	69,907.13		1,592.87	
Other Expenses	8,400.00	8,400.00	6,869.52	437.05	1,093.43	
Assessment of Taxes:						
Salaries and Wages	25,500.00	25,500.00	25,411.06		88.94	
Other Expenses	6,600.00	6,600.00	2,918.69	239.23	3,442.08	
Update of Tax maps (Special Emergency)	125,000.00	125,000.00	72,485.50	52,514.50		
Legal Services:						
Other Expenses	157,000.00	320,000.00	293,143.46	3,311.13	23,545.41	
Engineering Services and Costs:						
Ground Water Monitoring	100.00	100.00			100.00	
Misc. Other Expenses	16,500.00	16,500.00	13,278.28		3,221.72	
<u>LAND USE ADMINISTRATION</u>						
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):						
Planning Board:						
Other Expenses	9,350.00	9,350.00	7,322.92		2,027.08	
Board of Adjustment:						
Other Expenses	4,250.00	4,250.00	3,078.84		1,171.16	
Zoning Board:						
Salaries and Wages	63,300.00	63,300.00	60,163.36		3,136.64	
Other Expenses	3,150.00	3,150.00	2,439.72	69.23	641.05	

**BOROUGH OF MILLTOWN
 MIDDLESEX COUNTY, NEW JERSEY
 CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2017**

	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
INSURANCE						
Liability Insurance	\$ 110,200.00	\$ 110,200.00	\$ 110,024.43		\$ 175.57	
Workers' Compensation	121,000.00	121,000.00	120,720.00		280.00	
Employee Group Health Insurance	659,200.00	614,200.00	596,650.72	\$ 45.00	17,504.28	
Unemployment Insurance	10,000.00	2,000.00			2,000.00	
Health Benefits Waiver	38,800.00	38,800.00	37,634.22		1,165.78	
PUBLIC SAFETY FUNCTIONS						
Police:						
Salaries and Wages	1,783,000.00	1,849,000.00	1,794,967.65		54,032.35	
Other Expenses	125,200.00	125,200.00	100,846.15	12,977.13	11,376.72	
Telephone	20,000.00	20,000.00	17,168.28	967.95	1,863.77	
Crossing Guards:						
Salaries and Wages	138,000.00	121,000.00	117,512.96		3,487.04	
Other Expenses	4,500.00	3,500.00	787.48		2,712.52	
Police Dispatch/911:						
Salaries and Wages	119,500.00	101,500.00	98,695.16		2,804.84	
Other Expenses	8,334.00	8,334.00	8,334.00			
Emergency Management Services:						
Salaries and Wages	2,100.00	2,100.00	2,001.65		98.35	
Other Expenses	50,000.00	50,000.00	7,836.19	30,523.00	11,640.81	
First Aid Organization:						
Contribution	35,000.00	35,000.00	35,000.00			
Fire Protection Bureau (Uniform Fire Code P.L. 1983, C. 383):						
Salaries and Wages	15,100.00	13,619.00	13,619.00			
Other Expenses	81,010.00	82,491.00	58,057.15	22,384.29	2,049.56	
Municipal Prosecutor:						
Salaries and Wages	13,200.00	13,200.00	12,005.00		1,195.00	
Municipal Court:						
Salaries and Wages	116,500.00	109,500.00	100,137.81		9,362.19	
Other Expenses	12,310.00	14,310.00	10,673.17	1,990.17	1,646.66	
Public Defender (P.L. 1997, C.256):						
Other Expenses	6,500.00	2,500.00			2,500.00	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Cancelled</u>
				<u>- Expended -</u>		
<u>PUBLIC WORKS FUNCTIONS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	\$ 177,700.00	\$ 177,700.00	\$ 174,607.86		\$ 3,092.14	
Other Expenses	59,050.00	39,050.00	22,173.60	\$ 13,406.12	3,470.28	
Street Cleaning:						
Salaries and Wages	117,500.00	117,500.00	115,583.28		1,916.72	
Other Expenses	7,750.00	7,750.00	3,685.99	202.43	3,861.58	
Garbage and Trash Removal:						
Salaries and Wages	307,200.00	307,200.00	302,536.56		4,663.44	
Other Expenses	233,500.00	218,500.00	183,015.08	9,410.25	26,074.67	
O.S.H.A Requirement:						
Other Expenses	6,200.00	6,200.00	195.00	891.00	5,114.00	
Recycling:						
Salaries and Wages	61,300.00	61,300.00	59,973.13		1,326.87	
Other Expenses	25,200.00	25,200.00	5,600.78	11,094.10	8,505.12	
Public Buildings and Grounds:						
Salaries and Wages	3,000.00	3,000.00	2,479.42		520.58	
Other Expenses	50,850.00	50,850.00	37,776.59	12,144.56	928.85	
Vehicle Maintenance:						
Salaries and Wages	49,500.00	49,500.00	47,248.34		2,251.66	
Other Expenses (Emergency \$4,000.00)	162,925.00	127,925.00	98,089.84	17,663.55	12,171.61	
Snow Removal:						
Salaries and Wages	5,000.00	5,000.00	5,000.00			
Other Expenses	5,000.00	5,000.00	5,000.00			
Environmental Commission:						
Other Expenses	900.00	900.00	880.38		19.62	
Shade Tree Commission:						
Other Expenses	14,000.00	14,000.00		14,000.00		
<u>HEALTH AND HUMAN SERVICES FUNCTIONS</u>						
Board of Health:						
Salaries and Wages	7,550.00	7,550.00	6,612.00		938.00	
Other Expenses	945.00	945.00	680.00	147.00	118.00	
Dog Regulations:						
Other Expenses	100.00	100.00			100.00	
Property Clean-Ups:						
Other Expenses	10,000.00	10,000.00	7,900.00		2,100.00	

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017**

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>- Expended -</u>		<u>Cancelled</u>
				<u>Encumbered</u>	<u>Reserved</u>	
<u>PARK AND RECREATION FUNCTIONS</u>						
Department of Recreation :						
Salaries and Wages	\$ 100,000.00	\$ 90,000.00	\$ 85,692.60		\$ 4,307.40	
Other Expenses	52,000.00	52,000.00	47,220.78	\$ 2,739.66	2,039.56	
Celebration of Public Events:						
Other Expenses	6,200.00	6,200.00	5,409.99		790.01	
Office on Aging (Social Services)						
Salaries and Wages	72,700.00	72,700.00	70,478.40		2,221.60	
Other Expenses	32,150.00	24,150.00	14,435.65	2,509.73	7,204.62	
Pool Expenses						
Salaries and Wages	123,000.00	109,800.00	109,263.04		536.96	
Other Expenses	63,700.00	51,700.00	51,345.96	351.57	2.47	
Parks and Playgrounds:						
Salaries and Wages	155,600.00	155,600.00	152,966.61		2,633.39	
Other Expenses	29,200.00	29,200.00	27,373.94	1,150.16	675.90	
<u>UTILITY EXPENSES AND BULK PURCHASES</u>						
Telephone:						
Salaries and Wages	50,000.00	48,000.00	45,833.55		2,166.45	
Other Expenses	8,100.00	9,100.00	7,737.63	322.65	1,039.72	
Gasoline	28,000.00	22,000.00	16,853.47	1,762.35	3,384.18	
Natural Gas Heating	11,500.00	10,000.00	6,521.03		3,478.97	
<u>UNCLASSIFIED</u>						
Terminal Leave:						
Salaries and Wages	10,000.00	10,000.00	10,000.00			
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)</u>						
Construction Official (Chief Admin. Of Enforcement Agency)						
Salaries and Wages	58,200.00	58,200.00	55,867.39		2,332.61	
Other Expenses	2,850.00	2,850.00	150.80	69.23	2,629.97	
Total Operations within "CAPS"	<u>6,350,321.00</u>	<u>6,355,821.00</u>	<u>5,834,894.82</u>	<u>217,335.62</u>	<u>303,590.56</u>	
<u>CONTINGENT</u>	<u>1,000.00</u>	<u>1,000.00</u>			<u>1,000.00</u>	
Total Operations Including Contingent - within "CAPS"	\$ <u>6,351,321.00</u>	\$ <u>6,356,821.00</u>	\$ <u>5,834,894.82</u>	\$ <u>217,335.62</u>	\$ <u>304,590.56</u>	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

Detail:	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
Salaries and Wages	\$ 3,833,750.00	\$ 3,831,069.00	\$ 3,662,689.51		\$ 112,545.94	
Other Expenses (Including Contingent)	2,517,571.00	2,525,752.00	2,172,205.31	\$ 217,335.62	192,044.62	
 DEFERRED CHARGES AND STATUTORY EXPENDITURES -						
MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 158,299.87	\$ 158,299.87	\$ 158,299.87			
Social Security System (O.A.S.I.)	295,400.00	289,900.00	273,760.74		\$ 16,139.26	
Police and Firemen's Pension Fund	352,614.00	352,614.00	352,614.00			
Defined Contribution Retirement Plan	<u>2,000.00</u>	<u>2,000.00</u>				\$ <u>2,000.00</u>
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	<u>808,313.87</u>	<u>802,813.87</u>	<u>784,674.61</u>		<u>16,139.26</u>	<u>2,000.00</u>
Total General Appropriations for Municipal Purposes within "CAPS"	\$ <u>7,159,634.87</u>	\$ <u>7,159,634.87</u>	\$ <u>6,619,569.43</u>	\$ <u>217,335.62</u>	\$ <u>320,729.82</u>	<u>2,000.00</u>
 OPERATIONS - EXCLUDED FROM "CAPS"						
Other Operations - Excluded from "CAPS":						
Maintenance of Free Public Library	\$ 293,517.19	\$ 293,517.19	\$ 283,992.49	\$ 2,668.87	\$ 6,855.83	
Length of Service Award Program (LOSAP)	60,000.00	60,000.00	60,000.00			
NJPOEPS/Stormwater Permit (NJSA 40A:4-45.3(cc)):						
Engineering - Other Expenses	<u>7,700.00</u>	<u>7,700.00</u>	<u>1,421.88</u>	<u>209.63</u>	<u>6,068.49</u>	
Total Other Operations - Excluded from "CAPS"	<u>361,217.19</u>	<u>361,217.19</u>	<u>345,414.37</u>	<u>2,878.50</u>	<u>12,924.32</u>	
 Interlocal Municipal Service Agreements:						
Middlesex County Improvement Authority:						
Public Health Service Contract:						
Other Expenses	37,500.00	37,500.00	37,466.98		33.02	
MCIA:						
Recycling Program - Other Expenses	119,000.00	119,000.00	88,347.10		30,652.90	
Township of Woodbridge - Animal Control:						
Other Expenses	10,760.00	10,760.00	7,953.00		2,807.00	
Mobile Data Terminal System - South Brunswick:						
Other Expenses	13,500.00	13,500.00	13,450.00		50.00	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	Budget	Budget After Modification	- Expended -			Cancelled
			Paid or Charged	Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS" (CONTINUED)						
Interlocal Municipal Service Agreements: (Continued)						
School Age Child Care Program:						
Salary and Wages	\$ 290,500.00	\$ 290,500.00	\$ 284,022.01		\$ 6,477.99	
Other Expenses	109,500.00	109,500.00	101,344.02	\$ 7,383.02	772.96	
Donations - Milltown Revitalization Committee	1,813.00	1,813.00	1,583.84		229.16	
Total Interlocal Municipal Service Agreements	582,573.00	582,573.00	534,166.95	7,383.02	41,023.03	
Public and Private Programs Offset by Revenues:						
Municipal Alliance on Alcohol and Drug Program:						
Matching Portion	4,069.00	4,069.00	4,069.00			
Grant Portion	16,276.00	16,276.00	16,276.00			
Middlesex County Office on Aging - Grant Portion	8,000.00	8,000.00	8,000.00			
Clean Communities Program	14,025.37	14,025.37	14,025.37			
Open Space, Recreation, Farmland Grant	35,140.00	35,140.00	35,140.00			
Matching Funds for Grant	3,000.00	3,000.00			3,000.00	
Body Armor Replacement Program	1,785.52	1,785.52	1,785.52			
Total Public and Private Programs Offset by Revenues	82,295.89	82,295.89	79,295.89		3,000.00	
Total Operations - Excluded from "CAPS"	\$ 1,026,086.08	\$ 1,026,086.08	\$ 958,877.21	\$ 10,261.52	\$ 56,947.35	
Detail:						
Other Expenses	\$ 1,026,086.08	\$ 1,026,086.08	\$ 958,877.21	\$ 10,261.52	\$ 56,947.35	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00			
Down payments on Improvements	442,000.00	442,000.00	442,000.00			
Total Capital Improvements Excluded from "CAPS"	\$ 472,000.00	\$ 472,000.00	\$ 472,000.00			
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	\$ 405,000.00	\$ 405,000.00	\$ 405,000.00			
Note Principal	146,000.00	146,000.00	146,000.00			
Interest on Bonds	110,000.00	110,000.00	109,906.26			\$ 93.74
Interest on Notes	46,800.00	46,800.00	46,450.17			349.83

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget After Modification</u>	- Expended -			
			<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" (CONTINUED)						
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	\$ 17,370.00	\$ 17,370.00	\$ 17,369.90			\$ 0.10
Total Municipal Debt Service - Excluded from "CAPS"	\$ 725,170.00	\$ 725,170.00	\$ 724,726.33			\$ 443.67
DEFERRED CHARGES:						
Deferred Charges to Future Taxation - Unfunded	\$ 22,114.58	\$ 22,114.58	\$ 22,114.58			
Total Deferred Charges - Excluded from "CAPS"	\$ 22,114.58	\$ 22,114.58	\$ 22,114.58			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 2,245,370.66	\$ 2,245,370.66	\$ 2,177,718.12	\$ 10,261.52	\$ 56,947.35	\$ 443.67
Total General Appropriations - Excluded from "CAPS"	\$ 2,245,370.66	\$ 2,245,370.66	\$ 2,177,718.12	\$ 10,261.52	\$ 56,947.35	\$ 443.67
Subtotal General Appropriations	\$ 9,405,005.53	\$ 9,405,005.53	\$ 8,797,287.55	\$ 227,597.14	\$ 377,677.17	\$ 2,443.67
RESERVE FOR UNCOLLECTED TAXES	533,472.40	533,472.40	533,472.40			
Total General Appropriations	\$ 9,938,477.93	\$ 9,938,477.93	\$ 9,330,759.95	\$ 227,597.14	\$ 377,677.17	\$ 2,443.67
				A-21	A	A-1
<u>Detail:</u>						
Budget as Adopted		\$ 9,813,477.93				
Added by Special Emergency NJSA 40A:55		125,000.00				
		\$ 9,938,477.93				
Disbursed		\$ 9,086,791.22				
Less: Contra Receipts		424,730.56	\$ 8,662,060.66			
Commitments Payable			60,000.00			
Reserve for Uncollected Taxes			533,472.40			
Grant Fund Appropriated Reserves			79,295.89			
			\$ 9,334,828.95			

See Notes to Financial Statements

BOROUGH OF MILLTOWN
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
TRUST FUND
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2017</u>	<u>2016</u>
Animal Control Fund:			
Cash, Treasurer	B-1	\$ 3,637.24	\$ 1,267.64
Due from Borough Clerk	B-7	<u>52.20</u>	<u>52.20</u>
Total Animal Control Fund		<u>3,689.44</u>	<u>1,319.84</u>
Trust-Other Fund:			
Cash, Treasurer	B-1	850,013.50	774,597.51
Due from Municipal Court	B-4	<u>400.00</u>	<u>608.00</u>
Total Trust-Other Fund		<u>850,413.50</u>	<u>775,205.51</u>
Payroll Trust Fund:			
Cash, Treasurer	B-1	41,668.20	39,299.02
Due from Current Fund	A-11/B-6	<u> </u>	<u>361.11</u>
Total Payroll Trust Fund		<u>41,668.20</u>	<u>39,660.13</u>
Public Assistance Trust Fund:			
Cash, Treasurer	B-1	<u>8,973.76</u>	<u>8,973.76</u>
Total Public Assistance Trust Fund		<u>8,973.76</u>	<u>8,973.76</u>
LOSAP Fund (Unaudited):			
Cash, Trustee	B	<u>1,078,002.86</u>	<u>912,846.19</u>
Total LOSAP Fund		<u>1,078,002.86</u>	<u>912,846.19</u>
		<u>\$ 1,982,747.76</u>	<u>\$ 1,738,005.43</u>

See Notes to Financial Statements

BOROUGH OF MILLTOWN
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
TRUST FUND
DECEMBER 31, 2017 AND 2016

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>December 31,</u>	
		<u>2017</u>	<u>2016</u>
Animal Control Fund:			
Reserve for Animal Control	B-2	\$ 3,682.24	\$ 1,312.64
Due to State of New Jersey	B-3	<u>7.20</u>	<u>7.20</u>
Total Animal Control Fund		<u>3,689.44</u>	<u>1,319.84</u>
Trust-Other Fund:			
Reserve for Various Deposits	B-4	774,053.77	726,115.28
Reserve for Encumbrances	B-7	6,980.50	1,800.00
Reserve for Unemployment Compensation	B-5	<u>69,379.23</u>	<u>47,290.23</u>
Total Trust-Other Fund		<u>850,413.50</u>	<u>775,205.51</u>
Payroll Trust Fund:			
Payroll Deductions Payable	B-6	<u>41,668.20</u>	<u>39,660.13</u>
Total Payroll Trust Fund		<u>41,668.20</u>	<u>39,660.13</u>
Public Assistance Trust Fund:			
Reserve for Public Assistance	B-1	<u>8,973.76</u>	<u>8,973.76</u>
Total Public Assistance Trust Fund		<u>8,973.76</u>	<u>8,973.76</u>
LOSAP Fund (Unaudited):			
Res. For LOSAP Funds Held by Trustee	B	<u>1,078,002.86</u>	<u>912,846.19</u>
Total LOSAP Fund		<u>1,078,002.86</u>	<u>912,846.19</u>
		<u>\$ 1,982,747.76</u>	<u>\$ 1,738,005.43</u>

See Notes to Financial Statements

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

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance, December 31</u>	
		<u>2017</u>	<u>2016</u>
Cash, Treasurer	C-2, C-3	\$ 135,115.20	\$ 324,519.08
Due from State of New Jersey - DOT	C-4	862,981.87	865,645.04
Due from Grant Fund	C-14	50,000.00	50,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	3,643,771.94	4,062,657.77
Unfunded	C-6	11,985,062.37	3,900,884.37
		<u>\$ 16,676,931.38</u>	<u>\$ 9,203,706.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-7	\$ 3,480,000.00	\$ 3,885,000.00
Bond Anticipation Notes	C-9	1,953,000.00	2,069,000.00
NJDEP Green Trust Loan	C-8	163,771.94	177,657.77
Reserve for Encumbrances	C-13	173,597.25	382,136.94
Improvement Authorizations:			
Funded	C-12	556,551.34	34,212.66
Unfunded	C-12	10,086,263.28	1,884,788.27
Reserve for:			
Capital Improvement Fund	C-10	47,487.74	33,005.74
Grant Receivable State of NJ - DOT	C-4	154,854.83	670,000.00
Water Retention	C-11	11,428.58	11,428.58
Fund Balance	C-1	<u>49,976.42</u>	<u>56,476.30</u>
Total Capital Fund		<u>\$ 16,676,931.38</u>	<u>\$ 9,203,706.26</u>

There were Bonds and Notes Authorized but not Issued at December 31, 2017 and December 31, 2016 in the amount of \$9,984,292.58 and \$1,762,000.00 respectively (See Exhibit C-15).

See Notes to Financial Statements

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

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> C	\$ 56,476.30
 <u>INCREASED BY:</u>		
Premium on Sale of Bond Anticipation Notes	C-12	\$ <u>15,614.70</u>
		72,091.00
 <u>DECREASED BY:</u>		
Transfer to Current Fund as Miscellaneous Revenue	C-2	\$ <u>22,114.58</u>
 <u>BALANCE, DECEMBER 31, 2017</u>		
	C	\$ <u><u>49,976.42</u></u>

See Notes to Financial Statements

BOROUGH OF MILLTOWN
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
WATER AND SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance, December 31</u>	
		<u>2017</u>	<u>2016</u>
Operating Fund:			
Cash, Treasurer	D-5	\$ 1,549,281.90	\$ 1,905,911.23
Due from Water-Sewer Utility Capital Fund	D-5	<u>55,000.00</u>	<u> </u>
		<u>1,604,281.90</u>	<u>1,905,911.23</u>
Receivables and Inventory with Offsetting Reserves:			
Consumer Accounts Receivable	D-7	345,660.17	321,563.87
Inventory	D-8	<u>25,694.19</u>	<u>31,006.45</u>
		<u>371,354.36</u>	<u>352,570.32</u>
 Total Operating Fund		 <u>1,975,636.26</u>	 <u>2,258,481.55</u>
Capital Fund:			
Cash, Treasurer	D-5, D-6	37,637.03	210,679.93
Accounts Receivable - NJEIT Loan Receivable	D-14		299,954.34
Fixed Capital	D-15	15,545,304.13	13,416,802.42
Fixed Capital Authorized and Uncompleted	D-16	<u>3,895,000.00</u>	<u>3,960,000.00</u>
 Total Capital Fund		 <u>19,477,941.16</u>	 <u>17,887,436.69</u>
		 <u>\$ 21,453,577.42</u>	 <u>\$ 20,145,918.24</u>

See Notes to Financial Statements

BOROUGH OF MILLTOWN
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
WATER AND SEWER UTILITY FUND
DECEMBER 31, 2017 AND 2016

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance, December 31</u>	
		<u>2017</u>	<u>2016</u>
Operating Fund:			
Appropriation Reserves	D-4, D-9	\$ 486,328.19	\$ 340,515.11
Reserve for Encumbrances	D-10	366,385.15	351,400.43
Consumer Overpayments	D-11	4,853.55	8,135.40
Commitments Payable	D-12	196,157.77	205,592.28
Accrued Interest on Bonds, Loans and Notes	D-13	48,039.87	48,689.65
		<u>1,101,764.53</u>	<u>954,332.87</u>
Reserve for Receivables and Inventory	Reserve	371,354.36	352,570.32
Fund Balance	D-1	<u>502,517.37</u>	<u>951,578.36</u>
Total Operating Fund		<u>1,975,636.26</u>	<u>2,258,481.55</u>
Capital Fund:			
Serial Bonds Payable	D-17	1,958,000.00	2,198,000.00
Bond Anticipation Notes	D-18	72,000.00	96,000.00
NJEIT Loan:			
Federal	D-19	2,601,333.13	2,833,560.03
State	D-19	1,576,193.00	1,638,430.00
Improvement Authorizations:			
Unfunded	D-20	3,446,487.67	1,733,959.44
Capital Improvement Fund	D-21	90,087.05	60,087.05
Due to Water-Sewer Utility Operating Fund	D-5	55,000.00	
Reserve for:			
Encumbrances	D-22	145,121.65	276,580.07
Paint Water Tower	D-23	50,000.00	50,000.00
Amortization	D-24	9,061,828.29	8,590,684.39
Deferred Reserve for Amortization	D-25	346,854.66	335,100.00
Fund Balance	D-2	<u>75,035.71</u>	<u>75,035.71</u>
Total Capital Fund		<u>19,477,941.16</u>	<u>17,887,436.69</u>
		<u>\$ 21,453,577.42</u>	<u>\$ 20,145,918.24</u>

There were Water-Sewer Utility Bonds and Notes Authorized but not Issued at December 31, 2017 and 2016 in the amount of \$3,820,028.00 and \$1,685,028.00, respectively (Exhibit D-26 of Supplementary Schedules).

See Notes to Financial Statements

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 796,651.73	\$ 500,814.15
Water Rents	D-3	2,364,977.17	2,361,545.68
Water Tower Rental Fees	D-3	142,988.60	144,690.86
Morel Assessment	D-3	50,000.00	50,000.00
Nonbudget Revenues	D-3	21,445.61	41,450.15
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	D-9	177,135.36	215,955.83
Cancellation of Current Appropriations	D-4	<u>41,044.00</u>	<u>60,776.35</u>
 Total Income		 <u>\$ 3,594,242.47</u>	 <u>\$ 3,375,233.02</u>
 <u>EXPENDITURES</u>			
Budget Appropriations:			
Operating	D-4	\$ 2,402,035.73	\$ 2,153,200.73
Capital Improvements	D-4	110,000.00	30,000.00
Debt Service	D-4	657,616.00	595,940.00
Deferred Charges and Statutory Expenditures	D-4	77,000.00	79,473.42
Refund of Prior Year's Revenue		<u>40,000.00</u>	<u>40,000.00</u>
 Total Expenditures		 <u>\$ 3,246,651.73</u>	 <u>\$ 2,898,614.15</u>
 Excess in Revenue over Expenditures		 \$ 347,590.74	 \$ 476,618.87
 Statutory Excess to Fund Balance		 \$ 347,590.74	 476,618.87
 Fund Balance, January 1	D	 <u>951,578.36</u>	 <u>975,773.64</u>
		\$ 1,299,169.10	\$ 1,452,392.51
Decreased By:			
Utilization as Anticipated Revenue	D-1	<u>796,651.73</u>	<u>500,814.15</u>
 Fund Balance, December 31	D	 <u>\$ 502,517.37</u>	 <u>\$ 951,578.36</u>

See Notes to Financial Statements

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D	
<u>AND</u>		
<u>BALANCE, DECEMBER 31, 2017</u>	D	\$ <u><u>75,035.71</u></u>

There was no change during the year.

See Notes to Financial Statements

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Fund Balance Anticipated	D-1	\$ 796,651.73	\$ 796,651.73	
Water-Sewer Rents	D-7	2,260,000.00	2,364,977.17	\$ 104,977.17
Water Tower Rental Fees	D-5	140,000.00	142,988.60	2,988.60
Moral Assessment	D-5	<u>50,000.00</u>	<u>50,000.00</u>	
		\$ 3,246,651.73	\$ 3,354,617.50	\$ 107,965.77
Nonbudget Revenue	D-5	<u> </u>	<u>21,445.61</u>	<u>21,445.61</u>
		<u>\$ 3,246,651.73</u>	<u>\$ 3,376,063.11</u>	<u>\$ 129,411.38</u>
	<u>Ref.</u>	<u>D-4</u>		

ANALYSIS OF REALIZED REVENUE

	<u>Total</u>
Nonbudget Revenue:	
Interest/Costs Water	\$ 12,594.08
Water/Sewer Service Tie In	2,050.00
Final Billing Fee	2,850.00
Tax Sale Cost	1,334.23
Cit-E-Net Fees	807.30
Miscellaneous	<u>1,810.00</u>
	D-5 \$ <u>21,445.61</u>

See Notes to Financial Statements

**BOROUGH OF MILLTOWN
 WATER AND SEWER UTILITY REGULATORY FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2017**

	- Expended -					
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATING						
Salaries and Wages	\$ 356,500.00	\$ 356,500.00	\$ 294,900.57		\$ 61,599.43	
Other Expenses - Operating	850,225.00	850,225.00	612,126.44	\$ 40,621.61	197,476.95	
Water Purchase - City of New Brunswick	480,000.00	480,000.00	304,571.06	114,655.14	60,773.80	
Sewer Disposal - City of New Brunswick	659,100.00	659,100.00	367,909.64	211,108.40	80,081.96	
Sewer Back Charges - City of New Brunswick	46,210.73	46,210.73	46,210.73			
Terminal Leave	10,000.00	10,000.00	10,000.00			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Operating	\$ 2,402,035.73	\$ 2,402,035.73	\$ 1,635,718.44	\$ 366,385.15	\$ 399,932.14	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00			
Capital Outlay	80,000.00	80,000.00			\$ 80,000.00	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Capital Improvements	\$ 110,000.00	\$ 110,000.00	\$ 30,000.00		\$ 80,000.00	
DEBT SERVICE						
Payment of Bond Principal	\$ 240,000.00	\$ 240,000.00	\$ 240,000.00			
Payment of Bond Anticipation Notes and Capital Notes	24,000.00	24,000.00	24,000.00			
Interest on Bonds	55,662.00	55,662.00	55,661.25			0.75
Interest on Notes	2,177.00	2,177.00	2,082.01			\$ 94.99
NJEIT Program - Principal & Interest	335,777.00	335,777.00	295,000.47			40,776.53
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Debt Service	\$ 657,616.00	\$ 657,616.00	\$ 616,743.73			\$ 40,872.27
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 39,000.00	\$ 39,000.00	\$ 38,828.27			171.73
Social Security System (O.A.S.I.)	28,000.00	28,000.00	21,603.95		\$ 6,396.05	
Unemployment Compensation Insurance (NJSA 43:21 et. Seq.)	10,000.00	10,000.00	10,000.00			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Charges and Statutory Expenditures	\$ 77,000.00	\$ 77,000.00	\$ 70,432.22		\$ 6,396.05	171.73
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Water and Sewer Utility Appropriations	\$ 3,246,651.73	\$ 3,246,651.73	\$ 2,352,894.39	\$ 366,385.15	\$ 486,328.19	\$ 41,044.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Ref.	D-3	D-1	D, D-10	D	D-1
Cash Disbursed				\$ 2,206,294.56		
Accrued Interest On Bonds, Loans and Notes				146,599.83		
				<u> </u>		
				\$ 2,352,894.39		

See Notes to Financial Statements

BOROUGH OF MILLTOWN
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
ELECTRIC UTILITY FUND
DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance, December 31</u>	
		<u>2017</u>	<u>2016</u>
Operating Fund:			
Cash, Treasurer	E-5	\$ 3,781,884.05	\$ 4,293,290.75
Change Fund	E-6	<u>100.00</u>	<u>100.00</u>
		<u>3,781,984.05</u>	<u>4,293,390.75</u>
Receivables and Inventory with Offsetting Reserves:			
Consumer Accounts Receivable	E-8	653,436.66	721,433.22
Inventory	E-9	<u>102,457.50</u>	<u>88,405.50</u>
		<u>755,894.16</u>	<u>809,838.72</u>
Total Operating Fund		<u>4,537,878.21</u>	<u>5,103,229.47</u>
Capital Fund:			
Cash, Treasurer	E-5, E-7	434,771.29	138,937.56
Accounts Receivable - NJEIT Loan Receivable	E-16	52,803.05	438,101.05
Fixed Capital	E-17	6,616,229.77	6,616,229.77
Fixed Capital Authorized and Uncompleted	E-18	<u>18,375,000.00</u>	<u>14,785,000.00</u>
Total Capital Fund		<u>25,478,804.11</u>	<u>21,978,268.38</u>
		<u>\$ 30,016,682.32</u>	<u>\$ 27,081,497.85</u>

See Notes to Financial Statements

BOROUGH OF MILLTOWN
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
ELECTRIC UTILITY FUND
DECEMBER 31, 2017 AND 2016

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u>	
		<u>Dec 31, 2017</u>	<u>Dec 31, 2016</u>
Operating Fund:			
Appropriation Reserves	E-4, E-10	\$ 986,587.16	\$ 667,672.98
Reserve for Encumbrances	E-11	229,945.07	482,658.12
Consumer Overpayments	E-12	10,660.23	14,613.34
Consumer Deposits	E-13	130,751.26	122,017.26
Commitments Payable	E-14	67,855.43	66,581.70
Accrued Interest on Bonds, Loans and Notes	E-15	53,070.38	55,743.82
		<u>1,478,869.53</u>	<u>1,409,287.22</u>
Reserve for Receivables and Inventory	Reserve	755,894.16	809,838.72
Fund Balance	E-1	<u>2,303,114.52</u>	<u>2,884,103.53</u>
Total Operating Fund		<u>4,537,878.21</u>	<u>5,103,229.47</u>
Capital Fund:			
Serial Bonds Payable	E-19	1,379,000.00	1,514,000.00
Bond Anticipation Notes	E-20	114,000.00	152,000.00
NJEIT Loan:			
Federal	E-21	7,175,593.23	7,574,237.29
State	E-21	3,225,000.00	3,345,000.00
Improvement Authorizations:			
Unfunded	E-22	3,781,101.75	484,614.53
Capital Improvement Fund	E-23	12,321.81	12,321.81
Reserve for:			
Encumbrances	E-27	252,725.69	512,677.18
Line Extensions	E-24	7,700.00	7,700.00
Various Reserves	E-28	464,000.00	
Amortization	E-26	5,968,161.54	5,276,517.48
Deferred Reserve for Amortization	E-25	2,799,475.00	2,799,475.00
Fund Balance	E-2	<u>299,725.09</u>	<u>299,725.09</u>
Total Capital Fund		<u>25,478,804.11</u>	<u>21,978,268.38</u>
		<u>\$ 30,016,682.32</u>	<u>\$ 27,081,497.85</u>

There were Electric Utility Bonds and Notes Authorized but not Issued at December 31, 2017 and 2016 in the amount of \$4,330,000.00 and \$740,000.00 respectively (Exhibit E-29 of Supplementary Schedules).

See Notes to Financial Statements

BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Electric Charges	E-3	\$ 7,688,092.95	\$ 7,983,114.92
Nonbudget Revenues	E-3	65,917.78	130,386.57
Other Credits to Income:			
Current Appropriations Canceled	E-4	5,030.29	
Unexpended Balance of Appropriation Reserves	E-10	<u>886,501.97</u>	<u>1,039,316.76</u>
Total Income		<u>\$ 8,645,542.99</u>	<u>\$ 9,152,818.25</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operating	E-4	\$ 6,544,525.00	\$ 6,503,550.00
Capital Improvements	E-4	55,000.00	55,000.00
Debt Service	E-4	868,016.00	663,220.00
Deferred Charges and Statutory Expenditures	E-4	<u>144,650.00</u>	<u>153,200.00</u>
Total Expenditures		<u>\$ 7,612,191.00</u>	<u>\$ 7,374,970.00</u>
Excess in Revenue over Expenditures		<u>1,033,351.99</u>	<u>1,777,848.25</u>
Statutory Excess to Fund Balance		\$ 1,033,351.99	\$ 1,777,848.25
Fund Balance, January 1	E	<u>2,884,103.53</u>	<u>2,278,596.28</u>
		\$ 3,917,455.52	\$ 4,056,444.53
Decreased by:			
Surplus - Prior Years - General Budget	E-5	<u>\$ 1,614,341.00</u>	<u>\$ 1,172,341.00</u>
		<u>\$ 1,614,341.00</u>	<u>\$ 1,172,341.00</u>
Fund Balance, December 31	E	<u>\$ 2,303,114.52</u>	<u>\$ 2,884,103.53</u>

See Notes to Financial Statements

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	
<u>BALANCE, DECEMBER 31, 2016</u>	E	
<u>AND</u>		
<u>BALANCE, DECEMBER 31, 2017</u>	E	\$ <u>299,725.09</u>

(There was no change during the year)

See Notes to Financial Statements

BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Electric, Light and Power Sales	E-8	\$ <u>7,612,191.00</u>	\$ <u>7,688,092.95</u>	\$ <u>75,901.95</u>
Nonbudget Revenue	E-3	<u> </u>	<u>65,917.78</u>	<u>65,917.78</u>
		<u>\$ 7,612,191.00</u>	<u>\$ 7,754,010.73</u>	<u>\$ 141,819.73</u>
	<u>Ref.</u>	E-4		

ANALYSIS OF NONBUDGET REVENUE

	<u>Ref.</u>	<u>Total</u>
Nonbudget Revenue:		
Interest on Costs		\$ 30,109.50
Cit-E-Net Fees		2,259.90
Ryders Lane Light		407.70
Final Billing		4,325.00
Tax Sale		2,878.80
Miscellaneous		<u>25,936.88</u>
	E-5	<u>\$ 65,917.78</u>

See Notes to Financial Statements

**BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017**

			- Expended -			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Canceled</u>
OPERATING						
Salaries and Wages	\$ 697,000.00	\$ 697,000.00	\$ 579,321.67		\$ 117,678.33	
Other Expenses	1,087,525.00	1,087,525.00	667,009.89	\$ 49,168.08	371,347.03	
Bulk Energy Purchase	4,750,000.00	4,750,000.00	4,137,770.80	180,776.99	431,452.21	
Terminal Leave	10,000.00	10,000.00	10,000.00			
	<u>6,544,525.00</u>	<u>6,544,525.00</u>	<u>5,394,102.36</u>	<u>229,945.07</u>	<u>920,477.57</u>	
Total Operating						
CAPITAL IMPROVEMENTS						
Capital Outlay	55,000.00	55,000.00			55,000.00	
	<u>55,000.00</u>	<u>55,000.00</u>			<u>55,000.00</u>	
Total Capital Improvements						
DEBT SERVICE						
Payment of Bond Principal	135,000.00	135,000.00	135,000.00			
Payment of Bond Anticipation Notes	38,000.00	38,000.00	38,000.00			
Interest on Bonds	46,472.00	46,472.00	46,303.25			\$ 168.75
Interest on Notes	3,458.00	3,458.00	3,453.31			4.69
NJEIT Principal and Interest	645,086.00	645,086.00	640,235.82			4,850.18
	<u>868,016.00</u>	<u>868,016.00</u>	<u>862,992.38</u>			<u>5,023.62</u>
Total Debt Service						
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	80,650.00	80,650.00	80,643.33			6.67
Social Security System (O.A.S.I.)	54,000.00	54,000.00	42,890.41		11,109.59	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	10,000.00	10,000.00	10,000.00			
	<u>144,650.00</u>	<u>144,650.00</u>	<u>133,533.74</u>		<u>11,109.59</u>	<u>6.67</u>
Total Deferred Charges and Statutory Expenditures						
Total Electric Utility Appropriations	\$ <u>7,612,191.00</u>	\$ <u>7,612,191.00</u>	\$ <u>6,390,628.48</u>	\$ <u>229,945.07</u>	\$ <u>986,587.16</u>	\$ <u>5,030.29</u>
	Ref. E-3	E-3		E, E-11	E	E-1
Cash Disbursed	E-5	\$ 6,250,723.37				
Contra Receipts	E-5	<u>(31,443.21)</u>	\$ 6,219,280.16			
Accrued Interest on Bonds and Notes	E-15		<u>171,348.32</u>			
			<u>\$ 6,390,628.48</u>			

See Notes to Financial Statements

BOROUGH OF MILLTOWN
GOVERNMENTAL FIXED ASSETS ACCOUNT
SCHEDULE OF CHANGES IN GOVERNMENTAL FIXED ASSETS

	Balance December 31, 2016	Increased by	Decreased by	Balance December 31, 2017
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Fixed Assets:				
Land and Buildings	\$ 6,204,950.00			\$ 6,204,950.00
Vehicles	4,213,948.00		\$ 179,805.00	4,034,143.00
Equipment	<u>3,712,781.00</u>	\$ <u>244,374.00</u>		<u>3,957,155.00</u>
	<u>\$ 14,131,679.00</u>	<u>\$ 244,374.00</u>	<u>\$ 179,805.00</u>	<u>\$ 14,196,248.00</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The Borough of Milltown is located in Middlesex County, New Jersey, just outside the City of New Brunswick and approximately 35 miles south of New York City and 50 miles North of Philadelphia. The population, according to the 2010 census, is 6,968.

The Borough of Milltown operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a 2/3 vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

The financial statements do not include the operations of the Municipal Library, Redevelopment Agency or Volunteer Fire Companies, which are distinct entities subject to separate examinations or accounting requirements.

- B. Description of Funds - The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. However, the accounting policies of the Borough conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are an "Other Comprehensive Basis of Accounting" (OCBOA) which differs from accounting principles generally accepted in the United States of America ("GAAP") for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds and an account which differs from GAAP.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal, State and County grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in Trust Funds. These include the Animal Control Trust Fund, Trust Other Fund, Public Assistance Fund and other required funds.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Utilities Funds – Water-Sewer and Electric Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Free Public Library - Budget Appropriations and State Aid are transferred to the Free Public Library bank account and are expended with the approval of the Library for its purposes. Interest on investments, Library fines and other revenue are retained by the Library and expended there from. The Library is the subject of a separate report.

Payroll Trust Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into bank accounts of the Payroll Fund. Other deductions are retained by the operating funds and paid directly there from. A Payroll Fund does not exist under GAAP.

Fixed Asset Accounts - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

- C. Basis of Accounting - The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from GAAP. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue - Property Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Grant Revenue – Federal, State and County grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of Milltown's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Appropriation Reserves - Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Interfund Accounts Receivable - Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water-Sewer and Electric utilities is required, by regulation, to be prepared by Borough personnel for inclusion on the Water-Sewer and Electric Utility Operating Fund balance sheets. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets

General - In accordance with Technical Accounting Directive No. 86-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough of Milltown has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Asset Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Acquisition of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities - Capital acquisitions, including utility infrastructure costs of the Water-Sewer and Electric Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Fixed Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets (Continued)

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Borough has developed a governmental fixed asset accounting and reporting system and, accordingly, a Statement of Governmental Fixed Assets, which is required pursuant to generally accepted accounting principles and accounting practices prescribed for municipalities by the State of New Jersey, is included in the financial statements.

Total Columns on Combined Balance Sheet for all Funds – Supplementary Schedules - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

D. Basic Financial Statements - The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Subsequent Event

Management has reviewed and evaluated all events and transactions from December 31, 2017 through August 9, 2018, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Borough that would require disclosure.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Other Accounting Standards

The Borough is currently reviewing the following for applicability and potential impact on the financial statements:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

Effective Date: The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Borough does not expect this Statement to have an impact its financial statements.

- *GASB Statement No. 82. Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal yearend. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Borough does not expect this Statement to impact its financial statements.

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

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Other Accounting Standards (Continued)

- *GASB Statement No. 84. Fiduciary Activities.* This objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 85. Omnibus 2017.* This objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 86. Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The Borough does not expect this Statement to impact its financial statements.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Other Accounting Standards (Continued)

- *GASB Statement No. 87.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

- *GASB Statement No. 88. Certain Disclosures Related to Debt, including Borrowings and Direct Placements.* The primary objective of this Statement is to improve the information and is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Other Accounting Standards (Continued)

- *GASB Statement No. 89. Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

A. Cash and Cash Equivalents (Continued)

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

B. Investments

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk

As of December 31, 2017, the Borough had funds on deposit in checking, New Jersey Cash Management Fund, statement savings accounts and certificates of deposit. The carrying amount of the Borough's Cash and Cash Equivalents as of December 31, 2017 was \$9,615,025.47. The funds were covered by the Government Unit Deposit Protection Act "GUDPA". These funds constitute "deposits with financial institutions" as defined by GASB Statement #3 as amended by GASB Statement No. 40. There were no securities that the Borough held that could be categorized as investments.

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

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

Comparative Schedule of Tax Rates

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 5.506	\$ 5.310	\$ 5.199	\$ 5.016	\$ 4.871
Apportionment of Tax Rate:					
Municipal:					
Regular	1.176	1.147	1.092	1.065	1.035
Library	0.065	0.058	0.063	0.063	0.067
County:					
Regular	0.727	0.693	0.703	0.705	0.712
Open Space	0.060	0.063	0.058	0.058	0.061
Local School	3.478	3.349	3.283	3.125	2.996

Assessed Valuation

2017	\$ 446,493,900.00
2016	447,408,700.00
2015	447,789,600.00
2014	449,462,134.00
2013	450,580,758.00

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2017	\$ 24,598,394.69	\$ 24,192,810.20	98.35%
2016	23,803,102.55	23,305,386.62	97.91%
2015	23,280,722.46	22,898,148.15	98.36%
2014	22,555,381.08	22,149,868.26	98.20%
2013	21,965,078.62	21,580,924.96	98.25%

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	\$ 1,827,563.75	\$ 179,396.27	\$ 2,006,960.02	8.16%
2016	1,635,672.10	121,235.57	1,756,907.67	7.38%
2015	1,292,927.53 *	19,417.60	1,312,345.13	5.67%
2014	957,437.67	13,777.74	971,215.41	4.31%
2013	633,579.92	5,411.79	633,579.92	2.91%

* The Borough for years 2015 and prior utilized the accelerated tax sale method for current year tax delinquencies. The annual accelerated tax sale was discontinued in 2016. Of the tax title liens all the properties are owned by the same entity and are in bankruptcy.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 4. **PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

Properties were acquired by foreclosure or deed as a result of liquidation of tax title liens. The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 3,400.00
2016	3,400.00
2015	3,400.00
2014	3,400.00
2013	3,400.00

Note 5. **UTILITY RECEIVABLES AND COLLECTIONS**

The Borough operates an Electric Utility and a Water-Sewer for the benefit of its residents.

Comparison of Electric Utility Levies and Collections

The Borough's Electric Utility Customers are billed monthly based on usage.

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u> *
2017	\$ 7,620,096.39	\$ 7,688,092.95
2016	7,941,779.93	7,983,114.92
2015	8,186,468.86	8,094,391.90
2014	7,974,551.89	8,105,594.29
2013	8,280,024.00	8,083,644.15

* Cash collections include amounts that were levied in prior years.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 5. UTILITY RECEIVABLES AND COLLECTIONS (CONTINUED)

Comparison of Water-Sewer Utility Levies and Collections

The Borough's Water-Sewer Utility Customers are billed based on usage quarterly on a cycle basis.

<u>Year</u>		<u>Levy</u>		<u>Cash Collections</u> *
2017	**	\$ 2,389,073.47	\$	2,364,977.17
2016		2,350,030.01		2,361,545.68
2015		2,327,331.82		2,361,249.30
2014		2,315,606.45		2,323,595.36
2013		2,310,866.50		2,222,692.02

* Cash collections include amounts that were levied in prior years.

** Rate increase of 10% effective for the second half of 2017.

Any unpaid levies are subject to the same provision as unpaid taxes under the provision of the New Jersey Statutes.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 6. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Transferred to Current Fund as Revenue in Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>				
2017	\$ 1,018,214.09	\$ 861,500.00	N/A	84.61%
2016	917,707.45	861,500.00	N/A	93.88%
2015	728,214.89	675,000.00	N/A	92.69%
2014	477,634.47	447,000.00	N/A	93.59%
2013	502,604.36	330,000.00	N/A	65.66%
<u>Water-Sewer Utility Operating Fund</u>				
2017	\$ 502,517.37	\$ 500,000.00	\$ None	99.50%
2016	951,578.36	796,651.73	None	83.72%
2015	975,773.64	500,814.15	None	51.32%
2014	858,410.07	338,803.55	None	39.47%
2013	622,048.60	206,413.04	None	33.18%
<u>Electric Utility Operating Fund</u>				
2017	\$ 2,303,114.52	\$ None	\$ 1,172,341.00	50.90%
2016	2,884,103.53	None	1,614,341.00	55.97%
2015	2,278,596.28	None	1,172,341.00	51.45%
2014	885,016.40	None	622,341.00	70.32%
2013	1,107,817.98	50,000.00	622,341.00	56.18%

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 7. DEFERRED CHARGES

A. The Borough's Current Fund reflects Deferred Charges that must be raised in annual budgets as follows:

<u>Original Amount</u>	<u>1/5 of Amount</u>	<u>Balance December 31, 2017</u>	<u>Raised in 2018 Budget</u>	<u>To be Raised in Subsequent Years Budgets</u>		
Special Emergency - 40A:4-53						
Update of Tax Maps	\$ 125,000.00	\$ 25,000.00	\$ <u>125,000.00</u>	\$ <u>25,000.00</u>	\$ <u>100,000.00</u>	

It is anticipated that funds will be provided in future budgets to finance these Deferred Charges. The Borough has the right under NJSA 40A:4-55 to issue debt to the extent of the unfunded authorization.

B. The Borough's General Capital Fund reflects Deferred Charges to Future Taxation Unfunded that must be raised in the annual budgets since there is no debt authorization available to finance a portion of the projects as follows:

<u>Improvement Authorization</u>	<u>Original Amount</u>	<u>Balance December 31, 2017</u>	<u>Raised in 2018 Budget</u>	<u>To be Raised in Subsequent Years Budgets</u>	
Improvements to Boaream Ave					
Ochi Ave and Main Street					
Ordinance #1074	\$ 66,648.50	\$ 13,328.50	\$ 13,328.50		
Improvements to South Street					
Phase I and Other Roads					
Ordinance #1329/1352	43,922.91	<u>35,138.33</u>	<u>8,784.59</u>	<u>\$ 26,353.74</u>	
		<u>\$ 48,466.83</u>	<u>\$ 22,113.09</u>	<u>\$ 26,353.74</u>	

It is anticipated that funds will be provided in future budgets to finance these deferred charges.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments with the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 5,596,771.94	\$ 6,131,657.77	\$ 5,836,269.99
Electric Utility:			
Bonds, Loans and Notes	11,893,293.23	12,585,237.29	11,839,000.00
Water-Sewer Utility:			
Bonds, Loans and Notes	<u>6,207,562.13</u>	<u>6,765,990.03</u>	<u>5,085,588.75</u>
Total Issued	<u>\$ 23,697,627.30</u>	<u>\$ 25,482,885.09</u>	<u>\$ 22,760,858.74</u>
Authorized But Not Issued:			
General:			
Bonds, Loans and Notes	\$ 9,984,292.58	\$ 1,762,000.00	\$ 1,386,000.00
Electric Utility:			
Bonds, Loans and Notes	4,330,000.00	740,000.00	4,300,000.00
Water-Sewer Utility:			
Bonds, Loans and Notes	<u>3,820,028.00</u>	<u>1,685,028.00</u>	<u>2,133,100.00</u>
Total Authorized But Not Issued	<u>\$ 18,134,320.58</u>	<u>\$ 4,187,028.00</u>	<u>\$ 7,819,100.00</u>
Net Bonds, Loans and Notes Issued and Authorized But Not Issued	<u>\$ 41,831,947.88</u>	<u>\$ 29,669,913.09</u>	<u>\$ 30,579,958.74</u>

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 1.78%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 3,992,000.00	\$ 3,992,000.00	\$ None
Electric Utility	16,223,293.23	16,223,293.23	None
Water-Sewer Utility	10,027,590.13	10,027,590.13	None
General Capital	<u>15,581,064.52</u>	<u>None</u>	<u>15,581,064.52</u>
	<u>\$ 45,823,947.88</u>	<u>\$ 30,242,883.36</u>	<u>\$ 15,581,064.52</u>

Net Debt \$15,581,064.52 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, \$875,808,120.38 equals 1.78%. The Annual Debt Statement has been filed.

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

3½% of Average Equalized Valuation Basis (Municipal)	\$ 30,653,284.21
Net Debt	<u>15,581,064.52</u>
Remaining Borrowing Power	<u>\$ 15,072,219.69</u>

School Debt Deduction

School debt is deductible up to the extent of 3.0% of the Average Equalized Assessed Valuation of real property for the Local School District.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Calculation of "Self-Liquidating Purpose", Electric Utility Per N.J.S. 40A:2-45

Cash Receipts for Fees, Rents and Other Charges for the Year		\$ 7,728,073.85
Deductions:		
Operating and Maintenance Costs	\$ 6,689,175.00	
Debt Service	<u>862,992.38</u>	
Total Deductions		<u>7,552,167.38</u>
Excess in Revenue		<u>\$ 175,906.47</u>

There being an excess in revenue for the Electric Utility, the fund was self liquidating and therefore, all the related debt is deductible for purposes of the annual debt statement and resultant net debt calculation.

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

Cash Receipts for Fees, Rents and Other Charges for the Year		\$ 3,374,193.11
Deductions:		
Operating and Maintenance Costs	\$ 2,479,035.73	
Debt Service	<u>616,743.73</u>	
Total Deductions		<u>3,095,779.46</u>
Excess in Revenue		<u>\$ 278,413.65</u>

There being an excess in revenue for the Water-Sewer Utility, the fund was not self liquidating and therefore, all the related debt is deductible for purposes of the annual debt statement and resultant net debt calculation.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Long-Term Debt

As of December 31, 2017, the Borough's long-term debt is as follows:

General Capital Fund - Serial Bonds:

\$2,250,000.00 General Obligation Refunding Bonds,
 Series 2013. Annual maturities of \$190,000.00 to
 \$210,000.00 through August 1, 2025 at interest rates
 ranging from 2.0% to 3.0%.

\$ 1,600,000.00 **

\$2,580,000.00 General Obligation Bonds, Series 2013
 Annual maturities of \$130,000.00 to \$200,000.00
 through December 15, 2027 at interest rates ranging
 from 3.0% to 3.5%.

1,880,000.00 *

\$ 3,480,000.00

Electric Utility Capital - Serial Bonds:

\$1,854,000.00 Electric Utility Bonds, Series 2013
 Annual remaining maturity of \$135,000.00 to \$140,000.00
 through December 15, 2027 at interest rates ranging
 from 3.0% to 3.5%.

\$ 1,379,000.00 *

\$ 1,379,000.00

Water-Sewer Utility Capital Fund - Serial Bonds:

\$2,270,000.00 Water-Sewer System Refunding Bonds,
 Series 2013 - Annual maturities from \$190,000.00 to
 \$215,000.00 through August 1, 2025 interest rates
 ranging from 2.0% to 3.0%.

\$ 1,610,000.00 **

\$448,000.00 Water-Sewer System Improvement Bonds,
 Series 2013 - Annual remaining maturity of \$30,000.00
 to \$40,000.00 through December 15, 2021 at interest
 rates ranging from 3.0% to 3.5%.

348,000.00 *

\$ 1,958,000.00

\$ 6,817,000.00

* The General Obligation Bonds Series 2013 are subject to early redemption.

** The General Obligation Refunding Bonds 2013 are subject to early redemption.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Long-Term Debt (Continued)

Redemption Provisions

General Obligation Bonds 2013 – the bonds maturing on or before December 15, 2022 are not subject to redemption prior to their stated maturity. The bonds of each series maturing on or after December 12, 2023 are subject to redemption prior to maturity at the option of the Borough, as a whole or in part on any date on or after December 15, 2022 at the redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date fixed for redemption.

General Obligation Refunding Bonds 2013 – the bonds maturing on or before August 1, 2023 are not subject to redemption prior to their stated maturity. The bonds of each series maturing on or after August 1, 2024 are subject to redemption prior to maturity at the option of the Borough, as a whole or in part on any date on or after August 1, 2023, at the redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

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

These schedules include principal and interest from a General Obligation Bond Sale in the total amount of \$14,900,000.00 which took place in 2018, which is allocated amongst the General Capital, Electric Capital and Water Capital Funds.

Calendar Year	General Capital Fund		
	Principal	Interest	Total
2018	\$ 405,000.00	\$ 255,301.89	\$ 660,301.89
2019	680,000.00	410,531.26	1,090,531.26
2020	675,000.00	386,831.26	1,061,831.26
2021	675,000.00	363,231.26	1,038,231.26
2022	675,000.00	339,506.26	1,014,506.26
	<u>3,110,000.00</u>	<u>1,755,401.93</u>	<u>4,865,401.93</u>
2023	670,000.00	315,506.26	985,506.26
2024	665,000.00	289,906.26	954,906.26
2025	675,000.00	263,581.26	938,581.26
2026	695,000.00	231,662.50	926,662.50
2027	670,000.00	202,175.00	872,175.00
	<u>3,375,000.00</u>	<u>1,302,831.28</u>	<u>4,677,831.28</u>
2028	540,000.00	178,725.00	718,725.00
2029	540,000.00	162,525.00	702,525.00
2030	540,000.00	146,325.00	686,325.00
2031	540,000.00	129,787.50	669,787.50
2032	540,000.00	112,575.00	652,575.00
	<u>2,700,000.00</u>	<u>729,937.50</u>	<u>3,429,937.50</u>
2033	540,000.00	95,025.00	635,025.00
2034	500,000.00	77,812.50	577,812.50
2035	500,000.00	60,937.50	560,937.50
2036	500,000.00	43,750.00	543,750.00
2037	500,000.00	26,250.00	526,250.00
	<u>2,540,000.00</u>	<u>303,775.00</u>	<u>2,843,775.00</u>
2038	500,000.00	8,750.00	508,750.00
	<u>\$ 12,225,000.00</u>	<u>\$ 4,100,695.71</u>	<u>\$ 16,325,695.71</u>

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (Continued)

Calendar Year	Electric Utility Capital Fund		
	Principal	Interest	Total
2018	\$ 135,000.00	\$ 111,102.81	\$ 246,102.81
2019	260,000.00	179,652.50	439,652.50
2020	260,000.00	169,352.50	429,352.50
2021	260,000.00	159,052.50	419,052.50
2022	265,000.00	148,752.50	413,752.50
	<u>1,180,000.00</u>	<u>767,912.81</u>	<u>1,947,912.81</u>
2023	265,000.00	138,302.50	403,302.50
2024	265,000.00	127,852.50	392,852.50
2025	265,000.00	117,402.50	382,402.50
2026	265,000.00	106,777.50	371,777.50
2027	264,000.00	96,602.50	360,602.50
	<u>1,324,000.00</u>	<u>586,937.50</u>	<u>1,910,937.50</u>
2028	245,000.00	85,562.50	330,562.50
2029	245,000.00	78,212.50	323,212.50
2030	245,000.00	70,862.50	315,862.50
2031	250,000.00	63,281.25	313,281.25
2032	250,000.00	55,312.50	305,312.50
	<u>1,235,000.00</u>	<u>353,231.25</u>	<u>1,588,231.25</u>
2033	250,000.00	47,187.50	297,187.50
2034	250,000.00	38,906.25	288,906.25
2035	250,000.00	30,468.75	280,468.75
2036	250,000.00	21,875.00	271,875.00
2037	250,000.00	13,125.00	263,125.00
	<u>1,250,000.00</u>	<u>151,562.50</u>	<u>1,401,562.50</u>
2038	250,000.00	4,375.00	254,375.00
	<u>\$ 5,239,000.00</u>	<u>\$ 1,864,019.06</u>	<u>\$ 7,103,019.06</u>

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (Continued)

<u>Calendar Year</u>	<u>Water-Sewer Utility Capital Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 245,000.00	\$ 92,626.72	\$ 337,626.72
2019	315,000.00	129,211.26	444,211.26
2020	310,000.00	120,361.26	430,361.26
2021	305,000.00	111,611.26	416,611.26
2022	305,000.00	102,961.26	407,961.26
	<u>1,480,000.00</u>	<u>556,771.76</u>	<u>2,036,771.76</u>
2023	310,000.00	94,061.26	404,061.26
2024	310,000.00	83,261.26	393,261.26
2025	305,000.00	72,461.26	377,461.26
2026	185,000.00	60,011.26	245,011.26
2027	183,000.00	52,186.26	235,186.26
	<u>1,293,000.00</u>	<u>361,981.30</u>	<u>1,654,981.30</u>
2028	145,000.00	45,781.26	190,781.26
2029	145,000.00	41,431.26	186,431.26
2030	145,000.00	37,081.26	182,081.26
2031	145,000.00	32,640.63	177,640.63
2032	150,000.00	27,937.50	177,937.50
	<u>730,000.00</u>	<u>184,871.91</u>	<u>914,871.91</u>
2033	150,000.00	23,062.50	173,062.50
2034	150,000.00	18,093.75	168,093.75
2035	150,000.00	13,031.25	163,031.25
2036	100,000.00	8,750.00	108,750.00
2037	100,000.00	5,250.00	105,250.00
	<u>650,000.00</u>	<u>68,187.50</u>	<u>718,187.50</u>
2038	100,000.00	1,750.00	101,750.00
	<u>\$ 4,253,000.00</u>	<u>\$ 1,173,562.47</u>	<u>\$ 5,426,562.47</u>

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding (Continued)

Calendar Year	Total for all Funds - Bonds		
	Principal	Interest	Total
2018	\$ 785,000.00	\$ 459,031.42	\$ 1,244,031.42
2019	1,255,000.00	719,395.02	1,974,395.02
2020	1,245,000.00	676,545.02	1,921,545.02
2021	1,240,000.00	633,895.02	1,873,895.02
2022	1,245,000.00	591,220.02	1,836,220.02
	<u>5,770,000.00</u>	<u>3,080,086.50</u>	<u>8,850,086.50</u>
2023	1,245,000.00	547,870.02	1,792,870.02
2024	1,240,000.00	501,020.02	1,741,020.02
2025	1,245,000.00	453,445.02	1,698,445.02
2026	1,145,000.00	398,451.26	1,543,451.26
2027	1,117,000.00	350,963.76	1,467,963.76
	<u>5,992,000.00</u>	<u>2,251,750.08</u>	<u>8,243,750.08</u>
2028	930,000.00	310,068.76	1,240,068.76
2029	930,000.00	282,168.76	1,212,168.76
2030	930,000.00	254,268.76	1,184,268.76
2031	935,000.00	225,709.38	1,160,709.38
2032	940,000.00	195,825.00	1,135,825.00
	<u>4,665,000.00</u>	<u>1,268,040.66</u>	<u>5,933,040.66</u>
2033	940,000.00	165,275.00	1,105,275.00
2034	900,000.00	134,812.50	1,034,812.50
2035	900,000.00	104,437.50	1,004,437.50
2036	850,000.00	74,375.00	924,375.00
2037	850,000.00	44,625.00	894,625.00
	<u>4,440,000.00</u>	<u>523,525.00</u>	<u>4,963,525.00</u>
2038	850,000.00	14,875.00	864,875.00
	<u>\$ 21,717,000.00</u>	<u>\$ 7,138,277.24</u>	<u>\$ 28,855,277.24</u>

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Subsequent Event *

In connection with the sale and issuance of \$14,900,000.00 (*) aggregate principal amount of General Obligation Bonds, Series 2018, consisting of \$8,745,000.00 General Improvement Bonds, Series 2018A; \$2,295,000.00 Water-Sewer Improvement Bonds, Series 2018B and \$3,860,000.00 Electric Improvement Bonds, Series 2018C. The purpose of the General Obligation Bond was to financing the Borough's new public works complex.

The bonds will mature on May 1 in each of the years and in the principal amounts as shown on the schedules. The interest on the bonds will be payable semi-annually beginning November 1, 2018 and on each May 1 and November 1 thereafter until maturity, or earlier redemption. The record dates for the bonds are each preceding April 15 and October 15, respectively (the "Record Dates"). The bonds will be issued in book-entry form only.

The bonds maturing prior to May 1, 2027 are not subject to optional redemption. The bonds maturing on or after May 1, 2027 shall be subject to redemption at the option of the Borough, in whole or in part, on any date on or after May 1, 2026 at a price of 100% of the principal amount being redeemed, plus unpaid accrued interest to the date fixed for redemption.

Reconciliation:

Total Bonds Outstanding on Maturity Schedules	\$ 21,717,000.00
Less: Actual Bonds Outstanding at December 31	<u>6,817,000.00</u>
Bond Sold (*)	<u><u>\$ 14,900,000.00</u></u>

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Loans Issued and Outstanding – New Jersey Department of Environmental Protection (NJDEP) Green Trust Loan

Calendar Year	NJDEP Green Trust - Mill Pond Park - General Capital Fund		
	Principal	Interest	Total
2018	\$ 14,164.93	\$ 3,204.97	\$ 17,369.90
2019	14,449.65	2,920.25	17,369.90
2020	14,740.09	2,629.81	17,369.90
2021	15,036.36	2,333.54	17,369.90
2022	15,338.59	2,031.31	17,369.90
	<u>73,729.62</u>	<u>13,119.88</u>	<u>86,849.50</u>
2023	15,646.90	1,723.00	17,369.90
2024	15,961.41	1,408.49	17,369.90
2025	16,282.23	1,087.67	17,369.90
2026	16,609.50	760.40	17,369.90
2027	16,943.35	426.55	17,369.90
	<u>81,443.39</u>	<u>5,406.11</u>	<u>86,849.50</u>
2028	<u>8,598.93</u>	<u>85.99</u>	<u>8,684.92</u>
	<u>\$ 163,771.94</u>	<u>\$ 18,611.98</u>	<u>\$ 182,383.92</u>

NJDEP Green Trust Loan of \$279,334.33 is for Improvements to Mill Pond Park – originating in 2008, principal and interest payable semi-annually commencing January 2009 through January 2028 at interest rate of 2.0%.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. **MUNICIPAL DEBT (CONTINUED)**

Schedule of Annual Debt Service for Principal and Interest for Bonded Loans Issued and Outstanding – Water-Sewer Capital Fund New Jersey Environmental Infrastructure Trust (NJEIT)

Water-Sewer Utility Capital Fund:	
\$745,000.00 New Jersey Wastewater Trust 2008 - State Portion Annual maturities of \$35,000.00 to \$60,000.00 through August 1, 2028 at interest rates ranging from 5.0% to 5.5%.	\$ 510,000.00
\$735,700.00 New Jersey Wastewater Trust 2008 - Federal Portion - Semi-annual maturities in varying amounts with an annual maximum of approximately \$38,000.00 per year through August 1, 2028. There is no interest being charged on this loan.	412,287.74
	<u>\$ 922,287.74</u>
Water-Sewer Utility Capital Fund:	
\$530,000.00 New Jersey Wastewater Trust 2012 - State Portion Annual maturities of \$20,000.00 to \$40,000.00 through August 1, 2031 at interest rates ranging from 3.0% to 5.0%.	\$ 430,000.00
\$578,569.00 New Jersey Wastewater Trust 2012 - Federal Portion - Semi-annual maturities in varying amounts with an annual maximum of approximately \$29,419.00 per year through August 1, 2031. There is no interest being charged on this loan.	411,862.75
	<u>\$ 841,862.75</u>
Water-Sewer Utility Capital Fund:	
\$154,956.00 New Jersey Wastewater Trust 2013 - State Portion Annual maturities of \$7,290.00 to \$10,098.00 through August 1, 2032 at interest rates ranging from .98% to 3.26%.	\$ 126,193.00
\$578,569.00 New Jersey Wastewater Trust 2013 - Federal Portion - Semi-annual maturities in varying amounts with a maximum of approximately \$22,728.00 per year through August 1, 2032. There is no interest being charged on this loan.	340,924.60
	<u>\$ 467,117.60</u>
Water-Sewer Utility Capital Fund:	
\$510,000.00 New Jersey Wastewater Trust 2016 (Fall) - State Portion Annual maturities of \$20,000.00 to \$40,000.00 through August 1, 2036 at interest rates ranging from 3.0% to 5.0%.	\$ 510,000.00
\$1,578,072 New Jersey Wastewater Trust 2016 (Fall) - Federal Portion - Semi-annual maturities in varying amounts with an annual maximum of approximately \$80,240.94 per year through August 1, 2036. There is no interest being charged on this loan.	1,436,258.04
	<u>\$ 1,946,258.04</u>
Total	<u>\$ 4,177,526.13</u>

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Loans Issued and Outstanding – Water-Sewer Capital Fund New Jersey Environmental Infrastructure Trust (NJEIT) (Continued)

Calendar Year	NJEIT Water-Sewer Utility Capital Fund		
	Federal	State	Total
2018	\$ 169,594.10	\$ 158,224.30	\$ 327,818.40
2019	168,534.30	159,874.84	328,409.14
2020	170,449.49	160,986.88	331,436.37
2021	169,117.19	156,537.28	325,654.47
2022	170,812.85	157,087.62	327,900.47
	<u>848,507.93</u>	<u>792,710.92</u>	<u>1,641,218.85</u>
2023	169,314.01	157,362.20	326,676.21
2024	170,843.13	162,387.62	333,230.75
2025	169,329.15	157,136.66	326,465.81
2026	170,843.12	161,887.00	332,730.12
2027	169,177.74	156,137.26	325,315.00
	<u>849,507.15</u>	<u>794,910.74</u>	<u>1,644,417.89</u>
2028	170,540.55	156,336.90	326,877.45
2029	132,387.99	94,051.84	226,439.83
2030	132,387.99	96,758.62	229,146.61
2031	132,388.24	94,278.72	226,666.96
2032	102,969.34	50,188.60	153,157.94
	<u>670,674.11</u>	<u>491,614.68</u>	<u>1,162,288.79</u>
2033	80,240.94	42,330.00	122,570.94
2034	80,240.94	40,930.00	121,170.94
2035	72,162.06	39,530.00	111,692.06
2036		43,130.00	43,130.00
	<u>232,643.94</u>	<u>165,920.00</u>	<u>398,563.94</u>
	<u>\$ 2,601,333.13</u>	<u>\$ 2,245,156.34</u>	<u>\$ 4,846,489.47</u>
Principal	\$ 2,601,333.13	\$ 1,576,193.00	\$ 4,177,526.13
Interest	<u>None</u>	<u>668,963.34</u>	<u>668,963.34</u>
	<u>\$ 2,601,333.13</u>	<u>\$ 2,245,156.34</u>	<u>\$ 4,846,489.47</u>

Note: The Water-Sewer Utility is involved in another NJEIT financing for water tank upgrades (Ordinance #1441) for \$1,450,000.00. The additional debt service will average \$81,735.00 over the next twenty (20) years.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Loans Issued and Outstanding – Electric Utility Capital Fund New Jersey Environmental Infrastructure Trust (NJEIT) (CONTINUED)

Electric Utility Capital Fund:

\$3,345,000.00 New Jersey Wastewater Trust 2016 (Spring) -
State Portion

Annual maturities of \$125,000.00 to \$230,000.00 through
August 1, 2035 at interest rates ranging from 2.0% to 5.0%. \$ 3,225,000.00

\$7,840,000.00 New Jersey Wastewater Trust 2016 (Spring) -
Federal Portion

Semi-annual maturities in varying amounts with an annual
maximum of approximately \$398,644.06 per year through
August 1, 2035. There is no interest being charged on
this loan.

7,175,593.23

\$ 10,400,593.23

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Schedule of Annual Debt Service for Principal and Interest for Bonded Loans Issued and Outstanding – Electric Utility Capital Fund New Jersey Environmental Infrastructure Trust (NJEIT)

Calendar Year	NJEIT Electric Utility Capital Fund		
	Federal	State	Total
2018	\$ 398,644.06	\$ 247,941.26	\$ 646,585.32
2019	398,644.06	246,691.26	645,335.32
2020	398,644.06	245,191.26	643,835.32
2021	398,644.06	248,441.26	647,085.32
2022	398,644.06	246,191.26	644,835.32
	<u>1,993,220.30</u>	<u>1,234,456.30</u>	<u>3,227,676.60</u>
2023	398,644.06	248,691.26	647,335.32
2024	398,644.06	245,691.26	644,335.32
2025	398,644.06	244,091.26	642,735.32
2026	398,644.06	247,291.26	645,935.32
2027	398,644.06	245,091.26	643,735.32
	<u>1,993,220.30</u>	<u>1,230,856.30</u>	<u>3,224,076.60</u>
2028	398,644.06	247,691.26	646,335.32
2029	398,644.06	248,791.26	647,435.32
2030	398,644.06	244,791.26	643,435.32
2031	398,644.06	245,791.26	644,435.32
2032	398,644.06	246,435.00	645,079.06
	<u>1,993,220.30</u>	<u>1,233,500.04</u>	<u>3,226,720.34</u>
2033	398,644.06	245,135.00	643,779.06
2034	398,644.06	248,685.00	647,329.06
2035	398,644.21	246,935.00	645,579.21
	<u>1,195,932.33</u>	<u>740,755.00</u>	<u>1,936,687.33</u>
	<u>\$ 7,175,593.23</u>	<u>\$ 4,439,567.64</u>	<u>\$ 11,615,160.87</u>
Principal	\$ 7,175,593.23	\$ 3,225,000.00	\$ 10,400,593.23
Interest	None	1,214,567.64	1,214,567.64
	<u>\$ 7,175,593.23</u>	<u>\$ 4,439,567.64</u>	<u>\$ 11,615,160.87</u>

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. **MUNICIPAL DEBT (CONTINUED)**

Summary of all long term debt is as follows: (Refer to Notes on Bonds and Loans)

Calendar Year	Summary of Long Term Debt			
	General Capital	Electric	Water-Sewer	Total
2018	\$ 677,671.79	\$ 892,688.13	\$ 665,445.12	\$ 2,235,805.04
2019	1,107,901.16	1,084,987.82	772,620.40	2,965,509.38
2020	1,079,201.16	1,073,187.82	761,797.63	2,914,186.61
2021	1,055,601.16	1,066,137.82	742,265.73	2,864,004.71
2022	1,031,876.16	1,058,587.82	735,861.73	2,826,325.71
	<u>4,952,251.43</u>	<u>5,175,589.41</u>	<u>3,677,990.61</u>	<u>13,805,831.45</u>
2023	1,002,876.16	1,050,637.82	730,737.47	2,784,251.45
2024	972,276.16	1,037,187.82	726,492.01	2,735,955.99
2025	955,951.16	1,025,137.82	703,927.07	2,685,016.05
2026	944,032.40	1,017,712.82	577,741.38	2,539,486.60
2027	889,544.90	1,004,337.82	560,501.26	2,454,383.98
	<u>4,764,680.78</u>	<u>5,135,014.10</u>	<u>3,299,399.19</u>	<u>13,199,094.07</u>
2028	727,409.92	976,897.82	517,658.71	2,221,966.45
2029	702,525.00	970,647.82	412,871.09	2,086,043.91
2030	686,325.00	959,297.82	411,227.87	2,056,850.69
2031	669,787.50	957,716.57	404,307.59	2,031,811.66
2032	652,575.00	950,391.56	331,095.44	1,934,062.00
	<u>3,438,622.42</u>	<u>4,814,951.59</u>	<u>2,077,160.70</u>	<u>10,330,734.71</u>
2033	635,025.00	940,966.56	295,633.44	1,871,625.00
2034	577,812.50	936,235.31	289,264.69	1,803,312.50
2035	560,937.50	926,047.96	274,723.31	1,761,708.77
2036	543,750.00	271,875.00	151,880.00	967,505.00
2037	526,250.00	263,125.00	105,250.00	894,625.00
	<u>2,843,775.00</u>	<u>3,338,249.83</u>	<u>1,116,751.44</u>	<u>7,298,776.27</u>
2038	508,750.00	254,375.00	101,750.00	864,875.00
	<u>\$ 16,508,079.63</u>	<u>\$ 18,718,179.93</u>	<u>\$ 10,273,051.94</u>	<u>\$ 45,499,311.50</u>
Principal:				
Loans	\$ 163,771.94	\$ 10,400,593.27	\$ 4,177,526.13	\$ 14,741,891.34
Bonds	12,225,000.00	5,239,000.00	4,253,000.00	21,717,000.00
Interest	4,119,307.69	3,078,586.66	1,842,525.81	9,040,420.16
	<u>\$ 16,508,079.63</u>	<u>\$ 18,718,179.93</u>	<u>\$ 10,273,051.94</u>	<u>\$ 45,499,311.50</u>

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. **MUNICIPAL DEBT (CONTINUED)**

Bond Anticipation Notes

At December 31, 2017, the Borough's outstanding Bond Anticipation Notes (BAN's) are as follows:

<u>Fund</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Amount</u>	<u>Required</u>	
				<u>First</u>	<u>Final</u>
General Capital	2.50%	2015	\$ 1,206,000.00	2018	2026
	2.50%	2016	717,000.00	2019	2029
	2.50%	2017	30,000.00	2020	2031
Electric Utility Capital	2.50%	2015	114,000.00	2018	2026
Water-Sewer Utility Capital	2.50%	2015	<u>72,000.00</u>	2018	2026
			<u>\$ 2,139,000.00</u>		

Summary of Municipal Debt

Reconciliation of Supplementary Schedules for Combined Balance Sheet:

Bonds	\$ 6,817,000.00
Loans	14,741,891.34
BAN's	<u>2,139,000.00</u>
Total	<u>\$ 23,697,891.34</u>

Bonds and Notes Authorized But Not Issued

At December 31, 2017, the Borough had authorized but not issued bonds and notes as follows:

General Capital Fund	\$ 9,984,292.58
Electric Utility Capital Fund	4,330,000.00
Water-Sewer Utility Capital Fund	<u>3,820,028.00</u>
Municipal Debt Service (Note 8 Page 71)	<u>\$ 18,134,320.58</u>

Refer to Subsequent Event on 2018 General Obligation Bond Sale in the amount of \$14,900,000.00.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 8. MUNICIPAL DEBT (CONTINUED)

Municipal Debt - Subsequent Event

Subsequent to December 31, 2017, the Governing Body adopted improvement on authorization totaling \$80,000.00 for the acquisition of police video equipment. The funding consists of capital improvement fund of \$4,000.00, and bonds and notes authorized of \$76,000.00. This improvement authorization will be charged to the General Capital Fund.

Continuing Disclosure Requirement

As a result of the 2013 and 2018 General Obligation Bond Sales, the Borough is required to comply with the Securities and Exchange Commission Rule 15c2-12, which is related to the Annual Continuing Disclosure Requirement. The Borough complied with the requirement in 2017.

Note 9. DEFERRED LOCAL SCHOOL DISTRICT TAXES

The Local School District Tax was raised on the school year basis and liability deferred by statute, resulting in school tax payable set forth in liabilities computed as follows:

	Local School District Taxes		Increase/ (Decrease)
	Balance, December 31		
	<u>2017</u>	<u>2016</u>	
Balance of Tax *	\$ 7,514,986.98	\$ 7,241,854.00	\$ 273,132.98
Deferred	<u>7,414,219.00</u>	<u>7,164,219.00</u>	<u>250,000.00</u>
Payable	<u>\$ 100,767.98</u>	<u>\$ 77,635.00</u>	<u>\$ 23,132.98</u>

* Required for school operations for the six-month period following December 31st.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS

Description of Systems

Substantially all of the Borough's full-time employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS).

Public Employees' Retirement System

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 twenty-five (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

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

Public Employees' Retirement System (Continued)

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

Police and Firemen's Retirement System

The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

For additional information about PFRS, 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. 43:16A. PFRS provides retirement as well as death and disability benefit. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

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

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (Continued)

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

Contributions Required to be Made

The contribution policy for PERS is set by N.J.S.A. 43:15A and for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Employee contributions for 2017 were seven and 20/100th present (7.20%) and effective July 1, 2017, employee contributions were increased to seven and 34/100th percent (7.34%) for PERS and 10% for PFRS of the employee's base wages. Employer's contributions are actuarially determined annually by the Division of Pensions.

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 an option for local employers of PERS and PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Contributions Required to be Made (Continued)

	<u>PERS</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Covered Payroll	\$ 2,304,996	\$ 2,232,443	\$ 2,225,106
Actuarial Contribution Requirements	284,424	297,887	279,940
Total Contributions Employer Share	284,424	297,887	279,940
Percent of Covered Payroll	12.34 %	13.34 %	12.58 %
Employee's Share	167,600	159,163	155,541
Percent of Covered Payroll	7.27 %	7.13 %	6.99 %

All contributions were equal to the required contributions for each of the three (3) years, respectively.

Due to the employee contribution percent changing July 1st of every year; the percent of covered payroll is an average of the first two quarters and the last two quarters of the year.

Pension Deferral – Chapter 19 P.L. 2009

In April of 2009 the Borough applied to the State of New Jersey Local Finance Board and received approval to defer a portion of its 2009 pension liability for PERS in the amount of \$87,610.00. The repayment would be made over a fifteen (15) year period with interest beginning 2013. The amount paid in 2017 was \$13,595.00 and the amount due on April 1, 2018 is \$13,768.00.

Pension (PERS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PERS obligation due April 1, 2018 would be needed in the amount of \$296,129.00 since the obligation relates to the period December 31, 2017 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Contributions Required to be Made (Continued)

	PFRS		
	2017	2016	2015
Covered Payroll	\$ 1,556,772	\$ 1,473,712	\$ 1,299,299
Actuarial Contribution Requirements	330,439	332,336	316,090
Total Contributions Employer Share	330,439	332,336	316,090
Percent of Covered Payroll	21.23	22.55 %	24.33 %
Employee's Share	155,677	147,371	129,992
Percent of Covered Payroll	10.00	10.00 %	10.00 %

All contributions were equal to the required contributions for each of the three (3) years, respectively.

Pension Deferral – Chapter 19 P.L. 2009

In April of 2009 the Borough applied to the State of New Jersey Local Finance Board and received approval to defer a portion of its 2009 pension liability for PFRS in the amount of \$145,865.00. The repayment would be made over a fifteen (15) year period with interest beginning 2013. The amount paid in 2017 was \$21,961.00 and the amount due on April 1, 2018 is \$22,400.00.

Pension (PFRS) Accrual

The Borough is required to report on its financial statements on an "Other Comprehensive Basis of Accounting" (OCBOA) Regulatory Basis, which does not require an accrual for its obligations inclusive of pension. If the Borough were required to reflect the obligation under Generally Accepted Accounting Principles (GAAP) then an accrual for the PFRS obligation due April 1, 2018 would be needed in the amount of \$421,272.00 since the obligation relates to the period December 31, 2017 and prior. The accrual (under GAAP) would affect the fund balance at yearend.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS)

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2017 and June 30, 2016 Independent Auditor's Report dated April 27, 2018 and April 6, 2017, respectively.

The Borough's reported liability of \$7,441,127.00 and \$9,482,169.00 for its proportionate share of the net pension liability at December 31, 2017 and December 31, 2016, respectively. The net pension liability was measured as of June 30, 2017 and June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	June 30, (Measurement Date)	
	2017	2016
Local Group Share	\$ 23,278,401,588	\$ 29,617,131,759
Borough Proportionate Percentage	0.0319658002 %	0.0320158231 %
Difference - Decrease	(0.0000500229) %	

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2017, the Borough's recognizable (under GAAP) pension expense of \$541,373. At December 31, 2017, the Borough 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>
Changes in assumptions	\$ 1,499,131	\$ 1,493,635
Net difference between expected and actual experience	175,213	
Net difference between projected and actual investment earnings on pension plan investment	50,669	
Changes in proportion	251,837	344,116
Borough contribution made subsequent to yearend	<u>296,129</u>	
Total	<u>\$ 2,272,979</u>	<u>\$ 1,837,751</u>

The \$296,129.00 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2017, the plan measurement date is June 30, 2017) would be recognized (under GAAP) as a reduction of the net pension liability in the Borough year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 175,171
2019	264,338
2020	160,175
2021	(213,033)
2022	(155,273)

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Additional Information:

Collective (local employers) balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Borough's proportion (of Local Group)	0.0319658002 %	0.0320158231 %

Actuarial Assumptions

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

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65 - 4.15 Percent (based on age)
Thereafter	2.65 - 5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

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

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

Long-Term 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.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00 %	5.51 %
Cash Equivalents	5.50	1.00
U.S. Treasuries	3.00	1.87
Investment Grade Credit	10.00	3.78
Public High Yield	2.50	6.82
Global Diversified Credit	5.00	7.10
Credit oriented Hedge Funds	1.00	6.60
Debt related Private Equity	2.00	10.63
Debt related Real Estate	1.00	6.61
Private Real 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 Market Equities	6.50	11.64
Buyouts/Venture Capital	8.25	13.08
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The 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.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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 Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2017 and June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

		December 31, 2017		
		<u>[Measurement Date: June 30, 2017]</u>		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Borough's proportionate share				
of the pension liability	\$	9,231,223	7,441,127	5,949,755
		December 31, 2016		
		<u>[Measurement Date: June 30, 2016]</u>		
		At Current		
		1% Decrease	Discount Rate	1% Increase
		<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
of the pension liability	\$	11,619,291	9,482,169	7,717,789

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at www.state.nj.us/treasury/pensions.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS)

The information for PFRS was abstracted from State of New Jersey Police and Firemen's Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2017 and June 30, 2016 Independent Auditor's Report dated April 27, 2018 and April 6, 2017, respectively.

The Borough's reported liability of \$7,348,576.00 and \$7,741,832.00 for its proportionate share of the net pension liability at December 31, 2017 and December 31, 2016, respectively. The net pension liability was measured as of June 30, 2017 and June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

	June 30, (Measurement Date)	
	2017	2016
Local Group Share	\$ 15,438,066,691	\$ 19,102,557,969
Borough Proportionate Percentage	0.0476003632 %	0.0405277258 %
Difference - Increase	(0.0070726374)	

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended December 31, 2017, the Borough's recognizable (under GAAP) pension expense of \$847,619.00. At December 31, 2017, the Borough reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 906,161	\$ 1,203,482
Net difference between expected and actual experience	47,673	43,130
Net difference between projected and actual investment earnings on pension plan investment	140,228	
Changes in proportion	893,435	48,602
Borough contributions made subsequent to yearend	<u>421,272</u>	
Total	<u>\$ 2,408,769.00</u>	<u>\$ 1,295,214</u>

The \$421,272.00 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2017, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the Borough year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 89,419
2019	242,175
2020	49
2021	(335,625)
2022	(148,567)

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Additional Information:

Collective (local employers) balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$ 2,941,952,753	\$ 4,547,316,543
Collective deferred inflows of resources	\$ 3,262,432,093	\$ 2,043,911,998
Collective net pension liability		
Local Group	\$ 17,167,260,198	\$ 20,706,699,056
Less: Special Funding Situation (1)	<u>1,729,193,507</u>	<u>1,604,141,087</u>
	<u>\$ 15,438,066,691</u>	<u>\$ 19,102,557,969</u>
Borough's proportion (of Local Group)	0.0476003632 %	0.0405277258 %

(1) Special Funding Situation

A special funding situation exists for the local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2017 State special funding situation net pension liability amount of \$1,729,193,507, is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. Since the local employers do not contribute under this legislation directly to the plan (except for employer required contribution amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local employers related to this legislation. However, the notes to the financial statements of the local employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

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

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10 – 8.98 Percent (based on age)
Thereafter	3.10 – 9.98 Percent (based on age)
Investment Rate of Return	7.00 Percent

Mortality Rates

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

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

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00 %	5.51 %
Cash Equivalents	5.50	1.00
U.S. Treasuries	3.00	1.87
Investment Grade Credit	10.00	3.78
Public High Yield	2.50	6.82
Global Diversified Credit	5.00	7.10
Credit oriented Hedge Funds	1.00	6.60
Debt related Private Equity	2.00	10.63
Debt related Real Estate	1.00	6.61
Private Real 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 Market Equities	6.50	11.64
Buyouts/Venture Capital	8.25	13.08
	<u>100.00 %</u>	

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

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

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability inclusive of the Special Funding situation of the participating employers as of (*measurement dates*) June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	December 31, 2017		
	[Measurement Date: June 30, 2017]		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>5.14%</u>	<u>6.14%</u>	<u>7.14%</u>
Borough's proportionate share of the pension liability	\$ 10,766,859	\$ 8,171,678	\$ 6,039,442

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 10. PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) (Continued)

Sensitivity of The Collective Net Pension Liability to Changes in the Discount Rate (Continued)

	December 31, 2016		
	[Measurement Date: June 30, 2016]		
	1% Decrease	At Current Discount Rate	1% Increase
	4.55%	5.55%	6.55%
Borough's proportionate share of the pension liability	\$ 10,820,810	\$ 8,391,854	\$ 6,411,369

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System or by visiting their website at www.state.nj.us/treasury/pensions.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS

In addition to the pension benefits described in Note 7, the Borough provides post retirement healthcare benefits for employees who retire with 25 years or more of service and their dependents. Any school traffic guard hired prior to January 1, 1996 is entitled to the same benefits listed above for full time employees except that the Borough shall be obligated to pay only fifty percent of the premium cost for said health insurance. Benefits consist of full medical coverage as if the individuals were still employed, until they become eligible for Medicare, at which time Medicare becomes the primary insurer and the Borough plan becomes the secondary insurer.

Plan Description – New Jersey State Health Benefits Program (“NJSHBP”)

The NJSHBP as of July 1, 2017 had “local employees” statewide of 355,534 active and 229,020 retired for a total of 584,554 members. The Borough at December 31, 2017 had 43 active and 17 retired employees for a total participation of 56.

The Borough contributes to the NJSHBP, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. NJSHBP 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. NJSHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. In accordance with GASB’s 43 and 45, the NJSHBP has been determined to be a cost-sharing multiple-employer plan. Under GASB 45, the Borough is not required nor allowed to accrue reserves to fund the ultimate payment of the retirees health benefit obligation that is being earned.

The NJSHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the NJSHBP. The Borough authorized participation in the NJSHBP’s post-retirement benefit program through resolution.

The New Jersey State Health Benefits (“NJSHB”) Commission is the executive body established by statute to be responsible for the operation of the NJSHBP. 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 NJSHBP and an annual actuarial valuation report. Those reports 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/gasb-43-sept2008.pdf.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 11. POST EMPLOYMENT RETIREMENT BENEFITS (CONTINUED)

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. The NJSHB Commission sets the employer contribution rate based on the annual required contribution (ARC) of the employers as established in an annual rate recommendation report.

Contributions to pay for the health premiums of participating retirees in the NJSHBP are billed to the Borough on a monthly basis. The number of employees covered and approximate cost for the past three years were as follows:

<u>Fiscal Year</u>	<u>Number of Employees</u>	<u>Employer's Cost</u>
2017	17	\$ 88,255.00
2016	16	63,538.00
2015	13	53,882.00

Note 12. INTERFUNDS RECEIVABLE AND PAYABLE

Interfund receivable and payable balances at December 31, 2017 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Fund:		
Grant		\$ 50,000.00
General Capital	\$ 50,000.00	
Water-Sewer Utility:		
Operating	55,000.00	
Capital		55,000.00
	<u>\$ 105,000.00</u>	<u>\$ 105,000.00</u>

These interfunds will be liquidated in the next succeeding fiscal year.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 13. RISK MANAGEMENT

Property and Liability Insurance

The Borough, together with other governmental units, are members of the Middlesex County Municipal Joint Insurance Fund (the "Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained cost effective reinsurance and excess liability coverages for participant local units.

For the year ended December 31, 2017, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability, Workmen's Compensation, Public Employee Blanket Bond and public officials surety bond coverage. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Borough for matters that may have been caused or related to the Borough or its employees.

New Jersey Unemployment Compensation Insurance

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

<u>Year Ended</u> <u>December 31,</u>	<u>Employer</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ 44,367.71	\$ None	\$ 22,278.71	\$ 69,379.23
2016	20,000.00	None	24,822.62	47,290.23
2015	38,311.72	None	22,414.42	52,112.85

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 14. DEFERRED COMPENSATION PLAN

The Borough of Milltown offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The Plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37. The "Small Business Job Protective Act of 1996" modified several provisions of Section 457 of the Internal Revenue Code. The most significant change in the law related to the ownership of the fund.

The Borough of Milltown authorized such modifications to their plan by resolution of the Borough Council adopted September 10, 1997. The Deferred Compensation Plan is administered by the Nationwide Retirement Solutions.

Note 15. LENGTH OF SERVICE AWARDS PROGRAM

On November 2, 1999, the voters of the Borough approved a referendum authorizing the establishment of a Length of Service Awards Program (LOSAP). On November 2, 1999 the voters of the Borough approved the annual appropriation subject to a per member minimum of \$1,150.00 plus annual cost of living increase and a maximum of \$85,000.00. The LOSAP will provide tax-deferred income benefits to the active volunteer fire fighters and first aid members who are eligible to participate.

The LOSAP funds are administered independently and distinct from the Borough and are subjected to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services. A separate report as of December 31, 2017 revealed net assets available for benefits of \$1,078,002.86. The Borough's contribution for December 31, 2017 is a maximum of \$60,000.00 chargeable to the 2017 budget ranging from \$135,428.00 to \$1,410.32.

		<u>Total</u>		<u>Per Member</u>	
				<u>From</u>	<u>To</u>
2017	\$	73,719.91 *	\$	1,150.00	- \$ 1,635.00
2016		58,836.17		1,168.40	- 1,290.13
2015		55,422.07		1,168.40	- 1,290.13

* Budgeted maximum

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 16. COMMITMENTS AND CONTINGENT LIABILITIES

A. Accrued Sick and Vacation Benefits

The Borough of Milltown has contractual agreements with two unions, which allow employees, upon retirement, to be compensated for unused sick time. The contract with the P.B.A. states that employees hired after January 1, 1990 will not carryover or accumulate sick leave from year to year for retirement purposes. Employees who retire will receive a lump sum payment for unused sick time at the rate of one-half day for every full day earned and unused in an amount not to exceed \$15,000.00, credited on their employment records and certified by the Borough on the effective date of their retirement, at the prevailing rate of pay at the time of retirement.

Other union employees, upon retirement, will be compensated at the rate of one-half day for every full day earned and unused, at the current rate of pay at the time of retirement, but not to exceed \$12,000.00. A similar policy exists for non-union employees.

All vacation time earned by employees can be carried over and is to be paid to the employee, upon termination with the Borough, at the current rate of pay. The Borough's estimated total liability for unused sick \$375,606.62 and unused vacation time \$204,290.36 at December 31, 2017 totaling \$579,896.98. Management believes this amount approximates the calculation as required by GASB #16; however, the actual potential liability could ultimately be lower than the reported amount.

The Borough has earmarked funds over the past several years for the ultimate payout of compensated absences upon retirement. The balances at December 31, 2017 for \$243,033.19 are included in Trust Other Fund reserve for accumulated absences.

B. Grants

The Borough of Milltown participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Borough is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

BOROUGH OF MILLTOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2017

Note 16. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

C. Interlocal Agreement

The Borough has an agreement with a neighboring municipality to provide sewer flow-through services to the county sewerage authority for treatment. In years 2006 through 2010 the provider did not properly bill the Borough. In 2011, the Borough entered into a memorandum of understanding with regards to payment of the backcharges which were the result of an inquiry by both parties. The understanding is that \$462,107.38 in total will be paid; however, in ten (10) equal annual installments, commencing in 2012 with final payment due in 2021. There are various remedies in the event of tardiness or default.

D. Litigation

The Borough is a party to various legal proceedings. These legal proceedings are not likely to have an adverse financial impact on the Borough, based on inquiry of management and the various attorneys.

E. Tax Abatement

In accordance with GASB #77 *Tax Abatement Disclosures*, the Borough is required to disclose significant tax abatement agreements. In January 1998 the Borough entered into an agreement with the developer of a commercial property for a thirty (30) year real estate tax abatement on improvements to the property. The agreement calls for a "basic annual payment" in lieu of taxes (PILOT) on improvements less an adjustment for the required municipal tax on the land or a "percentage" of the actual municipal tax, whichever is greater. The remaining phases of the agreement call for minimum payment as follows:

<u>Phase</u>	<u>Year of Agreement</u>	<u>Basic Annual Payment</u>	<u>Percentage of Municipal Real Estate Taxes</u>
III	18-20	\$ 260,200.00	40%
III	21-22	340,720.00	40%
IV	23-28	340,720.00	60%
IV	29-30	446,992.00	80%

The amount received in 2017, year 17 of agreement for the PILOT was \$157,525.84 compared to the potential municipal tax amount per the agreement of \$163,350.00. There was no provision for payment of county or school taxes.

PART II – SUPPLEMENTARY DATA AND SCHEDULES

CURRENT FUND

BOROUGH OF MILLTOWN
SCHEDULE OF CASH, TREASURER
CURRENT FUND

	<u>Ref.</u>		<u>Current Fund</u>		<u>Grant Fund</u>
<u>BALANCE, DECEMBER 31, 2016</u>	A		\$ 2,018,289.81		\$ 57,607.88
<u>INCREASED BY:</u>					
Due from State of NJ - Seniors & Veterans	A-6	\$ 74,401.44			
Taxes Receivable	A-7	23,963,787.81			
Revenue Accounts Receivable	A-10	3,469,972.76			
Grants Receivable	A-23			\$ 52,994.64	
Grant Match	A-24			4,069.00	
Other Reserves	A-15	246,029.30			
Prepaid Taxes	A-22	1,033,988.38			
Tax Overpayments	A-17	7,371.49			
Contra Receipts - 2017 Appropriations	A-3	424,730.56			
Contra Receipts - 2016 Appropriation Reserves	A-14	176.10			
		29,220,457.84			57,063.64
			31,238,747.65		114,671.52
<u>DECREASED BY:</u>					
2017 Appropriations	A-3	\$ 9,086,791.22			
2016 Appropriation Reserves	A-13	268,939.73			
Appropriated Reserves	A-25			76,233.03	
Other Reserves	A-15	238,715.16			
Commitments Payable	A-16	86,696.79			
Local School District Tax	A-18	15,254,277.02			
County Taxes	A-19	3,508,292.46			
County Added and Omitted	A-20	1,841.89			
Refund of Revenue	A-1	2,439.00			
Interfunds Payable	A-11	361.11			
		28,448,354.38			76,233.03
<u>BALANCE, DECEMBER 31, 2017</u>	A		\$ 2,790,393.27		\$ 38,438.49

BOROUGH OF MILLTOWN
SCHEDULE OF CHANGE FUNDS
CURRENT FUND

	<u>Ref.</u>	<u>Total</u>	<u>Collector</u>	<u>Clerk</u>
<u>BALANCE, DECEMBER 31, 2016</u>				
<u>AND</u>				
<u>BALANCE, DECEMBER 31, 2017</u>	A	\$ <u>350.00</u>	\$ <u>200.00</u>	\$ <u>150.00</u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY
FOR ALLOWABLE DEDUCTIONS PER CHAPTER 20, P.L. 1976
CURRENT FUND

	<u>Ref.</u>			
<u>BALANCE, DECEMBER 31, 2016</u>	A			\$ 16,328.33
<u>INCREASED BY:</u>				
Allowable Deductions per Tax Billings	A-7		\$ 73,750.00	
Senior Citizens and Veterans Deduction				
Allowed by Collector - Year 2017	A-7		<u>1,015.14</u>	<u>74,765.14</u>
				91,093.47
<u>DECREASED BY:</u>				
Collected	A-4		74,401.44	
Prior Year Write-off	A-1		<u>16,078.33</u>	<u>90,479.77</u>
<u>BALANCE, DECEMBER 31, 2017</u>	A			\$ <u>613.70</u>
Analysis of Senior Citizens and Veterans Deductions Allowed - 2017 Taxes				
Per Tax Billings	A-6		\$ 73,750.00	
Allowed (Disallowed) by Tax Collector (Net)	A-7		<u>1,015.14</u>	
	A-7		<u>\$ 74,765.14</u>	

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	Tax Levy	Added Taxes	Collections		State Share Senior Citizens and Veterans Deductions Allowed	Tax Over-payments Applied	County Tax Board Judgments	Transferred to Tax Title Liens Receivable	Balance
	December 31, 2016			2016	2017					December 31, 2017
2014	\$ 12,278.69									\$ 12,278.69
2015	7,117.43									7,117.43
2016	<u>101,839.45</u>		\$ <u>369.95</u>		\$ <u>89,527.40</u>					<u>12,682.00</u>
	<u>121,235.57</u>		<u>369.95</u>		<u>89,527.40</u>					<u>32,078.12</u>
2017		\$ <u>24,585,870.35</u>	<u>12,524.34</u>	\$ <u>242,808.53</u>	<u>23,874,260.41</u>	\$ <u>74,765.14</u>	\$ <u>976.12</u>	\$ <u>66,374.69</u>	\$ <u>191,891.65</u>	\$ <u>147,318.15</u>
	\$ <u>121,235.57</u>	\$ <u>24,585,870.35</u>	\$ <u>12,894.29</u>	\$ <u>242,808.53</u>	\$ <u>23,963,787.81</u>	\$ <u>74,765.14</u>	\$ <u>976.12</u>	\$ <u>66,374.69</u>	\$ <u>191,891.65</u>	\$ <u>179,396.27</u>
Ref	A	A-7	A-7	A-21	A-4	A-6	A-17		A-8	A

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>ANALYSIS OF 2017 PROPERTY TAX LEVY</u>	<u>Ref.</u>		
Tax Yield:			
General Purpose Tax			\$ 24,579,148.58
Added Taxes			<u>6,721.77</u>
	A-7		<u>\$ 24,585,870.35</u>
 <u>TAX LEVY</u>			
Local School District Tax	A-18		\$ 15,527,110.00
County Taxes:			
County Tax	A-19	\$ 3,244,519.07	
County Open Space Tax	A-19	263,773.39	
County Added and Omitted	A-20	<u>1,789.57</u>	
			<u>3,510,082.03</u>
Total Local School and County Taxes			19,037,192.03
Local Tax for Municipal Purposes	A-2	\$ 5,250,228.43	
Municipal Library Tax	A-2	<u>293,517.19</u>	
Total Local Tax for Municipal Purposes Levied			<u>5,543,745.62</u>
Total Tax Levy	A-7		<u>\$ 24,580,937.65</u>
 <u>CURRENT TAXES REALIZED - 2017:</u>			
Tax Overpayments Applied	A-7		\$ 976.12
Senior Citizens & Veterans	A-7		74,765.14
Cash Receipts	A-7		23,874,260.41
Prepaid Taxes Applied	A-7		<u>242,808.53</u>
	A-2		24,192,810.20
Less: Reserve for State Tax Appeals			<u>NONE</u>
	A-1		24,192,810.20
Add: Reserve for Uncollected Tax	A-3		<u>533,472.40</u>
			24,726,282.60
Less: Allocated to School and County	A-17/A-18/A-19		<u>19,037,192.03</u>
	A-2		<u>\$ 5,689,090.57</u>

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> A	\$ 1,635,672.10
<u>INCREASED BY:</u>		
Transferred from Taxes Receivable	A-7	<u>191,891.65</u>
<u>BALANCE, DECEMBER 31, 2017</u>	A	<u>\$ 1,827,563.75</u>

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXATION

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u>	
<u>AND</u>		
<u>BALANCE, DECEMBER 31, 2017</u>	A	\$ <u>3,400.00</u>

There was no change during the year.

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	Balance December 31, <u>2016</u>	Accrued <u>2017</u>	<u>Collected</u>	Balance December 31, <u>2017</u>
Local Revenues:					
Alcoholic Beverages	A-2		\$ 4,725.00	\$ 4,725.00	
Fees and Permits	A-2	\$ 7,784.68	40,788.86	48,573.54	\$
Municipal Court	A-2	16,607.39	193,734.61	195,675.40	14,666.60
Interest and Costs on Taxes	A-2		34,494.94	34,494.94	
Interest on Investments and Deposits	A-2		12,298.32	12,298.32	
Anticipated Utility Operating Surplus - Electric	A-2		1,614,341.00	1,614,341.00	
Swimming Pool Fees	A-2		126,547.50	126,547.50	
Cable Television Franchise Fees	A-2		31,798.00	31,798.00	
Recreation Fees	A-2		99,388.00	99,388.00	
		<u>24,392.07</u>	<u>2,158,116.23</u>	<u>2,167,841.70</u>	<u>14,666.60</u>
State Aid with Offsetting Appropriations:					
Consolidated Municipal Property Tax Relief Aid	A-2		55,617.00	55,617.00	
Energy Receipts Tax (P.L.1997, Chapters 162&167)	A-2		331,552.00	331,552.00	
			<u>387,169.00</u>	<u>387,169.00</u>	
Dedicated Uniform Construction Code Fees Offset with Appropriations (NJSA 40A:4-36 and NJAC 5:23-4.17):					
Uniform Construction Code Fees	A-2		113,206.00	113,206.00	
Special Items - Additional Revenue:					
Donation - Milltown Revitalization Committee	A-2		1,463.00	1,463.00	
School Age Child Care	A-2		441,703.03	441,703.03	
			<u>443,166.03</u>	<u>443,166.03</u>	
Other Special Items:					
Payment in Lieu of Taxes - ARISA Redevelopment	A-2		157,525.84	157,525.84	
General Capital Fund Balance	A-2		22,114.58	22,114.58	
Cell Tower Lease	A-2		65,624.09	65,624.09	
			<u>245,264.51</u>	<u>245,264.51</u>	
		\$ <u>24,392.07</u>	\$ <u>3,346,921.77</u>	\$ <u>3,356,647.24</u>	\$ <u>14,666.60</u>

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Ref.</u>	Balance December 31, 2016	Accrued 2017	Collected	Balance December 31, 2017
Nonbudget Revenue:					
State of NJ - DMV Inspection Fines			\$ 9,738.00	\$ 9,738.00	
Admin Fee Senior Citizen & Veterans Deductions			1,488.03	1,488.03	
Senior Citizen Program			3,713.00	3,713.00	
Duplicate Bill Fee			60.00	60.00	
Snack Shack Revenue			3,700.50	3,700.50	
Miscellaneous		\$ 2,747.67	12,235.92	14,983.59	
Towing Fee		625.00	1,675.00	2,300.00	
Cit-E-Net Fees			258.30	258.30	
Forfeited Funds			3,158.39	3,158.39	
Cell Tower Renewal Fee			20,000.00	20,000.00	
FEMA (Hurricane Irene)			37,077.30	37,077.30	
LOSAP Refund			11,972.92	11,972.92	
Prior Year Outstanding Checks			3,563.49	3,563.49	
Sale of Borough Assets			2,775.00	2,775.00	
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	A-1, A-2	\$ <u>3,372.67</u>	\$ <u>111,415.85</u>	\$ <u>114,788.52</u>	
		\$ <u>27,764.74</u>	\$ <u>3,458,337.62</u>	\$ <u>3,471,435.76</u>	\$ <u>14,666.60</u>
	<u>Ref.</u>	A	Reserve		A
Analysis of Miscellaneous Revenues:					
Current Year Collections			A-4	\$ 3,469,972.76	
Transfer From Various Reserves			A-15	<u>1,463.00</u>	
				\$ <u>3,471,435.76</u>	

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF INTERFUNDS RECEIVABLE/(PAYABLE)

	<u>Ref.</u>	Balance December 31, <u>2016</u>	<u>Decrease</u>
Due from/(to) Payroll Fund	B	\$ <u>361.11</u>	\$ <u>361.11</u>
		\$ <u>361.11</u>	\$ <u>361.11</u>
	<u>Ref.</u>	A	A-4

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF DUE FROM TOWNSHIP OF EAST BRUNSWICK

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> A	
<u>AND</u>		
<u>BALANCE, DECEMBER 31, 2017</u>	A	\$ <u>8,450.00</u>

There was no change during the year.

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES

<u>Date</u>		<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Resulting from 2017</u>	<u>Balance December 31, 2017</u>
09/26/16	Special Emergency (N.J.S.A. 40A:4-54) - Municipal-Wide Preparation of a New Tax Map	\$ 125,000.00	\$ 25,000.00	\$ <u>125,000.00</u>	\$ <u>125,000.00</u>
				\$ <u><u>125,000.00</u></u>	\$ <u><u>125,000.00</u></u>
			Ref.	A-3	A

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES

	<u>Balance</u> <u>December 31, 2016</u>		<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Appropriation</u>	<u>Reserve for</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
	<u>Reserves</u>	<u>Encumbrances</u>	<u>Transfers</u>		
Salaries and Wages:					
Operations - Within "CAPS":					
General Administration	\$ 43.44		\$ 43.44		\$ 43.44
Mayor and Council	76.56		76.56		76.56
Municipal Clerk	2,668.55		2,668.55		2,668.55
Financial Administration	8,149.20		8,149.20		8,149.20
Assessment of Taxes	204.87		204.87		204.87
Collection of Taxes	1,123.45		1,123.45		1,123.45
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):					
Zoning/Board of Adjustments	129.63		129.63		129.63
Municipal Prosecutor	1,960.00		1,960.00	%	480.00
Municipal Court	12,248.72		12,248.72		12,248.72
Police:					
Regular	52,694.01		39,694.01	4,233.98	35,460.03
Dispatchers	14,635.73		10,635.73	1,759.89	8,875.84
Crossing Guards	1,209.31		1,209.31		1,209.31
Emergency Management Services	235.00		235.00		235.00
Road Repairs and Maintenance	4,027.28		4,027.28		4,027.28
Vehicle Maintenance (Central Garage)	1,423.01		1,423.01		1,423.01
Street Cleaning	4,619.39		4,619.39		4,619.39
Garbage and Trash Removal	7,646.86		7,646.86		7,646.86
Public Buildings and Grounds	527.98		527.98		527.98
Recycling	2,198.64		2,198.64		2,198.64
Board of Health	915.08		915.08		915.08
Parks and Playgrounds:	7,131.98		7,131.98		7,131.98
Department of Recreation	1,134.00		1,134.00		1,134.00
Office on Aging (Social Services)	5,490.05		5,490.05	418.88	5,071.17
Pool	865.57		865.57		865.57
Telephone	594.14		594.14	392.22	201.92
Terminal Leave:					
Sick and Vacation		\$ 10,000.00	36,200.00	36,200.00	
Uniform Construction Code - Appropriations					
Dedicated Revenues (N.J.A.C. 5:23-4.17):					
Construction Code Official	1,787.56		1,787.56		1,787.56
Total Salaries and Wages for operations within "CAPS"	133,740.01	10,000.00	152,940.01	43,484.97	109,455.04

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES

	Balance December 31, 2016		Balance After	Paid or	Balance
	Appropriation <u>Reserves</u>	Reserve for <u>Encumbrances</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Operations - Excluded from "CAPS":					
Other Operations - Excluded from "CAPS":					
School Age Child Care Program	\$ 586.18		\$ 586.18		\$ 586.18
 Total Salaries and Wages	<u>134,326.19</u>	\$ <u>10,000.00</u>	<u>153,526.19</u>	\$ <u>43,484.97</u>	<u>110,041.22</u>
 Other Expenses:					
Operations - Within "CAPS":					
General Administration	550.00		550.00		550.00
Mayor and Council	273.54	500.35	773.89	\$ 500.35	273.54
Payroll Processing Fees	1,412.52	503.09	1,915.61	1,074.75	840.86
Municipal Clerk	8,071.32	904.98	8,976.30	4,344.82	4,631.48
Audit Services	1,050.00		1,050.00		1,050.00
Financial Administration:					
Misc. Other Expenses	739.52	782.47	1,521.99	773.98	748.01
Assessment of Taxes	2,157.25	20.47	2,177.72	20.47	2,157.25
Collection of Taxes	1,103.49	755.96	1,859.45	840.96	1,018.49
Legal Services	27,431.93	20,675.31	38,107.24	24,168.82	13,938.42
Engineering Services and Costs:					
Misc. Other Expenses	4,652.39	1,992.00	6,644.39		6,644.39
Ground Water Monitoring	100.00		100.00		100.00
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.):					
Planning Board	4,563.01		4,563.01		4,563.01
Zoning/Board of Adjustments	48.25	280.50	328.75	280.50	48.25
Board of Adjustment	1,309.25		1,309.25		1,309.25
Insurance:					
Liability Insurance	141.57		141.57		141.57
Workers' Compensation	340.00		340.00		340.00
Group Insurance Plan for Employees	55,370.17	246.05	42,616.22	1,590.37	41,025.85
Unemployment Insurance	7,000.00		7,000.00		7,000.00
Health Benefit Waiver	3,272.64		3,272.64		3,272.64
Police Dispatch - 911	8,333.00		8,333.00	8,333.00	
Fire Protection Bureau - (Uniform Fire Code P.L.1983, C.383)	1,746.35	23,218.70	24,965.05	24,676.05	289.00
Municipal Court	3,147.45	1,282.93	4,430.38	1,115.23	3,315.15
Public Defender (P.L. 1997, C.256)	3,500.00		3,500.00		3,500.00
Police:					
Telephone	267.35	1,548.20	1,815.55	1,548.20	267.35
Other Misc. Expenses	20,181.86	15,209.53	35,391.39	16,544.58	18,846.81
Crossing Guards	2,649.25	350.00	2,999.25	350.00	2,649.25
Emergency Management Services		149.10	149.10	149.10	
Road Repairs and Maintenance	20,675.68	525.63	21,201.31	1,301.96	19,899.35

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES

	Balance December 31, 2016		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
Other Expenses (Continued):					
Operations - Within "CAPS" (Continued):					
Street Cleaning	\$ 1,332.14	\$ 553.64	\$ 1,885.78	\$ 620.61	\$ 1,265.17
Shade Tree Commission		9,390.00	9,390.00	9,390.00	
Garbage and Trash Removal:	8,164.74	32,887.56	41,052.30	39,247.89	1,804.41
Environmental Commission	589.88	10.12	600.00	10.12	589.88
O.S.H.A. Requirement (P.L. 1983 Ch. 516)					
Public Works	5,770.00		5,770.00		5,770.00
Recycling	7,245.04	882.73	8,127.77	1,369.48	6,758.29
Public Buildings and Grounds	2,199.91	4,331.98	6,531.89	1,942.52	4,589.37
Vehicle Maintenance	9,643.50	8,971.49	18,614.99	9,697.36	8,917.63
Board of Health	22.12		22.12		22.12
Dog Regulation	10.51		10.51		10.51
Property Clean-Ups	8,000.00		8,000.00		8,000.00
Parks and Playgrounds	6,765.05	151.27	6,916.32	249.15	6,667.17
Department of Recreation	9,704.95	1,937.48	11,642.43	1,678.48	9,963.95
Celebration of Public Events		137.27	137.27	137.27	
Office on Aging (Social Services)	1,518.96	2,447.14	3,966.10	2,769.70	1,196.40
Pool Expenses	754.41	5,114.86	8,869.27	5,010.65	3,858.62
Telephone	12.45	743.17	755.62	743.17	12.45
Gasoline	4,073.17	5,043.95	9,117.12	6,959.18	2,157.94
Natural Gas - Heating	4,345.84	660.79	5,006.63	2,212.24	2,794.39
Uniform Construction Code - Appropriations Offset by					
Dedicated Revenues (N.J.A.C. 5:23-4.17):					
Construction Code Official	1,494.19		1,494.19		1,494.19
Contingent	1,000.00		1,000.00		1,000.00
Deferred Charges and Statutory Expenditures - Municipal within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	14,565.52		14,565.52		14,565.52
Defined Contribution Retirement Plan	2,000.00		2,000.00		2,000.00
Operations - Excluded from "CAPS":					
Other Operations - Excluded from "CAPS":					
Maintenance of Free Public Library	4,041.47	72.85	14,914.32	14,914.32	
Other Expenses & EDRS	5,697.93		5,697.93	198.00	5,499.93
Middlesex County Improvement Authority					
Recycling Program	20,512.70	11,905.99	32,418.69	24,204.17	8,214.52

**BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES**

	Balance December 31, 2016				
	<u>Appropriation Reserves</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Other Expenses (Continued):					
Operations - Excluded from "CAPS": (Continued)					
Pubic Health Service Contract:					
Other Expenses	\$ 1,172.66		\$ 1,172.66		\$ 1,172.66
Township of Woodbridge - Animal Control:					
Other Expenses		\$ 10,600.00	10,600.00	\$ 10,600.00	
Township of South Brunswick :					
Mobile Data Terminal System	1,203.93		1,203.93		1,203.93
Additional Appropriations Offset by Revenues (NJSA 40A:4-45.3h)					
School Age Child Care Program :	1,304.27	7,528.42	8,832.69	7,286.00	1,546.69
Donations-Milltown Revital. Comm.	5,293.05		5,293.05		5,293.05
	<u>\$ 308,526.18</u>	<u>\$ 172,315.98</u>	<u>\$ 471,642.16</u>	<u>\$ 226,853.45</u>	<u>\$ 244,788.71</u>
Total Other Expenses					
	<u>\$ 442,852.37</u>	<u>\$ 182,315.98</u>	<u>\$ 625,168.35</u>	<u>\$ 270,338.42</u>	<u>\$ 354,829.93</u>
	A	A, A-20			A-1
		<u>Ref.</u>			
Cash Disbursed		A-4	\$ 268,939.73		
Less: Contra Receipts		A-4	176.10	\$ 268,763.63	
Commitments Payable		A-16		1,574.79	
				<u>\$ 270,338.42</u>	

BOROUGH OF MILLTOWN
CURRENT FUND
SCHEDULE OF OTHER RESERVES

<u>Purpose</u>	<u>Ref.</u>	Balance December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>
DCA Fees		\$ 1,160.00	\$ 6,543.00	\$ 6,311.00	\$ 1,392.00
Developers Agreement - Storm Drainage		7,150.00			7,150.00
Milltown Revitalization		1,463.00		1,463.00	
Milltown Revitalization - Clock		2,517.29			2,517.29
Reserve for DPW Garage Repair		7,792.53			7,792.53
Reserve for Other Liens			<u>239,486.30</u>	<u>232,404.16</u>	<u>7,082.14</u>
		<u>\$ 20,082.82</u>	<u>\$ 246,029.30</u>	<u>\$ 240,178.16</u>	<u>\$ 25,933.96</u>
	<u>Ref.</u>	A	A-4		A
Cash Disbursements	A-4			\$ 238,715.16	
Transfer to Miscellaneous Anticipated Revenue	A-2			<u>1,463.00</u>	
				<u>\$ 240,178.16</u>	

BOROUGH OF MILLTOWN
SCHEDULE OF COMMITMENTS PAYABLE
CURRENT FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> A		\$ 149,295.92
<u>INCREASED BY:</u>			
Charged to 2016 Appropriation Reserves	A-14	\$ 1,574.79	
Charged to 2017 Appropriations	A-3	<u>60,000.00</u>	
			<u>61,574.79</u>
			210,870.71
<u>DECREASED BY:</u>			
Cash Disbursed	A-4		<u>86,696.79</u>
<u>BALANCE, DECEMBER 31, 2017</u>	A		<u>\$ 124,173.92</u>
Analysis of Balance at December 31, 2017			
LOSAP			\$ 60,000.00
Appropriations - 2017			<u>64,173.92</u>
			<u>\$ 124,173.92</u>

SCHEDULE OF TAX OVERPAYMENTS
CURRENT FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> A		\$ 1,908.96
<u>INCREASED BY:</u>			
Collected	A-4		<u>7,371.49</u>
			9,280.45
<u>DECREASED BY:</u>			
Applied to 2016 Taxes Receivables	A-7		<u>976.12</u>
<u>BALANCE, DECEMBER 31, 2017</u>	A		<u>\$ 8,304.33</u>

BOROUGH OF MILLTOWN
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
CURRENT FUND

	<u>Ref.</u>		
<u>BALANCE, DECEMBER 31, 2016</u>			
Payable	A	\$ 77,635.00	
Deferred School Taxes	A-18	<u>7,164,219.00</u>	\$ 7,241,854.00
 <u>INCREASED BY:</u>			
Levy, School Year July 1, 2017 to June 30, 2018	A-7		<u>15,527,110.00</u>
			22,768,964.00
 <u>DECREASED BY:</u>			
Cash Disbursed	A-4		<u>15,254,277.02</u>
 <u>BALANCE, DECEMBER 31, 2017</u>			
Payable	A	\$ 100,467.98	
Deferred School Taxes	A-18	<u>7,414,219.00</u>	<u>\$ 7,514,686.98</u>
 <u>2016 LIABILITY FOR LOCAL DISTRICT SCHOOL TAX</u>			
2017 School Taxes Paid	A-18		\$ 15,254,277.02
Less: School Taxes Payable, December 31, 2016			<u>77,635.00</u>
			15,176,642.02
 Add: School Taxes Payable, December 31, 2017			<u>100,467.98</u>
 <u>AMOUNT CHARGED TO 2016 OPERATIONS</u>	A-1		<u>15,277,110.00</u>

Exhibit A-19

SCHEDULE OF COUNTY TAXES PAYABLE
CURRENT FUND

	<u>Ref.</u>		
 <u>INCREASED BY:</u>			
2017 Tax Levy:			
County Tax	A-1, A-7	\$ 3,244,519.07	
County Open Space Tax	A-1, A-7	<u>263,773.39</u>	
			\$ 3,508,292.46
 <u>DECREASED BY:</u>			
2017 Levy Payment	A-4		<u>3,508,292.46</u>

Exhibit A-20

SCHEDULE OF COUNTY ADDED AND OMITTED TAXES
CURRENT FUND

	<u>Ref.</u>		
 <u>INCREASED BY:</u>			
2016 Added Taxes	A-1, A-7	\$ 52.32	
2017 Added Taxes	A-1, A-7	<u>1,789.57</u>	
			\$ 1,841.89
 <u>DECREASED BY:</u>			
2017 Levy Payment	A-4		<u>1,841.89</u>

BOROUGH OF MILLTOWN
SCHEDULE OF PREPAID TAXES
CURRENT FUND

	<u>Ref.</u>	
<u>BALANCE, DECEMBER 31, 2016</u>	A	\$ 242,808.53
 <u>INCREASED BY:</u>		
2018 Prepaid Taxes	A-4	<u>1,033,988.38</u>
		1,276,796.91
 <u>DECREASED BY:</u>		
Applied to 2017 Taxes	A-7	<u>242,808.53</u>
<u>BALANCE, DECEMBER 31, 2017</u>	A	<u>\$ 1,033,988.38</u>

SCHEDULE OF RESERVE FOR ENCUMBRANCES
CURRENT FUND

	<u>Ref.</u>	
<u>BALANCE, DECEMBER 31, 2016</u>	A	\$ 182,315.98
 <u>INCREASED BY:</u>		
Charged to 2017 Appropriations	A-3	<u>377,677.17</u>
		559,993.15
 <u>DECREASED BY:</u>		
Transferred to 2016 Appropriation Reserves	A-14	<u>182,315.98</u>
<u>BALANCE, DECEMBER 31, 2017</u>	A	<u>\$ 377,677.17</u>

BOROUGH OF MILLTOWN
GRANT FUND
SCHEDULE OF DUE TO GENERAL CAPITAL FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u>	
<u>AND</u>		
<u>BALANCE, DECEMBER 31, 2017</u>	A	\$ <u>50,000.00</u>

There was no change during the year.

**BOROUGH OF MILLTOWN
GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE**

	Balance December 31, 2016	Increased by 2017 Budget Revenue Realized	Added by 40A:4-87	Decreased by Cash Received	Balance December 31, 2017
Federal:					
HUD Block Grant-Senior Program					
2015	\$ 29,582.20				\$ 29,582.20
Office on Aging					
2016	1,071.00				1,071.00
2017		\$ 6,000.00	\$ 2,000.00	\$ 7,330.00	670.00
Community Development Block Grant:					
2016	35,140.00				35,140.00
2017		35,140.00		18,140.00	17,000.00
	<u>\$ 65,793.20</u>	<u>\$ 41,140.00</u>	<u>\$ 2,000.00</u>	<u>\$ 25,470.00</u>	<u>\$ 83,463.20</u>
State:					
Clean Communities Program					
2017			\$ 14,025.37	\$ 14,025.37	
Municipal Alliance on Alcoholism and Drug Abuse:					
2016	\$ 11,682.30				\$ 11,682.30
2017		\$ 16,276.00		11,713.75	4,562.25
Body Armor Replacement Program					
2017			1,785.52	1,785.52	
	<u>\$ 11,682.30</u>	<u>\$ 16,276.00</u>	<u>\$ 15,810.89</u>	<u>\$ 27,524.64</u>	<u>\$ 16,244.55</u>
County of Middlesex:					
Open Space, Recreation, Farmland 2016	\$ 103,850.00				\$ 103,850.00
	<u>\$ 181,325.50</u>	<u>\$ 57,416.00</u>	<u>\$ 17,810.89</u>	<u>\$ 52,994.64</u>	<u>\$ 203,557.75</u>
	Ref. A			A-4	A
Detail:					
Adopted Budget	A-2	\$ 57,416.00			
Matching Funds	A-2	4,069.00			
	A-2	<u>\$ 61,485.00</u>			

BOROUGH OF MILLTOWN
GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

	Balance December 31, <u>2016</u>	Transferred from 2017		Paid or Charged			Balance December 31, <u>2017</u>
		Budget Appropriations <u>Budget</u>	Appropriation by 40A:4-87	Prior Year Encumbrances	Cash Disbursed	Reserve for Encumbrances/ (Canceled)	
Federal:							
County of Middlesex:							
Office on Aging Grant							
2017		\$ 6,000.00	2,000.00		\$ 1,500.00		\$ 6,500.00
Community Development Block Grant:							
2012	\$ 3,636.32						3,636.32
2014	16.44				16.44		
2015	6,864.53			2,169.86	9,034.39		
2016	35,140.00				25,616.74	\$ 1,652.91	7,870.35
2017		35,140.00					35,140.00
	\$ 45,657.29	\$ 41,140.00	2,000.00	2,169.86	\$ 36,167.57	\$ 1,652.91	\$ 53,146.67
State:							
Clean Communities Program							
2016	\$ 10,843.84				\$ 10,843.84		
2017			\$ 14,025.37		2,317.11		\$ 11,708.26
Municipal Alliance on Alcohol and Drug Abuse:							
Grant							
2014	36.17						36.17
2016	5,702.00			3,890.00	9,592.00		
2017		\$ 16,276.00			8,238.15	\$ 3,233.39	4,804.46
Match							
2014	252.92						252.92
2015	200.61						200.61
2016	3,069.00				3,069.00		
2017		4,069.00					4,069.00
Drunk Driving Enforcement Fund							
2015	1,782.92			330.76	2,070.76		42.92
Alcohol Education & Rehabilitation Program							
2011	1,884.67						1,884.67
2012	2,482.30						2,482.30
2013	449.65						449.65

**BOROUGH OF MILLTOWN
GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES**

	Balance December 31, <u>2016</u>	Transferred from 2017 Budget Appropriations	Appropriation by 40A:4-87	Paid or Charged	Reserve for Encumbrances/ (Canceled)	Canceled	Balance December 31, <u>2017</u>
		<u>Budget</u>		Prior Year Encumbrances	Cash Disbursed		
State: (Continued)							
Body Armor Replacement Program							
2014			\$ 102.39	\$ 102.39			
2015			1,762.91	1,762.91			
2016	\$ 1,103.68		679.50	1,474.30			\$ 308.88
2017		\$ 1,785.52					1,785.52
Sustainable Jersey Small Grants Program	1,116.00			139.85		\$ (139.85)	\$ 139.85
Target Crime Prevention Grant	1,427.06						1,427.06
	<u>\$ 30,350.82</u>	<u>\$ 20,345.00</u>	<u>\$ 15,810.89</u>	<u>6,905.41</u>	<u>\$ 39,470.46</u>	<u>\$ 3,093.54</u>	<u>\$ 139.85</u>
							<u>\$ 30,708.27</u>
County of Middlesex:							
Open Space, Recreation, Farmland 2016	103,850.00				\$ 595.00		\$ 103,255.00
	103,850.00				\$ 595.00		\$ 103,255.00
	<u>\$ 179,858.11</u>	<u>\$ 61,485.00</u>	<u>\$ 17,810.89</u>	<u>9,075.27</u>	<u>\$ 76,233.03</u>	<u>\$ 4,746.45</u>	<u>\$ 139.85</u>
<u>Ref.</u>	<u>A</u>	<u>A-3/A-4</u>	<u>A-3</u>	<u>A</u>	<u>A-4</u>		<u>A</u>
Analysis of Detail:							
Grant	\$ 57,416.00	\$ 17,810.89					
Match	4,069.00						
	<u>\$ 61,485.00</u>	<u>\$ 17,810.89</u>					

TRUST FUND

BOROUGH OF MILLTOWN
SCHEDULE OF CASH, TREASURER
TRUST FUND

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
<u>BALANCE, DECEMBER 31, 2016</u>	B	\$ 1,267.64	\$ 774,597.51
<u>INCREASED BY RECEIPTS:</u>			
Municipal License Fees	B-2	\$ 2,766.60	
Various Reserves	B-4		\$ 245,654.91
Unemployment Trust	B-5		44,367.71
Due from Municipal Court	B		608.00
Due from Current Fund	A-11/B		
Due from Boro Clerk	A-11, B-1	<u>52.20</u>	
		<u>2,766.60</u>	<u>290,630.62</u>
		4,034.24	1,065,228.13
<u>DECREASED BY DISBURSEMENTS:</u>			
Expenditures	B-2	\$ 397.00	
Various Reserves	B-4		\$ 192,935.92
Unemployment Trust	B-5		<u>22,278.71</u>
		<u>397.00</u>	<u>215,214.63</u>
<u>BALANCE, DECEMBER 31, 2017</u>	B	<u>\$ 3,637.24</u>	<u>\$ 850,013.50</u>

BOROUGH OF MILLTOWN
SCHEDULE OF CASH, TREASURER
TRUST FUND

	<u>Ref.</u>	<u>Payroll Trust Fund</u>	<u>Public Assistance Trust Fund</u>
<u>BALANCE, DECEMBER 31, 2016</u>	B	\$ 39,299.02	\$ 8,973.76
<u>INCREASED BY RECEIPTS:</u>			
Payroll Deductions	B-6	\$ 1,963,129.99	
Payroll Taxes - Employer Share	B-6	384,718.04	
Due from Current Fund	B	<u>361.11</u>	
		<u>2,348,209.14</u>	
		2,387,508.16	<u>8,973.76</u>
<u>DECREASED BY DISBURSEMENTS:</u>			
Payroll Deductions	B-6	\$ <u>2,345,839.96</u>	
		<u>2,345,839.96</u>	
<u>BALANCE, DECEMBER 31, 2017</u>	B	<u>\$ 41,668.20</u>	<u>\$ 8,973.76</u>

BOROUGH OF MILLTOWN
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> B		\$	1,312.64
<u>INCREASED BY:</u>				
Dog License Fees		\$ 2,742.60		
Late Fees and Other Charges		<u>24.00</u>		
	B-7			<u>2,766.60</u>
				4,079.24
<u>DECREASED BY:</u>				
Expenditures	B-1		\$	<u>397.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	B		\$	<u><u>3,682.24</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2016	\$ 2,305.00
2015	<u>2,525.00</u>
	<u><u>\$ 4,830.00</u></u>

Note: R.S.4:19.11

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

BOROUGH OF MILLTOWN
SCHEDULE OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> B	
AND		
<u>BALANCE, DECEMBER 31, 2017</u>	B	\$ <u>7.20</u>

There was no change during the year.

**BOROUGH OF MILLTOWN
SCHEDULE OF OTHER RESERVES
TRUST OTHER FUND**

<u>Purpose</u>	Balance <u>Dec 31, 2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Due From Municipal <u>Court</u>	Reserve for Encumbrances <u>C/Y</u>	Balance <u>Dec 31, 2017</u>
Deposits and Performance Bonds	\$ 120,683.15	\$ 3,821.15	\$ 16,733.80			\$ 107,770.50
Developer's Escrow	62,040.36	14,444.58	26,985.79			49,499.15
Engineering Inspection Escrow Fees	68,505.94	9,501.90	11,077.79		\$ 928.50	66,001.55
History Book	3,950.00	-	-			3,950.00
Parking Offense Adjudication Act	640.00	192.00				832.00
Public Defender Fees	4,934.09	5,165.41	8,260.00	400.00		2,939.50
Recreation Programs	11,794.37	7,135.00	7,009.40		1,500.00	11,344.97
Recycling	13,884.19	28,444.87	6,070.30			36,258.76
Senior Citizen Donation	17,234.77	2,700.00	1,978.84			17,955.93
Shade Tree Donations	800.00	-	-			800.00
Snow Removal	80,710.22	11,200.00	21,120.63		4,552.00	66,412.59
Street Opening Deposits	8,000.00	4,500.00	1,500.00			11,000.00
Tax Sale Premium	141,300.00	91,100.00	84,500.00			147,900.00
Teen Council	3,816.15	-	-			3,816.15
Translator Services	6.23	-	-			6.23
UCC Penalty	3,283.25	250.00				3,533.25
Uniform Fire Safety Fine Account	-	1,000.00				1,000.00
Accumulated Absences - Current	37,694.46	46,200.00	42.92			83,851.54
Accumulated Absences - Water/Sewer	72,962.37	10,000.00				82,962.37
Accumulated Absences - Electric	73,875.73	10,000.00	7,656.45			76,219.28
	<u>\$ 726,115.28</u>	<u>\$ 245,654.91</u>	<u>\$ 192,935.92</u>	<u>\$ 400.00</u>	<u>\$ 6,980.50</u>	<u>\$ 774,053.77</u>
<u>Ref.</u>	B	B-1	B-1	B	B-7	B

BOROUGH OF MILLTOWN
SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION
TRUST OTHER FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> B	\$ 47,290.23
 <u>INCREASED BY:</u>		
Cash Receipts from:		
Current Fund	B-1	<u>44,367.71</u>
		91,657.94
 <u>DECREASED BY:</u>		
Cash Disbursed	B-1	<u>22,278.71</u>
 <u>BALANCE, DECEMBER 31, 2017</u>	 B	 \$ <u><u>69,379.23</u></u>

Detail:

- Current
- Water-Sewer
- Electric

BOROUGH OF MILLTOWN
SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE
PAYROLL TRUST FUND

	Balance	Increases		Decreases	Balance
	<u>Dec 31, 2016</u>	<u>Borough</u>	<u>Payroll</u>		<u>Dec 31, 2017</u>
		<u>Share</u>	<u>Deduction</u>		
Federal Withholding Tax			\$ 580,500.43	\$ 580,500.43	
FICA and Medicare		\$ 384,718.04	384,717.95	769,435.99	
State Unemployment Tax			23,785.51	23,785.51	
State of NJ Withholding Tax			163,895.12	163,895.12	
PERS	\$ 13,469.97		173,757.12	175,586.40	\$ 11,640.69
PERS Contributory Group Insurance	928.40		11,830.49	11,548.17	1,210.72
PERS Loan	3,267.50		40,072.90	39,621.10	3,719.30
PFRS	12,408.72		159,137.76	160,044.58	11,501.90
PFRS Loan	5,678.52		66,271.22	66,112.76	5,836.98
NY Life Insurance	622.29		7,463.88	7,464.24	621.93
Dental Insurance	591.76		4,965.66	4,965.66	591.76
Health Insurance	-		214,364.34	214,364.34	
Union Dues	1,596.60		28,177.18	28,289.18	1,484.60
Nationwide Retirement			51,139.74	51,139.74	
Garnishment/Child Support	1,086.40		39,515.97	39,920.70	681.67
AFLAC			9,518.58	9,166.04	352.54
Misc.	9.97		4,016.14		4,026.11
	<u>\$ 39,660.13</u>	<u>\$ 384,718.04</u>	<u>\$ 1,963,129.99</u>	<u>\$ 2,345,839.96</u>	<u>\$ 41,668.20</u>
<u>Ref.</u>	B	B-1	B-1	B-1	B

() Defines deficit.

BOROUGH OF MILLTOWN
SCHEDULE OF DUE FROM BOROUGH CLERK
ANIMAL CONTROL FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u>	
AND		
<u>BALANCE, DECEMBER 31, 2017</u>	B	<u>\$ 52.20</u>

There was no change during the year.

GENERAL CAPITAL FUND

BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF CASH, TREASURER

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> C, C-3		\$ 324,519.08
<u>INCREASED BY:</u>			
Capital Improvement Fund	C-10	\$ 472,000.00	
Bond Anticipation Notes	C-9	30,000.00	
Deferred Charges to Future Taxation - Unfunded	C-6	22,114.58	
NJ DOT Receivable	C-4	417,707.42	
Fund Balance	C-1	<u>15,614.70</u>	
			<u>957,436.70</u>
			1,281,955.78
<u>DECREASED BY:</u>			
Improvement Authorizations	C-12	\$ 771,048.56	
Reserve for Encumbrances	C-13	353,677.44	
Fund Balance	C-1	<u>22,114.58</u>	
			<u>1,146,840.58</u>
<u>BALANCE, DECEMBER 31, 2017</u>	C, C-3		<u>\$ 135,115.20</u>

**BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance December 31, 2016	Receipts		Disbursements		Transfer		Balance December 31, 2017
		BANs Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 56,476.30		\$ 15,614.70		\$ 22,114.58			\$ 49,976.42
Capital Improvement Fund	33,005.74		472,000.00			\$ 457,518.00		47,487.74
Reserve for Encumbrances	382,136.94				353,677.44	28,459.50	\$ 173,597.25	173,597.25
Reserve for Water Retention	11,428.58							11,428.58
Due from Grant Fund	(50,000.00)							(50,000.00)
Due from NJDOT	(195,645.04)					512,482.00		(708,127.04)

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Description</u>								
1074	Improve. To Intersection at Booream Ave, Ochs Ave, Main St	(26,658.51)		13,330.00				(13,328.51)	
1319/1342	Improvement to Brook Dr and Construction of the School Street retaining Wall	10,212.66			\$ 1,692.50		20,104.22	28,624.38	
1329/1352	Improvements to South Street Area Roadway	(43,225.86)		8,784.58				(34,441.28)	
1393	Phase II of the South Street Area Roadway Improvements	(316,268.94)		\$ 244,571.28	187.50		5,258.07	(66,627.09)	
1397	Construction, Rehabilitation and Repair of COAH Housing	64,431.69	\$ 30,000.00		30,732.40	1,180.00		62,519.29	
1399/1415	Various Capital Improvements	125,227.73			61,613.28	440.00	3,097.21	66,271.66	
1411	Acquisition of Various Capital Equipment	216,250.73				13,808.00		202,442.73	
1418	Improvement to Howard St. & Wilson Ave	21,826.22		173,136.14	197,140.86	86,323.33		(88,501.83)	
1436	Acquisition of New Fire Truck and Canopy	11,320.84			6,098.00	2,790.94		2,431.90	
1440/ 1450-17	Public Works Complex - Flood Mitigation Project	24,000.00			473,510.98	69,054.98	442,000.00	(76,565.96)	
1452	Phase II of Improvements to Howard St. and Wilson Avenue				73.04		528,000.00	527,926.96	
		<u>\$ 324,519.08</u>	<u>\$ 30,000.00</u>	<u>\$ 927,436.70</u>	<u>\$ 771,048.56</u>	<u>\$ 375,792.02</u>	<u>\$ 1,172,056.75</u>	<u>\$ 644,056.75</u>	<u>\$ 135,115.20</u>
<u>Ref.</u>		C, C-2	C-9	C-1, C-4, C-6, C-10	C-12	C-1, C-13	C-4, C-10, C-12, C-13	C, C-2	

Bracketed () Amount Denotes Deficit.

**BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
STATEMENT OF INTERGOVERNMENTAL GRANTS RECEIVABLE**

		NJDOT				
Ref.	Total	Brook Drive Phase IV & V Ord. 1319/1342	Phase II South Street Area Roadway Improve. Ord. 1393	Wilson Ave. & Howard Street Improve. Ord. 1418	Phase II Wilson Ave Improve. Ord. 1452	
<u>BALANCE, DECEMBER 31, 2016</u>	C \$ 865,645.04	\$ 205,645.04	\$ 360,000.00	\$ 300,000.00		
<u>INCREASED BY:</u>						
Awarded	C-12 <u>512,482.00</u>				\$ <u>512,482.00</u>	
<u>DECREASED BY:</u>						
Cash Receipts	C-2 417,707.42		244,571.28	173,136.14		
Cancelled:						
Reserved	C-12 <u>97,437.75</u>		<u>97,437.75</u>			
<u>BALANCE, DECEMBER 31, 2017</u>	C \$ <u>862,981.87</u>	\$ <u>205,645.04</u>	\$ <u>17,990.97</u>	\$ <u>126,863.86</u>	\$ <u>512,482.00</u>	
 Detail:						
Reserved	C \$ 154,854.83	\$ 10,000.00	\$ 17,990.97	\$ 126,863.86		
Unreserved	C-12 <u>708,127.04</u>	<u>195,645.04</u>			\$ <u>512,482.00</u>	
	\$ <u>862,981.87</u>	\$ <u>205,645.04</u>	\$ <u>17,990.97</u>	\$ <u>126,863.86</u>	\$ <u>512,482.00</u>	

BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> C		\$ 4,062,657.77
 <u>DECREASED BY:</u>			
Serial Bonds	C-7	\$ 405,000.00	
Loans Payable	C-8	<u>13,885.83</u>	
			<u>418,885.83</u>
 <u>BALANCE, DECEMBER 31, 2017</u>	 C		 \$ <u>3,643,771.94</u>

**BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Description	Balance December 31, 2016	Decreased By			Balance December 31, 2017	Analysis of Balance December 31, 2017		
			2017 Authorizations	2017 Budget Appropriation	Grant Receipts		Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1074	Improve. To Intersection at Booream Ave, Ochs Ave., Main St.	\$ 26,658.51		\$ 13,330.00		\$ 13,328.51		\$ 13,328.51	
1329/1352	Improvements to South Street Phase I Area Roadway	43,225.86		8,784.58		34,441.28		34,441.28	
1393	Phase II of the South Street Area Roadway Improvements	396,000.00		2,000.00	\$ 244,571.28	149,428.72	\$ 48,000.00	66,827.00	\$ 34,601.72
1397	Construction, Rehabilitation and Repair of COAH Housing	261,000.00		6,000.00		255,000.00	149,000.00		106,000.00
1399/1415	Various Capital Improvements	1,277,750.00		54,000.00		1,223,750.00	746,000.00		477,750.00
1411	Acquisition of Various Capital Equipment	401,250.00		45,000.00		356,250.00	305,000.00		51,250.00
1418	Improvements to Wilson Ave and Howard Street	360,000.00		3,000.00	173,136.14	183,863.86	57,000.00		126,863.86
1436	Acquisition of New Fire Truck and Canopy Tent	684,000.00		36,000.00		648,000.00	648,000.00		
1440/ 1450-17	Public Works Complex - Flood Mitigation Project	451,000.00	\$ 8,383,000.00			8,834,000.00		518,565.96	8,315,434.04
1452	Phase II of Improvements to Howard Street & Wilson Avenue		287,000.00			287,000.00			287,000.00
		<u>\$ 3,900,884.37</u>	<u>\$ 8,670,000.00</u>	<u>\$ 168,114.58</u>	<u>\$ 417,707.42</u>	<u>\$ 11,985,062.37</u>	<u>\$ 1,953,000.00</u>	<u>\$ 633,162.75</u>	<u>\$ 9,398,899.62</u>
	<u>Ref.</u>	C	C-12, C-15	C-2, C-9	C-2, C-4	C	C-9	C-3	C-12

Detail of Unexpended:

Improvement Authorization, Unfunded	C-12	\$ 10,086,263.28
Less: Unexpended Balance of BAN's	C-3	<u>687,363.66</u>
		<u>\$ 9,398,899.62</u>

BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decrease</u>	<u>Balance December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
General Obligation \Refunding Bonds	6/11/2013	\$ 2,250,000.00	8/1/2018	\$ 205,000.00	3.000%	\$ 1,805,000.00	\$ 205,000.00	\$ 1,600,000.00
			8/1/2019	210,000.00	2.000%			
			8/1/2020-21	205,000.00	2.000%			
			8/1/2022	200,000.00	2.125%			
			8/1/2023	195,000.00	3.000%			
			8/1/2024-25	190,000.00	3.000%			
General Obligation Bonds	12/17/2013	2,580,000.00	12/15/2018-24	200,000.00	3.000%	2,080,000.00	200,000.00	1,880,000.00
			12/15/2025	175,000.00	3.125%			
			12/15/2026	175,000.00	3.250%			
			12/15/2027	130,000.00	3.500%			
						<u>\$ 3,885,000.00</u>	<u>\$ 405,000.00</u>	<u>\$ 3,480,000.00</u>
				<u>Ref.</u>		C	A-3, C-5	C

**BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF NJDEP GREEN TRUST LOAN**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased by</u>	<u>Balance December 31, 2017</u>
Improvements to Mill Pond Park - Phase II Original Amount of Issue: \$279,334.33	01/21/ 2018	7,047.23	2.00%	\$ 177,657.77	\$ 13,885.83	\$ 163,771.94
	07/21/ 2018	7,117.70	2.00%			
	01/21/ 2019	7,188.88	2.00%			
	07/21/ 2019	7,260.77	2.00%			
	01/21/ 2020	7,333.38	2.00%			
	07/21/ 2020	7,406.71	2.00%			
	01/21/ 2021	7,480.78	2.00%			
	07/21/ 2021	7,555.58	2.00%			
	01/21/ 2022	7,631.14	2.00%			
	07/21/ 2022	7,707.45	2.00%			
	01/21/ 2023	7,784.53	2.00%			
	07/21/ 2023	7,862.37	2.00%			
	01/21/ 2024	7,941.00	2.00%			
	07/21/ 2024	8,020.41	2.00%			
	01/21/ 2025	8,100.61	2.00%			
	07/21/ 2025	8,181.62	2.00%			
	01/21/ 2026	8,263.43	2.00%			
	07/21/ 2026	8,346.07	2.00%			
	01/21/ 2027	8,429.53	2.00%			
	07/21/ 2027	8,513.82	2.00%			
01/21/ 2028	8,598.93	2.00%				
				<u>\$ 177,657.77</u>	<u>\$ 13,885.83</u>	<u>\$ 163,771.94</u>
			<u>Ref.</u>	C	A-3, C-5	C

**BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES (BANS)**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Increased by BAN Sale Proceeds</u>	<u>Decreased by Budget Appropriation</u>	<u>Balance December 31, 2017</u>
1393	South Street Area Roadway Improvements - Phase II	12/23/2015	12/20/2017	12/19/2018	2.50%	\$ 50,000.00		\$ 2,000.00	\$ 48,000.00
1397	Construction, Rehabilitation and Repair of COAH Housing	12/23/2015	12/20/2017	12/19/2018	2.50%	100,000.00		4,000.00	96,000.00
		12/21/2016	12/20/2017	12/19/2018	2.50%	25,000.00		2,000.00	23,000.00
		12/20/2017	12/20/2017	12/19/2018	2.50%		\$ 30,000.00		30,000.00
1399/ 1415	2014 Capital Improvement Program	12/23/2015	12/20/2017	12/19/2018	2.50%	750,000.00		50,000.00	700,000.00
		12/21/2016	12/20/2017	12/19/2018	2.50%	50,000.00		4,000.00	46,000.00
1411	Acquisition of Various Capital Equipment	12/23/2015	12/20/2017	12/19/2018	2.50%	350,000.00		45,000.00	305,000.00
1418	Improvements to Wilson Ave. and Howard Street	12/23/2015	12/20/2017	12/19/2018	2.50%	60,000.00		3,000.00	57,000.00
1436	Acquisition of New Fire Truck and Company Tent	12/21/2016	12/20/2017	12/19/2018	2.50%	<u>684,000.00</u>		<u>36,000.00</u>	<u>648,000.00</u>
						<u>\$ 2,069,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 146,000.00</u>	<u>\$ 1,953,000.00</u>
					<u>Ref.</u>	<u>C</u>	<u>C-2</u>	<u>A-3/D-6</u>	<u>C</u>

BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> C	\$ 33,005.74
<u>INCREASED BY</u>		
2017 Budget Appropriation	C-2	<u>472,000.00</u>
		\$ 505,005.74
<u>DECREASED BY:</u>		
Appropriated to Finance Improvement Authorizations	C-12	<u>457,518.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	C	<u><u>47,487.74</u></u>

BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR WATER RETENTION

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u>	
<u>AND</u>		
<u>BALANCE, DECEMBER 31, 2017</u>	C	\$ <u>11,428.58</u>

There was no change during the year.

BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> C		\$ 382,136.94
 <u>INCREASED BY:</u>			
Charged to Improvement Authorizations	C-12		<u>173,597.25</u>
			555,734.19
 <u>DECREASED BY:</u>			
Cash Disbursed	C-2	\$ 353,677.44	
Cancellation to Improvement Authorizations	C-12	<u>28,459.50</u>	<u>382,136.94</u>
 <u>BALANCE, DECEMBER 31, 2017</u>	 C		 <u>\$ 173,597.25</u>

BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF DUE FROM GRANT FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u>	
AND		
<u>BALANCE, DECEMBER 31, 2017</u>	C	\$ <u>50,000.00</u>

There was no change during the year.

BOROUGH OF MILLTOWN
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance December 31, 2016	2017 <u>Authorizations</u>	<u>Decreased By</u>		Balance December 31, 2017
				<u>BAN's Issued</u>	<u>Grant Receipts</u>	
1393	Phase II of the South Street Area Roadway Improv.	\$ 346,000.00			244,571.28	\$ 101,428.72
1397	Construction, Rehab. And Repair of COAH Housing	136,000.00		\$ 30,000.00		106,000.00
1399/1415	Various Capital Improvements	477,750.00				477,750.00
1411	Acquisition of Various Capital Equipment	51,250.00				51,250.00
1418	Improvements to Wilson Ave and Howard Street	300,000.00			173,136.14	126,863.86
1436	Acquisition of New Fire Truck and Canopy Tent					
1440/1450-17	Public Works Complex - Flood Mitigation Project	451,000.00	\$ 8,383,000.00			8,834,000.00
1452	Phase II of Improvements to Wilson Ave and Howard Street		287,000.00			287,000.00
		<u>\$ 1,762,000.00</u>	<u>\$ 8,670,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 417,707.42</u>	<u>\$ 9,984,292.58</u>
	<u>Ref.</u>	C	C-6	C-9	C-6	C

WATER AND SEWER UTILITY FUND

BOROUGH OF MILLTOWN
SCHEDULE OF WATER AND SEWER UTILITY CASH, TREASURER

	Ref.	<u>Operating Fund</u>	<u>Capital Fund</u>
<u>BALANCE, DECEMBER 31, 2016</u>	D	\$ 1,905,911.23	\$ 210,679.93
<u>INCREASED BY RECEIPTS:</u>			
Nonbudget Revenues	D-3	\$ 21,445.61	
Consumer Accounts Receivable	D-7	2,364,977.17	
Morel Assessment	D-3	50,000.00	
Consumer Overpayments	D-11	2,168.33	
Water - Tower Rental Fees	D-3	142,988.60	
Capital Improvement Fund	D-21		\$ 30,000.00
Due from NJEIT	D-14		223,389.00
Due to Water-Sewer Utility Operating Fund	D-5		<u>55,000.00</u>
		<u>2,581,579.71</u>	<u>308,389.00</u>
		\$ 4,487,490.94	\$ 519,068.93
<u>DECREASED BY DISBURSEMENTS:</u>			
2017 Appropriations	D-4	\$ 2,206,294.56	
2016 Appropriation Reserves	D-9	514,214.69	
Overpayments Refunded	D-11	5,450.18	
Commitments Payable	D-12	10,000.00	
Accrued Interest on Bonds, Loans and Notes	D-13	147,249.61	
Improvement Authorizations	D-20		\$ 257,712.50
Reserve for Encumbrances	D-22		223,719.40
Due from Water-Sewer Utility Capital Fund	D-5	<u>55,000.00</u>	
		<u>2,938,209.04</u>	<u>481,431.90</u>
<u>BALANCE, DECEMBER 31, 2017</u>	D	\$ <u>1,549,281.90</u>	\$ <u>37,637.03</u>

**BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance December 31, <u>2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers</u>		Balance December 31, <u>2017</u>	
		<u>Miscellaneous</u>	<u>Improvement Authorizations</u>	<u>Miscellaneous</u>	<u>From</u>	<u>To</u>	
Fund Balance	\$ 75,035.71						\$ 75,035.71
Capital Improvement Fund	60,087.05	\$ 30,000.00					90,087.05
Reserve for Encumbrances	276,580.07			\$ 223,719.40	\$ 52,142.17	\$ 144,403.15	145,121.65
Reserve to Paint Water Tower	50,000.00						50,000.00
Due from NJEIT	(299,954.34)	223,389.00				76,565.34	
Due to/(from) Water Sewer Utility Operating Fund		55,000.00					55,000.00
<u>Ordinance</u>							
<u>Number</u>		<u>Description</u>					
1401	71,545.32	Acquisition of Equipment					71,545.32
1404/1416	(22,613.88)	Various Improvements to Water System (NJEIT)		\$ 2,058.00	76,565.34	52,142.17	(49,095.05)
1440/ 1450/17		Public Works Complex - Flood Mitigation Project		168,903.86	27,575.40		(196,479.26)
1441		Rehabilitation of the Water Storage Tank		<u>86,750.64</u>	<u>116,827.75</u>		<u>(203,578.39)</u>
	\$ <u>210,679.93</u>	\$ <u>308,389.00</u>	\$ <u>257,712.50</u>	\$ <u>223,719.40</u>	\$ <u>273,110.66</u>	\$ <u>273,110.66</u>	\$ <u>37,637.03</u>
<u>Ref.</u>	D, D-5	D-5, D-14, D-20, D-21	D-20	D-22	D-2, D-20, D-22		D, D-5

Bracketed () amounts denote deficit.

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D	\$ 321,563.87
<u>INCREASED BY:</u>		
Water Charges Levied		<u>2,389,073.47</u>
		2,710,637.34
<u>DECREASED BY:</u>		
Collections	D-3, D-5	<u>2,364,977.17</u>
<u>BALANCE, DECEMBER 31, 2017</u>	D	<u>\$ 345,660.17</u>

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D	\$ 31,006.45
<u>DECREASED BY</u>		
2017 Inventory - Adjustment		\$ <u>5,312.26</u>
<u>BALANCE, DECEMBER 31, 2017</u>	D	\$ <u><u>25,694.19</u></u>

**BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES**

	Balance December 31, 2016		Balance		
	<u>Appropriation Reserves</u>	<u>Reserve for Encumbrances</u>	<u>After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>OPERATING</u>					
Salaries and Wages	\$ 57,894.66		\$ 57,894.66	\$ 384.73	\$ 57,509.93
Other Expenses	107,219.47	\$ 137,885.84	245,105.31	133,430.17	111,675.14
Bulk Water - City New Brunswick	858.52	105,751.71	106,610.23	105,751.71	858.52
Sewer Disposal - City of New Brunswick	<u>167,450.69</u>	<u>107,762.88</u>	<u>275,213.57</u>	<u>275,213.57</u>	
Total Operating	\$ <u>333,423.34</u>	\$ <u>351,400.43</u>	\$ <u>684,823.77</u>	\$ <u>514,780.18</u>	\$ <u>170,043.59</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ <u>7,091.77</u>		\$ <u>7,091.77</u>		\$ <u>7,091.77</u>
Total Deferred Charges and Statutory Expenditures	\$ <u>7,091.77</u>		\$ <u>7,091.77</u>		\$ <u>7,091.77</u>
Grand Total	\$ <u><u>340,515.11</u></u>	\$ <u><u>351,400.43</u></u>	\$ <u><u>691,915.54</u></u>	\$ <u><u>514,780.18</u></u>	\$ <u><u>177,135.36</u></u>
	<u>Ref.</u>				
	D	D, D-10			D-1
			<u>Ref.</u>		
			D-5	\$ 514,214.69	
			D-12	565.49	
				<u>\$ 514,780.18</u>	

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D	\$ 351,400.43
 <u>INCREASED BY:</u>		
Charged to 2017 Appropriations	D-4	<u>366,385.15</u>
		717,785.58
 <u>DECREASED BY:</u>		
Transferred to 2016 Appropriation Reserves	D-9	<u>351,400.43</u>
<u>BALANCE, DECEMBER 31, 2017</u>	D	\$ <u><u>366,385.15</u></u>

WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER OVERPAYMENTS

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D	\$ 8,135.40
 <u>INCREASED BY:</u>		
Overpayments Received	D-5	<u>2,168.33</u>
		10,303.73
 <u>DECREASED BY:</u>		
Overpayments Refunded	D-5	<u>5,450.18</u>
<u>BALANCE, DECEMBER 31, 2017</u>	D	\$ <u><u>4,853.55</u></u>

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF COMMITMENTS PAYABLE

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D	\$ 205,592.28
 <u>INCREASED BY:</u>		
Charged to 2016 Appropriation Reserves	D-9	565.49
		206,157.77
 <u>DECREASED BY:</u>		
Cash Disbursed	D-5	10,000.00
 <u>BALANCE, DECEMBER 31, 2017</u>	 D	 \$ <u><u>196,157.77</u></u>

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS, LOANS AND NOTES

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D		\$ 48,689.65
<u>INCREASED BY:</u>			
Budget Appropriation:			
Interest on Bonds	D-4	\$ 55,661.25	
Interest on BAN's	D-4	2,082.01	
Interest on NJEIT Loans	D-4	<u>88,856.57</u>	<u>146,599.83</u>
			195,289.48
<u>DECREASED BY:</u>			
Cash Disbursed:			
Bonds	D-5	58,380.00	
BAN's	D-5	2,079.51	
NJEIT Loans	D-5	<u>86,790.10</u>	<u>147,249.61</u>
<u>BALANCE, DECEMBER 31, 2017</u>	D		<u>\$ 48,039.87</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2017

	Outstanding December 31, <u>2017</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Refunding Bonds - 2013	\$ 1,610,000.00	Various	8/1/2017	12/31/2017	5 months	\$ 16,833.33
Bonds - 2013	348,000.00	Various	12/15/2017	12/31/2017	15 days	449.17
Loan - NJEIT - 2008	510,000.00	Various	8/1/2017	12/31/2017	5 months	11,015.63
Loan - NJEIT - 2012	430,000.00	Various	8/1/2017	12/31/2017	5 months	8,172.40
Loan - NJEIT - 2013	126,193.00	Various	8/1/2017	12/31/2017	5 months	1,820.02
Loan - NJEIT - 2016	510,000.00	Various	12/22/2017	12/31/2017	10 days	9,700.00
Bond Anticipation Note	72,000.00	2.25%	12/20/2017	12/31/2017	11 days	<u>49.32</u>
						<u>\$ 48,039.87</u>

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF DUE FROM (RESERVE FOR) STATE OF NEW JERSEY
ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT)

	<u>Ref.</u>		<u>Total</u>
<u>BALANCE, DECEMBER 31, 2016</u>			
(DUE FROM)	D		\$ <u>299,954.34</u>
 <u>DECREASED BY:</u>			
Cash Receipts:			
Cancellation		76,565.34	
Reimbursements	D-5	<u>223,389.00</u>	\$ <u>299,954.34</u>

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BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D	\$ 13,416,802.42
<u>INCREASED BY:</u>		
Charged to 2016 Appropriation Reserves	D-9	<u>2,128,501.71</u>
<u>BALANCE, DECEMBER 31, 2017</u>	D	<u>\$ 15,545,304.13</u>

	BALANCE
	<u>December 31, 2017</u>
Detail:	
Water Storage Facility	\$ 254,258.00
Transmission Mains and Accessories	19,682.00
Distribution Mains and Accessories	348,816.00
Auxiliary Water Main	7,494.00
Service Pipes and Stops	7,789.00
Meter, Meter Boxes and Vaults	91,056.75
Fire Hydrants and Cisterns	32,647.28
General Equipment	11,186.37
Engineering and Superintendence	1,168.00
Repainting and Refurbishing of Storage Tanks	33,772.67
Replacement of sewer pumps and Purchase of Sewer Equipment	78,761.89
Computer System	26,000.00
Improvement to Water System - 1993	83,884.60
Construction of Municipal Building	189,000.00
Construction of Water Main	1,018,979.81
Repairs to Washington Ave	30,040.28
Construction of Water Tower and Pump Station	3,142,321.29
Relocation of Water Main	116,922.03
Capital Outlay - 1999	827.75
Pump Station Equipment - 1999	86,831.65
Pump Truck and Back Hoe - 1999	180,000.00
Purchase of Computer System - 1995	30,000.00
Acquisition of Computer Equipment - 1999	40,000.00
Acquisition of Dump Truck - 1999	38,000.00
Improvement to Church Street Pump Station - 2002	3,000,000.00
Looping of Various Water Mains	279,490.36
Conestoga Storage Building - 2006	19,000.00
2008/2009 Appropriation Reserves	11,500.00
Cleaning and Lining of Water Mains - 2007	1,796,480.75
Installation & Replacement of Water Main - West Lawrence - 2007	71,184.26
Replacement of Riva Avenue Water Main - 2012	402,980.37
2014 Capital Outlay	75,000.00
Washington Avenue Pump Station Improvements	1,811,727.31
2015 Capital Outlay	80,000.00
Various Improvements to Water System NJEIT 2016	<u>2,128,501.71</u>
	<u>\$ 15,545,304.13</u>
	<u>Ref.</u> D

**BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ordinance Number	Improvement Description	Ordinance		Balance December 31, 2016	Increased by Fixed Capital Authorized	Decreased by Transferred to Fixed Capital	Decreased by Canceled	Balance December 31, 2017
		Date	Amount					
1401	Acquisition of Equipment	07/28/14	\$ 120,000.00	\$ 120,000.00				\$ 120,000.00
1404/1416	Various Improvements to Water System (NJEIT)	09/08/14 07/25/15	2,200,000.00	2,200,000.00		2,127,501.71	72,498.29	
1440/17-1450	Public Works Complex - Flood Mitigation Project	12/12/2016, 6/20/2017	2,325,000.00	190,000.00	\$ 2,135,000.00			2,325,000.00
1441	Rehabilitation of the Water Storage Tank	12/12/16	1,450,000.00	<u>1,450,000.00</u>				<u>1,450,000.00</u>
				<u>\$ 3,960,000.00</u>	<u>\$ 2,135,000.00</u>	<u>2,127,501.71</u>	<u>72,498.29</u>	<u>\$ 3,895,000.00</u>
			<u>Ref.</u>	<u>D</u>	<u>D-20, D-26</u>	<u>D-15</u>	<u>D-2, D-20</u>	<u>D</u>

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>	
			<u>Date</u>	<u>Amount</u>					
General Obligation Refunding Bonds	06/11/13	\$ 2,770,000.00	08/01/2018	\$ 215,000.00	3.000%	\$ 1,825,000.00	\$ 215,000.00	\$ 1,610,000.00	
			08/01/2019	210,000.00	2.000%				
			08/01/2020	205,000.00	2.000%				
			08/01/2021	200,000.00	2.000%				
			08/01/2022	200,000.00	2.125%				
			08/01/2023	195,000.00	3.000%				
			08/01/2024	195,000.00	3.000%				
			08/01/2025	190,000.00	3.000%				
Water-Sewer Utility Bonds	12/17/13	448,000.00	12/15/2018-22	30,000.00	3.000%	373,000.00	25,000.00	348,000.00	
			12/15/2023-24	40,000.00	3.000%				
			12/15/2025	40,000.00	3.125%				
			12/15/2026	40,000.00	3.250%				
			12/15/2027	38,000.00	3.500%				
						<u>\$ 2,198,000.00</u>	<u>\$ 240,000.00</u>	<u>\$ 1,958,000.00</u>	
						<u>Ref.</u>	D	D-4, D-24	D

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES (BAN)

<u>Ordinance Number</u>	<u>Description</u>	<u>Original Issue Date</u>	<u>Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased By Budget Appropriation</u>	<u>Balance, December 31, 2017</u>
1401	Acquisition of Equipment	12/20/17	12/20/17	12/19/18	2.50%	\$ <u>96,000.00</u>	\$ <u>24,000.00</u>	\$ <u>72,000.00</u>
						\$ <u>96,000.00</u>	\$ <u>24,000.00</u>	\$ <u>72,000.00</u>
					<u>Ref.</u>		D-4, D-24	D

**BOROUGH OF MILLTOWN
 WATER AND SEWER UTILITY CAPITAL FUND
 SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST (NJEIT) LOAN**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance December 31, 2016	Decreased by	Balance December 31, 2017						
			December 31, 2017											
			Date	Amount										
Water Systems Improvement - State Portion	11/06/08	\$ 745,000.00	08/01/18	\$ 35,000.00	5.000%	\$ 545,000.00	\$ 35,000.00	\$ 510,000.00						
			08/01/19	35,000.00	5.000%									
			08/01/20	40,000.00	5.250%									
			08/01/21	40,000.00	5.500%									
			08/01/22	45,000.00	5.500%									
			08/01/23	45,000.00	5.500%									
			08/01/24	50,000.00	5.500%									
			08/01/25	50,000.00	5.000%									
			08/01/26	55,000.00	5.000%									
			08/01/27	55,000.00	5.000%									
			08/01/28	60,000.00	5.000%									
			Water System Improvements - Federal Portion	11/06/08	735,700.00				02/01/18	8,005.18		450,553.63	38,265.89	412,287.74
									08/01/18	29,200.93				
02/01/19	7,475.28													
08/01/19	28,671.03													
02/01/20	6,918.89													
08/01/20	31,142.61													
02/01/21	6,252.74													
08/01/21	30,476.46													
02/01/22	5,586.59													
08/01/22	32,838.27													
02/01/23	4,837.17													
08/01/23	32,088.85													
02/01/24	4,087.75													
08/01/24	34,367.39													
02/01/25	3,330.76													
08/01/25	33,610.40													
02/01/26	2,573.76													
08/01/26	35,881.37													
02/01/27	1,741.07													
08/01/27	35,048.68													
02/01/28	908.38													
08/01/28	37,244.18													
Water Systems Improvement - State Portion	05/03/12	530,000.00	08/01/18	20,000.00	5.000%	450,000.00	20,000.00	430,000.00						
			08/01/19	25,000.00	5.000%									
			08/01/20	25,000.00	5.000%									
			08/01/21	25,000.00	5.000%									
			08/01/22	25,000.00	5.000%									
			08/01/23	30,000.00	5.000%									
			08/01/24	30,000.00	5.000%									
			08/01/25	30,000.00	5.000%									
			08/01/26	35,000.00	5.000%									
			08/01/27	35,000.00	3.000%									
			08/01/28	35,000.00	3.000%									
			08/01/29	35,000.00	3.125%									
			08/01/30	40,000.00	3.200%									
			08/01/31	40,000.00	3.250%									

**BOROUGH OF MILLTOWN
 WATER AND SEWER UTILITY CAPITAL FUND
 SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST (NJEIT) LOAN**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding December 31, 2017		Interest Rate	Balance December 31, 2016	Decreased by	Balance December 31, 2017
			Date	Amount				
Water System Improvements - Federal Portion	05/03/12	\$ 578,569.00	02/01/18	\$ 9,806.25		\$ 441,281.50	\$ 29,418.75	\$ 411,862.75
			08/01/18	19,612.50				
			02/01/19	9,806.25				
			08/01/19	19,612.50				
			02/01/20	9,806.25				
			08/01/20	19,612.50				
			02/01/21	9,806.25				
			08/01/21	19,612.50				
			02/01/22	9,806.25				
			08/01/22	19,612.50				
			02/01/23	9,806.25				
			08/01/23	19,612.50				
			02/01/24	9,806.25				
			08/01/24	19,612.50				
			02/01/25	9,806.25				
			08/01/25	19,612.50				
			02/01/26	9,806.25				
			08/01/26	19,612.50				
			02/01/27	9,806.25				
			08/01/27	19,612.50				
			02/01/28	9,806.25				
			08/01/28	19,612.50				
			02/01/29	9,806.25				
08/01/29	19,612.50							
02/01/30	9,806.25							
08/01/30	19,612.50							
02/01/31	9,806.25							
08/01/31	19,612.75							
Water Systems Improvement - State Portion	05/29/13	154,956.00	08/01/18	7,290.00	0.980%	133,430.00	7,237.00	126,193.00
			08/01/19	7,362.00	1.310%			
			08/01/20	7,458.00	1.590%			
			08/01/21	7,577.00	1.830%			
			08/01/22	7,716.00	2.040%			
			08/01/23	7,873.00	2.230%			
			08/01/24	8,049.00	2.360%			
			08/01/25	8,238.00	2.460%			
			08/01/26	8,441.00	2.840%			
			08/01/27	8,681.00	2.930%			
			08/01/28	8,935.00	3.000%			
			08/01/29	9,203.00	3.080%			
			08/01/30	9,487.00	3.140%			
			08/01/31	9,785.00	3.200%			
			08/01/32	10,098.00	3.260%			

**BOROUGH OF MILLTOWN
 WATER AND SEWER UTILITY CAPITAL FUND
 SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST (NJEIT) LOAN**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance December 31, 2016	Decreased by	Balance December 31, 2017
			Date	Amount				
Water System Improvements - Federal Portion	05/03/12	\$ 578,569.00	02/01/18	\$ 7,576.10		\$ 363,652.90	\$ 22,728.30	\$ 340,924.60
			08/01/18	15,152.20				
			02/01/19	7,576.10				
			08/01/19	15,152.20				
			02/01/20	7,576.10				
			08/01/20	15,152.20				
			02/01/21	7,576.10				
			08/01/21	15,152.20				
			02/01/22	7,576.10				
			08/01/22	15,152.20				
			02/01/23	7,576.10				
			08/01/23	15,152.20				
			02/01/24	7,576.10				
			08/01/24	15,152.20				
			02/01/25	7,576.10				
			08/01/25	15,152.20				
			02/01/26	7,576.10				
			08/01/26	15,152.20				
			02/01/27	7,576.10				
			08/01/27	15,152.20				
			02/01/28	7,576.10				
			08/01/28	15,152.20				
			02/01/29	7,576.10				
			08/01/29	15,152.20				
			02/01/30	7,576.10				
			08/01/30	15,152.20				
02/01/31	7,576.10							
08/01/31	15,152.20							
02/01/32	7,576.10							
08/01/32	15,152.30							
Water Systems Improvement - State Portion	12/22/16	510,000.00	09/01/18	20,000.00	3.000%	510,000.00		510,000.00
			09/01/19	20,000.00	4.000%			
			09/01/20	20,000.00	5.000%			
			09/01/21	20,000.00	5.000%			
			09/01/22	20,000.00	5.000%			
			09/01/23	20,000.00	5.000%			
			09/01/24	25,000.00	5.000%			
			09/01/25	25,000.00	5.000%			
			09/01/26	25,000.00	5.000%			
			09/01/27	25,000.00	4.000%			
			09/01/28	25,000.00	4.000%			
			09/01/29	30,000.00	4.000%			
			09/01/30	30,000.00	4.000%			
			09/01/31	30,000.00	4.000%			
			09/01/32	30,000.00	4.000%			
			09/01/33	35,000.00	4.000%			
09/01/34	35,000.00	4.000%						
09/01/35	35,000.00	4.000%						
09/01/36	40,000.00	4.000%						

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance Date</u>	<u>Ordinance Amount</u>	<u>Unfunded</u>	<u>2017 Authorizations</u>	<u>Reserve for Encumbrances Cancelled</u>	<u>Canceled</u>	<u>Paid or Charged</u>	<u>Balance, December 31, 2017 Unfunded</u>
1401	Acquisition of Equipment	07/28/14	\$ 120,000.00	\$ 71,545.32					\$ 71,545.32
1404/1416	Various Improvements to Water System (NJEIT)	09/08/14 07/27/15	2,200,000.00	22,414.12		\$ 52,142.17	\$ 72,498.29	\$ 2,058.00	
1450/17-1450	Public Works Complex - Flood Mitigation Project	12/12/2016, 06/20/17	2,325,000.00	190,000.00	\$ 2,135,000.00			196,479.26	2,128,520.74
1441	Rehabilitation of the Water Storage Tank (NJEIT)	12/12/16	1,450,000.00	1,450,000.00				203,578.39	1,246,421.61
				<u>\$ 1,733,959.44</u>	<u>\$ 2,135,000.00</u>	<u>\$ 52,142.17</u>	<u>\$ 72,498.29</u>	<u>\$ 402,115.65</u>	<u>\$ 3,446,487.67</u>
		<u>Ref.</u>		D	D-16, D-20	D-22			D
						<u>Ref.</u>			
						Cash Disbursed	D-5	\$ 257,712.50	
						Reserve for Encumbrances	D-22	<u>144,403.15</u>	
								<u>\$ 402,115.65</u>	

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D	\$ 60,087.05
<u>INCREASED BY:</u>		
2017 Budget Appropriation	D-5	<u>30,000.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	D	<u>\$ 90,087.05</u>

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D		\$ 276,580.07
 <u>INCREASED BY:</u>			
Charged to Improvement Authorizations	D-20		<u>144,403.15</u>
			\$ 420,983.22
 <u>DECREASED BY:</u>			
Cash Disbursed	D-5	\$ 223,719.40	
Cancelled	D-20	<u>52,142.17</u>	
			<u>275,861.57</u>
 <u>BALANCE, DECEMBER 31, 2017</u>			
	D		<u><u>\$ 145,121.65</u></u>

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE TO PAINT WATER TOWER

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u>	
AND		
<u>BALANCE, DECEMBER 31, 2017</u>	D	\$ <u>50,000.00</u>

There was no change during the year.

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> D		\$ 8,590,684.39
<u>INCREASED BY:</u>			
Payment of Serial Bonds	D-17	\$ 240,000.00	
Payment of BAN's	D-18	24,000.00	
Payment of NJEIT Loans	D-19	<u>207,143.90</u>	<u>471,143.90</u>
<u>BALANCE, DECEMBER 31, 2017</u>	D		<u>\$ 9,061,828.29</u>

BOROUGH OF MILLTOWN
WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ord.</u>	<u>Balance December 31, 2016</u>	<u>Increased by Capital Outlay - 2016</u>	<u>Balance December 31, 2017</u>
1033	Acquisition of Computer Equipment	05/10/99	\$ 2,000.00		\$ 2,000.00
1051	Acquisition of Dump Truck	12/13/99	1,900.00		1,900.00
1248	Cleaning and Lining of Water Main - Main Street	05/28/07	100,300.00		100,300.00
1254	Sewer Pump Station Improvements - Washington Avenue	08/27/07	5,000.00		5,000.00
N/A	2008/2009 Various Capital	12/31/09	4,000.00		4,000.00
1317/1330/ 1344	Sewer Pump Station Improvements - Washington Avenue	09/08/14	66,900.00		66,900.00
N/A	2014 Appropriation Reserve	12/31/15	75,000.00		75,000.00
N/A	2015 Appropriation Reserve Various Capital	12/31/16	80,000.00		80,000.00
1401	Various Improvements to Water System	12/31/17		\$ 11,754.66	11,754.66
			<u>\$ 335,100.00</u>	<u>\$ 11,754.66</u>	<u>\$ 346,854.66</u>
		<u>Ref.</u>	D	D-15	D

ELECTRIC UTILITY FUND

**BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF ELECTRIC UTILITY CASH, TREASURER**

	Ref.	<u>Operating Fund</u>	<u>Capital Fund</u>
<u>BALANCE, DECEMBER 31, 2016</u>	E	\$ 4,293,290.75	\$ 138,937.56
<u>INCREASED BY RECEIPTS:</u>			
Consumer Accounts Receivable	E-8	\$ 7,688,092.95	
Nonbudget Revenue	E-3	65,917.78	
Consumer Overpayments	E-12	7,070.60	
Consumer Deposits	E-13	24,650.00	
Contra Receipts:			
Appropriations	E-4	31,443.21	
Reserve for Electric System Capital Improvements	E-28		\$ 464,000.00
Due from NJEIT	E-16		385,298.00
		<u>7,817,174.54</u>	<u>849,298.00</u>
		\$ 12,110,465.29	\$ 988,235.56
<u>DECREASED BY DISBURSEMENTS:</u>			
Surplus - Prior Year (General Budget)	E-1	\$ 1,614,341.00	
2016 Appropriations	E-4	6,250,723.37	
2015 Appropriation Reserves	E-10	262,555.40	
Overpayment Refunded	E-12	11,023.71	
Consumer Deposits - Refunds	E-13	15,916.00	
Accrued Interest on Bonds, Loans and Notes	E-15	174,021.76	
Reserve for Encumbrances	E-27		\$ 289,723.92
Improvement Authorizations	E-22		263,740.35
		<u>8,328,581.24</u>	<u>553,464.27</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E	\$ <u>3,781,884.05</u>	\$ <u>434,771.29</u>

BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CHANGE FUND

		Balance December 31,	
		<u>2017</u>	<u>2016</u>
Collector		<u>\$ 100.00</u>	<u>\$ 100.00</u>
	<u>Ref.</u>	E	E

**BOROUGH OF MLLTOWN
ELECTRIC UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance December 31, 2016	Receipts <u>Miscellaneous</u>	Disbursements Improvement <u>Authorizations</u>	Miscellaneous	Transfers <u>From</u> <u>To</u>		Balance December 31, 2017
Fund Balance	\$ 299,725.09						\$ 299,725.09
Capital Improvement Fund	12,321.81						12,321.81
Reserve for Extension of Electric Line	7,700.00						7,700.00
Reserve for Electrical System Capital Improvements		\$ 464,000.00					464,000.00
Reserve for Encumbrances	512,677.18			\$ 289,723.92	\$ 11,692.50	\$ 41,464.93	252,725.69
Due from NJEIT	(438,101.05)	385,298.00					(52,803.05)
Ordinance <u>Number</u>			Improvement <u>Authorizations</u>				
1360/1408	Electric Substation (NJEIT)	(259,427.27)	\$ 833.66			7,491.50	(252,769.43)
1400	Acquisition of Bucket Truck	4,041.80	4,201.00			4,201.00	4,041.80
1440/1450-17	Public Works Complex Flood Mitigation Project		258,705.69		41,464.93		(300,170.62)
		<u>\$ 138,937.56</u>	<u>\$ 849,298.00</u>	<u>\$ 263,740.35</u>	<u>\$ 289,723.92</u>	<u>\$ 53,157.43</u> <u>\$ 53,157.43</u>	<u>\$ 434,771.29</u>
	<u>Ref.</u>	E, E-5	E-5, E-16	E-22	E-5, E-27	E-22, E-27	E, E-5

Bracket () amounts denote deficit.

BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> E	\$ 721,433.22
<u>INCREASED BY:</u>		
Electric Charges Levied		<u>7,620,096.39</u>
		\$ 8,341,529.61
<u>DECREASED BY:</u>		
Collections	E-5	<u>7,688,092.95</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E	<u>\$ 653,436.66</u>

SCHEDULE OF INVENTORY

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> E	\$ 88,405.50
<u>INCREASED BY</u>		
2017 Inventory - Adjustment		<u>14,052.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E	<u>\$ 102,457.50</u>

**BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES**

	Balance December 31, 2016		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Reserve for Encumbrances			
<u>OPERATING</u>					
Salaries and Wages	\$ 187,682.82		\$ 187,682.82	\$ 1,538.90	\$ 186,143.92
Other Expenses	308,960.14	\$ 42,418.77	351,378.91	49,029.24	302,349.67
Bulk Energy Purchase	99,296.84	440,239.35	539,536.19	213,260.99	326,275.20
Total Operating	\$ 595,939.80	\$ 482,658.12	\$ 1,078,597.92	\$ 263,829.13	\$ 814,768.79
<u>CAPITAL IMPROVEMENTS</u>					
Capital Outlay	\$ 55,000.00		\$ 55,000.00		\$ 55,000.00
Total Capital Improvements	\$ 55,000.00		\$ 55,000.00		\$ 55,000.00
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 16,733.18		\$ 16,733.18		\$ 16,733.18
Total Deferred Charges and Statutory Expenditures	\$ 16,733.18		\$ 16,733.18		\$ 16,733.18
Total Electric Utility Appropriations	\$ 667,672.98	\$ 482,658.12	\$ 1,150,331.10	\$ 263,829.13	\$ 886,501.97
	<u>Ref.</u>	E			E-1
					<u>Ref.</u>
Cash Disbursed			\$ 262,555.40		E-5
Less: Contra Receipts			None	\$ 262,555.40	
Commitments Payable				1,273.73	E-14
				\$ 263,829.13	

BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> E	\$ 482,658.12
<u>INCREASED BY:</u>		
Charged to 2017 Appropriations	E-4	<u>229,945.07</u>
		712,603.19
<u>DECREASED BY:</u>		
Transferred to 2016 Appropriation Reserves	E-10	<u>482,658.12</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E	<u>\$ 229,945.07</u>

ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CONSUMER OVERPAYMENTS

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> E	\$ 14,613.34
<u>INCREASED BY:</u>		
Overpayments Collected	E-5	<u>7,070.60</u>
		21,683.94
<u>DECREASED BY:</u>		
Cash Disbursed - Refunded	E-5	<u>11,023.71</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E	<u>\$ 10,660.23</u>

BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CONSUMER DEPOSITS

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> E	\$ 122,017.26
 <u>INCREASED BY:</u>		
Cash Receipts	E-5	<u>24,650.00</u>
		146,667.26
 <u>DECREASED BY:</u>		
Cash Disbursed	E-5	<u>15,916.00</u>
 <u>BALANCE, DECEMBER 31, 2017</u>	 E	 \$ <u><u>130,751.26</u></u>

ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF COMMITMENTS PAYABLE

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> E	\$ 66,581.70
 <u>INCREASED BY:</u>		
Transfer From 2016 Appropriation Reserves	E-11	<u>1,273.73</u>
 <u>BALANCE, DECEMBER 31, 2017</u>	 E	 \$ <u><u>67,855.43</u></u>

BOROUGH OF MILLTOWN
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS, LOANS AND NOTES

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> E		\$ 55,743.82
<u>INCREASED BY:</u>			
Budget Appropriation:			
Interest on Bonds	E-4	\$ 46,303.25	
Interest on BAN	E-4	3,453.31	
Interest on NJEIT Loan	E-4	<u>121,591.76</u>	<u>171,348.32</u>
			227,092.14
<u>DECREASED BY:</u>			
Cash Disbursed			
Bonds	E-5	46,640.00	
Bond Anticipation Notes	E-5	3,458.00	
NJEIT	E-5	<u>123,923.76</u>	<u>174,021.76</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E		<u>\$ 53,070.38</u>

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2017

	Amount Outstanding December 31, <u>2017</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
Bond Anticipation Notes	\$ 114,000.00	2.50%	12/20/2017	12/31/2017	11 Days	\$ 70.27
Bonds	1,379,000.00	Various	12/16/2017	12/31/2017	15 Days	1,774.58
Loan - NJEIT - 2016	3,225,000.00	Various	8/1/2017	12/31/2017	5 Months	<u>51,225.53</u>
						<u>\$ 53,070.38</u>

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF DUE FROM (RESERVE FOR) STATE OF NEW JERSEY
ENVIRONMENTAL INFRASTRUCTURE TRUST (NJEIT)

	<u>Ref.</u>	<u>Total</u>
<u>BALANCE, DECEMBER 31, 2016</u>	E	\$ <u>438,101.05</u>
<u>DECREASED BY:</u>		
Cash Receipts:		
Reimbursements	E-5	\$ <u>385,298.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E	\$ <u><u>52,803.05</u></u>

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
<u>BALANCE, DECEMBER 31, 2016</u>		
AND		
<u>BALANCE, DECEMBER 31, 2017</u>	E	<u>\$ 6,616,229.77</u>
Detail:		
Property		\$ 109,850.00
Structures and Improvement		10,870.00
Overhead Conductors and Devices		252,506.00
Station Equipment		653,267.00
Poles, Towers and Fixtures		81,139.17
Underground Conductors and Devices		3,172.00
Line Transformers		194,177.00
Services		27,534.30
Electrical Circuits and Lines		289,476.47
Meters		90,365.56
Street Lighting and Signal System		47,851.00
Dump Trucks		19,511.62
Structures and Improvements+A36		29,727.00
Office Furniture and Equipment		52,646.00
Transportation Equipment		101,101.00
Tools and Work Equipment		3,156.00
Laboratory Equipment		759.00
Power Operated Equipment		889.00
Communications Equipment		579.00
Paving and Fencing Parking Lot		11,537.98
Backhoe and Bucket Truck		129,475.48
Telescoping Boom Bucket Truck		49,447.18
Computer System		36,857.85
Equipment and Improvements - 1990		154,469.77
Utility Vehicle and Equipment - 1991		107,357.42
Improvements to System - 1990		138,144.39
Purchase of Electric Utility Vehicles - 1993		465.84
Construction of Municipal Building		646,894.48
Improvements to No. Side Circuit - East Mill -1998		521,310.46
Capital Outlay - 1999		3,276.00
Computer System - 1999		39,142.15
Improvement to Substation - 1999		247,700.00
Electric System Improvement 1999		156,318.80
Computer Equipment		30,800.00
Utility Truck		78,000.00
Michelin Field		64,000.00
Conestoga Storage Building		19,000.00
Utility Truck - 2008		197,300.88
2009 Appropriation for Reserves		93,300.00
2010 Appropriations		18,720.00
Acquisition of Transformer - 2010		432,325.07
Acquisition of Real Property - 2010		967,398.89
Various Electric Improvement - 2011		486,955.01
Various Electric Improvement - 2014		17,455.00
		<u>\$ 6,616,229.77</u>

Ref.

E

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	<u>Ordinance</u>		<u>Balance December 31, 2016</u>	<u>Fixed Capital Authorized</u>	<u>Balance December 31, 2017</u>
		<u>Date</u>	<u>Amount</u>			
1360/1408	Electric Substation	8/27/12; 2/23/15	\$ 14,000,000.00	\$ 14,300,000.00		\$ 14,300,000.00
1400	Acquisition of Bucket Truck	07/28/14	200,000.00	200,000.00		200,000.00
1440/ 1450-17	Public Works Complex - Flood Mitigation Project	12/12/16 06/20/17	3,875,000.00	<u>285,000.00</u>	<u>\$ 3,590,000.00</u>	<u>3,875,000.00</u>
				<u>\$ 14,785,000.00</u>	<u>\$ 3,590,000.00</u>	<u>\$ 18,375,000.00</u>
			<u>Ref.</u>	<u>E</u>	<u>E-22</u>	<u>E</u>

**BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Electric Utility Bonds	12/17/2013	\$ 1,854,000.00	12/15/2018-21	\$ 135,000.00	3.000%	\$ 1,514,000.00	\$ 135,000.00	\$ 1,379,000.00
			12/15/2022-24	140,000.00	3.000%			
			12/15/2025	140,000.00	3.125%			
			12/15/2026	140,000.00	3.250%			
			12/15/2027	139,000.00	3.500%			
						<u>\$ 1,514,000.00</u>	<u>\$ 135,000.00</u>	<u>\$ 1,379,000.00</u>
					<u>Ref.</u>	E	E-4, E-26	E

**BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES (BAN)**

<u>Ordinance Number</u>	<u>Description</u>	<u>Original Issue Date</u>	<u>Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
1400	Acquisition of Bucket Truck	12/23/15	12/20/17	12/19/18	2.50%	\$ 152,000.00	\$ 38,000.00	\$ 114,000.00
						\$ 152,000.00	\$ 38,000.00	\$ 114,000.00
					<u>Ref.</u>	E	E-4, E-16	E

**BOROUGH OF MILLTOWN
 ELECTRIC UTILITY CAPITAL FUND
 SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST (NJEIT) LOAN**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Loans Outstanding</u>		<u>Interest Rate</u>	<u>Balance December 31, 2016</u>	<u>Increased by</u>	<u>Decreased by</u>	<u>Balance December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>					
Construction of New Electric Substation - State Portion	05/26/16	\$ 3,345,000.00	08/01/18	\$ 125,000.00	5.000%	\$ 3,345,000.00		\$ 120,000.00	\$ 3,225,000.00
			08/01/19	130,000.00	5.000%				
			08/01/20	135,000.00	5.000%				
			08/01/21	145,000.00	5.000%				
			08/01/22	150,000.00	5.000%				
			08/01/23	160,000.00	5.000%				
			08/01/24	165,000.00	4.000%				
			08/01/25	170,000.00	4.000%				
			08/01/26	180,000.00	4.000%				
			08/01/27	185,000.00	4.000%				
			08/01/28	195,000.00	2.000%				
			08/01/29	200,000.00	2.000%				
			08/01/30	200,000.00	2.000%				
			08/01/31	205,000.00	2.125%				
			08/01/32	210,000.00	3.000%				
			08/01/33	215,000.00	3.000%				
			08/01/34	225,000.00	3.000%				
08/01/35	230,000.00	3.000%							
Construction of New Electric Substation - Federal Portion	05/26/16	7,840,000.00	02/01/18	132,881.35		7,574,237.29		\$ 398,644.06	7,175,593.23
			08/01/18	265,762.71					
			02/01/19	132,881.35					
			08/01/19	265,762.71					
			02/01/20	132,881.35					
			08/01/20	265,762.71					
			02/01/21	132,881.35					
			08/01/21	265,762.71					
			02/01/22	132,881.35					
			08/01/22	265,762.71					
			02/01/23	132,881.35					
			08/01/23	265,762.71					
			02/01/24	132,881.35					
			08/01/24	265,762.71					
			02/01/25	132,881.35					
			08/01/25	265,762.71					
			02/01/26	132,881.35					
08/01/26	265,762.71								
02/01/27	132,881.35								
08/01/27	265,762.71								
02/01/28	132,881.35								

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL TRUST (NJEIT) LOAN

Purpose	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding		Interest Rate	Balance December 31, 2016	Increased by	Decreased by	Balance December 31, 2017
			Date	Amount					
Construction of New Electric Substation - Federal Portion (Continued)	05/26/16		08/01/28	\$ 265,762.71					
			02/01/29	132,881.35					
			08/01/29	265,762.71					
			02/01/30	132,881.35					
			08/01/30	265,762.71					
			02/01/31	132,881.35					
			08/01/31	265,762.71					
			02/01/32	132,881.35					
			08/01/32	265,762.71					
			02/01/33	132,881.35					
			08/01/33	265,762.71					
			02/01/34	132,881.35					
			08/01/34	265,762.71					
			02/01/35	132,881.35					
			08/01/35	265,762.86					
								\$ 10,919,237.29	
					Ref. E	E-16	E-4, E-26	E	
							Federal State	\$ 7,175,593.23 3,225,000.00 <u>\$ 10,400,593.23</u>	

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>2017</u>	<u>Reserve for</u>	<u>Paid or</u>	<u>Balance</u>
		<u>Date</u>	<u>Amount</u>	<u>December 31, 2016</u>				<u>Authorizations</u>
				<u>Unfunded</u>		<u>Cancelled</u>		<u>Unfunded</u>
1360/ 1408	Electric Substation (NJEIT)	08/27/12 02/23/15	\$ 14,300,000.00	\$ 195,572.73		7,491.50	\$ 833.66	\$ 202,230.57
1400	Acquisition of Bucket Truck	07/28/14	200,000.00	4,041.80		4,201.00	4,201.00	4,041.80
1440/ 1450-17	Public Works Complex - Flood Mitigation Project	12/12/16 06/20/17	3,875,000.00	<u>285,000.00</u>	<u>\$ 3,590,000.00</u>		<u>300,170.62</u>	<u>3,574,829.38</u>
				<u>\$ 484,614.53</u>	<u>\$ 3,590,000.00</u>	<u>\$ 11,692.50</u>	<u>\$ 305,205.28</u>	<u>\$ 3,781,101.75</u>
			<u>Ref.</u>	<u>E</u>	<u>E-18</u>	<u>E-27</u>		<u>E</u>
			<u>Detail:</u>		<u>Ref.</u>			
					<u>E-5</u>		\$ 263,740.35	
					<u>E-27</u>		<u>41,464.93</u>	
							<u>\$ 305,205.28</u>	

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
<u>BALANCE, DECEMBER 31, 2016</u>		
<u>AND</u>		
<u>BALANCE, DECEMBER 31, 2017</u>	E	\$ <u>12,321.81</u>

There was no change during the year.

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR EXTENSION OF ELECTRICAL LINE

	<u>Ref.</u>	
<u>BALANCE, DECEMBER 31, 2016</u>		
<u>AND</u>		
<u>BALANCE, DECEMBER 31, 2017</u>	E	\$ <u>7,700.00</u>

There was no change during the year.

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance December 31, 2016</u>	<u>Balance December 31, 2017</u>
N/A	2009, 2010 and 2014 Various Capital	12/31/10 03/12/15	\$ 129,475.00	\$ 129,475.00
1400	Acquisition of Bucket Truck	07/28/14	10,000.00	10,000.00
1360/1408	Electric Substation (NJEIT)	08/27/12 02/23/15	<u>2,660,000.00</u>	<u>2,660,000.00</u>
			<u>\$ 2,799,475.00</u>	<u>\$ 2,799,475.00</u>
		<u>Ref.</u>	E	E

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> E		\$ 5,276,517.48
<u>INCREASED BY:</u>			
Payment of Serial Bonds	E-19	\$ 135,000.00	
Payment of BAN	E-20	38,000.00	
Payment of NJEIT Loans	E-21	<u>518,644.06</u>	<u>691,644.06</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E		<u>\$ 5,968,161.54</u>

ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

<u>BALANCE, DECEMBER 31, 2016</u>	<u>Ref.</u> E		\$ 512,677.18
<u>INCREASED BY:</u>			
Charged to Improvement Authorizations	E-22		<u>41,464.93</u>
			554,142.11
<u>DECREASED BY:</u>			
Cash Disbursed	E-5	289,723.92	
Cancellation:			
To Improvement Authorization	E-22	<u>11,692.50</u>	<u>301,416.42</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E		<u>\$ 252,725.69</u>

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR ELECTRIC SYSTEM CAPITAL IMPROVEMENTS

	<u>Ref.</u>	
<u>INCREASED BY:</u>		
Cash Receipts	E-5	\$ <u>464,000.00</u>
<u>BALANCE, DECEMBER 31, 2017</u>	E	\$ <u><u>464,000.00</u></u>

BOROUGH OF MILLTOWN
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Authorizations</u>	Balance December 31, <u>2016</u>	2016 <u>Authorization</u>	Balance December 31, <u>2017</u>
1360/1408	Electric Substation (NJEIT)	\$ 455,000.00		\$ 455,000.00
1440/ 1450-17	Public Works Complex - Flood Mitigation Project	<u>285,000.00</u>	<u>\$ 3,590,000.00</u>	<u>3,875,000.00</u>
		<u>\$ 740,000.00</u>	<u>\$ 3,590,000.00</u>	<u>\$ 4,330,000.00</u>
	<u>Ref.</u>	E	E-22	E

SUPPLEMENTARY DATA

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
COMBINED BALANCE SHEET ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

- 193 -

		Current Fund	Trust Fund	General Capital Fund	Water-Sewer Utility Fund	Electric Utility Fund	Governmental Fixed Assets Account	Totals (Memorandum Only)	
<u>ASSETS</u>								2017	2016
Cash	\$	2,829,181.76	\$ 904,292.70	\$ 135,115.20	\$ 1,586,918.93	\$ 4,216,755.34		\$ 9,672,263.93	\$ 9,773,824.17
Cash Held by Plan Administrator (LOSAP)			1,078,002.86					1,078,002.86	912,846.19
Accounts Receivable:									
Grants		203,557.75						203,557.75	1,046,970.54
Due from State of New Jersey		613.70		862,981.87				863,595.57	16,328.33
NJFIT Loan Receivable						52,803.05		52,803.05	738,055.39
Taxes, Liens and Utility Charges		2,006,960.02				653,436.66		2,660,396.68	2,799,904.76
Interfund Loans				50,000.00	55,000.00			105,000.00	50,413.31
Other Accounts Receivable		23,116.60	452.20		345,660.17			369,228.97	34,075.07
Inventory					25,694.19	102,457.50		128,151.69	119,411.95
Property Acquired for Taxes-Assessed Valuation		3,400.00						3,400.00	3,400.00
Charges to Future Taxation:									
Current Fund		125,000.00						125,000.00	
General Capital Fund				15,628,834.31				15,628,834.31	7,963,542.14
Fixed Capital					15,545,304.13	6,616,229.77		22,161,533.90	20,033,032.19
Fixed Capital Authorized and Uncompleted					3,895,000.00	18,375,000.00		22,270,000.00	18,745,000.00
Fixed Assets							\$ 14,196,248.00	14,196,248.00	14,131,679.00
	\$	<u>5,191,829.83</u>	<u>\$ 1,982,747.76</u>	<u>\$ 16,676,931.38</u>	<u>\$ 21,453,577.42</u>	<u>\$ 30,016,682.32</u>	<u>\$ 14,196,248.00</u>	<u>\$ 89,518,016.71</u>	<u>\$ 76,368,483.04</u>

See Notes to Financial Statements.

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
COMBINED BALANCE SHEET ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

- 194 -

	Current Fund	Trust Fund	General Capital Fund	Water-Sewer Utility Fund	Electric Utility Fund	Governmental Fixed Assets Account	<u>Totals</u> (Memorandum Only)	
							2017	2016
<u>LIABILITIES, RESERVES</u>								
<u>AND FUND BALANCE</u>								
Bonds, Notes and Loans Payable			\$ 5,596,771.94	\$ 6,207,526.13	\$ 11,893,593.23		\$ 23,697,891.30	\$ 25,482,885.09
Prepaid Taxes	\$ 1,033,988.38						1,033,988.38	242,808.53
Tax, Utility Charges and Other Overpayments	8,304.33				10,660.23		18,964.56	24,657.70
School Taxes Payable	100,467.98						100,467.98	77,635.00
Appropriation Reserves	377,677.17			486,328.19	986,587.16		1,850,592.52	1,451,040.46
Reserve for Encumbrances	232,483.44		173,597.25	511,506.80	482,670.76		1,400,258.25	2,196,843.99
Amounts Pledged to Specific Purposes (LOSAP)		\$ 1,078,002.86					1,078,002.86	912,846.19
Developers Deposits and Escrow Funds		774,053.77					774,053.77	726,115.28
Improvement Authorizations			10,642,814.62	3,446,487.67	3,781,101.75		17,870,404.04	4,137,574.90
Interfund Loans	50,000.00			55,000.00			105,000.00	50,361.11
Other Liabilities	337,217.82	130,691.13	213,771.15	339,138.24	735,698.88		1,756,517.22	1,791,448.70
Reserve for Certain Assets Receivable	2,033,476.62			421,354.36	755,894.16		3,210,725.14	2,956,183.78
Reserve for Amortization of Costs of Fixed Capital - Acquired or Authorized				9,061,828.29	5,968,161.54		15,029,989.83	13,867,201.87
Deferred Reserve for Amortization				346,854.66	2,799,475.00		3,146,329.66	3,134,575.00
Investment in Governmental Fixed Assets						\$ 14,196,248.00	14,196,248.00	14,131,679.00
Fund Balance	<u>1,018,214.09</u>		<u>49,976.42</u>	<u>577,553.08</u>	<u>2,602,839.61</u>		<u>4,248,583.20</u>	<u>5,184,626.44</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 5,191,829.83</u>	<u>\$ 1,982,747.76</u>	<u>\$ 16,676,931.38</u>	<u>\$ 21,453,577.42</u>	<u>\$ 30,016,682.32</u>	<u>\$ 14,196,248.00</u>	<u>\$ 89,518,016.71</u>	<u>\$ 76,368,483.04</u>

See Notes to Financial Statements.

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
WATER AND SEWER UTILITY OPERATING FUND

	Balance December 31, <u>2017</u>	<u>Percent</u>	Balance December 31, <u>2016</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 796,651.73	22.16%	\$ 500,814.15	14.83%
Collection of Water and Sewer Rents	2,364,977.17	65.80%	2,361,545.68	69.97%
Miscellaneous - from other than Water and Sewer Rents	<u>432,613.57</u>	<u>12.03%</u>	<u>512,873.19</u>	<u>15.20%</u>
Total Income	<u>3,594,242.47</u>	<u>100.00%</u>	<u>3,375,233.02</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	\$ 2,402,035.73	73.99%	\$ 2,073,200.73	71.52%
Capital Improvements	110,000.00	3.39%	110,000.00	3.78%
Debt Service	657,616.00	20.26%	595,940.00	20.56%
Deferred Charges and Statutory Expenditures	77,000.00	2.37%	79,473.42	2.74%
Refund of Prior Years Revenue	<u> </u>		<u>40,000.00</u>	<u>1.38%</u>
Total Expenditures	<u>3,246,651.73</u>	<u>100.00%</u>	<u>2,898,614.15</u>	<u>100.00%</u>
Excess/(Deficit) in Revenue over Expenditures	\$ 347,590.74		\$ 476,618.87	
Statutory Excess to Fund Balance	\$ 347,590.74		\$ 476,618.87	
Fund Balance, January 1	<u>951,578.36</u>		<u>975,773.64</u>	
	1,299,169.10		1,452,392.51	
Less:				
Utilized as Anticipated Revenue	<u>796,651.73</u>		<u>500,814.15</u>	
Fund Balance, December 31	<u>\$ 502,517.37</u>		<u>\$ 951,578.36</u>	

**BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
ELECTRIC UTILITY OPERATING FUND**

	Balance December 31, <u>2017</u>	<u>Percent</u>	Balance December 31, <u>2016</u>	<u>Percent</u>
<u>Revenue and Other Income Realized</u>				
Collection of Electric Rents	\$ 7,688,092.95	88.93%	\$ 7,983,114.92	87.22%
Miscellaneous - from other than Electric Rents	<u>957,450.04</u>	<u>11.07%</u>	<u>1,169,703.33</u>	<u>12.78%</u>
Total Income	<u>8,645,542.99</u>	<u>100.00%</u>	<u>9,152,818.25</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	6,544,525.00	85.97%	6,503,550.00	88.18%
Capital Improvements	55,000.00	0.72%	55,000.00	0.75%
Debt Service	868,016.00	11.39%	663,220.00	8.99%
Deferred Charges and Statutory Expenditures	<u>144,650.00</u>	<u>1.90%</u>	<u>153,200.00</u>	<u>2.08%</u>
Total Expenditures	<u>7,612,191.00</u>	<u>100.00%</u>	<u>7,374,970.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,033,351.99		\$ 1,777,848.25	
Statutory Excess to Fund Balance	1,033,351.99		1,777,848.25	
Fund Balance, January 1	\$ <u>2,884,103.53</u>		\$ <u>2,278,596.28</u>	
	3,917,455.52		4,056,444.53	
Less:				
Anticipated Surplus	None		None	
Surplus - Prior Year - General Budget	<u>1,614,341.00</u>		<u>1,172,341.00</u>	
Fund Balance, December 31	\$ <u>2,303,114.52</u>		\$ <u>2,884,103.53</u>	

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>5.506</u>	<u>5.310</u>	<u>5.199</u>
<u>Appointment of Tax Rate:</u>			
County Regular	0.727	0.693	0.703
County Open Space	0.060	0.058	0.058
Local School	3.478	3.349	3.283
Municipal	1.176	1.147	1.092
Municipal Library	0.065	0.063	0.063

ASSESSED VALUATIONS

2017	<u>\$446,460,900.00</u>		
2016		<u>\$447,408,700.00</u>	
2015			<u>\$447,789,600.00</u>

COMPARISON OF TAX LEVIES AND CURRENT COLLECTION

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$24,598,394.69	\$24,192,810.20	98.35%
2016	\$23,803,102.55	\$23,305,386.62	97.91%
2015	\$23,280,722.46	\$22,898,148.15	98.36%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$1,827,563.75	\$179,396.27	\$2,006,960.02	8.16%
2016	\$1,635,672.10	\$121,235.57	\$1,756,907.67	7.38%
2015	\$1,292,927.53	\$19,417.60	\$1,312,345.13	5.64%

BOROUGH OF MILLTOWN
MIDDLESEX COUNTY, NEW JERSEY

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2017 by foreclosure or deed as a result of liquidation of tax title liens.

There was no property acquired by liquidation of tax title liens on December 31, for the last three years.

COMPARISON OF WATER AND SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections *</u>
2017	\$ 2,389,073.47	\$ 2,364,977.17
2016	2,350,030.01	2,361,545.68
2015	2,327,331.82	2,361,249.30

COMPARISON OF ELECTRIC UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections *</u>
2017	\$ 7,620,096.39	\$ 7,688,092.95
2016	7,941,779.93	7,983,114.92
2015	8,186,468.86	8,094,371.90

* Cash collections include amounts which were levied in prior years.

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Fund</u>	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized in Budget Budget of Succeeding Year</u>	<u>Transferred to Current Fund in Succeeding Year</u>
Current	2017	\$ 1,018,214.09	\$ 861,500.00	N/A
	2016	917,707.45	861,500.00	N/A
	2015	728,214.89	675,000.00	N/A
	2014	477,634.47	447,000.00	N/A
	2013	502,604.36	330,000.00	N/A
Water-Sewer	2017	\$ 502,517.37	\$ 500,000.00	None
	2016	951,578.36	796,651.73	None
	2015	975,773.64	500,814.15	None
	2014	858,410.07	338,803.55	None
	2013	622,048.60	206,413.04	None
Electric	2017	\$ 2,303,114.52	None	\$ 1,172,341.00
	2016	2,884,103.53	None	1,172,341.00
	2015	2,278,596.28	None	622,341.00
	2014	885,016.40	None	622,341.00
	2013	1,107,817.98	50,000.00	622,341.00

BOROUGH OF MILLTOWN
ROSTER OF OFFICIALS
DECEMBER 31, 2017

Governing Body

Eric Steeber, Mayor
Ronald Dixon, Councilperson, President
Randy Farkas, Councilperson
Doriann Kerber, Councilperson
Nicholas Ligotti, Councilperson
Trina Mehr, Councilperson
Richard Revolinsky, Councilperson

Other Officials

Denise Biancamano, Chief Financial Officer/Business Administrator
[*Through June 30, 2018*]
Gabriella Siboni, Borough Clerk
Christine Heitman, Magistrate
Dione Longuillo, Court Administrator
Kelly McCormick, Tax Collector, Tax and Sewer Assessment Search Officer/Utility Collector
Sandra Potkulski, Tax Assessor
Michael McClelland, Borough Engineer
Thomas J. Buck, Borough Attorney [*Through December 15, 2017*]
John E. Bruder, Borough Attorney [*Effective December 18, 2017*]
Lorraine Nielson, Prosecutor

COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2017

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

N.J.S. 40A:11-4 states "every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding 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 of \$17,500.00 in the absence of a Qualified Purchasing Agent ("QPA"), except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Emergency Maintenance and Repairs -
Water & Sewer System

Demolition for Public Works Project

Paving Project – Wilson Avenue

Construction Services

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 revealed that there were purchases under the state contract method made for the following:

Police Vehicles
Office Supplies

Emergency Light Package – Police Car

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of N.J.S. 40A:11-6.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2017

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes and assessments on or before the date when they would become delinquent.

The Borough, on January 3, 2017, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, it is advisable that taxes and other assessments be paid promptly so to enable the Borough to meet its obligations as they fall due and payable; and

WHEREAS, N.J.S.A. 40A:54-5-67, as amended, permits a municipality to charge interest on delinquent taxes and assessments; and

WHEREAS, the Borough Council has decided that such stated interest rate shall prevail for 2015, as set forth in said Statute, be charged on any such delinquent taxes and/or assessments; and

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the Borough Council of the Borough of Milltown in the County of Middlesex, New Jersey, that the following interest rates shall be charged:

8% per annum on the first \$1,500.00 of such delinquency;
18% per annum on any amount in excess of said \$1,500.00; and

BE IT FURTHER RESOLVED that a penalty of 6% of the amount of the delinquency with interest included, shall be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay said delinquency prior to the end of the year.

BE IT FURTHER RESOLVED that the Tax Collector of the Borough of Milltown is hereby authorized to allow a ten (10) day grace period (taxes are due quarterly - February 1st, May 1st, August 1st and November 1st) and if unpaid within the ten (10) days after these dates, the account becomes delinquent and subject from the due date at the interest rate above mentioned.

It appears, from an examination of the Tax Collector's records, that interest was collected in accordance with the foregoing ordinance for delinquent taxes.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2017

Delinquent Taxes and Tax Title Liens

The detail of all unpaid taxes for 2017 and prior year is being properly carried in the Tax Collector's records. An abstract taken from these records as at December 31, 2017, covering all unpaid charges on that date, was verified with the accounting control figures shown in this report. The detail of unpaid prior year's taxes and tax title liens is being properly carried in the Tax Collector's records. The last tax sale was held on May 22, 2017 and was complete with respect to taxes.

The following comparison is made of the number of tax title liens receivable on December 31st of the last three (3) years:

<u>Year</u>	<u>Number of Liens</u>		
	<u>Tax Title</u>	<u>Water</u>	<u>Electric</u>
2017	6	0	0
2016	6	0	0
2015	5	0	0

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis; however, the owners of the properties that are on tax title lien are in bankruptcy.

Delinquent Electric and Water-Sewer Utility Rents

Electric Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Balance Sheet (Exhibit E-8) has been proven to the detail as maintained for utility billings and collections on file in the Electric Utility Collector's office.

Water-Sewer Utility Receivables

The detail of the Consumer Accounts Receivable as reflected on the Balance Sheet (Exhibit D-7), have been proven to the detail as maintained for utility billings and collections on file in the Water and Sewer Utility Collector's office.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2017

Cash Balances

The cash balances in all funds were verified by independent confirmation from the depositories as of December 31, 2017 and June 30, 2018 in connection with supplemental reconciliation.

Cash counts were made at various dates in all departments of the Borough and bank balances were independently reconciled to the books and records or to such schedules of receipts and disbursements provided for audit.

Revenues

Receipts from licenses, fees, fines and costs, etc., for major departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary.

Expenditures

The vouchers for all funds were examined to the extent deemed necessary to determine that they carried the properly executed certifications as required by statute. Our examination of expenditures revealed minor deficiencies which had been discussed with the Borough CFO.

Expenditures for monthly/recurring vendors should be encumbered at the end of the year for the months that the service has been received but not billed in order to present a more accurate year-end expenditure report. There was a condition reported in the 2015 audit related to purchasing that should be revisited and emphasized in conjunction with the replacement of a long time CFO and the Finance Account Clerk in 2018.

Payroll

An examination was made of the employees' compensation records for the year 2017 to determine that salaries were paid in conformity with the amounts of salaries and wages authorized by ordinance.

Our examination of payroll did not cover verification of the validity and reasonableness of the allocation of salaries for individuals whose job encompasses activities that relate to more than one of the Borough's operating funds or Departments. The allocation of salaries for individuals whose duties encompass more than one fund or appropriation is done at the sole discretion of the management of the Borough. It is proper and legal to allocate salaries amongst funds as long as the duties of the individuals relate to the costs charged to the fund or appropriation.

The Borough utilizes an outside vendor as a service bureau for the processing and transmitting of the Borough's net payroll and payroll (withholding) agencies. The Borough obtained the required Statement on Standards for Attestation Engagements (SSAE #16) – Report on Internal Control of Service Organizations as it is related to the year 2017.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2017

Miscellaneous Comments

Interfunds Receivable/Payable

The balance sheets of the various funds as of December 31, 2017 reflect interfunds receivable and payable at year end. These interfunds must be liquidated prior to the end of the next succeeding fiscal year. There is no recommendation since we have been advised that the balances will be liquidated in the current year.

Surety Bonds

Surety Bonds were tested as part of our normal annual audit procedures. The Surety Bonds for the Tax Collector, Municipal Court Employees and Chief Financial Officer were tested for adequacy and deemed to be sufficient.

General Capital Fund

The General Capital Fund reflects deferred charges to future taxation unfunded for two (2) Improvement Authorizations that were a result of shortfalls in grant funding. Improvement authorization #1074 in the amount of \$39,988.51, of which \$13,328.51 is being raised in the annual budget and improvement authorization #1329/1352 in the amount of \$43,922.86, of which \$8,785.58 is being raised commencing in 2018 not to exceed five (5) years.

Other

The payment made and amount due to the Local School District as of December 31, 2017 was verified by the School Board Secretary.

The Borough appropriates and pays the annual "Maintenance of the Free Public Library" budget appropriation and other expenses periodically to the Library Board of Trustees. The audit report for the Borough of Milltown Free Public Library as of December 31, 2017 is in process at this time.

The Borough by referendum authorized a Length of Service Awards Program (LOSAP) which is accounted for in a separate and distinct fund from the Borough. A separate Accountant's Review Report has been prepared for its operations as of December 31, 2017.

Uniform Construction Code

Our examination of the Uniform Construction Code Official's records revealed that the Construction Code Department was in compliance with regards to N.J.A.C. 5:23-4:17. The revenues for 2017 in accordance with the report were \$113,456.00 and the expenditures were \$68,490.00. However, allowable indirect expenses not charged which would cause to lower the excess. A separate report on the Uniform Construction Code office in accordance with Local Finance Board Notice 2017-15 was prepared and issued.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2017

Miscellaneous Comments (Continued)

Reserves

Reserves, unexpended appropriations and improvements authorizations in all funds should be reviewed annually for utilization or cancellation to the appropriate fund balance.

Technical Directives – State of New Jersey

The general ledger for 2017 was maintained in accordance with acceptable accounting control standards. A more detailed general ledger should be maintained for the payroll fund.

An encumbrance system for budgetary purposes was maintained during 2017.

A fixed assets detail was maintained in 2017.

Financial Procedure Review

It is suggested that for all financial processes within each department and for every borough function related to finance that a review, updating and documentation of all procedures be done in order to be in compliance with recent accounting and auditing requirements related to internal control. It is essential to an entity the size of the Borough that compliance with the procedures be emphasized including cross training and adhered to in order to avoid errors and misunderstandings, assist in periods of employee turnover and to present an early warning system for defalcation. In addition, all employees should be trained to understand the full capabilities of the Borough's computer systems. Similar comments have been made in all prior audits.

Appreciation

I desire to express my appreciation for the cooperation received from the Borough Officials and Employees and the courtesies extended to us during the course of the audit.

A formal exit conference, in accordance with audit requirements generally accepted in the United States of America, has been held on the contents of this audit with the appropriate Borough Officials.

Corrective Action Plan

A corrective action plan must be designed and implemented to insure that procedures are corrected or implemented which lead to the recommendations as reflected below. A corrective action plan was not required for 2016 as there is no audit recommendation.

Follow up on Prior Year Audit Recommendations

None.

RECOMMENDATIONS
DECEMBER 31, 2017

None

The problems and weaknesses noted in my audit were not of such a magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Gerard Stankiewicz". The signature is written in a cursive style with a large initial "G".

Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431

For the Firm
SAMUEL KLEIN AND COMPANY