

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY**

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY**

CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<u>Independent Auditor's Report</u>		1
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		5
<u>Financial Statements</u>		
<u>Current Fund</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance	A	9
Statements of Operations and Changes in Fund Balance - Regulatory Basis	A-1	11
Statement of Revenues - Regulatory Basis	A-2	12
Statement of Expenditures - Regulatory Basis	A-3	14
<u>Trust Fund</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	B	20
<u>General Capital Fund</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	C	22
Statement of Fund Balance - Regulatory Basis	C-1	23
<u>Water Utility Eastern Service</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	D	24
Statements of Operations and Changes in Fund Balance - Regulatory Basis	D-1	26
Statement of Fund Balance - Regulatory Basis	D-2	27
Statement of Revenues - Regulatory Basis	D-3	28
Statement of Appropriations - Regulatory Basis	D-4	29
<u>Public Assistance Trust Fund</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	E	30
<u>Sewer Utility Eastern Service</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	F	31
Statements of Operations and Changes in Fund Balance - Regulatory Basis	F-1	33
Statement of Fund Balance - Regulatory Basis	F-2	34
Statement of Revenues - Regulatory Basis	F-3	35
Statement of Appropriations - Regulatory Basis	F-4	36
<u>Payroll Fund</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	G	37

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY**

CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<u>Water Utility Western Services</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	H	38
Statements of Operations and Changes in Fund		
Balance - Regulatory Basis	H-1	40
Statement of Revenues - Regulatory Basis	H-2	41
Statement of Expenditures - Regulatory Basis	H-3	42
<u>Sewer Utility Western Service</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	I	43
Statements of Operations and Changes in Fund		
Balance - Regulatory Basis	I-1	44
Statement of Revenues - Regulatory Basis	I-2	45
Statement of Expenditures - Regulatory Basis	I-3	46
<u>General Fixed Assets Account Group</u>		
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	J	47
<u>Notes to Financial Statement</u>		49
<u>Supplementary Schedules</u>		
<u>Current Fund</u>		
Schedule of Cash Receipts and Disbursements - Treasurer	A-4	95
Schedule of Cash Receipts and Disbursements - Collector	A-5	96
Schedule of Change Fund - Treasurer	A-6	97
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-7	98
Schedule of Tax Title Liens Receivable	A-8	99
Schedule of Property Acquired for Taxes - Assessed Valuation	A-9	100
Schedule of Interfunds Receivable	A-10	101
Schedule of Revenue Accounts Receivable	A-11	102
Schedule of Deferred Charges - Special Emergency Authorizations	A-12	103
Schedule of State Grants Receivable	A-13	104
Schedule of Federal and State Grant Fund - Interfund Receivable	A-14	105
Schedule of 2015 Appropriation Reserves	A-15	106
Schedule of Interfunds Payable	A-16	109
Schedule of Due From State of NJ for Senior Citizens' and Veterans' Deductions	A-17	110
Schedule of Due to State and Local Agencies	A-18	111
Schedule of Tax Overpayments	A-19	112
Schedule of Accounts Payable	A-20	113
Schedule of Special Emergency Note Payable	A-21	114
Schedule of County Taxes Payable	A-22	115
Schedule of Local District School Tax Payable	A-23	116
Schedule of Various Reserves	A-24	117
Schedule of Prepaid Taxes	A-25	118
Schedule of Reserve for State Grants - Appropriated	A-26	119
Schedule of Reserve for State Grants - Unappropriated	A-27	120

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY**

CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Supplementary Schedules (continued)		
<u>Trust Fund</u>		
Schedule of Cash Receipts and Disbursements - Treasurer	B-1	123
Schedule of Community Development Block Grant Receivable	B-2	124
Schedule of Due to State of NJ Department of Health	B-3	125
Schedule of Prepaid Dog Licenses	B-4	126
Schedule of Reserve for Animal Control Expenditures	B-5	127
Schedule of Due To/From Current Fund	B-6	128
Schedule of Reserve for Manchester Day	B-7	129
Schedule of Deposits for Redemption of Tax Title Liens	B-8	130
Schedule of Special Escrow Deposits	B-9	131
Schedule of State Unemployment Compensation Insurance	B-10	132
Schedule of Police Drug Enforcement Trust Account	B-11	133
Schedule of Municipal Drug Alliance Discretionary Reserves	B-12	134
Schedule of Reserve for Public Defender Trust Funder	B-13	135
Schedule of Reserve for Open Space	B-14	136
Schedule of Reserve for Recreation	B-15	137
Schedule of Community Development Block Grant Reserves	B-16	138
Schedule of Reserve for Retirement Pay	B-17	139
Schedule of Reserve for Recreation	B-18	140
Schedule of Reserve for Lakehurst Construction Code	B-19	141
Schedule of Reserve for Snow Removal	B-20	142
<u>General Capital Fund</u>		
Schedule of Cash - Treasurer	C-2	145
Schedule of Analysis of General Capital Cash	C-3	146
Schedule of Deferred Charges to Future Taxation - Funded	C-4	147
Schedule of Deferred Charges to Future Taxation - Unfunded	C-5	148
Schedule of Green Acres Loan Payable	C-6	149
Schedule of Capital Improvement Fund	C-7	150
Schedule of Improvement Authorizations	C-8	151
Schedule of Bond Anticipation Notes	C-9	152
Schedule of Serial Bonds	C-10	153
Schedule of Bonds and Notes Authorized But Not Issued	C-11	154
<u>Water Utility Eastern Service</u>		
Schedule of Cash Receipts and Disbursements - Checking Accounts	D-5	157
Schedule of Analysis of Water Capital Cash and Investments	D-6	158
Schedule of Consumer Accounts Receivable	D-7	159
Schedule of Water Liens	D-8	160
Schedule of Connection Reserve Fees Receivable	D-9	161
Schedule of Reserve for Inventory	D-10	162
Schedule of Fixed Capital	D-11	163
Schedule of Fixed Capital Authorized and Uncompleted	D-12	164
Schedule of Appropriation Reserves	D-13	165
Schedule of Accrued Interest on Bonds	D-14	166
Schedule of Reserve for Escrow Deposits	D-15	167
Schedule of Capital Improvement Fund	D-16	168
Schedule of Reserve for Amortization	D-17	169
Schedule of Deferred Reserve for Amortization	D-18	170
Schedule of Improvement Authorizations	D-19	171
Schedule of Serial Bonds	D-20	172

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY**

CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Supplementary Schedules (continued)		
<u>Public Assistance Fund</u>		
Schedule of Cash Receipts and Disbursements - Public Assistance Accounts	E-1	175
Schedule of Reserve for Public Assistance Expenditures	E-2	176
Schedule of Reserve for Discretionary Trust Expenditures	E-3	177
<u>Sewer Utility Eastern Service</u>		
Schedule of Cash Receipts and Disbursements - Checking Accounts	F-5	181
Schedule of Investments	F-6	182
Schedule of Analysis of Sewer Capital Cash and Investments	F-7	183
Schedule of Interfunds Receivable	F-8	184
Schedule of Consumer Accounts Receivable	F-9	185
Schedule of Connection Fees Receivable	F-10	186
Schedule of Reserve for Inventory	F-11	187
Schedule of Fixed Capital	F-12	188
Schedule of Fixed Capital Authorized and Uncompleted	F-13	189
Schedule of Appropriation Reserves	F-14	190
Schedule of Reserve for Escrow Deposits	F-15	191
Schedule of Accrued Interest on Bonds	F-16	192
Schedule of Interfunds Payable	F-17	193
Schedule of Capital Improvement Fund	F-18	194
Schedule of Improvement Authorizations	F-19	195
Schedule of Reserve for Amortization	F-20	196
Schedule of Deferred Reserve for Amortization	F-21	197
Schedule of Serial Bonds	F-22	198
<u>Payroll Fund</u>		
Schedule of Cash Receipts and Disbursements	G-1	201
Schedule of Payroll Deductions Payable	G-2	202
<u>Water Utility Western Service</u>		
Schedule of Cash Receipts and Disbursements - Checking Accounts	H-4	205
Schedule of Cash and Investments	H-5	206
Schedule of Change Fund	H-6	207
Schedule of Consumer Accounts Receivable	H-7	208
Schedule of Water Liens	H-8	209
Schedule of Fixed Capital	H-9	210
Schedule of Fixed Capital Authorized and Uncompleted	H-10	211
Schedule of Appropriation Reserves	H-11	212
Schedule of Accrued Interest on Bonds	H-12	213
Schedule of Capital Improvement Fund	H-13	214
Schedule of Improvement Authorizations	H-14	215
Schedule of Reserve for Amortization	H-15	216
Schedule of Serial Bonds	H-16	217

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY**

CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Supplementary Schedules (continued)		
<u>Sewer Utility Western Service</u>		
Schedule of Cash Receipts and Disbursements	I-4	221
Schedule of Analysis of Sewer Capital Western Service Cash and Investments	I-5	222
Schedule of Consumer Accounts Receivable	I-6	223
Schedule of Western Liens	I-7	224
Schedule of Fixed Capital	I-8	225
Schedule of Fixed Capital Authorized and Uncompleted	I-9	226
Schedule of Appropriation Reserves	I-10	227
Schedule of Accrued Interest on Bonds	I-11	228
Schedule of Improvements Authorized	I-12	229
Schedule of Reserve for Amortization	I-13	230
Schedule of Serial Bonds	I-14	231
 <u>Comments and Recommendations</u>		
Scope of the Audit		235
Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4		235
Contracts and Agreements Requiring Solicitation of Quotations		236
Collection of Interest on Delinquent Taxes and Assessments		236
Deduction from Taxes		236
Examination of Bills		236
Prior Year Findings		237
Roster of Officials		239
Acknowledgement		240

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN**

PART I

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Council
Manchester Township
County of Ocean
Manchester, New Jersey 08759

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2016. The LOSAP Trust Fund financial activities are included in the Township’s Trust Fund, and represent 19.36% of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2016.

Qualified 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 Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Manchester, County of Ocean, State of New Jersey, as of December 31, 2016, and the results of its operations and changes in fund balance --regulatory basis of such funds for the year then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

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

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

Prior Period Financial Statements

The financial statements as of December 31, 2015, were audited by other auditors whose report dated September 2, 2016, expressed an unmodified opinion on the regulatory basis of accounting, but disclaimed an opinion on the Length of Service Award Program Fund (“LOSAP”) because of a scope limitation described in the Basis for Disclaimer of Opinion on Length of Service Award Program Fund (“LOSAP”) paragraph.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2017, on our consideration of the Manchester Township’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Manchester Township’s internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA #435

Toms River, New Jersey
July 1, 2017

This page intentionally left blank

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

Honorable Mayor and Members
of the Township Council
Manchester Township
County of Ocean
Manchester, New Jersey 08759

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Manchester Township (herein referred to as "the Municipality"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements, and have issued our report thereon dated July 1, 2017. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality'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 Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality'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 Municipality'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. We consider the deficiencies described in the accompanying Comments & Recommendations to be significant deficiencies as Finding No's. 2016-01, 2016-02, 2016-03 & 2016-04.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Comments & Recommendations we identified certain deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is noted in the accompanying Comments and Recommendations section as Findings 2016-01, 2016-02, 2016-03, & 2016-04.

Response to Findings

Township of Manchester's response to the findings identified in our audit is described in the accompanying Comments & Recommendations section. Township of Manchester's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA #435

Toms River, New Jersey
July 1, 2017

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	REFERENCE	2016	2015
ASSETS			
Regular Fund:			
Cash	A-4	\$ 9,970,590.97	\$ 10,473,111.56
Cash - Change Funds	A-6	1,025.00	1,050.00
		<u>9,971,615.97</u>	<u>10,474,161.56</u>
Total			
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-7	948,816.66	1,032,702.70
Tax Title Liens Receivable	A-8	323,983.52	250,658.47
Property Acquired for Taxes Assesed Valuation	A-9	9,762,200.00	9,762,200.00
Interfund Receivable	A-10	11,570.35	-
Revenue Accounts Receivable	A-11	28,979.26	31,275.72
		<u>11,075,549.79</u>	<u>11,076,836.89</u>
Total Receivables & Other Assets With Full Reserves			
Deferred Charges:			
Special Emergency - Authorization (N.J.S. 40A:4-55)	A-12	-	100,000.00
Overexpenditure: Wilbur Avenue Grant		155,747.03	-
		<u>155,747.03</u>	<u>100,000.00</u>
Total Regular Funds		<u>21,202,912.79</u>	<u>21,650,998.45</u>
State & Federal Grant Fund:			
Grants Receivable	A-13	698,027.95	589,839.94
Interfund Receivable	A-14	-	249,396.97
		<u>698,027.95</u>	<u>839,236.91</u>
Total Federal & State Grant Fund			
Total Assets		<u>\$ 21,900,940.74</u>	<u>\$ 22,490,235.36</u>

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	REFERENCE	2016	2015
LIABILITIES RESERVES & FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves			
Encumbrances Payable		\$ 557,761.79	\$ 792,275.47
Unencumbered		2,296,485.33	2,229,560.94
Interfund Payable	A-16	66,737.25	317,362.97
Due to State of New Jersey:			
(Ch. 129, P.L. 1976)	A-17	91,557.27	41,315.17
DCA Surcharge	A-18	14,912.00	12,541.00
Marriage License Fees	A-18	1,059.00	900.00
Tax Overpayments	A-19	87,421.51	175,931.23
Accounts Payable	A-20	231,178.61	374,797.77
Special Emergency Note Payable	A-21	-	100,000.00
County Taxes Payable	A-22	74,583.96	81,184.08
Reserve for Tax Appeals	A-24	369,904.95	374,033.41
Prepaid Taxes	A-25	591,503.28	562,157.60
Subtotal Regular Fund		4,383,104.95	5,062,059.64
Reserve for Receivables & Other Assets	A	11,075,549.79	11,076,836.89
Fund Balance	A-1	5,744,258.05	5,512,101.92
Total Regular Fund		21,202,912.79	21,650,998.45
Federal & State Grant Fund:			
Reserve for State Grants:			
Interfund Payable	A-14	11,570.35	-
Appropriated Reserves	A-26	667,697.60	783,045.00
Unappropriated Reserves	A-27	18,760.00	56,191.91
Total Federal & State Grant Fund		698,027.95	839,236.91
Total Liabilities, Reserves & Fund Balance		\$ 21,900,940.74	\$ 22,490,235.36

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

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 2,750,000.00	\$ 1,712,681.00
Miscellaneous Revenue Anticipated	A-2	9,194,649.55	8,633,287.70
Receipts From Delinquent Taxes	A-2	1,063,155.16	1,347,216.56
Non-Budget Revenue	A-2	528,325.90	749,656.05
Receipts From Current Taxes	A-2,A-7	81,453,468.07	79,657,151.87
Other Credits To Income:			
Interfunds Liquidated		-	28,139.52
Adjustment to AR Balance (Senior and Vets)		11,286.02	-
Overpayments Cancelled		-	191,413.31
Reserve for Revaluation Cancelled		-	77,327.00
State Audit of Senior and Vets	A-17	22,248.70	-
Unexpended Balances of Appropriation Reserves	A-11	1,333,264.92	1,575,896.02
Total Revenues		96,356,398.32	93,972,769.03
<u>Expenditures</u>			
Budget Appropriations:			
Operations	A-3	30,742,246.89	26,000,658.53
Debt Services	A-3	1,475,587.96	1,503,159.08
Deferred Charges and Statutory Expenditures		100,000.00	3,702,568.00
		32,317,834.85	31,206,385.61
Municipal Open Space Taxes		324,517.00	323,639.00
Refund of Prior Year Revenues		-	34,429.42
County Taxes	A-22	15,613,495.46	15,160,303.89
Local District School Tax	A-23	45,207,616.00	43,964,111.00
Interfund Advanced	A-10	11,570.35	-
Prior Year Tax Refund		54,955.56	-
Prior Year Senior Citizen/Vets Cancelled	A-17	-	312,864.67
Total Expenditures		93,529,989.22	91,001,733.59
Excess/(Deficit) in Revenue		2,826,409.10	2,971,035.44
Adjustments To Income Before Fund Balance			
Expenditures Included Above Which Are By			
Statute Deferred Charges To Budget of Succeeding Year:			
NJ DOT Wilbur Avenue		155,747.03	-
		155,747.03	-
Statutory Excess To Fund Balance		2,982,156.13	2,971,035.44
Fund Balance, January 1	A	5,512,101.92	4,253,747.48
		8,494,258.05	7,224,782.92
Decreased By:			
Utilized as Anticipated Revenue	A-1,A-2	2,750,000.00	1,712,681.00
Fund Balance, December 31	A	\$ 5,744,258.05	\$ 5,512,101.92

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Anticipated <u>Budget</u>	Budget <u>Amendments</u>	Amount <u>Realized</u>	Excess/ <u>(Deficit)</u>
Fund Balance Anticipated	\$ 2,750,000.00	\$ -	\$ 2,750,000.00	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	32,500.00	-	30,000.00	(2,500.00)
Other	18,000.00	-	17,211.00	(789.00)
Fees and Permits	750,000.00	-	976,336.16	226,336.16
Fines and Costs:				
Municipal Court	380,000.00	-	471,052.43	91,052.43
Interest and Costs on Taxes	195,000.00	-	197,890.43	2,890.43
Interest on Investments and Deposits	22,000.00	-	36,053.36	14,053.36
Cable TV Franchise Fees	168,000.00	-	187,843.91	19,843.91
Host Community Benefits	1,000,000.00	-	1,059,996.60	59,996.60
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	35,048.00	-	35,048.00	-
Energy Receipts Tax(P.L. 1997, Chapters 162 &167)	3,023,192.00	-	3,023,192.00	-
PILOT- Garden State Trust	159,227.00	-	159,227.00	-
Uniform Construction Code Fees	825,000.00	-	1,105,840.00	280,840.00
Public and Private Revenues Offset With				
Appropriations:				
NJDOT- Broadway Boulevard	325,000.00	-	325,000.00	-
Municipal Alliance on Alcoholism and Drug Abuse	16,840.00	-	16,840.00	-
Senior Outreach Grant	135,100.00	-	135,100.00	-
Ocean County Ride	2,000.00	-	2,000.00	-
Unappropriated Reserve-NJDOT 1st and 2nd Avenue	33,301.91	-	33,301.91	-
Unappropriated Reserve- Driving While Intoxicated	10,890.00	-	10,890.00	-
Unappropriated Reserve- Senior Outreach Grant	12,000.00	-	12,000.00	-
CH 159- Child Passenger Safety Grant	-	1,600.00	1,600.00	-
Ch159- Drive Sober or Get Pulled Over	-	5,400.00	5,400.00	-
USDOJ- Bulletproof Vest Program	-	7,005.00	7,005.00	-
Ch159- Click It Or Ticket	-	4,800.00	4,800.00	-
Ch159- Clean Communities	-	126,534.92	126,534.92	-
Ch159- Body Armor Grant	-	5,953.51	5,953.51	-
Ch159- Cops In Shops	-	1,600.00	1,600.00	-
CH159- Drunk Driving Enforcement	-	8,393.00	8,393.00	-
CH159- Ocean County 966	-	18,877.52	18,877.52	-
Local Other Special Items:				
Uniform Fire Safety Act	26,000.00	-	28,965.63	2,965.63
Ocean County Recycling	22,000.00	-	11,632.89	(10,367.11)
Open Space Share of Debt Service	311,076.57	-	311,076.57	(0.00)
Senior Citizen and Veterans Post Year Statements	27,000.00	-	22,248.70	(4,751.30)
Tower Rental	29,000.00	-	30,084.00	1,084.00
Hotel Tax	27,000.00	-	32,319.01	5,319.01
Reimbursement for In-kind Facilities & Security Services	743,336.00	-	743,336.00	-
Total Miscellaneous Revenues	8,328,511.48	180,163.95	9,194,649.55	685,974.12
Receipts From Delinquent Taxes	800,000.00	-	1,063,155.16	263,155.16
Amount To Be Raised By Taxes for				
Support of Municipal Budget:				
Local Tax for Municipal Purposes				
Including Reserve for Uncollected Taxes	21,246,283.15	-	21,450,710.40	204,427.25
Budget Revenues	33,124,794.63	180,163.95	34,458,515.11	1,153,556.53
Non-Budget Revenues	-	-	528,325.90	528,325.90
	\$ 33,124,794.63	\$ 180,163.95	\$ 34,986,841.01	\$ 1,681,882.43

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 81,453,468.07
Allocated To:	
School, County and Municipal	
Open Spaces Tax	<u>61,145,628.46</u>
Balance for Support of Municipal Budget	
Appropriations	20,307,839.61
Add: Appropriation "Reserve for	
Uncollected Taxes"	<u>1,142,870.79</u>
Amount for Support of Municipal Budget	
Appropriations	<u>\$ 21,450,710.40</u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	\$ 1,001,419.71
Tax Title Liens	<u>61,735.45</u>
	<u>\$ 1,063,155.16</u>
Other Licenses	
Township Clerk	\$ 15,531.00
Health Officer	<u>1,680.00</u>
	<u>\$ 17,211.00</u>
Other Fees and Permits	
Township Clerk	\$ 187,592.50
Tax Collector	220.00
Land use	3,575.00
Recreation Department	100,981.50
Zoning Board	235,200.00
Registrar of Vital Statistics	52,991.00
Housing	74,730.00
Engineering Department	43,320.00
Building Inspector	171,129.00
Police Department	34,877.16
Beach Badges	<u>71,720.00</u>
	<u>\$ 976,336.16</u>

Analysis of Non-Budget Revenues

Administrative Fees for Off Duty	\$ 7,781.78
ARC Pilot	3,325.88
Bank Fees Collected	80.35
Beckerville Pilot	55,838.60
Copies	689.95
Court Overpayments	785.64
DMV Inspection	3,608.39
Homestead Rebate Administrative Fee	207,007.00
JIF Dividend	4,339.20
Miscellaneous	77,705.77
Outfront Billboards	21,378.34
Presby-Pilot	6,000.00
Prior Year Refunds	46,839.90
Restitution	43,422.71
Sale of Assets: GOVDEALS	444.05
Sale of Scape Metal	4,466.84
Senior Outreach Donations	23,524.87
Serv Pilot	8,367.00
Tax Premiums Over Five Years	6,759.45
Misc. Interest	2,900.00
Miscellaneous	<u>3,060.18</u>
	<u>\$ 528,325.90</u>

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Cancelled</u>	<u>Expenditure Without an Appropriation</u>
	<u>Original Budget</u>	<u>Budget After Modification</u>		<u>Encumbrances</u>	<u>Reserved</u>		
GENERAL GOVERNMENT:							
OFFICES OF THE MAYOR AND COUNCIL							
Salaries and Wages	\$ 57,000.00	\$ 57,000.00	\$ 55,452.74	\$ -	\$ 1,547.26	\$ -	\$ -
Other Expenses	6,000.00	4,000.00	55.00	25.00	3,920.00	-	-
ENVIRONMENTAL COMMISSION:							
Salaries and Wages	1,000.00	1,000.00	1,000.00	-	-	-	-
Other Expenses	100.00	100.00	-	-	100.00	-	-
VETERANS ADVISORY COMMITTEE							
Other Expenses	2,000.00	2,000.00	385.00	1,585.95	29.05	-	-
OFFICE OF THE CLERK							
Salaries and Wages	155,000.00	155,000.00	150,729.99	-	4,270.01	-	-
Other Expenses	65,000.00	65,000.00	58,505.45	6,116.61	377.94	-	-
MUNICIPAL AUDIT							
Other Expenses	50,000.00	50,000.00	-	-	50,000.00	-	-
ZONING BOARD OF ADJUSTMENT							
Other Expenses	20,000.00	15,000.00	10,676.99	89.00	4,234.01	-	-
DEPARTMENT OF ADMINISTRATION:							
DIV. OF ADMINISTRATION, PURCHASING & PERSONNEL							
Salaries and Wages	210,000.00	200,000.00	191,733.61	-	8,266.39	-	-
Other Expenses	230,000.00	253,000.00	216,833.68	32,061.91	4,104.41	-	-
OFFICE OF THE TAX ASSESSOR							
Salaries and Wages	330,000.00	330,000.00	319,550.59	-	10,449.41	-	-
Other Expenses	16,000.00	16,000.00	6,518.60	7,590.39	1,891.01	-	-
AID TO 3 VOLUNTEER FIRE COMPANIES							
Other Expenses	90,000.00	90,000.00	90,000.00	-	-	-	-
AID TO 2 FIRST AID ORGANIZATIONS							
Other Expenses	60,000.00	60,000.00	60,000.00	-	-	-	-
DIVISION OF DATA PROCESSING							
Salaries and Wages	160,000.00	160,000.00	128,026.57	-	31,973.43	-	-
Other Expenses	75,000.00	60,000.00	23,892.63	31,397.57	4,709.80	-	-
DEPARTMENT OF RECREATION							
Salaries and Wages	370,000.00	370,000.00	355,918.43	-	14,081.57	-	-
Other Expenses	120,000.00	120,000.00	83,323.52	2,394.16	34,282.32	-	-

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Cancelled</u>	<u>Expenditure Without an Appropriation</u>
	<u>Original Budget</u>	<u>Budget After Modification</u>		<u>Encumbrances</u>	<u>Reserved</u>		
DEPARTMENT OF PUBLIC WORKS							
DIVISION OF ADMINISTRATION AND STREETS							
Salaries and Wages	1,700,000.00	1,575,000.00	1,555,855.53	-	19,144.47	-	-
Other Expenses	240,000.00	240,000.00	153,199.87	86,419.08	381.05	-	-
DIVISION OF BUILDINGS AND GROUNDS							
Salaries and Wages	175,000.00	195,000.00	195,000.00	-	-	-	-
Other Expenses	105,000.00	120,000.00	84,582.08	12,057.17	23,360.75	-	-
DIVISION OF SANITATION AND RECYCLING							
Salaries and Wages	62,000.00	62,000.00	52,832.02	-	9,167.98	-	-
Other Expenses	505,000.00	525,000.00	439,565.75	84,008.35	1,425.90	-	-
DIVISION OF CENTRAL MAINTENANCE							
Salaries and Wages	300,000.00	300,000.00	281,069.23	-	18,930.77	-	-
Other Expenses	270,000.00	270,000.00	223,056.45	45,951.25	992.30	-	-
DIVISION OF LAKES, PARKS AND PLAYGROUNDS							
Salaries and Wages	120,000.00	120,000.00	101,879.20	-	18,120.80	-	-
Other Expenses	40,000.00	40,000.00	38,374.97	1,531.04	93.99	-	-
DEPARTMENT OF PUBLIC SAFETY							
POLICE:							
Salaries and Wages	8,000,000.00	8,020,000.00	7,897,782.16	-	122,217.84	-	-
Other Expenses	540,000.00	520,000.00	349,502.35	167,369.44	3,128.21	-	-
DIVISIONS OF POLICE CLERICAL & COMMUNICATIONS							
Salaries and Wages	780,000.00	800,000.00	800,000.00	-	-	-	-
DIVISION OF ANIMAL CONTROL							
Salaries and Wages	60,000.00	60,000.00	56,539.32	-	3,460.68	-	-
Other Expenses	40,000.00	40,000.00	17,063.45	1,766.06	21,170.49	-	-
DIVISION OF EMERGENCY MANAGEMENT							
Salaries and Wages	9,000.00	9,000.00	8,447.62	-	552.38	-	-
Other Expenses	5,000.00	5,000.00	1,108.07	1,461.56	2,430.37	-	-
DEPARTMENT OF LAND USE AND PLANNING:							
DIVISION OF ZONING AND PLANNING							
Salaries and Wages	180,000.00	205,000.00	203,126.90	-	1,873.10	-	-
Other Expenses	50,000.00	50,000.00	41,785.46	1,248.75	6,965.79	-	-
UNIFORM FIRE ACT							
Salaries and Wages	30,000.00	30,000.00	30,000.00	-	-	-	-
Other Expenses	1,200.00	1,200.00	-	-	1,200.00	-	-

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriated</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Cancelled</u>	<u>Expenditure Without an Appropriation</u>
	<u>Original Budget</u>	<u>Budget After Modification</u>		<u>Encumbrances</u>	<u>Reserved</u>		
DEPARTMENT OF FINANCE:							
FINANCE ADMINISTRATION							
Salaries and Wages	110,000.00	110,000.00	98,318.80	-	11,681.20	-	-
Other Expenses	26,800.00	21,800.00	15,786.26	1,832.05	4,181.69	-	-
DIVISION OF REVENUE COLLECTION							
Salaries and Wages	145,000.00	155,000.00	148,787.77	-	6,212.23	-	-
Other Expenses	50,000.00	35,000.00	23,568.86	4,002.02	7,429.12	-	-
DEPARTMENT OF ENGINEERING:							
ENGINEERING							
Other Expenses	90,000.00	130,000.00	90,583.61	24,000.00	15,416.39	-	-
DEPARTMENT OF LAW:							
TOWNSHIP ATTORNEY							
Other Expenses	165,000.00	215,000.00	207,980.76	1,540.00	5,479.24	-	-
MUNICIPAL PROSECUTOR							
Other Expenses	46,000.00	46,000.00	39,437.25	-	6,562.75	-	-
CLOSING COSTS FOR FORCLOSED PROPERTIES							
Other Expenses	10,000.00	10,000.00	6,297.34	-	3,702.66	-	-
MUNICIPAL COURT							
Salaries and Wages	350,000.00	350,000.00	344,216.50	-	5,783.50	-	-
Other Expenses	28,000.00	28,000.00	22,629.44	713.86	4,656.70	-	-
HEARING TESTING:							
HEPATITIS INOCULATION PROGRAM							
Other Expenses	5,000.00	5,000.00	99.00	2,400.00	2,501.00	-	-
OSHA REQUIREMENT- RESPIRATOR TESTING							
Other Expenses	2,500.00	2,500.00	1,140.00	360.00	1,000.00	-	-
INSURANCE							
Other Expenses	5,000.00	5,000.00	-	-	5,000.00	-	-
General Liability	700,000.00	760,000.00	698,458.63	-	61,541.37	-	-
Workers Compensation	800,000.00	718,099.23	718,099.23	-	-	-	-
Employee Group Health	4,794,000.00	4,749,000.00	4,074,094.04	8,798.24	666,107.72	-	-
Employee Opt Out Payments	400,000.00	400,000.00	50,668.61	-	349,331.39	-	-
STATE UNIFORM CONSTRUCTION CODE:							
CONSTRUCTION OFFICIAL							
Salaries and Wages	550,000.00	550,000.00	537,319.73	-	12,680.27	-	-
Other Expenses	200,000.00	200,000.00	158,428.87	6,924.67	34,646.46	-	-

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Paid or Charged	Expended		Cancelled	Expenditure Without an Appropriation
	Original Budget	Budget After Modification		Encumbrances	Reserved		
UNCLASSIFIED:							
Gasoline	350,000.00	350,000.00	181,361.56	13,353.99	155,284.45		
Electricity	220,000.00	220,000.00	206,856.53	54.70	13,088.77		
Telephone	150,000.00	150,000.00	135,750.39	10,708.97	3,540.64		
Natural Gas	40,000.00	40,000.00	19,476.21	-	20,523.79		
Heating Oil	12,000.00	12,000.00	-	-	12,000.00		
Street Lighting	115,000.00	115,000.00	70,535.21	-	44,464.79		
Condominium Service Act	400,000.00	400,000.00	302,471.28	-	97,528.72		
Celebration of Public Events	15,000.00	15,000.00	15,000.00	-	-		-
Accumulated Leave Compensation	25,000.00	25,000.00	-	-	25,000.00		-
Reserve for Snow Removal	20,000.00	20,000.00	-	-	20,000.00		-
Total Operations - Within "CAPS"	25,053,600.00	25,032,699.23	22,450,739.11	557,761.79	2,024,198.33		
Detail:							
Salaries and Wages	13,879,000.00	13,839,000.00	13,513,586.71	-	325,413.29		-
Other Expenses	11,174,600.00	11,193,699.23	8,937,152.40	557,761.79	1,698,785.04		-
Statutory Expenditures - Municipal - Within "CAPS"							
STATUTORY EXPENDITURES							
Contribution To:							
Public Employees Retirement System	786,821.00	807,721.77	807,721.77	-	-		-
Social Security System (O.A.S.I.)	1,200,000.00	1,200,000.00	1,047,463.00	-	152,537.00		-
Consolidated Police and Firemen's Pension Fund							
Police and Firemen's Retirement System of NJ	1,773,511.00	1,773,511.00	1,773,511.00	-	-		-
Unemployment Insurance	19,000.00	19,000.00	19,000.00	-	-		-
Defined Contribution Retirement Program	4,500.00	4,500.00	4,500.00	-	-		-
Total Statutory Expenditures - Municipal - Within "CAPS"	3,783,832.00	3,804,732.77	3,652,195.77	-	152,537.00		-
Total General Appropriations for Municipal Purposes - Within "CAPS"	28,837,432.00	28,837,432.00	26,102,934.88	557,761.79	2,176,735.33		-
LOSAP	140,000.00	140,000.00	86,250.00	-	53,750.00		-
Health Insurance Levy Cap Exclusion	46,000.00	46,000.00	-	-	46,000.00		-
Reserve for Tax Appeals	20,000.00	20,000.00	-	-	20,000.00		-

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Paid or Charged	Expended		Cancelled	Expenditure Without an Appropriation
	Original Budget	Budget After Modification		Encumbrances	Reserved		
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:							
SENIOR OUTREACH							
FEDERAL SHARE- Salaries and Wages	135,100.00	135,100.00	135,100.00	-	-	-	-
UNAPPROPRIATED RESERVE FEDERAL SHARE	12,000.00	12,000.00	12,000.00	-	-	-	-
LOCAL MATCH	421,272.00	421,272.00	421,272.00	-	-	-	-
NIDOT GRANT- 1st and 2nd Avenue Balance	33,301.91	33,301.91	33,301.91	-	-	-	-
NIDOT- Broady Blvd	325,000.00	325,000.00	325,000.00	-	-	-	-
DRUNK DRIVING ENFORCEMENT FUND	-	18,877.52	18,877.52	-	-	-	-
COPS IN SHOPS	-	1,600.00	1,600.00	-	-	-	-
Click It Or Ticket	-	4,800.00	4,800.00	-	-	-	-
Child Passenger Safety Grant	-	1,600.00	1,600.00	-	-	-	-
Drive Sober Or Get Pulled Over	-	5,400.00	5,400.00	-	-	-	-
CLEAN COMMUNITIES GRANT							
Salaries and Wages	-	126,534.92	126,534.92	-	-	-	-
Driving While Intoxicated- Unappropriated	10,890.00	10,890.00	10,890.00	-	-	-	-
MUNICIPAL DRUG ALLIANCE							
Other Expenses	16,840.00	16,840.00	16,840.00	-	-	-	-
Local Share	6,500.00	6,500.00	6,500.00	-	-	-	-
Body Armor Ch. 159	-	5,953.51	5,953.51	-	-	-	-
USBVP PRPGRAM	-	7,005.00	7,005.00	-	-	-	-
Ocean 966	-	8,393.00	8,393.00	-	-	-	-
Ocean County Ride	2,000.00	2,000.00	2,000.00	-	-	-	-
Total Public and Private Programs Offset by Revenue	962,903.91	1,143,067.86	1,143,067.86	-	-	-	-
Total Operations - Excluded From "CAPS"	1,168,903.91	1,349,067.86	1,229,317.86	-	119,750.00	-	-
Detail:							
Salaries and Wages	581,712.00	708,246.92	708,246.92	-	-	-	-
Other Expenses	587,191.91	640,820.94	521,070.94	-	119,750.00	-	-
Capital Improvements - Excluded From "CAPS"							
NJ DOT Wilbur Avenue	-	-	155,747.03	-	-	-	(155,747.03)
Capital Improvement Fund	400,000.00	400,000.00	400,000.00	-	-	-	-
Total Capital Improvements - Excluded From "CAPS"	400,000.00	400,000.00	555,747.03	-	-	-	(155,747.03)

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended		Cancelled	Expenditure Without an Appropriation
	Original Budget	Budget After Modification	Paid or Charged	Encumbrances	Reserved	
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	800,000.00	800,000.00	800,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	227,385.00	227,385.00	227,385.00	-	-	-
Interest on Bonds	268,312.52	268,312.52	268,312.52	-	-	-
Interest on Notes	29,769.74	29,769.74	29,769.74	-	-	-
Green Trust Loan Program						
Loan Repayments for Principal	134,564.34	134,564.34	134,564.34	-	-	-
Loan Repayments for Interest	15,556.36	15,556.36	15,556.36	-	-	-
Total Municipal Debt Service - Excluded From "CAPS"	1,475,587.96	1,475,587.96	1,475,587.96	-	-	-
Deferred Charges - Municipal - Excluded from "CAPS"						
Special Emergency Authorizations - 5 years	100,000.00	100,000.00	100,000.00	-	-	-
Total Deferred Chars- Municap Excluded From "CAPS"	100,000.00	100,000.00	100,000.00	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,144,491.87	3,324,655.82	3,360,652.85	-	119,750.00	(155,747.03)
Subtotal General Appropriations	31,981,923.87	32,162,087.82	29,463,587.73	557,761.79	2,296,485.33	(155,747.03)
Reserve for Uncollected Taxes	1,142,870.79	1,142,870.79	1,142,870.79	-	-	-
Total General Appropriations	\$ 33,124,794.66	\$ 33,304,958.61	\$ 30,606,458.52	\$ 557,761.79	\$ 2,296,485.33	\$ (155,747.03)
Analysis of Budget After Modification						
Increased By Chapter 159's	\$ 180,163.95					
Original Budget		33,124,794.66				
Analysis of Paid or Charged		\$ 33,304,958.61				
Reserve for Uncollected Taxes			\$ 1,142,870.79			
Cash Disbursements			28,220,519.87			
Deferred Charges:						
Special Emergency			100,000.00			
Reserve for State Grants - Appropriated			1,143,067.86			
			\$ 30,606,458.52			

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Animal Control Fund:			
Cash	B-1	\$ 32,328.34	\$ 30,023.96
General Trust Fund:			
Cash:			
Special Deposits/Performance Bonds	B-1	1,799,085.26	1,878,963.59
Affordable Housing Trust Fund	B-1	211,322.58	1,014,512.51
Redemption Trust Fund	B-1	1,168,320.15	694,269.56
State Unemployment Compensation Insurance	B-1	220,899.87	211,852.58
Police Drug Enforcement Trust Fund	B-1	36,940.55	38,933.58
Municipal Alliance	B-1	12,336.64	11,840.34
Public Defender Trust Fund	B-1	26,150.32	40,998.82
Manchester Day Trust Fund	B-1	2,165.71	9,142.71
Open Space Trust Fund	B-1	1,176,021.89	536,963.77
Recreation Trust Fund	B-1	20,022.49	13,978.33
Lakehurst-Manchester Construction Code	B-1	37,109.64	1,242.59
		4,710,375.10	4,452,698.38
Community Development Block Grant Receivable	B-2	33,000.00	33,000.00
Due (To)/From Current Fund	B-6	66,737.25	67,966.00
		4,810,112.35	4,553,664.38
Length of Service Award Program			
Fund ("LOSAP") - Unaudited:			
Investments		964,788.22	899,701.16
Total Assets		\$ 5,807,228.91	\$ 5,483,389.50

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

LIABILITIES, RESERVES, AND FUND BALANCE	REFERENCE	2016	2015
Animal Control Fund:			
Due to State of New Jersey	B-3	\$ 130.20	\$ 157.80
Prepaid Licenses	B-4	20,070.10	16,953.40
Reserve for Animal Control Fund Expenditures	B-5	12,128.04	12,912.76
		<u>32,328.34</u>	<u>30,023.96</u>
General Trust Fund			
Manchester Day Trust Fund	B-7	2,165.71	9,142.71
Deposits for Redemption of Tax Title Lines	B-8	1,168,320.15	694,269.56
Special Deposits	B-9	1,784,030.50	1,865,137.58
State Unemployment Compensation Insurance	B-10	220,899.87	211,852.58
Police Drug Enforcement Trust Fund	B-11	36,940.55	38,933.58
Municipal Alliance	B-12	12,336.64	11,840.34
Public Defender Trust Fund	B-13	26,150.32	40,998.82
Open Space Trust Fund	B-14	1,176,021.89	536,963.77
Recreation Trust Fund	B-15	20,022.49	13,978.33
Community Development Block Grant	B-16	33,000.00	33,000.00
Retirement Pay	B-17	45,863.50	45,863.50
Affordable Housing	B-18	227,121.68	1,030,311.61
Lakehurst-Manchester Construction Code	B-19	37,109.64	1,242.59
Snow Removal Trust	B-20	20,129.41	20,129.41
		<u>4,810,112.35</u>	<u>4,553,664.38</u>
Length of Service Award Program			
Fund ("LOSAP") - Unaudited:			
Miscellaneous Reserves		964,788.22	899,701.16
Total		<u>\$ 5,807,228.91</u>	<u>\$ 5,483,389.50</u>

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	<u>2016</u>	<u>2015</u>
Cash	C-2, C-3	\$ 3,697,823.03	\$ 1,301,670.95
Deferred Charges to Future Taxation:			
Funded	C-4	8,811,727.67	9,746,292.01
Unfunded	C-5	<u>10,657,531.21</u>	<u>9,212,916.21</u>
Total Assets		<u><u>\$ 23,167,081.91</u></u>	<u><u>\$ 20,260,879.17</u></u>

LIABILITIES, RESERVES & FUND BALANCE

General Serial Bonds	C-10	\$ 8,135,000.00	\$ 8,935,000.00
Bond Anticipation Notes	C-9	8,387,510.00	4,975,445.00
Green Acres Loan Payable	C-6	676,727.67	811,292.01
Capital Improvement Fund	C-7	468,314.45	201,905.45
Improvement Authorizations:			
Funded	C-8	423,153.33	546,412.30
Unfunded	C-8	4,649,295.34	4,363,744.30
Fund Balance	C-1	<u>427,081.12</u>	<u>427,080.11</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 23,167,081.91</u></u>	<u><u>\$ 20,260,879.17</u></u>

There were bonds and notes authorized but no issued on December 31, 2016 of \$2,275,468.57 and on December 31, 2015 was \$4,242,918.57 (Schedule C-11).

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	REFERENCE	
Balance, December 31, 2015		\$ 427,080.11
Increased By:		
Balance of Refunding Bonds		<u>1.01</u>
Balance, December 31, 2016	C	<u><u>\$ 427,081.12</u></u>

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Operating Fund:			
Cash:			
Checking	D-5	\$ 623,168.92	\$ 731,278.12
Escrow	D-5	309,014.48	306,267.37
		<u>932,183.40</u>	<u>1,037,545.49</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	D-7	151,238.29	159,797.48
Water Liens	D-8	25.19	104.20
Inventory	D-10	134,614.74	145,139.41
		<u>285,878.22</u>	<u>305,041.09</u>
Total Operating Fund		<u>1,218,061.62</u>	<u>1,342,586.58</u>
Capital Fund:			
Cash- Checking	D-5	1,883,494.76	2,258,740.39
Fixed Capital	D-11	10,353,823.36	9,978,577.73
Fixed Capital Authorized & Uncompleted	D-12	240,254.37	819,605.45
Total Capital Fund		<u>12,477,572.49</u>	<u>13,056,923.57</u>
Total Assets		<u>\$ 13,695,634.11</u>	<u>\$ 14,399,510.15</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balances</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	D-4, D-13	86,381.95	92,032.96
Unencumbered	D-4, D-13	65,337.45	181,818.31
Reserve for Accrued Interest on Bonds	D-14	-	5,585.94
Reserve for Escrow Desposits	D-15	309,014.48	306,267.37
		<u>460,733.88</u>	<u>585,704.58</u>
Reserve for Receivables and Inventory		285,878.22	305,041.09
Fund Balance	D-1	<u>471,449.52</u>	<u>451,840.91</u>
Total Operating Fund		<u>1,218,061.62</u>	<u>1,342,586.58</u>
Capital Fund:			
Serial Bonds	D-20	-	495,000.00
Capital Improvement Fund	D-16	1,606,495.39	1,402,389.94
Reserve for Amortization	D-17	8,816,654.55	8,525,760.00
Deferred Reserve for Amortization	D-18	1,777,423.18	1,777,423.18
Improvement Authorizations:			
Funded	D-19	240,254.37	819,605.45
Fund Balance	D-2	<u>36,745.00</u>	<u>36,745.00</u>
Total Capital Fund		<u>12,477,572.49</u>	<u>13,056,923.57</u>
Total Liabilities, Reserves and Fund Balances		<u><u>\$ 13,695,634.11</u></u>	<u><u>\$ 14,399,510.15</u></u>

There were bonds and notes authorized but no issued on December 31, 2016 of \$0.00 and on December 31, 2015 was \$0.00.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income:			
Fund Balance Utilized	D-3	\$ 350,000.00	\$ 350,000.00
Water Rents and Liens	D-3	2,161,488.76	2,170,808.14
Miscellaneous Revenue	D-3	186,063.61	154,969.11
Other Credits to Income:			
Appropriation Reserves Lapsed	D-13	<u>172,056.49</u>	<u>147,937.79</u>
Total Revenue		<u>2,869,608.86</u>	<u>2,823,715.04</u>
Expenditures:			
Budget Appropriations:			
Operating:			
Salaries and Wages	D-4	700,000.00	650,000.00
Other Expenses	D-4	1,232,167.19	1,237,000.00
Debt Service	D-4	509,832.81	505,000.00
Security Expenditures	D-4	58,000.00	58,000.00
Prior Year Refunds	D-5	-	23.20
Final Accrued Interest Adjustment	D-14	<u>0.25</u>	<u>-</u>
Total Expenditures		<u>2,500,000.25</u>	<u>2,450,023.20</u>
Excess in Revenue		369,608.61	373,691.84
Fund Balance December 31	D	<u>451,840.91</u>	<u>428,149.07</u>
		821,449.52	801,840.91
Decreased By:			
Utilized as Anticipated Revenue	D-3	<u>350,000.00</u>	<u>350,000.00</u>
Fund Balance, December 31	D	<u>\$ 471,449.52</u>	<u>\$ 451,840.91</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
STATEMENT OF CAPITAL FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015

\$ 36,745.00

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Utilized	\$ 350,000.00	\$ 350,000.00	\$ -
Rents and Liens	2,100,000.00	2,161,488.76	61,488.76
Miscellaneous Revenue	100,000.00	186,063.61	86,063.61
	<u>\$ 2,550,000.00</u>	<u>\$ 2,697,552.37</u>	<u>\$ 147,552.37</u>

Analysis of Miscellaneous Revenue

Connection Fees	\$ 150,896.00
Interest On Deposits	6,646.27
Meter Fees	1,900.00
Turn Off Fees	3,899.34
Water Permit Fees	6,850.00
Interest On Delinquent Accounts	13,325.02
Service Line	700.00
Water Application	800.00
Remote Replacement Fee	587.50
East Labor Fee	29.75
Service Call	100.00
Re-Inspection Fee	175.00
Escrow Charges	154.73
	<u>\$ 186,063.61</u>

Analysis of Miscellaneous Revenue

Cash Receipts	\$ 35,167.61
Connection Fees Applied	150,896.00
	<u>\$ 186,063.61</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Appropriations</u>		<u>Paid or Charged</u>			
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:						
Salaries and Wages	\$ 750,000.00	\$ 750,000.00	\$ 651,881.80	\$ -	\$ 48,118.20	\$ 50,000.00
Other Expenses	1,232,167.19	1,232,167.19	1,137,864.63	86,381.95	7,920.61	-
Total Operating	1,982,167.19	1,982,167.19	1,789,746.43	86,381.95	56,038.81	50,000.00
Debt Service:						
Payment of Bonds	495,000.00	495,000.00	495,000.00	-	-	-
Interest on Bonds	14,832.81	14,832.81	14,832.81	-	-	-
Total Debt Service	509,832.81	509,832.81	509,832.81	-	-	-
Statutory Expenditures:						
Contributions To:						
Social Security System (O.A.S.I.)	58,000.00	58,000.00	48,701.36	-	9,298.64	-
Total Statutory Expenditures	58,000.00	58,000.00	48,701.36	-	9,298.64	-
Total Water Utility Appropriations	\$ 2,550,000.00	\$ 2,550,000.00	\$ 2,348,280.60	\$ 86,381.95	\$ 65,337.45	\$ 50,000.00
			Cash Disbursed	\$ 2,333,447.79		
			Accrued Interest on Bonds	14,832.81		
				<u>\$ 2,348,280.60</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
PUBLIC ASSISTANCE TRUST FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
<u>Assets</u>			
<u>Trust Fund Account #1</u>			
Cash	E-1	\$ 2,655.95	\$ 2,649.47
<u>Discretionary Fund</u>			
Cash	E-1	<u>762.13</u>	<u>178.13</u>
		<u>\$ 3,418.08</u>	<u>\$ 2,827.60</u>
<u>Liabilities and Fund Balance</u>			
<u>Trust Fund Account #1</u>			
Reserve for Public Assistance Expenditures	E-2	\$ 2,655.95	\$ 2,649.47
<u>Discretionary Fund</u>			
Reserve for Discretionary Trust Expenditures	E-3	<u>762.13</u>	<u>178.13</u>
		<u>\$ 3,418.08</u>	<u>\$ 2,827.60</u>

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Operating Fund:			
Cash- Checking	F-5	\$ 3,509,502.44	\$ 3,391,987.06
Cash- Escrow	F-5	<u>260,989.59</u>	<u>176,001.09</u>
		<u>3,770,492.03</u>	<u>3,567,988.15</u>
Interfunds Receivable	F-8	<u>\$ 644.49</u>	<u>\$ 644.49</u>
Receivables and Inventory With Full Reserves:			
Consumer Accounts Receivable	F-9	93,882.57	91,851.41
Inventory	F-11	<u>71,849.96</u>	<u>76,069.88</u>
Total Operating Fund		<u>3,936,869.05</u>	<u>\$ 3,736,553.93</u>
Capital Fund:			
Cash- Checking	F-5	2,838,407.22	2,822,096.59
Investment	F-6	-	100,000.00
Fixed Capital	F-12	11,878,031.55	11,794,342.18
Fixed Capital Authorized and Uncompleted	F-13	<u>-</u>	<u>100,500.00</u>
Total Capital Fund		<u>14,716,438.77</u>	<u>14,816,938.77</u>
Total Assets		<u>\$ 18,653,307.82</u>	<u>\$ 18,553,492.70</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

<u>Liabilities, Reserves and Fund Balances</u>	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves:			
Encumbered	F-4, F-14	\$ 48,278.73	\$ 37,806.50
Unencumbered	F-4, F-14	422,204.20	839,679.79
Reserve for Escrow Deposits	F-15	260,989.59	176,001.09
Accrued Interest on Bonds	F-16	-	6,468.95
		<u>731,472.52</u>	<u>1,059,956.33</u>
Reserve for Receivables and Inventory		165,732.53	167,921.29
Fund Balance	F-1	<u>3,039,664.00</u>	<u>2,508,676.31</u>
Total Operating Fund		<u>3,936,869.05</u>	<u>3,736,553.93</u>
Capital Fund:			
Serial Bonds	F-23	-	545,000.00
Interfunds Payable	F-17	644.49	644.49
Capital Improvement Fund	F-18	2,833,947.73	2,817,137.10
Improvement Authorizations:			
Funded	F-19	-	100,500.00
Reserve for Amortization	F-20	11,878,031.55	11,249,342.18
Reserve for Deferred Amortization	F-21	-	100,500.00
Fund Balance	F-2	<u>3,815.00</u>	<u>3,815.00</u>
Total Capital Fund		<u>14,716,438.77</u>	<u>14,816,938.77</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 18,653,307.82</u>	<u>\$ 18,553,492.70</u>

There were bonds and notes authorized but no issued on December 31, 2016 of \$0.00 and on December 31, 2015 was \$0.00.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income:			
Fund Balance Utilized	F-3	\$ 1,000,000.00	\$ 1,000,000.00
Sewer Rents	F-3	3,554,945.60	3,517,078.85
Miscellaneous Revenue	F-3	178,930.89	145,685.50
Other Credits:			
Appropriation Reserves Lapsed	F-14	822,110.95	168,983.45
Accounts Payable Cancelled		-	50,000.00
Accrued Interest Cancelled		0.25	10,232.61
		<hr/>	<hr/>
Total Revenue		5,555,987.69	4,891,980.41
		<hr/>	<hr/>
Expenditures:			
Budget Appropriations:			
Operating:			
Salaries and Wages	F-4	670,000.00	595,000.00
Other Expenses	F-4	2,718,987.70	3,107,000.00
Debt Service	F-4	561,012.30	573,000.00
Statutory Expenditures		75,000.00	75,000.00
Prior Year Refunds	F-5	-	1,008.51
		<hr/>	<hr/>
Total Expenditures		4,025,000.00	4,351,008.51
		<hr/>	<hr/>
Excess in Revenue		1,530,987.69	540,971.90
		<hr/>	<hr/>
Fund Balance, June 30		2,508,676.31	2,967,704.41
		<hr/>	<hr/>
		4,039,664.00	3,508,676.31
Decreased By:			
Fund Balance Utilized	F-3	1,000,000.00	1,000,000.00
		<hr/>	<hr/>
Fund Balance, December 31		<u>\$ 3,039,664.00</u>	<u>\$ 2,508,676.31</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
STATEMENT OF CAPITAL FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015

\$ 3,815.00

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Utilized	\$ 1,000,000.00	\$ 1,000,000.00	\$ -
User Fees	3,500,000.00	3,554,945.60	54,945.60
Miscellaneous Revenue	125,000.00	178,930.89	53,930.89
	<u>\$ 4,625,000.00</u>	<u>\$ 4,733,876.49</u>	<u>\$ 108,876.49</u>

Analysis of Miscellaneous Revenue

Connection Fees	\$ 145,971.00
Interest Earned	12,829.46
Permit Fees- East	7,035.00
Sewer Application	300.00
Sewer Inspection	275.00
Interest Paid On Delinquent Taxes	11,796.32
Escrow Interest Turnover	126.01
Sen Int.	598.10
	<u>\$ 178,930.89</u>

Analysis of Miscellaneous Revenue

Cash Receipts	\$ 32,959.89
Connection Fees Applied	<u>145,971.00</u>
	<u>\$ 178,930.89</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Appropriations		Paid or Charged			
	Original Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Cancelled
Operating:						
Salaries and Wages	\$ 870,000.00	\$ 870,000.00	\$ 590,684.30	\$ 18,653.90	\$ 60,661.80	\$ 200,000.00
Other Expenses	3,118,987.70	3,118,987.70	2,359,029.09	28,051.65	331,906.96	400,000.00
Total Operating	3,988,987.70	3,988,987.70	2,949,713.39	46,705.55	392,568.76	600,000.00
Debt Service:						
Payment of Bond Principal	545,000.00	545,000.00	545,000.00	-	-	-
Interest on Bonds	16,012.30	16,012.30	16,012.30	-	-	-
Total Debt Service	561,012.30	561,012.30	561,012.30	-	-	-
Statutory Expenditures:						
Contributions To:						
Social Security System (O.A.S.I.)	75,000.00	75,000.00	43,791.38	1,573.18	29,635.44	-
Total Statutory Expenditures	75,000.00	75,000.00	43,791.38	1,573.18	29,635.44	-
Total Sewer Utility Appropriations	\$ 4,625,000.00	\$ 4,625,000.00	\$ 3,554,517.07	\$ 48,278.73	\$ 422,204.20	\$ 600,000.00
		Cash Disbursed	\$ 3,538,504.77			
		Accrued Interest				
		on Bonds	16,012.30			
			\$ 3,554,517.07			

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
PAYROLL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
<u>Assets</u>			
Cash	G-1	\$ 238,008.78	\$ 120,950.26
		<u>\$ 238,008.78</u>	<u>\$ 120,950.26</u>
<u>Liabilities and Fund Balance</u>			
Reserve for Payroll Deductions Payable	G-2	\$ 238,008.78	\$ 120,950.26
		<u>\$ 238,008.78</u>	<u>\$ 120,950.26</u>

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

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Operating Fund:			
Cash:			
Checking	H-4	\$ 2,290,703.24	\$ 2,331,937.76
Change Fund	H-6	60.00	60.00
		<u>2,290,763.24</u>	<u>2,331,997.76</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	H-7	105,861.27	119,701.31
Water Liens	H-8	-	128.77
Inventory	Reserve	64,325.60	71,491.81
		<u>170,186.87</u>	<u>191,321.89</u>
Total Operating Fund		<u>2,460,950.11</u>	<u>2,523,319.65</u>
Capital Fund:			
Cash- Checking	H-4	569,123.84	596,257.27
Fixed Capital	H-9	15,045,876.16	14,958,742.73
Fixed Capital Authorized & Uncompleted	H-10	509,123.84	596,257.27
Total Capital Fund		<u>16,124,123.84</u>	<u>16,151,257.27</u>
Total Assets		<u>\$ 18,585,073.95</u>	<u>\$ 18,674,576.92</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balances</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves:			
Encumbered	H-3, 11	111,889.30	78,919.78
Unencumbered	H-3, 11	188,805.80	497,341.70
Reserve for Accrued Interest on Bonds	H-12	252,483.50	258,427.00
		<u>553,178.60</u>	<u>834,688.48</u>
Reserve for Receivables and Inventory		170,186.87	191,321.89
Fund Balance	H-1	<u>1,737,584.64</u>	<u>1,497,309.28</u>
Total Operating Fund		<u>2,460,950.11</u>	<u>2,523,319.65</u>
Capital Fund:			
Serial Bonds	H-16	14,642,000.00	14,905,000.00
Capital Improvement Fund	H-13	60,000.00	-
Improvement Authorizations:			
Funded	H-14	509,123.84	596,257.27
Reserve for Amortization	H-15	<u>913,000.00</u>	<u>650,000.00</u>
Total Capital Fund		<u>16,124,123.84</u>	<u>16,151,257.27</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 18,585,073.95</u>	<u>\$ 18,674,576.92</u>

There were bonds and notes authorized but no issued on December 31, 2016 of \$0.00 and on December 31, 2015 was \$0.00.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income:			
Fund Balance Utilized	H-2	\$ 700,000.00	\$ 700,000.00
Water Rents and Liens	H-2	2,134,092.85	2,153,436.35
Nonbudget Revenue	H-2	22,609.49	24,349.68
Other Credits to Income:			
Appropriation Reserves Lapsed	H-11	<u>483,573.02</u>	<u>358,017.80</u>
Total Revenue		<u>3,340,275.36</u>	<u>3,235,803.83</u>
Expenditures:			
Budget Appropriations:			
Operating:			
Salaries and Wages		640,000.00	640,000.00
Other Expenses		776,466.00	931,000.00
Capital Improvements		60,000.00	-
Debt Service		873,534.00	879,000.00
Statutory Expenditures		<u>50,000.00</u>	<u>50,000.00</u>
Total Expenditures	H-3	<u>2,400,000.00</u>	<u>2,500,000.00</u>
Excess in Revenue		940,275.36	735,803.83
Fund Balance December 31	H	<u>1,497,309.28</u>	<u>1,461,505.45</u>
		2,437,584.64	2,197,309.28
Decreased By:			
Utilized as Anticipated Revenue	H-2	<u>700,000.00</u>	<u>700,000.00</u>
Fund Balance, December 31	H	<u>\$ 1,737,584.64</u>	<u>\$ 1,497,309.28</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Utilized	\$ 700,000.00	\$ 700,000.00	-
User Fees	2,100,000.00	2,134,092.85	34,092.85
Nonbudget Revenues	-	22,609.49	22,609.49
	<u>\$ 2,800,000.00</u>	<u>\$ 2,856,702.34</u>	<u>\$ 56,702.34</u>
Analysis of Miscellaneous Revenue			
Water Turn Off Fee		\$ 3,372.36	
Interest On Deposits		5,806.12	
Water West Service Charge		2,351.43	
Water Application Fee		700.00	
Labor Charge		416.50	
Water Permit Fee		600.00	
Water Meter Fee		350.00	
Interest On Delinquent Accounts		7,658.65	
Refund		1,049.58	
Miscellaneous		304.85	
		<u>\$ 22,609.49</u>	

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
STATEMENT OF APPROPRIATIONS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriations		Paid or Charge			
	<u>Original Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:						
Salaries and Wages	\$ 640,000.00	\$ 640,000.00	\$ 620,502.49	\$ -	\$ 19,497.51	\$ -
Other Expenses	1,176,466.00	1,176,466.00	499,573.71	111,889.30	165,002.99	400,000.00
Total Operating	1,816,466.00	1,816,466.00	1,120,076.20	111,889.30	184,500.50	400,000.00
Capital Improvements:						
Capital Improvement Fund	60,000.00	60,000.00	60,000.00	-	-	-
Total Capital Improvements	60,000.00	60,000.00	60,000.00	-	-	-
Debt Service:						
Payment of Bonds	263,000.00	263,000.00	263,000.00	-	-	-
Interest on Bonds	610,534.00	610,534.00	610,534.00	-	-	-
Total Debt Service	873,534.00	873,534.00	873,534.00	-	-	-
Statutory Expenditures:						
Contributions To:						
Social Security System (O.A.S.I.)	50,000.00	50,000.00	45,694.70	-	4,305.30	-
Total Statutory Expenditures	50,000.00	50,000.00	45,694.70	-	4,305.30	-
Total Water Utility Appropriations	\$ 2,800,000.00	\$ 2,800,000.00	\$ 2,099,304.90	\$ 111,889.30	\$ 188,805.80	\$ 400,000.00
		Cash Disbursed	\$ 1,488,770.90			
		Accrued Interest				
		on Bonds	610,534.00			
			<u>\$ 2,099,304.90</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Operating Fund:			
Cash	I-4	\$ 903,357.18	\$ 889,191.63
Receivables and Inventory With Full Reserves:			
Consumer Accounts Receivable	I-6	113,010.76	125,991.45
Utility Western Liens	I-7	1,863.79	364.81
Inventory	Reserve	21,209.00	21,129.65
Total Operating Fund		<u>1,039,440.73</u>	<u>\$ 1,036,677.54</u>
Capital Fund:			
Cash- Checking	I-4	64,545.61	92,304.61
Fixed Capital	I-8	5,120,454.39	5,092,695.39
Fixed Capital Authorized and Uncompleted	I-9	64,545.61	92,304.61
Total Capital Fund		<u>5,249,545.61</u>	<u>5,277,304.61</u>
Total Assets		<u>\$ 6,288,986.34</u>	<u>\$ 6,313,982.15</u>
<u>Liabilities, Reserves and Fund Balances</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	I-3, 10	\$ 49,745.36	\$ 38,162.62
Unencumbered	I-3, 10	141,704.14	179,175.95
Accrued Interest on Bonds	I-11	79,883.00	85,810.00
		271,332.50	303,148.57
Reserve for Receivables and Inventory		136,083.55	147,485.91
Fund Balance	I-1	632,024.68	586,043.06
Total Operating Fund		<u>1,039,440.73</u>	<u>1,036,677.54</u>
Capital Fund:			
Serial Bonds	I-14	4,793,000.00	4,911,000.00
Reserve for Amortization	I-13	392,000.00	274,000.00
Improvement Authorizations:			
Funded	I-12	64,545.61	92,304.61
Total Capital Fund		<u>5,249,545.61</u>	<u>5,277,304.61</u>
Total Liabilities, Reserves and Fund Balances		<u>\$ 6,288,986.34</u>	<u>\$ 6,313,982.15</u>

There were bonds and notes authorized but no issued on December 31, 2016 of \$0.00 and on December 31, 2015 was \$0.00.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>Ref</u>	<u>2016</u>	<u>2015</u>
Revenue and Other Income:			
Fund Balance Utilized	I-2	\$ 400,000.00	\$ 500,000.00
Sewer Rents	I-2	2,249,139.69	2,230,554.85
Miscellaneous Revenue	I-2	53,526.68	55,413.99
Other Credits:			
Appropriation Reserves Lapsed	I-10	<u>168,315.25</u>	<u>117,365.46</u>
Total Revenue		<u>2,870,981.62</u>	<u>2,903,334.30</u>
Expenditures:			
Budget Appropriations:			
Operating:			
Salaries and Wages		445,000.00	455,000.00
Other Expenses		1,637,287.00	1,698,755.00
Debt Service		308,513.00	312,045.00
Statutory Expenditures		<u>34,200.00</u>	<u>34,200.00</u>
Total Expenditures	I-3	<u>2,425,000.00</u>	<u>2,500,000.00</u>
Excess in Revenue		445,981.62	403,334.30
Fund Balance, December 31	I	<u>586,043.06</u>	<u>682,708.76</u>
		1,032,024.68	1,086,043.06
Decreased By:			
Utilized as Anticipated Revenue	I-2	<u>400,000.00</u>	<u>500,000.00</u>
Balance, December 31	I	<u><u>\$ 632,024.68</u></u>	<u><u>\$ 586,043.06</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Utilized	\$ 400,000.00	\$ 400,000.00	\$ -
User Fees	2,175,000.00	2,249,139.69	74,139.69
Miscellaneous Revenue	50,000.00	53,526.68	3,526.68
	<u>\$ 2,625,000.00</u>	<u>\$ 2,702,666.37</u>	<u>\$ 77,666.37</u>

Analysis of Miscellaneous Revenue

Other Revenue

Interest On Deposits	\$ 1,434.29
AT&T Cell Tower Rental	42,367.60
Permit Fees-West	300.00
Interest On Delinquent Accounts	8,724.79
Sewer Application	700.00
	<u>\$ 53,526.68</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENTS OF ASSETS, LIABILITIES, RESERVES
AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015

	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
Building and Improvements	\$ 24,935,191.00	\$ 24,935,191.00
Machinery and Equipment	<u>20,881,779.13</u>	<u>20,358,057.52</u>
Total General Fixed Assets	<u>\$ 45,816,970.13</u>	<u>\$ 45,293,248.52</u>
Investment in General Fixed Assets	<u>\$ 45,816,970.13</u>	<u>\$ 45,293,248.52</u>

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

This page intentionally left blank

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY**

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

This page intentionally left blank

TOWNSHIP OF MANCHESTER

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

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Until 1990 the Township functioned under a form of government known as Committee Form of Government, which exercised both legislative and executive powers. The form of government was changed by a charter study referendum and, effective July 1, 1990, the Township adopted a Mayor-Council form of government.

The Mayor is elected for a four year term without limitation as to the number of terms which may be served. The Council consists of five members, each of whom is elected at-large and whose terms are staggered. Prior to 2012 all elections were held in May and were non-partisan. A referendum was approved by voters on November 8, 2011 to move elections to November. The first election was held in November, 2012 and is still non-partisan.

From 1990- through 2012 the Township operated on a fiscal year with the year end of June 30th. Effective 2013 the Township converted back to a calendar year with a year end of December 31st.

The Mayor is the Chief Executive and Administrative Officer of the Township, and, as such, is responsible for administering local laws. The specific powers of the Mayor include appointment of department heads (with the advice and consent of the Township Council), preparation of the Township's budget, and approval of veto (which may be overridden by a 2/3 votes) or ordinances adopted by the Council.

The Township Council is responsible for policy development and exercise all legislative powers, including final adoption of spending legislation such as budget and bond ordinances for both municipal and zoning ordinances.

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*. The financial statements of the Township do not include the operations of the three Volunteer Fire Companies and the two First Aid Squads, inasmuch as their activities are administered by separate boards.

Basis of Accounting, Measurement Focus and Basis of Presentation

The financial statements of the Township of Manchester contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as

TOWNSHIP OF MANCHESTER

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

Note 1. Summary of Significant Accounting Policies (continued)

mandated by these “Requirements”. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained in this Note.

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

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

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

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

Public Assistance Trust Fund – Revenue, expenditures, receipts and disbursements that provide assistance to certain residents of Manchester, when required, and pursuant to the provisions of Title 44 of the New Jersey statutes, are maintained in the Public Assistance Trust Fund.

Payroll Fund - is used to account for the payroll activity of all of the funds and the disbursement of payroll withholdings to the various cognizant agencies.

Water/Sewer Utility Operating and Capital Funds - are used to account for water/sewer operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the water/sewer utility to the general public be financed through user fees. Operations relating to the acquisition of water/sewer capital facilities are recorded within the Water/Sewer Utility Capital Fund.

General Fixed Asset Account Group - to account for fixed assets used in general government operations.

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the

TOWNSHIP OF MANCHESTER

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

Note 1. Summary of Significant Accounting Policies (continued)

Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

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

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

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

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

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

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

General Fixed Assets – Property and equipment purchased by the Current and General Capital Fund are recorded as expenditures at the time of purchase and are not capitalized. All interest costs are recorded as expenditures when paid.

Accounting for governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 85-2 as issued by the Division of Local Government Services, differs in certain respects from accounting principles generally accepted in the United States of America. The following is a brief description of the provisions of the Directive:

TOWNSHIP OF MANCHESTER

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

Note 1. Summary of Significant Accounting Policies (continued)

Fixed assets used in governmental operations (General Fixed Assets) are accounted for in the General Fixed Assets 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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land, which is valued at estimated market value. No depreciation has been provided for in the financial statements. Donated general fixed assets are valued at their estimated fair market value on the date received.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation. Fixed assets acquired through grants-in-aid or contributed capital has not been accounted for separately.

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

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

Fund Balance – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

Revenues – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenues when received.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Ocean and Manchester Township School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

School Taxes – The municipality is responsible for levying, collecting and remitting its share of school taxes for the Manchester Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district from July 1 to June 30.

TOWNSHIP OF MANCHESTER

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

Note 1. Summary of Significant Accounting Policies (continued)

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by May 5th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

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

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

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

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

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

Compensated Absences and Post-employment Benefits – Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis.

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

TOWNSHIP OF MANCHESTER

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Subsequent Events - The Township of Manchester has evaluated subsequent events occurring after December 31, 2016 through the date of July 1, 2017, which is the date the financial statements were available to be issued.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

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

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

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

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. See Note 17, for tax abatement disclosures.

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

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

TOWNSHIP OF MANCHESTER

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

Note 1. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

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

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

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

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

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

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

TOWNSHIP OF MANCHESTER

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

TOWNSHIP OF MANCHESTER

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

Note 2. Cash and Cash Equivalents

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

Type	Carrying Value
Deposits	
Demand Deposits	<u>\$ 31,904,851.58</u>
Total Deposits	<u><u>\$ 31,904,851.58</u></u>
The Borough's Cash and Cash Equivalents are Reported as Follows:	
Current Fund	\$ 9,970,590.97
Animal Control Fund	32,328.34
Trust Other Fund	4,710,375.10
General Capital Fund	3,697,823.03
Water Utility Eastern Service	932,183.40
Water Utility Eastern Capital	1,883,494.76
Sewer Utility Eastern Service	3,770,492.03
Sewer Utility Eastern Capital	2,838,407.22
Water Utility Western Service	2,290,703.24
Water Utility Western Capital	569,123.84
Sewer Utility Western Service	903,357.18
Sewer Utility Western Capital	64,545.61
Public Assistance	3,418.08
Payroll Trust Fund	<u>238,008.78</u>
Total Cash and Cash Equivalents	<u><u>\$ 31,904,851.58</u></u>

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However,

TOWNSHIP OF MANCHESTER

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

Note 2. Cash and Cash Equivalents (continued)

GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule that follows. As of December 31, 2016, the Township's bank balances of \$31,965,479.48 were exposed to custodial credit risk as follows:

Uninsured & Uncollateralized	\$ 6,122,814.10
Insured Under F.D.I.C.	500,000.00
Collateralized Under GUDPA	<u>25,342,665.38</u>
Total	<u><u>\$ 31,965,479.48</u></u>

Note 3. Investments

Custodial Credit Risk - For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either the counterparty or the counterparty's trust department or agent but not in the Township's name.

Investment Interest Rate Risk - Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A 40A:5-15.1 limits the investments that the Township may purchase such as Treasury securities in order to limit the exposure of governmental units to credit risk. The Township has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Township does not place a limit on the amount that may be invested in any one issuer.

As of December 31, 2016, the Township had no investments.

TOWNSHIP OF MANCHESTER

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

Note 4. Property Taxes

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

	2016	2015	2014
Total Tax Rate	\$ 2.534	\$ 2.487	\$ 2.436
Apportionment of Tax Rate:			
Municipal	0.654	0.652	0.653
Municipal Open Space	0.010	0.010	0.010
County	0.479	0.467	0.451
Local School	1.391	1.358	1.322

Net Valuation Taxable

2016	\$ 3,248,976,987.00
2015	\$ 3,236,390,561.00
2014	\$ 3,227,220,311.00

Comparison of Tax Levies and Collection Currently

Year	Tax Levy	Cash Collections	Percentage Of Collection
2016	\$ 82,723,757.67	\$ 81,453,468.07	98.46%
2015	80,722,514.76	79,657,151.87	98.68%
2014	78,984,537.23	77,974,976.62	98.72%

Delinquent Taxes and Tax Title Liens

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2016	\$ 323,983.52	\$ 948,816.66	1,272,800.18	1.54%
2015	250,658.47	1,032,702.70	1,283,361.17	1.59%
2014	324,783.76	842,234.58	1,167,018.34	1.48%

TOWNSHIP OF MANCHESTER

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

Note 5: Water and Sewer Utility Service Charges

The following is a three-year comparison of water and sewer utility charges (rents) for the current and previous two years:

WATER UTILITY

YEAR ENDED DECEMBER 31	<u>EASTERN SERVICE</u>		<u>WESTERN SERVICE</u>	
	BILLING	COLLECTION	BILLING	COLLECTION
2016	\$ 2,152,947.47	\$ 2,161,506.66	\$ 2,121,576.00	\$ 2,135,416.04
2015	2,219,084.25	2,170,808.14	2,165,123.68	2,153,436.35
2014	2,128,237.45	2,193,167.19	1,992,985.11	2,135,519.41

SEWER UTILITY

YEAR ENDED DECEMBER 31	<u>EASTERN SERVICE</u>		<u>WESTERN SERVICE</u>	
	BILLING	COLLECTION	BILLING	COLLECTION
2016	\$ 3,559,020.77	\$ 3,556,989.61	\$ 2,242,962.62	\$ 2,255,943.31
2015	3,539,504.65	3,517,078.85	2,230,201.68	2,230,554.85
2014	3,639,686.36	3,701,354.51	2,208,204.13	2,369,585.99

Note 6. Property Acquired By Tax Title Lien Liquidation

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

Year	Amount
2016	\$ 9,762,200.00
2015	9,762,200.00
2014	9,611,700.00

TOWNSHIP OF MANCHESTER

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

Note 7. Accounts Receivable

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

	State/Federal Aid	Taxes	Rents	Other	Total
Current Fund	\$ -	\$ 1,272,800.18	\$ -	\$ 28,979.26	\$ 1,301,779.44
Grant Fund	698,027.95	-	-	-	698,027.95
Trust Fund	-	-	-	33,000.00	33,000.00
Water Eastern Utility	-	-	151,263.48	-	151,263.48
Sewer Eastern Utility	-	-	93,882.57	-	93,882.57
Water Western Utility	-	-	105,861.27	-	105,861.27
Sewer Western Utility	-	-	114,874.55	-	114,874.55
Total	\$ 698,027.95	\$ 1,272,800.18	\$ 465,881.87	\$ 61,979.26	\$ 2,498,689.26

Note 8. General Fixed Assets

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

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016
Buildings and Improvements	24,935,191.00	-	-	24,935,191.00
Machinery and Equipment	20,358,057.52	545,440.61	(21,719.00)	20,881,779.13
Total Fixed Assets	\$ 45,293,248.52	\$ 545,440.61	\$ (21,719.00)	\$ 45,816,970.13

TOWNSHIP OF MANCHESTER

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

Note 9. Fund Balances Appropriated

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

Year	Balance	Utilized In Budget of Succeeding Year	Percentage of Fund Balance Used
Current Fund:			
2016	\$ 5,744,258.05	\$ 2,750,000.00	47.87%
2015	5,512,101.92	2,750,000.00	49.89%
2014	4,253,747.48	1,712,681.00	40.26%
Water Utility Eastern Service:			
2016	\$ 471,449.52	\$ 350,000.00	74.24%
2015	451,840.91	350,000.00	77.46%
2014	428,149.07	350,000.00	81.75%
Sewer Utility Eastern Service:			
2016	\$ 3,039,664.00	\$ 1,000,000.00	32.90%
2015	2,508,676.31	1,000,000.00	39.86%
2014	2,967,704.41	1,000,000.00	33.70%
Water Utility Western Service:			
2016	\$ 1,737,584.64	\$ 700,000.00	40.29%
2015	1,497,309.28	700,000.00	46.75%
2014	1,461,505.45	700,000.00	47.90%
Sewer Utility Western Service:			
2016	\$ 632,024.68	\$ 400,000.00	63.29%
2015	586,043.06	400,000.00	68.25%
2014	682,708.76	500,000.00	73.24%

TOWNSHIP OF MANCHESTER

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

Note 10. Interfund Receivables and Payables

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2016:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 11,570.35	\$ 66,737.25
State & Federal Grant Fund	-	11,570.35
Trust Other Fund	66,737.25	-
Sewer Utility Eastern Operating	644.49	-
Sewer Utility Eastern Capital	-	644.49
	<hr/>	<hr/>
Total	\$ 78,952.09	\$ 78,952.09

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

Fund	Transfers Out	Transfers In
Current Fund	\$ 14,481,993.16	\$ 14,744,189.23
State & Federal Grant Fund	1,258,415.26	997,447.94
Trust Other Fund	1,228.75	-
Water Eastern Operating Fund	2,431,609.99	2,431,609.99
Sewer Eastern Operating Fund	4,147,610.93	4,147,012.83
Sewer Eastern Capital Fund	1,500,000.00	1,500,598.10
Water Western Operating Fund	2,648,656.03	2,648,656.03
Sewer Western Operating Fund	2,757,266.37	2,757,266.37
	<hr/>	<hr/>
Total	\$ 29,226,780.49	\$ 29,226,780.49

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

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

Components of Net Pension Liability - At December 31, 2016, the Municipality reported a liability of \$27,318,576.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .09224%, which was an increase of .00393% from its proportion measured as of June 30, 2015.

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

	<u>12/31/2016</u>	<u>12/31/2015</u>
Actuarial valuation date (including roll forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 8,872,853.00	\$ 3,901,410.00
Deferred Inflows of Resources	299,590.00	705,416.00
Net Pension Liability	27,318,576.00	19,824,265.00
Municipality's portion of the Plan's total net pension Liability	0.09224%	0.08831%

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

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 508,043.00	\$ -
Changes of Assumptions	5,658,950.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,041,682.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	1,664,178.00	299,590.00
	<u>\$ 8,872,853.00</u>	<u>\$ 299,590.00</u>

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

Year Ending Dec 31,	PERS
2017	\$ 1,933,338.00
2018	1,933,341.00
2019	2,156,859.00
2020	1,845,719.00
2021	<u>704,006.00</u>
	<u>\$ 8,573,263.00</u>

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

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

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

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

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

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

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

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

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

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

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

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

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

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

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

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

	Decrease <u>(2.98%)</u>	Discount Rate <u>(3.98%)</u>	Increase <u>(4.98%)</u>
Municipality's Proportionate Share of the Net Pension Liability	\$ 33,475,726.00	\$ 27,318,576.00	\$ 22,235,315.00

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

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) 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 PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if 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.

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

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of 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. Municipality contributions to PFRS amounted to \$340,991.00 for 2016.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$37,868,344.00. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .19824%, which was a decrease of .00927% from its proportion measured as of June 30, 2015.

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

	<u>12/31/2016</u>	<u>12/31/2015</u>
Actuarial valuation date (including roll forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 8,624,158.00	\$ 7,316,162.00
Deferred Inflows of Resources	1,314,616.00	899,668.00
Net Pension Liability	37,868,344.00	34,563,486.00
Municipality's portion of the Plan's total net pension Liability	0.19824%	0.20751%

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 248,233.00
Changes of Assumptions	5,245,077.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,653,359.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	725,722.00	1,066,383.00
	<u>\$ 8,624,158.00</u>	<u>\$ 1,314,616.00</u>

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

Year Ending <u>Dec 31,</u>	<u>PFRS</u>
2017	\$ 1,862,251.00
2018	1,862,253.00
2019	2,505,083.00
2020	1,344,137.00
2021	<u>(264,182.00)</u>
	<u><u>\$ 7,309,542.00</u></u>

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: 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 amounts contributed on behalf of the local participating employers under this legislation is considered to

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the net pension liability attributable to the Municipality is \$41,048,346.00 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Municipality was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016 was .19824%, which was a decrease of .00927% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality's.

Municipality's Proportionate Share of Net Pension Liability	\$ 37,868,344.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Municipality	<u>3,180,002.00</u>
Total Net Pension Liability	<u><u>\$ 41,048,346.00</u></u>

For the year ended December 31, 2016, the Municipality's total allocated pension expense was \$406,161.00.

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

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

	<u>PFRS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

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

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

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

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

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

Sensitivity of the Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

TOWNSHIP OF MANCHESTER

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

Note 11. Pension Obligations (continued)

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

	Decrease <u>(4.55%)</u>	Discount Rate <u>(5.55%)</u>	Increase <u>(6.55%)</u>
Municipality's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 52,928,832.00	\$ 41,048,346.00	\$ 31,360,524.00

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

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

As of December 31, 2016, the Township had two employees participating in the Defined Contribution Retirement Program.

Note 12. Deferred Compensation Plan

The Township of Manchester 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 terminations, retirement, death or unforeseeable emergency.

Statutory and regulator requirements governing the establishment and operation of Deferred Compensation Plans have been modified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Township of Manchester authorized such modifications to their plan by resolution of the Township Council.

TOWNSHIP OF MANCHESTER

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

Note 12. Deferred Compensation Plan (continued)

The Deferred Compensation Plan is administered by the Hartford Variable Annuity Life Insurance Company and VALIC.

The Plan was subject to a review only as defined by the New Jersey Division of Local Government Services and the American Institute of Certified Public Accountants. A review consists principally of inquiries of the Township officials and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards. The audit of the program lies within the scope of the audit of the independent accountants of the Hartford Variable Annuity Life Insurance Company and the Variable Annuity Life Insurance Company (VALIC).

Note 13. Capital Debt

Summary of Debt

	Year 2016	Year 2015	Year 2014
Issued			
General:			
Bonds & Notes & Loans	16,522,510.00	13,910,445.00	14,752,830.00
Green Acres Loan	676,727.67	811,292.01	930,812.05
Water Utility Eastern:			
Bonds & Notes & Loans	-	495,000.00	965,000.00
Water Utility Western:			
Bonds & Notes & Loans	14,642,000.00	14,905,000.00	15,154,000.00
Water Utility Eastern:			
Bonds & Notes & Loans	-	545,000.00	1,070,000.00
Sewer Utility Western:			
Bonds & Notes & Loans	4,793,000.00	4,911,000.00	5,025,000.00
	<hr/>	<hr/>	<hr/>
Total Debt Issued	36,634,237.67	35,577,737.01	37,897,642.05
	<hr/>	<hr/>	<hr/>
Authorized but Not Issued			
General Bonds and Notes	2,275,468.57	4,242,918.57	456,218.57
	<hr/>	<hr/>	<hr/>
Total Authorized but Not Issued	2,275,468.57	4,242,918.57	456,218.57
	<hr/>	<hr/>	<hr/>

TOWNSHIP OF MANCHESTER

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

Note 13. Capital Debt (continued)

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.527%.

	Gross Debt	Deductions	Net Debt
Local School Debt	\$ 27,525,000.00	\$ 27,525,000.00	\$ -
Water Utility Western Service	14,642,000.00	14,642,000.00	-
Sewer Utility Western Service	4,793,000.00	4,793,000.00	-
General Debt	19,474,706.24	-	19,474,706.24
	<hr/>		
Total	\$ 66,434,706.24	\$ 46,960,000.00	\$ 19,474,706.24
	<hr/>		

Net Debt \$19,474,706.24 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$3,700,719,889.33 equals 0.527%.

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 129,525,196.13
Net Debt	<u>19,474,706.24</u>
Remaining Borrowing Power	<u><u>\$ 110,050,489.89</u></u>

TOWNSHIP OF MANCHESTER

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

Note 13. Capital Debt (continued)

Calculation of Self-Liquidating Purpose - Water Utility Eastern per N.J.S.40A:2-45

Cash Receipts From Fees, Rents & Other Charges		\$	2,697,552.37
Deductions:			
Operating & Maintenance Costs	\$ 1,990,167.19		
Debt Service	509,832.81		2,500,000.00
			<hr/>
Excess Revenue - Self Liquidating		\$	<u>197,552.37</u>

Calculation of Self-Liquidating Purpose - Sewer Eastern Utility per N.J.S.40A:2-45

Cash Receipts From Fees, Rents & Other Charges		\$	4,733,876.49
Deductions:			
Operating & Maintenance Costs	\$ 3,463,987.70		
Debt Service	561,012.30		4,025,000.00
			<hr/>
Excess Revenue - Self Liquidating		\$	<u>708,876.49</u>

Calculation of Self-Liquidating Purpose - Water Western Utility per N.J.S.40A:2-45

Cash Receipts From Fees, Rents & Other Charges		\$	2,856,702.34
Deductions:			
Operating & Maintenance Costs	\$ 1,526,466.00		
Debt Service	873,534.00		2,400,000.00
			<hr/>
Excess Revenue - Self Liquidating		\$	<u>456,702.34</u>

Calculation of Self-Liquidating Purpose - Sewer Western Utility per N.J.S.40A:2-45

Cash Receipts From Fees, Rents & Other Charges		\$	2,702,666.37
Deductions:			
Operating & Maintenance Costs	\$ 646,487.00		
Debt Service	308,513.00		955,000.00
			<hr/>
Excess Revenue - Self Liquidating		\$	<u>1,747,666.37</u>

TOWNSHIP OF MANCHESTER

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

Note 13. Capital Debt (continued)

A. Serial Bonds Payable

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Bonded Debt Issued and Outstanding:

General			
Year	Principal	Interest	Total
2017	\$ 840,000.00	\$ 238,712.50	\$ 1,078,712.50
2018	835,000.00	209,412.50	1,044,412.50
2019	835,000.00	176,012.50	1,011,012.50
2020	835,000.00	142,612.50	977,612.50
2021	830,000.00	109,312.50	939,312.50
2022-2026	3,960,000.00	188,803.76	4,148,803.76
Total	<u>\$ 8,135,000.00</u>	<u>\$ 1,064,866.26</u>	<u>\$ 9,199,866.26</u>

Water Utility			
Year	Principal	Interest	Total
2017	\$ 265,000.00	\$ 605,957.50	\$ 870,957.50
2018	266,000.00	595,357.50	861,357.50
2019	274,000.00	584,717.50	858,717.50
2020	276,000.00	573,757.50	849,757.50
2021	285,000.00	562,717.50	847,717.50
2022-2026	1,501,000.00	2,637,987.50	4,138,987.50
2027-2031	1,587,000.00	2,330,867.50	3,917,867.50
2032-2036	4,171,000.00	1,862,130.00	6,033,130.00
2037-2041	6,017,000.00	791,817.50	6,808,817.50
	<u>\$ 14,642,000.00</u>	<u>\$ 10,545,310.00</u>	<u>\$ 25,187,310.00</u>

Sewer Utility			
Year	Principal	Interest	Total
2017	\$ 136,000.00	\$ 191,720.00	\$ 327,720.00
2018	155,000.00	186,280.00	341,280.00
2019	169,000.00	180,080.00	349,080.00
2020	190,000.00	173,320.00	363,320.00
2021	204,000.00	165,720.00	369,720.00
2022-2026	1,348,000.00	689,760.00	2,037,760.00
2027-2031	2,068,000.00	365,840.00	2,433,840.00
2032-2033	523,000.00	20,920.00	543,920.00
	<u>\$ 4,793,000.00</u>	<u>\$ 1,973,640.00</u>	<u>\$ 6,766,640.00</u>

TOWNSHIP OF MANCHESTER

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

Note 13. Capital Debt (continued)

B. Loans Payable

A Green Trust Loan, in the sum of \$411,226.00, for improvement to Harry Wright Lake was consummated on March 22, 2000 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that a balance due as of December 31, 2016 is \$74,099.06.

Year	Principal	Interest	Total
2017	\$ 24,209.81	\$ 1,361.53	\$ 25,571.34
2018	24,696.43	874.91	25,571.34
2019	25,192.82	378.52	25,571.34
Total	<u>\$ 74,099.06</u>	<u>\$ 2,614.96</u>	<u>\$ 76,714.02</u>

A Green Trust Loan, in the sum of \$1,062,390.00, acquisition of land at Pine Lake Park was consummated on November 11, 1999 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that a balance due as of December 31, 2016 is \$160,315.63.

Year	Principal	Interest	Total
2017	\$ 63,170.77	\$ 2,892.03	\$ 66,062.80
2018	64,440.50	1,622.30	66,062.80
2019	32,704.36	327.04	33,031.40
Total	<u>\$ 160,315.63</u>	<u>\$ 4,841.37</u>	<u>\$ 165,157.00</u>

A Green Trust Loan, in the sum of \$218,028.19, for Pine Lake Park II was consummated on August 9, 2011 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that a balance due as of December 31, 2016 is \$138,666.83.

Year	Principal	Interest	Total
2017	\$ 10,210.14	\$ 3,347.54	\$ 13,557.68
2018	10,415.37	3,142.32	13,557.69
2019	10,624.72	2,932.98	13,557.70
2020	10,838.28	2,719.42	13,557.70
2021	11,056.12	2,501.57	13,557.69
2022-2026	58,704.72	9,083.70	67,788.42
2027-2031	58,066.89	2,941.91	61,008.80
	<u>\$ 169,916.24</u>	<u>\$ 26,669.44</u>	<u>\$ 196,585.68</u>

TOWNSHIP OF MANCHESTER

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

Note 13. Capital Debt (continued)

A Green Trust Loan, in the sum of \$349,523.44, for Manchester Soccer Complex was consummated on August 9, 2011 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that a balance due as of December 31, 2016 is \$160,315.63.

Year	Principal	Interest	Total
2017	\$ 16,367.99	\$ 5,366.49	\$ 21,734.48
2018	16,696.99	5,037.49	21,734.48
2019	17,032.60	4,701.88	21,734.48
2020	17,374.96	4,359.52	21,734.48
2021	17,724.20	4,010.28	21,734.48
2022-2026	94,110.20	14,559.21	108,669.41
2027-2031	93,088.98	4,716.20	97,805.18
	<u>\$ 272,395.92</u>	<u>\$ 42,751.07</u>	<u>\$ 315,146.99</u>

C. Bond Anticipation Notes

The notes, outstanding at December 31, 2016 matures on April 6, 2017 at an interest rate of 0.085%.

<u>December 31,</u> <u>2015</u>	<u>Issued</u>	<u>Retired</u>	<u>December 31,</u> <u>2016</u>
\$ 4,975,445.00	\$ 8,387,510.00	\$ 4,975,445.00	\$ 8,387,510.00

TOWNSHIP OF MANCHESTER

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

Note 13. Capital Debt (continued)

D. Bonds and Notes Authorized But Not Issued

As of December 31, 2016, the Township had \$2,275,468.57.00 General Capital bonds and notes authorized but not issued.

During the fiscal year ended December 31, 2016 the following changes occurred in capital debt:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
General Capital Fund:					
General Serial Bonds	\$ 8,935,000.00	\$ -	\$ (800,000.00)	\$ 8,135,000.00	\$ 840,000.00
Green Trust Loans Payable	811,292.01	-	(134,564.34)	676,727.67	113,636.21
Bond Anticipation Notes	4,975,445.00	8,387,510.00	(4,975,445.00)	8,387,510.00	8,387,510.00
Authorized but Not Issued	4,242,918.57	1,672,000.00	(3,639,450.00)	2,275,468.57	-
Total General Capital	\$ 18,964,655.58	\$ 10,059,510.00	\$ (9,549,459.34)	\$ 19,474,706.24	\$ 9,341,146.21
Water Eastern Utility Fund:					
General Serial Bonds	\$ 495,000.00	\$ -	\$ (495,000.00)	\$ -	\$ -
Total Water Eastern Utility	\$ 495,000.00	\$ -	\$ (495,000.00)	\$ -	\$ -
Sewer Eastern Utility Fund:					
General Serial Bonds	\$ 545,000.00	\$ -	\$ (545,000.00)	\$ -	\$ -
Total Sewer Eastern Utility	\$ 545,000.00	\$ -	\$ (545,000.00)	\$ -	\$ -
Water Western Utility Fund:					
General Serial Bonds	\$ 14,905,000.00	\$ -	\$ (263,000.00)	\$ 14,642,000.00	\$ 265,000.00
Total Water Western Utility	\$ 14,905,000.00	\$ -	\$ (263,000.00)	\$ 14,642,000.00	\$ 265,000.00
Sewer Western Utility Fund:					
General Serial Bonds	\$ 4,911,000.00	\$ -	\$ (118,000.00)	\$ 4,793,000.00	\$ 136,000.00
Total Sewer Western Utility	\$ 4,911,000.00	\$ -	\$ (118,000.00)	\$ 4,793,000.00	\$ 136,000.00

TOWNSHIP OF MANCHESTER

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

Note 14. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the Township had the following deferred charges to be raised in succeeding budgets.

	Balance Dec. 31, 2016	To be Raised in 2016 Budget
Overexpenditure:		
NJ DOT Wilbur Avenue	\$ 155,747.03	\$ 155,747.03

Note 15. Accumulated Absences

The Township has an accrued sick policy plan whereby eligible employees can accumulate up to 183 sick days and upon retirement will be compensated at their current rate of pay.

At the present time, unused vacation time cannot be accrued.

It is estimated that the sum of \$643,573.86 would be payable to the employees of the Township as of December 31, 2016. The contingency for liability is not included in the financial statements of the Township. This amount was not verified by audit. It is noted that the Township has the amount of \$45,863.50 reserved as of December 31, 2016.

Note 16. Length of Service Award Program ("LOSAP") - Unaudited

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer first Aid and Fire Department squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code."

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2005.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

TOWNSHIP OF MANCHESTER

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

Note 16. Length of Service Award Program (“LOSAP”) – Unaudited (continued)

Determination as to Eligibility - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Committee for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township Committee as to such active member’s eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

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

Note 17. Tax Abatement

The Township of Manchester is authorized by the New Jersey Housing and Mortgage Financing Act Law of 1983, N.J.S.A. 55:14K-1 et seq. (hereinafter “HMFA Law”), and resolutions of the Committee as dated in the table shown below, to enter into property tax abatement agreements for the purpose of attracting affordable housing. The exemption of the projects from real property taxation subject to this law shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the HMFA Law, may not exceed fifty (50) years. All the units in the project qualify as low or moderate income units under the Fair Housing Act, NJSA, 52:270-301 et seq. the regulations of the council on Affordable Housing, NJAC5:94: et seq. and NJAC 5:95 et seq. and the Uniform Housing Affordability Controls, NJAC 5:94 et seq. Tax abatements may be granted to any affordable housing, as deemed appropriate by the township.

For the year ended December 31, 2016, the Township abated property taxes totaling \$113,928.64 under this program.

TOWNSHIP OF MANCHESTER

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

Note 17. Tax Abatement (continued)

Date	Recipient	Purpose	Amount Abated
April 18, 1998	Beckerville B79 L31	Affordable Housing	\$ 93,758.00
February 13, 2012	ARC B99.112 L8	Affordable Housing	6,651.75
August 17, 2011	SERV B411 L22.01	Affordable Housing	7,513.31
April 9, 2012	SERV B99.86 L8	Affordable Housing	6,005.58
			<u>\$ 113,928.64</u>

Note 18. Litigation

The Township is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, Township Officials, based upon the opinion of the Township's Counsel, presently believe that the outcome of each such proceeding or claim which is pending or know to be threatened, or all of them combined, will not have a material adverse effect on the Township's financial position or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

Note 19. Subsequent Events

As discussed Note 1, the Township has evaluated subsequent events through July 1, 2017, the date the financial statements were available to be issued.

This page intentionally left blank

SUPPLEMENTARY EXHIBITS

This page intentionally left blank

CURRENT FUND

This page intentionally left blank

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

		<u>Current</u>
Balance, December 31, 2015		\$ 10,473,111.56
Increased By Receipts:		
Nonbudget Revenues	\$ 528,325.90	
Tax Collector	81,016,532.45	
Change Fund Returned	900.00	
Revenue Accounts Receivable	7,972,683.15	
Interfunds Payable	14,493,563.51	
Due From State of New Jersey for Senior Citizens' and Veterans' Deductions	1,698,984.62	
Due to State of New Jersey:		
DCA Surcharge	4,159.00	
Marriage License	73,701.00	
		<u>105,788,849.63</u>
		116,261,961.19
Decreased By Disbursements:		
Prior Year Refunds	61,778.36	
2016 Budget Appropriations	28,220,519.87	
Change Fund Established	925.00	
Interfund Recievable	11,570.35	
2015 Appropriation Reserves	1,688,571.49	
Current Fund- Interfunds Payable	14,744,189.23	
Due to State of New Jersey:		
DCA Surcharge	4,000.00	
Marriage Licenses	71,330.00	
Tax Overpayments	88,509.72	
Accounts Payable	143,619.16	
Special Emergency Note	100,000.00	
County Taxes Payable	15,620,095.58	
Local District School Tax	45,207,616.00	
Various Reserves	4,128.46	
Municipal Open Space Tax	324,517.00	
		<u>106,291,370.22</u>
Balance, December 31, 2016		<u><u>\$ 9,970,590.97</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance December 31, 2015		\$	-
Increase by Receipts:			
Interest and Costs on Taxes	\$	197,890.43	
Taxes Recievable		80,165,403.29	
Tax Title Liens		61,735.45	
Prepaid Taxes		591,503.28	
			81,016,532.45
Decreased by Disbursements:			
Turnover to Treasurer			81,016,532.45
Balance December 31, 2016		\$	-

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF CHANGE FUND - COLLECTOR
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016
Collector:	<u>\$ 1,050.00</u>	<u>\$ 900.00</u>	<u>\$ 925.00</u>	<u>\$ 1,025.00</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Year</u>	<u>Balance December 31, 2015</u>	<u>2016 Levy</u>	<u>Added Taxes</u>	<u>2015</u>	<u>Collections</u> <u>2016</u>	<u>Due From State of New Jersey</u>	<u>Cancellations and Adjustments</u>	<u>Transferred To Tax Title Liens</u>	<u>Balance December 31, 2016</u>
Bankruptcy Taxes	\$ 11,920.21	\$ -	\$ -	\$ -	\$ 2,274.54	\$ -	\$ 947.27	\$ -	\$ 10,592.94
SFY 2011	53.34	-	-	-	-	-	6.56	46.78	-
TY 2012	2,451.23	-	-	-	-	-	-	395.06	2,056.17
CY 2013	5,294.12	-	-	-	250.00	250.00	0.01	1,069.47	4,224.64
CY 2014	7,545.50	-	-	-	2,637.58	5,849.45	5,130.97	1,006.23	4,620.17
CY 2015	1,005,438.30	-	-	-	996,257.59	(14,224.38)	(59,381.07)	41,139.99	13,197.41
	1,032,702.70	-	-	-	1,001,419.71	(8,124.93)	(53,296.26)	43,657.53	34,691.33
CY 2016	-	82,329,076.85	394,680.82	562,157.60	79,163,983.58	1,727,326.89	175,340.87	180,823.40	914,125.33
	\$ 1,032,702.70	\$ 82,329,076.85	\$ 394,680.82	\$ 562,157.60	\$ 80,165,403.29	\$ 1,719,201.96	\$ 122,044.61	\$ 224,480.93	\$ 948,816.66

Analysis of Property Tax Levy

<u>Tax Yield:</u>	
General Purpose Tax	\$ 82,329,076.85
Added & Omitted Taxes	<u>394,680.82</u>
	<u>\$ 82,723,757.67</u>
<u>Tax Levy:</u>	
County Taxes:	
2016	\$ 15,538,911.50
Added and Omitted Tax	<u>74,583.96</u>
	15,613,495.46
Local District School Tax	45,207,616.00
Municipal Open Space Tax	324,517.00
Local Tax for Municipal Purposes	21,246,283.15
Tax Adjustment	<u>331,846.06</u>
	<u>67,110,262.21</u>
	<u>\$ 82,723,757.67</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 250,658.47
Increased By:		
Transfers From Taxes Receivable	\$ 224,480.93	
Interest & Costs-2016 Tax Sale	4,844.49	
Balance Adjustment	2,303.53	
Billings	<u>57,404.10</u>	<u>289,033.05</u>
		539,691.52
Decreased By:		
Balance Adjustment	678.75	
Cancelled	153,293.80	
Cash Reciepts	<u>61,735.45</u>	<u>215,708.00</u>
Balance, December 31, 2016		<u><u>\$ 323,983.52</u></u>
Analysis of Balance		
Tax Title Liens		\$ 320,545.52
Labor Liens		<u>3,438.00</u>
		<u><u>\$ 323,983.52</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015	<u>\$ 9,762,200.00</u>
-------------------------------------	------------------------

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
INTERFUNDS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance Dec. 31, 2015	Increase	Decrease	Balance Dec. 31, 2016
Grant Fund	\$ -	\$ 11,570.35	\$ -	\$ 11,570.35
<u>Reference</u>				
Transfer from Interfunds Payable		\$ 11,570.35	\$ -	
		\$ 11,570.35	\$ -	
<u>Analysis of Net Credit to Fund Balance</u>				
Balance December 31, 2015		\$ -		
Balance December 31, 2016		11,570.35		
Net Credit to Operations		\$ (11,570.35)		

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Accrued in <u>2016</u>	<u>Collected</u>	Balance December 31, <u>2016</u>
<u>Budget Revenue</u>				
Township Clerk:				
Alcoholic Beverages	\$ -	\$ 30,000.00	\$ 30,000.00	\$ -
Other Licenses	-	15,531.00	15,531.00	-
Other Fees and Permits	-	187,592.50	187,592.50	-
Health Officers:				
Other Licenses	-	1,680.00	1,680.00	-
Other Fees and Permits:				
Tax Collector	-	220.00	220.00	-
Zoning Board	-	3,575.00	3,575.00	-
Registrar of Vital Statistics	-	100,981.50	100,981.50	-
Building Inspector	-	235,200.00	235,200.00	-
Recreation Department	-	52,991.00	52,991.00	-
Land Use	-	74,730.00	74,730.00	-
Housing	-	43,320.00	43,320.00	-
Engineering	-	171,129.00	171,129.00	-
Police Department	-	34,877.16	34,877.16	-
Beach Badges	-	71,720.00	71,720.00	-
Municipal Court:				
Fines and Costs	31,275.72	471,052.43	473,348.89	28,979.26
Interest on Investments	-	36,053.36	36,053.36	-
Uniform Construction Fees	-	1,105,840.00	1,105,840.00	-
Host Community Fees	-	1,059,996.60	1,059,996.60	-
Cable TV Franchise Fees	-	187,843.91	187,843.91	-
Ocean County Recycling Revenue	-	11,632.89	11,632.89	-
Hotel Tax	-	32,319.01	32,319.01	-
Reimbursement for In-Kind Services	-	743,336.00	743,336.00	-
Senior Citizens' and Veterans' Post Year Statement	-	22,248.70	22,248.70	-
Tower Rental	-	30,084.00	30,084.00	-
PILOT - Garden State Trust	-	159,227.00	159,227.00	-
State Aid:				
Consolidated Municipal Property Tax Relief Act	-	35,048.00	35,048.00	-
Uniform Fire Safety Act	-	28,965.63	28,965.63	-
Energy Receipts Tax	-	3,023,192.00	3,023,192.00	-
	<u>\$ 31,275.72</u>	<u>\$ 7,970,386.69</u>	<u>\$ 7,972,683.15</u>	<u>\$ 28,979.26</u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
SPECIAL EMERGENCY AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2016</u>
Balance December 31, 2015	\$ 100,000.00
<u>Decreased by:</u>	
CY 2016 Budget Appropriation	<u>100,000.00</u>
Balance December 31, 2016	<u><u>\$ -</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
FEDERAL & STATE GRANTS FUND
SCHEDULE OF STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, 2015	Increased By Revenue Anticipated 2016	Transferred From Grants Unappropriated	Cash Receipts	Balance December 31, 2016
Senior Outreach Grant	\$ -	\$ 135,100.00	\$ -	\$ 135,100.00	\$ -
Senior Outreach Grant	-	12,000.00	12,000.00	-	-
Drunk Driving Enforcement Grant	-	18,877.52	-	18,877.52	-
Click It or Ticket Grant	-	4,800.00	-	4,800.00	-
Bulletproof Vest Program	5,471.81	-	-	-	5,471.81
FEMA Hazard Mitigation	516,337.00	-	-	-	516,337.00
Municipal Drug Alliance	17,291.74	16,840.00	-	21,141.82	12,989.92
Body Armor Grant	-	5,953.51	-	5,953.51	-
Clean Communities Grant	-	126,534.92	-	126,534.92	-
Drive Sober or Get Pulled Over	4,400.00	5,400.00	-	9,800.00	-
Child Passenger Safety Education Grant	-	1,600.00	-	1,600.00	-
Bulletproof Vest Program-USDOT	-	7,005.00	-	-	7,005.00
Driving While Intoxicated	-	10,890.00	10,890.00	-	-
DOT Broadway	-	325,000.00	-	215,115.17	109,884.83
COPS in Shop	-	1,600.00	-	1,600.00	-
Ocean County Ride	-	33,301.91	33,301.91	-	-
Ocean County 966 Grant	-	2,000.00	-	2,000.00	-
EOC Renovation Grant:	-	8,393.00	-	8,393.00	-
SFY 2001	18,843.39	-	-	-	18,843.39
SFY 2002	27,496.00	-	-	-	27,496.00
	<u>\$ 589,839.94</u>	<u>\$ 715,295.86</u>	<u>\$ 56,191.91</u>	<u>\$ 550,915.94</u>	<u>\$ 698,027.95</u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GRANT FUND
FEDERAL AND STATE GRANT FUND - INTERFUND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

		Current <u>Fund</u>
Balance, December 31, 2015		\$ 249,396.97
Increased By:		
Local Matching Funds	\$ 427,772.00	
Cash Receipts		
Grants Receivable	550,915.94	
Grants - Unappropriated	<u>18,760.00</u>	
		<u>997,447.94</u>
		1,246,844.91
Decreased By:		
Cash Disbursements:		
Grants Appropriated		<u>1,258,415.26</u>
Balance, December 31, 2016		<u><u>\$ (11,570.35)</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, 2015		Balance After	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
OFFICE OF THE MAYOR					
Office of the Mayor:					
Other Expenses	-	5,650.01	5,650.01	-	5,650.01
Environmental Commission					
Other Expenses	-	100.00	100.00	-	100.00
Veterans Advisory Committee:					
Other Expenses	-	1,448.99	1,448.99	-	1,448.99
Office of the Clerk:					
Salaries and Wages	-	11,048.33	11,048.33	5,923.58	5,124.75
Other Expenses	3,300.80	4,786.30	8,087.10	3,981.30	4,105.80
Zoning Board of Adjustments:					
Other Expenses	-	10,403.23	10,403.23	-	10,403.23
DEPARTMENT OF ADMINISTRATION					
Office of the Tax Assessor:					
Salaries and Wages	-	30,223.38	30,223.38	13,935.29	16,288.09
Other Expenses	3,232.54	6,047.05	9,279.59	3,232.54	6,047.05
Division of Administration, Purchasing and Personnel:					
Salaries and Wages	-	63,445.61	63,445.61	3,854.56	59,591.05
Other Expenses	13,262.55	5,931.76	19,194.31	11,270.83	7,923.48
Division of Recreation:					
Salaries and Wages	-	15,809.67	15,809.67	9,710.05	6,099.62
Other Expenses	7,467.14	34,148.53	41,615.67	6,803.48	34,812.19
Division of Data Processing:					
Salaries and Wages	-	14,204.91	14,204.91	4,397.54	9,807.37
Other Expenses	6,663.34	6,044.23	12,707.57	9,104.31	3,603.26
Aid to 3 Volunteer Fire Companies:					
Other Expenses	30,000.00	-	30,000.00	30,000.00	-
DEPARTMENT OF PUBLIC WORKS					
Division of Administration and Streets:					
Salaries and Wages	-	343,698.41	343,698.41	171,563.36	172,135.05
Other Expenses	30,501.18	11,270.23	46,771.41	43,162.75	3,608.66
Division of Building and Grounds:					
Salaries and Wages	-	41,083.31	41,083.31	19,310.59	21,772.72
Other Expenses	14,967.17	9,272.73	24,239.90	14,050.64	10,189.26
Division of Sanitation and Recycling:					
Salaries and Wages	-	13,037.95	13,037.95	8,273.67	4,764.28
Other Expenses	46,082.54	12,522.86	58,605.40	49,382.54	9,222.86
Division of Central Maintenance					
Salaries and Wages	-	17,737.87	17,737.87	17,176.48	561.39
Other Expenses	43,927.28	10,350.02	54,277.30	41,401.44	12,875.86

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, 2015		Balance After	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Division of Lakes, Parks, and Playgrounds:					
Salaries and Wages	-	24,031.10	24,031.10	13,210.97	10,820.13
Other Expenses	1,689.86	1,455.28	3,145.14	1,259.24	1,885.90
DEPARTMENT OF PUBLIC SAFETY					
Police:					
Salaries and Wages	-	484,187.81	484,187.81	464,930.52	19,257.29
Other Expenses	89,515.25	8,027.41	97,542.66	84,727.26	12,815.40
Police Clerical and Computer:					
Salaries and Wages	-	53,540.64	53,540.64	52,540.64	1,000.00
Division of Animal Control:					
Salaries and Wages	-	4,093.45	4,093.45	2,773.62	1,319.83
Other Expenses	2,830.47	21,155.00	23,985.47	4,009.46	19,976.01
Division of Emergency Management:					
Salaries and Wages	-	7,115.46	7,115.46	2,584.12	4,531.34
Other Expenses	761.68	1,742.30	2,503.98	761.68	1,742.30
DEPARTMENT OF LAND USE AND PLANNING					
Division of Zoning and Planning:					
Salaries and Wages	-	14,188.15	14,188.15	9,661.65	4,526.50
Other Expenses	70.00	17,528.50	17,598.50	12,627.25	4,971.25
DEPARTMENT OF FINANCE					
Financial Administration:					
Salaries and Wages	-	23,317.53	23,317.53	4,322.28	18,995.25
Other Expenses	2,290.25	2,349.70	4,639.95	785.64	3,854.31
Division of Revenue Collection:					
Salaries and Wages	-	13,142.22	17,142.22	7,400.42	9,741.80
Other Expenses	2,544.50	15,158.70	17,703.20	3,044.50	14,658.70
DEPARTMENT OF ENGINEERING					
Engineering:					
Other Expenses	-	22,407.49	28,407.49	26,492.61	1,914.88
DEPARTMENT OF LAW					
Township Attorney:					
Other Expenses	7,500.00	29,961.46	52,461.46	39,071.83	13,389.63
Municipal Prosecutor:					
Other Expenses	-	3,337.00	3,337.00	3,333.00	4.00
Municipal Court:					
Salaries and Wages	-	9,751.65	14,751.65	9,751.65	5,000.00
Other Expenses	344.32	13,628.05	13,972.37	344.32	13,628.05
Hepatitis Inoculation Program:					
Other Expenses	60.00	4,520.00	4,580.00	60.00	4,520.00
OSHA Requirements- Respirator Testing:					
Other Expenses	-	7,275.00	7,275.00	-	7,275.00

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, 2015		Balance After	Paid or	Balance
	<u>Encumbered</u>	<u>Reserved</u>	<u>Transfers</u>	<u>Charged</u>	<u>Lapsed</u>
Insurance:					
General Liability	-	56,771.57	21,771.57	-	21,771.57
Workers' Compensation	-	20,418.95	20,418.95	-	20,418.95
Employee Group Health	399,925.02	39,421.30	439,346.32	402,890.70	36,455.62
DEPARTMENT OF UNIFORM CONSTRUCTION CODE:					
Uniform Construction Code:					
Salaries and Wages	-	9,197.37	9,197.37	9,197.37	-
Other Expenses	13,646.03	9,332.53	22,978.56	16,032.48	6,946.08
UNCLASSIFIED					
Utilities:	-				
Gasoline	41,703.91	54,378.39	96,082.30	20,195.59	75,886.71
Electricity	13,802.08	12,066.14	25,868.22	13,802.08	12,066.14
Telephone	10,270.36	18,801.86	29,072.22	10,270.36	18,801.86
Natural Gas	-	17,988.29	17,988.29	-	17,988.29
Heating Oil	-	7,831.60	7,831.60	-	7,831.60
Condominium Service Act	-	59,288.92	59,288.92	-	59,288.92
Accumulated Leave Compensation	-	45,000.00	45,000.00	-	45,000.00
Reserve for Snow Removal	-	50,000.00	50,000.00	-	50,000.00
STATUTORY EXPENDITURES					-
Contribution to:					-
Defined Contribution Retirement Program	-	717.97	717.97	38.10	679.87
Social Security System (OASI)	-	276,519.56	276,519.56	-	276,519.56
OTHER OPERATIONS					
LOSAP		53,750.00	53,750.00	-	53,750.00
Total General Appropriations	\$ 792,275.47	\$ 2,229,560.94	\$ 3,021,836.41	\$ 1,688,571.49	\$ 1,333,264.92

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
INTERFUNDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance <u>Dec. 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>Dec. 31, 2016</u>
General Trust Fund	\$ 67,966.00	\$ -	\$ 1,228.75	\$ 66,737.25
Federal and State Grant Fund	249,396.97	1,009,018.29	1,258,415.26	-
Water Eastern Operating Fund	-	2,431,609.99	2,431,609.99	-
Sewer Western Operating Fund	-	2,757,266.37	2,757,266.37	-
Sewer Eastern Operating Fund	-	4,147,012.83	4,147,012.83	-
Sewer Eastern Capital Fund	-	1,500,000.00	1,500,000.00	-
Water Western Operating Fund	-	2,648,656.03	2,648,656.03	-
	<u>\$ 317,362.97</u>	<u>\$ 14,493,563.51</u>	<u>\$ 14,744,189.23</u>	<u>\$ 66,737.25</u>

REF	A	Below	A-4	A
-----	---	-------	-----	---

Cash Reciepts	A-4	\$ 14,481,993.16
Transfer to Interfunds Receivable	A-10	<u>11,570.35</u>
		<u>\$ 14,493,563.51</u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY FOR
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance December 31, 2015		\$ 41,315.17
Increased By:		
Cash Received - Current Year		<u>1,698,984.62</u>
		1,740,299.79
Decreased By:		
Deductions per Tax Billings:		
Veterans	\$ 1,722,250.00	
Plus:		
State Audit Adjustment	22,248.70	
Deductions Allowed by Tax Collector	<u>18,750.00</u>	
	1,763,248.70	
Less: 2016 Senior Citizens' and Veterans' Tax		
Deductions Disallowed by Tax Collector	13,673.31	
Prior Year Senior Citizens and Veterans Allowed by Tax Collector	<u>100,832.87</u>	
		<u>1,648,742.52</u>
Balance, December 31, 2016		<u><u>\$ 91,557.27</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO STATE AND LOCAL AGENCIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2016</u>
State of New Jersey:				
Marriage License Fees	\$ 900.00	\$ 4,159.00	\$ 4,000.00	\$ 1,059.00
DCA Surcharges	12,541.00	73,701.00	71,330.00	14,912.00
	<u>\$ 13,441.00</u>	<u>\$ 77,860.00</u>	<u>\$ 75,330.00</u>	<u>\$ 15,971.00</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 175,931.23
Decreased By:	
Cash Disbursed	<u>88,509.72</u>
Balance, December 31, 2016	<u><u>\$ 87,421.51</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 374,797.77
Decreased By:	
Cash Disbursements	<u>143,619.16</u>
Balance, December 31, 2016	<u><u>\$ 231,178.61</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTE PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance December 31, 2015	\$ 100,000.00
Decreased by:	
Cash Disbursed	<u>100,000.00</u>
Balance December 31, 2016	<u><u>\$ -</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 81,184.08
Increased By:		
2016 Tax Levy:		
County Tax	\$ 13,163,116.30	
County Library Tax	1,417,267.68	
County Open Space Fund Tax	447,453.01	
County Health	511,074.51	
Added and Omitted Taxes	74,583.96	
		<u>15,613,495.46</u>
		15,694,679.54
Decreased By:		
Cash Disbursements		<u>15,620,095.58</u>
Balance, December 31, 2016		<u><u>\$ 74,583.96</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
2016 Levy	<u>45,207,616.00</u>
	45,207,616.00
Decreased By:	
Payments	<u>45,207,616.00</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance December 31, <u>2016</u>
Tax Appeals Pending	\$ 374,033.41	\$ -	\$ 4,128.46	\$ 369,904.95
	<u>\$ 374,033.41</u>	<u>\$ -</u>	<u>\$ 4,128.46</u>	<u>\$ 369,904.95</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 562,157.60
Increased By:	
Collections	<u>591,503.28</u>
	1,153,660.88
Decreased By:	
Applied To Current Year Taxes Receivable	<u>562,157.60</u>
Balance, December 31, 2016	<u><u>\$ 591,503.28</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
STATE GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL & STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Grant</u>	Balance December 31, <u>2015</u>	Transferred From 2016 <u>Appropriations</u>	<u>Expended</u>	Balance December 31, <u>2016</u>
Senior Outreach Program				
State Grant-15	\$ 70,301.54	\$ -	\$ -	\$ 70,301.54
State Grant-16	-	568,372.00	517,895.63	50,476.37
Drunk Driving Enforcement	18,431.54	18,877.52	7,513.85	29,795.21
NJ Forest Services Community Forestry Program	5,000.00	-	-	5,000.00
Municipal Drug Alliance:				
CY 2015	11,347.07	-	-	11,347.07
CY 2016	-	23,340.00	18,761.82	4,578.18
Ocean County Ride	6,586.96	2,000.00	-	8,586.96
Body Armor Grant	396.57	5,953.51	1,868.00	4,482.08
Bullet Proof Vest Program	5,471.81	-	-	5,471.81
Bullet Proof Vest Program-16	-	7,005.00	-	7,005.00
Child Passenger Safety Grant -15	3,675.00	-	-	3,675.00
Child Passenger Safety Grant -16	-	7,000.00	2,275.00	4,725.00
966 OC Grant	-	8,393.00	-	8,393.00
Driving While Intoxicated	-	10,890.00	-	10,890.00
FEMA Hazard Mitigation Grant	567,875.00	-	351,377.81	216,497.19
Resident Transport	4,800.00	-	-	4,800.00
COPS in Shops	1,200.00	1,600.00	-	2,800.00
Clean Communities				
CY 2016	-	126,534.92	84,821.84	41,713.08
CY 2015	30,558.08	-	-	30,558.08
CY 2014	20,945.04	-	-	20,945.04
Click it or Ticket It	200.00	4,800.00	-	5,000.00
Department of Transportation				
Broadway BLVD Phase II	-	325,000.00	269,301.31	55,698.69
1st and 2nd Avenues	-	33,301.91	-	33,301.91
Colonial Drive North	399.51	-	-	399.51
Colonial Drive	351.19	-	-	351.19
First and Second Avenues	20,505.69	-	-	20,505.69
Drive Sober or Get Pulled Over	15,000.00	-	4,600.00	10,400.00
	<u>\$ 783,045.00</u>	<u>\$ 1,143,067.86</u>	<u>\$ 1,258,415.26</u>	<u>\$ 667,697.60</u>

Transfer from 2016 Budget \$ 715,295.86

Matching Funds 427,772.00

\$ 1,143,067.86

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Grant</u>	Balance December 31, <u>2015</u>	Cash <u>Receipts</u>	Transferred To Grants <u>Receivable</u>	Balance December 31, <u>2016</u>
Driving While Intoxicated	\$ 10,890.00	\$ 8,360.00	\$ 10,890.00	\$ 8,360.00
Senior Outreach	12,000.00	5,000.00	12,000.00	5,000.00
NJ DOT- First and Second Avenues Grant	33,301.91	-	33,301.91	-
Drive Sober or Get Pulled Over	-	5,400.00	-	5,400.00
	<hr/>			
	\$ 56,191.91	\$ 18,760.00	\$ 56,191.91	\$ 18,760.00
	<hr/>			

TRUST FUNDS

This page intentionally left blank

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Animal Control	Special Deposits/ Performance Bonds	Affordable Housing Trust Fund	Redemption Trust Fund	State Unemployment Compensation Insurance Trust Fund	Police Enforcement Trust Account	Municipal Drug Alliance	Public Defender Trust Fund	Manchester Day Trust Fund	Open Space Trust Fund	Recreation Trust Fund	Construction Code Trust Account
Balance, December 31, 2015	\$ 30,023.96	\$ 1,878,963.59	\$ 1,014,512.51	\$ 694,269.56	\$ 211,852.58	\$ 38,933.58	\$ 11,840.34	\$ 40,998.82	\$ 9,142.71	\$ 536,963.77	\$ 13,978.33	\$ 1,242.59
Increased By Receipts:												
Due to the State of New Jersey	3,023.40	-	-	-	-	-	-	-	-	-	-	-
Prepaid Licenses	11,721.00	-	-	-	-	-	-	-	-	-	-	-
Dog License Fees	5,047.60	-	-	-	-	-	-	-	-	-	-	-
Dog License Late Fees	330.00	-	-	-	-	-	-	-	-	-	-	-
Municipal Interest	-	1,228.75	-	-	-	-	-	-	-	-	-	-
Manchester Day Collections	-	-	-	-	-	-	-	-	36,023.00	-	-	-
Redemption of Tax Title Liens	-	-	-	2,102,939.82	-	-	-	-	-	-	-	-
Special Deposits	-	818,530.67	-	-	-	-	-	-	-	-	-	-
State Unemployment Compensation Insurance Trust Fund	-	-	-	-	19,000.00	-	-	-	-	-	-	-
Police Drug Enforcement Trust Account	-	-	-	-	-	18,993.17	-	-	-	-	-	-
Drug Alliance Donations	-	-	-	-	-	-	16,162.00	-	-	-	-	-
Public Defender Fees	-	-	-	-	-	-	-	17,501.50	-	-	-	-
Open Space Trust	-	-	-	-	-	-	-	-	-	1,149,517.00	-	-
Open Space Trust- Interest	-	-	-	-	-	-	-	-	-	2,147.09	-	-
Recreation Trust	-	-	-	-	-	-	-	-	-	-	48,513.45	-
Affordable Housing- Receipts	-	-	214,914.25	-	-	-	-	-	-	-	-	-
Affordable Housing- Interest	-	-	861.09	-	-	-	-	-	-	-	-	-
Construction Code Fees	-	-	-	-	-	-	-	-	-	-	-	42,904.85
	20,122.00	819,759.42	215,775.34	2,102,939.82	19,000.00	18,993.17	16,162.00	17,501.50	36,023.00	1,151,664.09	48,513.45	42,904.85
	50,145.96	2,698,723.01	1,230,287.85	2,797,209.38	230,852.58	57,926.75	28,002.34	58,500.32	45,165.71	1,688,627.86	62,491.78	44,147.44
Decreased By Disbursements:												
State of New Jersey	3,051.00	-	-	-	-	-	-	-	-	-	-	-
Expenditures Under N.J.S. 40A:4-39	14,766.62	-	-	-	-	-	-	-	-	-	-	-
Manchester Day Expenditures	-	-	-	-	-	-	-	-	43,000.00	-	-	-
Tax Title Liens- Expenditures	-	-	-	1,628,889.23	-	-	-	-	-	-	-	-
Special Deposits Expended	-	899,637.75	-	-	-	-	-	-	-	-	-	-
SUI Claims Paid	-	-	-	-	9,952.71	-	-	-	-	-	-	-
Police Drug Expenditures	-	-	-	-	-	20,986.20	-	-	-	-	-	-
Drug Alliance Expenditures	-	-	-	-	-	-	15,665.70	-	-	-	-	-
Public Defenders Expenditures	-	-	-	-	-	-	-	32,350.00	-	-	-	-
Open Space Trust	-	-	-	-	-	-	-	-	-	512,605.97	-	-
Recreation Expenditures	-	-	-	-	-	-	-	-	-	-	42,469.29	-
Affordable Housing Expenditures	-	-	1,018,965.27	-	-	-	-	-	-	-	-	-
Construction Code Expenditures	-	-	-	-	-	-	-	-	-	-	-	7,037.80
	17,817.62	899,637.75	1,018,965.27	1,628,889.23	9,952.71	20,986.20	15,665.70	32,350.00	43,000.00	512,605.97	42,469.29	7,037.80
Balance, December 31, 2016	\$ 32,328.34	\$ 1,799,085.26	\$ 211,322.58	\$ 1,168,320.15	\$ 220,899.87	\$ 36,940.55	\$ 12,336.64	\$ 26,150.32	\$ 2,165.71	\$ 1,176,021.89	\$ 20,022.49	\$ 37,109.64

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Project Description</u>	<u>Grant Number</u>	Balance Dec. 31 <u>2015</u>	Increased <u>By</u>	Decreased <u>By</u>	Balance Dec. 31 <u>2016</u>
Parks and Recreation Improvements	CT-1519-15	\$ 33,000.00	\$ -	\$ -	\$ 33,000.00
		<u>\$ 33,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,000.00</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY DEPARTMENT OF HEALTH
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 157.80
Increased By:	
2016 License Fees	<u>3,023.40</u>
	3,181.20
Decreased By:	
Payments to the State of New Jersey	<u>3,051.00</u>
Balance, December 31, 2016	<u><u>\$ 130.20</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
ANIMAL CONTROL FUND
PREPAID DOG LICENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 16,953.40
Increased By:	
Prepaid Collections	<u>11,721.00</u>
	28,674.40
Decreased By:	
Prepaid Licenses Applied	<u>8,604.30</u>
Balance, December 31, 2016	<u><u>\$ 20,070.10</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
ANIMAL CONTROL TRUST FUND
RESERVE FOR ANIMAL CONTROL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015		\$ 12,912.76
Increased By:		
Dog License Fees	\$ 5,047.60	
Late Fees	330.00	
Prepaid Licenses Applied	<u>8,604.30</u>	
		<u>13,981.90</u>
		26,894.66
Decreased By:		
Expenditures Under N.J.S. 40A:4-39		<u>14,766.62</u>
Balance, December 31, 2016		<u><u>\$ 12,128.04</u></u>

<u>License Fees Collected</u>	<u>Amount</u>
2015	\$ 10,042.60
2014	<u>18,004.80</u>
Maximum Balance	<u><u>\$ 28,047.40</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
DUE(TO)/FROM CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 67,966.00
Decreased By:	
Municipal Share of Developers' Interest	<u>1,228.75</u>
Balance, December 31, 2016	<u><u>\$ 66,737.25</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
RESERVE FOR MANCHESTER DAY TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 9,142.71
Increased By:	
Collections	<u>36,023.00</u>
	45,165.71
Decreased By:	
Expenditures	<u>43,000.00</u>
Balance, December 31, 2016	<u><u>\$ 2,165.71</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
DEPOSITS FOR REDEMPTION OF TAX TITLE LIENS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 694,269.56
Increased By:	
Collections	<u>2,102,939.82</u>
	2,797,209.38
Decreased By:	
Expenditures	<u>1,628,889.23</u>
Balance, December 31, 2016	<u><u>\$ 1,168,320.15</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
SPECIAL ESCROW DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 1,865,137.58
Increased By:	
Collections	<u>818,530.67</u>
	2,683,668.25
Decreased By:	
Refunds and Expenditures	<u>899,637.75</u>
Balance, December 31, 2016	<u><u>\$ 1,784,030.50</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
STATE UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 211,852.58
Increased By:	
Quarterly Credits	<u>19,000.00</u>
	230,852.58
Decreased By:	
Claims	<u>9,952.71</u>
Balance, December 31, 2016	<u><u>\$ 220,899.87</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
POLICE DRUG ENFORCEMENT TRUST ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	38,933.58
Increased By:			
Cash Receipt	\$	18,903.03	
Interest		<u>90.14</u>	
			<u>18,993.17</u>
			57,926.75
Decreased By:			
Expenditures			<u>20,986.20</u>
Balance, December 31, 2016		\$	<u><u>36,940.55</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
MUNICIPAL DRUG ALLIANCE DISCRETIONARY RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 11,840.34
Increased By:	
Donations	<u>16,162.00</u>
	28,002.34
Decreased By:	
Expenditures	<u>15,665.70</u>
Balance, December 31, 2016	<u><u>\$ 12,336.64</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
RESERVE FOR PUBLIC DEFENDER TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 40,998.82
Increased By:	
Fees Collected	<u>17,501.50</u>
	58,500.32
Decreased By:	
Expenditures	<u>32,350.00</u>
Balance, December 31, 2016	<u><u>\$ 26,150.32</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
RESERVE FOR OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015			\$ 536,963.77
Increased By:			
Open Space Tax Levy	\$ 324,517.00		
Reimbursement	825,000.00		
Interest on Investments	<u>2,147.09</u>		
			<u>1,151,664.09</u>
			1,688,627.86
Decreased By:			
Expenditures			<u>512,605.97</u>
Balance, December 31, 2016			<u><u>\$ 1,176,021.89</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
RESERVE FOR RECREATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 13,978.33
Increased By:	
Cash Receipts	<u>48,513.45</u>
	62,491.78
Decreased By:	
Expenditures	<u>42,469.29</u>
Balance, December 31, 2016	<u><u>\$ 20,022.49</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
COMMUNITY DEVELOPMENT BLOCK GRANT RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Project Description</u>	<u>Grant Number</u>	Balance Dec. 31 <u>2015</u>	Increased <u>By</u>	Decreased <u>By</u>	Balance Dec. 31 <u>2016</u>
Park and Recreation Improvements	CT-1519-15	\$ 33,000.00	\$ -	\$ -	\$ 33,000.00
		<u>\$ 33,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,000.00</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
RESERVE FOR RETIREMENT PAY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 45,863.50

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
RESERVE FOR RECREATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015			\$ 1,030,311.61
Increased By:			
Cash Receipts	\$ 214,914.25		
Interest Earned	<u>861.09</u>		
		<u>215,775.34</u>	
			<u>1,246,086.95</u>
Decreased By:			
Expenditures		<u>1,018,965.27</u>	
Balance, December 31, 2016			<u><u>\$ 227,121.68</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
RESERVE FOR LAKEHURST - MANCHESTER CONSTRUCTION CODE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 1,242.59
Increased By:	
Cash Receipts	<u>42,904.85</u>
	44,147.44
Decreased By:	
Expenditures	<u>7,037.80</u>
Balance, December 31, 2016	<u><u>\$ 37,109.64</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
TRUST FUND
RESERVE FOR SNOW REMOVAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 20,129.41

GENERAL CAPITAL FUND

This page intentionally left blank

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015		\$ 1,301,670.95
Increased By Receipts:		
Bond Anticipation Notes	\$ 8,387,510.00	
Balance of Refunding Bond	1.01	
Paydown of BANs	227,385.00	
Capital Improvement Fund	400,000.00	
		<u>9,014,896.01</u>
		10,316,566.96
Decreased By Disbursements:		
Bond Anticipation Notes	4,975,445.00	
Improvement Authorizations	1,643,298.93	
		<u>6,618,743.93</u>
Balance, December 31, 2016		<u><u>\$ 3,697,823.03</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

ORDINANCE NUMBER	Description	BALANCE	RECEIPTS		IMPROVEMENT AUTHORIZATIONS		TRANSFERS		BALANCE
		DECEMBER 31, 2015	Other			FROM	TO	DECEMBER 31, 2016	
	Capital Improvement Fund	\$ 201,905.45	\$ 400,000.00		\$ -	\$ 133,591.00	\$ -	\$ 468,314.45	
	Fund Balance	427,080.11	1.01		-	-	-	427,081.12	
Improvement Authorizations - General									
02-027	Pine Lake Park Walkway	(158,418.07)	-		-	-	-	(158,418.07)	
04-007	Road Improvements to Colonial Drive	(107,575.66)			-	-	-	(107,575.66)	
05-001	Improvements to Soccer Complex	(85,880.66)			-	-	-	(85,880.66)	
05-058-1	Police Department Projects	47,112.30			18,048.97			29,063.33	
08-028-2	Various Park Improvements	6,842.81			-			6,842.81	
08-028-3	Various Environmental Improvements	20,411.55			-			20,411.55	
08-028-4	Various Capital Improvements	202,064.56			190,561.35			11,503.21	
08-028-5	Paving of Various Roads	2,818.70			-			2,818.70	
08-028-6	Various Improvements	79,305.31			13,150.20			66,155.11	
08-028-7	Purchase of Police Vehicles/Weapons	3,257.19			-			3,257.19	
08-028-9	Purchase of Various Land	158,000.00			-			158,000.00	
08-037	Paving of Alexander Avenue - Cash on Hand	5,323.04			-			5,323.04	
09-001	Acquisition of Fire Truck - Cash on Hand	124.32			-			124.32	
15-012	Acquisition of CAD software for Police	300,000.00			-			300,000.00	
15-016	Acquisition of a Platform Aerial Truck and Related Equipment	75,750.00			499,905.26			(424,155.26)	
15-022	Acquisition of Mobile Video Recorders and Related Equipment for Police	10,000.00	190,000.00		199,967.00			33.00	
15-023-1	Acquisition of Various Vehicles of Public Works	77,009.00	1,463,165.00		214,323.40			1,325,850.60	
15-023-2	Acquisition of Tolls of Versa - Pro Diagnostic and Information System	1,812.00	34,427.00		-			36,239.00	
15-023-3	Acquisition of Fire Alarm System Upgrades and a John Deere Gator	4,278.00	81,287.00		-			85,565.00	
	Roadway Repair Plan Including Roosevelt City Paving, Eastern Township Area								
	Paving Including Pine Lake Park, Whiting Avenue Paving and Various Drainage				387,243.19				
15-023-4	Repairs to the Eastern Area	25,166.00	478,158.00		-			116,080.81	
15-023-5	Acquisition and Installation of Township Wi-Fi Project	5,285.00	100,413.00		74,508.56			31,189.44	
16-00416-0035	Various Capital Improvements	-	1,292,000.00		-		88,000.00	1,380,000.00	
16-033	Fire Apparatus	-	-		45,591.00		45,591.00	-	
		\$ 1,301,670.95	\$ 4,039,451.01	\$ 1,643,298.93	\$ 133,591.00	\$ 133,591.00	\$	3,697,823.03	

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015			\$ 9,746,292.01
Decreased By:			
2016 Budget Appropriations			
Repayment of Green Acres Loan	\$ 134,564.34		
Serial Bonds Redeemed	<u>800,000.00</u>		
			<u>934,564.34</u>
Balance, December 31, 2016			<u><u>\$ 8,811,727.67</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016

Ordinance Number	Improvement Description	Balance December 31, 2015	2016 Authorizations	Notes Paid By Budget Appropriation	Balance December 31, 2016	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
02-027	Pine Lake Park Walkway	\$ 158,418.07	\$ -	\$ -	\$ 158,418.07	\$ -	\$ 158,418.07	\$ -
04-007	Road Improvements to Colonial Drive	115,000.00	-	-	115,000.00	-	107,575.66	7,424.34
05-001	Improvements to Soccer Complex	182,800.50	-	-	182,800.50	-	85,880.66	96,919.84
08-028	Various Capital Improvements	4,464,855.00	-	193,345.00	4,271,510.00	4,271,510.00	-	-
08-037	Paving of Alexander Avenue	59,016.96	-	4,290.00	54,726.96	54,726.96	-	-
09-001	Purchase of Fire Truck	446,125.68	-	29,750.00	416,375.68	416,375.68	-	-
15-016	Acquisition of a Platform Aerial Truck and Related Equipment	1,439,250.00	-	-	1,439,250.00	-	424,155.26	1,015,094.74
15-022	Acquisition of Mobile Video Recorders and Related Equipment	190,000.00	-	-	190,000.00	190,000.00	-	-
15-023	Various Capital Improvements	2,157,450.00	-	-	2,157,450.00	2,157,450.00	-	-
16-004/16-035	Various Capital Improvements for Police and Fire	-	1,672,000.00	-	1,672,000.00	1,292,000.00	-	380,000.00
		\$ 9,212,916.21	\$ 1,672,000.00	\$ 227,385.00	\$ 10,657,531.21	\$ 8,382,062.64	\$ 776,029.65	\$ 1,499,438.92

Bond Anticipation Notes \$ 8,387,510.00
Less: Cash on Hand to Pay Note:
Ordinance 08-037 5,323.04
Ordinance 09-001 124.32
\$ 8,382,062.64

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 811,292.01
Decreased By:	
Principal Payment in 2016 Budget	<u>134,564.34</u>
Balance, December 31, 2016	<u><u>\$ 676,727.67</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 201,905.45
Increased By:	
2016 Budget Appropriations	<u>400,000.00</u>
	601,905.45
Decreased By:	
Improvement Authorizations Funded	<u>133,591.00</u>
Balance, December 31, 2016	<u><u>\$ 468,314.45</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Amount	Balance		2016 Authorizations			Balance	
			December 31, 2015		Capital Improvement Fund	To Future Taxation Unfunded	Expended	December 31, 2016	
			Funded	Unfunded				Funded	Unfunded
04-007	Road Improvements Colonial Drive	\$	-	\$ 7,424.34	\$	-	\$	-	\$ 7,424.34
05-001	Soccer Complex		-	96,919.84	-	-	-	-	96,919.84
05-058	Police Project		47,112.30	-	-	-	18,048.97	29,063.33	-
08-028-2	Various Park Improvements		-	6,842.81	-	-	-	-	6,842.81
08-028-3	Various Environmental Projects		-	20,411.55	-	-	-	-	20,411.55
08-028-4	Various Capital Improvements Buildings and Grounds		-	202,064.56	-	-	190,561.35	-	11,503.21
08-028-5	Paving of Various Roads		-	2,818.70	-	-	-	-	2,818.70
08-028-6	Various Technology Projects		-	79,305.31	-	-	13,150.20	-	66,155.11
08-028-7	Purchase of Police Vehicles and Weapons		-	3,257.19	-	-	-	-	3,257.19
08-028-9	Purchase of Various Land		-	158,000.00	-	-	-	-	158,000.00
15-012	CAD Software Purchase		300,000.00	-	-	-	-	300,000.00	-
15-016	Fire Truck Acquisition		75,750.00	1,439,250.00	-	-	499,905.26	-	1,015,094.74
15-022	Mobile Video Recorders		10,000.00	190,000.00	-	-	199,967.00	-	33.00
15-023-01	Acquisition of Various Vehicles for Public Works		77,009.00	1,463,165.00	-	-	214,323.40	-	1,325,850.60
15-023-02	Acquisition of Tools and Versa-Pro Diagnostic and Information Systems		1,812.00	34,427.00	-	-	-	1,812.00	34,427.00
15-023-03	Acquisition of Fire Alarm System Upgrades and a John Deere Gator		4,278.00	81,287.00	-	-	-	4,278.00	81,287.00
15-023-04	Roadway Repair Plan Including Roosevelt City Paving Easter Township Area Paving, Including Pine Lake Park, Whiting Avenue, Paving and Various								
	Drainage Repairs to the Eastern Area		25,166.00	478,158.00	-	-	387,243.19	-	116,080.81
15-023-05	Acquisition and Installation of Township Wifi		5,285.00	100,413.00	-	-	74,508.56	-	31,189.44
16-004	Various Capital Improvements		-	-	88,000.00	1,672,000.00	-	88,000.00	1,672,000.00
16-033	Fire Apparatus		-	-	45,591.00	-	45,591.00	-	-
			\$ 546,412.30	\$ 4,363,744.30	\$ 133,591.00	\$ 1,672,000.00	\$ 1,643,298.93	\$ 423,153.33	\$ 4,649,295.34

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number	Improvement Description	Original Issue Date	Amount	Date of Issue	Date of Maturity	Interest Rate	Balance	Bond	Bond	Balance
							December 31, 2015	Anticipation Notes Issues	Anticipation Notes Redeemed	December 31, 2016
08-028	Various Capital Improvements	12/18/2008	3,000,000.00	4/9/2015 4/7/2016	4/8/2016 4/6/2017	0.600% 0.850%	\$ 2,498,295.00 -	\$ - 2,304,950.00	\$ 2,498,295.00 -	\$ - 2,304,950.00
08-028	Various Capital Improvements	12/10/2009	2,353,250.00	4/9/2015 4/7/2016	4/8/2016 4/6/2017	0.600% 0.850%	1,966,560.00 -	- 1,966,560.00	1,966,560.00 -	- 1,966,560.00
08-037	Paving of Alexander Avenue	12/10/2009	81,500.00	4/9/2015 4/7/2016	4/8/2016 4/6/2017	0.600% 0.850%	64,340.00 -	- 60,050.00	64,340.00 -	- 60,050.00
09-001	Purchases of Fire Truck	12/10/2009	565,250.00	4/9/2015 4/7/2016	4/8/2016 4/6/2017	0.600% 0.850%	446,250.00 -	- 416,500.00	446,250.00 -	- 416,500.00
15-022	Mobile Video Recorders	4/7/2016	190,000.00	4/7/2016	4/6/2017	0.850%	-	190,000.00	-	190,000.00
15-023	Various Projects for Public Works and Admin	4/7/2016	2,157,450.00	4/7/2016	4/6/2017	0.850%	-	2,157,450.00	-	2,157,450.00
16-004	Various Projects for Police and Fire	4/7/2016	1,292,000.00	4/7/2016	4/6/2017	0.850%	-	1,292,000.00	-	1,292,000.00
							C		C	
							\$ 4,975,445.00	\$ 8,387,510.00	\$ 4,975,445.00	\$ 8,387,510.00

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Date of Issue	Issue Amount	Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2015	Decrease		Balance December 31, 2016
		Date of Maturity	Amount			Budget	Appropriation	
3/1/2006	\$ 14,350,000.00	N/A	N/A	N/A	\$ 800,000.00	\$ 800,000.00	\$	-
3/1/2015	8,135,000.00	3/1/2017	840,000.00	3.000%	8,135,000.00	-		8,135,000.00
		3/1/2018	835,000.00	4.000%				
		3/1/2019	835,000.00	4.000%				
		3/1/2020	835,000.00	4.000%				
		3/1/2021	830,000.00	4.000%				
		3/1/2022	825,000.00	2.000%				
		3/1/2023	695,000.00	2.125%				
		3/1/2023	110,000.00	4.000%				
		3/1/2024	695,000.00	2.250%				
		3/1/2024	100,000.00	4.000%				
		3/1/2025	775,000.00	2.375%				
		3/1/2026	760,000.00	2.500%				
					\$ 8,935,000.00	\$ 800,000.00	\$	8,135,000.00
					C	C-5	C	

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
GENERAL CAPITAL FUND
BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Description</u>	<u>Ordinance Number</u>	<u>Amount</u>	<u>Balance December 31, 2015</u>	<u>Increased By 2016 Authorizations</u>	<u>Decreased By Notes Issued</u>	<u>Balance December 31, 2016</u>
Pine Lake Park Walkway	02-027	\$ 570,000.00	\$ 158,418.07	\$ -	\$ -	\$ 158,418.07
Road Improvements to Colonial Drive	04-007	245,000.00	115,000.00	-	-	115,000.00
Improvements to Soccer Complex	05-001	700,000.00	182,800.50	-	-	182,800.50
Acquisition of a Platform Aerial Truck and Related Equipment	15-016	1,439,250.00	1,439,250.00	-	-	1,439,250.00
Acquisition of a Mobile Video Recorders and Related Equipment for Police	15-022	190,000.00	190,000.00	-	190,000.00	-
Various Capital Improvements	15-023	2,157,450.00	2,157,450.00	-	2,157,450.00	-
Various Capital Improvements	16-004/16-035	1,672,000.00	-	1,672,000.00	1,292,000.00	380,000.00
		<u>\$ 6,973,700.00</u>	<u>\$ 4,242,918.57</u>	<u>\$ 1,672,000.00</u>	<u>\$ 3,639,450.00</u>	<u>\$ 2,275,468.57</u>

WATER UTILITY EASTERN SERVICE

This page intentionally left blank

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
CASH RECEIPTS AND DISBURSEMENTS- CHECKING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Operating Account	Escrow Account	Capital Fund
Balance December 31, 2015	\$ 731,278.12	\$ 306,267.37	\$ 2,258,740.39
Increase by Receipts:			
Miscellaneous Revenue	\$ 35,167.61	-	-
Consumer Accounts Receivable	2,161,488.76	-	-
Connection Fees	150,896.00	-	-
Escrow Deposits	-	190,824.78	-
	<u>2,347,552.37</u>	<u>190,824.78</u>	<u>-</u>
Decreased by Disbursements:			
Budget Appropriations	2,333,447.79	-	-
Appropriation Reserves	101,794.78	-	-
Improvement Authorizations	-	-	375,245.63
Accrued Interest on Bonds	20,419.00	-	-
Escrow Deposits Returned	-	188,077.67	-
	<u>2,455,661.57</u>	<u>188,077.67</u>	<u>375,245.63</u>
Balance, December 31, 2016	<u>\$ 623,168.92</u>	<u>\$ 309,014.48</u>	<u>\$ 1,883,494.76</u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
ANALYSIS OF WATER CAPITAL CASH AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Cash		Transfers		Balance Dec. 31, 2016
		Receipts	Disbursements	From	To	
<u>Other Accounts</u>						
Capital Improvement Fund	\$ 1,402,389.94	\$ -	\$ -	\$ -	\$ 204,105.45	\$ 1,606,495.39
Fund Balance	36,745.00	-	-	-	-	36,745.00
<u>Improvement Authorizations</u>						
Ordinance #02-036	3,079.45	-	-	3,079.45	-	-
Redevelopment of Wells						
Ordinance #08-026	201,026.00	-	-	201,026.00	-	-
Various Capital Improvements						
Ordinance #15-021	95,500.00	-	25,694.00	-	-	69,806.00
Acquisition of a Tractor and Generator						
Ordinance #15-024	520,000.00	-	349,551.63	-	-	170,448.37
Upgrade Wells #10/11						
	\$ 2,258,740.39	\$ -	\$ 375,245.63	\$ 204,105.45	\$ 204,105.45	\$ 1,883,494.76

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
CONSUMER ACCOUNTS RECIEVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 159,797.48
Increased By:		
Water Rents Levied - Net	\$ 2,152,902.67	
Transferred From Water Liens	<u>44.80</u>	<u>2,152,947.47</u>
		2,312,744.95
Decreased By:		
Collections	2,161,488.76	
Transfer to Water Liens	<u>17.90</u>	<u>2,161,506.66</u>
Balance, December 31, 2016		<u><u>\$ 151,238.29</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
WATER LIENS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	104.20
Increased By:			
Transfer from Consumer Accounts Recievable			<u>44.80</u>
			149.00
Decreased By:			
Transfer to Water Consumer Accounts Recievable	\$	17.90	
Adjusted		<u>105.91</u>	<u>123.81</u>
Balance, December 31, 2016		\$	<u><u>25.19</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
CONNECTION RESERVE FEES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Collection Billings	<u>150,896.00</u>
	150,896.00
Decreased By:	
Cash Receipts	<u>150,896.00</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
RESERVE FOR INVENTORY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 145,139.41
Decreased by:	
Inventory Adjustment	<u>10,524.67</u>
Balance, December 31, 2016	<u><u>\$ 134,614.74</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 9,978,577.73
Increased By:	
Transferred from Fixed Capital Authorized & Uncomplete	<u>375,245.63</u>
Balance, December 31, 2016	<u><u>\$ 10,353,823.36</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 819,605.45
Decreased by:		
Transferred to Fixed Capital	\$ 375,245.63	
Cancelled	<u>204,105.45</u>	<u>579,351.08</u>
Balance, December 31, 2016		<u><u>\$ 240,254.37</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Balance</u> <u>Dec. 31, 2015</u>		<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
<u>Appropriations</u>	<u>Encumbered</u>	<u>Unencumbered</u>			
<u>Operation</u>					
Salaries and Wages	\$ -	\$ 110,289.58	\$ 110,289.58	\$ 25,662.36	\$ 84,627.22
Other Expenses	92,032.96	54,816.60	146,849.56	76,132.42	70,717.14
	92,032.96	165,106.18	257,139.14	101,794.78	155,344.36
<u>Statutory Expenditures</u>					
Social Security System	-	16,712.13	16,712.13	-	16,712.13
	\$ 92,032.96	\$ 181,818.31	\$ 273,851.27	\$ 101,794.78	\$ 172,056.49

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
ACCRUED INTEREST ON BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	5,585.94
Increased By:			
2016 Budget Appropriations	\$ 14,832.81		
Fund Balance	<u>0.25</u>		<u>14,833.06</u>
			20,419.00
Decreased By:			
Cash Disbursed			<u>20,419.00</u>
Balance, December 31, 2016		\$	<u><u>-</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
RESERVE FOR ESCROW DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 306,267.37
Increased by:	
Cash Receipts	<u>190,824.78</u>
	497,092.15
Decreased by:	
Cash Disbursed	<u>188,077.67</u>
Balance, December 31, 2016	<u><u>\$ 309,014.48</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 1,402,389.94
Increased by:	
Cancellations	<u>204,105.45</u>
Balance, December 31, 2016	<u><u>\$ 1,606,495.39</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 8,525,760.00
Increased by:	
Payment of Serial Bonds	<u>495,000.00</u>
	9,020,760.00
Decreased by	
Cancellation of Improvement Authorization	<u>204,105.45</u>
Balance, December 31, 2016	<u><u>\$ 8,816,654.55</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015

\$ 1,777,423.18

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance Dec. 31, 2015 <u>Funded</u>	2016 <u>Expended</u>	<u>Cancellation</u>	Balance Dec. 31, 2016 <u>Funded</u>
Ordinance #02-036				
Redevelopment of Wells	\$ 3,079.45	\$ -	\$ 3,079.45	\$ -
Ordinance #08-026				
Various Capital Improvements	201,026.00	-	201,026.00	-
Ordinance #15-021				
Acquisition of a Tractor and Generator	95,500.00	25,694.00	-	69,806.00
Ordinance #15-024				
Upgrade Wells #10/11	<u>520,000.00</u>	<u>349,551.63</u>	<u>-</u>	<u>170,448.37</u>
	<u>\$ 819,605.45</u>	<u>\$ 375,245.63</u>	<u>\$ 204,105.45</u>	<u>\$ 240,254.37</u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Date of Issue	Original Issue	Maturities of		Interest Rate	Balance Dec. 31, 2015	Bonds Redeemed	Balance Dec. 31, 2016
			<u>Date</u>	<u>Amount</u>				
General Refunding Bonds	2/1/2003	\$ 5,565,000.00				\$ 495,000.00	\$ 495,000.00	\$ -

PUBLIC ASSISTANCE TRUST FUND

This page intentionally left blank

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
PUBLIC ASSISTANCE TRUST FUND
CASH RECIEPTS AND DISBURSEMENTS PUBLIC ASSISTANCE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Trust Fund <u>Account #1</u>	Discretionary <u>Fund</u>
Balance December 31,2015	\$ 2,649.47	\$ 178.13
Increased by Receipts		
Interest on Deposits	6.48	-
Private Donations	-	1,230.00
	<u>2,655.95</u>	<u>1,408.13</u>
Decreased by Disbursements:		
Non-State Matching Expenditures	-	646.00
Balance December 31,2016	<u><u>2,655.95</u></u>	<u><u>762.13</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
PUBLIC ASSISTANCE TRUST FUND
RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 2,649.47
Increased by:	
Interest on Deposits	<u>6.48</u>
Balance, December 31, 2016	<u><u>\$ 2,655.95</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
PUBLIC ASSISTANCE TRUST FUND
RESERVE FOR DISCRETIONARY TRUST EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 178.13
Increased By:	
Private Donations	<u>1,230.00</u>
	1,408.13
Decreased By:	
Non-State Matching Expenditures	<u>646.00</u>
Balance, December 31, 2016	<u><u>\$ 762.13</u></u>

This page intentionally left blank

SEWER UTILITY EASTERN SERVICE

This page intentionally left blank

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
CASH RECIEPTS AND DISBURSEMENTS- CHECKING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Operating Account	Escrow Account	Capital Account
Balance December 31, 2015	\$ 3,391,987.06	\$ 176,001.09	\$ 2,822,096.59
Increase by Receipts:			
Miscellaneous Revenue	32,959.89	-	-
Investment Matured	-	-	100,000.00
Interfunds Receivable	-	-	-
Consumer Accounts Receivable	3,554,945.60	-	-
Connection Fees Receivable	145,971.00	-	-
Escrow Deposits	-	142,140.69	-
Interest on Deposits	-	-	598.10
	<u>3,733,876.49</u>	<u>142,140.69</u>	<u>100,598.10</u>
	7,125,863.55	318,141.78	2,922,694.69
Decreased by Disbursements:			
Budget Appropriations	3,538,504.77	-	83,689.37
Appropriation Reserves	55,375.34	-	-
Reserve for Escrow Deposits	-	57,152.19	-
Accrued Interest on Bonds	22,481.00	-	-
Interfunds Payable	<u>-</u>	<u>-</u>	<u>598.10</u>
	<u>3,616,361.11</u>	<u>57,152.19</u>	<u>84,287.47</u>
Balance, December 31, 2016	<u><u>\$ 3,509,502.44</u></u>	<u><u>\$ 260,989.59</u></u>	<u><u>\$ 2,838,407.22</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 100,000.00
Decreased by:	
Investment Matured	<u>100,000.00</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
ANALYSIS OF SEWER CAPITAL CASH AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Other Receipts	Other Disbursed	Transfers		Balance Dec. 31, 2016
				From	To	
<u>Other Accounts</u>						
Capital Improvement Fund	\$ 2,817,137.10	\$ -	\$ -	\$ -	\$ 16,810.63	\$ 2,833,947.73
Due to Sewer Operating Fund	644.49	598.10	598.10	-	-	644.49
Fund Balance	3,815.00	-	-	-	-	3,815.00
<u>Improvement Authorizations</u>						
Ordinance #15-020:	100,500.00	-	83,689.37	16,810.63	-	-
Acquisition of a Backhoe	\$ 2,922,096.59	\$ 598.10	\$ 84,287.47	\$ 16,810.63	\$ 16,810.63	\$ 2,838,407.22

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
SEWER OPERATING EASTERN SERVICE INTERFUNDS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015	\$ 644.49
Increased By:	
Interest Earned in Sewer Capital	598.10
Eastern Service Fund	<u>1,242.59</u>
Decreased By:	
Interfund Settlement	<u>598.10</u>
Balance, December 31, 2016	<u><u>\$ 644.49</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
INTERFUNDS RECEIVABLE
CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015		\$ 91,851.41
Increased By:		
Sewer Rents Levied - Net		<u>3,559,020.77</u>
		3,650,872.18
Decreased By:		
Adjustment To Billings	\$ 2,044.01	
Cash Receipts	<u>3,554,945.60</u>	<u>3,556,989.61</u>
Balance, December 31, 2016		<u><u>\$ 93,882.57</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
CONNECTION FEES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Connection Billings	<u>145,971.00</u>
	145,971.00
Decreased By:	
Cash Receipts	<u>145,971.00</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
RESERVE FOR INVENTORY
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 76,069.88
Decreased By:	
Adjustments to Inventory Records	<u>4,219.92</u>
Balance, December 31, 2016	<u><u>\$ 71,849.96</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 11,794,342.18
Increased by:	
Transfer from Fixed Capital Authorized and Uncompleted	<u>\$ 83,689.37</u>
Balance, December 31, 2016	<u><u>\$ 11,878,031.55</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>General Improvement</u>	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2015</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2016</u>
Acquisition of a Backhoe	15-020	<u>\$ 100,500.00</u>	<u>\$ 83,689.37</u>	<u>\$ 16,810.63</u>	<u>\$ -</u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Unencumbered</u>			
<u>Appropriations</u>					
<u>Operation</u>					
Salaries and Wages	\$ -	\$ 76,771.36	\$ 76,771.36	\$ 27,757.49	\$ 49,013.87
Other Expenses	<u>37,806.50</u>	<u>727,553.73</u>	<u>765,360.23</u>	<u>27,617.85</u>	<u>737,742.38</u>
	37,806.50	804,325.09	842,131.59	55,375.34	786,756.25
<u>Statutory Expenditures</u>					
Contribution to:					
Social Security System (OASI)	<u>-</u>	<u>35,354.70</u>	<u>35,354.70</u>	<u>-</u>	<u>35,354.70</u>
	<u>\$ 37,806.50</u>	<u>\$ 839,679.79</u>	<u>\$ 877,486.29</u>	<u>\$ 55,375.34</u>	<u>\$ 822,110.95</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
RESERVE FOR ESCROW DEPOSITS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 176,001.09
Increased By:	
Escrow Deposits	<u>142,140.69</u>
	318,141.78
Decreased By:	
Cash Disbursed	<u>57,152.19</u>
Balance, December 31, 2016	<u><u>\$ 260,989.59</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
ACCRUED INTEREST ON BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015			\$	6,468.95
Increased By:				
Budget Appropriations				<u>16,012.30</u>
				22,481.25
Decreased By:				
Cancelled	\$	0.25		
Cash Disbursed		<u>22,481.00</u>		
				<u>22,481.25</u>
Balance, December 31, 2016			\$	<u><u>-</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
INTERFUNDS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 644.49
Increased By:	
Interest Earned	<u>598.10</u>
	1,242.59
Decreased By:	
Cash Disbursed	<u>598.10</u>
Balance, December 31, 2016	<u><u>\$ 644.49</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 2,817,137.10
Increased By:	
Cancellations	<u>16,810.63</u>
Balance, December 31, 2016	<u><u>\$ 2,833,947.73</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance Dec. 31, 2015 <u>Funded</u>	2016 <u>Expended</u>	2016 <u>Cancellation</u>	Balance Dec. 31, 2016 <u>Funded</u>
Ordinance #15-020				
Acquisition of a Backhoe	<u>\$ 100,500.00</u>	<u>\$ 83,689.37</u>	<u>\$ 16,810.63</u>	<u>\$ -</u>
	<u><u>\$ 100,500.00</u></u>	<u><u>\$ 83,689.37</u></u>	<u><u>\$ 16,810.63</u></u>	<u><u>\$ -</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 11,249,342.18
Increased by:	
Payment of Serial Bonds	545,000.00
Transfer from Deferred Reserve for Amortization	<u>83,689.37</u>
Balance, December 31, 2016	<u><u>\$ 11,878,031.55</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY EASTERN SERVICE
DEFERRED RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>General Improvement</u>	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2015</u>	<u>Transfer to Reserve for Amortization</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2016</u>
Acquisition of a Backhoe	15-020	<u>\$ 100,500.00</u>	<u>\$ 83,689.37</u>	<u>\$ 16,810.63</u>	<u>\$ -</u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY EASTERN SERVICE
SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Bonds Redeemed	Balance Dec. 31, 2016
			Date	Amount				
General Refunding Bonds	2/1/2003	\$ 6,190,000.00				\$ 545,000.00	\$ 545,000.00	\$ -

PAYROLL FUND

This page intentionally left blank

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
PAYROLL FUND
CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 120,950.26
Increased by:		
Payrolls	\$ 17,690,100.98	
Other Receipts - Township's Share of		
FICA/ Annual Pension Contribution	<u>3,796,446.19</u>	
		<u>21,486,547.17</u>
		21,607,497.43
Decreased by:		
Payroll Disbursements		<u>21,369,488.65</u>
Balance, December 31, 2016		<u><u>\$ 238,008.78</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
PAYROLL FUND
PAYROLL DEDUCTIONS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance Dec. 31, 2015	Adjustment	Receipts	Other Receipts	Disbursements	Balance Dec. 31, 2016
DCRP	\$ 0.02	\$ -	\$ 10,679.83	\$ -	\$ 10,677.87	\$ 1.98
Net Salaries and Wages	-	-	10,894,971.21	-	10,894,971.21	-
Taxes	856.74	-	4,167,152.33	1,215,213.42	5,360,284.21	22,938.28
PPRS	70,410.48	582.68	944,439.22	1,773,511.00	2,674,390.89	114,552.49
PERS	46,994.14	354.53	641,661.18	807,721.77	1,404,654.31	92,077.31
Unemployment Insurance Fund	2,706.40	(26.88)	36,244.65	-	33,166.09	5,758.08
VALIC	-	-	118,008.00	-	118,008.00	-
Mass Mutual	-	-	31,700.00	-	31,700.00	-
OPEIU	(18.00)	-	53,519.80	-	53,501.80	-
Probation	-	-	116,778.74	-	116,778.74	-
PBA Dues	-	-	32,730.00	-	32,730.00	-
Medical	-	-	529,025.25	-	529,025.25	-
AFLAC - GA	-	-	54,675.06	-	54,675.06	-
AFLAC - NY	-	-	10,517.94	-	10,517.94	-
Ameriflex	-	-	15,431.78	-	15,431.78	-
Boston Mutual	-	-	769.58	-	769.58	-
Colonial	-	-	10,577.36	-	7,909.48	2,667.88
PFA	0.48	-	11,188.08	-	11,187.12	1.44
Garnish	-	-	9,120.64	-	9,109.32	11.32
	<u>\$ 120,950.26</u>	<u>\$ 910.33</u>	<u>\$ 17,689,190.65</u>	<u>\$ 3,796,446.19</u>	<u>\$ 21,369,488.65</u>	<u>\$ 238,008.78</u>

WATER UTILITY WESTERN SERVICE

This page intentionally left blank

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
CASH RECIEPTS AND DISBURSEMENTS- CHECKING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2015	\$ 2,331,937.76	\$ 596,257.27
Increase by Receipts:		
Miscellaneous Revenue Not Anticipated	22,609.49	-
Budgeted from Water Western Appropriation	-	60,000.00
Consumer Accounts Receivable	<u>2,134,092.85</u>	<u>-</u>
	2,156,702.34	60,000.00
	4,488,640.10	656,257.27
Decreased by Disbursements:		
Budget Appropriations	1,488,770.90	-
Appropriation Reserves	92,688.46	-
Accrued Interest on Bonds	616,477.50	-
Improvement Authorizations	<u>-</u>	<u>87,133.43</u>
	2,197,936.86	87,133.43
Balance, December 31, 2016	<u><u>\$ 2,290,703.24</u></u>	<u><u>\$ 569,123.84</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
CASH AND INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance <u>Dec. 31, 2015</u>	Cash <u>Disbursements</u>	Balance <u>Dec. 31, 2016</u>
<u>Improvement Authorizations</u>			
Acquisition of Crestwood Water Company	<u>\$ 596,257.27</u>	<u>\$ 87,133.43</u>	<u>\$ 509,123.84</u>
	<u><u>\$ 596,257.27</u></u>	<u><u>\$ 87,133.43</u></u>	<u><u>\$ 509,123.84</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
CHANGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 and 2015

\$ 60.00

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015		\$ 119,701.31
Increased By:		
Water Rents Levied - Net		<u>2,121,576.00</u>
		2,241,277.31
Decreased By:		
Adjustments to Billings	\$ 1,323.19	
Collections	<u>2,134,092.85</u>	<u>2,135,416.04</u>
Balance, December 31, 2016		<u><u>\$ 105,861.27</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
WATER LIENS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 128.77
Decreased by:	
Adjustment	<u>128.77</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 14,958,742.73
Increased By:	
Transferred from Fixed Capital	
Authorized and Uncompleted	<u>87,133.43</u>
Balance, December 31, 2016	<u><u>\$ 15,045,876.16</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 596,257.27
Decreased by:	
Transferred to Fixed Capital	<u>87,133.43</u>
Balance, December 31, 2016	<u><u>\$ 509,123.84</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Unencumbered</u>			
<u>Appropriations</u>					
<u>Operation</u>					
Salaries and Wages	\$ -	\$ 103,934.37	\$ 103,934.37	\$ 30,673.92	\$ 73,260.45
Other Expenses	<u>78,919.78</u>	<u>384,478.50</u>	<u>463,398.28</u>	<u>62,014.54</u>	<u>401,383.74</u>
	78,919.78	488,412.87	567,332.65	92,688.46	474,644.19
<u>Statutory Expenditures</u>					
Contribution to:					
Social Security System (OASI)	<u>-</u>	<u>8,928.83</u>	<u>8,928.83</u>	<u>-</u>	<u>8,928.83</u>
	<u>\$ 78,919.78</u>	<u>\$ 497,341.70</u>	<u>\$ 576,261.48</u>	<u>\$ 92,688.46</u>	<u>\$ 483,573.02</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
ACCRUED INTERST ON BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 258,427.00
Increased By:	
2016 Budget Appropriation	<u>610,534.00</u>
	868,961.00
Decreased By:	
Cash Disbursed	<u>616,477.50</u>
Balance, December 31, 2016	<u><u>\$ 252,483.50</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased by:	
Budget Appropriation	<u>60,000.00</u>
	<u>\$ 60,000.00</u>
Balance, December 31, 2016	

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
IMPROVEMENTS AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Ordinance <u>Number</u>	Balance Dec. 31, 2015 <u>Funded</u>	<u>Expended</u>	Balance Dec. 31, 2016 <u>Funded</u>
Acquisition of Crestwood Water Company	09-026	<u>\$ 596,257.27</u>	<u>\$ 87,133.43</u>	<u>\$ 509,123.84</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 650,000.00
Increased By:	
Serial Bonds Paid	<u>263,000.00</u>
Balance, December 31, 2016	<u><u>\$ 913,000.00</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
WATER UTILITY WESTERN SERVICE
SERIAL BONDS**

FOR THE YEAR ENDED DECEMBER 31, 2016

	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Bonds Redeemed	Balance Dec. 31, 2016
			Date	Amount				
Water Utility Bonds, Series 2010A	9/30/2010	\$ 15,555,000.00	8/1/2017	\$ 265,000.00	4.000%	\$ 14,905,000.00	\$ 263,000.00	\$ 14,642,000.00
			8/1/2018	266,000.00	4.000%			
			8/1/2019	274,000.00	4.000%			
			8/1/2020	276,000.00	4.000%			
			8/1/2021	285,000.00	4.000%			
			8/1/2022	294,000.00	4.000%			
			8/1/2023	297,000.00	4.000%			
			8/1/2024	297,000.00	4.000%			
			8/1/2025	304,000.00	4.000%			
			8/1/2026	309,000.00	4.000%			
			8/1/2027	309,000.00	4.000%			
			8/1/2028	315,000.00	4.000%			
			8/1/2029	318,000.00	4.000%			
			8/1/2030	321,000.00	4.000%			
			8/1/2031	324,000.00	4.000%			
			8/1/2032	324,000.00	4.000%			
			8/1/2033	891,000.00	4.000%			
			8/1/2034	936,000.00	4.125%			
			8/1/2035	985,000.00	4.150%			
			8/1/2036	1,035,000.00	4.250%			
			8/1/2037	1,088,000.00	4.250%			
			8/1/2038	1,144,000.00	4.250%			
			8/1/2039	1,203,000.00	4.250%			
			8/1/2040	1,264,000.00	4.250%			
			8/1/2041	1,318,000.00	4.250%			
						\$ 14,905,000.00	\$ 263,000.00	\$ 14,642,000.00

This page intentionally left blank

SEWER UTILITY WESTERN SERVICE

This page intentionally left blank

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2015	\$ 889,191.63	\$ 92,304.61
Increase by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 53,526.68	\$ -
Consumer Accounts Receivable	<u>2,249,139.69</u>	<u>-</u>
	<u>2,302,666.37</u>	<u>-</u>
	3,191,858.00	92,304.61
Decreased by Disbursements:		
Budget Appropriations	2,043,037.50	-
Appropriation Reserves	49,023.32	-
Accrued Interest on Bonds	196,440.00	-
Improvement Authorizations	<u>-</u>	<u>27,759.00</u>
	<u>2,288,500.82</u>	<u>27,759.00</u>
Balance, December 31, 2016	<u><u>\$ 903,357.18</u></u>	<u><u>\$ 64,545.61</u></u>

TOWNSHIP OF MANCHESTER
 COUNTY OF OCEAN, NEW JERSEY
 SEWER UTILITY WESTERN SERVICE
 ANALYSIS OF SEWER CAPITAL WESTERN SERVICE CASH AND INVESTMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance Dec. 31, 2015	Cash Disbursements	Balance Dec. 31, 2016
<u>Improvement Authorizations</u>			
09-027 Acquisition of Crestwood Water Company	\$ 92,304.61	\$ 27,759.00	\$ 64,545.61
	<u>\$ 92,304.61</u>	<u>\$ 27,759.00</u>	<u>\$ 64,545.61</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
CONSUMER ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	125,991.45
Increased By:			
Sewer Rents Levied - Net			<u>2,242,962.62</u>
			2,368,954.07
Decreased By:			
Transferred to Liens	\$	1,863.79	
Billing Adjustments		4,939.83	
Collections		<u>2,249,139.69</u>	<u>2,255,943.31</u>
Balance, December 31, 2016		\$	<u><u>113,010.76</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
UTILITY WESTERN LIENS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 364.81
Increase by:	
Liens Added	<u>1,863.79</u>
	2,228.60
Decreased by	
Lien Adjusted	<u>364.81</u>
Balance, December 31, 2016	<u><u>\$ 1,863.79</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
FIXED CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 5,092,695.39
Increased By:	
Transferred from Fixed Capital	
Authorized and Uncompleted	<u>27,759.00</u>
Balance, December 31, 2016	<u><u>\$ 5,120,454.39</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 92,304.61
Decreased by:	
Transferred to Fixed Capital	<u>27,759.00</u>
Balance, December 31, 2016	<u><u>\$ 64,545.61</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance		Balance After Transfers	Paid or Charged	Balance Lapsed
	<u>Encumbered</u>	<u>Dec. 31, 2015 Unencumbered</u>			
<u>Appropriations</u>					
Operation					
Salaries and Wages	\$ -	\$ 112,793.80	\$ 112,793.80	\$ 18,844.71	\$ 93,949.09
Other Expenses	38,162.62	58,360.93	96,523.55	30,178.61	66,344.94
	38,162.62	171,154.73	209,317.35	49,023.32	160,294.03
<u>Statutory Expenditures</u>					
Contribution to:					
Social Security System (OASI)	-	8,021.22	8,021.22	-	8,021.22
	\$ 38,162.62	\$ 179,175.95	\$ 217,338.57	\$ 49,023.32	\$ 168,315.25

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
ACCRUED INTEREST ON BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 85,810.00
Increased By:	
Budget Appropriation	<u>190,513.00</u>
	276,323.00
Decreased By:	
Cash Disbursed	<u>196,440.00</u>
Balance, December 31, 2016	<u><u>\$ 79,883.00</u></u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
IMPROVEMENTS AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Ordinance <u>Number</u>	Balance Dec. 31, 2015 <u>Funded</u>	<u>Expended</u>	Balance Dec. 31, 2016 <u>Funded</u>
Acquisition of Crestwood Sewer Company	#09-027	<u>\$ 92,304.61</u>	<u>\$ 27,759.00</u>	<u>\$ 64,545.61</u>

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
RESERVE FOR AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 274,000.00
Increased By:	
Serial Bonds Paid	<u>118,000.00</u>
Balance, December 31, 2016	<u><u>\$ 392,000.00</u></u>

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY
SEWER UTILITY WESTERN SERVICE
SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2015	Bonds Redeemed	Balance Dec. 31, 2016
			Date	Amount				
Sewer Utility Bonds, Series 2010B	9/3/2010	\$ 5,185,000.00	8/1/2017	136,000.00	4.00%	\$ 4,911,000.00	\$ 118,000.00	\$ 4,793,000.00
			8/1/2018	155,000.00	4.00%			
			8/1/2019	169,000.00	4.00%			
			8/1/2020	190,000.00	4.00%			
			8/1/2021	204,000.00	4.00%			
			8/1/2022	221,000.00	4.00%			
			8/1/2023	244,000.00	4.00%			
			8/1/2024	271,000.00	4.00%			
			8/1/2025	293,000.00	4.00%			
			8/1/2026	319,000.00	4.00%			
			8/1/2027	351,000.00	4.00%			
			8/1/2028	379,000.00	4.00%			
			8/1/2029	411,000.00	4.00%			
			8/1/2030	446,000.00	4.00%			
8/1/2031	481,000.00	4.00%						
8/1/2032	523,000.00	4.00%						
						\$ 4,911,000.00	\$ 118,000.00	\$ 4,793,000.00

This page intentionally left blank

**TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN**

PART II

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

This page intentionally left blank

Honorable Mayor and Members

of the Township Council
Township of Manchester, New Jersey 08759

SCOPE OF AUDIT

We have audited the financial statements of the Township of Manchester in the County of Ocean for the year ended December 31, 2016.

The audit covered the financial transactions of the Treasurer, Tax Collector, and Water/Sewer Utility Collector, the activities of the Mayor and Council and the records of the various outside departments.

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

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

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

GENERAL COMMENTS

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

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

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

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

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

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

Contracts and Agreements Requiring Solicitation of Quotations

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

Collection of Interest on Delinquent Taxes and Utility Charges

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

The governing body on January 4, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“BE IT RESOLVED by the Township Council of the Township of Manchester, County of Ocean, State of New Jersey, the rate of interest charged on delinquent taxes or assessments on any installment made eight (8) days after the date upon which the same became payable, shall not exceed eight (8) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18) percent per annum on any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00).

BE IT FURTHER RESOLVED, that where interest on delinquent tax payments is one dollar (\$1.00) or less, payment and collection of said interest is hereby waived.”

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

Deductions from Taxes

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

Examination of Bills

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

Municipal Court

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

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

Deposit of Funds Paid to Local Unit

N.J.S.40A:5-15 States:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall within 48 hours after the receipt thereof, either;

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or;
- b. be deposited to the credit of the local unit in its designated legal depository.”

Payroll

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Township employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies.

Follow-Up of Prior Year Findings

In accordance with *Government Auditing Standards* our procedures included a review of all prior year audit findings. All findings from the prior year that were not corrected in the current year are addressed with an asterisk.

Findings/Recommendations

***16-01 Finding** – The Zoning and Housing receipts were not deposited within 48 hours of collection in accordance with N.J.S. 40A:5-15.

Recommendation - That procedures be implemented to ensure funds are deposited within 48 hours

Management’s Response - The Zoning Office has been notified to make deposits on a timely basis, recommending every Monday, Wednesday and Friday to ensure conformity with the statute.

Findings/Recommendations (continued)

***16-02 Finding** - The Analysis of General Capital Fund Cash included cash deficits for several ordinances that were over ten years old.

Recommendation - That cash be provided for the deficit balances in the General and Water Capital Funds.

Management's Response - The Township began budgeting monies in 2017 to start to fund the ordinances with deficits over ten years old. The Township has a plan which covers several years.

16-03 Finding - During our testing of the General Fixed Assets of the Township it was noticed that the Township does not promptly record deletions of fixed assets in accordance with the Technical Accounting Directive No 85-2.

Recommendation - The Township record all fixed assets deletions in a timely manner

Management's Response - The Township will correct this in the fiscal year 2017.

16-04 Finding - The Township spent money on a grant in the Current Fund without an appropriation creating a deferred charge that must be raised in the 2017 budget.

Recommendation - That the Township approve special insertions of revenue in accordance with NJSA 40A:4-87 prior to expending grant funds.

Management's Response - The Township will correct this in the fiscal year 2017.

OFFICIALS IN OFFICE AND SURETY BONDS

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

NAME	TITLE	AMOUNT OF BOND
Ken Palmer	Mayor	
James A. Vaccaro Sr.	Council President	
Samuel F. Fusaro	Council Vice President	
Craig Wallis	Councilman	
Charles L. Frattini, Sr	Councilman	
Brendan Weiner	Councilman	
Donna Markulic	Business Administrator	\$1,000,000*
Sabina T. Skibo	Township Clerk/Registra	1,000,000*
Diane Lapp	Chief Financial Officer	1,000,000*
Andrea Gaskill	Tax Collector	1,000,000
Cynthia Walulak	Assistant Tax Collector	1,000,000*
Martin W. Lynch	Tax Assessor	1,000,000*
Daniel F. Sahin	Municipal Court Judge	1,000,000*
Tracy Barcus	Court Administrator	1,000,000*
Angela Koutsouris	Municipal Attorney	

* All employees are covered by a Blanket Bond of \$1,000,000 of which \$950,000 is provided as part of the Ocean County Joint Insurance Fund and \$50,000 through the Municipal Excess Liability Joint Insurance Fund.

All of the bonds were examined and were properly executed.

Acknowledgment

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA#435

July 1, 2017
Toms River, New Jersey