

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

**REPORT ON
EXAMINATION OF ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

**SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

TOWNSHIP OF MANCHESTER
COUNTY OF OCEAN, NEW JERSEY

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PART II

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL,
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GENERAL COMMENTS, FINDINGS AND RECOMMENDATIONS**

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PART I
REPORT ON EXAMINATION
FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS
AND
SUPPLEMENTARY EXHIBITS
YEAR ENDED DECEMBER 31, 2017

SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the financial statements - regulatory basis of the various funds and account groups of the Township of Manchester, in the County of Ocean, as of and for the years then ended December 31, 2017 and the related notes to the financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements - regulatory basis in accordance with accounting principles 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 - regulatory basis 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 - regulatory basis based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements - regulatory basis are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements - regulatory basis. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements - regulatory basis, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements - regulatory basis 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 Township'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 - regulatory basis.

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

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

As described in Note 1, these financial statements - regulatory basis have been prepared in conformity with accounting principles 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 of America, to demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "*Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles*" paragraph, the financial statements - regulatory basis referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017, and the results of its operations for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements - regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Township of Manchester at December 31, 2017, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements - regulatory basis that collectively comprise the Township's financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 supplementary schedules are fairly stated, in all material respects, in relation to the financial statements - regulatory basis taken as a whole.

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

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we are not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the Township's financial statements. The LOSAP financial activities are included in the Township's Trust Fund and represent 18.38% of the assets and liabilities of the Township's Trust Funds as of December 31, 2017.

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

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

Prior Period Financial Statements

The financial statements as of December 31, 2016, were audited by other auditors whose report dated July 1, 2017, expressed an unmodified opinion on the regulatory basis of accounting, but a qualified opinion on the Length of Service Award Program Fund ("LOSAP") because of a scope limitation described in the Basis for Qualified Opinion on Regulatory Basis of Accounting paragraph.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2018 on our consideration of the Township of Manchester'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 solely 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 effectiveness of the Township of Manchester's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Manchester's internal control over financial reporting and compliance.


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS


JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
August 24, 2018

TOWNSHIP OF MANCHESTER
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A
Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Cash - Treasurer	A-4	\$12,321,701.69	\$ 9,970,590.97
Change Fund	A-6	1,025.00	1,025.00
		<u>12,322,726.69</u>	<u>9,971,615.97</u>
 Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-7	781,352.68	948,816.66
Municipal Liens	A-8	355,336.10	323,983.52
Property Acquired for Taxes at Assessed Valuations	A-9	9,781,812.99	9,762,200.00
Interfunds Receivable	A-10		11,570.35
Prepaid School Tax	A-11	0.15	
Revenue Accounts Receivable	A-12	25,703.18	28,979.26
		<u>10,944,205.10</u>	<u>11,075,549.79</u>
 Deferred Charges:			
Overexpenditure - Wilbur Avenue Grant	A-13		155,747.03
		<u>23,266,931.79</u>	<u>21,202,912.79</u>
 <u>Federal and State Grant Fund</u>			
Federal and State Grant Receivables	A-14	1,094,017.49	698,027.95
Interfund Receivable	A-15	91,366.47	
		<u>1,185,383.96</u>	<u>698,027.95</u>
		<u>\$24,452,315.75</u>	<u>\$21,900,940.74</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2016</u>
Expenditure Accounts:			
Appropriation Reserves:			
Encumbered	A-3,16	\$ 489,258.57	\$ 557,761.79
Unencumbered	A-3,16	1,639,605.85	2,296,485.33
Interfunds Payable	A-17	453,971.88	66,737.25
Due to State of New Jersey:			
(Ch. 129, P.L. 1976)	A-18	81,296.68	91,557.27
DCA Surcharge	A-19	18,144.00	14,912.00
Marriage License Fees	A-19	3,567.00	1,059.00
Tax Overpayments	A-20	175,575.30	87,421.51
Accounts Payable	A-21	37,529.63	231,178.61
County Taxes Payable	A-22	133,588.16	74,583.96
Reserve for Tax Appeals	A-24	389,904.95	369,904.95
Prepaid Taxes	A-25	1,467,637.79	591,503.28
		<u>4,890,079.81</u>	<u>4,383,104.95</u>
Reserve for Receivables and Other Assets		10,944,205.10	11,075,549.79
Fund Balance	A-1	7,432,646.88	5,744,258.05
		<u>23,266,931.79</u>	<u>21,202,912.79</u>
 <u>Federal and State Grant Fund</u>			
Interfunds Payable	A-26		11,570.35
Reserve for Federal and State Grants - Appropriated	A-27	1,156,933.96	667,697.60
Reserve for Federal and State Aid - Unappropriated	A-28	28,450.00	18,760.00
		<u>1,185,383.96</u>	<u>698,027.95</u>
		<u>\$24,452,315.75</u>	<u>\$21,900,940.74</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

A-1

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 2,750,000.00	\$ 2,750,000.00
Miscellaneous Revenue Anticipated	A-2	10,250,975.75	9,194,649.55
Receipts from Delinquent Taxes	A-2a	971,867.11	1,063,155.16
Receipts from Current Taxes	A-2a	83,067,494.66	81,453,468.07
Nonbudget Revenue	A-2c	1,205,859.28	528,325.90
Other Credits to Income:			
Interfunds Liquidated	A-10	11,570.35	
Unexpended Balances of Appropriation			
Reserves	A-16	1,928,126.75	1,333,264.92
Adjustment to AR Balance (Senior and Vets)			11,286.02
State Audit of Senior and Vets			22,248.70
		<u>100,185,893.90</u>	<u>96,356,398.32</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operations		27,457,528.52	30,742,246.89
Debt Service		1,382,654.63	1,475,587.96
Deferred Charges and Statutory Expenditures		4,023,764.68	100,000.00
	A-3	<u>32,863,947.83</u>	<u>32,317,834.85</u>
Municipal Open Space Taxes	A-2a	325,421.00	324,517.00
Refund of Prior Year Revenues	A-4	54,067.60	54,955.56
Interfunds Established			11,570.35
Prepaid School Tax Established	A-11	0.15	
Federal and State Grants Cancelled	A-15	46,339.39	
Prior Year Senior Citizens/Veterans Disallowed	A-18	18,056.55	
Prior Year Tax Appeals	A-20	334,029.03	
County Taxes Payable	A-22	15,927,294.52	15,613,495.46
Local School District Taxes Payable	A-23	46,178,349.00	45,207,616.00
		<u>95,747,505.07</u>	<u>93,529,989.22</u>
Excess in Revenue		4,438,388.83	2,826,409.10
Adjustment to Income Before Fund Balance:			
Expenditures Included Above Which Are By Statute			
Deferred Charges to Budget of Succeeding Year			155,747.03
			<u>155,747.03</u>
Statutory Excess to Fund Balance		4,438,388.83	2,982,156.13
<u>Fund Balance</u>			
Balance January 1	A	5,744,258.05	5,512,101.92
		<u>10,182,646.88</u>	<u>8,494,258.05</u>
Decreased by:			
Utilized as Anticipated Revenue	A-2	2,750,000.00	2,750,000.00
Balance December 31	A	<u>\$ 7,432,646.88</u>	<u>\$ 5,744,258.05</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF REVENUE (Continued)
ANALYSIS OF REALIZED TAX COLLECTIONS - REGULATORY BASIS

A-2a

	<u>Ref.</u>		
<u>Current Tax Collections</u>			
2017 Collections	A-7	\$80,791,767.43	
Prepaid Applied	A-7	591,503.28	
Due from State of New Jersey: (Ch. 129, P.L. 1976)	A-7	<u>1,684,223.95</u>	
	A-1		\$83,067,494.66
Allocated to:			
Municipal Open Space	A-1,7	325,421.00	
County Taxes	A-22	15,927,294.52	
Local School District Tax	A-23	<u>46,178,349.00</u>	
			<u>62,431,064.52</u>
Balance for Support of Municipal Budget Appropriations			20,636,430.14
Plus: Reserve for Uncollected Taxes	A-3		<u>1,130,348.18</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u>\$21,766,778.32</u>
<u>Receipts from Delinquent Taxes</u>			
Delinquent Tax Collections	A-7	\$ 902,610.63	
Tax Title Liens	A-8	<u>69,256.48</u>	
	A-1,2		<u>\$ 971,867.11</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF REVENUE (Continued)
ANALYSIS OF OTHER LICENSES AND PERMITS - REGULATORY BASIS

A-2b

	<u>Ref.</u>		
<u>Other Licenses</u>			
Township Clerk	A-12	\$ 15,008.00	
Health Officer	A-12	<u>1,950.00</u>	
	A-2		<u>\$ 16,958.00</u>
 <u>Other Fees and Permits</u>			
Township Clerk	A-12	\$268,158.50	
Tax Collector	A-12	168.65	
Land Use	A-12	4,450.00	
Recreation Department	A-12	86,275.00	
Zoning Board	A-12	36,450.00	
Registrar of Vital Statistics	A-12	56,587.00	
Housing	A-12	67,800.00	
Code Enforcement	A-12	501,750.00	
Engineering Department	A-12	44,349.00	
Building Inspector	A-12	116,121.00	
Police Department	A-12	22,651.85	
Beach Badges	A-12	<u>57,440.00</u>	
	A-2		<u>\$1,262,201.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF REVENUE (Continued)
ANALYSIS OF NONBUDGET REVENUE - REGULATORY BASIS

A-2c

	<u>Ref.</u>	
<u>Miscellaneous Revenue Not Anticipated</u>		
DMV Inspection Fines		\$ 14,344.57
GovDeals Auctions/Sales		27,883.23
Bank Fees		80.00
Tax Premiums Over 5 Years Old		200.00
Civic Center Rental		700.00
Copies		1,492.31
Administrative Fees for Police Off-Duty		28,398.72
Senior Outreach Donations		8,399.00
Sale of Scrap Metal		31,674.20
Restitution		673.00
Miscellaneous		927.84
CBS Outdoor Billboard		6,000.00
HIF Dividend		498,225.00
Homestead Administrative Fee		3,868.20
Recycling Tonnage		64,994.96
Superstorm Sandy Reimbursement - Ocean County		226,253.75
Land Sales		26,278.25
Lakehurst-Manchester Shared Service Reimbursement		55,000.00
Stale Dated Checks		2,692.07
Prior Year Budget Refund		906.00
Presbyterian Home - PILOT		46,404.75
Tri-Eagle Administrative Fees		1,826.10
Verizon Franchise Fee		1,522.30
Property Change Request		1,050.00
Beckerville - PILOT		56,636.04
JIF Dividend		96,610.64
	A-4	\$ 1,203,040.93
Labor Liens	A-8	2,818.35
Realized Revenue	A-1,2	\$ 1,205,859.28

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #1

Appropriations	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>OFFICE OF THE MAYOR</u>						
Office of the Mayor:						
Salaries and Wages	\$ 57,000.00	\$ 57,000.00	\$ 52,892.26	\$ 205.49	\$ 4,107.74	\$
Other Expenses	4,000.00	4,000.00	1,533.40		2,261.11	
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	1,282.95		717.05	
Office of the Clerk:						
Salaries and Wages	160,000.00	160,000.00	155,735.66		4,264.34	
Other Expenses	65,000.00	65,000.00	56,548.70	5,572.58	2,878.72	
Municipal Audit:						
Other Expenses	40,000.00	40,000.00	28,000.00		12,000.00	
Zoning Board of Adjustments:						
Other Expenses	20,000.00	20,000.00	4,170.00		15,830.00	
<u>DEPARTMENT OF ADMINISTRATION</u>						
Office of the Tax Assessor:						
Salaries and Wages	345,000.00	345,000.00	327,268.80		17,731.20	
Other Expenses	28,000.00	28,000.00	7,708.72	5,720.25	14,571.03	
Division of Administration, Purchasing and Personnel:						
Salaries and Wages	207,000.00	207,000.00	200,166.35		6,833.65	
Other Expenses	230,000.00	250,000.00	222,948.28	19,580.14	7,471.58	
Division of Recreation:						
Salaries and Wages	390,000.00	390,000.00	369,161.99		20,838.01	
Other Expenses	120,000.00	120,000.00	71,252.06	3,650.75	45,097.19	
Division of Data Processing:						
Salaries and Wages	165,000.00	165,000.00	133,782.12		31,217.88	
Other Expenses	60,000.00	60,000.00	41,526.34	8,555.80	9,917.86	
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			

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #2

<u>Appropriations</u>	<u>Appropriations</u>		<u>Paid or Charged</u>	<u>Reserved</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Modified Budget</u>		<u>Encumbered</u>	<u>Unencumbered</u>	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>DEPARTMENT OF PUBLIC WORKS</u>						
<u>Division of Administration and Streets:</u>						
Salaries and Wages	\$ 1,750,000.00	\$ 1,750,000.00	\$ 1,705,808.12	\$ 45,605.73	\$ 44,191.88	\$
Other Expenses	240,000.00	225,000.00	178,014.24		1,380.03	
<u>Division of Building and Grounds:</u>						
Salaries and Wages	215,000.00	215,000.00	125,908.54		89,091.46	
Other Expenses	120,000.00	120,000.00	72,557.67	33,080.06	14,362.27	
<u>Division of Sanitation and Recycling:</u>						
Salaries and Wages	62,000.00	62,000.00	35,109.59		26,890.41	
Other Expenses	550,000.00	565,000.00	513,559.72	47,721.51	3,718.77	
<u>Division of Central Maintenance:</u>						
Salaries and Wages	325,000.00	325,000.00	324,276.42		723.58	
Other Expenses	290,000.00	310,000.00	259,653.26	42,066.69	8,280.05	
<u>Division of Lakes, Parks and Playgrounds:</u>						
Salaries and Wages	110,000.00	110,000.00	95,837.58		14,162.42	
Other Expenses	40,000.00	40,000.00	38,252.10	1,673.61	74.29	
<u>DEPARTMENT OF PUBLIC SAFETY</u>						
<u>Police:</u>						
Salaries and Wages	8,500,000.00	8,500,000.00	8,337,579.16		162,420.84	
Other Expenses	555,000.00	555,000.00	446,221.43	96,375.64	12,402.93	
<u>Police Clerical and Communications:</u>						
Salaries and Wages	860,000.00	860,000.00	860,000.00			
<u>Division of Animal Control:</u>						
Salaries and Wages	64,000.00	64,000.00	61,316.88		2,683.12	
Other Expenses	36,000.00	36,000.00	21,166.92	1,944.00	12,889.08	
<u>Division of Emergency Management:</u>						
Salaries and Wages	9,000.00	9,000.00	1,999.92		7,000.08	
Other Expenses	5,000.00	5,000.00	2,386.66	2,010.08	603.26	

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #3

Appropriations	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>DEPARTMENT OF LAND USE AND PLANNING</u>						
Division of Zoning and Planning:						
Salaries and Wages	\$ 210,000.00	\$ 240,000.00	\$ 238,266.16		\$ 1,733.84	\$
Other Expenses	50,000.00	50,000.00	24,925.55	1,677.00	23,397.45	
Uniform Fire Safety Act:						
Salaries and Wages	30,000.00	30,000.00	30,000.00			
Other Expenses	1,200.00	1,200.00	1,200.00			
<u>DEPARTMENT OF FINANCE</u>						
Financial Administration:						
Salaries and Wages	115,000.00	115,000.00	103,866.42		11,133.58	
Other Expenses	27,000.00	27,000.00	22,919.69	785.56	3,294.75	
Division of Revenue Collection:						
Salaries and Wages	157,000.00	170,000.00	163,327.63		6,672.37	
Other Expenses	40,000.00	40,000.00	19,453.78	2,746.64	17,799.58	
<u>DEPARTMENT OF ENGINEERING</u>						
Engineering:						
Other Expenses	150,000.00	210,000.00	197,247.24	12,402.25	350.51	
<u>DEPARTMENT OF LAW</u>						
Township Attorney:						
Other Expenses	200,000.00	220,000.00	191,427.99	3,397.49	25,174.52	
Municipal Prosecutor:						
Other Expenses	46,000.00	46,000.00	34,208.82	3,333.00	8,458.18	
Closing Costs for Foreclosed Properties:						
Other Expenses	10,000.00	10,000.00	10,000.00			
<u>OTHER</u>						
Municipal Court:						
Salaries and Wages	365,000.00	365,000.00	348,187.82		16,812.18	
Other Expenses	28,000.00	28,000.00	13,173.26	230.10	14,596.64	

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #4

Appropriations	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>OTHER</u>						
Hepatitis Inoculation Program:						
Other Expenses	2,500.00	2,500.00	300.00	300.00	1,900.00	\$
OSHA Requirements - Respirator Testing:						
Other Expenses: Hearing	5,000.00	5,000.00			5,000.00	
Other Expenses: Fit Testing	13,000.00	13,000.00	9,494.00	2,300.00	1,206.00	
Insurance:						
General Liability	650,000.00	650,000.00	576,227.44		73,772.56	
Workers' Compensation	640,000.00	640,000.00	637,475.35		2,524.65	
Employee Group Health	4,000,000.00	4,000,000.00	3,901,012.30	4,642.83	94,344.87	
Employee Opt-Out Payments	355,000.00	322,000.00	126,829.36		195,170.64	
<u>DEPARTMENT OF UNIFORM CONSTRUCTION CODE</u>						
Uniform Construction Code:						
Salaries and Wages	650,000.00	650,000.00	603,092.31		46,907.69	
Other Expenses	275,000.00	275,000.00	174,243.63	96,052.50	4,703.87	
<u>UNCLASSIFIED</u>						
Utilities:						
Gasoline	350,000.00	300,000.00	184,593.21	37,506.20	77,900.59	
Electricity	220,000.00	220,000.00	177,062.63		42,937.37	
Telephone	150,000.00	170,000.00	162,695.47	6,995.01	309.52	
Natural Gas	40,000.00	40,000.00	15,496.46	3,029.68	21,473.86	
Heating Oil	12,000.00	12,000.00	2,719.64		9,280.36	
Street Lighting	115,000.00	115,000.00	85,456.00		29,544.00	
Condominium Service Act	400,000.00	320,000.00	297,274.78		22,725.22	
Celebration of Public Events	20,000.00	20,000.00	20,000.00			
Accumulated Leave Compensation	25,000.00	25,000.00	12,311.26		12,688.74	
Reserve for Snow Removal	20,000.00	20,000.00			20,000.00	
<u>Total Operations</u>	25,146,800.00	25,166,800.00	23,288,114.04	489,160.59	1,389,525.37	

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #5

Appropriations	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
APPROPRIATIONS WITHIN "CAPS"						
Detail:						
Salaries and Wages	\$ 14,792,000.00	\$ 14,835,000.00	\$ 14,285,894.99	\$ 489,160.59	\$ 549,105.01	\$
Other Expenses	10,354,800.00	10,331,800.00	9,002,219.05		840,420.36	
DEFERRED CHARGES						
Deferred Charge: Wilbur Avenue Grant Expenditure	156,000.00	156,000.00	155,747.03			252.97
STATUTORY EXPENDITURES						
Contribution to:						
Police and Firemen's Retirement System of N.J.	1,703,937.00	1,703,937.00	1,703,937.00			
Unemployment Insurance	19,000.00	19,000.00	19,000.00			
Defined Contribution Retirement Program	5,000.00	5,000.00	4,902.02	97.98		
Public Employees' Retirement System	854,200.00	854,200.00	854,200.00			
Social Security System (OASI)	1,300,000.00	1,200,000.00	1,051,888.68		148,111.32	
	3,882,137.00	3,782,137.00	3,633,927.70	97.98	148,111.32	
Total Appropriations Within "CAPS"	29,184,937.00	29,104,937.00	27,077,788.77	489,258.57	1,537,636.69	252.97
APPROPRIATIONS EXCLUDED FROM "CAPS"						
OTHER OPERATIONS						
Reserve for Tax Appeals	75,000.00	75,000.00	35,146.94		39,853.06	
Gypsy Moth Program	140,000.00	140,000.00	81,650.00		58,350.00	
LOSAP	5,000.00	5,000.00	1,233.90		3,766.10	
	220,000.00	220,000.00	118,030.84		101,969.16	
STATE AND FEDERAL PROGRAMS						
OFFSET BY REVENUES						
Senior Outreach Program:						
Salaries and Wages	135,100.00	135,100.00	135,100.00			
Unappropriated Reserve - Federal Share	5,000.00	5,000.00	5,000.00			
Local Match	440,000.00	440,000.00	440,000.00			
Clean Communities Grant:						
Salaries and Wages	107,499.36	107,499.36	107,499.36			
Municipal Drug Alliance:						
Other Expenses	26,270.00	26,270.00	26,270.00			
Local Match	6,567.00	6,567.00	6,567.00			

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #6

Appropriations	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
APPROPRIATIONS EXCLUDED FROM "CAPS"						
STATE AND FEDERAL PROGRAMS						
OFFSET BY REVENUES						
NJSAGE: DISTRACTED DRIVING	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$	\$	\$
BVP-ISODJ	6,538.00	6,538.00	6,538.00			
COPS in Shops	1,600.00	1,600.00	1,600.00			
Drunk Driving Enforcement Fund	8,360.00	8,360.00	8,360.00			
Drive Sober or Get Pulled Over	10,570.00	10,570.00	10,570.00			
NJDOT: Broadway Boulevard	235,000.00	235,000.00	235,000.00			
NJDOT: Wilber Avenue	250,000.00	250,000.00	250,000.00			
NJDOT: Broadway Boulevard Phase II	325,000.00	325,000.00	325,000.00			
Body Armor Grant	6,124.16	6,124.16	6,124.16			
Child Passenger Safety Grant	1,600.00	1,600.00	1,600.00			
Total Public and Private Programs Offset by Revenues	1,570,728.52	1,570,728.52	1,570,728.52			
Total Operations Excluded from "CAPS"	1,790,728.52	1,790,728.52	1,688,759.36		101,969.16	
Detail:						
Salaries and Wages	687,599.36	687,599.36	687,599.36			
Other Expenses	1,103,129.16	1,103,129.16	1,001,160.00			
Capital Improvements						
Capital Improvement Fund	500,000.00	500,000.00	500,000.00			
MUNICIPAL DEBT SERVICE						
Payment of Bond Principal	840,000.00	840,000.00	840,000.00			
Interest on Bonds	238,712.52	238,712.52	238,712.52			
Payment of Bond Anticipation and Capital Notes	300,000.00	300,000.00	26,760.00			
Interest on Notes	71,095.80	151,095.80	150,255.81			
Green Trust Loan Program:						
Loan Repayment for Principal and Interest	126,926.30	126,926.30	126,926.30			
	1,576,734.62	1,656,734.62	1,382,654.63			
						273,240.00
						839.99
						<u>274,079.99</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3
Sheet #7

Appropriations	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
<u>APPROPRIATIONS EXCLUDED FROM "CAPS"</u>						
Deferred Charges: Paydown of Ordinance #04-007	\$ 85,880.65	\$ 85,880.65	\$ 85,880.65	\$	\$	\$
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,953,343.79	4,033,343.79	3,657,294.64	-	101,969.16	274,079.99
Sub-Total General Appropriations	33,138,280.79	33,138,280.79	30,735,083.41	489,258.57	1,639,605.85	274,332.96
Reserve for Uncollected Taxes	1,130,348.18	1,130,348.18	1,130,348.18			
Total General Appropriations	\$ 34,268,628.97	\$ 34,268,628.97	\$ 31,865,431.59	\$ 489,258.57	\$ 1,639,605.85	\$ 274,332.96
		<u>Below</u>	<u>Below</u>	<u>A</u>	<u>A</u>	<u>Below</u>
	<u>Ref.</u>					
Adopted Budget	A-2	\$ 33,906,697.45	\$			
Added by 40A-4-87	A-2	361,931.52				
Reserve for Uncollected Taxes	A-2a	(1,130,348.18)	1,130,348.18			
Cash Expended	A-4		28,912,687.85			
Matching Funds for Federal and State Grants	A-4,27		446,567.00			
Deferred Charges	A-13		155,747.03			
Interfunds Payable	A-17		95,920.01			
Reserve for Federal and State Grants Cancelled	A-27		1,124,161.52			
	Above	(274,332.96)				
	Above,A-1	\$ 32,863,947.83	\$ 31,865,431.59			

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

B
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 34,873.18	\$ 32,328.34
<u>General Trust Fund</u>			
Cash:			
Special Deposits/Performance Bonds	B-1	1,755,824.02	1,799,085.26
Affordable Housing Trust Fund	B-1	161,359.87	211,322.58
Redemption Trust Fund	B-1	1,231,553.29	1,168,320.15
State Unemployment Compensation Insurance Trust Fund	B-1	262,443.73	220,899.87
Police Drug Enforcement Trust Account	B-1	49,820.34	36,940.55
Municipal Drug Alliance	B-1	14,264.18	12,336.64
Public Defender Trust Fund	B-1	17,081.32	26,150.32
Manchester Day Trust Fund	B-1	3,942.46	2,165.71
Open Space Trust Fund	B-1	957,590.15	1,176,021.89
Recreation Trust Fund	B-1	21,278.42	20,022.49
Lakehurst - Manchester Construction Code Account	B-1	12,172.48	37,109.64
Snow Removal Trust Fund	B-1	20,010.33	
Accumulated Absences Trust Fund	B-1	25,012.91	
		4,532,353.50	4,710,375.10
Community Development Block Grant Receivable	B-2	32,000.00	33,000.00
Due (To)/From Current Fund	B-7	266,685.40	66,737.25
		4,831,038.90	4,810,112.35
<u>Length of Service Award Programs - Unaudited</u>			
Investments		1,095,861.77	964,788.22
		\$ 5,961,773.85	\$ 5,807,228.91

TOWNSHIP OF MANCHESTER
TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

B
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Animal Control Trust Fund</u>			
Due to State of New Jersey	B-3	\$ 123.60	\$ 130.20
Prepaid Dog Licenses	B-4	26,398.40	20,070.10
Reserve for Animal Control Expenditures	B-6	8,351.18	12,128.04
		34,873.18	32,328.34
<u>General Trust Fund</u>			
Manchester Day Trust Fund	B-8	3,942.46	2,165.71
Deposits for Redemption of Tax Title Liens	B-9	1,231,553.29	1,168,320.15
Special Escrow Deposits	B-10	1,740,717.41	1,784,030.50
State Unemployment Compensation			
Insurance Trust Fund	B-11	262,443.73	220,899.87
Police Drug Enforcement Trust Account	B-12	49,820.34	36,940.55
Municipal Drug Alliance	B-13	14,264.18	12,336.64
Public Defender Fees	B-14	17,081.32	26,150.32
Open Space Trust Fund	B-15	957,590.15	1,176,021.89
Recreation Trust Fund	B-16	21,278.42	20,022.49
Community Development Block Grant			
Reserves	B-17	32,000.00	33,000.00
Retirement Pay	B-18	270,876.41	45,863.50
Affordable Housing Trust	B-19	177,158.97	227,121.68
Lakehurst - Manchester Construction			
Code Trust	B-20	12,172.48	37,109.64
Snow Removal Trust	B-21	40,139.74	20,129.41
		4,831,038.90	4,810,112.35
<u>Length of Service Award Programs - Unaudited</u>			
Reserve for Length of Service Award Programs		1,095,861.77	964,788.22
		\$ 5,961,773.85	\$ 5,807,228.91

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Cash	C-2	\$ 2,387,424.97	\$ 3,697,823.03
Interfunds Receivable	C-4	95,920.01	
Deferred Charges to Future Taxation:			
Funded	C-5	17,657,768.96	8,811,727.67
Unfunded	C-6	<u>1,415,337.92</u>	<u>10,657,531.21</u>
		<u>\$ 21,556,451.86</u>	<u>\$ 23,167,081.91</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-11	\$ 17,095,000.00	\$ 8,135,000.00
Bond Anticipation Notes	C-10		8,387,510.00
Green Acres Loan Payable	C-7	562,768.96	676,727.67
Capital Improvement Fund	C-8	633,314.45	468,314.45
Improvement Authorizations:			
Funded	C-9	1,647,235.05	423,153.33
Unfunded	C-9	1,149,344.18	4,649,295.34
Fund Balance	C-1	<u>468,789.22</u>	<u>427,081.12</u>
		<u>\$ 21,556,451.86</u>	<u>\$ 23,167,081.91</u>
Bonds and Notes Authorized but Not Issued	C-12	<u>\$ 1,415,337.92</u>	<u>\$ 2,275,468.57</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

C-1

	<u>Ref.</u>		
Balance December 31, 2016	C		\$427,081.12
Increased by:			
Premium on Sale of Notes - Net	C-2	\$36,260.74	
Cash on Hand	C-6	<u>5,447.36</u>	
			<u>41,708.10</u>
Balance December 31, 2017	C		<u><u>\$468,789.22</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

D
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Operating Fund</u>			
Cash:			
Checking	D-5	\$ 1,206,038.79	\$ 623,168.92
Escrow	D-5	235,144.45	309,014.48
		1,441,183.24	932,183.40
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	D-7	130,247.81	151,238.29
Water Liens	D-8	83.19	25.19
Inventory	D-10	137,004.16	134,614.74
		267,335.16	285,878.22
		1,708,518.40	1,218,061.62
<u>Capital Fund</u>			
Cash - Checking	D-5	1,910,449.16	1,883,494.76
Fixed Capital	D-11	10,426,868.96	10,353,823.36
Fixed Capital Authorized and Uncompleted	D-12	1,667,208.77	240,254.37
		14,004,526.89	12,477,572.49
		\$15,713,045.29	\$13,695,634.11

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

D
Sheet #2

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves:			
Encumbered	D-4,13	\$ 143,939.78	\$ 86,381.95
Unencumbered	D-4,13	138,132.34	65,337.45
Reserve for Escrow Deposits	D-14	235,144.45	309,014.48
		517,216.57	460,733.88
Reserve for Receivables and Inventory		267,335.16	285,878.22
Fund Balance	D-1	923,966.67	471,449.52
		1,708,518.40	1,218,061.62
 <u>Capital Fund</u>			
Capital Improvement Fund	D-15	1,706,495.39	1,606,495.39
Reserve for Amortization	D-16	9,978,577.73	8,816,654.55
Deferred Reserve for Amortization	D-17	615,500.00	1,777,423.18
Improvement Authorizations:			
Funded	D-18	167,208.77	240,254.37
Unfunded	D-18	1,500,000.00	
Fund Balance	D-2	36,745.00	36,745.00
		14,004,526.89	12,477,572.49
		\$15,713,045.29	\$13,695,634.11
 Bonds and Notes Authorized but Not Issued	 D-19	 \$ 1,500,000.00	 \$ -

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

D-1

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	D-3	\$ 350,000.00	\$ 350,000.00
Water Rents and Liens	D-3	2,135,644.13	2,161,488.76
Miscellaneous Revenue	D-3	440,096.28	186,063.61
Other Credits to Income:			
Appropriation Reserves Lapsed	D-13	75,541.23	172,056.49
		<u>3,001,281.64</u>	<u>2,869,608.86</u>
 <u>Expenditures</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages		650,000.00	700,000.00
Other Expenses		1,372,000.00	1,232,167.19
Debt Service			509,832.81
Capital Improvements		100,000.00	
Statutory Expenditures		58,000.00	58,000.00
	D-4	<u>2,180,000.00</u>	<u>2,500,000.00</u>
Prior Year Revenue Refunds	D-5	18,764.49	
Final Accrued Interest Adjustment			0.25
		<u>2,198,764.49</u>	<u>2,500,000.25</u>
 Excess in Revenue		 802,517.15	 369,608.61
 <u>Fund Balance</u>			
Balance December 31, 2016	D	<u>471,449.52</u>	<u>451,840.91</u>
		1,273,966.67	821,449.52
 Decreased by:			
Utilized as Anticipated Revenue	Above	<u>350,000.00</u>	<u>350,000.00</u>
Balance December 31, 2017	D	<u>\$ 923,966.67</u>	<u>\$ 471,449.52</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

D-2

	<u>Ref.</u>	
Balance December 31, 2016	D	<u>\$ 36,745.00</u>
Balance December 31, 2017	D	<u>\$ 36,745.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

STATEMENT OF REVENUE
OPERATING FUND - REGULATORY BASIS

D-3

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Utilized	D-1	\$ 350,000.00	\$ 350,000.00	\$
Rents and Liens	D-1,7	2,100,000.00	2,135,644.13	35,644.13
Miscellaneous	D-1,Below	<u>80,000.00</u>	<u>440,096.28</u>	<u>360,096.28</u>
Total Budget	D-4	<u>\$ 2,530,000.00</u>	<u>\$ 2,925,740.41</u>	<u>\$ 395,740.41</u>
 <u>Analysis of Miscellaneous Revenue</u>				
Other Revenue:				
Connection Fees	D-9		\$ 394,556.00	
Interest on Deposits		\$ 17,505.49		
Meter Fees		4,695.38		
Turn On/Off Fees		3,146.12		
Water Permit Fees		10,920.00		
Interest on Delinquent Accounts		7,499.40		
Remote Replacement Fee		898.89		
Fine Tampering		500.00		
Reinspection Fee		75.00		
Water Application		<u>300.00</u>		
	D-5		<u>45,540.28</u>	
	Above		<u>\$ 440,096.28</u>	

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-4

	CY 2017		Expended		Balance Cancelled
	Budget Appropriation	Modified Budget	Paid or Charged	Reserved Unencumbered	
Operating					
Salaries and Wages	\$ 750,000.00	\$ 750,000.00	\$ 575,437.48	\$ 74,562.52	\$ 100,000.00
Other Expenses	1,622,000.00	1,622,000.00	1,179,539.20	48,521.02	250,000.00
	<u>2,372,000.00</u>	<u>2,372,000.00</u>	<u>1,754,976.68</u>	<u>123,083.54</u>	<u>350,000.00</u>
Capital Improvements					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		
Statutory Expenditures					
Contribution to:					
Social Security System	58,000.00	58,000.00	42,951.20	15,048.80	
	<u>\$2,530,000.00</u>	<u>\$2,530,000.00</u>	<u>\$1,897,927.88</u>	<u>\$138,132.34</u>	<u>\$350,000.00</u>
Reference	D-3	Below	D-5	D	Below
Ref.					
Modified Budget	Above	\$2,530,000.00			
Cancelled	Above	(350,000.00)			
D-1		<u>\$2,180,000.00</u>			

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
PUBLIC ASSISTANCE TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

E

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2016</u>
<u>Trust Fund Account #1</u>			
Cash	E-1	\$ 2,668.34	\$ 2,655.95
<u>Discretionary Fund</u>			
Cash	E-1	<u>114.63</u>	<u>762.13</u>
		<u>\$ 2,782.97</u>	<u>\$ 3,418.08</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>Trust Fund Account #1</u>			
Reserve for Public Assistance Expenditures	E-2	\$ 2,668.34	\$ 2,655.95
<u>Discretionary Fund</u>			
Reserve for Discretionary Trust Expenditures	E-3	<u>114.63</u>	<u>762.13</u>
		<u>\$ 2,782.97</u>	<u>\$ 3,418.08</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

F
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Operating Fund</u>			
Cash - Checking	F-5	\$ 4,272,135.03	\$ 3,509,502.44
Cash - Escrow	F-5	200,859.64	260,989.59
		<u>4,472,994.67</u>	<u>3,770,492.03</u>
Interfunds Receivable	F-7		<u>644.49</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	F-8	77,530.46	93,882.57
Inventory	F-10	70,023.74	71,849.96
		<u>147,554.20</u>	<u>165,732.53</u>
		<u>4,620,548.87</u>	<u>3,936,869.05</u>
<u>Capital Fund</u>			
Cash - Checking	F-5	2,837,248.01	2,838,407.22
Interfund Accounts Receivable	F-11	514.72	
Fixed Capital	F-12	11,878,031.55	11,878,031.55
		<u>14,715,794.28</u>	<u>14,716,438.77</u>
		<u>\$19,336,343.15</u>	<u>\$18,653,307.82</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

F
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2017</u>	<u>Balance Dec. 31, 2016</u>
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves:			
Encumbered	F-4,13	\$ 26,916.70	\$ 48,278.73
Unencumbered	F-4,13	290,941.44	422,204.20
Reserve for Escrow Deposits	F-14	200,859.64	260,989.59
Interfunds Payable	F-15	514.72	
		519,232.50	731,472.52
Reserve for Receivables and Inventory		147,554.20	165,732.53
Fund Balance	F-1	3,953,762.17	3,039,664.00
		4,620,548.87	3,936,869.05
 <u>Capital Fund</u>			
Interfunds Payable	F-16		644.49
Capital Improvement Fund	F-17	2,833,947.73	2,833,947.73
Reserve for Amortization	F-18	11,878,031.55	11,878,031.55
Fund Balance	F-2	3,815.00	3,815.00
		14,715,794.28	14,716,438.77
		<u>\$19,336,343.15</u>	<u>\$18,653,307.82</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

F-1

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	F-3	\$ 800,000.00	\$ 1,000,000.00
Sewer Rents	F-3	3,593,259.91	3,554,945.60
Miscellaneous Revenue	F-3	362,946.96	178,930.89
Other Credits:			
Appropriation Reserves Lapsed	F-13	440,764.17	822,110.95
Accrued Interest Cancelled			0.25
		<u>5,196,971.04</u>	<u>5,555,987.69</u>
 <u>Expenditures</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages		620,000.00	670,000.00
Other Expenses		2,780,000.00	2,718,987.70
Debt Service			561,012.30
Statutory Expenditures		75,000.00	75,000.00
	F-4	<u>3,475,000.00</u>	<u>4,025,000.00</u>
Prior Year Refunds	F-5	7,872.87	
		<u>3,482,872.87</u>	<u>4,025,000.00</u>
 Excess in Revenue		 1,714,098.17	 1,530,987.69
 <u>Fund Balance</u>			
Balance June 30	F	3,039,664.00	2,508,676.31
		<u>4,753,762.17</u>	<u>4,039,664.00</u>
 Decreased by:			
Fund Balance Utilized	Above	800,000.00	1,000,000.00
		<u>800,000.00</u>	<u>1,000,000.00</u>
Balance December 31	F	<u>\$3,953,762.17</u>	<u>\$3,039,664.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

F-2

	<u>Ref.</u>	
Balance December 31, 2016	F	<u>\$ 3,815.00</u>
Balance December 31, 2017	F	<u>\$ 3,815.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

STATEMENT OF REVENUE
OPERATING FUND - REGULATORY BASIS

F-3

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Utilized	F-1	\$ 800,000.00	\$ 800,000.00	\$
User Fees	F-1,8	3,400,000.00	3,593,259.91	193,259.91
Miscellaneous	F-1,Below	<u>125,000.00</u>	<u>362,946.96</u>	<u>237,946.96</u>
Total Budget	F-4	<u>\$ 4,325,000.00</u>	<u>\$ 4,756,206.87</u>	<u>\$ 431,206.87</u>
<u>Analysis of Miscellaneous Revenue</u>				
Other Revenue:				
Interest Earned in Sewer Capital Eastern Service Fund	F-7		\$ 165.79	
Connection Fees	F-9		316,611.50	
Permit Fees		\$ 7,150.00		
Interest Earned		27,713.72		
Application Fees		100.00		
Interest on Delinquent Accounts		5,546.05		
Escrow Charges		<u>5,659.90</u>		
	F-5		<u>46,169.67</u>	
	Above		<u>\$ 362,946.96</u>	

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

STATEMENT OF EXPENDITURES - REGULATORY BASIS

F-4

Operating Salaries and Wages Other Expenses	<u>CY 2017 Budget Appropriation</u>	<u>Paid or Charged</u>	<u>Expended</u>		<u>Reserved Unencumbered</u>	<u>Balance Cancelled</u>
			<u>Encumbered</u>	<u>Unencumbered</u>		
	\$ 870,000.00	\$ 534,392.31	\$	\$ 85,607.69	\$ 250,000.00	
	<u>3,280,000.00</u>	<u>2,583,884.66</u>	<u>26,916.70</u>	<u>169,198.64</u>	<u>500,000.00</u>	
	<u>4,150,000.00</u>	<u>3,118,276.97</u>	<u>26,916.70</u>	<u>254,806.33</u>	<u>750,000.00</u>	
<u>Capital Improvements</u>						
Capital Improvement Fund	<u>100,000.00</u>				<u>100,000.00</u>	
<u>Statutory Expenditures</u>						
Contribution to:						
Social Security System (OASI)	<u>75,000.00</u>	<u>38,864.89</u>		<u>36,135.11</u>		
	<u>\$ 4,325,000.00</u>	<u>\$ 3,157,141.86</u>	<u>\$ 26,916.70</u>	<u>\$ 290,941.44</u>	<u>\$ 850,000.00</u>	
<u>Reference</u>	<u>Below</u>	<u>F-5</u>	<u>F</u>	<u>F</u>	<u>Below</u>	

Ref.

Adopted Budget Cancelled	F-3, Above Above	\$ 4,325,000.00 (850,000.00)
	F-1	<u>\$ 3,475,000.00</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
PAYROLL FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

G

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Cash	G-1	<u>\$149,762.41</u>	<u>\$238,008.78</u>
 <u>LIABILITIES</u>			
Payroll Deductions Payable	G-2	<u>\$149,762.41</u>	<u>\$238,008.78</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

H
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Operating Fund</u>			
Cash:			
Checking	H-4	\$ 2,471,579.03	\$ 2,290,703.24
Change Fund	H-6	60.00	60.00
		<u>2,471,639.03</u>	<u>2,290,763.24</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	H-7	87,154.42	105,861.27
Inventory	H-8	69,046.00	64,325.60
		<u>156,200.42</u>	<u>170,186.87</u>
Total Operating Fund		<u>2,627,839.45</u>	<u>2,460,950.11</u>
<u>Capital Fund</u>			
Cash - Checking	H-4	417,603.62	569,123.84
Fixed Capital	H-9	15,197,396.38	15,045,876.16
Fixed Capital Authorized and Uncompleted	H-10	357,603.62	509,123.84
		<u>15,972,603.62</u>	<u>16,124,123.84</u>
		<u>\$18,600,443.07</u>	<u>\$18,585,073.95</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

H
Sheet #2

LIABILITIES, RESERVES AND FUND BALANCE	Ref.	Balance Dec. 31, 2017	Balance Dec. 31, 2016
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves:			
Encumbered	H-3,11	\$ 47,312.49	\$ 111,889.30
Unencumbered	H-3,11	172,757.97	188,805.80
Reserve for Accrued Interest on Bonds	H-12	240,143.30	252,483.50
		460,213.76	553,178.60
Reserve for Receivables and Inventory		156,200.42	170,186.87
Fund Balance	H-1	2,011,425.27	1,737,584.64
		2,627,839.45	2,460,950.11
 <u>Capital Fund</u>			
Serial Bonds Payable	H-16	14,377,000.00	14,642,000.00
Capital Improvement Fund	H-13	60,000.00	60,000.00
Improvement Authorizations:			
Funded	H-14	357,603.62	509,123.84
Reserve for Amortization	H-15	1,178,000.00	913,000.00
		15,972,603.62	16,124,123.84
		\$18,600,443.07	\$18,585,073.95

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

H-1

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	H-2	\$ 700,000.00	\$ 700,000.00
Water Rents	H-2	2,112,069.88	2,134,092.85
Nonbudget Revenue	H-2	30,601.23	22,609.49
Other Credits to Income:			
Appropriation Reserve Lapsed	H-11	222,267.81	483,573.02
		<u>3,064,938.92</u>	<u>3,340,275.36</u>
 <u>Expenditures</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages		480,000.00	640,000.00
Other Expenses		699,040.00	776,466.00
Capital Improvements			60,000.00
Debt Service		858,617.30	873,534.00
Statutory Expenditures		50,000.00	50,000.00
	H-3	<u>2,087,657.30</u>	<u>2,400,000.00</u>
Prior Year Refunds	H-4	3,440.99	
		<u>2,091,098.29</u>	<u>2,400,000.00</u>
 Excess in Revenue		 973,840.63	 940,275.36
 <u>Fund Balance</u>			
Balance December 31	H	1,737,584.64	1,497,309.28
		<u>2,711,425.27</u>	<u>2,437,584.64</u>
 Decreased by:			
Utilized as Anticipated Revenue	H-2	700,000.00	700,000.00
Balance December 31	H	<u>\$2,011,425.27</u>	<u>\$1,737,584.64</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

STATEMENT OF REVENUE
OPERATING FUND - REGULATORY BASIS

H-2

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Utilized	H-1	\$ 700,000.00	\$ 700,000.00	\$
Rents and Liens	H-1,7	2,100,000.00	2,112,069.88	12,069.88
Nonbudget Revenue	H-1,4	<u> </u>	<u>30,601.23</u>	<u>30,601.23</u>
Total Budget	H-3	<u>\$2,800,000.00</u>	<u>\$2,842,671.11</u>	<u>\$42,671.11</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

STATEMENT OF EXPENDITURES - REGULATORY BASIS

H-3

CY 2017	Budget		Expended		Balance Cancelled
	Appropriation	Modified Budget	Paid or Charged	Reserved	
			Encumbered	Unencumbered	
Operating					
Salaries and Wages	\$ 580,000.00	\$ 580,000.00	\$ 466,893.62	\$ 13,106.38	\$ 100,000.00
Other Expenses	1,299,040.00	1,299,040.00	507,799.23	143,928.28	600,000.00
	1,879,040.00	1,879,040.00	974,692.85	157,034.66	700,000.00
Debt Service					
Serial Bonds	265,000.00	265,000.00	265,000.00		12,342.70
Interest on Bonds	605,960.00	605,960.00	593,617.30		12,342.70
	870,960.00	870,960.00	858,617.30		
Statutory Expenditures					
Contribution to:					
Social Security System	50,000.00	50,000.00	34,276.69	15,723.31	
	\$ 2,800,000.00	\$ 2,800,000.00	\$ 1,867,586.84	\$ 172,757.97	\$ 712,342.70
	<u>H-2</u>		<u>Below H-1</u>	<u>H, H-1</u>	<u>Reserve, H-1</u>
Cash Disbursed	<u>Ref.</u>		\$ 1,273,969.54		
Accrued Interest on Bonds	H-4		593,617.30		
	H-12		\$ 1,867,586.84		
	Above		\$ 1,867,586.84		
Modified Budget	Above	\$ 2,800,000.00			
Cancelled	Above	(712,342.70)			
	H-1	\$ 2,087,657.30			

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TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

!

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Operating Fund</u>			
Cash	I-4	\$ 836,225.18	\$ 903,357.18
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	I-6	90,387.94	113,010.76
Utility Western Liens	I-7	3,865.99	1,863.79
Inventory	I-8	21,234.00	21,209.00
		<u>951,713.11</u>	<u>1,039,440.73</u>
<u>Capital Fund</u>			
Cash - Checking	I-4	30,810.61	64,545.61
Fixed Capital	I-9	5,154,189.39	5,120,454.39
Fixed Capital Authorized and Uncompleted	I-10	30,810.61	64,545.61
		<u>5,215,810.61</u>	<u>5,249,545.61</u>
		<u>\$6,167,523.72</u>	<u>\$6,288,986.34</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves:			
Encumbered	I-3,11	\$ 22,543.22	\$ 49,745.36
Reserved	I-3,11	88,825.18	141,704.14
Accrued Interest on Bonds	I-12	77,787.25	79,883.00
		<u>189,155.65</u>	<u>271,332.50</u>
Reserve for Receivables and Inventory		115,487.93	136,083.55
Fund Balance	I-1	647,069.53	632,024.68
		<u>951,713.11</u>	<u>1,039,440.73</u>
 <u>Capital Fund</u>			
Serial Bonds Payable	I-15	4,657,000.00	4,793,000.00
Reserve for Amortization	I-14	528,000.00	392,000.00
Improvement Authorizations:			
Funded	I-13	30,810.61	64,545.61
		<u>5,215,810.61</u>	<u>5,249,545.61</u>
		<u>\$6,167,523.72</u>	<u>\$6,288,986.34</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

I-1

	<u>Ref.</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	I-2	\$ 485,000.00	\$ 400,000.00
Sewer Rents and Liens	I-2	2,274,887.41	2,249,139.69
Miscellaneous Revenue	I-2	60,548.62	53,526.68
Other Credits:			
Appropriation Reserve Lapsed	I-11	135,330.44	168,315.25
		<u>2,955,766.47</u>	<u>2,870,981.62</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operating:			
Salaries and Wages		480,000.00	445,000.00
Other Expenses		1,608,280.00	1,637,287.00
Debt Service		325,624.25	308,513.00
Statutory Expenditures		37,000.00	34,200.00
	I-3	<u>2,450,904.25</u>	<u>2,425,000.00</u>
Prior Year Refunds	I-4	4,817.37	
		<u>2,455,721.62</u>	<u>2,425,000.00</u>
Excess in Revenue		500,044.85	445,981.62
<u>Fund Balance</u>			
Balance December 31	I	632,024.68	586,043.06
		<u>1,132,069.53</u>	<u>1,032,024.68</u>
Decreased by:			
Utilized as Anticipated Revenue	I-2	485,000.00	400,000.00
Balance December 31	I	<u>\$ 647,069.53</u>	<u>\$ 632,024.68</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

STATEMENT OF REVENUE
OPERATING FUND - REGULATORY BASIS

I-2

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Utilized	I-1	\$ 485,000.00	\$ 485,000.00	\$
User Fees	I-1,6	2,200,000.00	2,274,887.41	74,887.41
Miscellaneous	I-1,4	<u>50,000.00</u>	<u>60,548.62</u>	<u>10,548.62</u>
Total Budget	I-3	<u>\$2,735,000.00</u>	<u>\$2,820,436.03</u>	<u>\$ 85,436.03</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

STATEMENT OF EXPENDITURES - REGULATORY BASIS

I-3

	CY 2017				Expended		Balance Cancelled
	Budget Appropriation	Modified Budget	Paid or Charged	Reserved			
				Encumbered	Unencumbered		
<u>Operating</u>							
Salaries and Wages	\$ 480,000.00	\$ 480,000.00	\$ 445,073.38	\$ 34,926.62	\$	\$ 275,000.00	
Other Expenses	1,883,280.00	1,883,280.00	1,536,024.64	22,543.22		49,712.14	
	<u>2,363,280.00</u>	<u>2,363,280.00</u>	<u>1,981,098.02</u>	<u>22,543.22</u>		<u>84,638.76</u>	
<u>Debt Service</u>							
Payment of Bonds	136,000.00	136,000.00	136,000.00				9,095.75
Interest on Bonds	198,720.00	198,720.00	189,624.25				9,095.75
	<u>334,720.00</u>	<u>334,720.00</u>	<u>325,624.25</u>				
<u>Statutory Expenditures</u>							
Contribution to:							
Social Security System	37,000.00	37,000.00	32,813.58			4,186.42	
	<u>\$2,735,000.00</u>	<u>\$2,735,000.00</u>	<u>\$2,339,535.85</u>	<u>\$22,543.22</u>		<u>\$ 88,825.18</u>	<u>\$284,095.75</u>
	<u>I-2</u>	<u>Below</u>	<u>Below</u>	<u>I</u>		<u>I</u>	<u>Below</u>
	<u>Ref.</u>						
Modified Budget	Above	\$2,735,000.00	\$				
Cancelled	Above	(284,095.75)					
Cash Disbursed	I-4		2,149,911.60				
Accrued Interest on Bonds	I-12		189,624.25				
	A-1,Above	<u>\$2,450,904.25</u>	<u>\$2,339,535.85</u>				

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER
CAPITAL FIXED ASSETS

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

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<u>ASSETS</u>	Balance <u>Dec. 31, 2017</u>	Balance <u>Dec. 31, 2016</u>
Buildings and Improvements	\$ 24,935,191.00	\$24,935,191.00
Machinery and Equipment	<u>19,950,198.08</u>	<u>20,881,779.13</u>
	<u>\$ 44,885,389.08</u>	<u>\$45,816,970.13</u>
 <u>RESERVE</u>		
Investments in Capital Fixed Assets	<u>\$ 44,885,389.08</u>	<u>\$45,816,970.13</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF MANCHESTER

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 or veto (which may be overridden by a 2/3 vote) of ordinances adopted by the Council.

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

Governmental Accounting Standards Board (GASB) Statements No. 14 and 34 establish certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government. The financial statements - regulatory basis of the Township of Manchester include every board, body, officer and commission supported and maintained wholly or in part by funds appropriated by the Township as required by the provisions of N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Manchester 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.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes three fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles accepted in the United States of America (GAAP).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Description of Funds (Continued)

The accounting policies of the Township of Manchester conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are a "Modified Accrual Basis of Accounting" which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Manchester accounts for its financial transactions through the following separate funds which differ from the fund structure required by generally accepted accounting principles:

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

Trust Funds - The records of receipts, disbursements and custodianship of monies, in accordance with the purpose for which each account was created, are maintained in Trust Funds. These include the Animal Control Fund and General Trust Fund. The General Trust Fund encompasses accounts of activity for Community Development Block Grants, special deposits and other purposes.

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

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 - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into various bank accounts of the Payroll Fund. A Payroll Fund does not exist under GAAP.

Water and Sewer Utility Operating and Capital Funds (Eastern and Western) - These funds reflect revenue, expenditures, stewardship, acquisition of utility infrastructure and other capital facilities, as well as long-term debt, debt service and other related activity of the municipally-owned water and sewer utilities.

Capital Fixed Assets Account - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the Township as discussed under the caption "Basis of Accounting".

Basis of Accounting

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

Property Taxes and Other Revenue

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Grant Revenue

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township of Manchester budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures

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

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

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

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

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

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

Encumbrances

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

Appropriation Reserves

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

Compensated Absences

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Property Acquired for Taxes

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

Self-Insurance Contributions

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

Interfunds Receivable

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

Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures.

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

Capital Fixed Assets

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township of Manchester has developed a capital fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated cost if actual historical cost is not available. In addition, depreciation on utility fixed assets should be recorded.

Capital fixed assets used in governmental operations (general fixed assets) are accounted for in the Capital Fixed Assets. 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.

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

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

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

Basis of Accounting (Continued)

Capital Fixed Assets (Continued)

Utilities:

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

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

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

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such fixed capital. The records consist of a control account only. Detailed records are not maintained.

Volunteer Length of Service Award Plan (LOSAP)

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer fire department. 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(c)11 of the Internal Revenue Code".

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

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

C. **Basic Financial Statements**

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township of Manchester presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In March 2016, the Governmental Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 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 Pensions*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements and is effective for reporting periods beginning after June 25, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement and is effective for reporting periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In January 2017, the Governmental Accounting Standards Board issued GASB 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 and is effective for reporting periods beginning after December 15, 2018. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In March 2017, the Governmental Accounting Standards Board issued GASB Statement No. 85, *"Omnibus 2017"*. The object 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)) and is effective for reporting periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, *"Certain Debt Extinguishment Issues"*. The object of this Statement is to improve consistency in accounting and financial reporting for in substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance and is effective for reporting periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any this Statement might have on future financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Recent Accounting Pronouncements Not Yet Effective (Continued)

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, "Leases". The object of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract and is effective for reporting periods beginning after December 15, 2019. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

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

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

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

The Township considers petty cash, change funds and cash in banks as cash and cash equivalents.

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

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

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

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

Cash equivalents include money market funds, mutual funds, cash management funds and certificates of deposit with maturity dates of less than three months. Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments were held by the Township's trustee in the Township's name.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Cash and Cash Equivalents (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute, which requires cash be deposited only in New Jersey based bank institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. As of December 31, 2017, of the cash balance in the bank, \$750,000.00 was covered by Federal Depository Insurance and \$32,841,431.54 was covered under the provisions of NJGUDPA.

As of December 31, 2017 and 2016, the Township's cash and cash equivalents consisted of:

	<u>2017</u>	<u>2016</u>
Current Fund	\$ 12,385,492.99	\$ 9,970,590.97
Animal Control Fund	34,846.18	32,328.34
Trust Other Fund	4,833,363.08	4,710,375.10
General Capital Fund	2,220,448.52	3,697,823.03
Water Utility Eastern Service Operating	1,196,532.25	932,183.40
Water Utility Eastern Service Capital	1,910,449.16	1,883,494.76
Sewer Utility Eastern Service Operating	4,646,010.32	3,770,492.03
Sewer Utility Eastern Service Capital	2,837,248.01	2,838,407.22
Water Utility Western Service Operating	2,245,545.71	2,290,703.24
Water Utility Western Service Capital	417,603.62	569,123.84
Sewer Utility Western Service Operating	631,983.87	903,357.18
Sewer Utility Western Service Capital	30,810.61	64,545.61
Public Assistance	3,685.47	3,418.08
Payroll Fund	197,411.75	238,008.78
	<u>\$ 33,591,431.54</u>	<u>\$ 31,904,851.58</u>

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2017 and 2016, no such investments were held by the Township.

As of December 31, 2017 and 2016, the Township had no investments.

B. Investments

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

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

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

C. Risk Category

As of December 31, 2017, the Township had funds on deposit in checking, sweep accounts and governmental money market funds and New Jersey Cash Management Accounts. The amount of the Township's cash and cash equivalents on deposit as of December 31, 2017 was \$33,591,931.54. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

3. TAXES AND TAX TITLE LIENS RECEIVABLE

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

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

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500 of delinquency and 18% on any delinquency in excess of \$1,500. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

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

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

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

Comparative Schedule of Tax Rate

	Calendar Year <u>2017</u>	Calendar Year <u>2016</u>	Calendar Year <u>2015</u>	Calendar Year <u>2014</u>	Calendar Year <u>2013</u>
Tax Rate (Per \$100 of Assessed Valuations)	<u>\$2.565</u>	<u>\$2.534</u>	<u>\$2.487</u>	<u>\$2.436</u>	<u>\$2.351</u>
Apportionment of Tax Rate:					
Municipal	\$0.651	\$0.654	\$0.652	\$0.653	\$0.635
Municipal Open Space	0.010	0.010	0.010	0.010	0.009
County	0.485	0.479	0.467	0.451	0.409
Local School	1.419	1.391	1.358	1.322	1.298

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2017	\$ 3,254,213,582.00
2016	3,248,976,987.00
2015	3,236,390,561.00
2014	3,227,220,311.00
2013	3,224,288,516.00

Comparison of Tax Levies

<u>Date</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
December 31, 2017	\$84,177,129.95	\$83,067,494.66	98.68 %
December 31, 2016	82,723,757.67	81,453,468.07	98.46
December 31, 2015	80,722,514.76 *	79,657,151.87	98.68
December 31, 2014	78,984,537.23	77,974,976.62	98.72
December 31, 2013	75,918,323.33 *	74,562,773.18	98.21

*Net of Reduction due to tax appeals.

Delinquent Taxes and Tax Title Liens

<u>Date</u>	<u>Amount of Municipal Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
December 31, 2017	\$355,336.10	\$ 781,352.68	\$1,136,688.78	1.35 %
December 31, 2016	323,983.52	948,816.66	1,272,800.18	1.54
December 31, 2015	250,658.47	1,032,702.70	1,283,361.17	1.59
December 31, 2014	324,783.76	842,234.58	1,167,018.34	1.48
December 31, 2013	303,657.25	1,114,880.66	1,418,537.91	1.87

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of properties acquired by tax title lien liquidation is carried at assessed valuation in the year of acquisition as follows:

<u>Year</u>	<u>Amount</u>
CY 2017	\$9,781,812.99
CY 2016	9,762,200.00
CY 2015	9,762,200.00
CY 2014	9,611,700.00
CY 2013	9,611,700.00

5. WATER AND SEWER CHARGE ACCOUNTS RECEIVABLE

<u>Date</u>	<u>Water Utility Eastern Service</u>		<u>Sewer Utility Eastern Service</u>	
	<u>Billing</u>	<u>Collection*</u>	<u>Billing</u>	<u>Collection*</u>
December 31, 2017	\$ 2,144,711.65	\$ 2,135,644.13	\$ 3,576,907.80	\$ 3,593,259.91
December 31, 2016	2,152,902.67	2,161,488.76	3,556,976.76	3,554,945.60
December 31, 2015	2,219,084.25	2,170,808.14	3,539,504.65	3,517,078.85
December 31, 2014	2,128,237.45	2,193,167.19	3,639,686.36	3,701,354.51
December 31, 2013	2,030,503.51	1,978,609.79	3,338,586.91	3,281,577.74

*Includes collection of prior year receivables.

<u>Date</u>	<u>Water Utility Western Service</u>		<u>Sewer Utility Western Service</u>	
	<u>Billing</u>	<u>Collection*</u>	<u>Billing</u>	<u>Collection*</u>
December 31, 2017	\$ 2,093,363.03	\$ 2,112,069.88	\$ 2,254,266.39	\$ 2,274,887.41
December 31, 2016	2,120,252.81	2,134,092.85	2,238,022.79	2,249,139.69
December 31, 2015	2,165,123.68	2,153,436.35	2,230,201.68	2,230,554.85
December 31, 2014	1,992,985.11	2,135,519.41	2,208,204.13	2,369,585.99
December 31, 2013	2,176,060.29	2,079,384.70	2,264,964.50	2,151,275.74

*Includes collection of prior year receivables.

6. FUND BALANCES APPROPRIATED

	<u>Date</u>	<u>Balance</u>	<u>Utilized in Budgets of Succeeding Year General Budget</u>
Current Fund:	December 31, 2017	\$7,432,646.88	\$3,300,000.00
	December 31, 2016	5,744,258.05	2,750,000.00
	December 31, 2015	5,512,101.92	2,750,000.00
	December 31, 2014	4,253,747.48	1,712,681.00
	December 31, 2013	3,067,844.95	1,250,000.00
Water Utility Eastern Service:	December 31, 2017	923,966.67	350,000.00
	December 31, 2016	471,449.52	350,000.00
	December 31, 2015	451,840.91	350,000.00
	December 31, 2014	428,149.07	350,000.00
	December 31, 2013	226,984.91	200,000.00
Sewer Utility Eastern Service:	December 31, 2017	3,953,762.17	700,000.00
	December 31, 2016	3,039,664.00	800,000.00
	December 31, 2015	2,508,676.31	1,000,000.00
	December 31, 2014	2,967,704.41	1,000,000.00
	December 31, 2013	2,232,976.12	1,000,000.00
Water Utility Western Service:	December 31, 2017	2,011,425.27	600,000.00
	December 31, 2016	1,737,584.64	700,000.00
	December 31, 2015	1,497,309.28	700,000.00
	December 31, 2014	1,461,505.45	700,000.00
	December 31, 2013	1,530,438.49	700,000.00
Sewer Utility Western Service:	December 31, 2017	647,069.53	350,000.00
	December 31, 2016	632,024.68	485,000.00
	December 31, 2015	586,043.06	400,000.00
	December 31, 2014	682,708.76	500,000.00
	December 31, 2013	565,506.00	325,000.00

7. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Pursuant to N.J.S.A. 40A:2-8, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

7. MUNICIPAL DEBT (Continued)

	<u>Calendar Year 2017</u>	<u>Calendar Year 2016</u>	<u>Calendar Year 2015</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 17,095,000.00	\$ 16,522,510.00	\$ 13,910,445.00
Green Acres Loan	562,768.96	676,727.67	811,292.01
Water Utility Eastern Service:			
Bonds and Notes			495,000.00
Water Utility Western Service:			
Bonds and Notes	14,377,000.00	14,642,000.00	14,905,000.00
Sewer Utility Eastern Service:			
Bonds and Notes			545,000.00
Sewer Utility Western Service:			
Bonds and Notes	4,657,000.00	4,793,000.00	4,911,000.00
Net Debt Issued	<u>36,691,768.96</u>	<u>36,634,237.67</u>	<u>35,577,737.01</u>
 <u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	1,415,337.92	2,275,468.57	4,242,918.57
Water Utility Eastern Service:			
Bonds and Notes	1,500,000.00		
	<u>2,915,337.92</u>	<u>2,275,468.57</u>	<u>4,242,918.57</u>
 Bonds and Notes Issued and Authorized but Not Issued			
	<u>\$ 39,607,106.88</u>	<u>\$ 38,909,706.24</u>	<u>\$ 39,820,655.58</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.507%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$25,100,000.00	\$25,100,000.00	\$
Water Utility Eastern Service	1,500,000.00	1,500,000.00	
Water Utility Western Service	14,377,000.00	14,377,000.00	
Sewer Utility Western Service	4,657,000.00	4,657,000.00	
General Debt	<u>19,073,106.88</u>		<u>19,073,106.88</u>
	<u>\$64,707,106.88</u>	<u>\$45,634,000.00</u>	<u>\$19,073,106.88</u>

Net debt, \$19,073,106.88 divided by Average Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,763,728,608.00 equals 0.507%.

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

3 1/2% of Equalized Valuation Basis of Real Property	\$ 131,730,501.28
Net Debt	<u>19,073,106.88</u>
Remaining Borrowing Power	<u>\$ 112,657,394.40</u>

7. MUNICIPAL DEBT (Continued)

School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

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

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year	\$2,925,740.41
Deductions:	
Operating and Maintenance Cost	<u>2,180,000.00</u>
Excess in Revenue	<u>\$ 745,740.41</u>

There being an "excess in revenue", the Water Utility Eastern Service Debt is considered self-liquidating for debt statement purposes.

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

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year	\$ 4,756,206.87
Deductions:	
Operating and Maintenance Cost	<u>3,475,000.00</u>
Excess in Revenue	<u>\$ 1,281,206.87</u>

There being an "excess in revenue", the Sewer Utility Eastern Service Debt is considered self-liquidating for debt statement purposes.

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

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year		\$2,842,671.11
Deductions:		
Operating and Maintenance Cost	\$ 1,229,040.00	
Debt Service for Obligations Issued	<u>870,960.00</u>	
		<u>2,100,000.00</u>
Excess in Revenue		<u>\$ 742,671.11</u>

There being an "excess in revenue", the Water Utility Western Service Debt is considered self-liquidating for debt statement purposes.

7. MUNICIPAL DEBT (Continued)

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

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year		\$2,820,436.03
Deductions:		
Operating and Maintenance Cost	\$2,125,280.00	
Debt Service for Obligations Issued	<u>334,720.00</u>	
		<u>2,460,000.00</u>
Excess in Revenue		<u>\$ 360,436.03</u>

There being an "excess in revenue", the Sewer Utility Western Service Debt is considered self-liquidating for debt statement purposes.

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Township Treasurer.

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

General Obligation Bonds

\$8,135,000, 2015 Refunding Bonds due in annual installments of \$110,000 to \$835,000 through March, 2026, interest at 2.125% to 4.000%.		\$ 7,295,000.00
\$9,800,000, 2017 Bonds due in annual installments of \$480,000 to \$960,000 through October, 2029, interest at 2.000% to 2.500%.		<u>9,800,000.00</u>
		<u>\$17,095,000.00</u>

Water Utility Western Service Bonds

\$15,555,000, 2010 Bonds due in annual installments of \$266,000 to \$1,318,000 through August 2041, interest at 4.00% to 4.25%.		<u>\$14,377,000.00</u>
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Sewer Utility Western Service Bonds

\$5,185,000, 2010 Bonds due in annual installments of \$155,000 to \$523,000 through August 2032, interest at 4.00%.		<u>\$ 4,657,000.00</u>
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7. MUNICIPAL DEBT (Continued)

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

Total	Cash Basis								
	General Capital		Water Utility Western Service		Sewer Utility Western Service				
	Total	Principal	Interest	Total	Principal	Interest			
2018	\$ 1,754,503.13	\$ 1,315,000.00	\$ 439,503.13	\$ 861,357.50	\$ 266,000.00	\$ 595,357.50	\$ 341,280.00	\$ 155,000.00	\$ 186,280.00
2019	1,845,137.50	1,475,000.00	370,137.50	858,717.50	274,000.00	584,717.50	349,080.00	169,000.00	180,080.00
2020	1,902,887.50	1,580,000.00	322,887.50	849,757.50	276,000.00	573,757.50	363,320.00	190,000.00	173,320.00
2021	1,899,187.50	1,625,000.00	274,187.50	847,717.50	285,000.00	562,717.50	369,720.00	204,000.00	165,720.00
2022	1,878,187.50	1,645,000.00	233,187.50	845,317.50	294,000.00	551,317.50	378,560.00	221,000.00	157,560.00
2023	1,843,753.13	1,645,000.00	198,753.13	836,557.50	297,000.00	539,557.50	392,720.00	244,000.00	148,720.00
2024	1,817,350.00	1,655,000.00	162,350.00	824,677.50	297,000.00	527,677.50	409,960.00	271,000.00	138,960.00
2025	1,780,928.13	1,655,000.00	125,928.13	819,797.50	304,000.00	515,797.50	421,120.00	293,000.00	128,120.00
2026	1,753,243.75	1,665,000.00	88,243.75	812,637.50	309,000.00	503,637.50	435,400.00	319,000.00	116,400.00
2027	983,156.25	925,000.00	58,156.25	800,277.50	309,000.00	491,277.50	454,640.00	351,000.00	103,640.00
2028	985,875.00	950,000.00	35,875.00	793,917.50	315,000.00	478,917.50	468,600.00	379,000.00	89,600.00
2029	972,000.00	960,000.00	12,000.00	784,317.50	318,000.00	466,317.50	485,440.00	411,000.00	74,440.00
2030				764,757.50	321,000.00	453,597.50	504,000.00	446,000.00	58,000.00
2031				751,797.50	324,000.00	440,757.50	521,160.00	481,000.00	40,160.00
2032				751,797.50	324,000.00	427,797.50	543,920.00	523,000.00	20,920.00
2033				1,305,837.50	891,000.00	414,837.50			
2034				1,315,197.50	936,000.00	379,197.50			
2035				1,325,587.50	985,000.00	340,587.50			
2036				1,334,710.00	1,035,000.00	299,710.00			
2037				1,343,722.50	1,088,000.00	255,722.50			
2038				1,353,482.50	1,144,000.00	209,482.50			
2039				1,363,862.50	1,203,000.00	160,862.50			
2040				1,373,735.00	1,264,000.00	109,735.00			
2041				1,374,015.00	1,318,000.00	56,015.00			
	<u>\$19,416,209.39</u>	<u>\$17,095,000.00</u>	<u>\$2,321,209.39</u>	<u>\$24,316,352.50</u>	<u>\$14,377,000.00</u>	<u>\$9,939,352.50</u>	<u>\$6,438,920.00</u>	<u>\$4,657,000.00</u>	<u>\$1,781,920.00</u>

7. MUNICIPAL DEBT (Continued)

Green Trust Loans

A Green Trust Loan, in the sum of \$411,226.00, for improvements 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 the balance due as of December 31, 2017 is \$49,889.25:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 25,571.34	\$ 24,696.43	\$ 874.91
2019	<u>25,571.34</u>	<u>25,192.82</u>	<u>378.52</u>
	<u>\$ 51,142.68</u>	<u>\$ 49,889.25</u>	<u>\$ 1,253.43</u>

A Green Trust Loan, in the sum of \$1,062,390.00, for 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 the balance due as of December 31, 2017 is \$97,144.86:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 66,062.80	\$ 64,440.50	\$ 1,622.30
2019	<u>33,031.40</u>	<u>32,704.36</u>	<u>327.04</u>
	<u>\$ 99,094.20</u>	<u>\$ 97,144.86</u>	<u>\$ 1,949.34</u>

A Green Trust Loan, in the sum of \$218,028.19 for Pine Lake Park Phase 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 the balance due as of December 31, 2017 is \$159,706.92:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 13,557.69	\$ 10,415.37	\$ 3,142.32
2019	13,557.70	10,624.72	2,932.98
2020	13,557.70	10,838.28	2,719.42
2021	13,557.69	11,056.12	2,501.57
2022	13,557.68	11,278.35	2,279.33
2023	13,557.68	11,505.04	2,052.64
2024	13,557.68	11,736.29	1,821.39
2025	13,557.69	11,972.20	1,585.49
2026	13,557.69	12,212.84	1,344.85
2027	13,557.70	12,458.32	1,099.38
2028	13,557.69	12,708.73	848.96
2029	13,557.70	12,964.18	593.52
2030	13,557.68	13,224.75	332.93
2031	<u>6,778.85</u>	<u>6,711.73</u>	<u>67.12</u>
	<u>\$ 183,028.82</u>	<u>\$ 159,706.92</u>	<u>\$ 23,321.90</u>

7. MUNICIPAL DEBT (Continued)

Green Trust Loans (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 the balance due as of December 31, 2017 is \$256,027.93:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 21,734.48	\$ 16,696.99	\$ 5,037.49
2019	21,734.48	17,032.60	4,701.88
2020	21,734.48	17,374.96	4,359.52
2021	21,734.48	17,724.20	4,010.28
2022	21,734.48	18,080.45	3,654.03
2023	21,734.48	18,443.86	3,290.62
2024	21,731.48	18,814.59	2,916.89
2025	21,734.48	19,192.76	2,541.72
2026	21,734.49	19,578.54	2,155.95
2027	21,734.49	19,972.07	1,762.42
2028	21,734.48	20,373.50	1,360.98
2029	21,734.49	20,783.02	951.47
2030	21,734.48	21,200.75	533.73
2031	10,867.24	10,759.64	107.60
	<u>\$ 293,412.51</u>	<u>\$ 256,027.93</u>	<u>\$ 37,384.58</u>

Bond Anticipation Notes

There were no Bond Anticipation Notes outstanding as of December 31, 2017.

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

General Capital Fund	<u>\$ 1,415,337.92</u>
Water Utility Eastern Service	<u>\$ 1,500,000.00</u>

8. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2017, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$	\$453,971.88
Federal and State Grant Funds	91,366.47	
General Trust Fund	266,685.40	
General Capital Fund	95,920.01	
Sewer Operating Utility - Eastern Service		514.72
Sewer Capital Utility - Eastern Service	514.72	
	<u>\$454,486.60</u>	<u>\$454,486.60</u>

9. 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 regulatory 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 resolutions of the Township Council.

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 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).

10. PENSION PLANS

Description of Systems

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

The amount of the Township's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments 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. Specific information on actuarial assumptions and rates of return can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

10. PENSION PLANS (Continued)

Description of Systems (Continued)

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

	PERS		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Covered Employee Payroll	\$ 7,012,281.00	\$ N/A	\$ 6,340,829.00
Total Payroll	17,339,968.80	17,689,190.65	15,266,006.28
Actuarial Contribution			
Requirements	931,846.00	819,439.00	759,246.00
Total Contributions	1,446,367.81	N/A	1,214,049.24
Employer Share	931,846.00	819,439.00	759,246.00
% of Covered Payroll	13.29%	N/A	11.97%
Employee's Share	514,521.81	N/A	454,803.24
% of Covered Payroll	7.34%	N/A	7.17%
	PFRS		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Covered Employee Payroll	\$ 7,402,455.00	\$ N/A	\$ 6,424,271.00
Total Payroll	17,339,968.80	17,689,190.65	15,266,006.28
Actuarial Contribution			
Requirements	1,926,349.00	1,616,307.00	1,686,725.00
Total Contributions	2,669,204.17	N/A	2,333,476.54
Employer Share	1,926,349.00	1,616,307.00	1,686,725.00
% of Covered Payroll	26.02%	N/A	26.26%
Employee's Share	742,885.17	N/A	646,751.54
% of Covered Payroll	10.04%	N/A	10.07%

N/A - Not Available

Assumptions

The total PERS and PFRS pension liability for June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 using an actuarial experience study for the period July 1, 2011 to June 30, 2014. The pension liability was rolled forward to June 30, 2017. The actuarial valuation used an inflation rate of 2.25%, projected salary increases through 2026 of 1.65% to 4.15% for PERS and 2.10% to 8.98% for PFRS based on age and thereafter 2.65% to 5.15% for PERS and 3.10% to 9.98% for PFRS based on age and an investment rate of return of 7.00%.

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

10. PENSION PLANS (Continued)

Description of Systems (Continued)

Assumptions (Continued)

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

The discount rate used to measure the total pension liability was 5.00% for PERS and 6.14% for PFRS as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040 for PERS and 2057 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 for PERS and 2057 for PFRS and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. More information on mortality rates and other assumptions, and investment policies, can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Public Employees' Retirement System:

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state of local jurisdiction.

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent of each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.

10. PENSION PLANS (Continued)

Public Employees' Retirement System: (Continued)

Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by law.

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the Township's proportionate share of the Collective PERS net pension liability calculated using the discount rate of 5.00% and 3.98% as of June 30, 2017 and 2016, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the Township's Proportionate Share of the Collective PERS
Net Pension Liability to Changes in the Discount Rate**

	At 1% Decrease <u>(4.00%)</u>	At Current Discount Rate <u>(5.00%)</u>	At 1% Increase <u>(6.00%)</u>
2017	<u>\$29,048,417</u>	<u>\$ 23,415,419</u>	<u>\$ 18,722,434</u>
	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
2016	<u>\$33,475,726</u>	<u>\$ 27,318,576</u>	<u>\$ 22,235,315</u>

Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police and firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

10. PENSION PLANS (Continued)

Police and Firemen's Retirement System: (Continued)

This new legislation's provisions impacting employee pension and health benefits include:

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

The following presents the Township's proportionate share of the Collective PFRS net pension liability calculated using the discount rate of 6.14% and 5.55% as of June 30, 2017 and 2016, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate of one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the Township's Proportionate Share of the Collective PFRS
Net Pension Liability to Changes in the Discount Rate**

	At 1% Decrease <u>(5.14%)</u>	At Current Discount Rate <u>(6.14%)</u>	At 1% Increase <u>(7.14%)</u>
2017	<u>\$ 45,469,781</u>	<u>\$ 33,602,807</u>	<u>\$ 23,852,739</u>
	At 1% Decrease <u>(4.55%)</u>	At Current Discount Rate <u>(5.55%)</u>	At 1% Increase <u>(6.55%)</u>
2016	<u>\$ 49,748,830</u>	<u>\$ 37,868,344</u>	<u>\$ 28,180,522</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2017 and 2016 are based on the ratio of each employer's contributions total employer contributions of the group for the fiscal years ended June 30, 2017 and 2016, respectively.

10. PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Following is the total of the Township's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2017.

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$ 23,415,419	\$ 33,602,807
Deferred Outflow of Resources	8,165,183	7,950,716
Deferred Inflow of Resources	4,912,605	6,533,926
Pension Expense	1,502,514	1,725,023
Contributions Made After Measurement Date	931,846	1,926,349

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2017 and 2016. The Township's proportionate share of the collective net pension liability as of June 30, 2017 and 2016 was 0.1005886052% and 0.0922391011% for PERS 0.2176620140% and 0.1910751180% for PFRS, respectively.

It is important to note that New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements.

At June 30, 2017, the amount determined as the Township's proportionate share of the PERS net pension liability was \$23,415,419. For the year ended June 30, 2017, the Township would have recognized PERS pension expense of \$1,502,514. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 551,352	\$
Change of Assumptions	4,717,400	4,700,105
Net Change in Proportions	2,736,988	212,500
Net Difference Between Projected and Actual Investment Earnings	159,443	
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>931,846</u>	
	<u>\$ 9,097,029</u>	<u>\$ 4,912,605</u>

10. PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

At June 30, 2017, the amount determined as the Township's proportionate share of the PFRS net pension liability was \$33,602,807. For the year ended June 30, 2017, the Township would have recognized PFRS pension expense of \$1,725,023. At June 30, 2017, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 217,995	\$ 197,221
Change of Assumptions	4,143,600	5,503,157
Net Difference Between Projected and Actual Investment Earnings	641,220	
Net Change in Proportions	2,947,901	833,548
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>1,926,349</u>	
	<u>\$ 9,877,065</u>	<u>\$ 6,533,926</u>

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 that 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 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 or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

	<u>2017</u>	<u>2016</u>
Employer Net Pension Liability	\$ 33,602,807.00	\$ 37,868,344.00
Non-employer Proportionate Share of the Net Pension Liability	<u>3,763,797.00</u>	<u>3,180,002.00</u>
	<u>\$ 37,366,604.00</u>	<u>\$ 41,048,346.00</u>

10. PENSION PLANS (Continued)

Long-Term Expected Rate of Return

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

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

Contributions Required and Made

Contributions made by employees for PERS were 7.20% for January 1, 2017 - June 30, 2017 and 7.34% for July 1, 2017 - December 31, 2017 and PFRS is currently 10.0% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions.

Employee contribution rates for PERS employees will be increased from 6.5% to 7.5% to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Township</u>	<u>Employees*</u>	<u>Township</u>	<u>Employees*</u>
CY 2015	\$ 687,992.00	\$ 568,680.37	\$ 1,625,076.00	\$ 842,973.10
CY 2016	807,722.00	641,661.18	1,773,511.00	944,439.22
CY 2017	854,200.00	656,816.00	1,703,937.00	930,555.43

*Includes loan repayments.

The Township of Manchester, in accordance with the provisions of Public Law 2009, c. 19 (S21), elected by resolution of the governing body to defer the 50% of their fiscal year 2010 normal and accrued pension liability for the PERS and PFRS pension retirement system obligation in the amount of \$501,345.00. This deferred pension liability will be repaid over a 15 year period and started in April 2012.

11. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the municipal base salary required for eligibility in the DCRP was increased to \$5,000.00.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PERS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

During the year 2017, there were two (2) officials or employees enrolled in the DCRP.

12. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS' BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the Township had no deferred charges.

13. 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.

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.

14. 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, N.J.S.A., 52:270-301 et seq. the regulations of the Council on Affordable Housing, N.J.A.C. 5:94 et seq. and N.J.A.C. 5:95 et seq. and the Uniform Housing Affordability Controls, N.J.A.C. 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, 2017, the Township abated property taxes totaling \$115,322.41 under this program.

<u>Date</u>	<u>Recipient</u>	<u>Purpose</u>	<u>Amount Abated</u>
April 18, 1998	Beckerville B79 L31	Affordable Housing	\$ 94,905.00
February 13, 2012	ARC B99.112 L8	Affordable Housing	6,733.13
August 17, 2011	SERV B411 L22.01	Affordable Housing	7,605.23
April 9, 2012	SERV B99.86 L8	Affordable Housing	<u>6,079.05</u>
			<u>\$ 115,322.41</u>

15. CONTINGENT LIABILITIES

a. Compensated Absences

The Township of Manchester 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 \$1,408,516.00 would be payable to the employees of the Township of Manchester as of December 31, 2017. 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 \$270,876.41 reserved as of December 31, 2017.

b. Tax Appeals

As of December 31, 2017, there were several tax appeals pending before the New Jersey Tax Court. Potential liability was undeterminable.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Township to a liability for statutory interest in the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

15. CONTINGENT LIABILITIES (Continued)

c. Federal and State Awards

The Township participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2017 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

d. Arbitrage Rebate Calculation

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "rebate arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

e. Payments in Lieu of Taxes (PILOT)

Under N.J.S.A. 40A:20-12, each municipality is required to annually remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

f. Litigation

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that would have a material financial impact on the Township.

16. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

17. SUBSEQUENT EVENT

The Township of Manchester has evaluated subsequent events that occurred after the balance sheet date, but before August 24, 2018 and has determined that there are no items that need to be disclosed.

TOWNSHIP OF MANCHESTER
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS
COLLECTOR AND TREASURER

A-4

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>	
Balance December 31, 2016	A	\$ 9,970,590.97		\$
Increased by Receipts:				
Nonbudget Revenue	A-2c	\$ 1,203,040.93		\$
Tax Collector	A-5	83,526,121.31		
Change Fund Returned	A-6	900.00		
Interfunds Receivable	A-10	1,138,089.59		
Revenue Accounts Receivable	A-12	8,929,190.71		
Federal and State Grants Receivable	A-14		663,072.59	
Interfunds Payable	A-17	10,938,901.61		
Due from State of New Jersey: (Ch. 129, P.L. 1976)	A-18	1,590,200.49		
Due to State of New Jersey:				
DCA Surcharge	A-19	66,646.00		
Marriage Licenses	A-19	6,058.00		
Matching Funds for State and Federal Grants	A-27		446,567.00	
Unappropriated Federal and State Funds	A-28		28,450.00	
		107,399,148.64		1,138,089.59
		117,369,739.61		1,138,089.59
Decreased by Disbursements:				
Prior Year Refunds	A-1	54,067.60		
Budget Appropriations	A-3	28,912,687.85		
Matching Funds for State and Federal Grants	A-3	446,567.00		
Change Fund Established	A-6	900.00		
Open Space Municipal Tax	A-7	325,421.00		
Interfunds Receivable	A-10	1,081,492.16		
Interfunds Payable	A-15		45,027.08	
Appropriation Reserves	A-16	706,120.37		
Interfunds Payable	A-17	10,938,901.61		
Due to State of New Jersey:				
DCA Surcharge	A-19	63,414.00		
Marriage Licenses	A-19	3,550.00		
Tax Overpayments	A-20	274,627.88		
Accounts Payable	A-21	193,648.98		
County Tax Payable	A-22	15,868,290.32		
Local School District Taxes Payable	A-23	46,178,349.15		
Interfund Payables	A-26		11,570.35	
Reserve for Federal and State Grants	A-27		1,081,492.16	
		105,048,037.92		1,138,089.59
Balance December 31, 2017	A	\$ 12,321,701.69		\$ -

TOWNSHIP OF MANCHESTER
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS
TAX COLLECTOR

A-5

	<u>Ref.</u>		
Increased by Receipts:			
Interest and Costs on Taxes	A-2	\$ 197,571.67	
Taxes Receivable	A-7	81,694,274.19	
Tax Title Liens	A-8	69,256.48	
Labor Liens	A-8	2,818.35	
Prior Year Senior Citizens/Veterans - Net	A-18	65,706.32	
Tax Overpayments	A-20	28,856.51	
Prepaid Taxes	A-25	<u>1,467,637.79</u>	
			\$83,526,121.31
Decreased by Disbursements:			
Turnover to Treasurer	A-4		<u>83,526,121.31</u>
			<u>\$ -</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

CHANGE FUND - COLLECTOR

A-6

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Collector	<u>\$ 1,025.00</u>	<u>\$900.00</u>	<u>\$900.00</u>	<u>\$ 1,025.00</u>
<u>Reference</u>	<u>A</u>	<u>A-4</u>	<u>A-4</u>	<u>A</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

A-Z

<u>Year</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Levy</u>	<u>Added Taxes</u>	<u>Prepaid Taxes Applied</u>	<u>Collected</u>	<u>Due from State of New Jersey</u>	<u>Transferred to Tax Title Liens</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2017</u>
Bankruptcy Taxes									
TY 2012	\$ 10,592.84		\$ 318.66	\$	\$ 7,444.76	\$	\$	\$	\$ 3,466.84
CY 2013	2,056.17				2,056.17				6.95
CY 2014	4,224.64				4,217.69			1,374.46	(31.52)
CY 2015	4,620.17				4,651.69			23,520.66	1,703.28
CY 2015	13,197.41		80.00		10,119.67		9,014.28	24,895.12	7,549.74
CY 2015	914,125.33		398.66		874,120.65		89,660.44	251,317.46	12,695.29
CY 2017	948,816.66	84,177,129.95		591,503.28	902,610.63	1,684,223.95			768,657.39
	\$ 948,816.66	\$ 84,177,129.95	\$ 398.66	\$ 591,503.28	\$ 81,694,378.06	\$ 1,684,223.95	\$ 98,674.72	\$ 276,212.58	\$ 781,352.68
Reference	A	Below	Reserve	A-2a,25	A-2a Below	A-2a,18	A-8	Reserve	A

Ref.

Cash Receipt Overpayments Applied	A-5	\$ 81,694,274.19
	A-20	103.87
	Above	\$ 81,694,378.06

ANALYSIS OF YEAR 2017 TAX LEVY

<u>Year</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Levy</u>	<u>Added Taxes</u>	<u>Prepaid Taxes Applied</u>	<u>Collected</u>	<u>Due from State of New Jersey</u>	<u>Transferred to Tax Title Liens</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2017</u>
Bankruptcy Taxes									
TY 2012	\$ 10,592.84		\$ 318.66	\$	\$ 7,444.76	\$	\$	\$	\$ 3,466.84
CY 2013	2,056.17				2,056.17				6.95
CY 2014	4,224.64				4,217.69			1,374.46	(31.52)
CY 2015	4,620.17				4,651.69			23,520.66	1,703.28
CY 2015	13,197.41		80.00		10,119.67		9,014.28	24,895.12	7,549.74
CY 2015	914,125.33		398.66		874,120.65		89,660.44	251,317.46	12,695.29
CY 2017	948,816.66	84,177,129.95		591,503.28	902,610.63	1,684,223.95			768,657.39
	\$ 948,816.66	\$ 84,177,129.95	\$ 398.66	\$ 591,503.28	\$ 81,694,378.06	\$ 1,684,223.95	\$ 98,674.72	\$ 276,212.58	\$ 781,352.68
Reference	A	Below	Reserve	A-2a,25	A-2a Below	A-2a,18	A-8	Reserve	A

Ref.

Tax Yield
General Property Tax
Added and Omitted

\$ 83,470,621.07
706,508.88

Ref.

Tax Levy
County Taxes:
CY 2017
Added and Omitted
Taxes

\$ 15,793,706.36
133,588.16

\$ 15,927,294.52
46,178,349.00

A-22
A-23

Local School District
Tax

325,421.00

A-2a,4

Municipal Open Space
Taxes

21,169,901.45
576,163.98

A-2

Local Tax for Municipal
Purposes
Tax Adjustment

21,746,065.43

Above

\$ 84,177,129.95

TOWNSHIP OF MANCHESTER
CURRENT FUND

MUNICIPAL LIENS

A-8

	<u>Ref.</u>		
Balance December 31, 2016	A		\$ 323,983.52
Increased by:			
Transferred from Taxes Receivable	A-7	\$98,674.72	
Interest and Cost - 2017 Tax Sale	Reserve	5,452.15	
Added Liens	Reserve	18,846.51	
Billings	Reserve	<u>67.02</u>	
			<u>123,040.40</u>
			447,023.92
Decreased by:			
Cancelled	Reserve		
Cash Receipts - Tax Title Liens	A-2a,5	69,256.48	
Cash Receipts - Labor Liens	A-2c,5	2,818.35	
Transfer to Foreclosed Property	A-9	<u>19,612.99</u>	
			<u>91,687.82</u>
Balance December 31, 2017	A, Below		<u>\$ 355,336.10</u>
<u>Analysis of Balance</u>			
Tax Title Liens			\$ 354,649.43
Labor Liens			<u>686.67</u>
	Above		<u>\$ 355,336.10</u>

PROPERTY ACQUIRED FOR TAXES
AT ASSESSED VALUATIONS

A-9

	<u>Ref.</u>		
Balance December 31, 2016	A		\$9,762,200.00
Increased by:			
Transfer from Municipal Liens	A-8		<u>19,612.99</u>
Balance December 31, 2017	A		<u>\$9,781,812.99</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

INTERFUNDS RECEIVABLE

A-10

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increase</u>	<u>Decrease</u>
Federal and State Grant Fund	<u>\$ 11,570.35</u>	<u>\$ 1,126,519.24</u>	<u>\$ 1,138,089.59</u>
<u>Reference</u>	<u>A</u>	<u>Below</u>	<u>A-4</u>
	<u>Ref.</u>		
Cash Disbursed	A-4	\$ 1,081,492.16	
Transfer to Interfunds Payable	A-17	<u>45,027.08</u>	
	Above	<u>\$ 1,126,519.24</u>	
		<u>Ref.</u>	
<u>Analysis of Net Credit to Fund Balance</u>			
Balance December 31, 2016		Above	\$ 11,570.35
Balance December 31, 2017		Above	<u>-</u>
Net Credit to Operations		A-1	<u>\$ 11,570.35</u>

PREPAID SCHOOL TAX

A-11

	<u>Ref.</u>		
Increased by:			
Transfer from Local School District Taxes Payable	A-23		<u>\$ 0.15</u>
Balance December 31, 2017	A		<u>\$ 0.15</u>
<u>Analysis of Net Debit to Fund Balance</u>			
Balance December 31, 2016	Above		\$ 11,570.35
Balance December 31, 2017	Above		<u>-</u>
Net Debit to Operations	A-1		<u>\$ 11,570.35</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE

A-12

		<u>Balance</u>			<u>Balance</u>
<u>Ref.</u>		<u>Dec. 31, 2016</u>	<u>Accrued</u>	<u>Collected</u>	<u>Dec. 31, 2017</u>
<u>Budget Revenue</u>					
Township Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 30,000.00	\$ 30,000.00	\$
Other Licenses	A-2b		15,008.00	15,008.00	
Other Fees and Permits	A-2b		268,158.50	268,158.50	
Health Officer:					
Other Licenses	A-2b		1,950.00	1,950.00	
Other Fees and Permits:					
Tax Collector	A-2b		168.65	168.65	
Zoning Board	A-2b		36,450.00	36,450.00	
Registrar of Vital Statistics	A-2b		56,587.00	56,587.00	
Building Inspector	A-2b		116,121.00	116,121.00	
Recreation Department	A-2b		86,275.00	86,275.00	
Land Use	A-2b		4,450.00	4,450.00	
Housing	A-2b		67,800.00	67,800.00	
Code Enforcement	A-2b		501,750.00	501,750.00	
Engineering	A-2b		44,349.00	44,349.00	
Police Department	A-2b		22,651.85	22,651.85	
Beach Badges	A-2b		57,440.00	57,440.00	
Municipal Court:					
Fines and Costs	A-2	28,979.26	411,709.45	414,985.53	25,703.18
Interest on Investments	A-2		69,165.43	69,165.43	
Uniform Construction Fees	A-2		1,395,818.00	1,395,818.00	
Host Community Fees	A-2		1,077,512.11	1,077,512.11	
Cable TV Franchise Fees	A-2		199,114.16	199,114.16	
Ocean County Recycling Revenue	A-2		31,527.27	31,527.27	
Hotel Tax	A-2		27,412.53	27,412.53	
Open Space Share of Debt	A-2		366,763.00	366,763.00	
Reimbursement for In-Kind Services	A-2		725,636.00	725,636.00	
Senior Citizens' and Veterans' Post Year Statement	A-2		32,165.14	32,165.14	
Tower Rental	A-2		30,084.00	30,084.00	
PILOT - Garden State Trust	A-2		159,227.00	159,227.00	
State Aid:					
Consolidated Municipal Property Tax Relief Act	A-2		19,781.00	19,781.00	
Uniform Fire Safety Act	A-2		32,433.39	32,433.39	
Energy Receipts Tax	A-2		3,038,459.00	3,038,459.00	
		<u>\$ 28,979.26</u>	<u>\$ 8,925,966.48</u>	<u>\$ 8,929,242.56</u>	<u>\$ 25,703.18</u>

Reference

A

Reserve

Below

A

Ref.

Cash Receipt
Interfunds Receivable

A-4
A-17

\$ 8,929,190.71
51.85

Above

\$ 8,929,242.56

TOWNSHIP OF MANCHESTER
CURRENT FUND

DEFERRED CHARGES

A-13

	<u>Ref.</u>	
Balance December 31, 2016	A	\$155,747.03
Decreased by:		
CY 2017 Budget Appropriation	A-3	<u>155,747.03</u>
		<u>\$ -</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

FEDERAL AND STATE GRANT RECEIVABLES

A-14

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>2017</u> <u>Awards</u>	<u>Collected</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Senior Outreach Grant	\$	\$ 135,100.00	\$135,100.00	\$	\$
Senior Outreach Grant		5,000.00	5,000.00		
NJ DOT - Wilbur Avenue		250,000.00	151,884.85		98,115.15
Drunk Driving Enforcement Grant		8,360.00	8,360.00		
NJ DOT - Green Acres Road		235,000.00			235,000.00
Bulletproof Vest Program	5,471.81	6,538.00	6,538.00		5,471.81
FEMA Hazard Mitigation	516,337.00				516,337.00
COPS in Shops		1,600.00	1,600.00		
NJ DOT - Broadway Boulevard - Phase II		325,000.00	216,159.85		108,840.15
Municipal Drug Alliance	12,989.92	26,270.00	25,896.37		13,363.55
Distracted Driver Grant		5,500.00	5,500.00		
Bulletproof Vest Program - USDOT	7,005.00	6,124.16	6,124.16		7,005.00
Clean Communities Grant		107,499.36	107,499.36		
Drive Sober or Get Pulled Over		10,570.00	10,570.00		
DOT Broadway	109,884.83				109,884.83
Child Passenger Safety Education Grant		1,600.00	1,600.00		
EOC Renovation Grant:					
SFY 2001	18,843.39			18,843.39	
SFY 2002	27,496.00			27,496.00	
	<u>\$698,027.95</u>	<u>\$1,124,161.52</u>	<u>\$681,832.59</u>	<u>\$46,339.39</u>	<u>\$1,094,017.49</u>

<u>Reference</u>	<u>A</u>	<u>A-2</u>	<u>Below</u>	<u>A-17</u>	<u>A</u>
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	<u>Ref.</u>		
Cash Received	A-4	\$663,072.59	
Unappropriated Reserves Applied	A-28	<u>18,760.00</u>	
	Above	<u>\$681,832.59</u>	

TOWNSHIP OF MANCHESTER
CURRENT FUND

FEDERAL AND STATE GRANT FUND
INTERFUND RECEIVABLE

A-15

Current
Fund

Ref.

Increased by:

 Federal and State Grants

 Cancelled

 Cash Disbursed

A-1

\$46,339.39

A-4

45,027.08

Balance December 31, 2017

A

\$91,366.47

TOWNSHIP OF MANCHESTER
CURRENT FUND

CY 2016 APPROPRIATION RESERVES

A-16
Sheet #1

<u>Appropriation</u>	<u>Encumbered</u>	<u>Balance Dec. 31, 2016</u>	<u>Unencumbered</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>Office of the Mayor</u>						
<u>Office of the Mayor:</u>						
Salaries and Wages	\$	25.00	\$ 1,547.26	\$ 1,547.26	\$	\$ 1,547.26
Other Expenses			3,920.00	3,945.00	25.00	3,920.00
<u>Veteran's Advisory Committee:</u>						
Other Expenses	1,585.95		29.05	1,615.00	1,585.95	29.05
<u>Office of the Clerk:</u>						
Salaries and Wages			4,270.01	4,270.01	2,000.00	2,270.01
Other Expenses	6,116.61		377.94	6,494.55	6,393.92	100.63
<u>Environmental Commission:</u>						
Other Expenses			100.00	100.00		100.00
<u>Zoning Board of Adjustments:</u>						
Other Expenses	89.00		4,234.01	4,323.01		4,323.01
<u>Municipal Audit:</u>						
Other Expenses	7,816.56		50,000.00	50,000.00	50,000.00	12,289.96
			<u>64,478.27</u>	<u>72,294.83</u>	<u>60,004.87</u>	<u>12,289.96</u>
<u>Department of Administration</u>						
<u>Office of the Tax Assessor:</u>						
Salaries and Wages			10,449.41	10,449.41	5,000.00	5,449.41
Other Expenses	7,590.39		1,891.01	9,481.40	6,858.89	2,622.51
<u>Division of Data Processing:</u>						
Salaries and Wages			31,973.43	31,973.43	15,000.00	16,973.43
Other Expenses	31,397.57		4,709.80	36,107.37	31,633.17	4,474.20
<u>Division of Administration, Purchasing and Personnel:</u>						
Salaries and Wages			8,266.39	8,266.39		8,266.39
Other Expenses	32,061.91		4,104.41	36,166.32	27,971.86	8,194.46
<u>Division of Recreation:</u>						
Salaries and Wages			14,081.57	14,081.57	10,000.00	4,081.57
Other Expenses	2,394.16		34,282.32	36,676.48	590.32	36,086.16
	<u>73,444.03</u>		<u>109,758.34</u>	<u>183,202.37</u>	<u>97,054.24</u>	<u>86,148.13</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

CY 2016 APPROPRIATION RESERVES

A-16
Sheet #2

Appropriation	Balance Dec. 31, 2016		Balance After Transfers	Paid or Charged	Balance Lapsed
	Encumbered	Unencumbered			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>Department of Finance</u>					
Financial Administration:					
Salaries and Wages	\$ 1,832.05	\$ 11,681.20	\$ 11,681.20	\$ 5,000.00	\$ 6,681.20
Other Expenses		4,181.69	6,013.74	2,782.30	3,231.44
Revenue Collection:					
Salaries and Wages	4,002.02	6,212.23	6,212.23		6,212.23
Other Expenses	5,834.07	7,429.12	11,431.14	4,002.02	7,429.12
		29,504.24	35,338.31	11,784.32	23,553.99
<u>Department of Law</u>					
Municipal Prosecutor:					
Other Expenses		6,562.75	6,562.75	3,333.00	3,229.75
Closing Costs for Foreclosed Properties:					
Other Expenses		3,702.66	3,702.66		3,702.66
Township Attorney:					
Other Expenses	1,540.00	5,479.24	7,019.24	6,907.58	111.66
	1,540.00	15,744.65	17,284.65	10,240.58	7,044.07
<u>Department of Public Works</u>					
Division of Administration and Streets:					
Salaries and Wages		19,144.47	19,144.47	11,000.00	8,144.47
Other Expenses	86,419.08	381.05	86,800.13	76,358.72	10,441.41
Division of Sanitation and Recycling:					
Salaries and Wages		9,167.98	9,167.98	5,000.00	4,167.98
Other Expenses	84,008.35	1,425.90	85,434.25	83,258.35	2,175.90
Division of Building and Grounds:					
Other Expenses	12,057.17	23,360.75	35,417.92	10,224.46	25,193.46
Division of Central Maintenance:					
Salaries and Wages		18,930.77	18,930.77	8,000.00	10,930.77
Other Expenses	45,951.25	992.30	46,943.55	32,925.88	14,017.67
Division of Lakes, Parks and Playgrounds:					
Salaries and Wages		18,120.80	18,120.80	9,000.00	9,120.80
Other Expenses	1,531.04	93.99	1,625.03	1,441.00	184.03
	229,966.89	91,618.01	321,584.90	237,208.41	84,376.49

TOWNSHIP OF MANCHESTER
CURRENT FUND

CY 2016 APPROPRIATION RESERVES

A-16
Sheet #3

<u>Appropriation</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>		
	<u>\$ 24,000.00</u>	<u>\$ 15,416.39</u>	<u>\$ 33,054.48</u>	<u>\$ 6,361.91</u>
 <u>APPROPRIATIONS WITHIN "CAPS"</u>				
<u>Department of Engineering</u>				
Engineering:				
Other Expenses	167,369.44	122,217.84	120,000.00	2,217.84
		3,128.21	162,462.42	8,035.23
<u>Department of Public Safety</u>				
Police:				
Salaries and Wages		3,460.68	2,000.00	1,460.68
Other Expenses	1,766.06	21,170.49	2,848.06	20,088.49
Animal Control:				
Salaries and Wages		552.38		552.38
Other Expenses	1,461.56	2,430.37	1,461.56	2,430.37
Division of Emergency Management:	<u>170,597.06</u>	<u>152,959.97</u>	<u>288,772.04</u>	<u>34,784.99</u>
Salaries and Wages		552.38		552.38
Other Expenses		2,430.37	1,461.56	2,430.37
		<u>323,557.03</u>		<u>34,784.99</u>
<u>Department of Land Use and Planning</u>				
Division of Zoning and Planning:				
Salaries and Wages		1,873.10		1,873.10
Other Expenses	1,248.75	6,965.79	974.60	7,239.94
Uniform Fire Safety:				
Other Expenses	<u>1,248.75</u>	<u>10,038.89</u>	<u>974.60</u>	<u>1,200.00</u>
		<u>11,287.64</u>		<u>10,313.04</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

CY 2016 APPROPRIATION RESERVES

A-16
Sheet #4

<u>Appropriation</u>	<u>Balance</u> Dec. 31, 2016	<u>Balance</u> After <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>APPROPRIATIONS WITHIN "CAPS"</u>				
<u>Other</u>				
Municipal Court:				
Salaries and Wages	\$ 713.86	\$ 5,783.50	\$ 3,000.00	\$ 2,783.50
Other Expenses		4,656.70	107.96	5,262.60
Insurance:				
General Liability		61,541.37	21,874.56	39,666.81
Workers' Compensation				
Employee Group Health	8,798.24	666,107.72	10,886.14	664,019.82
Employee Opt-Out Payments		349,331.39		349,331.39
Hepatitis Inoculation Program:				
Other Expenses	360.00	1,000.00	240.00	1,120.00
Hearing Testing:				
Other Expenses	2,400.00	2,501.00	2,400.00	2,501.00
OSHA Requirement - Respirator Testing:				
Other Expenses	<u>12,272.10</u>	<u>5,000.00</u>	<u>38,508.66</u>	<u>5,000.00</u>
		<u>1,095,921.68</u>		<u>1,069,685.12</u>
<u>Uniform Construction Code</u>				
Uniform Construction Code:				
Salaries and Wages		12,680.27	5,000.00	7,680.27
Other Expenses	6,924.67	34,646.46	4,005.67	37,565.46
	<u>6,924.67</u>	<u>47,326.73</u>	<u>9,005.67</u>	<u>45,245.73</u>
<u>Unclassified</u>				
Utilities:				
Gasoline	13,353.99	155,284.45	48,011.11	120,627.33
Electricity	54.70	13,088.77	11,546.79	1,596.68
Telephone and Telegraph	10,708.97	3,540.64	11,491.93	2,757.68
Natural Gas		20,523.79	3,462.67	17,061.12
Heating Oil		12,000.00		12,000.00
Street Lighting		44,464.79		44,464.79
Accumulated Leave Compensation		25,000.00	25,000.00	
Reserve for Snow Removal		20,000.00	20,000.00	
Condominium Service Act	<u>24,117.66</u>	<u>97,528.72</u>	<u>119,512.50</u>	<u>97,528.72</u>
		<u>391,431.16</u>		<u>296,036.32</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

INTERFUNDS PAYABLE

A-17

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
General Capital Fund	\$	\$ 95,920.01		\$ 95,920.01
General Trust Fund	66,737.25	233,000.00	33,051.85	266,685.40
Federal and State Grant Fund		91,366.47		91,366.47
Water Eastern Operating Fund		2,563,407.80	2,563,407.80	
Sewer Western Operating Fund		2,283,752.42	2,283,752.42	
Sewer Eastern Operating Fund		3,928,138.25	3,928,138.25	
Water Western Operating Fund		2,130,603.14	2,130,603.14	
	<u>\$ 66,737.25</u>	<u>\$11,326,188.09</u>	<u>\$10,938,953.46</u>	<u>\$453,971.88</u>

Reference

A

Below

Below, A-4

A

Ref.

Budget Appropriations	A-3	\$ 95,920.01	\$	
Cash Receipts	A-4	10,938,901.61		
Cash Disbursements	A-4		10,938,901.61	
Transfer from Interfunds Receivable	A-10	45,027.08		
Revenue Accounts Receivable	A-12		51.85	
Federal and State Grants Receivable	A-14	46,339.39		
2016 Appropriation Reserves	A-16	200,000.00		
	<u>Above</u>	<u>\$11,326,188.09</u>	<u>\$10,938,953.46</u>	

TOWNSHIP OF MANCHESTER
CURRENT FUND

DUE TO STATE OF NEW JERSEY
(CH. 129, P.L. 1976)

A-18

	<u>Ref.</u>		
Balance December 31, 2016	A		\$ 91,557.27
Increased by:			
State Audit Cancelled	A-1	\$ 18,056.55	
Cash Received - Current Year	A-4	1,590,200.49	
Prior Year Senior Citizens and Veterans Disallowed by Tax Collector	A-5	<u>81,899.77</u>	
			<u>1,690,156.81</u>
			1,781,714.08
Decreased by:			
Deductions per Tax Billings: Veterans/Senior Citizens		\$1,671,000.00	
Plus: Deductions Allowed by Tax Collector		<u>27,500.00</u>	
		1,698,500.00	
Less: Senior Citizens and Veterans - Disallowed by Tax Collector		<u>14,276.05</u>	
	A-7	1,684,223.95	
Prior Year Senior Citizens and Veterans Allowed by Tax Collector	A-5	<u>16,193.45</u>	
			<u>1,700,417.40</u>
Balance December 31, 2017	A		<u>\$ 81,296.68</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

DUE TO STATE OF NEW JERSEY

A-19

	<u>Ref.</u>	<u>DCA Surcharges</u>	<u>Marriage License Fees</u>
Balance December 31, 2016	A	\$ 14,912.00	\$ 1,059.00
Increased by:			
Collection of State Fees	A-4	66,646.00	6,058.00
		<u>81,558.00</u>	<u>7,117.00</u>
Decreased by:			
Cash Disbursed	A-4	63,414.00	3,550.00
Balance December 31, 2017	A	<u>\$ 18,144.00</u>	<u>\$ 3,567.00</u>

TAX OVERPAYMENTS

A-20

	<u>Ref.</u>		
Balance December 31, 2016	A		\$ 87,421.51
Increased by:			
Prior Year Tax Appeals	A-1	\$334,029.03	
Cash Receipts	A-5	28,856.51	
			<u>362,885.54</u>
			<u>450,307.05</u>
Decreased by:			
Cash Disbursed	A-4	274,627.88	
Applied to Taxes Receivable	A-7	103.87	
			<u>274,731.75</u>
Balance December 31, 2017	A		<u>\$175,575.30</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

ACCOUNTS PAYABLE

A-21

	<u>Ref.</u>	
Balance December 31, 2016	A	\$231,178.61
Decreased by:		
Cash Disbursed	A-4	<u>193,648.98</u>
Balance December 31, 2017	A	<u>\$ 37,529.63</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

COUNTY TAXES PAYABLE

A-22

	<u>Ref.</u>		
Balance December 31, 2016	A		\$ 74,583.96
Increased by:			
2017 Levy		\$15,793,706.36	
Added and Omitted Taxes		<u>133,588.16</u>	
	A-1,2a,7		<u>15,927,294.52</u>
			16,001,878.48
Decreased by:			
Payments to County	A-4		<u>15,868,290.32</u>
Balance December 31, 2017	A		<u>\$ 133,588.16</u>

LOCAL SCHOOL DISTRICT TAXES PAYABLE

A-23

	<u>Ref.</u>		
Increased by:			
2017 Levy	A-1,2a,7	\$46,178,349.00	
Prepaid School Tax	A-11	<u>0.15</u>	
			\$46,178,349.15
Decreased by:			
Payments	A-4		<u>46,178,349.15</u>
			<u>\$ -</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

RESERVE FOR TAX APPEALS

A-24

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 369,904.95
Increased by:		
Transferred from Appropriation Reserve	A-16	<u>20,000.00</u>
Balance December 31, 2017	A	<u>\$ 389,904.95</u>

PREPAID TAXES

A-25

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 591,503.28
Increased by:		
Collections	A-5	<u>1,467,637.79</u> 2,059,141.07
Decreased by:		
Applied to Taxes Receivable	A-7	<u>591,503.28</u>
Balance December 31, 2017	A	<u>\$1,467,637.79</u>

FEDERAL AND STATE GRANT FUND
INTERFUNDS PAYABLE

A-26

	<u>Ref.</u>	
Balance December 31, 2016	A	\$ 11,570.35
Decreased by:		
Payments	A-4	<u>11,570.35</u>
		<u>\$ -</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

RESERVE FOR FEDERAL AND STATE GRANTS - APPROPRIATED

A-27

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Transfer</u> <u>from</u> <u>2017</u>	<u>Expenditures</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
	<u>Reserved</u>	<u>Budget</u>		<u>Reserved</u>
Senior Outreach Program:				
State Grant - 15	\$ 70,301.54	\$	\$ 70,301.54	\$
State Grant - 16	50,476.37			50,476.37
State Grant - 17		580,100.00	453,766.91	126,333.09
Drunk Driving Enforcement Fund	29,795.21	8,360.00	10,107.32	28,047.89
Municipal Alliance Grant:				
CY 2015	11,347.07		11,347.07	
CY 2016	4,578.18		4,578.18	
CY 2017		32,837.00	9,129.12	23,707.88
Body Armor Grant	4,482.08	6,538.00	7,472.00	3,548.08
Bulletproof Vest Program	5,471.81		5,471.81	
Bulletproof Vest Program	7,005.00	6,124.16	5,736.19	7,392.97
966 OC Grant	8,393.00			8,393.00
Ocean County Ride	8,586.96			8,586.96
Child Passenger Safety Grant - 15	3,675.00		2,600.00	1,075.00
Child Passenger Safety Grant - 16	4,725.00	1,600.00		6,325.00
NJ Forest Services Community Forestry Program	5,000.00			5,000.00
Driving While Intoxicated	10,890.00		7,770.00	3,120.00
O.C. Senior Citizen and Disabled Resident Transportation	4,800.00			4,800.00
Clean Communities Grant:				
CY 2014	20,945.04		20,945.04	
CY 2015	30,558.08		30,558.08	
CY 2016	41,713.08		20,788.83	20,924.25
CY 2017		107,499.36		107,499.36
Click It or Ticket Grant	5,000.00		5,000.00	
FEMA Hazard Mitigation Grant	216,497.19		129,523.17	86,974.02
Department of Transportation:				
Broadway Boulevard Phase II	55,698.69	325,000.00	269,116.90	111,581.79
Wilbur Avenue		250,000.00		250,000.00
1st and 2nd Avenues	33,301.91			33,301.91
Colonial Drive North	399.51			399.51
Green Acres Road		235,000.00		235,000.00
Colonial Drive	351.19			351.19
First and Second Avenues	20,505.69			20,505.69
Distracted Driving Grant		5,500.00		5,500.00
COPS in Shops Grant	2,800.00	1,600.00	2,480.00	1,920.00
Drive Sober or Get Pulled Over	10,400.00	10,570.00	14,800.00	6,170.00
	<u>\$ 667,697.60</u>	<u>\$ 1,570,728.52</u>	<u>\$ 1,081,492.16</u>	<u>\$ 1,156,933.96</u>

<u>Reference</u>	<u>A</u>	<u>Below</u>	<u>A-4</u>	<u>A</u>
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Ref.

Transferred from 2017 Budget	A-3	\$ 1,124,161.52
Matching Funds	A-3,4	<u>446,567.00</u>
	Above	<u>\$ 1,570,728.52</u>

TOWNSHIP OF MANCHESTER
CURRENT FUND

RESERVE FOR FEDERAL AND STATE AID UNAPPROPRIATED

A-28

	<u>Ref.</u>	
Balance December 31, 2016	A	\$18,760.00
Increased by:		
Cash Received	A-4	<u>28,450.00</u> 47,210.00
Decreased by:		
Anticipated as Current Year Revenue	A-14	<u>18,760.00</u>
Balance December 31, 2017	A, Below	<u><u>\$28,450.00</u></u>

Analysis of Balance

COPS in Shops	\$ 6,650.00
Drive Sober or Get Pulled Over	4,600.00
Senior Outreach	10,000.00
Child Passenger Safety Grant	1,700.00
Distracted Driving Grant	<u>5,500.00</u>
	<u><u>\$28,450.00</u></u>

Reference

Above

TOWNSHIP OF MANCHESTER
TRUST FUND

B-1

CASH RECEIPTS AND DISBURSEMENTS - CHECKING ACCOUNTS

Ref.	Animal Control Trust Fund	Special Deposits/ Performance Bonds	Affordable Housing Trust Fund	Redemption Trust Fund	State Unemployment Compensation Insurance Trust Fund	Police Drug Enforcement Trust Account	Municipal Drug Alliance	Public Defender Trust Fund	Manchester Day Trust Fund	Open Space Trust Fund	Snow Removal Trust Fund	Accumulated Absences Trust Fund	Recreation Trust Fund	Construction Code Trust Account
B	\$ 32,328.34	\$ 1,799,085.26	\$ 211,322.89	\$ 1,168,320.15	\$ 220,899.87	\$ 96,940.55	\$ 12,336.64	\$ 26,150.32	\$ 2,165.71	\$ 1,176,021.89	\$	\$	\$ 20,022.48	\$ 37,109.64
B-3														
B-4														
B-5														
B-6														
B-7														
B-8														
B-9														
B-10														
B-11														
B-12														
B-13														
B-14														
B-15														
B-16														
B-17														
B-18														
B-19														
B-20														
B-21														
B	\$ 23,211.00	\$ 986,772.51	\$ 254,231.00	\$ 1,080,090.34	\$ 64,869.16	\$ 43,953.61	\$ 12,108.15	\$ 20,674.41	\$ 36,431.09	\$ 327,071.00	\$ 20,010.33	\$ 25,012.91	\$ 46,940.15	\$ 36,163.34
	\$ 55,539.34	\$ 2,785,857.77	\$ 465,553.56	\$ 2,248,400.48	\$ 285,769.03	\$ 80,894.16	\$ 24,444.79	\$ 46,824.73	\$ 38,596.80	\$ 1,506,284.85	\$ 20,010.33	\$ 25,012.91	\$ 66,962.64	\$ 73,272.98
B-3														
B-5														
B-6														
B-7														
B-8														
B-9														
B-10														
B-11														
B-12														
B-13														
B-14														
B-15														
B-16														
B-17														
B-18														
B-19														
B-20														
B	\$ 3,024.00	\$ 1,028,248.84	\$ 304,193.71	\$ 1,016,847.20	\$ 23,345.30	\$ 31,073.82	\$ 10,160.61	\$ 29,743.41	\$ 34,654.34	\$ 550,694.70	\$ 20,010.33	\$ 25,012.91	\$ 45,684.22	\$ 61,100.50
	\$ 2,500.00	\$ 1,784.91	\$ 304,193.71	\$ 1,016,847.20	\$ 23,345.30	\$ 31,073.82	\$ 10,180.61	\$ 29,743.41	\$ 34,654.34	\$ 550,694.70	\$ 20,010.33	\$ 25,012.91	\$ 45,684.22	\$ 61,100.50
	\$ 15,142.16	\$ 1,028,248.84	\$ 161,359.87	\$ 1,231,553.29	\$ 262,443.73	\$ 49,820.34	\$ 14,264.18	\$ 17,081.32	\$ 3,942.46	\$ 957,590.15	\$ 20,010.33	\$ 25,012.91	\$ 21,276.42	\$ 12,172.48
B	\$ 34,673.16	\$ 1,755,624.02	\$ 161,359.87	\$ 1,231,553.29	\$ 262,443.73	\$ 49,820.34	\$ 14,264.18	\$ 17,081.32	\$ 3,942.46	\$ 957,590.15	\$ 20,010.33	\$ 25,012.91	\$ 21,276.42	\$ 12,172.48

Increased by:

Decreased by:

TOWNSHIP OF MANCHESTER
TRUST FUND

B-2

COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

<u>Grant Number</u>	<u>Project Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2017</u>
CT-1519-15	Parks and Recreation Improvements	\$ 33,000.00	\$	\$ 33,000.00	\$
CT-1519-17	Sidewalks, Curbs and Handicapped Improvements - Summit Park Community	<u>32,000.00</u>	<u>32,000.00</u>	<u>33,000.00</u>	<u>32,000.00</u>
		<u>\$ 33,000.00</u>	<u>\$ 32,000.00</u>	<u>\$ 33,000.00</u>	<u>\$ 32,000.00</u>

Reference

B

B-17

B-7

B

TOWNSHIP OF MANCHESTER
TRUST FUND

ANIMAL CONTROL TRUST FUND
DUE TO STATE OF NEW JERSEY

B-3

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>
Balance December 31, 2016	B	\$ 130.20
Increased by:		
State of New Jersey Fees	B-1	3,017.40
		<u>3,147.60</u>
Decreased by:		
Payments to State of New Jersey	B-1	3,024.00
		<u>3,024.00</u>
Balance December 31, 2017	B	<u>\$ 123.60</u>

ANIMAL CONTROL TRUST FUND
PREPAID DOG LICENSES

B-4

	<u>Ref.</u>	
Balance December 31, 2016	B	\$20,070.10
Increased by:		
Prepaid Collections	B-1	16,200.60
		<u>36,270.70</u>
Decreased by:		
Prepaid Licenses Applied	B-6	9,872.30
		<u>9,872.30</u>
Balance December 31, 2017	B	<u>\$26,398.40</u>

TOWNSHIP OF MANCHESTER
TRUST FUND

ANIMAL CONTROL TRUST FUND
DUE TO CURRENT FUND

B-5

	<u>Ref.</u>	
Increased by:		
Cash Receipt	B-1	\$ 2,500.00
Decreased by:		
Cash Disbursed	B-1	<u>2,500.00</u>
		<u>\$ -</u>

ANIMAL CONTROL TRUST FUND
RESERVE FOR ANIMAL CONTROL EXPENDITURES

B-6

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 12,128.04
Increased by:		
Dog License Fees	B-1	\$ 1,093.00
Late Fees	B-1	400.00
Prepaid Licenses Applied	B-4	<u>9,872.30</u>
		<u>11,365.30</u>
		23,493.34
Decreased by:		
Expenditures Under N.J.S. 40A:4-39	B-1	<u>15,142.16</u>
Balance December 31, 2017	B	<u>\$ 8,351.18</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
CY 2016	\$ 13,651.90
CY 2015	<u>10,042.60</u>
Maximum Balance	<u>\$ 23,694.50</u>

TOWNSHIP OF MANCHESTER
TRUST FUND

GENERAL TRUST FUND
DUE (TO)/FROM CURRENT FUND

B-7

	<u>Ref.</u>		
Balance December 31, 2016	B		\$ 66,737.25
Increased by:			
Cash Disbursed	B-1	\$ 1,784.91	
CDBG Cash Receipt in Current Fund	B-2	32,000.00	
Retirement Pay Transferred from 2016			
Appropriations	B-18	<u>200,000.00</u>	
			<u>233,784.91</u>
			300,522.16
Decreased by:			
Cash Receipts	B-1	1,836.76	
CDBG Expenditures Disbursed in			
Current Fund	B-17	<u>32,000.00</u>	
			<u>33,836.76</u>
Balance December 31, 2017	B		<u>\$ 266,685.40</u>

RESERVE FOR MANCHESTER DAY TRUST FUND

B-8

	<u>Ref.</u>		
Balance December 31, 2016	B		\$ 2,165.71
Increased by:			
Collections	B-1		<u>36,431.09</u>
			38,596.80
Decreased by:			
Expenditures	B-1		<u>34,654.34</u>
Balance December 31, 2017	B		<u>\$ 3,942.46</u>

TOWNSHIP OF MANCHESTER
TRUST FUND

DEPOSITS FOR REDEMPTION OF TAX TITLE LIENS

B-9

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 1,168,320.15
Increased by:		
Collections	B-1	<u>1,080,080.34</u>
		2,248,400.49
Decreased by:		
Expenditures	B-1	<u>1,016,847.20</u>
Balance December 31, 2017	B	<u><u>\$ 1,231,553.29</u></u>

SPECIAL ESCROW DEPOSITS

B-10

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 1,784,030.50
Increased by:		
Collections	B-1	<u>984,935.75</u>
		2,768,966.25
Decreased by:		
Refunds and Expenditures	B-1	<u>1,028,248.84</u>
Balance December 31, 2017	B	<u><u>\$ 1,740,717.41</u></u>

TOWNSHIP OF MANCHESTER
TRUST FUND

STATE UNEMPLOYMENT COMPENSATION
INSURANCE TRUST FUND

B-11

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 220,899.87
Increased by:		
Quarterly Credits	B-1	<u>64,889.16</u> 285,789.03
Decreased by:		
Claims	B-1	<u>23,345.30</u>
Balance December 31, 2017	B	<u><u>\$ 262,443.73</u></u>

POLICE DRUG ENFORCEMENT TRUST ACCOUNT

B-12

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 36,940.55
Increased by:		
Cash Receipt	B-1	<u>43,953.61</u> 80,894.16
Decreased by:		
Expenditures	B-1	<u>31,073.82</u>
Balance December 31, 2017	B	<u><u>\$ 49,820.34</u></u>

TOWNSHIP OF MANCHESTER
TRUST FUND

MUNICIPAL DRUG ALLIANCE DISCRETIONARY RESERVES

B-13

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 12,336.64
Increased by:		
Donations	B-1	<u>12,108.15</u> 24,444.79
Decreased by:		
Expenditures	B-1	<u>10,180.61</u>
Balance December 31, 2017	B	<u>\$ 14,264.18</u>

RESERVE FOR PUBLIC DEFENDER TRUST FUND

B-14

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 26,150.32
Increased by:		
Fees Collected	B-1	<u>20,674.41</u> 46,824.73
Decreased by:		
Expenditures	B-1	<u>29,743.41</u>
Balance December 31, 2017	B	<u>\$ 17,081.32</u>

TOWNSHIP OF MANCHESTER
TRUST FUND

RESERVE FOR OPEN SPACE TRUST FUND

B-15

	<u>Ref.</u>		
Balance December 31, 2016	B		\$ 1,176,021.89
Increased by:			
Open Space Tax Levy	B-1	\$ 327,071.00	
Interest on Investments	B-1	<u>5,191.96</u>	
			<u>332,262.96</u>
			<u>1,508,284.85</u>
Decreased by:			
Expenditures	B-1		<u>550,694.70</u>
Balance December 31, 2017	B		<u>\$ 957,590.15</u>

RESERVE FOR RECREATION TRUST FUND

B-16

	<u>Ref.</u>		
Balance December 31, 2016	B		\$ 20,022.49
Increased by:			
Cash Receipts	B-1		<u>46,940.15</u>
			66,962.64
Decreased by:			
Expenditures	B-1		<u>45,684.22</u>
Balance December 31, 2017	B		<u>\$ 21,278.42</u>

TOWNSHIP OF MANCHESTER
TRUST FUND

COMMUNITY DEVELOPMENT BLOCK GRANT RESERVES

B-17

<u>Grant Number</u>	<u>Project Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2017</u>
CT-1519-15	Park and Recreation Improvements	\$ 33,000.00	\$	\$ 33,000.00	\$
CT-1519-17	Sidewalks, Curbs and Handicapped Improvements - Summit Park Community	<u>32,000.00</u>	<u>32,000.00</u>		<u>32,000.00</u>
		<u>\$ 33,000.00</u>	<u>\$ 32,000.00</u>	<u>\$ 33,000.00</u>	<u>\$ 32,000.00</u>
	<u>Reference</u>	<u>B</u>	<u>B-2</u>	<u>B-2</u>	<u>B</u>

TOWNSHIP OF MANCHESTER
TRUST FUND

RESERVE FOR RETIREMENT PAY

B-18

	<u>Ref.</u>		
Balance December 31, 2016	B		\$ 45,863.50
Increased by:			
Interest Earned	B-1	\$ 25,012.91	
Raised in Current Fund	B-7	<u>200,000.00</u>	
			<u>225,012.91</u>
Balance December 31, 2017	B		<u>\$270,876.41</u>

RESERVE FOR AFFORDABLE HOUSING TRUST FUND

B-19

	<u>Ref.</u>		
Balance December 31, 2016	B		\$227,121.68
Increased by:			
Receipts	B-1	\$253,263.75	
Interest Earned	B-1	<u>967.25</u>	
			<u>254,231.00</u>
			481,352.68
Decreased by:			
Expenditures	B-1		<u>304,193.71</u>
Balance December 31, 2017	B		<u>\$177,158.97</u>

TOWNSHIP OF MANCHESTER
TRUST FUND

RESERVE FOR LAKEHURST CONSTRUCTION CODE TRUST FUND

B-20

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 37,109.64
Increased by:		
Receipts	B-1	<u>36,163.34</u>
		73,272.98
Decreased by:		
Expenditures	B-1	<u>61,100.50</u>
Balance December 31, 2017	B	<u>\$ 12,172.48</u>

RESERVE FOR SNOW REMOVAL TRUST FUND

B-21

	<u>Ref.</u>	
Balance December 31, 2016	B	\$ 20,129.41
Increased by:		
Receipts	B-1	<u>20,010.33</u>
Balance December 31, 2017	B	<u>\$ 40,139.74</u>

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS

C-2

	<u>Ref.</u>		
Balance December 31, 2016	C		\$ 3,697,823.03
Increased by Receipts:			
Premium on Sale of Notes - Net	C-1	\$ 36,260.74	
Interfunds Receivable	C-4	81,095.80	
Deferred Charges - Unfunded	C-6	85,880.65	
Capital Improvement Fund	C-8	500,000.00	
Bond Anticipation Notes	C-10	1,439,250.00	
Bond Sale	C-11	<u>9,800,000.00</u>	
			<u>11,942,487.19</u>
			15,640,310.22
Decreased by Disbursements:			
Interfunds Receivable	C-4	177,015.81	
Improvement Authorizations	C-9	3,275,869.44	
Bond Anticipation	C-10	<u>9,800,000.00</u>	
			<u>13,252,885.25</u>
Balance December 31, 2017	C		<u><u>\$ 2,387,424.97</u></u>

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH

C-3

Ordinance Number	Description	Balance Dec. 31, 2016	Receipts		Disbursements Improvement Authorizations	Other	Transfers		Balance Dec. 31, 2017
			Other				From	To	
	Capital Improvement Fund	\$ 468,314.45	\$ 500,000.00	\$	\$	\$	\$	\$ 633,314.45	
	Bond Anticipation Note		1,439,250.00					(95,920.01)	
	Interfunds Receivable		81,095.80					468,789.22	
	Fund Balance	427,081.12	36,260.74	177,015.81			5,447.36		
	<u>Improvement Authorizations - General</u>								
02-027	Pine Lake Park Walkway	(158,418.07)						(158,418.07)	
04-007	Road Improvements to Colonial Drive	(107,575.66)	85,880.65					(21,695.01)	
05-001	Improvements to Soccer Complex	(85,880.66)						(85,880.66)	
05-058-1	Police Department Projects	29,063.33			25,672.31			3,391.02	
08-028-2	Various Park Improvements	6,842.81			5,000.00			1,842.81	
08-028-3	Various Environmental Improvements	20,411.55			10,000.00			10,411.55	
08-028-4	Various Capital Improvements	11,503.21			3,000.00			8,503.21	
08-028-5	Paving of Various Roads	2,818.70			1,200.00			1,618.70	
08-028-6	Various Improvements	66,155.11			57,414.49			8,740.62	
08-028-7	Purchase of Police Vehicles/Weapons	3,257.19			3,000.00			257.19	
08-028-9	Purchase of Various Land	158,000.00			5,072.80			152,927.20	
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			296,157.00			3,843.00	
15-016	Acquisition of a Platform Aerial Truck and Related Equipment	(424,155.26)			631,992.22		1,439,250.00	183,102.52	
15-022	Acquisition of Mobile Video Recorders and Related Equipment for Police	33.00						33.00	
15-023-1	Acquisition of Various Vehicles for Public Works	1,325,850.60			898,992.09			426,858.51	
15-023-2	Acquisition of Tools and Versa-Pro Diagnostic and Information System	36,239.00						36,239.00	
15-023-3	Acquisition of Fire Alarm System Upgrades and a John Deere Gator	85,565.00						85,565.00	
15-023-4	Roadway Repair Plan Including Roosevelt City Paving, Eastern Township Area Paving Including Pine Lake Park, Whiting Avenue Paving and Various Drainage Repairs to the Eastern Area	116,080.81			39,290.99			76,789.82	
15-023-5	Acquisition and Installation of Township Wi-Fi Project	31,189.44			30,624.42			565.02	
16-004/	Various Capital Improvements	1,380,000.00			918,334.46			461,665.54	
16-035	Various Paving Projects				150,118.66		300,000.00	149,881.34	
17-010	Purchase of Fire Truck						35,000.00	35,000.00	
17-023									
		\$ 3,687,823.03	\$ 2,142,487.19	\$ 177,015.81	\$ 3,275,869.44		\$ 1,779,697.36	\$ 2,387,424.97	
		C	C-2	C-2	C-2		Contra	C	

Reference

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

INTERFUNDS RECEIVABLE

C-4

	<u>Ref.</u>	<u>Current Fund</u>
Increased by:		
Cash Disbursed	C-2	\$ 177,015.81
Decreased by:		
Cash Receipt	C-2	<u>81,095.80</u>
Balance December 31, 2017	C	<u>\$ 95,920.01</u>

DEFERRED CHARGES TO FUTURE TAXATION
FUNDED

C-5

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 8,811,727.67
Increased by:		
Bonds Issued	C-6	<u>9,800,000.00</u> 18,611,727.67
Decreased by:		
2017 Budget Appropriations:		
Green Acres Payment	C-7	\$ 113,958.71
Serial Bonds Redeemed	C-11	<u>840,000.00</u>
		<u>953,958.71</u>
Balance December 31, 2017	C	<u>\$ 17,657,768.96</u>

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

GREEN ACRES LOAN PAYABLE

C-7

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 676,727.67
Decreased by:		
Payments	C-5	<u>113,958.71</u>
Balance December 31, 2017	C	<u><u>\$ 562,768.96</u></u>

CAPITAL IMPROVEMENT FUND

C-8

	<u>Ref.</u>	
Balance December 31, 2016	C	\$ 468,314.45
Increased by:		
Budget Appropriation	C-2	<u>500,000.00</u>
		968,314.45
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-9	<u>335,000.00</u>
Balance December 31, 2017	C	<u><u>\$ 633,314.45</u></u>

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS

C-9

Ordinance Number	Balance Dec. 31, 2016		2017 Authorizations	Expended	Balance Dec. 31, 2017	
	Funded	Unfunded			Funded	Unfunded
04-007	\$	\$ 7,424.34	\$	\$	\$	\$ 7,424.34
05-001		96,919.84				96,919.84
05-058-1	29,063.33			25,672.31	3,391.02	
08-028-2		6,842.81		5,000.00	1,842.81	
08-028-3		20,411.55		10,000.00	10,411.55	
08-028-4		11,503.21		3,000.00	8,503.21	
08-028-5		2,818.70		1,200.00	1,618.70	
08-028-6		66,155.11		57,414.49	8,740.62	
08-028-7		3,257.19		3,000.00	257.19	
08-028-9		158,000.00		5,072.80	152,927.20	
15-012	300,000.00			296,157.00	3,843.00	
15-016		1,015,094.74		831,992.22	183,102.52	
15-022		33.00			33.00	
15-023-1		1,325,850.60		898,992.09	426,858.51	
15-023-2	1,812.00	34,427.00			36,239.00	
15-023-3	4,278.00	81,287.00			85,565.00	
15-023-4		116,080.81		39,290.99	76,789.82	
15-023-5		31,189.44		30,624.42	565.02	
16-004/16-035	88,000.00	1,672,000.00	300,000.00	918,334.46	461,665.54	380,000.00
17-010			700,000.00	150,118.66	149,881.34	665,000.00
17-023					35,000.00	
		\$ 4,649,295.34	\$ 1,000,000.00	\$ 3,275,869.44	\$ 1,647,235.05	\$ 1,149,344.18
Reference		C	Below	C-2	C	C

Reference	Deferred Charges - Unfunded Capital Improvement Fund
Ref.	
C-6	\$ 665,000.00
C-8	335,000.00
Above	\$ 1,000,000.00

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

C-10

BOND ANTICIPATION NOTES

Description	Ordinance Number	Original		Date of Issue	Issue	Date of Maturity	Rate of Interest	Balance Dec. 31, 2016	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed
		Date of Issue	Amount							
Various Capital Improvements	08-028	12-18-08	\$ 3,000,000.00	4-07-16 4-06-17	4-06-17 9-01-17	0.085% 2.000%	\$ 2,304,950.00	\$ 2,304,950.00	\$ 2,304,950.00	\$ 2,304,950.00
Various Capital Improvements	08-028	12-10-09	2,353,250.00	4-07-16 4-06-17	4-06-17 9-01-17	0.085% 2.000%	1,966,560.00	1,966,560.00	1,966,560.00	1,966,560.00
Paving of Alexander Avenue	08-037	12-10-09	81,500.00	4-07-16 4-06-17	4-06-17 9-01-17	0.085% 2.000%	60,050.00	60,050.00	60,050.00	60,050.00
Purchase of Fire Truck	09-001	12-10-09	565,250.00	4-07-16 4-06-17	4-06-17 9-01-17	0.085% 2.000%	416,500.00	416,500.00	416,500.00	416,500.00
Mobile Video Recorders	15-022	4-07-16	190,000.00	4-07-16 4-06-17	4-06-17 9-01-17	0.085% 2.000%	190,000.00	190,000.00	190,000.00	190,000.00
Various Projects for Public Works and Admin	15-023	4-07-16	2,157,450.00	4-07-16 4-06-17	4-06-17 9-01-17	0.085% 2.000%	2,157,450.00	2,157,450.00	2,157,450.00	2,157,450.00
Various Projects for Police and Fire	16-004/ 16-035	4-07-16	1,292,000.00	4-07-16 4-06-17	4-06-17 9-01-17	0.085% 2.000%	1,292,000.00	1,292,000.00	1,292,000.00	1,292,000.00
Purchase of Fire Truck	17-023	4-06-17	1,439,250.00	4-06-17	9-01-17	2.000%		1,439,250.00	1,439,250.00	1,439,250.00
							<u>\$ 8,387,510.00</u>	<u>\$ 9,826,760.00</u>	<u>\$ 18,214,270.00</u>	<u>\$ 18,214,270.00</u>
							C	Below	Below	Below
							Ref.			
							C-2		\$ 1,439,250.00	\$ 9,800,000.00
							C-2			26,760.00
							C-6		8,387,510.00	8,387,510.00
							Contra			
							Above		\$ 9,826,760.00	\$ 18,214,270.00

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

C-11

SERIAL BONDS

<u>Date of Issue</u>	<u>Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Bonds Issued</u>	<u>Decrease Budget Appropriation</u>	<u>Balance Dec. 31, 2017</u>
		<u>Date</u>	<u>Amount</u>					
3-01-15	\$ 8,135,000.00	3-01-18/20	\$ 835,000.00	4.000 %				
		3-01-21	830,000.00	4.000				
		3-01-22	825,000.00	2.000				
		3-01-23	695,000.00	2.125				
		3-01-23	110,000.00	4.000				
		3-01-24	695,000.00	2.250				
		3-01-24	100,000.00	4.000				
		3-01-25	775,000.00	2.375				
		3-01-26	760,000.00	2.500	\$ 8,135,000.00	\$	\$ 840,000.00	\$ 7,295,000.00
8-30-17	9,800,000.00	10-15-18	480,000.00	2.000				
		10-15-19	640,000.00	2.000				
		10-15-20	745,000.00	2.000				
		10-15-21	795,000.00	2.000				
		10-15-22	820,000.00	2.000				
		10-15-23	840,000.00	2.000				
		10-15-24	860,000.00	2.000				
		10-15-25	880,000.00	2.000				
		10-15-26	905,000.00	2.250				
		10-15-27	925,000.00	2.250				
		10-15-28	950,000.00	2.500				
		10-15-29	960,000.00	2.500		9,800,000.00		9,800,000.00
					\$ 8,135,000.00	\$ 9,800,000.00	\$ 840,000.00	\$ 17,095,000.00

Reference C C-2 C-5 C

TOWNSHIP OF MANCHESTER
GENERAL CAPITAL FUND

C-12

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Description</u>	<u>Ordinance Number</u>	<u>Amount</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2017</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		85,880.65	29,119.35
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	
Various Capital Improvements	16-004/ 16-035	1,672,000.00	380,000.00			380,000.00
Purchase of Fire Truck	17-023	665,000.00		665,000.00		665,000.00
			<u>\$2,275,468.57</u>	<u>\$ 665,000.00</u>	<u>\$1,525,130.65</u>	<u>\$1,415,337.92</u>
		<u>Reference</u>	<u>C</u>	<u>C-9</u>	<u>Below</u>	<u>C</u>
				<u>Ref.</u>		
		2017 Budget Appropriation		C-6	\$ 85,880.65	
		Note Issued		C-10	<u>1,439,250.00</u>	
				Above	<u>\$1,525,130.65</u>	

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

CASH RECEIPTS AND DISBURSEMENTS - CHECKING ACCOUNTS

D-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Escrow Account</u>	<u>Capital Fund</u>
Balance December 31, 2016	D	\$ 623,168.92	\$ 309,014.48	\$ 1,883,494.76
Increased by Receipts:				
Miscellaneous Revenue	D-3	\$ 45,540.28		
Consumer Accounts Receivable	D-7	2,135,644.13		
Connection Fees	D-9	394,556.00		
Escrow Deposits	D-14		40,714.93	
Capital Improvement Fund	D-15			100,000.00
		<u>2,575,740.41</u>	<u>349,729.41</u>	<u>1,983,494.76</u>
		3,198,909.33		
Decreased by Disbursements:				
Prior Year Refund	D-1			
Budget Appropriations	D-4	18,764.49		
Appropriation Reserves	D-13	1,897,927.88		
Escrow Deposits Returned	D-14	76,178.17		
Improvement Authorizations	D-18		114,584.96	
		<u>1,992,870.54</u>		<u>73,045.60</u>
Balance December 31, 2017	D	<u>\$ 1,206,038.79</u>	<u>\$ 235,144.45</u>	<u>\$ 1,910,449.16</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

ANALYSIS OF WATER CAPITAL CASH AND INVESTMENTS

D-6

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Receipts</u>	<u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
<u>Other Accounts</u>				
Capital Improvement Fund	\$ 1,606,495.39	\$ 100,000.00	\$	\$ 1,706,495.39
Fund Balance	36,745.00			36,745.00
 <u>Improvement Authorizations</u>				
Ordinance #15-021:				
Acquisition of a Tractor and Generator	69,806.00			69,806.00
Ordinance #15-024:				
Upgrade Wells #10/11	<u>170,448.37</u>		<u>73,045.60</u>	<u>97,402.77</u>
	<u>\$ 1,883,494.76</u>	<u>\$ 100,000.00</u>	<u>\$ 73,045.60</u>	<u>\$ 1,910,449.16</u>
	<u>D</u>	<u>D-5</u>	<u>D-5</u>	<u>D</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

CONSUMER ACCOUNTS RECEIVABLE

D-7

	<u>Ref.</u>		
Balance December 31, 2016	D		\$ 151,238.29
Increased by:			
Water Rents Levied - Net	Reserve		<u>2,114,711.65</u>
			2,265,949.94
Decreased by:			
Collections	D-3,5	\$ 2,135,644.13	
Transfer to Water Liens	D-8	<u>58.00</u>	
			<u>2,135,702.13</u>
Balance December 31, 2017	D		<u><u>\$ 130,247.81</u></u>

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

WATER LIENS

D-8

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 25.19
Increased by:		
Transfer from Consumer Accounts Receivable	D-7	<u>58.00</u>
Balance December 31, 2017	D	<u><u>\$ 83.19</u></u>

CONNECTION RESERVE FEES RECEIVABLE

D-9

	<u>Ref.</u>	
Increased by:		
Connection Fees	Reserve	\$ 394,556.00
Decreased by:		
Cash Receipts	D-3,5	<u>394,556.00</u>
		<u><u>\$ -</u></u>

RESERVE FOR INVENTORY

D-10

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 134,614.74
Increased by:		
Inventory Adjustment	Reserve	<u>2,389.42</u>
Balance December 31, 2017	D	<u><u>\$ 137,004.16</u></u>

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

FIXED CAPITAL

D-11

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 10,353,823.36
Increased by:		
Transfer from Fixed Capital Authorized and Uncompleted	D-12	<u>73,045.60</u>
Balance December 31, 2017	D	<u>\$ 10,426,868.96</u>

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-12

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 240,254.37
Increased by:		
2017 Authorization	D-18	<u>1,500,000.00</u> <u>1,740,254.37</u>
Decreased by:		
Transfer to Fixed Capital	D-11	<u>73,045.60</u>
Balance December 31, 2017	D	<u>\$ 1,667,208.77</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

D-13

APPROPRIATION RESERVES

	<u>Encumbered</u>	<u>Balance Dec. 31, 2016</u>	<u>Unencumbered</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>Appropriations</u>						
<u>Operating</u>						
Salaries and Wages	\$	48,118.20	48,118.20	\$ 48,118.20	\$	\$48,118.20
Other Expenses	86,381.95	7,920.61	94,302.56	94,302.56	76,178.17	18,124.39
	<u>86,381.95</u>	<u>56,038.81</u>	<u>142,420.76</u>	<u>142,420.76</u>	<u>76,178.17</u>	<u>66,242.59</u>
<u>Statutory Expenditures</u>						
Social Security System		9,298.64	9,298.64	9,298.64		9,298.64
	<u>\$86,381.95</u>	<u>\$ 65,337.45</u>	<u>\$151,719.40</u>	<u>\$151,719.40</u>	<u>\$76,178.17</u>	<u>\$75,541.23</u>

Reference

D

D

D-5

D-1

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

RESERVE FOR ESCROW DEPOSITS

D-14

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 309,014.48
Increased by:		
Cash Receipts	D-5	40,714.93
		<u>349,729.41</u>
Decreased by:		
Cash Disbursed	D-5	<u>114,584.96</u>
Balance December 31, 2017	D	<u>\$ 235,144.45</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

CAPITAL IMPROVEMENT FUND

D-15

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 1,606,495.39
Increased by:		
2017 Budget Appropriation	D-5	<u>100,000.00</u>
Balance December 31, 2017	D	<u>\$ 1,706,495.39</u>

RESERVE FOR AMORTIZATION

D-16

	<u>Ref.</u>	
Balance December 31, 2016	D	\$8,816,654.55
Increased by:		
Transfer from Deferred Reserve for Amortization	D-17	<u>1,161,923.18</u>
Balance December 31, 2017	D	<u>\$9,978,577.73</u>

DEFERRED RESERVE FOR AMORTIZATION

D-17

	<u>Ref.</u>	
Balance December 31, 2016	D	\$ 1,777,423.18
Decreased by:		
Transfer to Reserve for Amortization	D-16	<u>1,161,923.18</u>
Balance December 31, 2017	D	<u>\$ 615,500.00</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

IMPROVEMENT AUTHORIZATIONS

D-18

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>2017</u> <u>Authorization</u>		<u>Balance</u> <u>Dec. 31, 2017</u>
	<u>Funded</u>		<u>Expended</u>	<u>Funded</u> <u>Unfunded</u>
Ordinance #15-021: Acquisition of a Tractor and Generator	\$ 69,806.00	\$	\$	\$ 69,806.00 \$
Ordinance #15-024: Upgrade Wells #10/11	170,448.37		73,045.60	97,402.77
Ordinance #17-013: Painting and Repair of the Township's Elevated Water Storage Tank	<u>1,500,000.00</u>	<u>1,500,000.00</u>		<u>1,500,000.00</u>
	<u>\$ 240,254.37</u>	<u>\$ 1,500,000.00</u>	<u>\$ 73,045.60</u>	<u>\$ 167,208.77</u> <u>\$ 1,500,000.00</u>
<u>Reference</u>	<u>D</u>	<u>D-12</u>	<u>D-5</u>	<u>D</u> <u>D</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY EASTERN SERVICE

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-19

	<u>2017</u> <u>Authorization</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Ordinance #17-013: Painting and Repair of the Township's Elevated Water Storage Tank	<u>\$1,500,000.00</u>	<u>\$1,500,000.00</u>
<u>Reference</u>	<u>D-18</u>	<u>D</u>

TOWNSHIP OF MANCHESTER
PUBLIC ASSISTANCE TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS
PUBLIC ASSISTANCE ACCOUNTS

E-1

	<u>Ref.</u>	<u>Trust Fund Account #1</u>	<u>Discretionary Fund</u>
Balance December 31, 2016	E	\$ 2,655.95	\$ 762.13
Increased by Receipts:			
Interest on Deposits	E-2	12.39	
Private Donations	E-3		975.00
		<u>2,668.34</u>	<u>1,737.13</u>
Decreased by Disbursements:			
Non-State Matching Expenditures	E-3		<u>1,622.50</u>
Balance December 31, 2017	E	<u>\$ 2,668.34</u>	<u>\$ 114.63</u>

TOWNSHIP OF MANCHESTER
PUBLIC ASSISTANCE TRUST FUND

RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

E-2

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 2,655.95
Increased by:		
Interest on Deposits	E-1	<u>12.39</u>
Balance December 31, 2017	E	<u><u>\$ 2,668.34</u></u>

RESERVE FOR DISCRETIONARY TRUST EXPENDITURES

E-3

	<u>Ref.</u>	
Balance December 31, 2016	E	\$ 762.13
Increased by:		
Private Donations	E-1	<u>975.00</u> 1,737.13
Decreased by:		
Non-State Matching Expenditures	E-1	<u>1,622.50</u>
Balance December 31, 2017	E	<u><u>\$ 114.63</u></u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

CASH RECEIPTS AND DISBURSEMENTS
CHECKING ACCOUNTS

F-5

	<u>Ref.</u>		<u>Operating Fund</u>	<u>Utility Escrow</u>	<u>Capital Fund</u>
Balance December 31, 2016	F		\$ 3,509,502.44	\$ 260,989.59	\$ 2,838,407.22
Increased by Receipts:					
Miscellaneous Revenue	F-3	\$ 46,169.67			
Interfunds Receivable	F-7	1,325.00			
Consumer Accounts Receivable	F-8	3,593,259.91			
Connection Fees	F-9	316,611.50			
Escrow Deposits	F-14			84,317.89	
Interest on Deposits	F-16				165.79
			<u>3,957,366.08</u>		
			<u>7,466,868.52</u>	<u>345,307.48</u>	<u>2,838,573.01</u>
Decreased by Disbursements:					
Prior Year Refunds	F-1	7,872.87			
Budget Appropriations	F-4	3,157,141.86			
Appropriation Reserves	F-13	29,718.76			
Reserve for Escrow Deposits	F-14			144,447.84	
Interfunds Payable	F-16				1,325.00
			<u>3,194,733.49</u>		
Balance December 31, 2017	F		<u><u>\$ 4,272,135.03</u></u>	<u><u>\$ 200,859.64</u></u>	<u><u>\$ 2,837,248.01</u></u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

ANALYSIS OF SEWER CAPITAL CASH AND INVESTMENTS

F-6

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Other</u> <u>Receipts</u>	<u>Other</u> <u>Disbursed</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
<u>Other Accounts</u>				
Capital Improvement Fund	\$ 2,833,947.73	\$	\$	\$ 2,833,947.73
Due (To)/From Sewer Operating Fund	644.49	165.79	1,325.00	(514.72)
Fund Balance	<u>3,815.00</u>	<u> </u>	<u> </u>	<u>3,815.00</u>
	<u>\$ 2,838,407.22</u>	<u>\$ 165.79</u>	<u>\$ 1,325.00</u>	<u>\$ 2,837,248.01</u>
<u>Reference</u>	<u>F</u>	<u>F-5</u>	<u>F-5</u>	<u>F</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

SEWER OPERATING EASTERN SERVICE
INTERFUNDS RECEIVABLE

F-7

	<u>Ref.</u>		
Balance December 31, 2016	F		\$ 644.49
Increased by:			
Interest Earned in Sewer Capital Eastern Service Fund	F-3	\$ 165.79	
Transfer to Interfunds Payable	F-15	<u>514.72</u>	
			<u>680.51</u>
			1,325.00
Decreased by:			
Cash Receipt	F-5		<u>1,325.00</u>
			<u>\$ -</u>

CONSUMER ACCOUNTS RECEIVABLE

F-8

	<u>Ref.</u>		
Balance December 31, 2016	F		\$ 93,882.57
Increased by:			
Sewer Rents Levied - Net	Reserve		<u>3,576,907.80</u>
			3,670,790.37
Decreased by:			
Cash Receipts	F-3,5		<u>3,593,259.91</u>
Balance December 31, 2017	F		<u>\$ 77,530.46</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

CONNECTION FEES RECEIVABLE

F-9

	<u>Ref.</u>	
Increased by:		
Connection Billings	Reserve	\$ 316,611.50
Decreased by:		
Cash Receipts	F-3,5	<u>316,611.50</u>
		<u>\$ -</u>

RESERVE FOR INVENTORY

F-10

	<u>Ref.</u>	
Balance December 31, 2016	F	\$ 71,849.96
Decreased by:		
Adjustments to Inventory Records	Reserve	<u>1,826.22</u>
Balance December 31, 2017	F	<u>\$ 70,023.74</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

SEWER EASTERN CAPITAL FUND
INTERFUNDS RECEIVABLE

F-11

	<u>Ref.</u>	
Increased by:		
Transfer from Interfunds Payable	F-16	<u>\$ 514.72</u>
Balance December 31, 2017	F	<u><u>\$ 514.72</u></u>

FIXED CAPITAL

F-12

	<u>Ref.</u>	
Balance December 31, 2016	F	<u>\$ 11,878,031.55</u>
Balance December 31, 2017	F	<u><u>\$ 11,878,031.55</u></u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

F-13

APPROPRIATION RESERVES

<u>Appropriation</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>Operating</u>				
Salaries and Wages	\$ 18,653.90	\$ 60,661.80	\$	\$ 79,315.70
Other Expenses	28,051.65	331,906.96	29,718.76	330,239.85
<u>Statutory Expenditures</u>				
Contribution to:				
Social Security System (OASI)	<u>1,573.18</u>	<u>29,635.44</u>		<u>31,208.62</u>
	<u>\$ 48,278.73</u>	<u>\$ 422,204.20</u>	<u>\$ 29,718.76</u>	<u>\$ 440,764.17</u>
<u>Reference</u>	<u>F</u>	<u>F</u>	<u>F-5</u>	<u>F-1</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

RESERVE FOR ESCROW DEPOSITS

F-14

	<u>Ref.</u>	
Balance December 31, 2016	F	\$ 260,989.59
Increased by:		
Escrow Deposits	F-5	<u>84,317.89</u> 345,307.48
Decreased by:		
Cash Disbursed	F-5	<u>144,447.84</u>
Balance December 31, 2017	F	<u><u>\$ 200,859.64</u></u>

SEWER OPERATING EASTERN SERVICE
INTERFUNDS PAYABLE

F-15

	<u>Ref.</u>	
Increased by:		
Transfer from Interfunds Receivable	F-7	<u>\$ 514.72</u>
Balance December 31, 2017	F	<u><u>\$ 514.72</u></u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

SEWER CAPITAL EASTERN SERVICE
INTERFUNDS PAYABLE

F-16

Sewer
Operating
Eastern Service

	<u>Ref.</u>		
Balance December 31, 2016	F		\$ 644.49
Increased by:			
Interest Earned	F-5	\$ 165.79	
Transfer to Interfunds Receivable	F-11	<u>514.72</u>	
			<u>680.51</u>
			1,325.00
Decreased by:			
Cash Disbursed	F-5		<u>1,325.00</u>
			<u>\$ -</u>

CAPITAL IMPROVEMENT FUND

F-17

	<u>Ref.</u>		
Balance December 31, 2016	F		<u>\$ 2,833,947.73</u>
Balance December 31, 2017	F		<u>\$ 2,833,947.73</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY EASTERN SERVICE

RESERVE FOR AMORTIZATION

F-18

	<u>Ref.</u>	
Balance December 31, 2016	F	<u>\$ 11,878,031.55</u>
Balance December 31, 2017	F	<u><u>\$ 11,878,031.55</u></u>

TOWNSHIP OF MANCHESTER
PAYROLL FUND

CASH RECEIPTS AND DISBURSEMENTS

G-1

	<u>Ref.</u>		
Balance December 31, 2016	G		\$ 238,008.78
Increased by:			
Payrolls	G-2	\$17,339,968.80	
Other Receipts - Township's Share of FICA/Annual Pension Contribution	G-2	<u>3,775,027.89</u>	
			<u>21,114,996.69</u>
			21,353,005.47
Decreased by:			
Payroll Disbursements	G-2		<u>21,203,243.06</u>
Balance December 31, 2017	G		<u>\$ 149,762.41</u>

TOWNSHIP OF MANCHESTER
PAYROLL FUND

G-2

PAYROLL DEDUCTIONS PAYABLE
YEAR 2017

	<u>Balance</u>	<u>Receipts</u>	<u>Other</u>	<u>Disbursements</u>	<u>Balance</u>
	<u>Dec. 31, 2016</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Dec. 31, 2017</u>
Net Salaries and Wages	\$ 22,938.28	\$ 10,440,872.61	\$	\$ 10,440,872.61	\$
Federal/State Income Taxes	114,552.49	4,208,271.92	1,216,890.89	5,448,101.09	82,373.38
PFRS	92,077.31	930,555.43	1,703,937.00	2,666,671.54	62,423.59
PERS	5,758.08	656,816.00	854,200.00	1,540,669.72	3,799.70
Contributory Insurance	1.98	34,913.94	11,886.99	36,872.32	1.98
DCRP		11,886.99		11,886.99	
VALIC		126,488.00		126,488.00	
Mass Mutual		33,646.58		33,630.00	16.58
OPEIU		54,950.90		54,950.90	
Probation		92,184.00		92,184.00	
PBA Dues		33,679.08		33,530.00	149.08
Medical		588,820.12		588,820.12	
AFLAC - GA		45,190.52		45,190.52	
AFLAC - NY		9,386.86		9,386.86	
Ameriflex		20,393.44		20,393.44	
Boston Mutual		472.16		454.00	18.16
Colonia	2,667.88	21,840.67		24,402.61	105.94
PFA	1.44	11,060.05		11,059.05	2.44
Garnish	11.32	16,796.41		16,807.73	
New York Life Insurance		1,743.12		871.56	871.56
	<u>\$238,008.78</u>	<u>\$17,339,968.80</u>	<u>\$3,775,027.89</u>	<u>\$21,203,243.06</u>	<u>\$149,762.41</u>

Reference

G

G-1

G-1

G-1

G

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

CASH RECEIPTS AND DISBURSEMENTS - CHECKING ACCOUNTS

H-4

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2016	H	\$2,290,703.24	\$ 569,123.84
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	H-2	\$ 30,601.23	\$
Consumer Accounts Receivable	H-7	<u>2,112,069.88</u>	
		<u>2,142,671.11</u>	
		<u>4,433,374.35</u>	<u>569,123.84</u>
Decreased by Disbursements:			
Prior Year Refunds	H-1	3,440.99	
Budget Appropriations	H-3	1,273,969.54	
Appropriation Reserves	H-11	78,427.29	
Accrued Interest on Bonds	H-12	605,957.50	
Improvement Authorizations	H-14	<u> </u>	
		<u>1,961,795.32</u>	<u>151,520.22</u>
Balance December 31, 2017	H	<u>\$2,471,579.03</u>	<u>\$417,603.62</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

ANALYSIS OF WATER CAPITAL WESTERN SERVICE
CASH AND INVESTMENTS

H-5

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
<u>Improvement Authorizations</u>			
Acquisition of Crestwood Water Company	<u>\$ 569,123.84</u>	<u>\$ 151,520.22</u>	<u>\$ 417,603.62</u>
<u>Reference</u>	<u>H</u>	<u>H-4</u>	<u>H</u>

CHANGE FUND

H-6

	<u>Ref.</u>	
Balance December 31, 2016	H	<u>\$ 60.00</u>
Balance December 31, 2017	H	<u>\$ 60.00</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

CONSUMER ACCOUNTS RECEIVABLE

H-7

	<u>Ref.</u>	
Balance December 31, 2016	H	\$ 105,861.27
Increased by:		
Water Rents Levied - Net	Reserve	<u>2,093,363.03</u> 2,199,224.30
Decreased by:		
Collections	H-2,4	<u>2,112,069.88</u>
Balance December 31, 2017	H	<u>\$ 87,154.42</u>

INVENTORY

H-8

	<u>Ref.</u>	
Balance December 31, 2016	H	\$ 64,325.60
Increased by:		
Adjustment	Reserve	<u>4,720.40</u>
Balance December 31, 2017	H	<u>\$ 69,046.00</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

FIXED CAPITAL

H-9

	<u>Ref.</u>	
Balance December 31, 2016	H	\$ 15,045,876.16
Increased by:		
Transferred from Fixed Capital Authorized and Uncompleted	H-10	<u>151,520.22</u>
Balance December 31, 2017	H	<u><u>\$ 15,197,396.38</u></u>

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

H-10

	<u>Ref.</u>	
Balance December 31, 2016	H	\$ 509,123.84
Decreased by:		
Transferred to Fixed Capital	H-9	<u>151,520.22</u>
Balance December 31, 2017	H	<u><u>\$ 357,603.62</u></u>

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

APPROPRIATION RESERVES

H-11

	<u>Balance</u> <u>Dec. 31, 2016</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>Operating</u>				
Salaries and Wages	\$ 19,497.51	\$ 19,497.51	\$	\$ 19,497.51
Other Expenses	111,889.30	165,002.99	78,427.29	198,465.00
	<u>4,305.30</u>	<u>4,305.30</u>		<u>4,305.30</u>
<u>Statutory Expenditures</u>				
Contribution to:				
Social Security System	<u>\$ 111,889.30</u>	<u>\$ 188,805.80</u>	<u>\$ 78,427.29</u>	<u>\$ 222,267.81</u>

H

H

H-4

H-1

Reference

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

ACCRUED INTEREST ON BONDS

H-12

	<u>Ref.</u>	
Balance December 31, 2016	H	\$252,483.50
Increased by:		
CY 2017 Budget Appropriation	H-3	593,617.30
		<u>846,100.80</u>
Decreased by:		
Cash Disbursed	H-4	605,957.50
		<u>605,957.50</u>
Balance December 31, 2017	H	<u><u>\$240,143.30</u></u>

<u>Balance</u>	<u>Interest</u>	<u>From</u>	<u>To</u>	<u>Accrued</u>	<u>2017</u>
<u>Dec. 31, 2017</u>	<u>Rate</u>			<u>Period</u>	<u>Amount</u>
				<u>Days</u>	
\$ 14,377,000.00	Various	8-01-2017	12-31-2017	152	<u><u>\$240,143.30</u></u>

WATER CAPITAL FUND
CAPITAL IMPROVEMENT FUND

H-13

	<u>Ref.</u>	<u>Water</u>
		<u>Operating</u>
		<u>Western</u>
		<u>Service</u>
Balance December 31, 2016	H	<u>\$ 60,000.00</u>
Balance December 31, 2017	H	<u><u>\$ 60,000.00</u></u>

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

IMPROVEMENT AUTHORIZATIONS

H-14

	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2016 Funded</u>	<u>Expended</u>	<u>Balance Dec. 31, 2017 Funded</u>
Acquisition of Crestwood Water Company	09-026	<u>\$ 509,123.84</u>	<u>\$ 151,520.22</u>	<u>\$ 357,603.62</u>
	<u>Reference</u>	<u>H</u>	<u>H-4</u>	<u>H</u>

RESERVE FOR AMORTIZATION

H-15

	<u>Ref.</u>	
Balance December 31, 2016	H	\$ 913,000.00
Increased by: Serial Bonds Paid	H-16	<u>265,000.00</u>
Balance December 31, 2017	H	<u>\$ 1,178,000.00</u>

TOWNSHIP OF MANCHESTER
WATER UTILITY WESTERN SERVICE

H-16

SERIAL BONDS

Date of Issue	Original Issue	Date	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2016	Decrease	Balance Dec. 31, 2017
			Dec. 31, 2017	Amount				
9-30-2010	\$15,555,000.00	8-01-2018	\$	266,000.00	4.000 %			
		8-01-2019		274,000.00	4.000			
		8-01-2020		276,000.00	4.000			
		8-01-2021		285,000.00	4.000			
		8-01-2022		294,000.00	4.000			
		8-01-2023		297,000.00	4.000			
		8-01-2024		297,000.00	4.000			
		8-01-2025		304,000.00	4.000			
		8-01-2026		309,000.00	4.000			
		8-01-2027		309,000.00	4.000			
		8-01-2028		315,000.00	4.000			
		8-01-2029		318,000.00	4.000			
		8-01-2030		321,000.00	4.000			
		8-01-2031		324,000.00	4.000			
		8-01-2032		324,000.00	4.000			
		8-01-2033		891,000.00	4.000			
		8-01-2034		936,000.00	4.125			
		8-01-2035		985,000.00	4.150			
		8-01-2036		1,035,000.00	4.250			
		8-01-2037		1,088,000.00	4.250			
		8-01-2038		1,144,000.00	4.250			
		8-01-2039		1,203,000.00	4.250			
		8-01-2040		1,264,000.00	4.250			
		8-01-2041		1,318,000.00	4.250			
						\$ 14,642,000.00	\$ 265,000.00	\$ 14,377,000.00

Reference

H

H-15

H

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

CASH RECEIPTS AND DISBURSEMENTS

I-4

	<u>Ref.</u>	<u>Operating Fund</u>		<u>Capital Fund</u>
Balance December 31, 2016	I	\$ 903,357.18		\$64,545.61
Increased by Receipts:				
Miscellaneous Revenue	I-2	\$ 60,548.62	\$	
Consumer Accounts Receivable	I-6	<u>2,274,887.41</u>		
		<u>2,335,436.03</u>		
		<u>3,238,793.21</u>		<u>64,545.61</u>
Decreased by Disbursements:				
Prior Years' Refund	I-1	4,817.37		
Budget Appropriations	I-3	2,149,911.60		
Appropriation Reserves	I-11	56,119.06		
Accrued Interest on Bonds	I-12	191,720.00		
Improvement Authorizations	I-14	<u> </u>	<u>33,735.00</u>	
		<u>2,402,568.03</u>		<u>33,735.00</u>
Balance December 31, 2017	I	<u>\$ 836,225.18</u>		<u>\$30,810.61</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

ANALYSIS OF SEWER CAPITAL WESTERN SERVICE
CASH AND INVESTMENTS

I-5

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
<u>Improvement Authorizations</u>			
Acquisition of Crestwood Water Company - Ordinance #09-027	<u>\$64,545.61</u>	<u>\$33,735.00</u>	<u>\$30,810.61</u>
<u>Reference</u>	<u>I</u>	<u>I-4</u>	<u>I</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

CONSUMER ACCOUNTS RECEIVABLE

I-6

	<u>Ref.</u>	
Balance December 31, 2016	I	\$ 113,010.76
Increased by:		
Sewer Rents Levied - Net	Reserve	2,254,266.39
		<u>2,367,277.15</u>
Decreased by:		
Collections	I-2,4	\$ 2,274,887.41
Transfer to Liens	I-7	<u>2,001.80</u>
		<u>2,276,889.21</u>
Balance December 31, 2017	I	<u>\$ 90,387.94</u>

UTILITY WESTERN LIENS

I-7

	<u>Ref.</u>	
Balance December 31, 2016	I	\$ 1,863.79
Increased by:		
Transfer from Consumer Accounts Receivable	I-6	<u>2,001.80</u>
Balance December 31, 2017	I	<u>\$ 3,865.59</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

INVENTORY

I-8

	<u>Ref.</u>	
Balance December 31, 2016	I	\$ 21,209.00
Increased by: Adjustment	Reserve	<u>25.00</u>
Balance December 31, 2017	I	<u>\$ 21,234.00</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

FIXED CAPITAL

I-9

	<u>Ref.</u>	
Balance December 31, 2016	I	\$ 5,120,454.39
Increased by:		
Transfer from Fixed Capital Authorized and Uncompleted	I-10	<u>33,735.00</u>
Balance December 31, 2017	I	<u>\$ 5,154,189.39</u>

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

I-10

	<u>Ref.</u>	
Balance December 31, 2016	I	\$ 64,545.61
Decreased by:		
Transfer to Fixed Capital	I-9	<u>33,735.00</u>
Balance December 31, 2017	I	<u>\$ 30,810.61</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

APPROPRIATION RESERVES

I-11

<u>Appropriation</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>		
<u>Operating</u>				
Salaries and Wages	\$ 49,745.36	\$ 37,804.41	\$ 56,119.06	\$ 37,804.41
Other Expenses		99,262.71		92,889.01
<u>Statutory Expenditures</u>				
Contribution to:				
Social Security System (OASI)		4,637.02		4,637.02
	<u>\$ 49,745.36</u>	<u>\$ 141,704.14</u>	<u>\$ 56,119.06</u>	<u>\$ 135,330.44</u>
<u>Reference</u>	I	I	I-4	I-1

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

ACCRUED INTEREST ON BONDS

I-12

	<u>Ref.</u>	
Balance December 31, 2016	I	\$ 79,883.00
Increased by:		
Budget Appropriation	I-3	<u>189,624.25</u>
		269,507.25
Decreased by:		
Cash Disbursed	I-4	<u>191,720.00</u>
Balance December 31, 2017	I	<u>\$ 77,787.25</u>

<u>Balance</u> <u>Dec. 31, 2017</u>	<u>Interest</u> <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Accrued</u> <u>Period</u> <u>Days</u>	<u>2017</u> <u>Amount</u>
\$ 4,657,000.00	4.0%	8-01-2017	12-31-2017	152	<u>\$ 77,787.25</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

IMPROVEMENT AUTHORIZATIONS

I-13

	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2016 Unfunded</u>	<u>Expended</u>	<u>Balance Dec. 31, 2017 Funded</u>
Acquisition of Crestwood Sewer Company	09-027	<u>\$ 64,545.61</u>	<u>\$ 33,735.00</u>	<u>\$ 30,810.61</u>
	<u>Reference</u>	<u>I</u>	<u>I-4</u>	<u>I</u>

RESERVE FOR AMORTIZATION

I-14

	<u>Ref.</u>	
Balance December 31, 2016	I	\$392,000.00
Increased by: Serial Bonds Paid	I-15	<u>136,000.00</u>
Balance December 31, 2017	I	<u>\$528,000.00</u>

TOWNSHIP OF MANCHESTER
SEWER UTILITY WESTERN SERVICE

SERIAL BONDS

I-15

Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2017	Interest Rate	Balance Dec. 31, 2016	Decrease	Balance Dec. 31, 2017
<u>Date</u>	<u>Amount</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2017</u>
Sewer Utility Bonds, Series 2010B	9-30-2010	\$ 5,185,000.00	4.00 %			
		8-01-2018	4.00	\$ 155,000.00		
		8-01-2019	4.00	169,000.00		
		8-01-2020	4.00	190,000.00		
		8-01-2021	4.00	204,000.00		
		8-01-2022	4.00	221,000.00		
		8-01-2023	4.00	244,000.00		
		8-01-2024	4.00	271,000.00		
		8-01-2025	4.00	293,000.00		
		8-01-2026	4.00	319,000.00		
		8-01-2027	4.00	351,000.00		
		8-01-2028	4.00	379,000.00		
		8-01-2029	4.00	411,000.00		
		8-01-2030	4.00	446,000.00		
		8-01-2031	4.00	481,000.00		
		8-01-2032	4.00	523,000.00		
				<u>\$ 4,793,000.00</u>	<u>\$ 136,000.00</u>	<u>\$ 4,657,000.00</u>

I I-14 I

PART II
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
ROSTER OF OFFICIALS
GENERAL COMMENTS, FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2017

550 BROAD STREET, 11TH FLOOR
NEWARK, NJ 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements - regulatory basis of the various funds of the Township of Manchester, County of Ocean, as of and for the years ended December 31, 2017, and the related notes to the financial statements - regulatory basis and have issued our report thereon dated August 24, 2018. These financial statements - regulatory basis have been prepared in conformity with accounting principles 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 of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements - regulatory basis, we considered the Township of Manchester'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 - regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township of Manchester's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Manchester's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Manchester's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management in the comments and recommendations section of this report.

Purpose of this Report

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


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS


JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
August 24, 2018

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the year 2017:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Kenneth P. Palmer	Mayor	\$
Samuel Fusaro, Jr.	Council President	
Craig Wallis	Council Vice President	
Joan Brush	Council Member	
Charles L. Frattini, Sr.	Council Member	
James A. Vaccaro, Sr.	Council Member	
Donna Markulic	Business Administrator	
Sabina T. Skibo	Township Clerk Registrar	
Diane Lapp	Chief Financial Officer/Director of Finance	
Andrea Gaskill	Tax Collector/Utility Collector	1,000,000.00
Cindy Walulak	Deputy Tax Collector	
Martin W. Lynch	Tax Assessor	
Angela Koutsouris	Township Attorney	
Daniel J. Sahin	Magistrate	
Tracy Barcus	Court Administrator	

All employees were covered by a \$1,000,000.00 Blanket Employee Fidelity Bond of which \$950,000.00 is provided as part of the Ocean County Joint Insurance Fund and \$50,000.00 through the Municipal Excess Liability Joint Insurance Fund.

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

N.J.S.A. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

It is pointed out that the Township Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Township Attorney should be sought before a commitment is made.

The statutory bidding threshold for the period January 1 to June 30, 2017 was the sum of \$40,000.00 and \$46,000.00 for the period July 1, 2017 to December 31, 2017, in accordance with the provisions of N.J.S.A. 40A:11-3a, based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5, known as the "Pay-to-Play Law" provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between \$17,500.00 and the municipal bidding threshold known as "window contracts" can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity.

The minutes indicate that bids were requested by public advertising.

Our examination of expenditures did not reveal any individual payments in excess of the statutory thresholds "for the performance of any work, or the furnishing or hiring of any materials", other than those where bids had been previously sought by public advertisement under the provisions of N.J.S. 40A:11-3.

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

It is also noted that certain contracts were awarded under the provisions of N.J.S.A. 40A:11-12, New Jersey State Purchasing Contracts.

Purchases, Contracts or Agreements Not Required to be Advertised by N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states, "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds \$6,000.00, at least two quotations as to the cost or price are required. Quotations whenever practicable shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder."

Our examination indicated that quotes are obtained on a consistent basis with the provisions of N.J.S. 40A:11-6.1.

Collection of Interest on Delinquent Taxes and Utility Charges

The statutes (N.J.S. 54:4-67, as amended) provide the method 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 July 1, 2003, adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

“RESOLVED, that the interest rate on delinquent taxes be fixed at 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency.”

The resolutions also provide a 10 day grace period for taxes and a 20 day grace period for water and/or sewer payments.

Our tests of the Collector’s records indicated that interest was collected in accordance with the terms of the foregoing resolution.

Delinquent Taxes and Tax Title Liens

Tax and lien records are maintained on a computer system.

Delinquent taxes at December 31, 2017, in the sum of \$781,352.68, represent taxes levied in the calendar year 2017 and prior. A tax sale was held on October 13, 2017 and was complete.

The following comparison is made of the number of Tax Title Liens Receivable on December 31st of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2017	168
2016	N/A
2015	163

Recourse of all means provided by the Statutes should be taken to realize or settle Tax Title Liens through collections or foreclosures in order to return such properties to a tax paying basis.

General Capital Fund

The Township has three (3) old improvements in which cash has been expended, but the Township has not provided the cash. The projects were properly authorized, but no funding was ever obtained, thus creating a cash unfunded balance.

It is noted that the Township has started to raise these deficits starting in 2017 and will continue until fully funded.

Revenue Collections

N.J.S. 40A-5-15 provides that “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 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.”

In tracing recorded receipts for conformity with the provisions of this statute, it was noted that deposits or turnovers of monies were not made within 48 hours after receipt for the following department:

Recreation Department - Concession Stand

It is recommended that the Recreation Department - Concession Stand deposit funds within 48 hours of collection in accordance with N.J.S. 40A:5-15.

Recreation Department

Ordinance 15-05 states that beach badges for Seasonal Nonresident Adults shall be charged \$25.00. However, during 2017, the amount of \$20.00 was charged. According to Township officials, State regulations state that the fee cannot be more than double what a resident pays which is \$10.00. During August 2018, the Ordinance was amended to reflect the \$20.00 fee.

There was a shortage of \$185.00 between the amount collected for beach badge sales and what should have been collected based on the number of badges sold.

It is recommended that greater care be utilized for the sale and accounting of beach badges.

Concession Stand

During 2017, the Township operated a concession stand at Harry Wright Lake. The following comments are as follows:

- An inventory control sheet was designed but was not used consistently throughout the summer.
- Beginning register cash on hand was not consistently maintained throughout the year. When operations were first started, that amount was \$100.00 and then went to \$190.00 and ended with the amount of \$200.00.
- We noted one instance in which food was purchased to be sold by a Town employee with a debit card and then was reimbursed out of cash sales that day.
- It appears that no formal separate accounting is being utilized to track a profit and loss, as it relates to the Concession Stand.
- It appears that the daily control of receipts is being maintained by a sheet entitled "Inventory Control Sheet". We were not provided any cash register tapes to compare to the daily cash collections.

It is recommended that the Township implement and strengthen existing internal controls in reporting the operations of the Concession Stand.

Municipal Court

Findings and recommendations are reported in a separate report that is filed with the Administrative Office of the Court (AOC).

Corrective Action Plan

In accordance with the requirements of the Single Audit Act and regulations of the Division of Local Government Services, a Corrective Action Plan must be prepared by the Chief Financial Officer and filed with the Division within sixty days from the date the audit is received by the Governing Body and approved by resolution of the Municipal Council.

A Corrective Action Plan was prepared with regard to the Calendar Year 2016 Report of Audit.

Status of Prior Years' Audit Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all.

Miscellaneous

A statutory report summarizing collections of Dog License Fees and remittances of State Registration Fees was prepared by our staff and filed with the New Jersey Department of Health and the Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

Individual payments of the Local School District Tax by the municipality were confirmed as received by the Secretary of the Board of Education for the year 2017.

The Uniform Construction Code Enforcement Fee Report has been prepared and filed with the New Jersey Department of Community Affairs.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

One copy of this report was filed with the New Jersey Division of Local Government Services.

RECOMMENDATIONS

Revenue Collections

That the Recreation Department - Concession Stand deposit funds within 48 hours of collection in accordance with N.J.S. 40A:5-15.

Recreation Department

That greater care be utilized for the sale and accounting of beach badges.

That the Township implement and strengthen existing internal controls in reporting the operations of the Concession Stand.

* * *

The foregoing comments and resultant recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the examination.


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS


JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
August 24, 2018

