

Report of Audit
on the
Financial Statements
of the
Borough of Matawan
in the
County of Monmouth
New Jersey
for the
Year Ended
December 31, 2017

BOROUGH OF MATAWAN

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BOROUGH OF MATAWAN

PART I

INDEPENDENT AUDITOR'S REPORT ON
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
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YEAR ENDED DECEMBER 31, 2017



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Matawan
County of Monmouth
Matawan, New Jersey 07747

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Matawan, as of December 31, 2017 and 2016, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough of Matawan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Matawan'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 regulatory financial statements.

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

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

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Matawan on the basis of the financial reporting provisions 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 meet the requirements 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 Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Matawan as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2017 and 2016, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Matawan's regulatory financial statements. supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey is fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2018 on our consideration of the Borough of Matawan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Matawan's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 14, 2018



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

The Honorable Mayor and Members
of the Borough Council
Borough of Matawan
County of Monmouth
Matawan, New Jersey 07747

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the 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, the regulatory financial statements of the various individual funds and the account group of the Borough of Matawan, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated June 14, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Matawan prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an immaterial instance of noncompliance which is discussed in Part II, General Comments and Recommendations of the audit 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 results of that testing, and not to provide an opinion on the effectiveness of the Borough of Matawan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Matawan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 14, 2018

CURRENT FUND

BOROUGH OF MATAWAN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
Current Fund:			
Cash - Treasurer	A-4	\$ 6,583,404.88	\$ 4,674,091.43
Petty Cash		26.45	250.00
Change Funds	A-5	150.00	150.00
Due From State of New Jersey Ch. 20, P.L.1971	A-11	3,000.00	1,500.00
		<u>6,586,581.33</u>	<u>4,675,991.43</u>
Receivables and Other Assets with Full Reserves:			
Taxes Receivable	A-6	13,592.91	7,631.91
Tax Title Liens Receivable	A-7	2,964.79	4,637.61
Property Acquired for Taxes - Assessed Valuations		27,600.00	27,600.00
Revenue Accounts Receivable	A-8	264.00	102.50
Interfund Receivable	A-13	48,854.61	7,935.18
	A	<u>93,276.31</u>	<u>47,907.20</u>
Deferred Charges:			
Emergency Authorization 40A: 4-46	A-27	63,000.00	109,000.00
		<u>6,742,857.64</u>	<u>4,832,898.63</u>
Grant Fund:			
Interfunds Receivable	A-31	170,652.26	130,382.73
Grants Receivable	A-28	767.52	767.52
Deferred Charge: Overexpenditure of Unappropriated Grant	A-32		102,019.00
		<u>171,419.78</u>	<u>233,169.25</u>
		<u>\$ 6,914,277.42</u>	<u>\$ 5,066,067.88</u>

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

BOROUGH OF MATAWAN

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>BALANCE DECEMBER 31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-12	\$ 721,318.40	\$ 483,423.13
Encumbrances	A-9	182,671.31	139,820.60
Accounts Payable	A-10	2,276.15	2,951.33
Interfunds Payable	A-13	318,760.57	258,491.04
Special Emergency Note Payable	A-14		20,000.00
Prepaid Taxes	A-15	1,039,919.26	289,562.99
Tax Overpayments	A-16	46,044.42	12,554.47
County Taxes Payable	A-17	45,961.62	3,019.37
Regional School Taxes Payable	A-18	10.18	10.18
Library Taxes Payable	A-19	182.00	182.00
Reserve for:			
Damage Claims	A-20	49,907.68	48,028.43
Library State Aid	A-21	1,912.00	
Marriage Licenses - Due State of New Jersey	A-22	1,573.00	1,373.00
Debris Clean Up	A-23	12,804.05	12,804.05
Property Reassessment	A-24	41,504.40	48,030.08
Master Plan	A-25	1,453.25	2,777.56
Tax Appeals	A-26	64,262.17	
		<u>2,530,560.46</u>	<u>1,323,028.23</u>
Reserve for Receivables and Other Assets	A	93,276.31	47,907.20
Fund Balance	A-1	<u>4,119,020.87</u>	<u>3,461,963.20</u>
		<u>6,742,857.64</u>	<u>4,832,898.63</u>
Grant Fund:			
Reserve for:			
Grants Appropriated	A-29	129,221.43	97,961.72
Grants Unappropriated	A-30	38,258.35	125,005.57
Encumbrances Payable	A-29	3,940.00	10,201.96
		<u>171,419.78</u>	<u>233,169.25</u>
		<u>\$ 6,914,277.42</u>	<u>\$ 5,066,067.88</u>

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

BOROUGH OF MATAWAN
CURRENT FUND
 STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, <u>2017</u>	YEAR ENDED DECEMBER 31, <u>2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 681,860.00	\$ 180,000.00
Miscellaneous Revenue Anticipated	A-2	2,757,256.83	2,927,235.29
Receipts from Delinquent Taxes	A-2	17,839.72	39,728.04
Receipts from Current Taxes	A-2	29,362,963.99	27,872,305.09
Non-Budget Revenue	A-2	301,599.73	138,691.54
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-12	356,345.89	35,548.98
Accounts Payable Cancelled			98,473.16
<u>Total Income</u>		<u>33,477,866.16</u>	<u>31,291,982.10</u>
<u>EXPENDITURES</u>			
Budget and Emergency Authorizations:			
Operations Within "CAPS"		8,157,812.00	7,694,423.00
Deferred Charges and Statutory Expenditures		861,700.00	887,000.00
Other Operations Excluded from "CAPS"		661,412.14	489,535.88
Capital Improvements		295,000.00	145,000.00
Municipal Debt Service		1,499,730.41	1,784,674.94
Deferred Charges		46,000.00	46,000.00
Total Budget and Emergency Authorizations:	A-3	<u>11,521,654.55</u>	<u>11,046,633.82</u>
County Taxes	A-17	2,857,741.21	2,875,716.73
Due County for Added Taxes	A-17	45,961.34	3,019.17
Regional School Taxes	A-18	17,672,519.00	16,528,468.00
Refund of Prior Year Revenue	A-4	152.96	6,993.32
Senior Citizen Deduction Disallowed on Prior Years Taxes			1,500.00
Interfunds Advanced		40,919.43	7,935.18
<u>Total Expenditures</u>		<u>32,138,948.49</u>	<u>30,470,266.22</u>
Excess in Revenues		1,338,917.67	821,715.88
Fund Balance, January 1	A	<u>3,461,963.20</u>	<u>2,820,247.32</u>
		4,800,880.87	3,641,963.20
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>681,860.00</u>	<u>180,000.00</u>
Fund Balance, December 31	A	<u>\$ 4,119,020.87</u>	<u>\$ 3,461,963.20</u>

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

BOROUGH OF MATAWAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance	A-1	\$ 681,860.00	\$ 681,860.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-8	21,200.00	21,871.00	671.00
Other	A-2	15,100.00	10,878.00	(4,222.00)
Fees and Permits	A-2	28,800.00	29,469.72	669.72
Fines and Costs - Municipal Court	A-8	138,000.00	128,315.89	(9,684.11)
Interest and Costs on Taxes	A-8	62,000.00	40,161.33	(21,838.67)
PILOT - Senior Citizen Housing Complex	A-8	91,914.00	89,582.00	(2,332.00)
Cable Franchise Fee	A-8	147,176.69	147,176.69	
Railroad Parking Lot Fees and Permits	A-8	250,000.00	250,000.00	
Rental of Matawan Municipal Community Center	A-8	56,800.00	52,780.00	(4,020.00)
Cell Tower Lease	A-8	110,000.00	114,961.06	4,961.06
Energy Receipts Tax	A-8	1,451,158.00	1,451,158.00	
Uniform Construction Code Fees	A-8	269,276.00	187,122.00	(82,154.00)
Clean Communities Program	A-28	20,016.79	20,016.79	
Recycling Tonnage Grant	A-28	14,366.57	14,366.57	
Alcohol Education and Rehabilitation Fund	A-28	785.61	785.61	
CDBG Grant - Monmouth County	A-28	102,019.00	102,019.00	
Body Armor Fund	A-28	2,184.17	2,184.17	
Uniform Fire Safety Act	A-8	62,000.00	64,409.00	2,409.00
Off Duty Police Trust Fund Reserve	A-8	30,000.00	30,000.00	
	A-1	<u>2,872,796.83</u>	<u>2,757,256.83</u>	<u>(115,540.00)</u>
Receipts from Delinquent Taxes	A-1		<u>17,839.72</u>	<u>17,839.72</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2	<u>8,418,147.31</u>	<u>9,236,742.44</u>	<u>818,595.13</u>
<u>Budget Totals</u>		<u>11,972,804.14</u>	<u>12,693,698.99</u>	<u>720,894.85</u>
Non-Budget Revenue	A-1:A-2		<u>301,599.73</u>	<u>301,599.73</u>
		<u>\$ 11,972,804.14</u>	<u>\$ 12,995,298.72</u>	<u>\$ 1,022,494.58</u>
	<u>REF.</u>	A-3		

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

BOROUGH OF MATAWAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>		
Allocation of Current Tax Collections:			
Revenue from Collections	A-1:A-6	\$	29,362,963.99
Allocated To:			
County Taxes	A-17	\$	2,903,702.55
School Taxes	A-18		<u>17,672,519.00</u>
			<u>20,576,221.55</u>
Balance for Support of Municipal Budget Appropriations			8,786,742.44
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>450,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u>9,236,742.44</u>
Licenses - Other:			
Clerk	A-8	\$	9,685.00
Board of Health & Registrar	A-8		<u>1,193.00</u>
	A-2	\$	<u>10,878.00</u>
Fees and Permits - Other:			
Board of Health & Registrar	A-8	\$	13,710.00
Clerk	A-8		6,003.00
Construction Code Official	A-8		1,000.00
Zoning Board	A-8		6,455.00
Police Department	A-8		1,734.72
Treasurer	A-8		<u>567.00</u>
	A-2	\$	<u>29,469.72</u>

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

BOROUGH OF MATAWAN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

REF.

ANALYSIS OF NON-BUDGET REVENUE

Interest On Investments		\$ 66,978.62
Board of Health - Miscellaneous		500.00
FEMA - Sandy Insurance Reimbursement		74,230.02
Copies		9.08
Worker's Compensation		8,710.00
LEA Rebate		18,360.56
Cancelled Trust Reserves		40,919.43
Tax Maps		8.00
Senior Citizens Administrative Fee		985.00
Miscellaneous		<u>90,909.02</u>
	A-4	\$ <u>301,609.73</u>
Less: Refunds	A-4	<u>10.00</u>
	A-2	<u>\$ <u>301,599.73</u></u>

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

BOROUGH OF MATAWAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration:						
Salaries and Wages	\$ 76,000.00	\$ 77,000.00	\$ 76,944.81	\$ 55.19	\$	
Other Expenses	28,000.00	27,000.00	16,801.82	10,198.18		
Mayor and Council:						
Salaries and Wages	22,000.00	22,000.00	21,948.50	51.50		
Other Expenses	2,500.00	3,500.00	3,445.56	54.44		
Municipal Clerk:						
Salaries and Wages	81,000.00	81,000.00	79,993.72	1,006.28		
Other Expenses	26,000.00	31,000.00	23,246.73	7,753.27		
Financial Administration:						
Salaries and Wages	65,000.00	68,000.00	66,337.44	1,662.56		
Other Expenses	15,819.00	12,819.00	10,415.34	2,403.66		
Annual Audit:						
Other Expenses	26,500.00	26,500.00	26,500.00			
Tax Collection:						
Salaries and Wages	58,000.00	58,000.00	57,764.51	235.49		
Other Expenses	12,255.00	12,255.00	9,933.71	2,321.29		
Tax Assessment Administration:						
Salaries and Wages	60,500.00	60,500.00	42,910.99	17,589.01		
Other Expenses	8,750.00	8,750.00	7,758.08	991.92		
Legal Services:						
Other Expenses	150,900.00	120,900.00	73,958.21	46,941.79		
Engineering Services:						
Other Expenses	105,000.00	105,000.00	65,661.76	39,338.24		
Downtown Development:						
Other Expenses	12,500.00	12,500.00	11,551.76	948.24		

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

BOROUGH OF MATAWAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
GENERAL GOVERNMENT (CONTINUED)					
Historic Sites Office:					
Salaries and Wages	\$ 1,200.00	\$ 1,200.00	\$ 400.00	\$ 800.00	\$
Other Expenses	24,030.00	84,030.00	6,593.20	77,436.80	
Planning and Zoning Board Adjustment:					
Salaries and Wages	18,000.00	18,000.00	17,317.28	682.72	
Other Expenses	10,650.00	9,650.00	6,409.60	3,240.40	
Insurance:					
General Liability	152,500.00	152,500.00	152,200.00	300.00	
Workers Compensation	144,800.00	144,800.00	144,728.14	71.86	
Employee Group Health	1,175,000.00	1,140,000.00	1,119,522.18	20,477.82	
PUBLIC SAFETY					
Municipal Court:					
Other Expenses	170,000.00	170,000.00	167,508.00	2,492.00	
Police:					
Salaries and Wages	2,757,168.00	2,742,168.00	2,634,851.19	107,316.81	
Other Expenses	301,227.00	316,227.00	305,828.12	10,398.88	
Office of Emergency Management:					
Salaries and Wages	7,250.00	7,250.00	7,250.00		
Other Expenses	27,753.00	27,753.00	18,351.05	9,401.95	
Fire Department:					
Other Expenses	170,500.00	170,500.00	162,437.51	8,062.49	
Aid to Fire Department	14,300.00	14,300.00	10,800.00	3,500.00	
Uniform Fire Safety:					
Salaries and Wages	69,000.00	74,000.00	72,522.05	1,477.95	
Other Expenses	6,595.00	6,595.00	5,225.10	1,369.90	

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

BOROUGH OF MATAWAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>PUBLIC WORKS</u>					
Railroad Parking:					
Salaries and Wages	\$ 199,000.00	\$ 199,000.00	\$ 192,604.02	\$ 6,395.98	\$
Other Expenses	51,000.00	51,000.00	32,002.52	18,997.48	
Streets and Road Maintenance:					
Salaries and Wages	281,810.00	281,810.00	241,702.20	40,107.80	
Other Expenses	133,250.00	133,250.00	122,349.96	10,900.04	
Shade Tree Commission:					
Salaries and Wages	1,300.00	1,300.00	1,299.00	1.00	
Other Expenses	20,000.00	20,000.00	15,632.31	4,367.69	
Solid Waste Collection:					
Salaries and Wages	5,300.00	5,300.00	4,278.84	1,021.16	
Other Expenses	633,000.00	633,000.00	597,111.44	35,888.56	
Buildings and Grounds:					
Salaries and Wages	104,700.00	104,700.00	99,255.65	5,444.35	
Other Expenses	78,300.00	78,300.00	66,249.60	12,050.40	
Vehicle Maintenance:					
Other Expenses	72,500.00	72,500.00	53,043.98	19,456.02	
<u>HEALTH AND HUMAN SERVICES</u>					
Board of Health:					
Salaries and Wages	5,000.00	5,000.00	4,804.08	195.92	
Other Expenses	31,800.00	31,800.00	21,815.42	9,984.58	
Environmental Commission:					
Other Expenses	100.00	100.00		100.00	
Welfare / Administration of Public Assistance:					
Other Expenses	50.00	50.00		50.00	

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

BOROUGH OF MATAWAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>PARK AND RECREATION</u>						
Recreation Services and Programs:						
Salaries and Wages	\$ 17,680.00	\$ 17,680.00	\$ 17,511.20	\$ 168.80	\$	
Other Expenses	27,400.00	27,400.00	26,892.57	507.43		
<u>OTHER COMMON OPERATING FUNCTIONS</u>						
Accumulated Sick Leave	10,000.00	10,000.00		10,000.00		
<u>STATE UNIFORM CONSTRUCTION CODE OFFICIALS</u>						
Construction Code Official:						
Salaries and Wages	155,000.00	150,000.00	134,674.73	15,325.27		
Other Expenses	9,025.00	9,025.00	4,181.23	4,843.77		
Division of Property Maintenance						
Salaries and Wages	16,000.00	16,000.00	15,508.62	491.38		
Other Expenses	600.00	600.00	382.00	218.00		
<u>UNCLASSIFIED</u>						
Utilities	380,000.00	373,300.00	260,988.70	112,311.30		
Street Lighting	130,000.00	130,000.00	107,766.76	22,233.24		
<u>Total Operations Within "CAPS" CONTINGENT</u>	8,163,512.00	8,156,812.00	7,447,171.19	709,640.81		
<u>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</u>	1,000.00	1,000.00		1,000.00		
	8,164,512.00	8,157,812.00	7,447,171.19	710,640.81		

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

BOROUGH OF MATAWAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Public Employees Retirement System of New Jersey	\$ 155,000.00	\$ 159,100.00	\$ 159,071.72	\$ 28.28	\$	
Police and Firemen's Retirement System of New Jersey	551,000.00	553,600.00	553,563.91	36.09		
State Unemployment Insurance	15,000.00	15,000.00	15,000.00			
Defined Contribution Retirement Plan	2,000.00	2,000.00	2,000.00			
Social Security System (O.A.S.I.)	132,000.00	132,000.00	128,186.78	3,813.22		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	855,000.00	861,700.00	857,822.41	3,877.59		
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	9,019,512.00	9,019,512.00	8,304,993.60	714,518.40		
OPERATIONS - EXCLUDED FROM "CAPS"						
Monmouth County 9-1-1 Program:						
Other Expenses	11,000.00	11,000.00	11,000.00			
Maintenance of Joint Free Public Library:						
Proportionate Share:						
Other Expenses	345,040.00	345,040.00	345,040.00			
Length of Service Award Program	40,000.00	40,000.00	34,700.00	5,300.00		
Other Expenses	100,000.00	100,000.00	100,000.00			
Reserve for Tax Appeals						
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	496,040.00	496,040.00	490,740.00	5,300.00		
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS						
HAM Program - Aberdeen Township	26,000.00	26,000.00	24,500.00	1,500.00		
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	26,000.00	26,000.00	24,500.00	1,500.00		

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

BOROUGH OF MATAWAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>PUBLIC/PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
Alcohol Education and Rehabilitation Fund	\$ 785.61	\$ 785.61	\$ 785.61	\$	
Body Armor Fund	2,184.17	2,184.17	2,184.17		
Clean Communities Program	20,016.79	20,016.79	20,016.79		
Recycling Tonnage Grant	14,366.57	14,366.57	14,366.57		
CBDG Grant - County of Monmouth	102,019.00	102,019.00	102,019.00		
<u>TOTAL PUBLIC/PRIVATE PROGRAMS OFFSET BY REVENUES</u>	<u>139,372.14</u>	<u>139,372.14</u>	<u>139,372.14</u>		
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>661,412.14</u>	<u>661,412.14</u>	<u>654,612.14</u>	<u>6,800.00</u>	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	295,000.00	295,000.00	295,000.00		
<u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>	<u>295,000.00</u>	<u>295,000.00</u>	<u>295,000.00</u>		
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	840,000.00	840,000.00	839,922.00		78.00
Interest on Bonds	362,335.00	362,335.00	361,830.78		504.22
Interest on Notes	67,550.00	67,550.00	67,461.88		88.12
Monmouth County Improvement Authority					
Principal	175,200.00	175,200.00	174,953.64		246.36
Interest	37,450.00	37,450.00	37,218.07		231.93
NJ Loans	18,345.00	18,345.00	18,344.04		0.96
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>	<u>1,500,880.00</u>	<u>1,500,880.00</u>	<u>1,499,730.41</u>		<u>1,149.59</u>

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

BOROUGH OF MATAWAN

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"</u>					
Deferred Charges:					
Emergency Authorization	\$ 46,000.00	\$ 46,000.00	\$ 46,000.00	\$	
<u>TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM CAPS</u>	<u>46,000.00</u>	<u>46,000.00</u>	<u>46,000.00</u>		
<u>TOTAL GENERAL APPROPRIATIONS- EXCLUDED FROM "CAPS"</u>	<u>\$ 2,503,292.14</u>	<u>\$ 2,503,292.14</u>	<u>\$ 2,495,342.55</u>	<u>\$ 6,800.00</u>	<u>1,149.59</u>
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	<u>11,522,804.14</u>	<u>11,522,804.14</u>	<u>10,800,336.15</u>	<u>721,318.40</u>	<u>1,149.59</u>
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 11,972,804.14</u>	<u>\$ 11,972,804.14</u>	<u>\$ 11,250,336.15</u>	<u>\$ 721,318.40</u>	<u>\$ 1,149.59</u>
REF.	A-2		A-1	A:A-1	
Reserve for Uncollected Taxes			\$ 450,000.00		
Emergency Authorization			46,000.00		
Reserve for Encumbrances			182,671.31		
Reserve for Tax Appeals			100,000.00		
Grants Appropriated			139,372.14		
Cash Disbursements	\$	\$ 10,336,056.99	\$ 918,043.45		
Less: Refunds		3,764.29	10,332,292.70		
		\$	\$ 11,250,336.15		

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

TRUST FUND

BOROUGH OF MATAWAN

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
Animal Control Trust Fund:			
Cash	B-1	\$ <u>693.93</u>	\$ <u>807.13</u>
		<u>693.93</u>	<u>807.13</u>
Trust - Other Funds:			
Cash	B-1	\$ <u>1,675,141.00</u>	\$ <u>1,918,140.41</u>
		<u>1,675,141.00</u>	<u>1,918,140.41</u>
		\$ <u>1,675,834.93</u>	\$ <u>1,918,947.54</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Trust Fund:			
Due State Department of Health	B-3	\$	\$ 1.20
Reserve for Expenditures	B-2	693.93	637.93
Encumbrances Payable			168.00
		<u>693.93</u>	<u>807.13</u>
Trust - Other Funds:			
Reserve for Encumbrances	B-5	\$	\$ 66,722.24
Interfunds Payable	B-4	48,854.61	7,935.18
Miscellaneous Reserves	B-6	890,828.72	1,117,979.41
Recreation Trust	B-7	42,886.82	47,251.21
Law Enforcement Trust	B-8	4,330.27	2,627.69
Developer's Escrow	B-9	243,398.22	273,874.83
Unemployment	B-10	25,924.44	22,137.05
Railroad Parking Trust	B-11	81,655.54	68,946.66
Prepaid Railroad Permits	B-12	240,620.00	234,160.00
Payroll Deductions Payable	B-13	96,642.38	76,506.14
		<u>1,675,141.00</u>	<u>1,918,140.41</u>
		\$ <u>1,675,834.93</u>	\$ <u>1,918,947.54</u>

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

GENERAL CAPITAL FUND

BOROUGH OF MATAWAN

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,158,347.93	\$ 1,456,387.59
Investments			20,000.00
Deferred Capital Lease Obligations	C-12	1,808,000.00	814,200.00
Deferred Charges to Future Taxation:			
Funded	C-4	10,815,663.68	6,422,110.09
Unfunded	C-5	5,893,259.01	9,796,867.01
Interfunds Receivable	C-6	148,108.31	128,108.31
Grants Receivable	C-7	827,008.68	163,647.77
Monmouth County Improvement Authority	C-8	44,772.00	85,703.38
		<u>\$ 20,695,159.61</u>	<u>\$ 18,887,024.15</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Interfunds Payable	C-6	\$ 2,799.13	\$
Improvement Authorizations:			
Funded	C-9	1,570,660.26	140,668.48
Unfunded	C-9	2,405,465.52	4,690,738.54
Serial Bonds Payable	C-10	10,737,096.00	6,327,018.00
Green Trust Loan Payable	C-11	78,567.68	95,092.09
Bond Anticipation Notes	C-13	1,746,040.00	6,037,608.00
Capital Improvement Fund	C-14	218,652.76	282,689.76
Contracts Payable	C-15	2,022,937.72	435,465.59
Capital Lease Obligations Payable	C-16	1,808,000.00	814,200.00
Reserve to Pay Debt Service	C-17	22,739.85	
Fund Balance	C-1	82,200.69	63,543.69
		<u>\$ 20,695,159.61</u>	<u>\$ 18,887,024.15</u>

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

BOROUGH OF MATAWAN

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	63,543.69
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-2		<u>18,657.00</u>
Balance, December 31, 2017	C:C-3	\$	<u><u>82,200.69</u></u>

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

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WATER/SEWER UTILITY FUND

BOROUGH OF MATAWAN
WATER/SEWER UTILITY FUND
BALANCE SHEETS - REGULATORY BASIS

<u>A S S E T S</u>	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>OPERATING FUND:</u>			
Cash	D-6	\$ 2,214,597.90 \$	2,152,565.84
Change Fund	D-8	50.00	50.00
		<u>2,214,647.90</u>	<u>2,152,615.84</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-9	187,527.50	213,222.48
	D	187,527.50	213,222.48
		<u>2,402,175.40</u>	<u>2,365,838.32</u>
<u>TOTAL OPERATING FUND</u>			
<u>ASSESSMENT TRUST FUND:</u>			
Due Water/Sewer Utility Capital Fund	D-16	\$ 4,959.69 \$	4,959.69
		<u>4,959.69</u>	<u>4,959.69</u>
<u>TOTAL ASSESSMENT TRUST FUND</u>			
<u>CAPITAL FUND:</u>			
Cash	D-6;D-7	\$ 1,753,980.40 \$	875,762.41
Infrastructure Loan Receivable	D-15	132,535.00	132,535.00
Fixed Capital	D-17	18,422,359.60	18,422,359.60
Fixed Capital Authorized and Uncompleted	D-18	11,403,009.65	11,403,009.65
Interfunds Receivable	D-27	2,799.13	
		<u>31,714,683.78</u>	<u>30,833,666.66</u>
<u>TOTAL CAPITAL FUND</u>			
		<u>\$ 34,121,818.87 \$</u>	<u>33,204,464.67</u>
<u>TOTAL ASSETS</u>			

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

BOROUGH OF MATAWAN
WATER/SEWER UTILITY FUND
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>		<u>BALANCE DECEMBER 31, 2017</u>		<u>BALANCE DECEMBER 31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>OPERATING FUND:</u>					
Liabilities:					
Appropriation Reserves	D-5:D-10	\$	282,058.34	\$	348,163.30
Water/Sewer Utility Overpayments	D-11		5,877.09		6,879.98
Encumbrances Payable	D-12		52,030.00		35,074.58
Accrued Interest on Bonds and Notes	D-13		83,721.62		79,043.23
Accounts Payable	D-14		1,879.50		1,879.50
			<u>423,687.05</u>		<u>471,040.59</u>
Reserve for Receivables	D		187,527.50		213,222.48
Fund Balance	D-1		<u>1,790,960.85</u>		<u>1,681,575.25</u>
			<u>2,402,175.40</u>		<u>2,365,838.32</u>
<u>TOTAL OPERATING FUND</u>					
<u>ASSESSMENT TRUST FUND:</u>					
Fund Balance	D-3	\$	<u>4,959.69</u>	\$	<u>4,959.69</u>
			<u>4,959.69</u>		<u>4,959.69</u>
<u>TOTAL ASSESSMENT TRUST FUND</u>					
<u>CAPITAL FUND:</u>					
Contracts Payable	D-19	\$	142,987.42	\$	108,565.42
Reserve For Amortization	D-20		17,613,064.30		15,979,457.46
Reserve for Deferred Amortization	D-21		68,865.52		68,865.52
Capital Improvement Fund	D-22		531,600.00		431,600.00
Improvement Authorizations:					
Funded	D-23		451,800.66		281,669.90
Unfunded	D-23		1,028,130.49		1,954,465.26
Serial Bonds Payable	D-24		5,330,904.00		4,949,982.00
Infrastructure Loan Payable	D-25		5,657,759.43		6,137,288.27
Bond Anticipation Notes	D-26		860,000.00		895,000.00
Interfunds Payable	D-27		4,959.69		4,959.69
Reserve for Debt Service	D-28		2,799.13		
Fund Balance	D-2		<u>21,813.14</u>		<u>21,813.14</u>
			<u>31,714,683.78</u>		<u>30,833,666.66</u>
			<u>31,714,683.78</u>		<u>30,833,666.66</u>
		\$	<u>34,121,818.87</u>	\$	<u>33,204,464.67</u>

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

BOROUGH OF MATAWAN
WATER/SEWER UTILITY OPERATING FUND
STATEMENTS OF OPERATIONS
AND CHANGE IN OPERATING FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-1:D-4	\$ 200,069.00	\$ 190,654.00
Water/Sewer Rents	D-4	4,667,829.23	4,771,612.42
Miscellaneous	D-4	97,374.67	67,404.93
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	251,921.73	100,041.54
Accrued Interest Cancelled	D-13	5,343.31	44,507.46
Accounts Payable Cancelled	D-14	1,879.50	
		<u>5,224,417.44</u>	<u>5,174,220.35</u>
<u>TOTAL INCOME</u>			
<u>EXPENDITURES</u>			
Operating	D-5	\$ 3,416,356.00	\$ 3,463,368.00
Debt Service	D-5	1,204,606.84	1,200,594.20
Deferred Charges and Statutory Expenditures	D-5	94,000.00	89,991.00
Capital Improvements	D-5	200,000.00	200,000.00
		<u>4,914,962.84</u>	<u>4,953,953.20</u>
<u>TOTAL EXPENDITURES</u>			
Excess in Revenue		\$ 309,454.60	\$ 220,267.15
Fund Balance, January 1	D	\$ 1,681,575.25	\$ 1,651,962.10
		<u>1,991,029.85</u>	<u>1,872,229.25</u>
Decreased By:			
Utilized as Anticipated Revenue	D-1	200,069.00	190,654.00
Fund Balance, December 31	D	<u>1,790,960.85</u>	<u>1,681,575.25</u>

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

BOROUGH OF MATAWAN
WATER/SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2016 and December 31, 2017	C	\$ <u>21,813.14</u>

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

BOROUGH OF MATAWAN
WATER/SEWER UTILITY ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2016 and December 31, 2017	C	\$ <u>4,959.69</u>

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

BOROUGH OF MATAWAN

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Surplus	D-1	\$ 200,069.00	\$ 200,069.00	
Rents	D-1:D-4	4,715,365.00	4,667,829.23	(47,535.77)
Miscellaneous	D-1:D-4		97,374.67	97,374.67
	D-5	\$ <u>4,915,434.00</u>	\$ <u>4,965,272.90</u>	<u>49,838.90</u>
<u>ANALYSIS OF RENTS</u>				
Rents	D-8		\$ 4,666,413.57	
Water/Sewer Liens	D-6		812.56	
Overpayments Applied	D-9		<u>603.10</u>	
	D-4		\$ <u>4,667,829.23</u>	
Miscellaneous:				
Interest on Investments			\$ 23,273.95	
Interest on Sewer Charges			<u>74,100.72</u>	
	D-4:D-6		\$ <u>97,374.67</u>	

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

BOROUGH OF MATAWAN
WATER/SEWER UTILITY OPERATING FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATING:					
Salaries and Wages	\$ 736,600.00	\$ 736,600.00	\$ 711,514.20	\$ 25,085.80	
Other Expenses	1,249,756.00	1,249,756.00	1,157,389.81	92,366.19	
Acquisition of Water	380,000.00	380,000.00	326,251.17	53,748.83	
Bayshore Outflow	100,000.00	100,000.00	95,488.44	4,511.56	
BRSA Other Expenses	950,000.00	950,000.00	943,804.00	6,196.00	
TOTAL OPERATING	\$ 3,416,356.00	\$ 3,416,356.00	\$ 3,234,447.62	\$ 181,908.38	
CAPITAL IMPROVEMENTS:					
Capital Improvement Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	
Capital Outlay	100,000.00	100,000.00	100,000.00	100,000.00	
	\$ 200,000.00	\$ 200,000.00	\$ 100,000.00	\$ 100,000.00	
DEBT SERVICE:					
Payment of Bonds	\$ 419,078.00	\$ 419,078.00	\$ 419,078.00	\$	
Interest on Bonds	211,000.00	211,000.00	211,000.00		
Interest on Notes	11,000.00	11,000.00	11,000.00		
Water Treatment Loan Principal	480,000.00	480,000.00	479,528.84	471.16	
Water Treatment Loan Interest	84,000.00	84,000.00	84,000.00		
TOTAL DEBT SERVICE	\$ 1,205,078.00	\$ 1,205,078.00	\$ 1,204,606.84	\$ 471.16	
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	\$ 39,000.00	\$ 39,000.00	\$ 39,000.00	\$	
Social Security (OAS)	55,000.00	55,000.00	54,850.04	149.96	
	\$ 94,000.00	\$ 94,000.00	\$ 93,850.04	\$ 149.96	
TOTAL STATUTORY EXPENDITURES	\$ 4,915,434.00	\$ 4,915,434.00	\$ 4,632,904.50	\$ 282,058.34	\$ 471.16

REF.	D-4	D-1	D:D-1
Cash Disbursements			
Encumbrances Payable		4,274,874.50	
Accrued Interest on Bonds and Notes		52,030.00	
		306,000.00	
		4,632,904.50	

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

GENERAL FIXED ASSET ACCOUNT GROUP

BOROUGH OF MATAWAN

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEET - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
Fixed Assets:		
Land	\$ 4,540,000.00 \$	4,540,000.00
Buildings	5,763,100.00	5,763,100.00
Machinery and Equipment	<u>6,368,212.64</u>	<u>6,186,353.91</u>
<u>Total Fixed Assets</u>	\$ <u>16,671,312.64</u> \$	<u>16,489,453.91</u>
Reserve:		
Investments in General Fixed Assets	\$ <u>16,671,312.64</u> \$	<u>16,489,453.91</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MATAWAN

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Matawan was formed as a borough on June 28, 1895, from portions of Matawan Borough (now Aberdeen Borough), based on results of a referendum held that day. Matawan expanded with portions of Matawan Borough in 1931 and 1933, and from Madison Borough (now Old Bridge Borough) in 1939. The Borough of Matawan is governed under the Borough form of New Jersey government, a Mayor and Borough Council

Except as noted below, the financial statements of the Borough of Matawan include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Matawan, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Matawan do not include the operations of the municipal library, parking authority, volunteer fire departments and first aid squads or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Matawan 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. 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 financial transactions and accounts of the Borough of Matawan are organized on the basis of funds and an account group which is different from the fund structure required by GAAP.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups.

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds

Trust Fund - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created

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

Water/Sewer Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned Water/Sewer utility

General Fixed Asset Account Group - Utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31st, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31st, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C 5:30.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. 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.

Expenditures for construction in progress are recorded in the Capital Fund until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Water/Sewer Utility

Accounting for utility fund "fixed capital" remains uncharged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water/Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (an amendment of GASB Statement No. 68), local government employers (or non-employer contributing entity in a special funding situation) are required to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

Under GAAP, municipalities are required to recognize their proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources on the Statement of Net Position and the proportionate share of the pension related expense on the Statement of Activities.

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 to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be held in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Volunteer Length of Service Award Plan

The Borough has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Borough's volunteer First Aid Squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of the "Length of Service Award Plan under Section 457€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 Borough's financial statements as part of our audit of the Borough's financial statements.

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

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank 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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

The Borough of Matawan had the following cash and cash equivalents at December 31, 2017:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$12,860,542.83	\$525,623.21		\$13,386,166.04
Petty Cash			\$26.45	26.45
Change Funds			200.00	200.00
	<u>\$12,860,542.83</u>	<u>\$525,623.21</u>	<u>\$226.45</u>	<u>\$13,386,392.49</u>

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 Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on deposit in the bank of \$12,860,542.83, \$250,000.00 was covered by Federal Depository Insurance and \$12,610,542.83 was covered under the provisions of NJGUDPA

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2017, the Borough had no funds set aside for investment purposes.

NOTE 3: GOVERNMENTAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, based by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

Long-Term Debt

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2017</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$12,561,703.68	\$12,459,718.09	\$12,119,499.90
Water/Sewer Utility:			
Bonds, Notes and Loans	<u>11,848,662.96</u>	<u>11,982,270.27</u>	<u>12,319,839.47</u>
Net Debt Issued	\$24,410,366.64	\$24,441,988.36	\$24,439,339.37
Less: Cash on Hands to Pay Notes	22,739.85		
Net Debt Issued	<u>\$24,387,626.79</u>	<u>\$24,441,988.36</u>	<u>\$24,439,339.37</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	\$4,147,219.01	\$3,759,259.01	\$2,319,003.15
Water/Sewer Utility:			
Bonds and Notes and Loans	<u>294,776.00</u>	<u>1,794,776.00</u>	<u>424,720.93</u>
Total Authorized but not Issued	<u>\$4,441,995.01</u>	<u>\$5,554,035.01</u>	<u>\$2,743,724.08</u>
Net Bonds and Notes Issued and and Authorized but not issued	<u>\$28,829,621.80</u>	<u>\$29,996,023.37</u>	<u>\$27,183,063.45</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long Term Debt (Continued)

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.611%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Regional School District Debt	\$35,321,000.00	\$35,321,000.00	-0-
Water Sewer Utility Debt	12,143,438.96	12,143,438.96	-0-
General Debt	<u>16,708,922.69</u>	<u>22,739.85</u>	<u>16,686,182.84</u>
	<u>\$64,173,361.65</u>	<u>\$47,487,178.81</u>	<u>\$16,686,182.84</u>

NET DEBT \$16,686,182.84 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$1,035,834,459.00 EQUALS 1.611%.

BORROWING POWER UNDER N.J.S.40A:2-6

Equalized Valuation Basis* - December 31, 2017	\$1,035,834,459.00
3-1/2 of Equalized Valuation Basis	36,254,206.07
Net Debt	16,686,182.84
Remaining Borrowing Power	<u>\$19,568,023.23</u>

*Equalized Valuation Basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER/SEWER UTILITY PER N.J.S.40A:2-45

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year	\$ 4,941,445.41
Deductions:	
Operating and Maintenance Cost	\$ 3,510,356.00
Debt Service	<u>1,205,078.00</u>
Total Deductions	<u>4,715,434.00</u>
Excess in Revenue - Self Liquidating	<u>\$ 226,011.41</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long Term Debt (Continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2017

CALENDAR YEAR	PUBLIC IMPROVEMENT		WATER/SEWER UTILITY		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2018	\$1,066,431.00	\$477,417.54	\$432,569.00	\$229,482.46	\$2,205,900.00
2019	1,099,190.00	431,617.25	444,810.00	210,082.75	2,185,700.00
2020	672,725.00	381,057.75	457,275.00	189,592.25	1,700,650.00
2021	493,750.00	349,221.25	401,250.00	169,128.75	1,413,350.00
2022	500,000.00	333,252.00	425,000.00	153,198.00	1,411,450.00
2023	514,000.00	310,625.90	426,000.00	134,799.10	1,385,425.00
2024	538,000.00	287,482.43	437,000.00	115,692.57	1,378,175.00
2025	563,800.00	263,036.13	276,200.00	96,138.87	1,199,175.00
2026	585,000.00	237,646.02	285,000.00	84,728.98	1,192,375.00
2027	614,000.00	211,182.37	296,000.00	72,967.63	1,194,150.00
2028	642,800.00	183,378.03	312,200.00	60,671.97	1,199,050.00
2029	671,800.00	154,297.13	323,200.00	47,777.88	1,197,075.00
2030	697,900.00	123,897.52	337,100.00	34,327.48	1,193,225.00
2031	497,700.00	92,181.00	162,300.00	20,394.00	772,575.00
2032	365,000.00	69,875.00	45,000.00	14,625.00	494,500.00
2033	385,000.00	51,125.00	50,000.00	12,250.00	498,375.00
2034	405,000.00	31,375.00	50,000.00	7,000.00	493,375.00
2035	425,000.00	21,250.00	55,000.00	5,750.00	507,000.00
2036			55,000.00	4,375.00	59,375.00
2037			60,000.00	3,000.00	63,000.00
	<u>\$10,737,096.00</u>	<u>\$4,009,917.32</u>	<u>\$5,330,904.00</u>	<u>\$1,665,982.68</u>	<u>\$21,743,900.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long Term Debt (Continued)

The Public Improvement Bond issues are comprised of the following:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER <u>31, 2017</u>
\$3,395,000.00 in General Refunding Obligation Bonds dated April 12, 2007, due in remaining annual installments ranging between \$177,681.00 and \$193,975.00 beginning December 1, 2018 and ending December 1, 2020 with interest from 4.000% to 5.000%	\$557,096.00
\$5,275,000.00 in General Improvement Bonds dated January 21, 2011, due in remaining annual installments ranging between \$225,000.00 and \$265,000.00 beginning January 15, 2018 and ending January 15, 2021 with interest of 5.000%	980,000.00
\$1,805,000.00 in General Refunding Obligation Bonds dated May 22, 2012, due in remaining annual installments ranging between \$435,000.00 and \$445,000.00 beginning December 1, 2018 and ending December 1, 2019 with interest of 4.000%	880,000.00
\$3,105,000.00 in General Refunding Obligation Bonds dated October 5, 2016, due in remaining annual installments ranging between \$13,750.00 and \$367,900.00 beginning August 1, 2018 and ending December 1, 2030 with interest from 3.000% to 4.000%	3,070,000.00
\$5,275,000.00 in General Improvement Bonds dated February 23, 2017, due in remaining annual installments ranging between \$215,000.00 and \$425,000.00 beginning February 15, 2018 and ending February 15, 2035 with interest from 2.000% to 5.000%	<u>5,250,000.00</u>
	<u>\$10,737,096.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long Term Debt (Continued)

The Water/Sewer Utility Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2017</u>
\$454,575.00 in Water/Sewer Refunding Obligation Bonds dated April 12, 2007, due in remaining annual installments ranging between \$51,319.00 and \$56,025.00 beginning December 1, 2018 and ending December 1, 2020 with interest from 4.000% to 5.000%	\$160,904.00
\$3,920,000.00 in Water/Sewer Improvement Bonds dated January 21, 2011, due in remaining annual installments ranging between \$155,000.00 and \$180,000.00 beginning January 15, 2018 and ending January 15, 2021 with interest of 5.000%	675,000.00
\$1,830,000.00 in Water/Sewer Refunding Obligation Bonds dated May 22, 2012, due in remaining annual installments ranging between \$175,000.00 and \$185,000.00 beginning December 1, 2018 and ending December 1, 2024 with interest of 4.000%	1,260,000.00
\$2,465,000.00 in Water/Sewer Refunding Obligation Bonds dated October 5, 2016, due in remaining annual installments ranging between \$11,250.00 and \$292,100.00 beginning August 1, 2018 and ending December 1, 2031 with interest from 3.000% to 4.000%	2,435,000.00
\$800,000.00 in Water/Sewer Improvement Bonds dated February 23, 2017, due in remaining annual installments ranging between \$30,000.00 and \$60,000.00 beginning February 15, 2018 and ending February 15, 2037 with interest from 2.000% to 5.000%	800,000.00
	<hr/>
	<u>\$5,330,904.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long Term Debt (Continued)

Green Loan Trust

On June 27, 2002, the Borough entered into a Green Trust Loan Agreement with the State of New Jersey for the Lakefront Recreation Area totaling \$295,000.00. The loan is payable over 20 years. The loan is at an interest rate of 2.00%.

Following are the maturities and debt schedule for the outstanding principal and interest on the loans:

CALENDAR

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$16,856.55	\$1,487.49	\$18,344.04
2019	17,195.37	1,148.67	18,344.04
2020	17,540.99	803.65	18,344.64
2021	17,893.57	450.48	18,344.05
2022	9,081.20	90.81	9,172.01
	<u>\$78,567.68</u>	<u>\$3,981.10</u>	<u>\$82,548.78</u>

New Jersey Infrastructure Trust Loan

The Borough has also entered into three loan agreements funded by the New Jersey Environmental Infrastructure Trust Fund. All loans have been recorded in the Water Sewer Utility Capital Fund. The first loan is dated October 15, 2001 for Water/Sewer Improvements. The agreement provides for an interest bearing loan from the Trust not to exceed \$1,400,000.00 at interest from 4.00% to 5.00% and an interest free loan not to exceed \$1,400,000.00. The second loan is dated April 12, 2012 for Water/Sewer Improvements. This agreement provides for an interest bearing loan from the Trust not to exceed \$1,300,000.00 at interest from 3.00% to 5.00% and an interest free loan not to exceed \$4,012,140.00. The third loan is dated June 30, 2014 for Water/Sewer Improvements. This agreement provides for an interest bearing loan from the Trust not to exceed \$232,399.00 at interest from 0.16% to 3.24% and an interest free loan not to exceed \$660,685.00.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long Term Debt (Continued)

New Jersey Infrastructure Trust Loan (Continued)

Following are the maturities and debt schedule for the outstanding principal and interest on the loans:

Water/Sewer Utility Capital Fund Dated October 15, 2001				
Calendar	Trust Loan		Fund Loan	
Year	Principal	Interest	Principal	Total
2018	\$90,000.00	\$18,987.50	\$71,018.06	\$180,005.56
2019	95,000.00	14,487.50	71,343.87	180,831.37
2020	100,000.00	9,737.50	71,506.77	181,244.27
2021	105,000.00	4,987.50	71,669.88	181,657.38
	<u>\$390,000.00</u>	<u>\$48,200.00</u>	<u>\$285,538.58</u>	<u>\$723,738.58</u>

Water/Sewer Utility Capital Loan Dated April 12, 2012				
Calendar	Trust Loan		Fund Loan	
Year	Principal	Interest	Principal	Total
2018	\$55,000.00	\$45,996.26	\$222,896.65	\$323,892.91
2019	60,000.00	43,246.26	222,896.65	326,142.91
2020	60,000.00	40,246.26	222,896.65	323,142.91
2021	65,000.00	37,246.26	222,896.65	325,142.91
2022	70,000.00	33,996.26	222,896.65	326,892.91
2023	75,000.00	30,496.26	222,896.65	328,392.91
2024	80,000.00	26,746.26	222,896.65	329,642.91
2025	80,000.00	22,746.26	222,896.65	325,642.91
2026	85,000.00	18,746.26	222,896.65	326,642.91
2027	90,000.00	14,496.26	222,896.65	327,392.91
2028	90,000.00	11,796.26	222,896.65	324,692.91
2029	95,000.00	9,096.26	222,896.65	326,992.91
2030	95,000.00	6,127.50	222,896.65	324,024.15
2031	95,000.00	3,087.50	222,896.65	320,984.15
	<u>\$1,095,000.00</u>	<u>\$344,070.12</u>	<u>\$3,120,553.10</u>	<u>\$4,559,623.22</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long Term Debt (Continued)

New Jersey Infrastructure Trust Loan (Continued)

Water/Sewer Utility Capital Loan Dated June 30, 2012

Calendar	Trust Loan		Fund Loan	Total
	Principal	Interest	Principal	
2018	\$10,772.00	\$4,902.58	\$35,393.83	\$51,068.41
2019	10,873.00	4,801.32	35,393.83	51,068.15
2020	11,005.00	4,669.74	35,393.83	51,068.57
2021	11,170.00	4,504.66	35,393.83	51,068.49
2022	11,364.00	4,310.30	35,393.83	51,068.13
2023	11,588.00	4,086.42	35,393.83	51,068.25
2024	11,836.00	3,838.42	35,393.83	51,068.25
2025	12,106.00	3,568.54	35,393.83	51,068.37
2026	12,400.00	3,274.36	35,393.83	51,068.19
2027	12,724.00	2,950.72	35,393.83	51,068.55
2028	13,074.00	2,600.80	35,393.83	51,068.63
2029	13,445.00	2,229.48	35,393.83	51,068.31
2030	13,847.00	1,827.46	35,393.83	51,068.29
2031	14,267.00	1,407.88	35,393.83	51,068.71
2032	14,712.00	962.74	35,393.83	51,068.57
2033	15,183.00	491.94	35,393.83	51,068.77
	<u>\$200,366.00</u>	<u>\$50,427.36</u>	<u>\$566,301.28</u>	<u>\$817,094.64</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

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

General Capital Fund	<u>\$4,147,219.01</u>
Water/Sewer Utility Capital Fund	<u>\$ 294,776.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Short-Term Debt

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
17-04	06/08/17	06/08/17	06/08/18	2.25%	\$1,746,040.00
					<u>\$1,746,040.00</u>

Water/Sewer Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
16-08	06/08/17	06/08/17	06/08/18	2.25%	\$860,000.00
					<u>\$860,000.00</u>

CAPITAL LEASE OBLIGATIONS

The Borough participates in the Monmouth County Improvement Authority ("Authority") Capital Equipment Lease Program ("Program"). Under the Program, the Borough purchases equipment with the proceeds of an Authority bond issue and then pays the Authority in the form of lease payments

Debt Service requirements for Capital Lease obligations during the next several years are summarized as follows:

<u>CALENDAR YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$155,000.00	\$29,550.00	\$184,550.00
2019	133,000.00	21,800.00	154,800.00
2020	135,000.00	15,490.00	150,490.00
2021	56,000.00	9,090.00	65,090.00
2022	57,000.00	6,640.00	63,640.00
2023	58,000.00	4,780.00	62,780.00
2024	23,000.00	2,250.00	25,250.00
2025	22,000.00	1,100.00	23,100.00
	<u>\$639,000.00</u>	<u>\$90,700.00</u>	<u>\$729,700.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2018, were as follows:

Current Fund	\$905,075.00*
Water/Sewer Operating Fund	631,842.00*

*- Per Introduced Budget

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2017</u>	BALANCE DECEMBER 31, <u>2016</u>
Prepaid Taxes	<u>\$1,039,919.26</u>	<u>\$289,562.99</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrpts.shtml.

NOTE 6: PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) - 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 PERS 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 pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. As of July 1, 2017 PERS provides for employee contributions of 7.34% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2017, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Borough's share of regular pension costs, which is based upon the annual billings received from the State, amounted to \$746,181.00 for 2017, \$755,366.00 for 2016 and \$715,294.00 for 2015.

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

Certain Borough employees are also covered by Federal Insurance Contribution Act.

NOTE 6: PENSION PLANS

Pension Contribution Deferral

The State of New Jersey has enacted Public Law 2012, C.19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-state contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to the Police and Fire Retirement System (PFRS) and the Public Employees Retirement System (PERS) which would have been due April 1, 2009. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April, 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pension and Benefits for a payoff amount. The Borough has elected to defer a portion of its pension contributions as follows:

Retirement System	Original Amount Deferred	Balance December 31, 2016	2017 Payments	Balance December 31, 2017
PFRS	\$ 215,447.50	\$ 156,683.50	\$ 15,312.00	\$ 141,371.50
PERS	<u>63,548.00</u>	<u>45,983.00</u>	<u>4,610.00</u>	<u>41,373.00</u>
Total	\$ <u>278,995.50</u>	\$ <u>202,666.50</u>	\$ <u>19,922.00</u>	\$ <u>182,744.50</u>

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2017.

NOTE 6: PENSION PLANS

Accounting and Financial Reporting for Pensions – GASB #68

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$5,086,107.00 for the Borough of Matawan's proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0218490377 percent, which was an increase of 0.0012100295 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$406,613.00 for the Borough of Matawan's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$183,354.00.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	-	\$119,760.00
Changes of assumptions	\$1,020,919.00	1,024,675.00
Net difference between projected and actual earnings on pension plan investments		34,633.00
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>236,503.00</u>	<u>380,547.00</u>
	<u>\$1,257,422.00</u>	<u>\$1,559,615.00</u>

NOTE 6: PENSION PLANS

Accounting and Financial Reporting for Pensions – GASB #68

Public Employees Retirement System (PERS)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended June 30,	<u>Amount</u>
2018	\$148,372.00
2019	212,542.00
2020	118,302.00
2021	(100,700.00)
2022	(76,323.00)
	<u>\$302,193.00</u>

Actuarial Assumptions

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25 Percent	3.08 Percent
Salary Increases (based on age)		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.65 percent

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. Postretirement 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.

NOTE 6: PENSION PLANS

Accounting and Financial Reporting for Pensions – GASB #68

Public Employees Retirement System (PERS)

Actuarial Assumptions (Continued)

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65 at June 30, 2016) 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 PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

	June 30, 2017	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US 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 Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the collective net pension liability to changes in the discount rate.

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

	June 30, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$6,309,661.00	\$5,086,107.00	\$4,066,735.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$10,501,434.00 for the Borough of Matawan's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0680229881 percent, which was an increase of 0.0045443628 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$880,591. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$517,567.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$61,635.00	\$68,127.00
Changes of assumptions	1,719,828.00	1,294,944.00
Net difference between projected and actual earnings on pension plan investments		200,392.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>620,580.00</u>	<u>712,968.00</u>
	<u>\$2,402,043.00</u>	
	<u>0</u>	<u>\$2,276,431.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2018	\$44,028.00
2019	246,090.00
2020	70,760.00
2021	(358,133.00)
2022	<u>(128,357.00)</u>
	<u>(\$125,612.00)</u>

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions

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

	<u>2016</u>	<u>2017</u>
Inflation	3.08 Percent	2.25 Percent
Salary Increases (based on age) Through 2026	2.10-8.98 Percent Based on Age	2.10-8.98 Percent Based on Age
Thereafter	3.10-9.98 Percent Based on Age	3.10-9.98 Percent Based on Age
Investment Rate of Return	7.65 Percent	7.00 Percent

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2017 and 7.65% at June 30, 2016) 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 PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

	<u>June 30, 2017</u>	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US 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 Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and June 30, 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and June 30, 2016 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

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

	June 30, 2017		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>5.14%</u>	<u>6.14%</u>	<u>7.14%</u>
Borough's proportionate share of the PFRS pension liability	\$13,836,504.00	\$10,501,434.00	\$7,761,295.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough 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 nonemployer contributing entity. Since the Borough does 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 disclose in the notes to the financial statements of the Borough related to this legislation.

At June 30, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,176,249.00 and \$1,018,287.00 respectively.

At June 30, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$10,501,434.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,176,249.00</u>
	<u>\$11,677,683.00</u>

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

Under the terms of various contracts Borough employees are allowed to accumulate unused vacation and sick leave, which may be taken off or paid at a later date with the exception of vacation leave. It is estimated that the current cost of such unpaid compensation would approximate \$359,278.55. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2017 .

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation or claims that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self-insurance program through the Monmouth County Municipal Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance coverage for each of the various risks noted above. The Borough's contribution to the Fund for claim payments is based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

NOTE 10: RISK MANAGEMENT (CONTINUED)

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$15,000.00	\$5,760.86	\$16,973.47	\$25,924.44
2016	15,000.00	5,628.47	21,454.60	22,137.05
2015	15,000.00	5,643.45	10,353.49	22,963.18

NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM

On July 15, 2003, the Borough of Matawan adopted an ordinance establishing a Length of Service Awards Program for the members of the Matawan Volunteer Fire Department and First Aid Squad pursuant to N.J.S.A. 40A:14-183 et seq.

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of \$1,000.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be provided for annually in the budget of the Borough and is anticipated to be \$48,000.00 per year. The Plan is administrated by VALIC.

The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are required to be contained in a separate review report.

NOTE 12: DEFERRED COMPENSATION PLAN

The Borough offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

NOTE 12: DEFERRED COMPENSATION PLAN (CONTINUED):

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the plan are held by independent administrators, the Equitable Life Assurance Company, Lincoln Financial.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 13: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Borough provides Post Retirement Benefits to certain employees, per the terms of their various labor agreements, which have retired from the Borough after twenty-five (25) years of service. These benefits include Health Insurance and prescription coverage.

Former Borough employees who received benefits under this plan totaled 5 in 2017, 5 in 2016 and 2 in 2015.

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

The future value of benefits paid is not required to be reported in the financial statements as presented and has not been determined, but is probably material. Under current New Jersey budget and financial reporting requirements, the Borough will not have to provide any amounts in excess of their current cash costs or recognized any long-term obligations on their balance sheets. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits
P.O. Box 295, Trenton, New Jersey 08625-0295

or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

NOTE 13: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy. Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's annual contributions to SHBP for retirees were \$586,210.66 for 2017, \$593,804.49 for 2016, and \$604,074.85 for 2015, which equaled the required contributions for that year.

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS' BUDGETS

The following deferred charges are shown on the December 31, 2017 Balance Sheets and will be raised in succeeding years' budget:

	BALANCE DECEMBER 31, 2017	2018 BUDGET APPROPRIATION*	BALANCE TO SUCCEEDING YEARS
N.J.S.A. 40A: 4-46			
Revaluation	\$30,000.00	\$15,000.00	\$15,000.00
Master Plan	33,000.00	11,000.00	22,000.00
	<u>\$63,000.00</u>	<u>\$26,000.00</u>	<u>\$37,000.00</u>

* As introduced

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$48,854.61	\$318,760.57
Trust Other Fund		48,854.61
General Capital Fund	148,108.31	2,799.13
Water/Sewer Utility Assessment Trust Fund	4,959.69	
Water/Sewer Utility Capital Fund	2,799.13	4,959.69
Grant Fund	<u>170,652.26</u>	
	<u>\$375,374.00</u>	<u>\$375,374.00</u>

All balances resulted from the time lag between the dates that payments between funds are made.

NOTE 16: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through June 14, 2018 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there were no subsequent events that needed to be disclosed.

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BOROUGH OF MATAWAN

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2017

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF CASH-TREASURER

REF.		CURRENT FUND	GRANT FUND
A	Balance, December 31, 2016	\$ 4,674,091.43	\$ -0-
	Increased by Receipts:		
A-2	Petty Cash	\$ 223.55	
A-3	Miscellaneous Revenue Not Anticipated	301,609.73	
A-6	2017 Appropriations - Refunds	3,764.29	
A-7	Taxes Receivable	29,016,054.17	
A-8	Tax Title Liens	11,882.08	
A-11	Revenue Accounts Receivable	2,617,884.69	
A-13	Due From State of New Jersey Chapter 20, P.L. 1971	49,250.00	
A-15	Interfunds	72,624.92	
A-16	Prepaid Taxes	1,039,919.26	
	Tax Overpayments	69,419.35	
	Reserve for:		
A-20	Damage Claims	1,879.25	
A-21	Library State Aid	1,912.00	
A-22	Due State of New Jersey - Marriage License Fees	1,775.00	
A-28	Grants Receivable		14,366.57
A-30	Grants - Unappropriated		38,258.35
A-31	Grant Interfunds		12,355.39
		<u>33,188,198.29</u>	<u>64,980.31</u>
		37,862,289.72	64,980.31
	Decreased by Disbursements:		
A-3	2017 Appropriations	\$ 10,336,056.99	
A-12	2016 Appropriation Reserves	266,897.84	
A-10	Accounts Payable	675.18	
A-13	Interfunds	53,274.82	
A-14	Special Emergency Note Payable	20,000.00	
A-16	Tax Overpayments	23,374.93	
A-17	County Taxes Payable	2,860,760.30	
A-18	Regional School Tax Payable	17,672,519.00	
	Refund of:		
A-2	Miscellaneous Revenue Not Anticipated	10.00	
A-1	Prior Year Revenue	152.96	
	Reserve for:		
A-22	Due State of New Jersey - Marriage License Fees	1,575.00	
A-24	Property Reassessment	6,525.68	
A-25	Master Plan	1,324.31	
A-26	Tax Appeals	35,737.83	
A-29	Grants - Appropriated		12,355.39
A-31	Grant Interfunds		52,624.92
		<u>31,278,884.84</u>	<u>64,980.31</u>
		6,563,404.88	-0-
A	Balance, December 31, 2017	\$	\$

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

BALANCE
DECEMBER 31,
2017 AND 2016

Tax Collector
Recreation

\$ 50.00
100.00

\$ 150.00

REF.

A

BOROUGH OF MATAWAN
CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>2017</u> <u>LEVY</u>	<u>ADDED</u>	<u>COLLECTION BY CASH</u> <u>2016</u>	<u>2017</u>	<u>CANCELED</u>	<u>TRANSFERRED</u> <u>TO LIENS</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
2016	\$ 7,631.91	\$	1,000.00	\$ 289,562.99	\$ 5,957.64	\$	\$	\$ 2,674.27
2017	\$ 7,631.91	\$ 29,419,153.88	\$ 1,000.00	\$ 289,562.99	\$ 29,073,401.00	\$ 35,164.99	\$ 10,106.26	\$ 10,918.64
	\$ 7,631.91	\$ 29,419,153.88	\$ 1,000.00	\$ 289,562.99	\$ 29,079,358.64	\$ 35,164.99	\$ 10,106.26	\$ 13,592.91
<u>REF.</u>	A		A-2:A-15	A-2	A-2		A-7	A

Cash Collector
Due From State of New Jersey Ch. 20, P. L. 1971
Tax Overpayments Applied

\$ 29,016,054.17
50,750.00
12,554.47
29,079,358.64

TAX YIELD

General Purpose Tax
Added Taxes (54-63.1 et seq.)

\$ 28,953,857.03
465,296.85
\$ 29,419,153.88

ANALYSIS OF 2017 PROPERTY TAX LEVY

Regional School Tax (Abstract)
County Taxes:
County Taxes (Abstract)
Due County for Added Taxes (54-4-63.1 et seq.)

\$ 17,672,519.00
2,857,741.21
45,961.34
2,903,702.55

Local Tax for Municipal Purposes (Abstract)
Minimum Library Tax
Add: Additional Tax Levied
Local Tax for Municipal Purposes Levied

\$ 8,073,107.31
345,040.00
424,785.02
8,842,932.33
\$ 29,419,153.88

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	4,637.61
Increased by:			
Transferred from 2017 Taxes	A-6	\$	1,475.75
Tax Sale:			
Prior Year Taxes	A-6		8,630.51
Interest and Costs			<u>103.00</u>
			<u>10,209.26</u>
		\$	14,846.87
Decreased by:			
Cash Receipts	A-4		<u>11,882.08</u>
Balance, December 31, 2017	A	\$	<u><u>2,964.79</u></u>

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>REF.</u>	BALANCE DECEMBER 31, 2016		<u>ACCRUED</u>	<u>COLLECTED</u>	BALANCE DECEMBER 31, 2017
	\$	\$			
Clerk:					
Licenses:					
Alcohol Beverages			21,871.00	21,871.00	\$
Other Licenses			9,685.00	9,685.00	
Fees and Permits			6,003.00	6,003.00	
Police Department:					
Fees and Permits			1,734.72	1,734.72	
Board of Health & Registrar:					
Other Licenses			1,193.00	1,193.00	
Fees and Permits			13,710.00	13,710.00	
Zoning Board:					
Fees and Permits			6,455.00	6,455.00	
Treasurer:					
Fees and Permits			567.00	567.00	
Fire Department:					
Fees and Permits			1,000.00	1,000.00	
Municipal Court:					
Fines and Costs		102.50			264.00
Interest and Costs on Taxes			128,477.39	128,315.89	
Parking Meter Receipts			40,161.33	40,161.33	
PILOT - Senior Citizen Housing Complex			250,000.00	250,000.00	
Cable TV Franchise Fee			89,582.00	89,582.00	
Cell Tower Lease			147,176.69	147,176.69	
Energy Receipts Tax			114,961.06	114,961.06	
Uniform Construction Code Fees			1,451,158.00	1,451,158.00	
Rental of Matawan Municipal Community Center			187,122.00	187,122.00	
Uniform Fire Safety Act			52,780.00	52,780.00	
Off Duty Police Trust Fund Reserve			64,409.00	64,409.00	
			<u>30,000.00</u>	<u>30,000.00</u>	
	\$	<u>102.50</u>	<u>2,618,046.19</u>	<u>2,617,884.69</u>	<u>\$ 264.00</u>
<u>REF.</u>	A		A-4		A

"A-9"

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	139,820.60
Increased by:			
Transferred from:			
2017 Appropriations	A-3	\$	<u>182,671.31</u>
			<u>182,671.31</u>
Total Increases and Balances		\$	<u>322,491.91</u>
Decreased by:			
Transferred to:			
Appropriation Reserves	A-12	\$	<u>139,820.60</u>
			<u>139,820.60</u>
Balance, December 31, 2017	A	\$	<u><u>182,671.31</u></u>

"A-10"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2016	A	\$	2,951.33
Decreased by:			
Cash Disbursements	A-4		<u>675.18</u>
Balance, December 31, 2017	A	\$	<u><u>2,276.15</u></u>

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	1,500.00
Increased by:			
Senior Citizens and Veterans Deductions Per Tax Billings		\$	49,750.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector			<u>1,000.00</u>
		\$	<u>50,750.00</u>
		\$	<u>52,250.00</u>
Decreased by:			
Cash Receipts	A-4		<u>49,250.00</u>
Balance, December 31, 2016	A	\$	<u><u>3,000.00</u></u>

CALCULATION OF STATE'S SHARE OF
2016 SENIOR CITIZENS DEDUCTIONS
ALLOWED BY COLLECTOR (CHAPTER 20, P.L. 1971)

	<u>REF.</u>		
Senior Citizens Deductions Per Tax Billings		\$	7,250.00
Veterans Deductions Per Tax Billings			42,500.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector			<u>1,000.00</u>
	A-6	\$	<u><u>50,750.00</u></u>

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
SALARIES AND WAGES:				
General Administration	\$ 192.22	\$ 3,392.22	\$ 3,361.90	\$ 30.32
Mayor and Council	310.89	310.89		310.89
Municipal Clerk	295.45	295.45	128.35	167.10
Financial Administration (Treasury)	120.91	3,120.91	3,030.79	90.12
Tax Collection	47.07	47.07		47.07
Tax Assessment Administration	1,178.22	1,178.22	828.00	350.22
Historical Sites Office	400.00	400.00		400.00
Planning Board	1,151.47	1,151.47		1,151.47
Police Department	35,436.98	35,436.98	6,060.51	29,376.47
Uniform Fire Safety	9.78	9.78		9.78
Railroad Parking	670.91	670.91		670.91
Streets and Road Maintenance	21,078.42	6,078.42	5,078.84	999.58
Shade Tree Commission	200.00	200.00		200.00
Solid Waste Collection	1,769.09	1,769.09		1,769.09
Building And Grounds	737.70	3,837.70	3,750.36	87.34
Board of Health	2,566.88	2,566.88		2,566.88
Recreation Services and Programs	0.02	0.02		0.02
Construction Code Official	1,699.63	1,699.63	446.83	1,252.80
Division of Property Maintenance	705.30	705.30		705.30
OTHER EXPENSES:				
General Administration	7,304.59	4,416.81	1,647.65	2,769.16
Mayor and Council	1,529.60	1,529.60	661.22	868.38
Municipal Clerk	357.82	6,557.66	6,467.44	90.22
Financial Administration (Treasury)	1,790.86	290.86	195.00	95.86
Tax Collection	2,495.00	8,165.00	5,670.00	2,495.00
Tax Assessment Administration	5,997.09	6,035.12	38.03	5,997.09
Legal Services	25,583.19	27,463.43	5,272.50	22,190.93

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

OTHER EXPENSES (CONTINUED):

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
	\$	\$	\$	
Engineering Services	7,231.90	20,985.18	19,906.03	1,079.15
Downtown Development	7,500.00	7,500.00	5,810.00	1,690.00
Historical Sites Office	432.94	7,742.38	7,309.44	432.94
Planning Board	4,550.00	4,550.00	500.00	4,050.00
Police Department	42,889.13	68,004.29	43,655.30	24,348.99
Office Of Emergency Management	144.80	1,927.00	1,745.32	181.68
Aid to Volunteer First Aid	15,000.00	15,000.00		15,000.00
Fire	22,821.79	32,729.47	22,759.05	9,970.42
Aid to Volunteer Fire Department	2,360.00	2,500.00	1,750.00	750.00
Uniform Fire Safety	519.19	599.19	80.00	519.19
Railroad Parking	2,754.95	3,723.93	1,019.17	2,704.76
Streets and Road Maintenance	5,622.44	45,442.43	35,098.35	10,344.08
Shade Tree Commission	1,471.00	2,231.00	1,360.00	871.00
Solid Waste Collection	6,603.57	31,960.75	21,062.62	10,898.13
Building And Grounds	1,912.56	4,675.94	4,295.38	380.56
Vehicle Maintenance	3,480.71	14,147.28	13,301.70	845.58
Board Of Health	6,856.37	6,891.37	6,851.71	39.66
Environmental Health Services	100.00	100.00		100.00
Welfare/Administration of Public Assistance	50.00	50.00		50.00
Recreation Services and Programs	4,521.67	5,336.67	4,280.00	1,056.67
Construction Code Official	4,726.37	4,726.37		4,726.37
Division of Property Maintenance	373.25	408.25		408.25
Utilities	143,299.77	129,035.18	11,464.11	117,571.07
Street Lighting	38,014.93	38,014.93	21,198.96	16,815.97
Contingent	1,000.00	1,000.00		1,000.00

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
OTHER EXPENSES (CONTINUED):				
Contribution To: Social Security System (O.A.S.I.)	\$ 6,675.06	\$ 6,675.06		\$ 6,675.06
Contribution To: Police and Fireman's Retirement System	489.83	489.83		489.83
Insurance :				
General Liability	726.00	726.00		726.00
Worker's Compensation Insurance	838.16	838.16		838.16
Employee Group Health	1,827.65	2,903.65	813.28	2,090.37
Accumulated Sick Leave		10,000.00		10,000.00
Length of Service Award Program	35,000.00	35,000.00		35,000.00
	<u>\$ 483,423.13</u>	<u>\$ 623,243.73</u>	<u>\$ 266,897.84</u>	<u>\$ 356,345.89</u>

REF.

A

A-4

A-1

Balance, December 31, 2016
Reserve for Encumbrances

A-12
A-9

\$ 483,423.13
139,820.60
\$ 623,243.73

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>
Balance, December 31, 2016					
Due From	A	7,935.18 \$	\$	7,935.18 \$	128,108.31
Due To	A	258,491.04 \$	130,382.73		
Increased/Decreased by:					
Cash Receipts	A-4	72,624.92	52,624.92		20,000.00
2017 Budget Appropriations	A-3	139,372.14	139,372.14		
		<u>211,997.06</u>	<u>191,997.06</u>		<u>20,000.00</u>
Decreased/Increased by:					
Cash Disbursements	A-4	53,274.82	12,355.39	40,919.43	
2017 Budget Revenues Realized	A-2	139,372.14	139,372.14		
		<u>192,646.96</u>	<u>151,727.53</u>	<u>40,919.43</u>	
Balance, December 31, 2017					
Due From	A	48,854.61 \$	\$	48,854.61 \$	148,108.31
Due To	A	318,760.57	170,652.26		
		<u>318,760.57</u>	<u>170,652.26</u>	<u>48,854.61</u>	<u>148,108.31</u>

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF SPECIAL EMERGENCY NOTE PAYABLE

<u>RESOLUTION DATE</u>	<u>PURPOSE</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2016</u>	<u>REDUCED IN 2017</u>
12/18/12	Extraordinary Expenses Resulting from Hurricane Sandy Debris Clean Up	12/31/2014	12/31/2017	0.00%	\$ 20,000.00	20,000.00
					\$ -	
					\$ 20,000.00	20,000.00
					\$ 20,000.00	20,000.00

REF.

A

A-4

"A-15"

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	289,562.99
Increased by:			
Cash Receipts	A-4		<u>1,039,919.26</u>
		\$	<u>1,329,482.25</u>
Decreased by:			
Applied to 2017 Taxes Receivable	A-6		<u>289,562.99</u>
Balance, December 31, 2017	A	\$	<u><u>1,039,919.26</u></u>

"A-16"

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	12,554.47
Increased by:			
Cash Receipts	A-4		<u>69,419.35</u>
		\$	<u>81,973.82</u>
Decreased by:			
Cash Disbursements	A-4	\$	23,374.93
Applied to 2017 Taxes Receivable	A-6		<u>12,554.47</u>
			<u>35,929.40</u>
Balance, December 31, 2017	A	\$	<u><u>46,044.42</u></u>

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance December 31, 2016	A	\$	3,019.37
Increased by:			
2017 Tax Levy	A-1:A-6	\$	2,857,741.21
Added Taxes	A-1:A-6		<u>45,961.34</u>
	A-2		<u>2,903,702.55</u>
		\$	<u>2,906,721.92</u>
Decreased by:			
Cash Disbursements	A-4		<u>2,860,760.30</u>
Balance December 31, 2017	A	\$	<u><u>45,961.62</u></u>

SCHEDULE OF REGIONAL SCHOOL TAX PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016			
School Tax Payable	A	\$	10.18
Increased by:			
Levy School Year - July 1, 2017 to June 30, 2018	A-2:A-6		<u>17,672,519.00</u>
		\$	<u>17,672,529.18</u>
Decreased by:			
Cash Disbursements	A-4		<u>17,672,519.00</u>
Balance, December 31, 2017			
School Tax Payable	A	\$	<u><u>10.18</u></u>
2017 Liability for Regional School Tax:			
Tax Paid		\$	17,672,519.00
Less: School Tax Payable, December 31, 2016			<u>(10.18)</u>
		\$	<u>17,672,508.82</u>
Add: School Tax Payable, December 31, 2017			<u>10.18</u>
Amount Charged to 2017 Operations	A-1	\$	<u><u>17,672,519.00</u></u>

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF LIBRARY TAX PAYABLE

REF.

Balance, December 31, 2016 and
December 31, 2017

A

\$ 182.00

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF RESERVE FOR DAMAGE CLAIMS

	<u>REF.</u>	
Balance, December 31, 2016	A	\$ 48,028.43
Increased by:		
Cash Receipts	A-4	<u>1,879.25</u>
Balance, December 31, 2017	A	<u>\$ 49,907.68</u>

"A-21"

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY STATE AID

	<u>REF.</u>	
Increased by:		
Cash Receipts	A-4	\$ <u>1,912.00</u>
Balance, December 31, 2017	A	\$ <u><u>1,912.00</u></u>

"A-22"

SCHEDULE OF RESERVE FOR DUE STATE OF NEW JERSEY - MARRIAGE LICENSE FEES

Balance, December 31, 2016	A	\$ 1,373.00
Increased by:		
Cash Receipts	A-4	\$ <u>1,775.00</u>
		\$ <u>3,148.00</u>
Decreased by:		
Cash Disbursements	A-4	<u>1,575.00</u>
Balance, December 31, 2017	A	\$ <u><u>1,573.00</u></u>

"A-23"

SCHEDULE OF RESERVE FOR DEBRIS CLEAN UP

Balance, December 31, 2016 and December 31, 2017	A	\$ <u><u>12,804.05</u></u>
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BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF RESERVE FOR PROPERTY REASSESSMENT

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	48,030.08
Decreased by:			
Cash Disbursements	A-4		<u>6,525.68</u>
Balance, December 31, 2017	A	\$	<u><u>41,504.40</u></u>

SCHEDULE OF RESERVE FOR MASTER PLAN

Balance, December 31, 2016	A	\$	2,777.56
Decreased By:			
Cash Disbursements	A-4		<u>1,324.31</u>
Balance, December 31, 2017	A	\$	<u><u>1,453.25</u></u>

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

	<u>REF.</u>	
Increased by:		
Transferred from 2017 Appropriations	A-3	\$ 100,000.00
Decreased by:		
Cash Disbursement	A-4	<u>35,737.83</u>
Balance, December 31, 2017	A	<u>\$ 64,262.17</u>

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF DEFERRED CHARGE - EMERGENCY AUTHORIZATIONS 40A:4-54

<u>YEAR</u>	<u>PURPOSE</u>	<u>AMOUNT AUTHORIZED</u>	<u>BALANCE DEC. 31, 2016</u>	<u>REDUCED IN 2017</u>	<u>BALANCE DEC. 31, 2017</u>
2012	Superstorm Sandy	\$ 100,000.00	\$ 20,000.00	\$ 20,000.00	\$
2014	Property Assessment	75,000.00	45,000.00	15,000.00	30,000.00
2015	Master Plan	55,000.00	44,000.00	11,000.00	33,000.00
			<u>\$ 109,000.00</u>	<u>\$ 46,000.00</u>	<u>\$ 63,000.00</u>

REF.

A

A-3

A

BOROUGH OF MATAWAN

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2016	2017 BUDGET REVENUE REALIZED	CASH RECEIPTS	UNAPPROPRIATED RESERVE APPLIED	BALANCE DECEMBER 31, 2017
State Grants:					
Recycling Tonnage Grant	\$	14,366.57 \$	14,366.57 \$		
Clean Communities Program		20,016.79		20,016.79	
Alcohol Education and Rehabilitation Fund		785.61		785.61	
Historical Sites Grant					
Body Armor Grant		2,184.17		2,184.17	
CDBG Grant - County of Monmouth Grant		102,019.00		102,019.00	
CDBG - Street Improvements & ADA Curb Cut and Drainage	100.88				100.88
Local Grants:					
Bayshore DWO Saturation Patrol	666.64				666.64
	<u>767.52 \$</u>	<u>139,372.14 \$</u>	<u>14,366.57 \$</u>	<u>125,005.57 \$</u>	<u>767.52</u>

REF.

A

A-2, A-31

A-4

A-30

A

BOROUGH OF MATAWAN

GRANT FUND

SCHEDULE OF GRANTS - APPROPRIATED

	BALANCE DECEMBER 31, 2016	MODIFIED	TRANSFERRED FROM 2017 BUDGET APPROPRIATIONS	EXPENDED	ENCUMBRANCES PAYABLE	BALANCE DECEMBER 31, 2017
State Grants:						
Recycling Tonnage Grant	\$ 22,850.88	\$ 22,920.88	\$ 14,366.57	\$ 1,370.93	\$ 1,950.00	\$ 33,966.52
Clean Communities Program	52,182.85	52,182.85	20,016.79	852.50	1,990.00	69,357.14
Alcohol Education and Rehabilitation Fund	1,272.34	1,272.34	785.61			2,057.95
Historical Sites Grant		8,090.56		8,090.56		
Body Armor Grant	1,543.11	3,584.51	2,184.17	2,041.40		3,727.28
CDBG Grant - County of Monmouth Grant			102,019.00	102,019.00		
NJ DCA Share Grant	10,334.48	10,334.48				10,334.48
Stormwater Management Grant	4,234.00	4,234.00				4,234.00
Local Grants:						
Monmouth County Environmental Health Act	1,750.00	1,750.00				1,750.00
Municipal Drug Alliance	838.00	838.00				838.00
Police OEM Grant	2,405.72	2,405.72				2,405.72
Cablevision Grant	550.34	550.34				550.34
	\$ 97,961.72	\$ 108,163.68	\$ 139,372.14	\$ 114,374.39	\$ 3,940.00	\$ 129,221.43
	A		A-3,A-31		A	A
Disbursements						
Deferred Charges						
	\$	\$	\$	\$	\$	\$
				12,355.39		
				102,019.00		
Reserve						
Transferred from Encumbrances Payable						
	\$	\$	\$	\$	\$	\$
				114,374.39		

BOROUGH OF MATAWAN

GRANT FUND

SCHEDULE OF GRANTS - UNAPPROPRIATED

	BALANCE DECEMBER 31, 2016	CASH RECEIPTS	APPLIED TO RECEIVABLE	BALANCE DECEMBER 31, 2017
CDBG Grant	\$ 102,019.00	\$	102,019.00	\$
Body Armor Replacement Grant	2,184.17	2,347.94	2,184.17	2,347.94
Clean Communities Grant	20,016.79	17,005.52	20,016.79	17,005.52
Alcohol Education and Rehabilitation Fund	785.61	1,544.16	785.61	1,544.16
Burrows Mansion Grant		6,240.00		6,240.00
Recycling Tonnage Grant		11,120.73		11,120.73
	<u>\$ 125,005.57</u>	<u>\$ 38,258.35</u>	<u>\$ 125,005.57</u>	<u>\$ 38,258.35</u>

REF.

A

A-4

A-28

A

BOROUGH OF MATAWAN
GRANT FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2016:			
Due From	A	\$ 130,382.73 \$	130,382.73
Increased/Decreased by:			
Cash Receipts	A-4	12,355.39	12,355.39
2017 Budget Appropriations	A-29	<u>139,372.14</u>	<u>139,372.14</u>
		<u>151,727.53</u>	<u>151,727.53</u>
Decreased/Increased by:			
Cash Disbursements	A-4	52,624.92	52,624.92
2017 Budget Revenues Realized	A-28	<u>139,372.14</u>	<u>139,372.14</u>
		<u>191,997.06</u>	<u>191,997.06</u>
Balance, December 31, 2017:			
Due From	A	\$ <u>170,652.26</u> \$	<u>170,652.26</u>

BOROUGH OF MATAWAN

GRANT FUND

SCHEDULE OF DEFERRED CHARGES

<u>YEAR</u>	<u>PURPOSE</u>	<u>AMOUNT AUTHORIZED</u>	<u>BALANCE DEC. 31, 2016</u>	<u>REDUCED IN 2017</u>
2014	CDBG Grant - County of Monmouth	\$ 102,019.00	\$ <u>102,019.00</u>	<u>102,019.00</u>
			\$ <u>102,019.00</u>	<u>102,019.00</u>
	<u>REF.</u>		A	A-29

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF CASH - TREASURER

<u>REF.</u>	<u>ANIMAL CONTROL TRUST</u>	<u>TRUST OTHER</u>
B	\$ 807.13	\$ 1,918,140.41
Increased by Receipts:		
B-2		
B-3	2,673.00	
B-6	328.80	
B-7		1,382,644.89
B-8		72,942.67
B-9		1,702.58
B-10		40,327.70
B-11		20,760.86
B-12		178,439.75
B-13		240,620.00
	<u>3,001.80</u>	<u>5,692,291.38</u>
	<u>3,808.93</u>	<u>7,629,729.83</u>
		<u>9,547,870.24</u>
Decreased by Disbursements:		
B-2		
B-3	2,617.00	
B-6	330.00	
B-7	168.00	
B-9		1,630,919.89
B-10		81,464.56
B-11		71,325.31
B-13		16,973.47
		399,890.87
	<u>3,115.00</u>	<u>5,672,155.14</u>
B	\$ 693.93	\$ 1,675,141.00
	<u>693.93</u>	<u>1,675,141.00</u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	637.93
Increased by:			
Animal Control License Fees Collected	B-1	\$	<u>2,673.00</u>
			3,310.93
Decreased by:			
Expenditures Under R.S. 4:19-15.11	B-1		<u>2,617.00</u>
Balance, December 31, 2017	B	\$	<u><u>693.93</u></u>

LICENSE FEES COLLECTED

<u>YEAR</u>		<u>AMOUNT</u>
2016	\$	2,690.00
2015		<u>3,076.80</u>
	\$	<u><u>5,766.80</u></u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF DUE STATE DEPARTMENT OF HEALTH - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	1.20
Increased by:			
Animal Registration Fees Collected	B-1	\$	<u>328.80</u>
		\$	330.00
Decreased by:			
Paid to State Department of Health	B-1	\$	<u><u>330.00</u></u>

BOROUGH OF MATAWAN

TRUST OTHER FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2016 Interfunds Payable	B	\$ <u>7,935.18</u>	\$ <u>7,935.18</u>
Increased by Reserves Cancelled	B-6	<u>40,919.43</u>	<u>40,919.43</u>
Balance, December 31, 2017 Interfunds Payable	B	\$ <u><u>48,854.61</u></u>	\$ <u><u>48,854.61</u></u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>		
Balance December 31, 2016	B	\$	66,722.24
Decrease by:			
Transfer to Miscellaneous Reserves	B-6	\$	62,043.74
Transfer to Recreation Trust	B-7		4,157.50
Transfer to Developer's Escrow	B-9		521.00
			<u>521.00</u>
		\$	<u>66,722.24</u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF MISCELLANEOUS RESERVES

<u>ACCOUNT</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2017</u>
Reserve for Fire Safety	\$ 25,231.69	\$ 1,842.00	\$ 4,980.71	\$	22,092.98
Reserve for Fire Prevention Dedicated	847.26	750.00			1,597.26
Tax Title Lien Redemptions Payable	31,135.42	674,701.43	661,999.86	25,044.43	18,792.56
Police Firearms Donations	2,742.49				2,742.49
Tax Title Lien Premiums	893,175.00	464,000.00	732,500.00	15,875.00	608,800.00
Off Duty Police	34,936.97	201,754.88	201,382.72		35,309.13
K-9 Unit Fund		66,351.00			66,351.00
Public Defender	7,923.16		30,056.60		7,923.16
Developer's Escrow	108,700.33	35,030.13			113,673.86
Recycling Program	13,287.09	259.19			13,546.28
	<u>\$ 1,117,979.41</u>	<u>\$ 1,444,688.63</u>	<u>\$ 1,630,919.89</u>	<u>\$ 40,919.43</u>	<u>\$ 890,828.72</u>

REF.

B

B-1

B-4

B

Cash Receipts	\$	1,382,644.89			
Transferred from Reserve for Encumbrances		<u>62,043.74</u>			
	\$	<u>1,444,688.63</u>			

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF RESERVE FOR RECREATION TRUST

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	47,251.21
Increased by:			
Cash Receipts	B-1	72,942.67	
Encumbrances Payable	B-5	<u>4,157.50</u>	
			<u>77,100.17</u>
		\$	<u>124,351.38</u>
Decreased by:			
Cash Disbursements	B-1		<u>81,464.56</u>
Balance, December 31, 2017	B	\$	<u><u>42,886.82</u></u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	2,627.69
Increased by:			
Cash Receipts	B-1		<u>1,702.58</u>
Balance, December 31, 2017	B	\$	<u><u>4,330.27</u></u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPER'S ESCROW

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	273,874.83
Increased by:			
Cash Receipts	B-1	\$	40,327.70
Encumbrances Payable	B-5		<u>521.00</u>
			40,848.70
		\$	<u>314,723.53</u>
Decreased by:			
Cash Disbursements	B-1		<u>71,325.31</u>
Balance, December 31, 2017	B	\$	<u><u>243,398.22</u></u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	22,137.05
Increased by:			
Cash Receipts	B-1		<u>20,760.86</u>
		\$	42,897.91
Decreased by:			
Cash Disbursements	B-1		<u>16,973.47</u>
Balance, December 31, 2017	B	\$	<u><u>25,924.44</u></u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF RESERVE FOR RAILROAD PARKING

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	68,946.66
Increased by:			
Cash Receipts	B-1	\$	178,439.75
Prepaid Railroad Parking Permits Applied	B-12		<u>234,160.00</u>
			412,599.75
		\$	<u>481,546.41</u>
Decreased by:			
Cash Disbursements	B-1	\$	<u>399,890.87</u>
			<u>399,890.87</u>
Balance, December 31, 2017	B	\$	<u><u>81,655.54</u></u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF PREPAID RAILROAD PARKING PERMITS

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	234,160.00
Increased by:			
Prepaid Railroad Parking Permits Realized	B-1	\$	<u>240,620.00</u>
			474,780.00
Decreased by:			
Prepaid Railroad Parking Permits Applied	B-11		<u>234,160.00</u>
Balance, December 31, 2017	B	\$	<u><u>240,620.00</u></u>

BOROUGH OF MATAWAN

TRUST FUND

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2016	B	\$ 76,506.14
Increased by:		
Cash Receipts	B-1	5,692,291.38
		\$ <u>5,768,797.52</u>
Decreased by:		
Cash Disbursements	B-1	<u>5,672,155.14</u>
Balance, December 31, 2017	B	\$ <u><u>96,642.38</u></u>

BOROUGH OF MATAWAN

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	1,456,387.59
Increased by Receipts:			
Premium on Sale of Bonds	C-5;C-17	\$	810,347.85
Premium on Sale of Notes	C-1		18,657.00
Investment - Emergency Note			20,000.00
Interfunds	C-6		1,826,354.91
Grants Receivable	C-7		38,960.09
Monmouth County Improvement Authority	C-8		364,172.10
General Serial Bonds	C-10		5,250,000.00
Bond Anticipation Notes	C-13		1,746,040.00
2017 Current Budget Appropriation:			
Capital Improvement Fund	C-14		<u>295,000.00</u>
		\$	<u>10,369,531.95</u>
			<u>11,825,919.54</u>
Decreased by Disbursements:			
Interfunds	C-6	\$	1,843,555.78
Monmouth County Improvement Authority	C-8		323,240.72
Bond Anticipation Notes	C-13		6,037,608.00
Contracts Payable	C-15		<u>2,463,167.11</u>
			<u>10,667,571.61</u>
Balance, December 31, 2017	C	\$	<u><u>1,158,347.93</u></u>

BOROUGH OF MATAWAN
GENERAL CAPITAL FUND
ANALYSIS OF CAPITAL CASH

	<u>REF.</u>		<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
Fund Balance	C-1	\$	82,200.69
Interfund Payable	C-6		2,799.13
Capital Improvement Fund	C-14		218,652.76
Contracts Payable	C-15		2,022,937.72
Reserve to Pay Debt Service	C-17		22,739.85
Improvement Authorization Expenditures	C-5		(1,754,153.77)
Unexpended Proceeds of Bond Anticipation Notes	C-5		12,400.28
Interfunds Receivable	C-6		(148,108.31)
Grants Receivable	C-7		(827,008.68)
Infrastructure Trust Loan Receivable	C-8		(44,772.00)
Improvement Authorizations Funded	C-9		1,570,660.26
		\$	<u>1,158,347.93</u>
	<u>REF.</u>		C

BOROUGH OF MATAWAN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	6,422,110.09
Increased by:			
Serial Bonds Issued	C-5		<u>5,250,000.00</u>
		\$	11,672,110.09
Decreased by:			
Serial Bonds Paid by Budget	C-10	\$	839,922.00
Green Trust Loan Paid by Budget	C-11		<u>16,524.41</u>
			<u>856,446.41</u>
Balance, December 31, 2017	C	\$	<u><u>10,815,663.68</u></u>

BOROUGH OF MATAWAN

GENERAL CAPITAL FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>SEWER UTILITY CAPITAL FUND</u>	<u>SEWER UTILITY OPERATING FUND</u>
Balance, December 31, 2016					
Due From	C	\$ 128,108.31	\$ 128,108.31	\$	\$
Increased by:					
Cash Disbursements	C-2	1,843,555.78	79,826.46	1,755,000.00	8,729.32
		<u>1,971,664.09</u>	<u>207,934.77</u>	<u>1,755,000.00</u>	<u>8,729.32</u>
		\$	\$	\$	\$
Decreased by:					
Cash Receipts	C-2	1,826,354.91	59,826.46	1,757,799.13	8,729.32
Balance, December 31, 2017:					
Due To	C-C-3	2,799.13	\$	2,799.13	\$
Due From	C-C-3	<u>148,108.31</u>	<u>148,108.31</u>	\$	\$

"C-7"

BOROUGH OF MATAWAN
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	163,647.77
Increased by:			
Improvement Authorizations:			
Community Development Block Grant (Ord 17-04)		\$	152,321.00
NJ Department of Transportation (Ord 17-06)			300,000.00
Monmouth County (Ord 17-07)			250,000.00
	C-9		<u>702,321.00</u>
		\$	<u>865,968.77</u>
Decreased by:			
Cash Receipts	C-2		<u>38,960.09</u>
Balance, December 31, 2017	C:C-3	\$	<u><u>827,008.68</u></u>
Analysis of Balance			
Federal Emergency Management Agency:			
2013 Road Improvement Program (Ord 13-11/13-18)		\$	4,101.80
2016 Road Improvement Program (Ord 16-09)			22,055.47
New Jersey Department of Transportation:			
2015 Road Improvements (Ord 15-07)			98,530.41
Transit Village (Ord 17- 06)			300,000.00
Community Development Block Grant:			
Main Street Landscapes (Ord 17-04)			152,321.00
County of Monmouth:			
Multi-Park Development (Ord 17-06)			<u>250,000.00</u>
		\$	<u><u>827,008.68</u></u>

"C-8"

SCHEDULE OF DUE FROM MONMOUTH COUNTY IMPROVEMENT AUTHORITY

Balance, December 31, 2016	C	\$	85,703.38
Increased By:			
Cash Disbursements	C-2		<u>323,240.72</u>
		\$	<u>408,944.10</u>
Decreased by:			
Cash Receipts	C-2		<u>364,172.10</u>
Balance, December 31, 2017	C:C-3	\$	<u><u>44,772.00</u></u>

BOROUGH OF MATAWAN
 GENERAL CAPITAL FUND
 SCHEDULE OF SERIAL BONDS

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2017	INTEREST RATE	BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Refunding Bonds	April 12, 2007	\$ 3,920,425.00	12/1/2018	5.00%	\$ 177,661.00			
			12/1/2019	5.00%	185,440.00			
			12/1/2020	4.00%	193,975.00		\$ 169,922.00	\$ 557,096.00
General Improvement Bonds	January 21, 2011	5,275,000.00	12/1/2018	5.00%	225,000.00			
			12/1/2019	5.00%	240,000.00			
			12/1/2020	5.00%	250,000.00			
			12/1/2021	5.00%	265,000.00		1,195,000.00	980,000.00
Refunding Bonds	May 22, 2012	1,805,000.00	12/1/2018	4.00%	435,000.00			
			12/1/2019	4.00%	445,000.00		420,000.00	880,000.00
Refunding Bonds	October 5, 2016	3,105,000.00	8/1/2018	3.00%	13,750.00			
			8/1/2019	3.00%	13,750.00			
			8/1/2020	3.00%	13,750.00			
			8/1/2021	3.00%	13,750.00			
			8/1/2022	4.00%	280,000.00			
			8/1/2023	4.00%	279,000.00			
			8/1/2024	4.00%	293,000.00			
			8/1/2025	4.00%	303,800.00			
			8/1/2026	4.00%	315,000.00			
			8/1/2027	4.00%	329,000.00			
			8/1/2028	4.00%	342,800.00			
			8/1/2029	4.00%	356,800.00			
			8/1/2030	4.00%	367,900.00			
			8/1/2031	3.00%	147,700.00		3,105,000.00	35,000.00
			General Improvement Bonds	February 23, 2017	5,250,000.00	2/15/2018	2.00%	215,000.00
2/15/2019	5.00%	215,000.00						
2/15/2020	5.00%	215,000.00						
2/15/2021	5.00%	215,000.00						
2/15/2022	5.00%	220,000.00						
2/15/2023	5.00%	235,000.00						
2/15/2024	5.00%	245,000.00						
2/15/2025	5.00%	260,000.00						
2/15/2026	5.00%	270,000.00						
2/15/2027	5.00%	285,000.00						
2/15/2028	5.00%	300,000.00						
2/15/2029	5.00%	315,000.00						
2/15/2030	5.00%	330,000.00						
2/15/2031	5.00%	350,000.00						
2/15/2032	5.00%	365,000.00						
2/15/2033	5.00%	385,000.00						
2/15/2034	5.00%	405,000.00						
2/15/2035	5.00%	425,000.00		5,250,000.00	5,250,000.00			

\$	6,327,016.00	\$	5,250,000.00	\$	839,922.00	\$	1,0737,096.00
	C		C-2		C-4		C

REF

BOROUGH OF MATAWAN
GENERAL CAPITAL FUND

SCHEDULE OF GREEN TRUST LOAN PAYABLE

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING		INTEREST RATE	BALANCE DECEMBER 31, 2016	DECREASED	BALANCE DECEMBER 31, 2017
			DATE	AMOUNT				
Lakefront Recreation Area	June 27, 2002	\$ 295,000.00	1/5/2018	\$ 8,386.34	2.000%	\$ 95,092.09		\$ 78,567.68
			7/5/2018	8,470.21				
			1/5/2019	8,554.91				
			7/5/2019	8,640.46				
			1/5/2020	8,726.86				
			7/5/2020	8,814.13				
			1/5/2021	8,902.27				
			7/5/2021	8,991.30				
			1/5/2022	9,081.20				
					\$ 95,092.09	\$ 16,524.41	\$ 78,567.68	

REF.

C

C-4

C

BOROUGH OF MATAWAN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CAPITAL LEASE OBLIGATION

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	814,200.00
Increased by:			
Monmouth County Improvement Authority			
Equipment Lease	C-16	\$ <u>1,169,000.00</u>	<u>1,169,000.00</u>
		\$	<u>1,983,200.00</u>
Decreased by:			
Paid by Budget	C-16		<u>175,200.00</u>
Balance, December 31, 2017	C	\$	<u><u>1,808,000.00</u></u>

BOROUGH OF MATAWAN
GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
12-08	Various Equipment	10/25/12	07/20/16	01/18/17	2.00%	\$ 675,000.00	\$	\$ 675,000.00	\$
13-11	Various Road Improvements	10/10/13	07/20/16	01/18/17	2.00%	2,126,358.00		2,126,358.00	
13-11	Various Road Improvements	08/05/14	07/20/16	01/18/17	2.00%	475,000.00		475,000.00	
06-18/13-19/4-12	Community Center	10/08/14	07/20/16	01/18/17	2.00%	285,000.00		285,000.00	
15-07	Various Road Improvements	07/28/15	07/20/16	01/18/17	2.00%	1,000,000.00		1,000,000.00	
15-07	Various Road Improvements	07/20/16	07/20/16	01/18/17	2.00%	1,465,250.00		1,465,250.00	
85-23/86-21/03-11	Preliminary Planning Expenses & Improvements to Lake Lefferts and Lake Matawan Dr	07/20/16	07/20/16	01/18/17	2.00%	11,000.00	1,746,040.00	11,000.00	1,746,040.00
16-09;17-15	2016 Road Improvement	06/08/17	06/08/17	06/08/18	2.25%				
						<u>\$ 6,037,608.00</u>	<u>\$ 1,746,040.00</u>	<u>\$ 6,037,608.00</u>	<u>\$ 1,746,040.00</u>
					<u>REF.</u>	<u>C</u>	<u>C-2</u>	<u>C-2</u>	<u>C-C-5</u>

"C-14"

BOROUGH OF MATAWAN
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	282,689.76
Increased by:			
2017 Budget Appropriation	C-2		295,000.00
		\$	<u>577,689.76</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-9		<u>359,037.00</u>
Balance, December 31, 2017	C:C-3	\$	<u><u>218,652.76</u></u>

"C-15"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2016	C	\$	435,465.59
Increased by:			
Improvement Authorizations	C-9		4,105,043.80
		\$	<u>4,540,509.39</u>
Decreased by:			
Cash Disbursements	C-2	\$	2,463,167.11
Cancellation	C-9		<u>54,404.56</u>
			<u>2,517,571.67</u>
Balance, December 31, 2017	C:C-3	\$	<u><u>2,022,937.72</u></u>

"C-16"

BOROUGH OF MATAWAN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL LEASE OBLIGATION PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	814,200.00
Increased by:			
Monmouth County Improvement Authority Equipment Lease	C-12	\$	<u>1,169,000.00</u>
			<u>1,169,000.00</u>
		\$	<u>1,983,200.00</u>
Decreased by:			
Paid by Budget Appropriation	C-12		<u>175,200.00</u>
Balance, December 31, 2017	C	\$	<u><u>1,808,000.00</u></u>
Analysis of Balance			
2013 Capital Lease		\$	238,000.00
2015 Capital Lease			401,000.00
2017 Capital Lease			<u>1,169,000.00</u>
		\$	<u><u>1,808,000.00</u></u>

"C-17"

SCHEDULE OF RESERVE TO PAY DEBT SERVICE

Increased by:			
Bond Sale Premium	C-2	\$	<u>22,739.85</u>
Balance, December 31, 2017	C	\$	<u><u>22,739.85</u></u>

BOROUGH OF MATAWAN

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>		<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
85-23/86-21/03-11	Preliminary Planning Expenses and Improvements to Lake Lefferts and Lake Matawan Drive	\$	673,219.01
05-11/07-22	Multi-Park Development and Side Walk Improvements		650,000.00
16-07	Refunding Bond Ordinance		690,000.00
17-04	Main Street Streetscape Improvement Program - Phase II		108,000.00
17-14	Refunding Bond Ord for Various Capital Improvements Related to ESIP		950,000.00
16-09:17-15	2016 Road Improvement		857,000.00
17-16	Recycling Center		219,000.00
		\$	<u>4,147,219.01</u>

BOROUGH OF MATAWAN

WATER/SEWER UTILITY FUND

SCHEDULE OF CASH - COLLECTOR-TREASURER

	REF.	OPERATING	CAPITAL
Balance, December 31, 2016	D	\$ 2,152,565.84	\$ 875,762.41
Increased by Receipts:			
Miscellaneous Revenue	D-4	97,374.67	
Consumer Accounts Receivable	D-9	4,666,413.57	
Water/Sewer: Liens	D-9	812.56	
NJEIT Loan Receivable	D-15		53,337.84
Capital Improvement Fund	D-22		100,000.00
Interfunds	D-27		906,374.79
Refunding Utility Bond Proceeds	D-24		800,000.00
Bond Anticipation Notes	D-26		860,000.00
Premium on Bond Sale	D-20; D-28		97,799.13
		\$ 4,764,600.80	\$ 2,817,511.76
		\$ 6,917,166.64	\$ 3,693,274.17
Decreased by Disbursements:			
2017 Appropriations	D-5	4,274,874.50	
Appropriation Reserves	D-10	131,316.15	
Water/Sewer Overpayments	D-11	399.79	
Accrued Interest on Bonds	D-13	295,978.30	
NJEIT Loan Receivable	D-15		53,337.84
Interfunds	D-27		909,173.92
Contracts Payable	D-19		81,782.01
Bond Anticipation Notes	D-26		895,000.00
		\$ 4,702,568.74	\$ 1,939,293.77
Balance, December 31, 2017	D	\$ 2,214,597.90	\$ 1,753,980.40

BOROUGH OF MATAWAN

WATER/SEWER UTILITY CAPITAL FUND

ANALYSIS OF WATER/SEWER UTILITY CAPITAL CASH

	<u>REF.</u>		BALANCE DECEMBER 31, 2017
Infrastructure Loan Receivable	D-15	\$	(132,535.00)
Interfund Receivable	D-27		(2,799.13)
Interfund Payable	D-27		4,959.69
Contracts Payable	D-19		142,987.42
Capital Improvement Fund	D-22		531,600.00
Reserve to Pay Debt Service	D-28		2,799.13
Fund Balance	D-2		21,813.14

Ordinance
Number

Improvement Description

95-39/02-06	Ten-Inch Water Main. Route 34 to Colonial Shops	4,226.51
99-13/01-15/ 02-16	Reconstruction and Improvement of Sanitary Sewer System	3,964.90
02-02/02-07	Reconstruction of Somerset Place Pump Station and Force Main Reconstruction of Buttonwood Manor Pump Station	3,269.45
02-18/07-27	Water Main and Sanitary Sewer Improvements	2,075.57
09-07	Water Treatment Plant Improvements	1,685.19
08-24/13-10	Various Water/Sewer Utility Improvements	3,577.44
09-25	Water Treatment Plant Improvements	235,130.74
10-18	Replacement of Water Mains	31,317.54
13-12	Replacement of Water Mains	106,138.75
15-06	Various Water/Sewer Utility Improvements	60,414.57
16-08	Various Water/Sewer Utility Improvements	733,354.49
		<hr/>
		\$ 1,753,980.40
		<hr/> <hr/>

REF.

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"D-8"

BOROUGH OF MATAWAN
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2016 and December 31, 2017	D	\$ <u>50.00</u>
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"D-9"

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2016	D	\$ 213,222.48
Increased by:		
Water/Sewer Rents Levied		<u>4,642,134.25</u>
		\$ 4,855,356.73
Decreased by:		
Collections	D-6	\$ 4,666,413.57
Transfers to Liens	D-6	812.56
Overpayments Applied	D-11	<u>603.10</u>
		<u>4,667,829.23</u>
Balance, December 31, 2017	D	\$ <u>187,527.50</u>

BOROUGH OF MATAWAN

WATER/SEWER UTILITY OPERATING FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Operating:				
Salaries & Wages	\$ 39,505.30	\$ 39,505.30	\$ 6,979.57	\$ 32,525.73
Other Expenses	164,202.70	183,577.28	68,401.30	115,175.98
Acquisition of Water	40,303.35	56,003.35	55,935.28	68.07
Bayshore Regional Sewage Authority	3,816.84	3,816.84		3,816.84
Capital Improvements:				
Capital Outlay	100,000.00	100,000.00		100,000.00
Statutory Expenditures:				
Social Security System (O.A.S.I.)	335.11	335.11		335.11
	<u>\$ 348,163.30</u>	<u>\$ 383,237.88</u>	<u>\$ 131,316.15</u>	<u>\$ 251,921.73</u>

REF.

D

D-6

D-1

Balance December 31, 2016
Encumbrances Payable

\$ 348,163.30
35,074.58
\$ 383,237.88

BOROUGH OF MATAWAN
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF WATER/SEWER USE OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2016	D	\$	6,879.98
Decreased by:			
Cash Disbursements	D-6	\$	399.79
Applied To Rents	D-9		<u>603.10</u>
			<u>1,002.89</u>
Balance, December 31, 2017	D	\$	<u>5,877.09</u>

"D-12"

BOROUGH OF MATAWAN
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	D	\$	35,074.58
Increased by:			
Budget Appropriations	D-5	\$	<u>52,030.00</u>
			<u>52,030.00</u>
		\$	<u>87,104.58</u>
Decreased by:			
Transferred to Appropriation Reserves	D-10	\$	<u>35,074.58</u>
			<u>35,074.58</u>
Balance, December 31, 2017	D	\$	<u><u>52,030.00</u></u>

"D-13"

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

Balance, December 31, 2016	D	\$	79,043.23
Increased by:			
Budget Appropriations	D-5		<u>306,000.00</u>
		\$	<u>385,043.23</u>
Decreased by:			
Cash Disbursements	D-6	\$	295,978.30
Cancelled Accrued Interest	D-1		<u>5,343.31</u>
			<u>301,321.61</u>
Balance, December 31, 2017	D	\$	<u><u>83,721.62</u></u>

"D-14"

BOROUGH OF MATAWAN
WATER/SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance December 31, 2016	D	\$	1,879.50
Decreased by:			
Cancelled	D-1	\$	<u>1,879.50</u>

"D-15"

WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF INFRASTRUCTURE LOAN RECEIVABLE

Balance, December 31, 2016	D	\$	132,535.00
Increased by:			
Cash Disbursements	D-6	\$	<u>53,337.84</u>
			185,872.84
Decreased by:			
Cash Receipts	D-6		<u>53,337.84</u>
Balance, December 31, 2017	D	\$	<u>132,535.00</u>

BOROUGH OF MATAWAN

WATER/SEWER UTILITY ASSESSMENT TRUST FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>UTILITY CAPITAL FUND</u>
Balance, December 31, 2016 and December 31, 2017 (Due From)	D	\$ <u><u>4,959.69</u></u>

BOROUGH OF MATAWAN
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>REF.</u>	
Balance, December 31, 2016 and December 31, 2017	D	\$ <u>18,422,359.60</u>

BOROUGH OF MATAWAN

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>ORDINANCE</u>	<u>AMOUNT</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2017</u>
95-39/02-06	Ten-Inch Water Main. Route 34 to Colonial Shops	10/03/95	\$	400,000.00	\$ 11,365.52	\$ 11,365.52
99-13/01-15/02-16	Reconstruction and Improvement of Sanitary Sewer System	06/15/99		2,200,000.00	249,760.66	249,760.66
02-02/02-07	Reconstruction of Somerset Place Pump Station and Force Main Reconstruction of Buttonwood Manor Pump Station	02/19/02		878,000.00	219,030.22	219,030.22
02-18/07-27	Water Main and Sanitary Sewer Improvements	07/16/02		1,500,000.00	555,197.46	555,197.46
05-20/07-26	Replace Water Mains on Matawan Ave and Daniel Drive	08/02/05		1,260,000.00	360,013.51	360,013.51
05-22/07-25	Replace Water Mains on Broad Street from Main to Little Street	08/16/05		225,000.00	52,642.28	52,642.28
08-24/13-10	Various Water/Sewer Utility Improvements	05/21/13		250,000.00	250,000.00	250,000.00
09-07	Water Treatment Plant Improvements	08/23/09		350,000.00	350,000.00	350,000.00
09-25	Water Treatment Plant Improvements	12/15/09		6,500,000.00	6,500,000.00	6,500,000.00
10-18	Replacement of Water Mains	12/09/10		1,150,000.00	1,150,000.00	1,150,000.00
13-12	Replacement of Water Mains	05/21/13		400,000.00	400,000.00	400,000.00
15-06	Various Water/Sewer Utility Improvements	06/16/15		445,000.00	445,000.00	445,000.00
16-08	Various Water/Sewer Utility Improvements	10/18/16		860,000.00	860,000.00	860,000.00
			\$		\$ 11,403,009.65	\$ 11,403,009.65

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BOROUGH OF MATAWAN
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	D	\$	108,565.42
Increased by:			
Improvement Authorizations	D-23		<u>128,327.32</u>
		\$	<u>236,892.74</u>
Decreased by:			
Cash Disbursements	D-6	\$	81,782.01
Contracts Payable Cancelled	D-23		<u>12,123.31</u>
			<u>93,905.32</u>
Balance, December 31, 2017	D	\$	<u><u>142,987.42</u></u>

BOROUGH OF MATAWAN
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>		
Balance, December 31, 2016	D	\$	15,979,457.46
Increased by:			
Serial Bonds Paid by Budget	D-24	\$	419,078.00
Infrastructure Loan Paid by Budget	D-25		479,528.84
Improvement Authorizations - Cancelled	D-23		640,000.00
Bond Premium	D-6		<u>95,000.00</u>
			<u>1,633,606.84</u>
Balance, December 31, 2017	D	\$	<u><u>17,613,064.30</u></u>

BOROUGH OF MATAWAN

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

<u>ORDINANCE NUMBER</u>	<u>PURPOSE</u>	<u>ORDINANCE DATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2017</u>
95-39/02-05 10-18	Ten-inch Water Main. Route 34 to Colonial Shops Replacement of Water Mains	10/03/95 12/09/10	\$ 11,365.52 57,500.00	11,365.52 57,500.00
			\$ 68,865.52	68,865.52
		<u>REF.</u>	D	D

BOROUGH OF MATAWAN
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance December 31, 2016	D	\$	431,600.00
Increased by:			
2017 Budget Appropriation	D-6		<u>100,000.00</u>
Balance December 31, 2017	D	\$	<u><u>531,600.00</u></u>

**BOROUGH OF MATAWAN
WATER/SEWER UTILITY CAPITAL FUND**

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2016		CONTRACTS PAYABLE	CONTRACTS CANCELLED	BALANCE DECEMBER 31, 2017	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
95-39/02-06	Ten-Inch Water Main, Route 34 to Colonial Shops	10/03/85	\$ 400,000.00	\$ 4,226.51	\$	\$	\$	\$ 4,226.51	\$
99-13/01-15/02-16	Reconstruction and Improvement of Sanitary Sewer System	06/15/99	2,200,000.00	3,964.90				3,964.90	
02-02/02-07	Reconstruction of Somerset Place Pump Station and Force Main Reconstruction of Butonwood Manor Pump Station	02/19/02	878,000.00	3,269.45				3,269.45	
02-19/07-27	Water Main and Sanitary Sewer Improvements	07/16/02	1,500,000.00	2,075.57				2,075.57	
08-24/13-10	Various Water/Sewer Utility Improvements	05/21/13	250,000.00	3,764.31	186.87			3,577.44	
09-07	Water Treatment Plant Improvements	08/23/09	350,000.00	1,685.19				1,685.19	
09-25	Water Treatment Plant Improvements	12/15/09	650,000.00	235,130.74				235,130.74	294,776.00
10-18	Replacement of Water Mains	12/09/10	1,150,000.00	31,317.54				31,317.54	
13-12	Replacement of Water Mains	05/21/13	400,000.00	107,633.69	1,494.94			106,138.75	
15-06	Various Water/Sewer Utility Improvements	06/16/15	445,000.00	48,291.26				48,291.26	
16-07	Refunding Bond	06/28/16	3,105,000.00	640,000.00				640,000.00	
16-08	Various Water/Sewer Utility Improvements	10/18/16	860,000.00	860,000.00	125,645.51			80,414.57	733,354.49
			\$	281,669.90	\$	128,327.32	\$	451,800.66	\$
				D	D	D-19	D-20	D	D
			REF			D-19	D-20		D

BOROUGH OF MATAWAN
 WATER/SEWER UTILITY CAPITAL FUND
 SCHEDULE OF SERIAL BONDS

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2017		INTEREST RATE	BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
			DATE	AMOUNT					
Water/Sewer Utility Refunding Bonds	April 12, 2007	\$ 454,575.00	12/01/18	51,319.00	5.000%	\$ 209,982.00			160,504.00
			12/01/19	53,960.00	5.000%				
			12/01/20	56,025.00	4.000%				
Water-Sewer Utility Bonds	January 21, 2011	3,920,000.00	01/15/18	155,000.00	5.000%	825,000.00	150,000.00		675,000.00
			01/15/19	165,000.00	5.000%				
			01/15/20	175,000.00	5.000%				
			01/15/21	180,000.00	5.000%				
Water/Sewer Utility Refunding Bonds	May 22, 2012	1,830,000.00	12/01/18	185,000.00	4.000%	1,450,000.00	190,000.00		1,260,000.00
			12/01/19	185,000.00	4.000%				
			12/01/20	185,000.00	4.000%				
			12/01/21	180,000.00	4.000%				
Water/Sewer Utility Refunding Bonds	October 5, 2016	2,465,000.00	08/01/18	11,250.00	3.000%	2,465,000.00			2,435,000.00
			08/01/19	11,250.00	3.000%				
			08/01/20	11,250.00	3.000%				
			08/01/21	11,250.00	4.000%				
			08/01/22	220,000.00	4.000%				
			08/01/23	221,000.00	4.000%				
			08/01/24	232,000.00	4.000%				
			08/01/25	241,200.00	4.000%				
			08/01/26	250,000.00	4.000%				
			08/01/27	261,000.00	4.000%				
			08/01/28	272,200.00	4.000%				
			08/01/29	283,200.00	4.000%				
			08/01/30	292,100.00	4.000%				
			08/01/31	117,300.00	3.000%				
			Water-Sewer Utility Bonds	February 27, 2017	800,000.00				
02/15/19	30,000.00	5.000%							
02/15/20	30,000.00	5.000%							
02/15/21	30,000.00	5.000%							
02/15/22	30,000.00	5.000%							
02/15/23	30,000.00	5.000%							
02/15/24	30,000.00	5.000%							
02/15/25	35,000.00	5.000%							
02/15/26	35,000.00	5.000%							
02/15/27	35,000.00	5.000%							
02/15/28	40,000.00	5.000%							
02/15/29	40,000.00	5.000%							
02/15/30	45,000.00	5.000%							
02/15/31	45,000.00	5.000%							
02/15/32	45,000.00	5.000%							
02/15/33	50,000.00	5.000%							
02/15/34	50,000.00	5.000%							
02/15/35	55,000.00	5.000%							
02/15/36	55,000.00	5.000%							
02/15/37	60,000.00	5.000%							
						\$ 4,945,982.00	\$ 800,000.00	\$ 419,078.00	\$ 5,330,904.00

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BOROUGH OF MATAWAN

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF INFRASTRUCTURE LOAN PAYABLE

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	DATE	OUTSTANDING DECEMBER 31, 2017	INTEREST RATE	BALANCE DECEMBER 31, 2016	DECREASED	BALANCE DECEMBER 31, 2017
New Jersey Infrastructure Trust Series 2001A: Trust Loan	10/15/2001	\$ 1,325,000.00	8/1/2018	\$ 90,000.00	5.00%			
			8/1/2019	95,000.00	5.00%			
			8/1/2020	100,000.00	4.75%			
			8/1/2021	105,000.00	4.75%	\$ 475,000.00	\$ 85,000.00	\$ 390,000.00
New Jersey Infrastructure Trust Series 2001A: Fund Loan	10/15/2001	1,400,000.00	02/01/18	6,186.28	0.00%			
			08/01/18	64,831.78	0.00%			
			02/01/19	4,720.14	0.00%			
			08/01/19	66,623.73	0.00%			
			02/01/20	3,172.55	0.00%			
			08/01/20	68,334.22	0.00%			
			02/01/21	1,624.96	0.00%			
			08/01/21	70,044.92	0.00%	356,067.94	70,529.36	285,538.58
New Jersey Infrastructure Trust Series 2012A: Trust Loan	5/1/2012	1,300,000.00	8/1/2018	55,000.00	5.00%			
			8/1/2019	60,000.00	5.00%			
			8/1/2020	60,000.00	5.00%			
			8/1/2021	65,000.00	5.00%			
			8/1/2022	70,000.00	5.00%			
			8/1/2023	75,000.00	5.00%			
			8/1/2024	80,000.00	5.00%			
			8/1/2025	80,000.00	5.00%			
			8/1/2026	85,000.00	5.00%			
			8/1/2027	90,000.00	3.00%			
			8/1/2028	90,000.00	3.00%			
		8/1/2029	95,000.00	3.125%				
		8/1/2030	95,000.00	3.20%				
		8/1/2031	95,000.00	3.25%				
						1,150,000.00	55,000.00	1,095,000.00

BOROUGH OF MATAWAN

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF INFRASTRUCTURE LOAN PAYABLE

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	OUTSTANDING DECEMBER 31, 2017		INTEREST RATE	BALANCE DECEMBER 31, 2016	DECREASED	BALANCE DECEMBER 31, 2017
			DATE	AMOUNT				
New Jersey Infrastructure Trust Series 2012A: Fund Loan	5/1/2012	\$ 5,312,140.00	02/01/18	74,298.88	0.00%			
			08/01/18	148,597.77	0.00%			
			02/01/19	74,298.88	0.00%			
			08/01/19	148,597.77	0.00%			
			02/01/20	74,298.88	0.00%			
			08/01/20	148,597.77	0.00%			
			02/01/21	74,298.88	0.00%			
			08/01/21	148,597.77	0.00%			
			02/01/22	74,298.88	0.00%			
			08/01/22	148,597.77	0.00%			
			02/01/23	74,298.88	0.00%			
			08/01/23	148,597.77	0.00%			
			02/01/24	74,298.88	0.00%			
			08/01/24	148,597.77	0.00%			
			02/01/25	74,298.88	0.00%			
			08/01/25	148,597.77	0.00%			
			02/01/26	74,298.88	0.00%			
08/01/26	148,597.77	0.00%						
02/01/27	74,298.88	0.00%						
08/01/27	148,597.77	0.00%						
02/01/28	74,298.88	0.00%						
08/01/28	148,597.77	0.00%						
02/01/29	74,298.88	0.00%						
08/01/29	148,597.77	0.00%						
02/01/30	74,298.88	0.00%						
08/01/30	148,597.77	0.00%						
02/01/31	74,298.88	0.00%						
08/01/31	148,598.07	0.00%						
						3,343,450.05	222,896.65	3,120,553.40
New Jersey Infrastructure Trust Series 2014A: Trust Loan	6/30/2014	232,399.00	8/1/2018	10,772.00	0.94%			
			8/1/2019	10,873.00	1.21%			
			8/1/2020	11,005.00	1.50%			
			8/1/2021	11,170.00	1.74%			
			8/1/2022	11,364.00	1.97%			
			8/1/2023	11,588.00	2.14%			
			8/1/2024	11,836.00	2.28%			
			8/1/2025	12,106.00	2.43%			
			8/1/2026	12,400.00	2.61%			
			8/1/2027	12,724.00	2.75%			
			8/1/2028	13,074.00	2.84%			
			8/1/2029	13,445.00	2.99%			
			8/1/2030	13,847.00	3.03%			
8/1/2031	14,267.00	3.12%						
8/1/2032	14,712.00	3.20%						
8/1/2033	15,183.00	3.24%						
						211,075.00	10,709.00	200,366.00

BOROUGH OF MATAWAN

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF INFRASTRUCTURE LOAN PAYABLE

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	DATE	OUTSTANDING DECEMBER 31, 2017 AMOUNT	INTEREST RATE	BALANCE DECEMBER 31, 2016	DECREASED	BALANCE DECEMBER 31, 2017
New Jersey Infrastructure Trust Series 2014A: Fund Loan	6/30/2014	\$ 660,685.00	02/01/18	11,797.94	0.00%			
			08/01/18	23,595.89	0.00%			
			02/01/19	11,797.94	0.00%			
			08/01/19	23,595.89	0.00%			
			02/01/20	11,797.94	0.00%			
			08/01/20	23,595.89	0.00%			
			02/01/21	11,797.94	0.00%			
			08/01/21	23,595.89	0.00%			
			02/01/22	11,797.94	0.00%			
			08/01/22	23,595.89	0.00%			
			02/01/23	11,797.94	0.00%			
			08/01/23	23,595.89	0.00%			
			02/01/24	11,797.94	0.00%			
			08/01/24	23,595.89	0.00%			
			02/01/25	11,797.94	0.00%			
			08/01/25	23,595.89	0.00%			
			02/01/26	11,797.94	0.00%			
			08/01/26	23,595.89	0.00%			
			02/01/27	11,797.94	0.00%			
			08/01/27	23,595.89	0.00%			
			02/01/28	11,797.94	0.00%			
			08/01/28	23,595.89	0.00%			
			02/01/29	11,797.94	0.00%			
			08/01/29	23,595.89	0.00%			
			02/01/30	11,797.94	0.00%			
			08/01/30	23,595.89	0.00%			
			02/01/31	11,797.94	0.00%			
			08/01/31	23,595.89	0.00%			
			02/01/32	11,797.94	0.00%			
			08/01/32	23,595.89	0.00%			
			02/01/33	11,797.94	0.00%			
			08/01/33	23,596.06	0.00%			
							601,695.28	35,393.83
						\$ 6,137,268.27	\$ 479,528.84	\$ 5,657,739.43

REF.

D-20

BOROUGH OF MATAWAN
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
08-24	Various Water/Sewer Improvements	08/15/14	07/20/16	01/18/17	2.00%	\$ 50,000.00	\$	\$ 50,000.00	\$
13-12	Replacement of Water Main	08/15/14	07/20/16	01/18/17	2.00%	400,000.00		400,000.00	
15-06	Various Water/Sewer Improvements	07/20/16	07/20/16	01/18/17	2.00%	445,000.00		445,000.00	
16-09	Various Water and Sewer Improvements	06/08/17	06/08/17	06/08/18	2.25%		860,000.00		860,000.00
						<u>\$ 895,000.00</u>	<u>\$ 860,000.00</u>	<u>\$ 895,000.00</u>	<u>\$ 860,000.00</u>
						D	D-6	D-6	D
					<u>REF.</u>				

BOROUGH OF MATAWAN
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF INTERFUNDS

<u>REF.</u>	<u>TOTAL</u>	<u>UTILITY OPERATING FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>WATER/SEWER ASSESSMENT TRUST FUND</u>
Balance, December 31, 2016 (Due To)	\$ 4,959.69	\$	\$	\$ 4,959.69
Increased by:				
Cash Receipts	906,374.79	11,374.79	895,000.00	
Decreased by:				
Cash Disbursements	909,173.92	11,374.79	897,799.13	
Balance, December 31, 2017 (Due From)	\$ 2,799.13	\$	\$ 2,799.13	\$
Balance, December 31, 2017 (Due To)	\$ 4,959.69	\$	\$	\$ 4,959.69

BOROUGH OF MATAWAN
WATER/SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE

	<u>REF.</u>		
Increased by:			
Premium on Bond Sale	D-6	\$	<u>2,799.13</u>
Balance December 31, 2017	D	\$	<u><u>2,799.13</u></u>

BOROUGH OF MATAWAN

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>		<u>BALANCE DECEMBER 31, 2017</u>
09-25	Water Treatment Plant Improvements	\$	<u>294,776.00</u>
		\$	<u><u>294,776.00</u></u>

BOROUGH OF MATAWAN

PART II

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	<u>YEAR 2017</u>		<u>YEAR 2016</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 681,860.00	2.04%	\$ 180,000.00	0.58%
Miscellaneous-From Other Than Local				
Property Tax Levies	3,415,202.45	10.20%	3,199,948.97	10.23%
Collection of Delinquent Taxes and Tax Title Liens	17,839.72	0.05%	39,728.04	0.13%
Collection of Current Tax Levy	<u>29,362,963.99</u>	<u>87.71%</u>	<u>27,872,305.09</u>	<u>89.07%</u>
<u>TOTAL INCOME</u>	<u>\$ 33,477,866.16</u>	<u>100.00%</u>	<u>\$ 31,291,982.10</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 11,521,654.55	35.85%	\$ 11,046,633.82	36.25%
County Taxes	2,903,702.55	9.03%	2,878,735.90	9.45%
School Taxes	17,672,519.00	54.99%	16,528,468.00	54.24%
Other Expenditures	<u>41,072.39</u>	<u>0.13%</u>	<u>16,428.50</u>	<u>0.05%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 32,138,948.49</u>	<u>100.00%</u>	<u>\$ 30,470,266.22</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,338,917.67		\$ 821,715.88	
Fund Balance, January 1	<u>3,461,963.20</u>		<u>2,820,247.32</u>	
	\$ 4,800,880.87		\$ 3,641,963.20	
Less: Utilization as Anticipated Revenue	<u>681,860.00</u>		<u>180,000.00</u>	
Fund Balance, December 31	<u>\$ 4,119,020.87</u>		<u>\$ 3,461,963.20</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE-WATER/SEWER UTILITY FUND

	YEAR ENDED DECEMBER 31, 2017		YEAR ENDED DECEMBER 31, 2016	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 200,069.00	3.83%	\$ 190,654.00	3.68%
Collection of Water/Sewer Rents	4,667,829.23	89.35%	4,771,612.42	92.22%
Miscellaneous - Other Than Water/Sewer Rents	356,519.21	6.82%	211,953.93	4.10%
<u>TOTAL INCOME</u>	<u>\$ 5,224,417.44</u>	<u>100.00%</u>	<u>\$ 5,174,220.35</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 3,416,356.00	69.51%	\$ 3,463,368.00	69.91%
Debt Service	1,204,606.84	24.51%	1,200,594.20	24.24%
Deferred Charges and Statutory Expenditures	94,000.00	1.91%	89,991.00	1.82%
Capital Improvements	200,000.00	4.07%	200,000.00	4.04%
<u>TOTAL EXPENDITURES</u>	<u>\$ 4,914,962.84</u>	<u>100.00%</u>	<u>\$ 4,953,953.20</u>	<u>100.01%</u>
Excess in Revenue	309,454.60		\$ 220,267.15	
Fund Balance, January 1	<u>1,681,575.25</u>		<u>1,651,962.10</u>	
Decreased by:	\$ 1,991,029.85		\$ 1,872,229.25	
Utilized as Anticipated Revenue	<u>200,069.00</u>		<u>190,654.00</u>	
Miscellaneous	<u>\$ 1,790,960.85</u>		<u>\$ 1,681,575.25</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>2.815</u>	<u>2.756</u>	<u>2.735</u>
Apportionment of Tax Rate:			
Municipal	0.819	0.838	0.836
County	0.278	0.284	0.277
Regional School	1.718	1.634	1.622

ASSESSED VALUATIONS:

2017	<u>\$1,028,556,200.00</u>		
2016		<u>\$1,011,850,900.00</u>	
2015			<u>\$965,735,400.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTION</u>	<u>PERCENTAGE OF COLLECTIONS</u>
2017	\$29,419,153.88	\$29,365,811.30	99.81%
2016	27,915,963.47	27,872,305.09	99.84%
2015	26,466,143.83	26,447,831.01	99.93%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2017	\$2,964.79	\$10,745.60	\$13,710.39	0.05%
2016	4,637.61	7,631.91	12,269.52	0.04%
2015	31,451.25	31,701.21	63,152.46	0.24%

COMPARISON OF UTILITY RENTS LEVIED

	<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTIONS</u>
Water/Sewer	2017	\$4,646,405.39	\$4,667,249.03
Utility Fund	2016	\$4,773,208.82	\$4,771,198.19
	2015	\$4,753,614.30	\$4,757,204.25

EQUALIZED VALUATIONS - REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$1,035,834,459.00
2016	\$987,597,643.00
2015	\$950,531,422.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2017	\$4,119,020.87	\$905,075.00 *
	2016	3,461,963.20	681,860.00
	2015	2,820,247.32	180,000.00
	2014	2,222,865.99	200,000.00
	2013	1,435,993.51	-0-

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Water/Sewer Utility Operating Fund	2017	\$1,790,960.88	\$631,842.00 *
	2016	1,681,575.25	200,069.00
	2015	1,651,692.10	190,654.00
	2014	1,539,810.09	202,000.00
	2013	1,393,368.71	202,000.00

* Per Introduced Budget

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Joseph Altomonte	Mayor	*
Nicolas Reeve	Councilman	*
Michael Vergaretti	Councilman	*
Michael Caldon	Councilman	*
Joseph Urbano	Councilman	*
Brett M. Cannon	Councilman	*
Josi D. Salvatore	Councilwoman	*
Louis Ferrara	Administrator	*
Karen Wynne	Municipal Clerk/Assessment Search Officer	*
Monica Antista	Chief Financial Officer/Treasurer	*
Peggy Warren	Tax Collector/Tax Search Officer	*
Kathleen Fitzgerald	Deputy Tax Collector	*
Michele Bodino	Payroll Supervisor	*
Joyce Jorgensen	Utility Clerk	*
Pasquale Menna, Esq.	Borough Attorney	*

*The Borough maintains Employee Dishonesty coverage for all municipal employees though the Monmouth County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund in the amount of \$1,000,000.00.

All of the Bonds were examined and appear to be properly executed.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (40A:11-3), except by contract or agreement.

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Borough has not appointed a Qualified Purchasing Agent and therefore their bid threshold remains at \$17,500.00.

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

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

- Maintenance and Repair Services for Sanitary Sewer Systems
- Sanitary Sewer Cleaning Services
- Gravelly Brook Park Improvements
- Solid Waste and Recyclable Materials Collection Services
- Road Improvements
- Streetscape Improvement Project
- Major John Burrows Mansion Rehabilitation Project

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

GENERAL COMMENTS (CONTINUED)

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)
(CONTINUED)

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40:11-5:

Auditor
Bond Counsel
Financial Advisor
Engineering Services
Legal Services
Grant Consultant

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 1, 2017 adopted the following resolutions authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, N.J.S.A. 54:4-66 provides that taxes shall be payable in quarterly installments due on February 1st, May 1st, August 1st, and November 1st, after which dates, if unpaid, shall become delinquent; and that a period of ten calendar days grace for the payment of taxes following said date be fixed and established; and

WHEREAS, if the above dates occur on a Saturday, Sunday, or holiday when the Borough is closed, then the due date will be established as Monday following the Saturday, or Sunday, and the day after a holiday.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the Borough of Matawan that if payment is not made by the tenth calendar day of the month on which the installment becomes payable, an interest charge of eight (8%) percent per annum will be assessed on the first \$1,500 of the delinquency and eighteen (18%) percent per annum on any amount in excess of \$1,500, to be calculated from the date the tax was payable until the date of actual payment.

BE IT FURTHER RESOLVED, that a taxpayer who has a delinquency in excess of \$10,000, who fails to pay that delinquency prior to the end of a calendar year will be charged a penalty of six (6) percent of the amount of the delinquency plus interest calculate to December 31st.

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

GENERAL COMMENTS (CONTINUED)

TAX TITLE LIENS

The last tax sale was held on December 18, 2017 and was complete.

An examination of the tax sale certificates revealed all certificates were on file and available for audit.

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

<u>YEAR</u>	<u>NUMBER</u>
2017	38
2016	40
2015	30
2014	30
2013	29

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>TYPE</u>	
Payments of 2017 Taxes	50
Payment of Water/Sewer Utility Rents	25

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Finance Office

During the course of our audit we discovered that the General Ledgers for the Borough's General Capital Fund and Water/Sewer Capital Fund were not fully maintained.

RECOMMENDATIONS

That General Ledgers be fully maintained for General Capital and Water/Sewer Utility Capital funds.

RECEIVED
JUL 12 2018
Borough of Matawan
Clerk's Office