

TOWNSHIP OF MIDDLE

COUNTY OF CAPE MAY

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2017

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PART I
REPORT OF AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Middle
Cape May Court House, New Jersey 08210

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Middle, in the County of Cape May, State of New Jersey, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed asset group of accounts - regulatory basis for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in note 1 to the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Middle, in the County of Cape May, State of New Jersey, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2017, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The supplemental statements and schedules presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic 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 22, 2018 on our consideration of the Township of Middle, in the County of Cape May, State of New Jersey, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Middle's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Middle's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Fred S. Caltabiano
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 22, 2018

**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**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Middle
Cape May Court House, New Jersey 08210

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, of the Township of Middle, in the County of Cape May, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 22, 2018. That report indicated that the Township of Middle's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Middle'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 instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which is described in the accompanying *Schedule of Findings and Recommendations* as finding no.: 2017-001.

The Township of Middle's Response to Findings

The Township of Middle's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Fred S. Caltabiano

Fred S. Caltabiano
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
June 22, 2018

TOWNSHIP OF MIDDLE
CURRENT FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

ASSETS:	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Regular Fund:			
Cash	SA-1	\$ 9,695,340.74	\$ 8,079,419.04
Change Fund	A	1,400.00	1,400.00
Due from State of New Jersey	SA-6	<u> </u>	<u>2,540.20</u>
		<u>9,696,740.74</u>	<u>8,083,359.24</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	SA-2	32,436.75	46,343.48
Tax Title Liens	SA-3	834,785.49	751,003.17
Property Acquired for Taxes -- Assessed Valuation	SA-11	2,521,900.00	2,949,433.00
Other Liens	A	395.75	395.75
Revenue Accounts Receivable	SA-8	15,274.87	11,195.26
Due from Trust -- Assessment Fund	SB-15	<u> </u>	<u>55.89</u>
Due from Trust -- Animal Control Fund	SB-4	8,980.46	4,009.54
Due from Federal and State Grant Fund	SA-12	64,540.45	104,464.41
Due from Utility Operating Fund	SD-3	<u> </u>	<u>5,550.06</u>
		<u>3,478,313.77</u>	<u>3,872,450.56</u>
Total Regular Fund		<u>13,175,054.51</u>	<u>11,955,809.80</u>
Federal and State Grant Fund:			
Federal and State Grants Receivable	SA-13	<u>2,546,046.79</u>	<u>1,466,722.39</u>
Total Federal and State Grant Fund		<u>2,546,046.79</u>	<u>1,466,722.39</u>
		<u>\$ 15,721,101.30</u>	<u>\$ 13,422,532.19</u>

(Continued)

TOWNSHIP OF MIDDLE
CURRENT FUND

Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3, SA-7	\$ 670,627.10	\$ 525,715.56
Reserve for Encumbrances	A-3, SA-7	792,955.62	713,888.16
Accounts Payable	SA-1, SA-7	19,396.33	264.47
Prepaid Licenses and Fees	SA-8	15,266.00	32,664.00
Tax Overpayments	SA-4	186.96	2,814.06
Prepaid Taxes	SA-5	1,941,109.04	970,198.09
County Tax Payable	SA-9	35,439.07	17,456.34
Local School Tax Payable	SA-10	3,586,021.77	3,667,736.34
UCC Third Party Fees Payable	SA-1	137,794.30	
Due to Fire District #1	SA-1		6.00
Deposit on Land Sales	A	3,000.00	3,000.00
Due to Trust -- Other Funds	SB-7	82,201.54	32,155.54
Due to Trust -- Assessment Fund	SB-15	28,562.60	
Due to Utility Operating Fund	SD-3	186,306.61	
Reserve for JIF Refunds and Incentives	A-1		3,321.67
Reserve for Dredging Project	A-1		12,240.00
		<u>7,498,866.94</u>	<u>5,981,460.23</u>
Reserves for Receivables and Other Assets	A	3,478,313.77	3,872,450.56
Fund Balance	A-1	<u>2,197,873.80</u>	<u>2,101,899.01</u>
Total Regular Fund		<u>13,175,054.51</u>	<u>11,955,809.80</u>
Federal and State Grant Fund:			
Due to Current Fund	SA-12	64,540.45	104,464.41
Appropriated Reserves	SA-14	2,351,177.72	1,354,850.50
Unappropriated Reserves	SA-15	<u>130,328.62</u>	<u>7,407.48</u>
Total Federal and State Grant Fund		<u>2,546,046.79</u>	<u>1,466,722.39</u>
		<u>\$ 15,721,101.30</u>	<u>\$ 13,422,532.19</u>

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

TOWNSHIP OF MIDDLE
CURRENT FUND

Statements of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME REALIZED:		
Fund Balance Anticipated	\$ 1,641,000.00	\$ 1,641,000.00
Miscellaneous Revenues Anticipated	8,878,095.53	6,837,946.87
Receipts from Delinquent Taxes and Tax Title Liens	196,227.94	166,556.71
Receipts from Current Taxes	49,489,786.49	47,855,595.34
Non-Budget Revenue	559,253.21	491,412.59
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	558,070.91	332,706.02
Interfunds Liquidated	45,529.91	249,553.53
Reserve for JIF Refunds and Incentives/Dredging Project	15,561.67	
Reserve for Revaluation/Reassessment		8,272.10
Reserve for State Tax Appeals		25,000.00
Excess Reserve Animal Control Fund	4,875.85	1,591.50
	<u>61,388,401.51</u>	<u>57,609,634.66</u>
Total Income		
EXPENDITURES:		
Budget Appropriations:		
Within "CAPS":		
Operations:		
Salaries and Wages	8,599,864.00	8,328,606.00
Other Expenses	8,344,260.00	8,073,629.00
Deferred Charges and Statutory Expenditures	2,061,610.00	1,957,997.00
Excluded from "CAPS":		
Operations:		
Salaries and Wages	134,284.00	134,284.00
Other Expenses	2,378,032.31	307,004.41
Capital Improvements	210,000.00	200,000.00
Municipal Debt Service	1,085,148.12	1,123,621.85
Deferred Charges		17,000.00
Local School Tax	27,337,343.00	26,601,358.00
Special District Taxes	2,485,871.00	2,390,447.00
County Taxes	6,909,659.08	6,748,793.89
Refund of Prior Year Revenue	96,634.29	4,577.48
Prior Year Seniors Citizens' & Veterans' Deductions Disallowed	3,750.00	2,500.00
Interfunds Created		
Animal Control Fund	4,970.92	
	<u>59,651,426.72</u>	<u>55,889,818.63</u>
Total Expenditures		
Excess (Deficit) in Revenue	1,736,974.79	1,719,816.03
Fund Balance January 1,	<u>2,101,899.01</u>	<u>2,023,082.98</u>
	3,838,873.80	3,742,899.01
Decreased by:		
Utilized as Anticipated Revenue	<u>1,641,000.00</u>	<u>1,641,000.00</u>
Fund Balance December 31,	<u>\$ 2,197,873.80</u>	<u>\$ 2,101,899.01</u>

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

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
	<u>Budget</u>	<u>Special N.J.S. 40A: 4-87</u>		
Surplus Anticipated	\$ 1,641,000.00		\$ 1,641,000.00	
Miscellaneous Revenues				
Local Revenues				
Licenses:				
Alcoholic Beverages	5,700.00		5,936.00	\$ 236.00
Other	60,000.00		67,372.00	7,372.00
Fees and Permits	127,000.00		106,316.84	(20,683.16)
Registrar of Vital Statistics	57,400.00		54,476.00	(2,924.00)
Trailer Tax	136,500.00		140,250.00	3,750.00
Hotel/Motel Tax	45,000.00		76,181.60	31,181.60
Fines and Costs: Municipal Court	211,000.00		225,015.92	14,015.92
Interest and Costs on Taxes	200,000.00		242,366.46	42,366.46
Interest on Investments and Deposits	12,000.00		34,458.61	22,458.61
Ambulance Fees	800,000.00		830,094.07	30,094.07
Host Community Benefits	15,000.00		29,474.75	14,474.75
Cable TV and Franchise Fee	130,500.00		150,555.64	20,055.64
State Aid Without Offsetting Appropriations				
Energy Receipts Tax	3,519,743.00		3,519,743.00	
Garden State Trust	47,481.00		47,481.00	
Dedicated Uniform Construction Code Fees				
Uniform Construction Code Fees	245,000.00		341,358.30	96,358.30
Interlocal Municipal Service Agreements Offset with Appropriations				
Police Officer - Cape May County Technical School	74,284.00		68,647.50	(5,636.50)
Middle Township Fire District #3 - JIF Insurance	28,313.00		28,313.00	
Public and Private Revenues Offset with Appropriations				
Safe and Secure Communities Program	60,000.00		60,000.00	
Emergency Management Assistance Grant	5,000.00		5,000.00	
Recycling Tonnage Grant	40,192.90	\$ 41,085.95	81,278.85	
Alcohol Education and Rehab	707.20	644.60	1,351.80	
Drunk Driving Enforcement Fund	8,361.91	8,107.42	16,469.33	
Click It or Ticket	1,700.28		1,700.28	
Cops In Shops		1,200.00	1,200.00	
Bike Path Middle/Lower Connector		2,000,753.00	2,000,753.00	
Bullet Proof Vest Partnership		6,852.30	6,852.30	
Body Armor Grant		4,677.95	4,677.95	
Clean Communities		53,732.80	53,732.80	
Rotary Club		3,000.00	3,000.00	
Cape Express		63,000.00	63,000.00	
Other Special Items				
Borough of Woodbine - Municipal Court	70,000.00		71,400.00	1,400.00
Sewer Utility - Indirect Costs	305,000.00		305,000.00	
Payment in Lieu of Taxes - Conifer	104,000.00		112,638.53	8,638.53
General Capital Fund Surplus	122,000.00		122,000.00	
	<u>6,431,883.29</u>	<u>2,183,054.02</u>	<u>8,878,095.53</u>	<u>263,158.22</u>
Receipts from Delinquent Taxes	<u>55,000.00</u>		<u>196,227.94</u>	<u>141,227.94</u>
Amount to be Raised by Taxes for				
Support of Municipal Budget:				
Local Tax for Municipal Purposes				
including Reserve for Uncollected Taxes	<u>12,919,813.05</u>		<u>13,173,912.46</u>	<u>254,099.41</u>
Budget Totals	<u>21,047,696.34</u>	<u>2,183,054.02</u>	<u>23,889,235.93</u>	<u>658,485.57</u>
Non-Budget Revenue			<u>559,253.21</u>	<u>559,253.21</u>
	<u>\$ 21,047,696.34</u>	<u>\$ 2,183,054.02</u>	<u>\$ 24,448,489.14</u>	<u>\$ 1,217,738.78</u>

(Continued)

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2017

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Revenue from Collections	\$	49,489,786.49
Allocated to:		
County, Special Districts, and School Taxes		<u>36,732,873.08</u>
Amount for Support of Municipal Budget Appropriations		12,756,913.41
Add: Appropriation "Reserve for Uncollected Taxes"		<u>416,999.05</u>
Amount for Support of Municipal Budget Appropriations	\$	<u><u>13,173,912.46</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	\$	<u><u>196,227.94</u></u>

Analysis of Non-Budget Revenues

Miscellaneous Revenue not Anticipated:		
Sale of Township Property	\$	30,600.00
Bail Unidentified		1,974.00
Rent - Quality Care Resource		8,017.20
Rent - PBA		4,200.00
FEMA Reimbursements		34,294.07
Interlocal - School Resource Officer 2		52,416.00
Bounced Check Fee		780.00
Police Reports		4,625.22
Zoning Books, Maps, Copies		1,471.00
Restitution		301.78
Photo Copies		304.79
Grass Cutting		6,360.87
Trash Removal		16,009.54
Police Traffic Admin		39,273.42
Collection of Prior Year Grant Receivable		86,218.87
Homestead Rebate - Reimbursement		1,061.40
Tax Sale Premium		5,000.00
Miscellaneous		109,472.05
Interlocal MT BOE Trash		29,999.00
Interlocal Court Video - Sea Isle		1,300.00
Abandon Property Registration Fee		104,400.00
In Lieu Taxes - Federal		<u>21,174.00</u>
Total Miscellaneous Revenue not Anticipated	\$	<u><u>559,253.21</u></u>

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

TOWNSHIP OF MIDDLE
CURRENT FUND
 Statement of Expenditures -- Regulatory Basis
 For the Year Ended December 31, 2017

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>OPERATIONS -- WITHIN "CAPS"</u>						
<u>General Government Functions</u>						
General Administration:						
Salaries and Wages	\$ 157,000.00	\$ 147,000.00	\$ 136,920.73		\$ 10,079.27	
Other Expenses	56,000.00	88,000.00	56,970.09	\$ 28,408.54	2,621.37	
Public Affairs:						
Other Expenses	750.00	750.00	33.90		716.10	
Human Resources:						
Salaries and Wages	100,000.00	94,700.00	86,275.14		8,424.86	
Other Expenses	25,000.00	27,800.00	21,532.82	1,081.52	5,185.66	
Mayor and Committee:						
Salaries and Wages	52,500.00	52,500.00	52,320.06		179.94	
Other Expenses	5,670.00	5,670.00	2,925.61	375.00	2,369.39	
Municipal Clerk:						
Salaries and Wages	136,970.00	136,970.00	130,059.43		6,910.57	
Other Expenses						
Miscellaneous Other Expenses	37,460.00	37,460.00	23,808.60	2,553.01	11,098.39	
Codification of Ordinances	8,600.00	8,600.00	3,497.17		5,102.83	
Financial Administration:						
Salaries and Wages	161,000.00	158,500.00	142,888.06	10,000.00	5,611.94	
Other Expenses	57,100.00	57,100.00	32,692.30	10,686.39	13,721.31	
Grants and Administration:						
Salaries and Wages	30,000.00	30,000.00	30,000.00			
Other Expenses	26,000.00	26,000.00	11,112.61	10,511.72	4,375.67	
Information Technology:						
Salaries and Wages	64,500.00	64,500.00	61,845.34		2,654.66	
Other Expenses	7,500.00	21,634.00	15,480.61	694.20	5,459.19	
Audit Services:						
Other Expenses	31,000.00	31,000.00	31,000.00			
Collection of Taxes:						
Salaries and Wages	155,000.00	155,000.00	150,710.88		4,289.12	
Other Expenses	37,300.00	37,300.00	32,960.94	1,923.40	2,415.66	
Assessment of Taxes:						
Salaries and Wages	126,000.00	129,800.00	129,601.26		198.74	
Other Expenses	45,000.00	45,000.00	30,600.53	4,159.29	10,240.18	
Liquidation of Tax Title Liens and Foreclosed Property:						
Other Expenses	15,000.00	20,000.00	6,996.22	7,735.11	5,268.67	
Legal Services:						
Other Expenses	310,000.00	297,066.00	192,265.39	86,244.61	18,556.00	

(Continued)

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
Engineering Services:						
Other Expenses	\$ 90,000.00	\$ 100,000.00	\$ 70,011.40	\$ 29,913.07	\$ 75.53	
Municipal Court:						
Salaries and Wages	200,000.00	197,000.00	182,621.91		14,378.09	
Other Expenses	37,770.00	40,770.00	33,908.61	6,460.89	400.50	
Public Defender:						
Other Expenses	17,500.00	17,500.00	16,041.63	1,458.37	0.00	
<u>Land Use Administration</u>						
Planning Board:						
Smart Growth Expenses	5,000.00	5,000.00			5,000.00	
Zoning Board:						
Salaries and Wages	94,000.00	94,000.00	84,365.24		9,634.76	
Other Expenses	40,000.00	40,000.00	13,894.74	8,129.99	17,975.27	
<u>Insurance</u>						
General Liability	181,500.00	181,500.00	178,284.25	3,000.00	215.75	
Workers Compensation	549,750.00	509,750.00	508,990.04		759.96	
Employee Group Health	3,727,630.00	3,583,430.00	3,078,518.37	314,162.10	190,749.53	
Health Benefit Waivers						
Salaries and Wages	124,000.00	130,000.00	129,728.34		271.66	
<u>Public Safety Functions</u>						
Police:						
Salaries and Wages	4,742,874.00	4,742,874.00	4,714,211.10		28,662.90	
Other Expenses	357,430.00	359,930.00	311,857.28	34,746.02	13,326.70	
Police Radio & Communications:						
Salaries and Wages	450,000.00	450,000.00	421,451.89		28,548.11	
Other Expenses	7,000.00	7,000.00	6,850.34		149.66	
Emergency Management Services:						
Other Expenses	1,000.00	1,000.00	935.00		65.00	
Rescue Squad:						
Salaries and Wages	460,000.00	480,000.00	475,244.00		4,756.00	
Other Expenses	41,000.00	54,000.00	50,634.14	1,482.18	1,883.68	
Contributions to First Aid Squads:						
Other Expenses	70,000.00	70,000.00	70,000.00			
Fire Protection:						
Other Expenses	5,000.00	5,000.00			5,000.00	
Municipal Prosecutor:						
Other Expenses	34,000.00	35,000.00	31,816.63	2,833.37	350.00	

(Continued)

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>Public Works Functions</u>						
Road Repairs and Maintenance:						
Salaries and Wages	\$ 910,000.00	\$ 982,000.00	\$ 981,441.71		\$ 558.29	
Other Expenses	153,700.00	153,700.00	115,317.63	\$ 30,953.90	7,428.47	
Storm Recovery:						
Other Expenses	20,000.00	20,000.00	20,000.00			
Shade Tree Commission:						
Other Expenses	750.00	750.00			750.00	
Other Public Works Functions (Gypsy Moth):						
Other Expenses	6,000.00	6,000.00			6,000.00	
Garbage and Trash Removal:						
Other Expenses	333,400.00	333,400.00	277,790.00	55,610.00		
Solid Waste Collection (Recycling):						
Other Expenses	334,000.00	334,000.00	333,348.00	652.00		
Vehicle Maintenance (Motor Pool):						
Other Expenses	210,500.00	235,500.00	175,291.90	55,455.93	4,752.17	
Buildings & Grounds:						
Other Expenses	100,000.00	105,000.00	86,620.95	12,363.09	6,015.96	
<u>Health and Human Services</u>						
Board of Health:						
Salaries and Wages	850.00	850.00	850.00			
Other Expenses	850.00	850.00			850.00	
Animal Control:						
Salaries and Wages	64,000.00	67,500.00	66,367.79		1,132.21	
Other Expenses	8,000.00	8,000.00	3,807.15	725.15	3,467.70	
Animal Shelter Contractual	139,500.00	139,500.00	131,151.00		8,349.00	
<u>Code Enforcement and Administration</u>						
Code Enforcement Officer:						
Salaries and Wages	46,500.00	46,500.00	42,806.72		3,693.28	
Other Expenses	5,000.00	5,000.00	2,061.65		2,938.35	
Construction Official:						
Salaries and Wages	77,850.00	72,850.00	66,611.25		6,238.75	
Other Expenses	13,950.00	13,950.00	8,446.52	2,554.17	2,949.31	
Demolition of Substandard Buildings:						
Other Expenses	10,000.00	10,000.00	10,000.00			
<u>Unclassified</u>						
Terminal Leave (Accumulated Absences)	100,000.00	100,000.00	100,000.00			

(Continued)

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>Park and Recreation</u>						
Recreation:						
Salaries and Wages	\$ 212,320.00	\$ 212,320.00	\$ 193,045.40		\$ 19,274.60	
Other Expenses	52,300.00	52,300.00	28,301.46	\$ 14,025.95	9,972.59	
Senior Center:						
Salaries and Wages	60,000.00	55,000.00	47,068.70		7,931.30	
Other Expenses	24,450.00	24,450.00	11,471.51	2,316.62	10,661.87	
Beach Restoration:						
Other Expenses	100.00	100.00			100.00	
<u>Utility Expenses and Bulk Purchases</u>						
Electricity	380,000.00	370,000.00	317,612.72		52,387.28	
Street Lighting	10,000.00	10,000.00	8,980.30		1,019.70	
Telephone	85,000.00	92,500.00	90,484.07		2,015.93	
Internet	22,000.00	22,000.00	21,118.30		881.70	
Water	19,000.00	19,000.00	16,551.04		2,448.96	
Natural Gas	45,000.00	45,000.00	34,414.30		10,585.70	
Gasoline	220,000.00	200,000.00	159,917.02	660.24	39,422.74	
Sanitary Landfill - Contractual	430,000.00	430,000.00	379,474.71	42,667.32	7,857.97	
Total Operations -- Within "CAPS"	16,975,824.00	16,944,124.00	15,492,214.40	784,543.15	667,366.45	-
<u>Detail:</u>						
Salaries and Wages	8,525,364.00	8,599,864.00	8,426,434.95	10,000.00	163,429.05	-
Other Expenses (Including Contingent)	8,450,460.00	8,344,260.00	7,065,779.45	774,543.15	503,937.40	-
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES -- WITHIN "CAPS"</u>						
<u>Statutory Expenditures</u>						
Public Employees Retirement System	380,159.00	382,759.00	382,730.44		28.56	
Social Security System (O.A.S.I.)	610,000.00	627,000.00	624,726.63		2,273.37	
Police and Firemen's Retirement System	1,017,751.00	1,025,351.00	1,025,349.92		1.08	
Unemployment Compensation	10,000.00	10,000.00	10,000.00			
Defined Contribution Retirement Plan	12,000.00	16,500.00	15,633.89		866.11	
Total Deferred Charges and Statutory Expenditures -- Municipal -- Within "CAPS"	2,029,910.00	2,061,610.00	2,058,440.88	-	3,169.12	-
Total General Appropriations for Municipal Purposes Within -- "CAPS"	19,005,734.00	19,005,734.00	17,550,655.28	784,543.15	670,535.57	-

(Continued)

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
OPERATIONS -- EXCLUDED FROM "CAPS"						
SFSP Appropriation	\$ 6,437.00	\$ 6,437.00	\$ 6,437.00			
Cape May County Share PILOT	5,200.00	5,200.00		\$ 5,200.00		
Local School District Share PILOT	57,593.00	57,593.00	57,593.00			
Fire District #1 Share PILOT	2,700.00	2,700.00	2,700.00			
Fire District #2 Share PILOT	1,209.00	1,209.00	1,209.00			
Total Other Operations -- Excluded from "CAPS"	73,139.00	73,139.00	67,939.00	5,200.00	-	-
Shared Service Agreements						
Police:						
Salaries and Wages	74,284.00	74,284.00	74,284.00			
Middle Township Fire District #2:						
JIF Insurance	37,564.00	37,564.00	37,564.00			
Middle Township Fire District #3:						
JIF Insurance	28,313.00	28,313.00	28,313.00			
Total Shared Service Agreements	140,161.00	140,161.00	140,161.00	-	-	-
Public and Private Programs Offset by Revenues						
Safe and Secure Communities Program	60,000.00	60,000.00	60,000.00			
Emergency Management Assistance Grant	5,000.00	5,000.00	5,000.00			
Recycling Tonnage Grant (40A:4-87, \$41,085.95)	40,192.90	81,278.85	81,278.85			
Alcohol Education and Rehab (40A:4-87, \$644.60)	707.20	1,351.80	1,351.80			
Drunk Driving Enforcement Fund (40A:4-87, \$8,107.42)	8,361.91	16,469.33	16,469.33			
Click It or Ticket	1,700.28	1,700.28	1,700.28			
Cops In Shops (40A:4-87, \$1,200.00)		1,200.00	1,200.00			
Bike Path Middle/Lower Connector (40A:4-87, \$2,000,753.00)		2,000,753.00	2,000,753.00			
Bullet Proof Vest Partnership (40A:4-87, \$6,852.30)		6,852.30	6,852.30			
Body Armor Grant (40A:4-87, \$4,677.95)		4,677.95	4,677.95			
Clean Communities (40A:4-87, \$53,732.80)		53,732.80	53,732.80			
Rotary Club (40A:4-87, \$3,000.00)		3,000.00	3,000.00			
Cape Express (40A:4-87, \$63,000.00)		63,000.00	63,000.00			
Total Public and Private Programs Offset by Revenues	115,962.29	2,299,016.31	2,299,016.31	-	-	-
Total Operations -- Excluded from "CAPS"	329,262.29	2,512,316.31	2,507,116.31	5,200.00	-	-
Detail:						
Salaries and Wages	134,284.00	134,284.00	134,284.00	-	-	-
Other Expenses	194,978.29	2,378,032.31	2,372,832.31	5,200.00	-	-

(Continued)

TOWNSHIP OF MIDDLE
CURRENT FUND
 Statement of Expenditures -- Regulatory Basis
 For the Year Ended December 31, 2017

	<u>Appropriations</u>		<u>Expended</u>			<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Encumbered</u>	<u>Reserved</u>	
<u>CAPITAL IMPROVEMENT FUND -- EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 180,000.00	\$ 180,000.00	\$ 180,000.00			
Improvements to Municipal Building, Grounds, Equipment	30,000.00	30,000.00	26,696.00	\$ 3,212.47	\$ 91.53	
Total Capital Improvement Fund -- Excluded from "CAPS"	<u>210,000.00</u>	<u>210,000.00</u>	<u>206,696.00</u>	<u>3,212.47</u>	<u>91.53</u>	<u>-</u>
<u>MUNICIPAL DEBT SERVICE -- EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	700,000.00	700,000.00	700,000.00			
Interest on Bonds	265,000.00	265,000.00	264,996.11			\$ 3.89
Green Trust Loan Program	98,300.00	98,300.00	98,132.12			167.88
New Jersey Environmental Infrastructure Trust Loan:						
Principal	18,900.00	18,900.00	18,900.00			
Interest	3,501.00	3,501.00	3,119.89			381.11
Total Municipal Debt Service -- Excluded from "CAPS"	<u>1,085,701.00</u>	<u>1,085,701.00</u>	<u>1,085,148.12</u>	<u>-</u>	<u>-</u>	<u>552.88</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>1,624,963.29</u>	<u>3,808,017.31</u>	<u>3,798,960.43</u>	<u>8,412.47</u>	<u>91.53</u>	<u>552.88</u>
Subtotal General Appropriations	20,630,697.29	22,813,751.31	21,349,615.71	792,955.62	670,627.10	552.88
Reserve for Uncollected Taxes	416,999.05	416,999.05	416,999.05			
Total	<u><u>\$ 21,047,696.34</u></u>	<u><u>\$ 23,230,750.36</u></u>	<u><u>\$ 21,766,614.76</u></u>	<u><u>\$ 792,955.62</u></u>	<u><u>\$ 670,627.10</u></u>	<u><u>\$ 552.88</u></u>
Budget		\$ 21,047,696.34				
Appropriation by 40A:4-87		2,183,054.02				
Due Trust -- Assessment Fund			\$ 28,404.44			
Reserve for Federal and State Grant Fund--Appropriated			2,299,016.31			
Reserve for Uncollected Taxes			416,999.05			
Disbursed			19,022,194.96			
		<u><u>\$ 23,230,750.36</u></u>	<u><u>\$ 21,766,614.76</u></u>			

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

TOWNSHIP OF MIDDLE
TRUST FUNDS
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
ASSETS:			
Assessment Fund:			
Cash - Chief Financial Officer	SB-1	\$ 121,598.48	\$ 60,009.00
Due from Current Fund	SB-15	28,562.60	
Assessments Receivable	SB-12	<u>911,463.92</u>	<u>1,076,671.89</u>
Total Assessment Fund		<u>1,061,625.00</u>	<u>1,136,680.89</u>
Animal Control Fund:			
Cash - Chief Financial Officer	SB-1	33,618.81	27,953.04
Due from State of New Jersey Board of Health	SB-6	<u>153.80</u>	
Total Animal Control Fund		<u>33,772.61</u>	<u>27,953.04</u>
Other Funds:			
Cash - Chief Financial Officer	SB-1	2,562,158.36	2,370,877.78
Cash - Tax Collector	SB-1	267,166.14	620,244.08
Due from Current Fund	SB-7	82,201.54	32,155.54
Grant Receivable	SB-8	2,480.07	
Loans Receivable - UDAG	SB-11	<u>372,228.44</u>	<u>306,489.93</u>
Total Other Funds		<u>3,286,234.55</u>	<u>3,329,767.33</u>
		<u>\$ 4,381,632.16</u>	<u>\$ 4,494,401.26</u>

(Continued)

TOWNSHIP OF MIDDLE
TRUST FUNDS
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Assessment Fund:			
Assessment Serial Bonds	SB-13	\$ 1,005,000.00	\$ 1,080,000.00
Due to Current Fund	SB-15		55.89
Reserve for Assessments	SB-14	<u>56,625.00</u>	<u>56,625.00</u>
Total Assessment Fund		<u>1,061,625.00</u>	<u>1,136,680.89</u>
Animal Control Fund:			
Due to Current Fund	SB-4	8,980.46	4,009.54
Prepaid Licenses	SB-5	3,108.00	3,507.00
Reserve for Animal Control Fund Expenditures	SB-3	<u>21,684.15</u>	<u>20,436.50</u>
Total Animal Control Fund		<u>33,772.61</u>	<u>27,953.04</u>
Other Funds:			
Due to State of New Jersey:			
Construction Code Fees	SB-9	19,219.00	10,040.00
Marriage Licenses	SB-10	600.00	1,650.00
Reserve for:			
Community Development Block Grant	SB-8	2,676.80	2,676.80
Developer's Escrow	SB-8	979,135.73	752,060.14
Sewer Escrows	SB-8	136,833.96	136,833.96
Unemployment Compensation	SB-8	172,906.08	154,868.78
Street Openings	SB-8	11,020.00	11,020.00
Special Law Enforcement - Forfeited Funds	SB-8	33,093.46	25,789.49
Smart Growth Plan	SB-8	33,013.31	33,013.31
Housing Rehabilitation	SB-8	59,262.46	95,631.92
Urban Aid	SB-8	362,029.13	414,527.31
Recreation Dedicated Trust	SB-8	83,149.84	95,252.46
Subdivisions - Map Changes	SB-8	6,157.50	6,157.50
POAA Fines Trust	SB-8	297.00	267.00
Police Extra Duty Work	SB-8	47,135.16	37,849.94
Snow Removal / Storm Recovery	SB-8	69,229.90	58,071.19
COAH	SB-8	313,870.52	312,932.91
Municipal Alliance	SB-8		220.76
Donations - Bus Shelters	SB-8	836.08	836.08
Accumulated Absences	SB-8	227,983.25	135,369.19
Payroll	SB-8	22,390.79	117,964.58
Loans Receivable - UDAG	SB-8	372,228.44	306,489.93
Tax Sale Premiums	SB-8	253,900.00	573,900.00
Tax Title Liens Redemption	SB-8	<u>79,266.14</u>	<u>46,344.08</u>
Total Other Funds		<u>3,286,234.55</u>	<u>3,329,767.33</u>
		<u>\$ 4,381,632.16</u>	<u>\$ 4,494,401.26</u>

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

TOWNSHIP OF MIDDLE
TRUST -- ASSESSMENT FUND
 Statement of Revenues--Regulatory Basis
 For the Year Ended December 31, 2017

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Assessment Cash	<u>\$ 75,000.00</u>	<u>\$ 165,207.97</u>	<u>\$ 90,207.97</u>

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

TOWNSHIP OF MIDDLE
TRUST -- ASSESSMENT FUND
 Statement of Expenditures--Regulatory Basis
 For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Budget After Modification</u>	<u>Expended Paid or Charged</u>	<u>Unexpended Balance Canceled</u>
Payment of Bond Principal	<u>\$ 75,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ -</u>

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

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

ASSETS:	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Cash	SC-1	\$ 2,862,261.29	\$ 5,228,509.01
Deferred Charges to Future Taxation:			
Funded	SC-3	8,908,441.07	9,713,184.07
Unfunded	SC-4	200,500.86	200,500.86
		<u>\$ 11,971,203.22</u>	<u>\$ 15,142,193.94</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
General Serial Bonds	SC-7	\$ 8,120,000.00	\$ 8,820,000.00
NJ EIT Loans Payable	SC-8	101,956.03	123,545.98
Green Acres Loans Payable	SC-9	686,485.04	769,638.09
Improvement Authorizations:			
Funded	SC-6	2,015,881.70	2,433,323.27
Unfunded	SC-6	200,500.86	200,500.86
Contracts Payable	SC-6	256,599.69	2,196,735.84
Capital Improvement Fund	SC-5	260,314.44	146,984.44
Fund Balance	C-1	329,465.46	451,465.46
		<u>\$ 11,971,203.22</u>	<u>\$ 15,142,193.94</u>

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

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
Statement of Fund Balance--Regulatory Basis
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 451,465.46
Decreased by:	
Due Current Fund - Anticipated as Revenue	<u>122,000.00</u>
Balance December 31, 2017	<u><u>\$ 329,465.46</u></u>

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

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
ASSETS:			
Operating Fund:			
Cash	SD-1	\$ 1,200,199.13	\$ 1,803,280.85
Due from Current Fund	SD-3	186,306.61	
		<u>1,386,505.74</u>	<u>1,803,280.85</u>
Receivables with Full Reserves:			
Sewer Rents Receivable	SD-4	10,500.03	12,517.66
Sewer Liens Receivable	SD-5	28,000.39	20,522.86
		<u>38,500.42</u>	<u>33,040.52</u>
Deferred Charges:			
Emergency Appropriation	D-3	170,200.00	
Overexpenditure of Appropriations Reserves	D-3		10,461.15
		<u>170,200.00</u>	<u>10,461.15</u>
Total Operating Fund		<u>1,595,206.16</u>	<u>1,846,782.52</u>
Capital Fund:			
Cash	SD-1	342,770.10	384,059.94
Fixed Capital	SD-9	30,557,713.51	30,392,598.51
Fixed Capital Authorized and Uncompleted	SD-10	17,694,979.73	15,599,979.73
Total Capital Fund		<u>48,595,463.34</u>	<u>46,376,638.18</u>
		<u>\$ 50,190,669.50</u>	<u>\$ 48,223,420.70</u>

(Continued)

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
 Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
 As of December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE:			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3	\$ 41,019.60	\$ 116,102.59
Encumbrances	D-3	32,357.00	170,267.45
Due to Current Fund	SD-3		5,550.06
Prepaid Sewer Rents	SD-8	454,975.73	403,887.89
Accrued Interest on Bonds and Notes	SD-6	213,906.14	218,852.43
Reserve for Dewatering Project (ACE)	SD-1		189,000.00
		<u>742,258.47</u>	<u>1,103,660.42</u>
Reserve for Receivables	D	38,500.42	33,040.52
Fund Balance	D-1	<u>814,447.27</u>	<u>710,081.58</u>
Total Operating Fund		<u>1,595,206.16</u>	<u>1,846,782.52</u>
Capital Fund:			
General Serial Bonds	SD-14	11,925,000.00	12,400,000.00
Rural Development Administration Bonds	SD-15	9,709,179.44	9,858,859.20
Improvement Authorizations:			
Funded	SD-11	380,519.31	399,260.49
Unfunded	SD-11	1,273,077.46	1,659,773.84
Contracts Payable	SD-11	2,587,911.66	128,763.94
Reserve for Amortization	SD-12	21,599,524.28	20,944,176.53
Deferred Reserve for Amortization	SD-13	757,239.52	622,792.51
Reserve for the Payment of Bonds, Loans and Notes	D	248,155.02	248,155.02
Fund Balance	D	<u>114,856.65</u>	<u>114,856.65</u>
Total Capital Fund		<u>48,595,463.34</u>	<u>46,376,638.18</u>
		<u>\$ 50,190,669.50</u>	<u>\$ 48,223,420.70</u>

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

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
 Statements of Operations and Changes in Operating Fund Balance -- Regulatory Basis
 For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME REALIZED:		
Operating Surplus Anticipated	\$ 243,962.00	\$ 375,000.00
Sewer Rents	4,273,407.86	4,200,573.63
Miscellaneous	155,142.48	103,334.97
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	114,325.25	38,449.62
	<u>4,786,837.59</u>	<u>4,717,358.22</u>
Total Income		
EXPENDITURES:		
Operating	3,140,200.00	2,843,000.00
Capital Outlay		270,000.00
Debt Service	1,427,048.75	1,423,225.79
Deferred Charges and Statutory Expenditures	41,461.15	31,000.00
	<u>4,608,709.90</u>	<u>4,567,225.79</u>
Total Expenditures		
Excess (Deficit) in Revenue	178,127.69	150,132.43
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which Are By		
Statute Deferred Charges to Budget of Succeeding Year	170,200.00	
	<u>348,327.69</u>	150,132.43
Statutory Excess to Fund Balance		
Fund Balance January 1	710,081.58	934,949.15
	1,058,409.27	1,085,081.58
Decreased by:		
Utilized as Anticipated Revenue	243,962.00	375,000.00
	<u>814,447.27</u>	<u>710,081.58</u>
Fund Balance December 31		

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

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2017

	<u>Anticipated</u> <u>Budget</u>	<u>Realized</u>	<u>Excess/</u> <u>(Deficit)</u>
Operating Surplus Anticipated	\$ 243,962.00	\$ 243,962.00	
Sewer Rents	4,100,000.00	4,273,407.86	\$ 173,407.86
Miscellaneous	<u>95,500.00</u>	<u>155,142.48</u>	<u>59,642.48</u>
	<u>\$ 4,439,462.00</u>	<u>\$ 4,672,512.34</u>	<u>\$ 233,050.34</u>

Analysis of Realized Revenues

Miscellaneous:

Receipts:

Application Fees	\$ 3,400.00	
Interest on Delinquent Accounts	27,212.25	
Connection Fees	117,600.00	
Interest Earnings	6,369.05	
Miscellaneous	<u>561.18</u>	

\$ 155,142.48

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

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Expended		Unexpended Balance Canceled
	Original Budget	Budget After Modification	Paid or Charged	Encumbrances Reserved	
Operating:					
Salaries and Wages	\$ 200,000.00	\$ 180,000.00	\$ 168,845.64		\$ 11,154.36
Other Expenses	200,000.00	232,000.00	197,262.57	\$ 32,357.00	2,380.43
Insurance	160,000.00	134,000.00	111,000.00		23,000.00
CMCMUA User Charges	2,005,000.00	2,289,200.00	2,289,107.00		93.00
Indirect Costs	305,000.00	305,000.00	305,000.00		
Total Operating	2,870,000.00	3,140,200.00	3,071,215.21	32,357.00	36,627.79
Capital Improvements					
Capital Outlay	100,000.00				
Total Capital Improvements	100,000.00	-	-	-	-
Debt Service:					
Payment of Bond Principal	625,000.00	625,000.00	625,000.00		
Interest on Bonds	803,000.00	803,000.00	802,048.75		\$ 951.25
Total Debt Service	1,428,000.00	1,428,000.00	1,427,048.75	-	951.25
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Overexpenditure of Appropriation Reserves	10,462.00	10,462.00	10,461.15		0.85
Statutory Expenditures:					
Public Employees' Retirement System	15,000.00	15,000.00	15,000.00		
Contributions to Social Security System (O.A.S.I.)	16,000.00	16,000.00	11,608.19		4,391.81
Total Deferred Charges and Statutory Expenditures	41,462.00	41,462.00	37,069.34	-	4,391.81
	\$ 4,439,462.00	\$ 4,609,662.00	\$ 4,535,333.30	\$ 32,357.00	\$ 41,019.60
Adopted Budget		\$ 4,439,462.00			
Emergency Appropriation		170,200.00			
Accrued Interest on Bonds and Notes			\$ 802,048.75		
Deferred Charges			10,461.15		
Cash Disbursements			3,722,823.40		
		\$ 4,609,662.00	\$ 4,535,333.30		

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

TOWNSHIP OF MIDDLE
GENERAL FIXED ASSETS GROUP OF ACCOUNTS
Statement of General Fixed Assets Group of Accounts - Regulatory Basis
For the Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
ASSETS:				
Land	\$ 1,052,705.00			\$ 1,052,705.00
Land Improvements	1,907,773.85	\$ 81,495.58		1,989,269.43
Buildings	7,897,279.09	0.91		7,897,280.00
Equipment	6,713,022.07	1,354,930.78	\$ 546,184.60	7,521,768.25
	<u>\$ 17,570,780.01</u>	<u>\$ 1,436,427.27</u>	<u>\$ 546,184.60</u>	<u>\$ 18,461,022.68</u>
FUND BALANCE:				
Investment in General Fixed Assets	<u>\$ 17,570,780.01</u>	<u>\$ 1,436,427.27</u>	<u>\$ 546,184.60</u>	<u>\$ 18,461,022.68</u>

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

TOWNSHIP OF MIDDLE
Notes to Financial Statements
For the Year Ended December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity – The Township of Middle (hereafter referred to as the “Township”) is located in Cape May County, New Jersey. It is part of the Ocean City Metropolitan Statistical Area. The Township was formed as a precinct on April 2, 1723, and was incorporated by Township Act of 1798 of the New Jersey Legislature on February 21, 1798 as one of New Jersey's initial group of 104 Townships. The Township borders Dennis Township, Sea Isle City, Avalon Borough, Stone Harbor Borough, North Wildwood City, Wildwood City, West Wildwood Borough, Lower Township, the Atlantic Ocean, and the Delaware Bay. As of the 2010 United States Census, the population was 18,911.

The Township is represented by a three member Committee elected to three-year terms. These terms are staggered so that one member's term expires each year. The Mayor is appointed at the annual reorganization meeting by the members of the Committee. Executive and administrative responsibility rests with the Mayor, who is assisted by the other Committee members and the Township Administrator.

Component Units - The Township had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* (the “*Requirements*”) as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Sewer Utility Operating and Capital Funds - The sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned sewer operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$3,000.00. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. 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 and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

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

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Cape May, the Township of Middle School District, and the Township of Middle Fire District No. 1, No. 2, No. 3 and No. 4. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Middle School District. Operations is charged for the full amount required to be raised by taxation to operate the local school district for the period from July 1, 2017 to June 30, 2018, increased by the amount deferred at December 31, 2016 and decreased by the amount deferred at December 31, 2017.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Cape May. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Middle Fire District No. 1, No. 2, No. 3, and No. 4. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

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

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2017, the Township's bank balances of \$16,735,908.89 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 15,800,705.73
Uninsured and Uncollateralized	<u>935,203.16</u>
Total	<u><u>\$ 16,735,908.89</u></u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 1.722	\$ 1.676	\$ 1.663	\$ 1.651	\$ 1.650
Apportionment of Tax Rate:					
Municipal	\$.472	\$.452	\$.452	\$.455	\$.454
County	.252	.248	.251	.248	.259
Local School	.998	.976	.960	.948	.937

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 2,739,976,123.00
2016	2,727,116,105.00
2015	2,725,641,739.00
2014	2,707,499,497.00
2013	2,688,271,256.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 49,910,504.79	\$ 49,489,786.49	99.16%
2016	48,209,195.86	47,855,595.34	99.27%
2015	47,811,188.18	47,440,826.93	99.23%
2014	47,327,251.00	47,006,721.00	99.32%
2013	46,866,913.00	45,744,818.00	97.61%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 834,785.49	\$ 32,436.75	\$ 867,222.24	1.74%
2016	751,003.17	46,343.48	797,346.65	1.65%
2015	628,401.23	103,949.96	732,351.19	1.53%
2014	571,431.00	23,817.00	595,248.00	1.26%
2013	426,043.00	1,004,218.00	1,430,261.00	3.05%

Note 3: PROPERTY TAXES (CONT'D)

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2017	680
2016	631
2015	581
2014	600
2013	370

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2017	\$ 2,521,900.00
2016	2,949,433.00
2015	2,629,223.47
2014	2,629,223.47
2013	2,629,223.47

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balance Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Collections</u>
	<u>Receivable</u>	<u>Liens</u>			
2017	\$ 12,517.66	\$ 20,522.86	\$ 4,278,867.76	\$ 4,311,908.28	\$ 4,273,407.86
2016	61,015.63	1,549.14	4,171,049.38	4,233,614.15	4,200,573.63
2015	29,666.49	5,748.89	4,164,998.64	4,200,414.02	4,137,849.25
2014	262,217.07	1,408.72	3,985,525.42	4,249,151.21	4,215,081.88
2013	739,530.03	-	3,253,824.48	3,993,354.51	3,729,728.72

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 2,197,873.80	\$ 1,779,000.00	80.94%
2016	2,101,899.01	1,641,000.00	78.07%
2015	2,023,082.98	1,641,000.00	81.11%
2014	2,231,661.18	1,757,500.00	78.75%
2013	1,698,104.83	1,377,000.00	81.09%

Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 814,447.27	\$ 400,000.00	49.11%
2016	710,081.58	243,962.00	34.36%
2015	934,949.15	375,000.00	40.11%
2014	1,045,808.81	200,000.00	19.12%
2013	795,770.67	295,119.00	37.09%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 73,520.91	\$ 297,070.75
Federal and State Grant		64,540.45
Trust - Animal Control		8,980.46
Trust - Other	82,201.54	
Trust - Assessment	28,562.60	
Sewer Utility - Operating	186,306.61	
	<u>\$ 370,591.66</u>	<u>\$ 370,591.66</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Township employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. 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
<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township. The PFRS's Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

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

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2017 was 14.14% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$408,045.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$380,386.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$214,892.60.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Township's contractually required contribution rate for the year ended December 31, 2017 was 27.40% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$1,125,542.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$1,017,751.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$413,023.20.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2017 was 2.68% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 is \$109,966.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2016 was \$76,725.00, which was paid on April 1, 2017.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2017, employee contributions totaled \$19,162.99, and the Township's contributions were \$15,633.89. There were no forfeitures during the year.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Public Employees' Retirement System - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$10,253,352.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was 0.0440466316%, which was an increase of 0.0012289689% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$774,563.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PERS was \$380,386.00, and was paid on April 1, 2017.

Police and Firemen's Retirement System - At December 31, 2017, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 19,633,706.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>2,199,140.00</u>
	<u><u>\$ 21,832,846.00</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was 0.1271772345%, which was an increase of 0.0023519764% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Township, was 0.1271772345%, which was an increase of 0.0023519764% from its proportion, on-behalf of the Township, measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$1,853,716.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PFRS was \$1,017,751.00, and was paid on April 1, 2017.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2017 measurement date is \$269,005.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2017, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 241,431.00	\$ 127,372.00	\$ 368,803.00	\$ -	\$ 115,234.00	\$ 115,234.00
Changes of Assumptions	2,065,697.00	2,421,055.00	4,486,752.00	2,058,124.00	3,215,427.00	5,273,551.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	69,818.00	374,657.00	444,475.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	603,950.00	1,197,127.00	1,801,077.00	341,050.00	707,192.00	1,048,242.00
Township Contributions Subsequent to the Measurement Date	204,023.00	562,771.00	766,794.00	-	-	-
	<u>\$ 3,184,919.00</u>	<u>\$ 4,682,982.00</u>	<u>\$ 7,867,901.00</u>	<u>\$ 2,399,174.00</u>	<u>\$ 4,037,853.00</u>	<u>\$ 6,437,027.00</u>

\$204,023.00 and \$562,771.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the Township's year end of December 31, 2017.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2018	\$ 272,983.00	\$ 304,385.00	\$ 577,368.00
2019	395,848.00	712,513.00	1,108,361.00
2020	286,927.00	215,799.00	502,726.00
2021	(183,547.00)	(791,238.00)	(974,785.00)
2022	(190,489.00)	(359,101.00)	(549,590.00)
	<u>\$ 581,722.00</u>	<u>\$ 82,358.00</u>	<u>\$ 664,080.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. 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. 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).

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

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

Note 8: PENSION PLANS (CONT'D)Actuarial Assumptions (Cont'd)

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

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates 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 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Township's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 12,719,979.00</u>	<u>\$ 10,253,352.00</u>	<u>\$ 8,198,346.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 25,869,025.00	\$ 19,633,706.00	\$ 14,510,683.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>2,897,548.06</u>	<u>2,199,140.00</u>	<u>1,625,318.37</u>
	<u>\$ 28,766,573.06</u>	<u>\$ 21,832,846.00</u>	<u>\$ 16,136,001.37</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Five Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0440466316%	0.0428176627%	0.0398113689%
Township's Proportionate Share of the Net Pension Liability	\$ 10,253,352.00	\$ 12,681,364.00	\$ 8,936,855.00
Township's Covered Payroll (Plan Measurement Period)	\$ 2,987,356.00	\$ 2,917,500.00	\$ 2,743,376.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	343.22%	434.67%	325.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0435371518%	0.0435069524%	
Township's Proportionate Share of the Net Pension Liability	\$ 8,151,346.00	\$ 8,315,043.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 2,891,364.00	\$ 2,922,284.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	281.92%	284.54%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 408,045.00	\$ 380,386.00	\$ 342,271.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(408,045.00)</u>	<u>(380,386.00)</u>	<u>(342,271.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,885,020.00	\$ 2,942,500.00	\$ 2,872,963.00
Township's Contributions as a Percentage of Covered Payroll	14.14%	12.93%	11.91%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 358,914.00	\$ 327,816.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(358,914.00)</u>	<u>(327,816.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 2,764,505.00	\$ 2,867,349.00	
Township's Contributions as a Percentage of Covered Payroll	12.98%	11.43%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.1271772345%	0.1248252581%	0.1219875709%
Township's Proportionate Share of the Net Pension Liability	\$ 19,633,706.00	\$ 23,844,817.00	\$ 20,318,877.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>2,199,140.00</u>	<u>2,002,373.00</u>	<u>1,781,897.00</u>
Total	<u>\$ 21,832,846.00</u>	<u>\$ 25,847,190.00</u>	<u>\$ 22,100,774.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 4,116,688.00	\$ 3,989,724.00	\$ 3,783,164.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	476.93%	597.66%	537.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.1114168031%	0.1265420999%	
Township's Proportionate Share of the Net Pension Liability	\$ 14,015,200.00	\$ 16,822,630.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>1,509,202.00</u>	<u>1,568,074.00</u>	
Total	<u>\$ 15,524,402.00</u>	<u>\$ 18,390,704.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 3,589,020.00	\$ 3,987,264.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	390.50%	421.91%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS)
(Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 1,125,542.00	\$ 1,017,751.00	\$ 991,577.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,125,542.00)</u>	<u>(1,017,751.00)</u>	<u>(991,577.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 4,108,101.00	\$ 4,019,539.00	\$ 3,928,296.00
Township's Contributions as a Percentage of Covered Payroll	27.40%	25.32%	25.24%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 855,758.00	\$ 923,223.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(855,758.00)</u>	<u>(923,223.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 3,785,805.00	\$ 3,600,409.00	
Township's Contributions as a Percentage of Covered Payroll	22.60%	25.64%	

Note 8: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions - For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Township provides postretirement health care benefits through a health plan for retirees, which includes a medical and prescription plan. The Township's single-employer post-employment healthcare plan covers the following retiree population: eligible retirees who retire from active employment with the Township who have at least twenty-five (25) years of service with the Township. Coverage is provided for the retirees and their family up to age sixty-five, providing the retirees annually certify that they have no other medical coverage. Currently, eighty-nine (89) retirees meet these eligibility requirements. The plan is administered by the Township; therefore, premium payments are made directly to the insurance carriers.

Funding Policy - The contribution requirements of plan members and the Township are established and may be amended by the Township's governing body.

Retirees - The Township presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis. The Township's estimated contributions to the plan for the years ended December 31, 2017, 2016, and 2015 were \$1,283,111.17, \$1,245,739.00, and \$1,209,455.34, respectively.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Township is required to disclose the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$3,678,018.00 at an unfunded discount rate of 4.5%. As previously stated, the Township has funded the cost of existing retirees in the amount of \$1,283,111.17, and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Annual OPEB Cost - For year ended December 31, 2017, the Township's annual OPEB cost (expense) of \$3,878,942.16 for the plan was equal to the ARC plus certain adjustments because the Township's actual contributions in prior years differed from the ARC. The Township's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2017, 2016, and 2015 are as follows:

Annual OPEB Cost

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 3,678,018.00	\$ 3,678,018.00	\$ 4,802,618.00
Interest on the Net OPEB Obligation	774,993.20	657,865.55	490,451.30
Adjustment to the ARC	<u>(574,069.04)</u>	<u>(487,307.82)</u>	<u>(363,297.26)</u>
Annual OPEB Cost	3,878,942.16	3,848,575.73	4,929,772.04
Pay-as-You Go Cost (Existing Retirees)	<u>(1,283,111.17)</u>	<u>(1,245,739.00)</u>	<u>(1,209,455.34)</u>
Increase (Decrease) in the Net OPEB Obligation	2,595,830.99	2,602,836.73	3,720,316.70
Net OPEB Obligation, January 1	<u>17,222,071.19</u>	<u>14,619,234.46</u>	<u>10,898,917.76</u>
Net OPEB Obligation, December 31	<u>\$ 19,817,902.18</u>	<u>\$ 17,222,071.19</u>	<u>\$ 14,619,234.46</u>
Percentage of Annual OPEB Cost Contributed	33.08%	32.37%	24.53%

Funded Status and Funding Progress - The funded status of the plan as of the three past actuarial valuation dates is as follows:

	<u>2016</u>	<u>2014</u>	<u>2012</u>
Actuarial Accrued Liability (AAL)	\$ 52,719,062.00	\$ 68,694,440.00	\$ 65,019,260.00
Actuarial Value of Plan Assets	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 52,719,062.00</u>	<u>\$ 68,694,440.00</u>	<u>\$ 65,019,260.00</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%	0.0%
Covered Payroll (Estimated Active Plan Members)	\$ 7,166,250.00	\$ 6,825,000.00	\$ 6,500,000.00
UAAL as a Percentage of Covered Payroll	735.7%	1006.5%	1000.3%

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Funded Status and Funding Progress (Cont'd) - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as previously shown, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* RP 2000 Combined Healthy Male Mortality Rates set forward three years.
- *Turnover.* NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility.
- *Assumed Retirement Age.* at first eligibility after completing 25 years of service.
- *Full Attribution Period.* service to assumed retirement age.
- *Annual Discount Rate.* Future costs have been discounted at the rate of 4.5% compounded annually for GASB 45 purposes.
- *Medical Trend.* 6% in 2016, reducing by .1% per annum, leveling at 5% per annum in 2026.
- *Medical Cost Aging Factor.* NJSHBP Medical Morbidity Rates

Note 10: COMPENSATED ABSENCES

Township employees are entitled to fifteen sick leave days each year. Vacation days are earned based on years of service. Employees are entitled to 12 vacation days for the first year of employment, 14 days for 2 through 5 years of service, 17 days for 6 through 10 years of service, 20 days for 11 through 15 years of service, and 25 days for 16 through 20 years or more of service. Over 20 years is 30 days a year. Sick and vacation days accumulated through December 31, 1986 have been credited to the employees and will be reimbursed at 100% of the employees' daily rate of pay upon retirement. Beginning January 1, 1987, unused sick leave may be accumulated and carried forward to subsequent years, and at retirement the employee will be reimbursed for days not used, not to exceed the amount of \$12,000 (PBA \$12,500). Vacation days earned may be carried over for one year only, unless extended by the Township Administrator with the recommendation of the department head.

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2017, the balance of the fund was \$227,983.25. It is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$967,865.86.

Note 11: DEFERRED COMPENSATION SALARY ACCOUNT

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

Note 12: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

<u>Description</u>	<u>Balance December 31, 2017</u>	<u>2018 Budget Appropriation</u>
Utility Fund:		
Emergency Appropriation	\$ 170,200.00	\$ 170,200.00

The appropriations in the 2018 Budget as adopted are not less than that required by the statutes.

Note 13: CAPITAL DEBT

General Improvement Bonds

\$8,820,000 General Improvement Bonds dated November 1, 2016, due in annual installments to November 1, 2028, bearing interest at variable rates from 2.00% to 4.00% per annum.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 710,000.00	\$ 220,968.76	\$ 930,968.76
2019	715,000.00	199,668.76	914,668.76
2020	720,000.00	171,068.76	891,068.76
2021	725,000.00	142,268.76	867,268.76
2022	730,000.00	113,268.76	843,268.76
2023-2027	3,745,000.00	308,543.80	4,053,543.80
2028	775,000.00	16,468.76	791,468.76
	<u>\$ 8,120,000.00</u>	<u>\$ 1,172,256.36</u>	<u>\$ 9,292,256.36</u>

Note 13: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Environmental Infrastructure Loans**

\$177,597.00 New Jersey Environmental Infrastructure Trust Fund Loan dated December 7, 2004, due in semiannual installments through August 1, 2022, bearing interest at variable rates ranging from 4.75% to 5%.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 17,868.22	\$ 3,367.02	\$ 21,235.24
2019	17,544.56	2,888.64	20,433.20
2020	17,223.55	2,409.86	19,633.41
2021	24,898.71	1,922.75	26,821.46
2022	24,420.99	1,202.28	25,623.27
	<u>\$ 101,956.03</u>	<u>\$ 11,790.55</u>	<u>\$ 113,746.58</u>

General Debt - New Jersey Green Acres Loans

\$215,345 Green Acres Loan dated November 16, 1999, due in semi-annual installments through August 19, 2019, bearing an interest rate of 2.00%.

\$340,000 Green Acres Loan dated November 3, 2004, due in semi-annual installments through August 24, 2024, bearing an interest rate of 2.00%.

\$455,700 Green Acres Loan, \$250,000 drawn down on December 21, 2004 and \$205,700 drawn down on December 24, 2006, due in semi-annual installments through July 5, 2024, and December 24, 2025, bearing an interest rate of 2.00%.

\$150,000 Green Acres Loan dated December 31, 2004, due in semi-annual installments through September 17, 2024, bearing an interest rate of 2.00%.

\$400,000 Green Acres Loan dated June 28, 2012, due in semi-annual installments through April 3, 2032, bearing an interest rate of 2.00%.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 84,824.44	\$ 13,367.69	\$ 98,192.13
2019	86,529.40	11,602.71	98,132.11
2020	74,810.84	9,930.45	84,741.29
2021	76,314.56	8,436.75	84,751.31
2022	68,445.26	6,922.59	75,367.85
2023-2027	189,028.08	18,825.41	207,853.49
2028-2032	106,532.46	5,394.30	111,926.76
	<u>\$ 686,485.04</u>	<u>\$ 74,479.90</u>	<u>\$ 760,964.94</u>

Note 13: CAPITAL DEBT (CONT'D)**Sewer Utility Improvement Bonds**

\$4,365,000 Sewer Refunding Bonds dated February 3, 2010, due in annual installments on December 15 through December 15, 2031, bearing interest at various rates from 1.125%-2.75% through 2015 and 3%- 4.375% thereafter.

The Township issued \$10,350,000 Sewer Refunding Bonds dated April 30, 2013, due in annual installments on August 15 through August 15, 2042, bearing interest at varying rates from 2.00%-4.00%.

The following schedule represents the remaining debt service, through maturity, for the utility serial bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 485,000.00	\$ 447,665.06	\$ 932,665.06
2019	505,000.00	430,165.06	935,165.06
2020	520,000.00	409,765.06	929,765.06
2021	550,000.00	388,965.06	938,965.06
2022	560,000.00	366,965.06	926,965.06
2023-2027	3,190,000.00	1,478,105.30	4,668,105.30
2028-2032	3,310,000.00	862,580.24	4,172,580.24
2033-2037	1,770,000.00	365,850.42	2,135,850.42
2038-2042	1,035,000.00	115,830.84	1,150,830.84
	<u>\$ 11,925,000.00</u>	<u>\$ 4,865,892.10</u>	<u>\$ 16,790,892.10</u>

Sewer Utility Debt – Rural Administration Bonds

\$3,039,000 Rural Development Loan dated July 15, 2010, due in semi-annual installments through July 15, 2050, bearing an interest rate of 4.00%.

\$1,150,000 Rural Development Loan dated July 15, 2010, due in semi-annual installments through July 15, 2050, bearing an interest rate of 4.00%.

\$1,815,000 Rural Development Loan dated December 15, 2011, due in semi-annual installments through December 15, 2051, bearing an interest rate of 2.25%.

\$3,663,000 Rural Development Loan dated December 15, 2011, due in semi-annual installments through December 15, 2051, bearing an interest rate of 3.75%.

\$100,000 Rural Development Loan dated April 24, 2013, due in semi-annual installments through April 24, 2053, bearing an interest rate of 3.50%.

\$794,400 Rural Development Loan dated April 24, 2013, due in semi-annual installments through April 24, 2053, bearing an interest rate of 2.75%.

Note 13: CAPITAL DEBT (CONT'D)**Sewer Utility Debt – Rural Administration Bonds (Cont'd)**

The following schedule represents the remaining debt service, through maturity, for the New Jersey Rural Development Administration bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 154,875.62	\$ 340,204.37	\$ 495,079.99
2019	160,259.39	334,820.61	495,080.00
2020	165,838.04	329,241.95	495,079.99
2021	171,618.84	323,461.19	495,080.03
2022	177,609.27	317,470.72	495,079.99
2023-2027	985,806.76	1,489,593.26	2,475,400.02
2028-2032	1,171,888.38	1,303,484.66	2,475,373.04
2033-2037	1,394,600.08	1,080,799.93	2,475,400.01
2038-2042	1,661,364.08	814,035.90	2,475,399.98
2043-2047	1,981,135.55	494,264.49	2,475,400.04
2048-2052	1,666,138.07	126,517.12	1,792,655.19
2053	18,045.36	256.15	18,301.51
	<u>\$ 9,709,179.44</u>	<u>\$ 6,954,150.35</u>	<u>\$ 16,663,329.79</u>

Trust Assessment Fund Bonds

\$1,080,000 Trust Assessment Bonds dated November 1, 2016, due in annual installments to November 1, 2031, bearing interest at variable rates from 2.00% to 4.00% per annum.

The following schedule represents the remaining debt service, through maturity, for the trust assessment bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 75,000.00	\$ 26,800.00	\$ 101,800.00
2019	75,000.00	24,550.00	99,550.00
2020	75,000.00	21,550.00	96,550.00
2021	75,000.00	18,550.00	93,550.00
2022	75,000.00	15,550.00	90,550.00
2023-2027	350,000.00	52,500.00	402,500.00
2028-2031	280,000.00	16,187.50	296,187.50
	<u>\$ 1,005,000.00</u>	<u>\$ 175,687.50</u>	<u>\$ 1,180,687.50</u>

Note 13: CAPITAL DEBT (CONT'D)

The following schedule represents the Township's summary of debt for the current and two previous years:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 8,908,441.07	\$ 9,713,184.07	\$ 5,963,703.61
Sewer Utility:			
Bonds, Loans and Notes	21,634,179.44	22,258,859.20	22,858,524.24
Trust Assessment:			
Bonds, Loans and Notes	1,005,000.00	1,080,000.00	-
Total Issued	<u>31,547,620.51</u>	<u>33,052,043.27</u>	<u>28,822,227.85</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	200,500.86	200,500.86	4,880,000.86
Sewer Utility:			
Bonds, Loans and Notes	4,261,750.00	2,166,750.00	2,166,750.00
Total Authorized but not Issued	<u>4,462,250.86</u>	<u>2,367,250.86</u>	<u>7,046,750.86</u>
Total Issued and Authorized but not Issued	<u>36,009,871.37</u>	<u>35,419,294.13</u>	<u>35,868,978.71</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds	-	-	26,192.78
Sewer Utility:			
Self-Liquidating	25,895,929.44	24,425,609.20	25,025,274.24
Total Deductions	<u>25,895,929.44</u>	<u>24,425,609.20</u>	<u>25,051,467.02</u>
Net Debt	<u>\$ 10,113,941.93</u>	<u>\$ 10,993,684.93</u>	<u>\$ 10,817,511.69</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .386%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 25,740,000.00	\$ 25,740,000.00	
Self-Liquidating	25,895,929.44	25,895,929.44	
General	10,113,941.93		\$ 10,113,941.93
	<u>\$ 61,749,871.37</u>	<u>\$ 51,635,929.44</u>	<u>\$ 10,113,941.93</u>

Net debt \$10,113,941.93 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$2,621,708,908.33, equals .386%.

Note 13: CAPITAL DEBT (CONT'D)

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 91,759,811.79
Less: Net Debt	<u>10,113,941.93</u>
Remaining Borrowing Power	<u><u>\$ 81,645,869.86</u></u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 4,672,512.34
Deductions:	
Operating and Maintenance Costs	\$ 3,171,200.00
Debt Service	<u>1,427,048.75</u>
Total Deductions	<u>4,598,248.75</u>
Excess/(Deficit) in Revenue	<u><u>\$ 74,263.59</u></u>

A Revised Annual Debt Statement should be filed.

Note 14: SCHOOL TAXES

Township of Middle School District tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	<u>Balance December 31,</u>	
	<u>2017</u>	<u>2016</u>
Balance of Tax	\$ 13,262,286.77	\$ 13,344,001.34
Deferred	<u>9,676,265.00</u>	<u>9,676,265.00</u>
	<u><u>\$ 3,586,021.77</u></u>	<u><u>\$ 3,667,736.34</u></u>

Note 15: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Township maintains Joint Insurance Fund insurance coverage for property, liability, vehicle, surety bonds, etc.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township 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 Township is billed quarterly for amounts due to the State.

Note 15: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance (Cont'd) - The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 10,000.00	\$ 26,588.46	\$ 18,551.16	\$ 172,906.08
2016	10,000.00	381.44	21,650.42	154,868.78
2015	45,000.00	8,121.60	30,349.39	166,137.76

Joint Insurance Pool - The Township is a member of the Atlantic County Municipal Insurance Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
Liability other than Motor Vehicles
Property Damage other than Motor Vehicles
Motor Vehicles

Contributions to the Fund, including a reserve for contingencies, are payable in four installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Township's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Atlantic County Municipal Joint Insurance Fund
P.O. Box 489
Marlton, New Jersey 08053

Note 16: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Township expects such amount, if any, to be immaterial.

Litigation - The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 17: CONCENTRATIONS

The Township depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Township is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

SUPPLEMENTAL EXHIBITS

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Current Fund Cash
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	8,079,419.04
Increased by Receipts:			
Taxes Receivable	\$ 48,341,839.28		
Tax Title Liens	169,237.10		
Prepaid Taxes	1,941,109.04		
Due State of NJ - Senior Citizens & Veterans' Deductions	203,530.16		
Revenue Accounts Receivable	6,561,112.71		
Miscellaneous Revenue Not Anticipated	559,253.21		
Due Federal and State Grant Fund	1,342,613.05		
UCC Third Party Fees Payable	137,794.30		
Due Trust Assessment Fund - Received for	687.49		
Due Trust Other Funds - Received for	113,695.00		
Due Sewer Utility Operating Fund - Received for	191,856.67		
			59,562,728.01
			67,642,147.05
Decreased by Disbursements:			
Appropriations	19,022,194.96		
Appropriation Reserves	662,136.48		
Accounts Payable	264.47		
Tax Overpayments	2,627.10		
County Taxes Payable	6,891,676.35		
Local School Tax Payable	27,419,057.57		
Special District Taxes	2,485,871.00		
Due to Fire District #1	6.00		
Due Federal and State Grant Fund	1,302,689.09		
Due Trust Other Funds - Disbursed to	63,649.00		
Refund of Prior Year Revenue	96,634.29		
			57,946,806.31
Balance December 31, 2017		\$	9,695,340.74

TOWNSHIP OF MIDDLE
CURRENT FUND
 Statement of Taxes Receivable and Analysis of Property Tax Levy
 For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Levy	Added, Omitted & Rollback Taxes	Collected		Due from State of New Jersey	Adjustments and Canceled	Transferred to Liens	Balance Dec. 31, 2017
				2016	2017				
2012	\$ 603.65				\$ 18.53		\$ (341.12)	\$ 341.12	\$ 585.12
2013	3,705.74								3,705.74
2014	5,582.37				1,420.47				4,161.90
2015	11,671.46				4,143.75		(71.75)	2,479.75	5,119.71
2016	24,780.26				21,408.09	\$ (3,750.00)	(2,027.33)	3,643.25	5,506.25
2017		\$ 49,668,371.86	\$ 242,132.93	\$ 970,198.09	48,314,848.44	204,739.96	83,431.28	323,928.99	13,358.03
	<u>\$ 46,343.48</u>	<u>\$ 49,668,371.86</u>	<u>\$ 242,132.93</u>	<u>\$ 970,198.09</u>	<u>\$ 48,341,839.28</u>	<u>\$ 200,989.96</u>	<u>\$ 80,991.08</u>	<u>\$ 330,393.11</u>	<u>\$ 32,436.75</u>

Analysis of Property Tax Levy

Tax Yield:

General Purpose	\$ 49,668,371.86
Added, Omitted and Rollback Taxes	<u>242,132.93</u>
	<u>\$ 49,910,504.79</u>

Tax Levy:

Local School Tax	\$ 27,337,343.00
Special District Taxes	2,485,871.00
County Taxes:	
County Tax	\$ 5,742,866.94
County Library Tax	868,381.30
County Open Space Tax	262,971.77
Due County Tax for Added, Omitted and Rollback Taxes	<u>35,439.07</u>
	6,909,659.08
Local Tax for Municipal Purposes	12,919,813.05
Add: Rounding	51,124.80
Add: Added, Omitted and Rollback Taxes	<u>206,693.86</u>
	<u>13,177,631.71</u>
	<u>\$ 49,910,504.79</u>

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Tax Title Liens
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 751,003.17
Increased by:		
Transfers from Taxes Receivable	\$ 330,393.11	
Interest and Costs on Tax Sale / Adjustments	<u>26,143.37</u>	
		<u>356,536.48</u>
		1,107,539.65
Decreased by:		
Transferred to Property Acquired for Taxes	103,517.06	
Collected	<u>169,237.10</u>	
		<u>272,754.16</u>
Balance December 31, 2017		<u><u>\$ 834,785.49</u></u>

Exhibit SA-4

CURRENT FUND
Statement of Tax Overpayments
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 2,814.06
Decreased by:		
Disbursements		<u>2,627.10</u>
Balance December 31, 2017		<u><u>\$ 186.96</u></u>

Exhibit SA-5

CURRENT FUND
Statement of Prepaid Taxes
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 970,198.09
Increased by:		
Collections -- 2018 Taxes		<u>1,941,109.04</u>
		2,911,307.13
Decreased by:		
Applied to 2017 Taxes Receivable		<u>970,198.09</u>
Balance December 31, 2017		<u><u>\$ 1,941,109.04</u></u>

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Due to/from State of New Jersey
Senior Citizens' and Veterans' Deductions
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	2,540.20
Increased by:			
2017 Levy -- Deductions per Tax Billing	\$ 202,250.00		
2017 Senior Citizens' and Veterans' Deductions Granted by Tax Collector	<u>2,750.00</u>		
		\$	205,000.00
2017 Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector			<u>(260.04)</u>
			<u>204,739.96</u>
			207,280.16
Decreased by:			
Cash Received		203,530.16	
Prior Year Senior Citizens' and Veterans' Deductions (Allowed) Disallowed by Tax Collector		<u>3,750.00</u>	
			<u>207,280.16</u>
Balance December 31, 2017		\$	<u><u>-</u></u>

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2017

	Balance December 31, 2016		Transfers	Balance After Modification	Disbursed	Lapsed to Fund Balance
	Encumbered	Reserved				
<u>OPERATIONS -- WITHIN "CAPS"</u>						
<u>General Government Functions</u>						
General Administration:						
Salaries and Wages		\$ 9,826.98		\$ 9,826.98		\$ 9,826.98
Other Expenses	\$ 5,468.85	5,313.01		10,781.86	\$ 1,753.39	9,028.47
Public Affairs:						
Other Expenses		345.00		345.00		345.00
Human Resources (Personnel):						
Salaries and Wages		21.44		21.44		21.44
Other Expenses	836.72	1,321.34		2,158.06	1,236.72	921.34
Mayor and Committee:						
Salaries and Wages		179.94		179.94		179.94
Other Expenses		2,915.09		2,915.09		2,915.09
Municipal Clerk:						
Salaries and Wages		7,352.01		7,352.01		7,352.01
Other Expenses						
Miscellaneous Other Expenses	3,200.97	9,627.47		12,828.44	3,988.00	8,840.44
Codification or Ordinances	1,232.61	3,905.00		5,137.61		5,137.61
Financial Administration:						
Salaries and Wages		8,335.43		8,335.43		8,335.43
Other Expenses	1,566.07	24.77		1,590.84	1,568.57	22.27
Grants and Administration:						
Salaries and Wages		5,531.92		5,531.92		5,531.92
Other Expenses	1,312.25	1,410.85		2,723.10	377.25	2,345.85
Bond Registrar:						
Other Expenses		100.00		100.00		100.00
Information Technology:						
Salaries and Wages		2,925.07		2,925.07		2,925.07
Other Expenses	4,000.00	500.37		4,500.37	4,000.00	500.37
Collection of Taxes						
Salaries and Wages		480.92		480.92		480.92
Other Expenses	3,510.87	6,112.89		9,623.76	4,118.12	5,505.64
Assessment of Taxes:						
Salaries and Wages		9.81		9.81		9.81
Other Expenses	9,007.47	8,277.96		17,285.43	5,884.77	11,400.66
Liquidation of Tax Title Liens and Foreclosed Property:						
Other Expenses	13,079.86			13,079.86	13,079.86	
Legal Services and Costs:						
Other Expenses	165,659.13	11,181.00		176,840.13	58,604.47	118,235.66
Engineering Services and Costs:						
Other Expenses	29,680.00	18,207.50		47,887.50	8,542.50	39,345.00
Municipal Court:						
Salaries and Wages		7,025.92		7,025.92		7,025.92
Other Expenses	1,838.09	1,768.94		3,607.03	1,838.09	1,768.94
Public Defender:						
Other Expenses	1,458.37			1,458.37	1,458.33	0.04
<u>Land Use Administration</u>						
Planning Board:						
Other Expenses		5,000.00		5,000.00		5,000.00
Zoning Board of Adjustments:						
Salaries and Wages		6,187.75		6,187.75		6,187.75
Other Expenses	10,214.61	9,987.93		20,202.54	10,353.37	9,849.17
<u>Insurance</u>						
General Liability						
Workers Compensation		23,092.24		23,092.24		23,092.24
Employee Group Health	221,140.07	7,204.12		7,204.12		7,204.12
Health Benefit Waivers		80,638.35		80,638.35	214,746.00	87,032.42
Salaries and Wages		82.41		82.41		82.41
<u>Public Safety Functions</u>						
Police:						
Salaries and Wages		18,211.59		18,211.59	(23,000.00)	41,211.59
Other Expenses	53,168.24	22,210.67		75,378.91	67,664.28	7,714.63
Police Radio & Communications:						
Salaries and Wages		77.95		77.95		77.95
Other Expenses	580.00	233.83		813.83	688.27	125.56
Emergency Management Services:						
Other Expenses		520.32		520.32		520.32

(Continued)

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Appropriation Reserves
For the Year Ended December 31, 2017

	Balance December 31, 2016		Transfers	Balance After Modification	Disbursed	Lapsed to Fund Balance
	Encumbered	Reserved				
Rescue Squad:						
Salaries and Wages		\$ 12,274.91	\$ (3,500.00)	\$ 8,774.91	\$ (536.55)	\$ 9,311.46
Other Expenses	\$ 738.00	3,515.40	3,500.00	7,753.40	6,253.40	1,500.00
Fire Protection:						
Other Expenses		5,000.00		5,000.00		5,000.00
Municipal Prosecutor:						
Other Expenses	5,666.00	4.00		5,670.00	5,666.00	4.00
Public Works						
Road Repairs & Maintenance:						
Salaries and Wages		4,812.05	(4,000.00)	812.05		812.05
Other Expenses	7,292.88	10,122.20	2,000.00	19,415.08	17,081.69	2,333.39
Storm Recovery:						
Other Expenses		6,326.64		6,326.64		6,326.64
Shade Tree Commission:						
Other Expenses		736.08		736.08		736.08
Other Public Works Functions (Gypsy Moth):						
Other Expenses		3,437.10		3,437.10		3,437.10
Garbage and Trash Removal:						
Other Expenses	55,558.00	704.00		56,262.00	55,558.00	704.00
Vehicle Maintenance (Motor Pool):						
Other Expenses	17,331.16	10,817.44	2,000.00	30,148.60	29,058.75	1,089.85
Building & Grounds:						
Other Expenses	3,669.39	825.29		4,494.68	4,207.90	286.78
Health and Human Services						
Board of Health:						
Salaries and Wages		719.24		719.24		719.24
Other Expenses		750.42		750.42		750.42
Animal Control:						
Salaries and Wages		588.64		588.64		588.64
Other Expenses		5,992.70		5,992.70		5,992.70
Code Enforcement Administration						
Code Enforcement Officer:						
Salaries and Wages		145.94		145.94		145.94
Construction Official:						
Salaries and Wages		9,150.47		9,150.47		9,150.47
Other Expenses	36,776.72	5,522.36		42,299.08	37,549.72	4,749.36
Parks and Recreation						
Recreation:						
Salaries and Wages		13,497.78		13,497.78		13,497.78
Other Expenses	792.50	3,965.43		4,757.93	935.08	3,822.85
Senior Center:						
Salaries and Wages		9,993.60		9,993.60		9,993.60
Other Expenses	1,185.28	948.29		2,133.57	1,569.30	564.27
Beach Restoration:						
Other Expenses		500.00		500.00		500.00
Utility Expenses and Bulk Purchases						
Electricity	9,503.89	25,957.90		35,461.79	27,687.67	7,774.12
Telephone	1,742.74	0.37		1,743.11	1,742.74	0.37
Internet	1,827.08	2,207.25		4,034.33	1,827.08	2,207.25
Water		2,402.32		2,402.32		2,402.32
Natural Gas	5,003.85	14,645.76		19,649.61	19,649.61	
Gasoline	546.98	28,779.32		29,326.30	13,322.83	16,003.47
Sanitary Landfill - Contractual	39,299.51	53,411.98		92,711.49	83,057.60	9,653.89
Statutory Expenditures						
Social Security System (O.A.S.I.)		1,336.25		1,336.25		1,336.25
Defined Contribution Retirement Program		476.64		476.64		476.64
	\$ 713,888.16	\$ 525,715.56	\$ -	\$ 1,239,603.72	\$ 681,532.81	\$ 558,070.91
				Cash Disbursed	\$ 662,136.48	
				Accounts Payable	19,396.33	
					<u>\$ 681,532.81</u>	

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Revenue Accounts Receivable
For the Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Accrued in</u> <u>2017</u>	<u>Collected</u>	<u>Charged /</u> <u>Applied</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Miscellaneous Local Revenues					
Licenses:					
Alcoholic Beverages		\$ 5,936.00	\$ 5,936.00		
Other		67,372.00	49,974.00	\$ 17,398.00	
Fees and Permits		106,316.84	106,316.84		
Registrar of Vital Statistics		54,476.00	54,476.00		
Trailer Tax		140,250.00	140,250.00		
Hotel/Motel Tax		76,181.60	76,181.60		
Fines and Costs: Municipal Court	\$ 11,195.26	229,095.53	225,015.92		\$ 15,274.87
Interest and Costs on Taxes		242,366.46	242,182.87	183.59	
Interest on Investments and Deposits		34,458.61	34,073.69	384.92	
Ambulance Fees		830,094.07	830,094.07		
Host Community Benefits		29,474.75	29,474.75		
Cable TV and Franchise Fee		150,555.64	150,555.64		
State Aid Without Offsetting Appropriations					
Energy Receipts Tax		3,519,743.00	3,519,743.00		
Garden State Trust		47,481.00	47,481.00		
Dedicated Uniform Construction Code Fees					
Uniform Construction Code Fees		341,358.30	341,358.30		
Shared Service Agreements Offset with Appropriations					
Police Officer - Cape May County Technical School		68,647.50	68,647.50		
Middle Township Fire District #3 - JIF Insurance		28,313.00	28,313.00		

(Continued)

TOWNSHIP OF MIDDLE
CURRENT FUND
 Statement of Revenue Accounts Receivable
 For the Year Ended December 31, 2017

	<u>Balance</u>	<u>Accrued in</u>	<u>Collected</u>	<u>Charged /</u>	<u>Balance</u>
	<u>Dec. 31, 2016</u>	<u>2017</u>		<u>Applied</u>	<u>Dec. 31, 2017</u>
Public and Private Revenues Offset with Appropriations					
Safe and Secure Communities Program		\$ 60,000.00		\$ 60,000.00	
Emergency Management Assistance Grant		5,000.00		5,000.00	
Recycling Tonnage Grant		81,278.85		81,278.85	
Alcohol Education and Rehab		1,351.80		1,351.80	
Drunk Driving Enforcement Fund		16,469.33		16,469.33	
Click It or Ticket		1,700.28		1,700.28	
Cops In Shops		1,200.00		1,200.00	
Bike Path Middle/Lower Connector		2,000,753.00		2,000,753.00	
Bullet Proof Vest Partnership		6,852.30		6,852.30	
Body Armor Grant		4,677.95		4,677.95	
Clean Communities		53,732.80		53,732.80	
Rotary Club		3,000.00		3,000.00	
Cape Express		63,000.00		63,000.00	
Other Special Items					
Borough of Woodbine - Municipal Court		71,400.00	\$ 71,400.00		
Sewer Utility - Indirect Costs		305,000.00	305,000.00		
Payment in Lieu of Taxes - Conifer		112,638.53	112,638.53		
General Capital Fund Surplus		122,000.00	122,000.00		
	<u>\$ 11,195.26</u>	<u>\$ 8,882,175.14</u>	<u>\$ 6,561,112.71</u>	<u>\$ 2,316,982.82</u>	<u>\$ 15,274.87</u>
Prepaid Licenses and Fees				\$ 17,398.00	
Grants				2,299,016.31	
Due Trust -- Animal Control Fund				95.07	
Due Trust -- Assessment Fund				473.44	
				<u>\$ 2,316,982.82</u>	

TOWNSHIP OF MIDDLE
CURRENT FUND
Statement of Due County Taxes
For the Year Ended December 31, 2017

Balance December 31, 2016		\$	17,456.34
Increased by:			
County General Share of Levy	\$ 5,742,866.94		
County Library Share of Levy	868,381.30		
County Open Space Preservation Share of Levy	262,971.77		
Due County Tax for Added, Omitted and Rollback Taxes	35,439.07		
			6,909,659.08
			6,927,115.42
Decreased by:			
Payments			6,891,676.35
Balance December 31, 2017		\$	35,439.07

Exhibit SA-10

CURRENT FUND
Statement of Local District School Tax
For the Year Ended December 31, 2017

Balance December 31, 2016			
School Tax Payable	\$ 3,667,736.34		
School Tax Deferred	9,676,265.00		
		\$	13,344,001.34
Increased by:			
Levy - School Year July 1, 2017 to June 30, 2018			27,337,343.00
			40,681,344.34
Decreased by:			
Payments			27,419,057.57
Balance December 31, 2017			
School Tax Payable	3,586,021.77		
School Tax Deferred	9,676,265.00		
		\$	13,262,286.77

TOWNSHIP OF MIDDLE
CURRENT FUND
 Statement of Property Acquired for Taxes -- Assessed Valuation
 For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 2,949,433.00
Increased by:	
Transferred from Tax Title Liens	103,517.06
	3,052,950.06
Decreased by:	
Adjustment to Assessed Valuation	531,050.06
Balance December 31, 2017	\$ 2,521,900.00

Exhibit SA-12

CURRENT FUND
 Statement of Due from Federal & State Grant Fund
 For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 104,464.41
Increased by:	
Disbursed for Federal & State Grant Fund	1,302,689.09
	1,407,153.50
Decreased by:	
Collected for Federal & State Grant Fund - Grants Receivable	\$ 1,212,284.43
Collected for Federal & State Grant Fund - Unappropriated Reserves	130,328.62
	1,342,613.05
Balance December 31, 2017	\$ 64,540.45

TOWNSHIP OF MIDDLE
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased By:</u>		<u>Decreased By:</u>		<u>Balance</u> <u>Dec. 31, 2017</u>
		<u>Revenue</u> <u>Anticipated</u>	<u>From</u> <u>Unappropriated</u>	<u>Cash</u> <u>Received</u>		
<u>Federal Grants:</u>						
Emergency Management Assistance 2015		\$ 5,000.00	\$ 5,000.00			
Bullet Proof Vest Partnership - 2013	\$ 300.00					\$ 300.00
Bullet Proof Vest Partnership - 2015	1,334.25					1,334.25
Bullet Proof Vest Partnership - 2017		6,852.30				6,852.30
Drive Sober Or Get Pulled Over 2015	5,000.00			\$ 912.40		4,087.60
Click It or Ticket		1,700.28	1,700.28			
<u>FEMA:</u>						
2013 Bennys Landing Road	132,281.75					132,281.75
Hazard Mitigation - Generator	100,000.00					100,000.00
Total Federal Grants	238,916.00	13,552.58	6,700.28	912.40		244,855.90
<u>State Grants:</u>						
Drunk Driving Enforcement Fund 2016		8,361.91		8,361.91		
Drunk Driving Enforcement Fund 2017		8,107.42		8,107.42		
Clean Communities 2017		53,732.80		53,732.80		
Recycling Tonnage 2017		40,192.90		40,192.90		
Recycling Tonnage 2018		41,085.95		41,085.95		
<u>Transportation Trust Fund:</u>						
2013 - Bike Path - Phase 4	43,156.39					43,156.39
2014 - Bike Path - Phase 5	153,150.00					153,150.00
Alcohol Education & Rehabilitation - 2015		707.20	707.20			
Alcohol Education & Rehabilitation - 2017		644.60		644.60		
Body Armor Grant 2017		4,677.95		4,677.95		
Safe and Secure		60,000.00		60,000.00		
Cops in Shops		1,200.00				1,200.00
Green Communities Grant	3,000.00			3,000.00		
No Net Loss Reforestation Grant 2015	382,500.00			283,800.00		98,700.00
Total State Grants	581,806.39	218,710.73	707.20	503,603.53		296,206.39

(Continued)

TOWNSHIP OF MIDDLE
FEDERAL AND STATE GRANT FUND
Statement of Federal and State Grants Receivable
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased By:</u> <u>Revenue</u> <u>Anticipated</u>	<u>Decreased By:</u>		<u>Balance</u> <u>Dec. 31, 2017</u>
			<u>From</u>	<u>Cash</u>	
			<u>Unappropriated</u>	<u>Received</u>	
<u>Other Grants:</u>					
Park/Recreation Upgrades Ockie Wisting Complex	\$ 626,000.00			\$ 626,000.00	
Bike Path Middle/Lower		\$ 373,992.00			\$ 373,992.00
Bike Path Northern Extension		1,626,761.00			1,626,761.00
Rotary Club		3,000.00		3,000.00	
Cape Express		63,000.00		63,000.00	
Health & Wellness 2016	<u>20,000.00</u>			<u>15,768.50</u>	<u>4,231.50</u>
Total Other Grants	<u>646,000.00</u>	<u>2,066,753.00</u>	<u>-</u>	<u>707,768.50</u>	<u>2,004,984.50</u>
Total Federal, State and Other Grants	<u>\$ 1,466,722.39</u>	<u>\$2,299,016.31</u>	<u>\$ 7,407.48</u>	<u>\$ 1,212,284.43</u>	<u>\$ 2,546,046.79</u>

TOWNSHIP OF MIDDLE
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Appropriated
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance Dec. 31, 2016</u>	<u>Increased By: Transferred from Budget Appropriation</u>	<u>Decreased By: Cash Disbursements</u>	<u>Balance Dec. 31, 2017</u>
<u>Federal Grants:</u>				
Emergency Management Assistance 2012	\$ 3,934.00		\$ 2,055.00	\$ 1,879.00
Emergency Management Assistance 2013	5,000.00			5,000.00
Emergency Management Assistance 2014	5,000.00		643.00	4,357.00
Emergency Management Assistance 2015		\$ 5,000.00		5,000.00
Emergency Management Assistance 2016	2,134.58		2,134.58	
Bullet Proof Vest Partnership 2013	1,322.87		832.75	490.12
Bullet Proof Vest Partnership 2015	5,222.82		3,120.00	2,102.82
Bullet Proof Vest Partnership 2016	3,067.25		3,067.25	
Bullet Proof Vest Partnership 2017		6,852.30		6,852.30
Drive Sober Or Get Pulled Over 2015	5,000.00		912.40	4,087.60
Click It or Ticket		1,700.28		1,700.28
<u>FEMA:</u>				
2013 Bennys Landing Road	119,003.31			119,003.31
Hazard Mitigation - Generator	86,295.79		86,274.43	21.36
Total Federal Grants	<u>235,980.62</u>	<u>13,552.58</u>	<u>99,039.41</u>	<u>150,493.79</u>
<u>State Grants:</u>				
Drunk Driving Enforcement Fund 2012	328.05		328.05	
Drunk Driving Enforcement Fund 2014	6,038.24		3,935.02	2,103.22
Drunk Driving Enforcement Fund 2015	8,130.50			8,130.50
Drunk Driving Enforcement Fund 2016		8,361.91		8,361.91
Drunk Driving Enforcement Fund 2017		8,107.42		8,107.42
Clean Communities 2014	158.15		158.15	
Clean Communities 2015	16,160.88		10,015.49	6,145.39
Clean Communities 2016	63,247.60		55,546.46	7,701.14
Clean Communities 2017		53,732.80		53,732.80
Recycling Tonnage 2011	38,401.06		6,590.00	31,811.06

(Continued)

TOWNSHIP OF MIDDLE
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Appropriated
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased By:</u> <u>Transferred</u> <u>from Budget</u> <u>Appropriation</u>	<u>Decreased By:</u> <u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
<u>State Grants: (Cont'd)</u>				
Recycling Tonnage 2013	\$ 13,446.95		\$ 13,116.79	\$ 330.16
Recycling Tonnage 2014	44,066.06		1,920.95	42,145.11
Recycling Tonnage 2016	39,461.18		1,770.00	37,691.18
Recycling Tonnage 2017		\$ 40,192.90		40,192.90
Recycling Tonnage 2018		41,085.95		41,085.95
Transportation Trust Fund:				
2013 - Bike Path - Phase 4	54,938.48		47,388.43	7,550.05
2014 - Bike Path - Phase 5	162,109.49		129,488.84	32,620.65
Alcohol Education & Rehabilitation - 2011	2,157.39			2,157.39
Alcohol Education & Rehabilitation - 2012	2,559.79			2,559.79
Alcohol Education & Rehabilitation - 2013	3,602.45			3,602.45
Alcohol Education & Rehabilitation - 2014	372.52			372.52
Alcohol Education & Rehabilitation - 2015		707.20		707.20
Alcohol Education & Rehabilitation - 2016	1,148.26			1,148.26
Alcohol Education & Rehabilitation - 2017		644.60		644.60
Body Armor Grant 2014	2.50			2.50
Body Armor Grant 2016	4,670.33		780.00	3,890.33
Body Armor Grant 2017		4,677.95		4,677.95
Safe and Secure		60,000.00	60,000.00	
Cops in Shops		1,200.00	1,200.00	
Green Communities Grant	3,000.00		3,000.00	
No Net Loss Reforestation Grant 2015	361,702.95		261,531.10	100,171.85
Total State Grants	<u>825,702.83</u>	<u>218,710.73</u>	<u>596,769.28</u>	<u>447,644.28</u>

(Continued)

TOWNSHIP OF MIDDLE
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Appropriated
For the Year Ended December 31, 2017

<u>Program</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased By:</u> <u>Transferred</u> <u>from Budget</u> <u>Appropriation</u>	<u>Decreased By:</u> <u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
<u>Other Grants:</u>				
Park/Recreation Upgrades Ockie Wisting Complex	\$ 264,860.40		\$ 264,860.40	
Bike Path Middle/Lower		\$ 373,992.00	251,337.50	\$ 122,654.50
Bike Path Northern Extension		1,626,761.00	682.50	1,626,078.50
Rotary Club		3,000.00	3,000.00	
Cape Express		63,000.00	63,000.00	
Prosecutor Body Camera Grant	24,000.00		24,000.00	
Walmart 2016	75.15			75.15
Health & Wellness 2016	4,231.50			4,231.50
Total Other Grants	<u>293,167.05</u>	<u>2,066,753.00</u>	<u>606,880.40</u>	<u>1,753,039.65</u>
Total Federal, State and Other Grants	<u>\$ 1,354,850.50</u>	<u>\$ 2,299,016.31</u>	<u>\$ 1,302,689.09</u>	<u>\$ 2,351,177.72</u>

TOWNSHIP OF MIDDLE
FEDERAL AND STATE GRANT FUND
Statement of Reserve for Federal and State Grants -- Unappropriated
For the Year Ended December 31, 2017

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Received</u>	Realized as Miscellaneous Revenue in <u>Budget</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
<u>Federal Grants:</u>				
Emergency Management Assistance	\$ 5,000.00		\$ 5,000.00	
Click it or Ticket	1,700.28		1,700.28	
<u>State Grants:</u>				
NJ Department of Transportation Grant		\$ 130,328.62		\$ 130,328.62
Alcohol Education & Rehabilitation	<u>707.20</u>		<u>707.20</u>	
	<u>\$ 7,407.48</u>	<u>\$ 130,328.62</u>	<u>\$ 7,407.48</u>	<u>\$ 130,328.62</u>

SUPPLEMENTAL EXHIBITS

TRUST FUNDS

TOWNSHIP OF MIDDLE
TRUST FUNDS
 Statement of Trust Cash
 For the Year Ended December 31, 2017

	Assessment Fund	Animal Control Fund	Other Funds	
	Chief Financial Officer	Chief Financial Officer	Tax Collector	Chief Financial Officer
Balance December 31, 2016	\$ 60,009.00	\$ 27,953.04	\$ 620,244.08	\$ 2,370,877.78
Increased by Receipts:				
Assessments Receivable	\$ 164,520.48			
Reserve for Animal Control Fund Expenditures		\$ 7,433.35		
Due Current Fund	473.44	95.07		\$ 63,649.00
Loans Receivable - UDAG				19,261.49
Reserve for:				
Developer's Escrow				372,746.46
Unemployment Compensation				36,588.46
Special Law Enforcement - Forfeited Funds				12,103.97
Housing Rehabilitation				142,631.04
Urban Aid				13,240.33
Recreation Dedicated Trust				146,064.66
POAA Fines Trust				30.00
Police Extra Duty Work				116,398.36
Snow Removal / Storm Recovery				20,000.00
COAH				937.61
Municipal Alliance				12,303.85
Accumulated Absences				100,585.05
Payroll				9,414,683.80
Tax Title Liens Redemption			\$ 921,045.30	
	164,993.92	7,528.42	921,045.30	10,471,224.08
	225,002.92	35,481.46	1,541,289.38	12,842,101.86

(Continued)

TOWNSHIP OF MIDDLE
TRUST FUNDS
 Statement of Trust Cash
 For the Year Ended December 31, 2017

	Assessment Fund	Animal Control Fund	Other Funds	
	Chief Financial Officer	Chief Financial Officer	Tax Collector	Chief Financial Officer
Decreased by Disbursements:				
Due State Department of Health		\$ 1,598.00		
Reserve for Animal Control Fund Expenditures		264.65		
Due to State of New Jersey - Construction Code Fees				\$ 35,716.00
Due to State of New Jersey - Marriage Licenses				3,850.00
Due Current Fund	\$ 28,404.44			
Assessment Serial Bonds	75,000.00			
Reserve for:				
Developer's Escrow				145,670.87
Unemployment Compensation				18,551.16
Special Law Enforcement - Forfeited Funds				4,800.00
Housing Rehabilitation				179,000.50
Urban Aid				85,000.00
Recreation Dedicated Trust				158,167.28
Police Extra Duty Work				107,113.14
Snow Removal / Storm Recovery				8,841.29
Municipal Alliance				15,004.68
Accumulated Absences				7,970.99
Payroll				9,510,257.59
Tax Sale Premiums/Redemption				
	\$ 103,404.44	\$ 1,862.65	\$ 1,274,123.24	\$ 1,274,123.24
				\$ 10,279,943.50
Balance December 31, 2017	\$ 121,598.48	\$ 33,618.81	\$ 267,166.14	\$ 2,562,158.36

TOWNSHIP OF MIDDLE
TRUST -- ASSESSMENT FUND
 Statement of Analysis of Assessment Cash
 For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	Receipts			Disbursements	Transfers		Balance <u>Dec. 31, 2017</u>
		<u>Assessments</u>	<u>Interest and Costs</u>	<u>Miscellaneous</u>	<u>Miscellaneous</u>	<u>From</u>	<u>To</u>	
Due Current Fund	\$ 55.89		\$ 183.59	\$ 289.85	\$ 28,404.44		\$ 687.49	\$ (28,562.60)
Assessment Serial Bonds Ordinance Number 1470-14 Sterback Harbor Dredge Project	<u>59,953.11</u>	<u>\$ 164,520.48</u>			<u>75,000.00</u>	<u>\$ 687.49</u>		<u>150,161.08</u>
	<u>\$ 60,009.00</u>	<u>\$ 164,520.48</u>	<u>\$ 183.59</u>	<u>\$ 289.85</u>	<u>\$ 103,404.44</u>	<u>\$ 687.49</u>	<u>\$ 687.49</u>	<u>\$ 121,598.48</u>

TOWNSHIP OF MIDDLE
TRUST -- ANIMAL CONTROL FUND
Statement of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 20,436.50
Increased by:		
Receipts	\$ 7,433.35	
Transferred from Prepaid Licenses	3,423.00	
		10,856.35
		31,292.85
Decreased by:		
Transferred to Due to State of New Jersey	1,444.20	
Expenditures Under R.S.4:19- 15.11	264.65	
Transferred to Prepaid Licenses	3,024.00	
Excess Reserve Due to Current Fund	4,875.85	
		9,608.70
Balance December 31, 2017		\$ 21,684.15

License Fees Collected

<u>Year</u>		<u>Amount</u>
2016		\$ 10,998.65
2015		10,685.50
		\$ 21,684.15

Exhibit SB-4

TRUST -- ANIMAL CONTROL FUND
Statement of Due to Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 4,009.54
Increased by:		
Receipts - Interest Earnings	\$ 95.07	
Excess Reserve Due to Current Fund	4,875.85	
		4,970.92
Balance December 31, 2017		\$ 8,980.46

TOWNSHIP OF MIDDLE
TRUST -- ANIMAL CONTROL FUND
 Statement of Prepaid Licenses
 For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 3,507.00
Increased by:	
Transferred from Reserve for Animal Control Fund Expenditures	3,024.00
	6,531.00
Decreased by:	
Transferred to Reserve for Animal Control Fund Expenditures	3,423.00
Balance December 31, 2017	\$ 3,108.00

Analysis of Balance

	<u>Collected</u>	<u>Earned</u>			<u>Balance</u>
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	
2017	\$ 3,024.00	\$ 1,008.00			\$ 2,016.00
2016	3,276.00	1,092.00	\$ 1,092.00		1,092.00
2015	3,969.00	1,323.00	1,323.00	\$ 1,323.00	-
					\$ 3,108.00

TOWNSHIP OF MIDDLE
TRUST -- ANIMAL CONTROL FUND
 Statement of Due From State of New Jersey
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$ -
Increased by:		
Transferred from Reserve for Animal Control Fund Expenditures		1,444.20
		1,444.20
Decreased by:		
Payments		1,598.00
		1,598.00
Balance December 31, 2017		\$ 153.80

Exhibit SB-7

TRUST -- OTHER FUNDS
Statement of Due Current Fund
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 32,155.54
Increased by:		
Collected by Current Fund:		
Tax Title Liens Redemption	\$ 66,000.00	
Construction Code Fees	44,895.00	
Marriage Licenses	2,800.00	
	113,695.00	113,695.00
		145,850.54
Decreased by:		
Received from Current Fund		63,649.00
		63,649.00
Balance December 31, 2017		\$ 82,201.54

<u>Analysis of Balance Dec. 31, 2017</u>		
Payroll		\$ (1,692.46)
Trust Other		27,894.00
Tax Title Liens Redemption		66,000.00
Municipal Alliance		(10,000.00)
		(10,000.00)
		\$ 82,201.54

TOWNSHIP OF MIDDLE
TRUST -- OTHER FUNDS
Statement of Changes in Reserves
For the Year Ended December 31, 2017

Reserve for:	Balance Dec. 31, 2016	Increased by				Decreased by		Balance Dec. 31, 2017
		Interest Earnings	Receipts	Grant Receivable	Due Current Fund	Re-Programmed Funds	Expenditures	
Community Development Block Grant	\$ 2,676.80							\$ 2,676.80
Developer's Escrow	752,060.14	\$ 1,317.19	\$ 371,429.27				\$ 145,670.87	\$ 979,135.73
Sewer Escrows	136,833.96							136,833.96
Unemployment Compensation	154,868.78	476.53	36,111.93				18,551.16	172,906.08
Street Openings	11,020.00							11,020.00
Special Law Enforcement - Forfeited Funds	25,789.49	96.72	12,007.25				4,800.00	33,093.46
Smart Growth Plan	33,013.31							33,013.31
Housing Rehabilitation	95,631.92		142,631.04				179,000.50	59,262.46
Urban Aid	414,527.31	1,044.86	12,195.47			\$ (19,261.49)	85,000.00	362,029.13
Recreation Dedicated Trust	95,252.46	291.65	145,773.01				158,167.28	83,149.84
Subdivisions - Map Changes	6,157.50							6,157.50
POAA Fines Trust	267.00		30.00					297.00
Police Extra Duty Work	37,849.94		116,398.36				107,113.14	47,135.16
Snow Removal / Storm Recovery	58,071.19		20,000.00				8,841.29	69,229.90
COAH	312,932.91	937.61						313,870.52
Municipal Alliance	220.76		12,303.85	\$ 2,480.07			15,004.68	(0.00)
Donations - Bus Shelters	836.08							836.08
Accumulated Absences	135,369.19	585.05	100,000.00				7,970.99	227,983.25
Payroll	117,964.58		9,414,683.80				9,510,257.59	22,390.79
Loans Receivable - UDAG	306,489.93					(65,738.51)		372,228.44
Tax Sale Premiums	573,900.00					320,000.00		253,900.00
Tax Title Liens Redemption	46,344.08		921,045.30		\$ 66,000.00	(320,000.00)	1,274,123.24	79,266.14
	<u>\$ 3,318,077.33</u>	<u>\$ 4,749.61</u>	<u>\$ 11,304,609.28</u>	<u>\$ 2,480.07</u>	<u>\$ 66,000.00</u>	<u>\$ (85,000.00)</u>	<u>\$ 11,514,500.74</u>	<u>\$ 3,266,415.55</u>

TOWNSHIP OF MIDDLE
TRUST -- OTHER FUNDS
Statement of Due to State of New Jersey - Construction Code Fees
For the Year Ended December 31, 2017

Balance December 31, 2016	\$	10,040.00
Increased by:		
Due Current Fund		<u>44,895.00</u>
		54,935.00
Decreased by:		
Disbursements		<u>35,716.00</u>
Balance December 31, 2017	\$	<u><u>19,219.00</u></u>

Exhibit SB-10

TRUST -- OTHER FUNDS
Statement of Due to State of New Jersey - Marriage Licenses/Burial Permits
For the Year Ended December 31, 2017

Balance December 31, 2016	\$	1,650.00
Increased by:		
Due Current Fund		<u>2,800.00</u>
		4,450.00
Decreased by:		
Disbursements		<u>3,850.00</u>
Balance December 31, 2017	\$	<u><u>600.00</u></u>

Exhibit SB-11

TRUST -- OTHER FUNDS
Statement of Loans Receivable - UDAG
For the Year Ended December 31, 2017

Balance December 31, 2016	\$	306,489.93
Increased by:		
Loans		<u>85,000.00</u>
		391,489.93
Decreased by:		
Receipts		<u>19,261.49</u>
Balance December 31, 2017	\$	<u><u>372,228.44</u></u>

TOWNSHIP OF MIDDLE
 TRUST -- ASSESSMENT FUND
 Statement of Assessments Receivable
 For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Date of Confirmation	Annual Installments	Due Dates	Balance Dec. 31, 2017	Decreased by		Balance Pledged To	
						Collected	Balance Dec. 31, 2017	Assessment Bonds	Reserve
1470-14	Sterback Harbor Dredge Project	2/17/2016	4	2/1, 5/1, 8/1, 11/1	\$ 1,076,671.89	\$ 165,207.97	\$ 911,463.92	\$ 854,838.92	\$ 56,625.00
					Current Fund	\$ 687.49			
					Assessment Fund	164,520.48			
						<u>\$ 165,207.97</u>			

TOWNSHIP OF MIDDLE
TRUST -- ASSESSMENT FUND
Statement of Assessments Serial Bonds
For the Year Ended December 31, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Retired</u>	<u>Balance Dec. 31, 2017</u>
			<u>Outstanding Date</u>	<u>December 31, Amount</u>				
Sterback Harbor Dredge Project	2/17/2016	\$ 1,080,000.00	11/01/18	\$ 75,000.00	3.00%			
			11/01/19	75,000.00	4.00%			
			11/01/20	75,000.00	4.00%			
			11/01/21	75,000.00	4.00%			
			11/01/22	75,000.00	3.00%			
			11/01/23	70,000.00	2.00%			
			11/01/24	70,000.00	2.00%			
			11/01/25	70,000.00	2.00%			
			11/01/26	70,000.00	2.00%			
			11/01/27	70,000.00	2.00%			
			11/01/28	70,000.00	2.125%			
			11/01/29	70,000.00	2.125%			
			11/01/30	70,000.00	2.25%			
			11/01/31	70,000.00	2.50%			

TOWNSHIP OF MIDDLE
TRUST -- ASSESSMENT FUND
 Schedule of Reserve for Assessments
 For the Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance Dec. 31, 2016 and Dec. 31, 2017
<i>Assessments Receivable</i> 1470-14	Sterback Harbor Dredge Project	<u>\$ 56,625.00</u>

Exhibit SB-15

TRUST -- ASSESSMENT FUND
Statement of Due Current Fund
 For the Year Ended December 31, 2017

Balance December 31, 2016 (Due to)		\$ 55.89
Increased by:		
Interest Earnings	\$ 289.85	
Interest and Costs	<u>183.59</u>	
		<u>473.44</u>
		529.33
Decreased by:		
Assessments Receivable Collected by Current Fund	687.49	
Disbursements made for Current Fund	<u>28,404.44</u>	
		<u>29,091.93</u>
Balance December 31, 2017 (Due from)		<u>\$ 28,562.60</u>

SUPPLEMENTAL EXHIBITS
GENERAL CAPITAL FUND

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
 Statement of General Capital Cash
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 5,228,509.01
Increased by:		
Capital Improvement Fund		180,000.00
		5,408,509.01
Decreased by:		
Due Current Fund - Fund Balance Anticipated as Revenue	\$ 122,000.00	
Improvement Authorizations	2,424,247.72	
		2,546,247.72
Balance December 31, 2017		\$ 2,862,261.29

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
 Analysis of General Capital Cash
 For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Receipts		Disbursements		Transfers		Balance Dec. 31, 2017
		Miscellaneous	Improvement Authorizations	Miscellaneous	To	From		
Fund Balance	\$ 451,465.46			\$ 122,000.00				\$ 329,465.46
Capital Improvement Fund	146,984.44	\$ 180,000.00				\$ 66,670.00		260,314.44
Improvement Authorizations								
General Improvements:								
<u>Ordinance Number</u>								
1126-03, 1304-08	6,948.69					6,948.69		
1169-04	61,605.17		\$ 35,995.00			65.86		25,544.31
1180-05	154,180.67		133,234.91					20,945.76
1299-08	14,218.85					14,218.85		
1325-09	57,325.58					57,325.58		
1340-10	13,166.81					13,166.81		
1359-10	47,201.85		26,302.61					20,899.24
1360-10	904.48					904.48		
1374-11	101,222.93		43,304.00			51,109.00		6,809.93
1393-11	50,000.00					50,000.00		
1409-12	34,770.76					10.00		34,760.76
1461-13	177,746.00		10,000.00					167,746.00
1466-14	44,525.04		12,679.13					31,845.91
1478-14	2,578,458.91		1,062,105.45					1,516,353.46
1485-14	74,192.95		25,148.80			1,370.73		47,673.42
1503-15	68,371.00		58,250.20			5,210.00		4,910.80
1530-16	100,000.00		100,000.00					
1532-16	1,045,219.42		905,227.62					139,991.80
1549-17			12,000.00					
					\$ 267,000.00			255,000.00
	<u>\$ 5,228,509.01</u>	<u>\$ 180,000.00</u>	<u>\$ 2,424,247.72</u>	<u>\$ 122,000.00</u>	<u>\$ 267,000.00</u>	<u>\$ 267,000.00</u>		<u>\$ 2,862,261.29</u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
Statement of Deferred Charges to Future Taxation -- Funded
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 9,713,184.07
Decreased by:		
Budget Appropriations:		
Serial Bonds	\$ 700,000.00	
NJ EIT Loans Payable	18,682.45	
Green Acres Loans Payable	<u>83,153.05</u>	
	\$ 801,835.50	
NJ EIT Loans Payable Adjustment	<u>2,907.50</u>	
		<u>804,743.00</u>
Balance December 31, 2017		<u><u>\$ 8,908,441.07</u></u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
 Statement of Deferred Charges to Future Taxation -- Unfunded
 For the Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	Authorizations	Balance Dec. 31, 2017	Analysis of Balance Dec. 31, 2017		
					Expenditures	Financed by Bond Anticipation Notes	Unexpended Improvement Authorization
	<u>General Improvements</u>						
1359-10	Road and Drainage Improvements	\$ 0.86		\$ 0.86			\$ 0.86
1532-16	Various Capital Improvements	200,500.00		200,500.00			200,500.00
		<u>\$ 200,500.86</u>	<u>\$ -</u>	<u>\$ 200,500.86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,500.86</u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
Statement of Capital Improvement Fund
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 146,984.44
Increased by:	
Budget Appropriation	<u>180,000.00</u>
	326,984.44
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>66,670.00</u>
Balance December 31, 2017	<u><u>\$ 260,314.44</u></u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2017

Improvement Description	Ordinance Number	Amount	Balance Dec. 31, 2016		Authorizations	Increased by: Prior Year		Paid or Charged	Decreased by: Current Year		Balance Dec. 31, 2017	
			Funded	Unfunded		Contracts Payable	Contracts Payable		Funded	Unfunded		
<u>General Improvements</u>												
Various Capital Improvements	4/7/2003	1126-03, 1304-08	\$ 2,982,000.00	\$ 6,948.69		\$ (6,948.69)						
Various Capital Improvements	8/13/2004	1169-04	2,685,000.00	61,605.17		(65.86)		\$ 35,995.00		\$ 25,544.31		
Various Improvements - Fort Apache Rec. Area	2/7/2005	1180-05	950,000.00				\$ 154,180.67	133,234.91	\$ 20,945.76			
Various Capital Improvements	6/16/2008	1299-08	530,000.00	14,218.85		(14,218.85)						
Various Capital Improvements	6/15/2009	1325-09	1,435,000.00	57,325.58		(57,325.58)						
Police Radio Communications Equipment	4/5/2010	1340-10	215,000.00	13,166.81		(13,166.81)						
Road and Drainage Improvements	6/21/2010	1359-10	4,200,000.00	2,200.65	\$ 0.86		45,001.20	26,302.61		20,899.24	\$ 0.86	
Various Capital Improvements	6/21/2010	1360-10	298,700.00	904.48		(904.48)						
Various Capital Improvements	2/23/2011	1374-11	230,000.00	101,222.93		(51,109.00)		43,304.00		6,809.93		
Water Project - Phase III	8/15/2011	1393-11	50,000.00	50,000.00		(50,000.00)						
Various Capital Improvements	6/18/2012	1409-12	207,677.00	34,770.76		(10.00)						34,760.76
Demolition of Unsafe Structures	12/3/2013	1461-13	200,000.00	172,746.00			5,000.00	10,000.00	5,000.00	162,746.00		
Various Capital Improvements	4/7/2014	1466-14	311,000.00	26,366.92			18,158.12	12,679.13	5,478.99	26,366.92		
Road and Drainage Improvements	7/21/2014	1478-14	4,000,000.00	1,648,981.60			929,477.31	1,062,105.45	190,462.98	1,325,890.48		
Various Capital Improvements	10/20/2014	1485-14	506,300.00	45,220.95		(1,370.73)	28,972.00	25,148.80		47,673.42		
Police Radio System	6/1/2015	1503-15	671,904.21	10,120.80		(5,210.00)	58,250.20	58,250.20	4,910.80			
Police Department Equipment	7/18/2016	1530-16	100,000.00				100,000.00	100,000.00				
Various Capital Improvements	9/7/2016	1532-16	1,250,000.00	187,523.08	200,500.00		857,696.34	905,227.62	22,801.16	117,190.64	200,500.00	
Various Capital Improvements	11/6/2017	1549-17	267,000.00			267,000.00		12,000.00	7,000.00	248,000.00		
			<u>\$ 2,433,323.27</u>	<u>\$ 200,500.86</u>	<u>\$ 66,670.00</u>	<u>\$ 2,196,735.84</u>	<u>\$ 2,424,247.72</u>	<u>\$ 256,599.69</u>	<u>\$ 2,015,881.70</u>	<u>\$ 200,500.86</u>		

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
 Statement of General Serial Bonds
 For the Year Ended December 31, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities of Bonds Outstanding December 31,</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Paid By Budget Appropriation</u>	<u>Balance Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Various Capital Improvements	11/1/2016	\$ 8,820,000.00	11/1/2018	\$ 710,000.00	3.00%			
			11/1/2019	715,000.00	4.00%			
			11/1/2020	720,000.00	4.00%			
			11/1/2021	725,000.00	4.00%			
			11/1/2022	730,000.00	3.00%			
			11/1/2023	735,000.00	2.00%			
			11/1/2024	740,000.00	2.00%			
			11/1/2025	750,000.00	2.00%			
			11/1/2026	755,000.00	2.00%			
			11/1/2027	765,000.00	2.00%			
			11/1/2028	775,000.00	2.125%			
						\$ 8,820,000.00	\$ 700,000.00	\$ 8,120,000.00
						<u>\$ 8,820,000.00</u>	<u>\$ 700,000.00</u>	<u>\$ 8,120,000.00</u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
 Statement of NJ EIT Loans Payable
 For the Year Ended December 31, 2017

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturity of Loans Outstanding December 31,</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2016</u>	<u>Adjustment</u>	<u>Paid By Budget Appropriation</u>	<u>Balance Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>					
1107-02 and 1139-03 Land Acquisition - Fort Apache	12/07/04	\$ 177,597.00	08/01/18	\$ 9,508.24	5.00%				
			08/01/19	9,507.05	5.00%				
			08/01/20	9,508.50	5.00%				
			08/01/21	14,281.46	5.00%				
			08/01/22	14,287.25	4.75%	\$ 70,000.00	\$ 2,907.50	\$ 10,000.00	\$ 57,092.50
Land Acquisition - Fort Apache Recreation Area	12/07/04	177,597.00	02/01/18	955.31	none				
			08/01/18	7,404.67	none				
			02/01/19	794.07	none				
			08/01/19	7,243.44	none				
			02/01/20	632.84	none				
			08/01/20	7,082.21	none				
			02/01/21	471.60	none				
			08/01/21	10,145.65	none				
			02/01/22	229.75	none				
			08/01/22	9,903.99	none	53,545.98		8,682.45	44,863.53
						<u>\$ 123,545.98</u>	<u>\$ 2,907.50</u>	<u>\$ 18,682.45</u>	<u>\$ 101,956.03</u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
Statement of Green Acres Loans Payable
For the Year Ended December 31, 2017

Purpose	Date of Issue	Amount of Original Issue	Maturity of Loans		Interest Rate	Balance Dec. 31, 2016	Paid By Budget Appropriation	Balance Dec. 31, 2017
			Outstanding Date	December 31, Amount				
987-97 & 1029-98 Goshen Sports Complex	11/16/99	\$ 215,345.00	02/19/18	\$ 6,434.17	2.00%	\$ 38,803.15	\$ 12,677.85	\$ 26,125.30
			08/19/18	6,498.51	2.00%			
			02/19/19	6,563.49	2.00%			
			08/19/19	6,629.13	2.00%			
1070-00 Davies Complex	11/03/04	340,000.00	02/08/18	9,196.50	2.00%	155,584.79	18,120.74	137,464.05
			08/08/18	9,288.47	2.00%			
			02/08/19	9,381.35	2.00%			
			08/08/19	9,475.16	2.00%			
			02/08/20	9,569.91	2.00%			
			08/08/20	9,665.61	2.00%			
			02/08/21	9,762.27	2.00%			
			08/08/21	9,859.89	2.00%			
			02/08/22	9,958.49	2.00%			
			08/08/22	10,058.08	2.00%			
			02/08/23	10,158.66	2.00%			
			08/08/23	10,260.24	2.00%			
			02/08/24	10,362.85	2.00%			
			08/08/24	10,466.57	2.00%			
1107-02 Park Acquisition Fort Apache I	12/21/04	250,000.00	01/05/18	7,223.81	2.00%	122,210.96	14,233.75	107,977.21 (Continued)
			07/05/18	7,296.04	2.00%			
			01/05/19	7,369.01	2.00%			
			07/05/19	7,442.70	2.00%			
			01/05/20	7,517.12	2.00%			
			07/05/20	7,592.29	2.00%			
			01/05/21	7,668.22	2.00%			
			07/05/21	7,744.90	2.00%			
			01/05/22	7,822.35	2.00%			
			07/05/22	7,900.57	2.00%			
			01/05/23	7,979.58	2.00%			
			07/05/23	8,059.37	2.00%			
			01/05/24	8,139.97	2.00%			
			07/05/24	8,221.28	2.00%			

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
Statement of Green Acres Loans Payable
For the Year Ended December 31, 2017

Purpose	Date of Issue	Amount of Original Issue	Maturity of Loans		Interest Rate	Balance Dec. 31, 2016	Paid By Budget Appropriation	Balance Dec. 31, 2017			
			Date	Amount							
1094-01 Shellbay Avenue Park	12/31/04	\$ 150,000.00	03/17/18	\$ 4,152.51	2.00%						
			09/17/18	4,194.04	2.00%						
			03/17/19	4,235.98	2.00%						
			09/17/19	4,278.34	2.00%						
			03/17/20	4,321.12	2.00%						
			09/17/20	4,364.33	2.00%						
			03/17/21	4,407.97	2.00%						
			09/17/21	4,452.05	2.00%						
			03/17/22	4,496.58	2.00%						
			09/17/22	4,541.53	2.00%						
			03/17/23	4,586.96	2.00%						
			09/17/23	3,091.43	2.00%	\$ 59,304.93	\$ 8,182.09	\$ 51,122.84			
			1107-02 Park Acquisition Fort Apache II	12/24/05	205,700.00	06/24/18	5,874.92	2.00%			
						12/24/18	5,933.67	2.00%			
06/24/19	5,993.01	2.00%									
12/24/19	6,052.94	2.00%									
06/24/20	6,113.47	2.00%									
12/24/20	6,174.60	2.00%									
06/24/21	6,236.35	2.00%									
12/24/21	6,298.71	2.00%									
06/24/22	3,383.87	2.00%				63,637.46	11,575.92	52,061.54			
1299-08 Goshen Sports Complex	06/28/12	400,000.00	04/03/18	9,319.30	2.00%						
			10/03/18	9,412.49	2.00%						
			04/03/19	9,506.61	2.00%						
			10/03/19	9,601.68	2.00%						
			04/03/20	9,697.70	2.00%						
			10/03/20	9,794.68	2.00%						
			04/03/21	9,892.62	2.00%						
			10/03/21	9,991.55	2.00%						
			04/03/22	10,091.46	2.00%						
			10/03/22	10,192.38	2.00%						
			04/03/23	10,294.30	2.00%						
			10/03/23	10,397.24	2.00%						
			04/03/24	10,501.22	2.00%						
			10/03/24	10,606.23	2.00%						
			04/03/25 -32	172,434.64	2.00%	330,096.80	18,362.70	311,734.10			
						<u>\$ 769,638.09</u>	<u>\$ 83,153.05</u>	<u>\$ 686,485.04</u>			

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
 Schedule of Bonds and Notes Authorized But Not Issued
 For the Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance Dec. 31, 2016 and <u>Dec. 31, 2017</u>
	<u>General Improvements</u>	
1359-10	Road and Drainage Improvements	\$ 0.86
1532-16	Various Capital Improvements	<u>200,500.00</u>
		<u><u>\$ 200,500.86</u></u>

SUPPLEMENTAL EXHIBITS

SEWER UTILITY FUND

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
Statement of Sewer Utility Cash
For the Year Ended December 31, 2017

	Operating	Capital
Balance December 31, 2016	\$ 1,803,280.85	\$ 384,059.94
Increased by Receipts:		
Sewer Rents Receivable	\$ 3,677,663.30	
Miscellaneous Revenue	155,142.48	
Prepaid Sewer Rents	454,975.73	
	4,287,781.51	-
	6,091,062.36	384,059.94
Decreased by Disbursements:		
Budget Appropriations	3,722,823.40	
Appropriation Reserves	172,044.79	
Accrued Interest on Bonds and Notes	806,995.04	
Reserve for Dewatering Project (ACE)	189,000.00	
Improvement Authorizations		\$ 41,289.84
	4,890,863.23	41,289.84
Balance December 31, 2017	\$ 1,200,199.13	\$ 342,770.10

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
 Analysis of Sewer Utility Capital Cash
 For the Year Ended December 31, 2017

	Balance	Receipts		Disbursements		Transfers		Balance
	<u>Dec. 31, 2016</u>	<u>Miscellaneous</u>	<u>Improvement Authorizations</u>	<u>Miscellaneous</u>	<u>From</u>	<u>To</u>	<u>Dec. 31, 2017</u>	
Fund Balance	\$ 114,856.65							\$ 114,856.65
Reserve for the Payment of Bonds, Loans and Notes	248,155.02							248,155.02
Improvement Authorizations:								
Ordinance								
<u>Number</u>								
1137-03 Whitesboro/Edgewood Sewer Project - Phase I	89,597.69							89,597.69
1223-06,1267-07 Various Sewer Capital Improvements	287,883.94							287,883.94
1294-08 Satt Blvd. Sanitary Sewer	3,037.68							3,037.68
1364-10 Various Sewer Capital Improvements	(177,117.83)							(177,117.83)
1417-12, 1543-17 Grassy Sound Connection to Sewer System	(149,397.45)		\$ 41,289.84					(190,687.29)
1453-13 Various Sewer Capital Improvements	(32,955.76)							(32,955.76)
	<u>\$ 384,059.94</u>	<u>\$ -</u>	<u>\$ 41,289.84</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,770.10</u>

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
Statement of Due Current Fund
For the Year Ended December 31, 2017

Balance December 31, 2016 (Due to)	\$ 5,550.06
Decreased by:	
Sewer Rents Receivable Collected by Current Fund	<u>191,856.67</u>
Balance December 31, 2017 (Due from)	<u><u>\$ 186,306.61</u></u>

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
Statement of Sewer Rents Receivable
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 12,517.66
Increased by:		
Sewer Rents Levied - Net of Adjustments		<u>4,278,867.76</u>
		4,291,385.42
Decreased by:		
Prepaid Sewer Rents Applied	\$ 403,887.89	
Collected by Current Fund	191,856.67	
Collections - Cash Receipts	<u>3,677,663.30</u>	
	\$ 4,273,407.86	
Transferred to Liens	<u>7,477.53</u>	<u>4,280,885.39</u>
Balance December 31, 2017		<u><u>\$ 10,500.03</u></u>

Exhibit SD-5

SEWER UTILITY OPERATING FUND
Statement of Sewer Liens Receivable
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 20,522.86
Increased by:		
Transferred from Sewer Rents Receivable		<u>7,477.53</u>
Balance December 31, 2017		<u><u>\$ 28,000.39</u></u>

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
Statement of Accrued Interest on Bonds and Notes
For the Year Ended December 31, 2017

Balance December 31, 2016	\$	218,852.43
Increased by:		
Charged to Budget Appropriation - Interest on Bonds		802,048.75
		1,020,901.18
Decreased by:		
Cash Disbursements		806,995.04
Balance December 31, 2017	\$	213,906.14

Analysis of Accrued Interest December 31, 2017

	<u>Principal Outstanding Dec. 31, 2017</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Days</u>	<u>Amount</u>
Serial Bonds						
\$ 2,960,000.00	various		12/15/17	12/31/17	17	\$ 5,696.17
8,965,000.00	various		08/16/17	12/31/17	138	123,479.69
Rural Development Bonds						
2,788,017.49	4.00%		07/13/17	12/31/17	172	52,696.59
1,055,018.96	4.00%		07/13/17	12/31/17	172	19,941.02
1,634,656.66	2.25%		12/15/17	12/31/17	17	1,717.74
3,395,160.87	3.75%		12/15/17	12/31/17	17	5,946.20
94,370.30	3.50%		10/25/17	12/31/17	68	617.04
741,955.16	2.75%		10/25/17	12/31/17	68	3,811.69
						\$ 213,906.14

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
 Statement of Appropriation Reserves
 For the Year Ended December 31, 2017

	Balance Dec. 31, 2016		Balance After Transfers	Paid or Charged	Lapsed to Fund Balance
	<u>Encumbrances</u>	<u>Reserved</u>			
Operating:					
S&W		\$ 5,890.39	\$ 5,890.39		\$ 5,890.39
OE	\$ 5,152.45	2,294.40	7,446.85	\$ 6,929.79	517.06
CMCMUA User Charges		13.26	13.26		13.26
Capital Improvements					
Capital Outlay	165,115.00	104,885.00	270,000.00	165,115.00	104,885.00
Statutory Expenditures:					
Social Security System		3,019.54	3,019.54		3,019.54
	<u>\$ 170,267.45</u>	<u>\$ 116,102.59</u>	<u>\$ 286,370.04</u>	<u>\$ 172,044.79</u>	<u>\$ 114,325.25</u>

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
Statement of Prepaid Sewer Rents
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 403,887.89
Increased by:	
Cash Receipts	<u>454,975.73</u>
	858,863.62
Decreased by:	
Applied to Sewer Rents Receivable	<u>403,887.89</u>
Balance December 31, 2017	<u><u>\$ 454,975.73</u></u>

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
Statement of Fixed Capital
For the Year Ended December 31, 2017

<u>Account</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased by:</u> <u>Capital Outlay</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Rio Grande East Sewerline	\$ 2,500,000.00		\$ 2,500,000.00
Del Haven, Stone Harbor Sewerline	5,993,248.56		5,993,248.56
Installation of Avalon Manor Sewer System	1,100,000.00		1,100,000.00
Rio Grande West	3,879,524.49		3,879,524.49
Court House South Sewerline	2,604,483.37		2,604,483.37
Court House North I Sewerline	2,186,996.44		2,186,996.44
Court House North II Sewerline	2,525,765.89		2,525,765.89
Green Creek Sewerline	2,648,078.11		2,648,078.11
Green Creek Sewer Project - Supplement	450,000.00		450,000.00
Court House Central Sewerline	3,195,488.65		3,195,488.65
Whitesboro/Edgewood Sewer Project Phase II	2,650,000.00		2,650,000.00
Vehicles	49,668.00		49,668.00
Sewer Vac Truck	429,800.00		429,800.00
Pump Stations	167,114.87		167,114.87
Water Reuse Project	12,430.13		12,430.13
Grinder		\$ 165,115.00	165,115.00
	<u>\$ 30,392,598.51</u>	<u>\$ 165,115.00</u>	<u>\$ 30,557,713.51</u>

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
Statement of Fixed Capital Authorized and Uncompleted
For the Year Ended December 31, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>Authorizations</u>	<u>Balance Dec. 31, 2017</u>
1137-03	Whitesboro/Edgewood Sewer Project Phase I	\$ 4,355,000.00		\$ 4,355,000.00
1308-08	Whitesboro/Edgewood Sewer Project Phase I - Supplement	2,740,000.00		2,740,000.00
1223-06, 1267-07	Shellbay, Shunpike, Crest Haven, Goshen Sewer Project	4,246,000.00		4,246,000.00
1223-06, 1267-07	Water Reuse Project	400,000.00		400,000.00
1364-10	Shellbay, Shunpike, Crest Haven, Goshen Sewer Project Supplement	1,176,400.00		1,176,400.00
1417-12, 1543-17	Grassy Sounds Connection to Sewer System	1,705,150.00	\$ 2,095,000.00	3,800,150.00
1453-13	Various Sewer Improvements Bennet Rd. Pkwy Sewer, GIS Mapping	165,000.00		165,000.00
1294-08	Satt Blvd Project	812,429.73		812,429.73
		<u>\$ 15,599,979.73</u>	<u>\$ 2,095,000.00</u>	<u>\$ 17,694,979.73</u>

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
 Statement of Improvement Authorizations
 For the Year Ended December 31, 2017

Improvement Description	Ordinance		Balance Dec. 31, 2016		Increased by:		Decreased by:		Balance Dec. 31, 2017	
	Number	Amount	Funded	Unfunded	Authorizations	Prior Year Contracts Payable	Cash Disbursed	Current Year Contracts Payable	Funded	Unfunded
Whitesboro/Edgewood Sewer Project - Phase I	1137-03	\$ 4,355,000.00	\$ 89,597.69						\$ 89,597.69	
Various Sewer Capital Improvements	1223-06,1267-07	4,646,000.00	276,383.17			\$ 11,500.77			287,883.94	
Satt Blvd. Sanitary Sewer	1294-08	812,429.73	3,037.68						3,037.68	
Various Sewer Capital Improvements	1364-10	1,176,400.00		\$ 119,482.17						\$ 119,482.17
Grassy Sound Connection to Sewer System	1417-12, 1543-17	3,800,150.00	30,241.95	1,450,291.67	\$ 2,095,000.00	75,218.93	\$ 41,289.84	\$ 2,545,867.42		1,063,595.29
Various Sewer Capital Improvements	1453-13	165,000.00		90,000.00		42,044.24		42,044.24		90,000.00
			<u>\$ 399,260.49</u>	<u>\$ 1,659,773.84</u>	<u>\$ 2,095,000.00</u>	<u>\$ 128,763.94</u>	<u>\$ 41,289.84</u>	<u>\$ 2,587,911.66</u>	<u>\$ 380,519.31</u>	<u>\$ 1,273,077.46</u>

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
Statement of Reserve for Amortization
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 20,944,176.53
Increased by:		
General Serial Bonds	\$ 475,000.00	
Rural Development Administration Bonds	15,232.75	
Capital Outlay	165,115.00	
		655,347.75
Balance December 31, 2017		\$ 21,599,524.28

Exhibit SD-13

SEWER UTILITY CAPITAL FUND
Statement of Deferred Reserve for Amortization
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 622,792.51
Increased by:		
Rural Development Administration Bonds		134,447.01
Balance December 31, 2017		\$ 757,239.52
<u>Analysis of Balance</u>		
Ordinance		
1137-03	\$ 250,982.51	
1308-08	180,343.34	
1223-06/1267-07	273,468.83	
1364-10	52,444.84	
		\$ 757,239.52

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
Statement of General Serial Bonds
For the Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturity of Bonds		Interest Rate	Balance Dec. 31, 2016	Paid by Budget Appropriation	Balance Dec. 31, 2017
			Outstanding Date	December 31, Amount				
Various Sewer Capital Improvements	12/15/09	\$ 4,365,000.00	12/15/18	\$ 170,000.00	Various			
			12/15/19	185,000.00				
			12/15/20	185,000.00				
			12/15/21	190,000.00				
			12/15/22	200,000.00				
			12/15/23	210,000.00				
			12/15/24	215,000.00				
			12/15/25	230,000.00				
			12/15/26	230,000.00				
			12/15/27	245,000.00				
			12/15/28	260,000.00				
			12/15/29	265,000.00				
			12/15/30	185,000.00				
			12/15/31	190,000.00				
Various Sewer Capital Improvements	04/30/13	10,350,000.00	08/15/18	315,000.00	4.000%			
			08/15/19	320,000.00	4.000%			
			08/15/20	335,000.00	4.000%			
			08/15/21	360,000.00	4.000%			
			08/15/22	360,000.00	4.000%			
			08/15/23	390,000.00	4.000%			
			08/15/24	390,000.00	4.000%			
			08/15/25	410,000.00	4.000%			
			08/15/26	435,000.00	3.000%			
			08/15/27	435,000.00	3.000%			
			08/15/28	455,000.00	3.125%			
			08/15/29	465,000.00	3.250%			
			08/15/30	480,000.00	3.375%			
			08/15/31	495,000.00	3.375%			
			08/15/32	515,000.00	3.375%			
			08/15/33	530,000.00	3.625%			
			08/15/34	420,000.00	3.625%			
			08/15/35	365,000.00	3.625%			
			08/15/36	250,000.00	3.625%			
			08/15/37	205,000.00	3.875%			
			08/15/38	215,000.00	3.875%			
			08/15/39	215,000.00	3.875%			
			08/15/40	225,000.00	3.875%			
08/15/41	235,000.00	3.875%						
08/15/42	145,000.00	3.875%						
					9,270,000.00	305,000.00	8,965,000.00	
					<u>\$ 12,400,000.00</u>	<u>\$ 475,000.00</u>	<u>\$ 11,925,000.00</u>	
Reserve for Amortization						<u>\$ 475,000.00</u>		

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
Statement of Rural Development Administration Bonds
For the Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturity of Bonds		Interest Rate	Balance Dec. 31, 2016	Paid by Budget Appropriation	Balance Dec. 31, 2017
			Outstanding Date	December 31, Amount				
1137-03 Whitesboro Phase I Sewerline	07/15/10	\$ 3,039,000	2018	\$ 41,877.93	4.00%	\$ 2,828,269.25	\$ 40,251.76	\$ 2,788,017.49
			2019	43,569.80	4.00%			
			2020	45,330.02	4.00%			
			2021	47,161.36	4.00%			
			2022-2050	2,610,078.38	4.00%			
1156-04 Whitesboro Phase II Sewerline	07/15/10	1,150,000	2018	15,848.15	4.00%	1,070,251.71	15,232.75	1,055,018.96
			2019	16,488.42	4.00%			
			2020	17,154.55	4.00%			
			2021	17,847.60	4.00%			
			2022-2050	987,680.24	4.00%			
1308-08 Whitesboro Phase I Sewerline Supplement	12/15/11	1,815,000	2018	32,481.91	2.25%	1,666,419.88	31,763.22	1,634,656.66
			2019	33,216.87	2.25%			
			2020	33,968.45	2.25%			
			2021	34,737.05	2.25%			
			2022-2050	1,500,252.38	2.25%			
1223-06 (a) Shellbay, Shunpike Crest Haven, Goshen Sewerline	12/15/11	3,663,000	2018	50,736.71	3.75%	3,444,047.15	48,886.28	3,395,160.87
			2019	52,657.17	3.75%			
			2020	54,650.33	3.75%			
			2021	56,718.92	3.75%			
			2022-2050	3,180,397.74	3.75%			
1223-06 (b) Water Reuse	04/24/13	100,000	2018	1,374.97	3.50%	95,698.38	1,328.08	94,370.30
			2019	1,423.51	3.50%			
			2020	1,473.77	3.50%			
			2021	1,525.81	3.50%			
			2022-2050	88,572.24	3.50%			
1364-10 SSGC Phase II	04/24/13	794,400	2018	12,555.97	2.75%	754,172.83	12,217.67	741,955.16
			2019	12,903.63	2.75%			
			2020	13,260.92	2.75%			
			2021	13,628.10	2.75%			
			2022-2050	689,606.54	2.75%			
						<u>\$ 9,858,859.20</u>	<u>\$ 149,679.76</u>	<u>\$ 9,709,179.44</u>
Reserve for Amortization							\$ 15,232.75	
Reserve for Deferred Amortization							<u>134,447.01</u>	
							<u>\$ 149,679.76</u>	

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
Statement of Bonds and Notes Authorized But Not Issued
For the Year Ended December 31, 2017

<u>Ordinance</u> <u>Number</u>	<u>Improvement Description</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Authorizations</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
1364-10	Various Sewer Capital Improvements	\$ 296,600.00		\$ 296,600.00
1417-12, 1543-17	Grassy Sound Connection to Sewer System	1,705,150.00	\$ 2,095,000.00	3,800,150.00
1453-13	Various Sewer Capital Improvements	165,000.00		165,000.00
		<u>\$ 2,166,750.00</u>	<u>\$ 2,095,000.00</u>	<u>\$ 4,261,750.00</u>

PART II
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF MIDDLE
Schedule of Findings and Recommendations
For the Year Ended December 31, 2017

Schedule of Financial Statement Findings

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

Finding No. 2017-001

Criteria or Specific Requirement

N.J.S.A. 40A:5-15 requires the Construction Code Office to deposit receipts or turnover receipts to the CFO within 48 hours of collection.

Condition

Construction Code Office receipts were not always deposited within 48 hours of collection.

Context

Four of the ten receipts selected for examination, were not deposited within 48 hours of collection.

Effect

Noncompliance with N.J.S.A. 40A:5-15

Cause

Failure to deposit receipts within 48 hours of collection.

Recommendation

That all Construction Code Office receipts are deposited within 48 hours of collection.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF MIDDLE
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FINANCIAL STATEMENT FINDINGS

Finding No. 2016-001

Condition

The current fund bank account was not always reconciled on a timely basis and some of the monthly reconciliations did not agree to the general ledger.

Current Status

This condition has been resolved.

Finding No. 2016-002

Condition

2015 Sewer Operating Appropriation Reserve Budget Line Items were over-expended in 2016.

Current Status

This condition has been resolved.

Finding No. 2016-003

Condition

The procedure over remitting payroll deductions timely did not always operate effectively.

Current Status

This condition has been resolved.

Finding No. 2016-004

Condition

The fixed asset ledger was not updated on a timely basis for the year 2016.

Current Status

This condition has been resolved.

TOWNSHIP OF MIDDLE
Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>
Michael Clark	Mayor
Jeffrey DeVico	Committee member
Tim Donohue	Committee member
Elizabeth A. Terenik	Administrator
Kimberly Krauss	Municipal Clerk
Susan A. Quinones	Chief Financial Officer
Joshua Niemann	Qualified Purchasing Agent
Sandra Beasley	Tax Collector
Deborah Becker	Court Administrator
Frank L. Corrado	Municipal Attorney

All employees are covered under a Blanket Surety Bond in the amount of \$1,000,000.


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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Township officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in cursive script that reads "Fred S. Caltabiano".

Fred S. Caltabiano
Certified Public Accountant
Registered Municipal Accountant