

*Report of Audit*

*on the*

*Financial Statements*

*of the*

***Borough of Manville***

*in the*

*County of Somerset*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2017*

BOROUGH OF MANVILLE

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BOROUGH OF MANVILLE

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2017 AND 2016



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Borough Council  
Borough of Manville  
County of Somerset  
Manville, New Jersey 08835

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

## SUPLEE, CLOONEY & COMPANY

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

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

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

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

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

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Manville as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2017.

### ***Opinion on Regulatory Basis of Accounting***

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

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## **Other Matters**

### *Other Information*

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

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Financial Data – Section 8 Housing Choice Voucher Program, the supplemental information listed and the schedule of expenditures of state financial assistance and data listed in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, schedule of expenditures of federal awards, as required by the Uniform Guidance are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2018 on our consideration of the Borough of Manville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Manville's internal control over financial reporting and compliance.

  
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CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 27, 2018

CURRENT FUND

BOROUGH OF MANVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
Current Fund:			
Cash	A-4	\$ 3,405,129.30	\$ 2,893,466.46
Petty Cash	A-6	475.45	
Change Funds	A-7	800.00	800.00
Due State of New Jersey-Senior Citizens and Veterans Deductions	A-8	2,196.58	76,051.20
		<u>\$ 3,408,601.33</u>	<u>\$ 2,970,317.66</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 416,641.73	\$ 467,983.85
Tax Title Liens Receivable	A-10	50,137.53	90,697.68
Property Acquired for Taxes - Assessed Valuation	A-11	1,107,800.00	242,861.50
Revenue Accounts Receivable	A-12	5,144.91	20,743.63
Interfunds Receivable	A-13	32,844.48	113.18
	A	<u>\$ 1,612,568.65</u>	<u>\$ 822,399.84</u>
Deferred Charges:			
Emergency Authorization (40A:4-47)	A-23	\$ 15,300.00	\$
Special Emergency Authorizations (40A:4-55)	A-23	253,000.00	200,000.00
		<u>\$ 268,300.00</u>	<u>\$ 200,000.00</u>
		<u>\$ 5,289,469.98</u>	<u>\$ 3,992,717.50</u>
Grant Fund:			
Grants Receivable	A-26	\$ 146,086.50	\$ 149,377.05
Interfunds Receivable	A-25		31,704.73
		<u>\$ 146,086.50</u>	<u>\$ 181,081.78</u>
		<u>\$ 5,435,556.48</u>	<u>\$ 4,173,799.28</u>

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

BOROUGH OF MANVILLE

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-18	\$ 363,612.22	\$ 584,739.12
Encumbrances Payable	A-21	525,599.85	342,611.90
Reserve for Sale of Municipal Assets	A-15	4,947.59	4,947.59
Tax Overpayments	A-16	3,851.29	9,286.54
Interfunds Payable	A-13	122,307.01	63,993.01
Prepaid Taxes	A-17	429,342.78	130,011.47
Reserve for Miscellaneous Deposits	A-14	101,533.23	122,018.39
		<u>\$ 1,551,193.97</u>	<u>\$ 1,257,608.02</u>
Reserve for Receivables	A	1,612,568.65	822,399.84
Fund Balance	A-1	<u>2,125,707.36</u>	<u>1,912,709.64</u>
		<u>\$ 5,289,469.98</u>	<u>\$ 3,992,717.50</u>
Grant Fund:			
Reserve for Grants-Appropriated	A-27	\$ 73,353.83	\$ 99,002.07
Reserve for Grants-Unappropriated	A-24	17,499.87	16,045.77
Interfunds Payable	A-25	26,912.37	
Encumbrances Payable	A-22	28,320.43	66,033.94
		<u>\$ 146,086.50</u>	<u>\$ 181,081.78</u>
		<u>\$ 5,435,556.48</u>	<u>\$ 4,173,799.28</u>

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

## BOROUGH OF MANVILLE

## CURRENT FUND

STATEMENTS OF OPERATIONS AND  
CHANGE IN FUND BALANCE - REGULATORY BASIS

<u>REVENUE AND OTHER INCOME</u>	<u>REF.</u>	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
Fund Balance Utilized	A-1:A-2	\$ 1,408,500.00	\$ 1,028,500.00
Miscellaneous Revenues Anticipated	A-2	2,392,030.53	2,940,003.12
Receipts from Delinquent Taxes	A-2	460,911.60	555,962.16
Receipts from Current Taxes	A-2	27,469,970.68	26,630,979.93
Non-Budget Revenues	A-2	140,278.34	140,851.74
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-20	513,016.33	301,086.93
Encumbrances Canceled	A-21	32,589.16	12,176.99
Tax Overpayments Canceled	A-16	1,068.24	
Miscellaneous Deposits			16,395.75
Interfunds Returned			3,652.32
<u>Total Income</u>		<u>\$ 32,418,364.88</u>	<u>\$ 31,629,608.94</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Within "CAPS":			
Operations Including Contingent	A-3	\$ 8,762,235.00	\$ 8,845,310.00
Deferred Charges and Regulatory			
Expenditures - Municipal	A-3	1,268,353.00	1,229,789.50
Excluded from "CAPS"			
Operations	A-3	436,250.30	408,343.68
Capital Improvement Fund	A-3	10,000.00	5,000.00
Municipal Debt Service	A-3	1,197,929.71	1,163,322.14
Deferred Charges and Judgments	A-3	50,000.00	150,000.00
County Tax	A-18	3,615,747.72	3,532,912.49
County Tax for Added and Omitted Taxes	A-18	1,560.10	
Local District School Tax	A-19	15,460,737.00	14,702,710.00
Interfund Advances		32,731.30	
Accounts Receivable Canceled	A-8	75,224.42	10,577.05
Refund of Prior Years Revenues	A-4	4,398.61	
<u>Total Expenditures</u>		<u>\$ 30,915,167.16</u>	<u>\$ 30,047,964.86</u>
Excess in Revenue		\$ 1,503,197.72	\$ 1,581,644.08
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	118,300.00	
Statutory Excess to Fund Balance		\$ 1,621,497.72	\$ 1,581,644.08
<u>Fund Balance</u>			
Balance, January 1	A	1,912,709.64	1,359,565.56
		<u>\$ 3,534,207.36</u>	<u>\$ 2,941,209.64</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	1,408,500.00	1,028,500.00
Balance, December 31	A	<u>\$ 2,125,707.36</u>	<u>\$ 1,912,709.64</u>

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

BOROUGH OF MANVILLE

CURRENT FUND

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

REF.	ANTICIPATED		SPECIAL N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
	BUDGET				
Fund Balance Anticipated	A-1	\$ 1,408,500.00		\$ 1,408,500.00	
Miscellaneous Revenues:					
Alcoholic Beverage Licenses	A-12	\$ 13,000.00	\$	\$ 13,792.00	\$ 792.00
Other Licenses	A-2	21,000.00		18,579.00	(2,421.00)
Construction Code Official - Fees and Permits	A-12	110,000.00		212,241.00	102,241.00
Other Fees and Permits	A-2	64,500.00		53,422.68	(11,077.32)
Fines and Costs - Municipal Court	A-12	132,000.00		97,201.53	(34,798.47)
Interest and Costs on Taxes	A-12	98,000.00		86,125.11	(11,874.89)
Interest on Investments and Deposits	A-12	10,400.00		31,399.97	20,999.97
Consolidated Municipal Property Tax Relief	A-12	400,506.00		400,506.00	
Energy Receipts Tax	A-12	1,208,469.00		1,208,469.00	
Somerset County Youth Services	A-26	5,000.00		5,000.00	
Drunk Driving Enforcement Fund	A-26	4,101.86		4,101.86	
Bulletproof Vest Partnership	A-26	1,943.91		1,943.91	
Bulletproof Vest Partnership	A-26	1,999.13		1,999.13	
Recycling Tonnage Grant	A-26	14,744.64		14,744.64	
Somerset County Youth Services Art Connection	A-26	2,500.00		2,500.00	
Somerset County Youth Services ABIS	A-26	2,500.00		2,500.00	
Pedestrian Safety Grant	A-26		11,000.00	11,000.00	
Clean Communities Grant	A-26		22,667.94	22,667.94	
Body Armor Replacement Fund	A-26		2,347.94	2,347.94	
Shared Services - Tax Assessor - Raritan	A-12	45,780.00		22,889.00	(22,891.00)
Uniform Fire Safety	A-12	16,500.00		21,271.59	4,771.59
County Library	A-12	27,000.00		27,526.00	526.00
Verizon Franchise Fees	A-12	52,492.23		52,492.23	
Cable Franchise Fee	A-12	77,310.00		77,310.00	
	A-1	\$ 2,309,746.77	\$ 36,015.88	\$ 2,392,030.53	\$ 46,267.88
Receipts From Delinquent Taxes	A-2	\$ 450,000.00	\$	\$ 460,911.60	\$ 10,911.60
Amount to be Raised by Taxes for Support of Municipal Budget	A-9:A-2	\$ 8,909,275.65	\$	\$ 9,891,925.86	\$ 982,650.21
<u>Budget Totals</u>		\$ 13,077,522.42	\$ 36,015.88	\$ 14,153,367.99	\$ 1,039,829.69
Non-Budget Revenues	A-2			140,278.34	140,278.34
		\$ 13,077,522.42	\$ 36,015.88	\$ 14,293,646.33	\$ 1,180,108.03
REF.	A-3		A-3		

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

BOROUGH OF MANVILLE

CURRENT FUND

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

	<u>REF.</u>	
Allocations of Current Tax Collections:		
Revenues from Collections	A-1:A-9	\$ 27,469,970.68
Allocated to:		
School and County Taxes		<u>19,078,044.82</u>
Balance for Support of Municipal Appropriations		\$ 8,391,925.86
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,500,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 9,891,925.86</u>

ANALYSIS OF REALIZED REVENUES

Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-9	\$ 458,744.98
Tax Title Lien Collections	A-10	<u>2,166.62</u>
	A-1:A-2	<u>\$ 460,911.60</u>
Licenses - Other:		
Clerk	A-12	\$ 4,800.00
Registrar of Vital Statistics	A-12	231.00
Health Officer	A-12	<u>13,548.00</u>
	A-2	<u>\$ 18,579.00</u>
Other Fees and Permits:		
Engineering Department	A-12	\$ 2,312.00
Registrar	A-12	4,817.00
Police Department	A-12	612.84
Building/Fire Official	A-12	8,041.00
Health Officer	A-12	1,365.00
Clerk	A-12	31,446.84
Planning/Zoning Board	A-12	<u>4,828.00</u>
	A-2	<u>\$ 53,422.68</u>

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

BOROUGH OF MANVILLE

CURRENT FUND

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

ANALYSIS OF NON-BUDGET REVENUE

	<u>REF.</u>	
Miscellaneous Revenue Not Anticipated:		
Code Enforcement		\$ 60.00
Police		1,918.93
Finance		618.69
Clerk		21.14
Court		16.00
Engineering		315.50
Public Works		106.70
Excess Animal Control Fees		5,921.92
Refunds		22,472.10
Tax Collector		63.07
Abandoned Properties		23,875.00
Police Outside Overtime		44,933.47
Auction Proceeds		3,268.46
F. E. M. A.		4,334.08
DMV Inspection		4,075.00
Lawn Maintenance		3,665.00
Senior Citizen and Veteran Administrative Fee		<u>2,007.49</u>
	A-4	117,672.55
Tax Collector	A-5	22,695.19
Refunds	A-4	<u>89.40</u>
	A-1:A-4	<u>\$ 140,278.34</u>

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

BOROUGH OF MANVILLE  
CURRENT FUND

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

	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION				
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 148,800.00	\$ 151,200.00	\$ 151,009.44	\$ 190.56	\$	
Other Expenses	61,500.00	63,500.00	49,767.29	13,732.71		
Mayor and Council:						
Salaries and Wages	33,200.00	33,200.00	32,179.53	1,020.47		
Other Expenses	4,005.00	4,005.00	2,027.00	1,978.00		
Borough Clerk:						
Salaries and Wages	15,000.00	15,000.00	14,615.37	384.63		
Codification of Ordinances		23,000.00	23,000.00			
Elections:						
Other Expenses	4,000.00	4,000.00	2,455.34	1,544.66		
Financial Administration:						
Salaries and Wages	114,300.00	118,300.00	118,051.57	248.43		
Other Expenses	18,800.00	18,800.00	17,104.98	1,695.02		
Audit	63,250.00	63,250.00	63,250.00			
Assessment of Taxes:						
Salaries and Wages	56,905.00	56,905.00	56,209.43	695.57		
Other Expenses	11,035.00	11,035.00	7,466.43	3,568.57		
Preparation of Digital Tax Maps		80,000.00	80,000.00			
Collection of Taxes:						
Salaries and Wages	54,500.00	54,500.00	53,367.07	1,132.93		
Other Expenses	12,480.00	12,480.00	9,847.37	2,632.63		
Legal Services and Costs:						
Other Expenses	125,000.00	130,000.00	125,240.00	4,760.00		
Engineering Services and Costs:						
Other Expenses	54,000.00	54,000.00	49,497.60	4,502.40		
Public Buildings and Grounds:						
Other Expenses	80,900.00	92,900.00	92,526.35	373.65		
Planning/Zoning:						
Salaries and Wages	1,065.00	1,065.00	190.19	874.81		
Other Expenses	20,000.00	20,000.00	10,925.86	9,074.14		

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

BOROUGH OF MANVILLE  
CURRENT FUND

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

	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION				
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>PUBLIC SAFETY</b>						
Fire:	\$	145,075.00	\$	144,706.28	\$	368.72
Other Expenses						
Police:						
Salaries and Wages		3,168,158.00	3,238,158.00	3,212,121.98	26,036.02	
Other Expenses		142,075.00	142,075.00	136,798.66	5,276.34	
Emergency Management:						
Salaries and Wages		5,100.00	5,100.00	2,576.80	2,523.20	
Other Expenses		27,000.00	27,000.00	25,436.60	1,563.40	
First Aid Organization Contribution		8,000.00	8,000.00	8,000.00		
First Aid Insurance Payment		32,000.00	33,800.00	33,789.67	10.33	
Shade Tree Commission		6,000.00	6,000.00	3,445.05	2,554.95	
Public Works Department:						
Salaries and Wages		966,765.00	966,765.00	965,452.85	1,312.15	
Other Expenses		587,475.00	587,475.00	581,406.30	6,068.70	
Board of Health:						
Salaries and Wages		47,725.00	47,725.00	47,075.34	649.66	
Other Expenses		10,000.00	10,000.00	8,948.22	1,051.78	
Visiting Nurse Contract		100.00	100.00	100.00	100.00	
Bloodborne Pathogens:						
Other Expenses		100.00	100.00		100.00	
<b>RECREATION AND EDUCATION</b>						
Recreation:						
Salaries and Wages		168,122.00	168,122.00	163,950.77	4,171.23	
Other Expenses		30,220.00	30,220.00	22,415.55	7,804.45	
Celebration of Events, Anniversary or Holiday:						
Other Expenses		5,000.00	5,000.00	3,350.58	1,649.42	
Contribution to Senior Citizen Center		8,000.00	8,000.00	8,000.00		
Contribution to Youth Services Commission		100.00	100.00		100.00	
Rental Agreements		18,000.00	18,000.00	18,000.00		

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

BOROUGH OF MANVILLE  
CURRENT FUND

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

	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION				
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>						
Insurance:						
Group Insurance Plan for Employees	\$ 971,000.00	\$ 951,000.00	\$ 884,692.62	\$ 66,307.38	\$	
Other Insurance Premiums	232,000.00	215,200.00	214,265.33	934.67		
Workmen Comp. Insurance	242,000.00	242,000.00	241,922.00	78.00		
Health Benefits Waiver	20,000.00	20,000.00	12,500.00	7,500.00		
<u>STATE UNIFORM CONSTRUCTION CODE</u>						
Construction Office:						
Salaries and Wages	108,660.00	110,660.00	109,273.65	1,386.35		
Other Expenses	2,500.00	2,500.00	1,588.22	911.78		
Property Maintenance:						
Salaries and Wages	67,320.00	67,320.00	66,652.04	667.96		
Other Expenses	500.00	500.00	351.45	148.55		
Uniform Fire Safety Act:						
Salaries and Wages	45,000.00	45,000.00	36,599.54	8,400.46		
Other Expenses	25,500.00	25,500.00	25,382.62	117.38		
<u>UNCLASSIFIED</u>						
Utilities:						
Gasoline and Fuel	70,000.00	70,000.00	52,804.16	17,195.84		
Electricity	120,000.00	94,600.00	84,765.28	9,834.72		
Natural Gas	35,000.00	35,000.00	19,545.67	15,454.33		
Telephone	90,000.00	90,000.00	83,571.42	6,428.58		
Street Lighting	150,000.00	125,000.00	118,376.47	6,623.53		
Fire Hydrant Service	170,000.00	170,000.00	166,615.68	3,384.32		
Water	21,000.00	21,000.00	11,677.70	9,322.30		
Postage	22,000.00	22,000.00	14,864.19	7,135.81		
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>\$ 8,646,235.00</b>	<b>\$ 8,761,235.00</b>	<b>\$ 8,489,653.51</b>	<b>\$ 271,581.49</b>	<b>\$</b>	
Contingent	\$ 1,000.00	1,000.00	\$	\$ 1,000.00	\$	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>\$ 8,647,235.00</b>	<b>\$ 8,762,235.00</b>	<b>\$ 8,489,653.51</b>	<b>\$ 272,581.49</b>	<b>\$</b>	

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

BOROUGH OF MANVILLE  
CURRENT FUND

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

	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELLED
	BUDGET	BUDGET AFTER MODIFICATION				
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>						
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	\$ 284,354.00	\$ 284,354.00	\$ 284,354.00	\$	\$	\$
Social Security System (O.A.S.I.)	220,000.00	220,000.00	178,459.20		41,540.80	
Police and Firemen's Pension Fund	716,499.00	716,499.00	716,499.00			
State Unemployment Insurance	40,000.00	40,000.00	40,000.00			
DCRP	7,500.00	7,500.00	3,387.56		4,112.44	
Total Statutory Expenditures	\$ 1,268,353.00	\$ 1,268,353.00	\$ 1,222,699.76	\$	\$ 45,653.24	\$
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 1,268,353.00	\$ 1,268,353.00	\$ 1,222,699.76	\$	\$ 45,653.24	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 9,915,588.00	\$ 10,030,588.00	\$ 9,712,353.27	\$	\$ 318,234.73	\$
OPERATIONS - EXCLUDED FROM "CAPS"						
Length of Service Awards Program	\$ 14,000.00	\$ 14,000.00	\$	\$	\$ 14,000.00	\$
Interlocal Municipal Service Agreements:						
Health Services Contract:						
County of Somerset	78,828.00	78,828.00	72,259.00		6,569.00	
Animal Control Contract:						
Township of Bridgewater	5,506.00	5,506.00	5,505.50		0.50	
Somerset County Regional Animal Shelter	44,000.00	44,000.00	44,000.00			
Assessment of Taxes:						
Borough of Raritan	45,780.00	45,780.00	28,303.01		17,476.99	
Municipal Court Services:						
Township of Hillsborough	122,400.00	122,400.00	122,400.00			
Accounting Services						
Township of Montgomery	54,000.00	54,000.00	46,669.00		7,331.00	
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	\$ 364,514.00	\$ 364,514.00	\$ 319,136.51	\$	\$ 45,377.49	\$

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

BOROUGH OF MANVILLE  
CURRENT FUND

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

	<u>APPROPRIATIONS</u>		<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>					
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUE</u>						
Drunk Driving Enforcement Fund	\$ 4,101.86	\$ 4,101.86	\$ 4,101.86	\$ 4,101.86	\$	\$
Pedestrian Safety Grant (N.J.S.A. 40A:4-87 + \$11,000.00)		11,000.00	11,000.00	11,000.00		
Clean Communities Program (N.J.S.A. 40A:4-87 + \$22,667.94)		22,667.94	22,667.94	22,667.94		
Body Armor Replacement Fund (N.J.S.A. 40A:4-87 + \$2,347.94)		2,347.94	2,347.94	2,347.94		
Federal Bulletproof Vest Partnership - 2016	1,943.91	1,943.91	1,943.91	1,943.91		
Federal Bulletproof Vest Partnership - 2017	1,999.13	1,999.13	1,999.13	1,999.13		
Recycling Tonnage	14,744.64	14,744.64	14,744.64	14,744.64		
Somerset County Youth Services	5,000.00	5,000.00	5,000.00	5,000.00		
Somerset County Youth Services Art Connection Grant	2,500.00	2,500.00	2,500.00	2,500.00		
Somerset County Youth Services Abis Environmental Grant	2,500.00	2,500.00	2,500.00	2,500.00		
Matching Funds for Grants	2,930.88	2,930.88	2,930.88	2,930.88		
<u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUE</u>	\$ 35,720.42	\$ 71,736.30	\$ 71,736.30	\$ 71,736.30	\$	\$
<u>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</u>	\$ 400,234.42	\$ 436,250.30	\$ 436,250.30	\$ 390,872.81	\$ 45,377.49	\$
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>						
Capital Improvement Fund	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$	\$
<u>TOTAL CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$	\$
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 775,000.00	\$ 775,000.00	\$ 775,000.00	\$ 775,000.00	\$	\$
Payment of BAN	208,000.00	211,300.00	211,300.00	211,300.00		
Interest on Bonds	45,000.00	45,000.00	45,000.00	43,730.00		1,270.00
Interest on Notes	92,700.00	92,700.00	92,700.00	92,232.12		467.88
Improvement Authority Lease:	81,000.00	81,000.00	81,000.00	75,667.59		5,332.41
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>	\$ 1,201,700.00	\$ 1,205,000.00	\$ 1,205,000.00	\$ 1,197,929.71	\$	\$ 7,070.29

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

BOROUGH OF MANVILLE  
CURRENT FUND

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

	APPROPRIATIONS		PAYD OR	RESERVED	UNEXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	CHARGED		BALANCE CANCELED
<u>DEFERRED CHARGES - EXCLUDED FROM "CAPS":</u>					
Emergency Authorizations	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$	\$
Special Emergency 5 Years (N.J.S.A. 40A:4-55)	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$	\$
<u>TOTAL DEFERRED CHARGES - EXCLUDED FROM "CAPS":</u>	\$ 1,661,934.42	\$ 1,701,250.30	\$ 1,648,802.52	\$ 45,377.49	\$ 7,070.29
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS":</u>	\$ 11,577,522.42	\$ 11,731,838.30	\$ 11,361,155.79	\$ 363,612.22	\$ 7,070.29
SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	1,500,000.00	1,500,000.00	1,500,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	\$ 13,077,522.42	\$ 13,231,838.30	\$ 12,861,155.79	\$ 363,612.22	\$ 7,070.29
	A-2		A-1		A:A-1
Appropriation by 40A:4-87		\$ 36,015.88			
Emergency Authorizations		118,300.00			
Budget		13,077,522.42			
		\$	\$ 13,231,838.30		
Cash Disbursements			\$ 10,781,629.19		
Reserve for Encumbrances			422,599.85		
Reserve for Grants Appropriated			71,736.30		
Deferred Charges			50,000.00		
Miscellaneous Reserves			103,000.00		
Reserve for Uncollected Taxes			1,500,000.00		
			\$ 12,928,965.34		
Less: Refunds Cash			67,809.55		
			\$ 12,861,155.79		

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

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TRUST FUND

## BOROUGH OF MANVILLE

## TRUST FUND

## BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
<u>ASSETS</u>			
Animal Control Trust Fund:			
Cash	B-1	\$ 15,951.12	\$ 10,867.74
Other Funds:			
Cash	B-1	\$ 1,137,952.52	\$ 1,398,318.49
Community Development Block Grant Receivable	B-9	241,461.30	244,238.64
Interfunds Receivable	B-8	1,782.31	
		\$ 1,381,196.13	\$ 1,642,557.13
		\$ 1,397,147.25	\$ 1,653,424.87
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Animal Control Trust Fund:			
Interfunds Payable	B-5	\$ 5,921.92	\$
Due State of New Jersey	B-3	29.40	
Encumbrances Payable	B-4	1,153.60	
Reserve for Animal Control Trust Fund Expenditures	B-2	8,846.20	10,867.74
		\$ 15,951.12	\$ 10,867.74
Other Funds:			
Interfunds Payable	B-8	\$	\$ 113.18
Encumbrances Payable	B-7	110,684.58	3,489.03
Reserve For:			
Community Development Block Grant Reserves	B-10	175,410.60	220,779.64
Various Reserves and Deposits	B-6	1,095,100.95	1,418,175.28
		\$ 1,381,196.13	\$ 1,642,557.13
		\$ 1,397,147.25	\$ 1,653,424.87

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

GENERAL CAPITAL FUND

BOROUGH OF MANVILLE

GENERAL CAPITAL FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>
<u>ASSETS</u>			
Cash	C-2	\$ 828,650.95	\$ 212,969.91
Due Current Fund	C-9	120,524.70	32,288.28
Grants Receivable	C-15	392,217.43	445,505.43
Deferred Charges to Future Taxation - Funded	C-5	648,000.00	1,423,000.00
Deferred Charges to Future Taxation - Unfunded	C-4	4,658,459.37	5,577,078.82
		<u>\$ 6,647,852.45</u>	<u>\$ 7,690,842.44</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-10	\$ 648,000.00	\$ 1,423,000.00
Bond Anticipation Note	C-11	4,739,980.00	4,951,280.00
Improvement Authorizations - Funded	C-7	563,618.93	548,112.58
Improvement Authorizations - Unfunded	C-7	350,797.56	382,357.16
Reserve for Insurance Damage	C-12	35,927.00	35,927.00
Reserve for RCA Readington	C-13	36,574.38	36,314.62
Reserve for RCA Hillsborough	C-14	52,921.50	52,545.63
Capital Improvement Fund	C-8	100,173.78	60,173.78
Contracts Payable	C-6	73,185.11	154,457.48
Fund Balance	C-1	46,674.19	46,674.19
		<u>\$ 6,647,852.45</u>	<u>\$ 7,690,842.44</u>

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

BOROUGH OF MANVILLE

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 46,674.19
Balance, December 31, 2017	C	\$ <u>46,674.19</u>

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

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SEWER UTILITY FUND

BOROUGH OF MANVILLE

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
<u>ASSETS</u>			
Operating Fund:			
Cash-Treasurer	D-5	\$ 511,097.44	\$ 209,806.86
Change Fund		200.00	200.00
Interfunds Receivable	D-12	5.78	5.78
		<u>\$ 511,303.22</u>	<u>\$ 210,012.64</u>
Receivables With Full Reserves:			
Consumer Accounts Receivable	D-7	\$ 191,684.47	\$ 216,273.00
Sewer Liens Receivable	D-8	141.49	
		<u>\$ 191,825.96</u>	<u>\$ 216,273.00</u>
Deferred Charges:			
Operating Deficit		\$ _____	\$ 26,952.00
<u>Total Operating Fund</u>		<u>\$ 703,129.18</u>	<u>\$ 453,237.64</u>
Capital Fund:			
Cash-Treasurer	D-5	\$ 100,852.05	\$ 100,852.05
Fixed Capital	D-13	214,988.17	214,988.17
<u>Total Capital Fund</u>		<u>\$ 315,840.22</u>	<u>\$ 315,840.22</u>
		<u>\$ 1,018,969.40</u>	<u>\$ 769,077.86</u>

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

BOROUGH OF MANVILLE

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-10	\$ 292,915.79	\$ 75,457.10
Sewer Overpayments	D-9	9,179.32	9,925.43
Encumbrances Payable	D-11	15,568.65	29,714.37
Interfunds Payable	D-12	10.19	
		\$ <u>317,673.95</u>	\$ <u>115,096.90</u>
Reserve for Receivables	D	191,825.96	216,273.00
Fund Balance	D-1	<u>193,629.27</u>	<u>121,867.74</u>
<u>Total Operating Fund</u>		\$ <u>703,129.18</u>	\$ <u>453,237.64</u>
Capital Fund:			
Capital Improvement Fund	D-14	\$ 77,955.00	\$ 77,955.00
Interfunds Payable	D-16	5.78	5.78
Reserve for:			
Amortization	D-15	214,988.17	214,988.17
Fund Balance	D-2	<u>22,891.27</u>	<u>22,891.27</u>
<u>Total Capital Fund</u>		\$ <u>315,840.22</u>	\$ <u>315,840.22</u>
		\$ <u><u>1,018,969.40</u></u>	\$ <u><u>769,077.86</u></u>

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

BOROUGH OF MANVILLESEWER UTILITY FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>REF.</u>	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 40,000.00	\$ 39,300.00
Sewer Use Charges	D-3	1,810,982.04	1,821,538.21
Unexpended Balance of Appropriation Reserves	D-10	74,961.10	16,769.53
Miscellaneous Revenue Not Anticipated	D-3	14,895.36	20,290.26
Encumbrance Payables Canceled	D-11	1,018.48	450.00
		<u>1,941,856.98</u>	<u>1,898,348.00</u>
<u>TOTAL INCOME</u>			
<u>EXPENDITURES</u>			
Operating	D-4	\$ 1,752,133.00	\$ 1,810,300.00
Capital Improvements	D-4	15,000.00	80,000.00
Regulatory Expenditures and Deferred Charges	D-4	61,952.00	35,000.00
Refund of Prior Year Revenues	D-5	1,010.45	
		<u>1,830,095.45</u>	<u>1,925,300.00</u>
<u>TOTAL EXPENDITURES</u>			
Excess (Deficit) in Revenue		\$ 111,761.53	\$ (26,952.00)
Adjustments to Income Before Surplus:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			<u>26,952.00</u>
Statutory Excess to Surplus		111,761.53	
<u>Fund Balance</u>			
Balance, January 1	D	121,867.74	286,167.74
		<u>\$ 233,629.27</u>	<u>\$ 286,167.74</u>
Decreased by:			
Utilization by Sewer Operating Budget	D-1:D-3	40,000.00	39,300.00
Utilization by Current Fund Budget			<u>125,000.00</u>
Balance, December 31	D	<u>\$ 193,629.27</u>	<u>\$ 121,867.74</u>

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

BOROUGH OF MANVILLE

SEWER UTILITY CAPITAL FUND

STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2016	D	\$ <u>22,891.27</u>
Balance, December 31, 2017	D	\$ <u><u>22,891.27</u></u>

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

## BOROUGH OF MANVILLE

## SEWER UTILITY OPERATING FUND

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

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS</u>
Fund Balance Anticipated	D-1	\$ 40,000.00	\$ 40,000.00	
Sewer Use Charges	D-1:D-3	1,789,085.00	1,810,982.04	21,897.04
Miscellaneous	D-1:D-3		14,895.36	14,895.36
	D-4	\$ <u>1,829,085.00</u>	\$ <u>1,865,877.40</u>	\$ <u>36,792.40</u>

ANALYSIS OF REALIZED REVENUE

## Sewer Use Charges:

## Consumer Accounts Receivable:

Collected	D-7	\$ 1,801,056.61
Overpayments Applied	D-6	<u>9,925.43</u>
	D-3	\$ <u>1,810,982.04</u>

## Miscellaneous:

Interest on Investments - Treasurer		\$ 3,328.76
Connection Fees		<u>1,500.00</u>

	D-5	\$ 4,828.76
Collector:		
Interest on Delinquent Accounts	D-6	\$ <u>10,066.60</u>
		\$ <u>10,066.60</u>
	D-3	\$ <u>14,895.36</u>

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

BOROUGH OF MANVILLE  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Operating:				
Salaries and Wages	\$ 191,300.00	\$ 191,300.00	\$ 191,298.12	\$ 1.88
Other Expenses	90,000.00	90,000.00	74,563.54	15,436.46
Other Insurance	100,000.00	100,000.00	100,000.00	
Group Insurance	110,000.00	110,000.00	110,000.00	
Somerset Raritan Valley Sewerage Authority:				
Treatment Costs	1,223,333.00	1,223,333.00	991,920.24	231,412.76
Electric	35,000.00	35,000.00	5,131.13	29,868.87
Gas	2,500.00	2,500.00	1,304.18	1,195.82
	<u>\$ 1,752,133.00</u>	<u>\$ 1,752,133.00</u>	<u>\$ 1,474,217.21</u>	<u>\$ 277,915.79</u>
<u>Total Operating</u>				
Capital Improvements:				
Capital Outlay	\$ 15,000.00	\$ 15,000.00	\$	\$ 15,000.00
Statutory Expenditures:				
Social Security System ( O.A.S.I.)	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$
Deficit In Operations In Prior Years	\$ 26,952.00	\$ 26,952.00	\$ 26,952.00	\$
	<u>\$ 1,829,085.00</u>	<u>\$ 1,829,085.00</u>	<u>\$ 1,536,169.21</u>	<u>\$ 292,915.79</u>
	<u>REF.</u>	D-3	D-1	D-D-1
Cash Disbursements	D-5		\$ 1,493,648.56	
Deferred Charges	D		26,952.00	
Encumbrances Payable	D-11		15,568.65	
			<u>\$ 1,536,169.21</u>	

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

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BOROUGH OF MANVILLE

GENERAL FIXED ASSETS ACCOUNT GROUP

BALANCE SHEET - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
General Fixed Assets:		
Land	\$ 13,536,350.00	\$ 13,536,350.00
Buildings	7,734,150.00	7,734,150.00
Machinery and Equipment	<u>6,017,343.00</u>	<u>5,991,058.00</u>
<u>TOTAL FIXED ASSETS</u>	\$ <u>27,287,843.00</u>	\$ <u>27,261,558.00</u>
Investments in General Fixed Assets	\$ <u>27,287,843.00</u>	\$ <u>27,261,558.00</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MANVILLE

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Manville is an instrumentality of the State of New Jersey established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

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

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Manville conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Manville are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account group:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose of which each reserve was created.

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

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

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System.

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Borough's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Assets Account Group rather than in a governmental fund.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital - Sewer Utility

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

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

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

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

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

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

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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

FUND	CASH		LESS O/S CHECKS & DEDUCTIONS	TOTAL
	ON DEPOSIT	ON HAND		
Current Fund	\$ 3,023,377.87	\$ 409,137.19	\$ 26,110.31	\$ 3,406,404.75
Animal Control Fund	15,738.51	212.61		15,951.12
Other Trust Fund	1,549,843.14	2.01	411,892.63	1,137,952.52
General Capital Fund	828,650.95			828,650.95
Sewer Utility Operating Fund	490,187.80	21,109.64		511,297.44
Sewer Utility Capital Fund	100,852.05			100,852.05
<u>TOTAL DECEMBER 31, 2017</u>	<u>\$ 6,008,650.32</u>	<u>\$ 430,461.45</u>	<u>\$ 438,002.94</u>	<u>\$ 6,001,108.83</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$263,476.67 was covered by Federal Depository Insurance and \$5,745,173.65 was covered under the provisions of NJ GUDPA.

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

The Borough of Manville's investment activities during the year were in accordance with the above New Jersey Statute.

NOTE 3: LONG-TERM DEBT

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

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2017</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 5,387,980.00	\$ 6,374,280.00	\$ 6,364,400.00
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes - General Capital	<u>891,819.45</u>	<u>180,000.00</u>	<u>                    </u>
 <u>Net Debt Issued</u>	 <u>\$ 4,496,160.55</u>	 <u>\$ 6,194,280.00</u>	 <u>\$ 6,364,400.00</u>
Authorized But Not Issued:			
General - Bonds and Notes	<u>\$ 810,298.82</u>	<u>\$ 805,798.82</u>	<u>\$ 1,788,678.82</u>
 <u>Total Authorized But Not Issued</u>	 <u>\$ 810,298.82</u>	 <u>\$ 805,798.82</u>	 <u>\$ 1,788,678.82</u>
 NET BONDS AND NOTES ISSUED AND AUTHORIZED BUT NOT ISSUED	 <u><u>\$ 5,306,459.37</u></u>	 <u><u>\$ 7,000,078.82</u></u>	 <u><u>\$ 8,153,078.82</u></u>

SUMMARY OF STATUTORY DEBT CONDITION ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.595%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 121,000.00	\$ 121,000.00	\$
General Debt	<u>6,198,278.82</u>	<u>891,819.45</u>	<u>5,306,459.37</u>
	<u><u>\$ 6,319,278.82</u></u>	<u><u>\$ 1,012,819.45</u></u>	<u><u>\$ 5,306,459.37</u></u>

NET DEBT \$5,306,459.37 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$891,568,769.67 EQUALS 0.595%.

NOTE 3: LONG-TERM DEBT (CONTINUED)

EQUALIZED VALUATION BASIS

2015 Equalized Valuation Basis of Real Property	\$	890,447,497.00
2016 Equalized Valuation Basis of Real Property		891,269,141.00
2017 Equalized Valuation Basis of Real Property		<u>892,989,671.00</u>
	\$	<u>891,568,769.67</u>

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

Equalized Valuation Basis* - December 31, 2017	\$	<u>891,568,769.67</u>
3-1/2% of Equalized Valuation Basis	\$	31,204,906.94
Net Debt		<u>5,306,459.37</u>
Remaining Borrowing Power	\$	<u>25,898,447.57</u>

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Rail Road Property of the Borough of Manville for the last three (3) preceding years.

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 4% of the Average Equalized Assessed Valuation of real property for the Local School Districts.

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

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus		\$1,865,877.40
Deduction:		
Operating and Maintenance Cost		<u>1,787,133.00</u>
Excess in Revenue - Self Liquidating		<u>\$78,744.40</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

GENERAL CAPITAL FUND

General Serial Bonds

\$5,173,000, General Improvement Bonds, due in final installment of \$648,000 on April 1, 2018 at an interest rates of 4.125%	\$ <u>648,000.00</u>
<u>Total General Serial Bonds</u>	\$ <u><u>648,000.00</u></u>

Bonds and Notes Authorized But Not Issued

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

General Capital Fund	<u>\$810,298.82</u>
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SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2017

Calendar Year	<u>General Capital</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ <u>648,000.00</u>	\$ <u>13,365.00</u>	\$ <u>661,365.00</u>
Total	\$ <u><u>648,000.00</u></u>	\$ <u><u>13,365.00</u></u>	\$ <u><u>661,365.00</u></u>

IMPROVEMENT AUTHORITY LOANS OUTSTANDING AT DECEMBER 31, 2017

<u>CALENDAR YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$ 61,462.53	\$ 1,028.31	\$ 62,490.84
2019	<u>15,568.12</u>	<u>54.59</u>	<u>15,622.71</u>
TOTAL	\$ <u><u>77,030.65</u></u>	\$ <u><u>1,082.90</u></u>	\$ <u><u>78,113.55</u></u>

NOTE 4: SHORT TERM DEBT

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. Any such note shall be designated as a "bond anticipation note" and shall be subject to the following provisions:

- (1) every note shall contain a recital that it is issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year;
- (2) all such notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes; and
- (3) no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which those notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>INTEREST</u> <u>RATE</u>	<u>ORIGINAL</u> <u>ISSUED</u> <u>DATE</u>	<u>AMOUNT</u>
General Capital			
2007-1052	1.04%	7/2/2007	\$ 1,698,000.00
2009-1090	1.04%	7/1/2010	538,700.00
2011-1107	1.04%	6/29/2012	418,000.00
2013-1134	1.04%	10/24/2013	1,102,400.00
2015-1162	1.04%	6/28/2016	982,880.00
			\$ 4,739,980.00

In accordance with NJSA 40A:4 sections 64 through 73, in any fiscal year, in anticipation of the collection of taxes for such year, whether levied in such year, or in anticipation of other revenue for such year, the Township may, by resolution, borrow money and issue its negotiable notes, each of which shall be designated by the fiscal year to which it pertains. The proceeds may be used to pay outstanding previous notes of same purpose, or for purposes provided for in the budget or for which taxes are levied or to be levied for in such year. The amount outstanding shall not exceed an amount certified as the gross borrowing power, and no such notes shall be authorized in excess of an amount certified as the net borrowing power. Tax anticipation notes may be renewed from time to time, but any note shall mature within 120 days after the beginning of the succeeding fiscal year, and bear an interest rate that does not exceed 6%. The Borough did not have any Tax Anticipation Notes in 2017.

NOTE 5: FUND BALANCES APPROPRIATED

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

Current Fund	\$ 1,408,500.00*
Sewer Utility Fund	\$ 40,000.00*

\*Per introduced budget.

NOTE 6: PROPERTY TAXES

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

	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
Prepaid Taxes	<u>\$429,342.78</u>	<u>\$130,011.47</u>

NOTE 7: PENSIONS

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

## NOTE 7: PENSION PLANS (CONTINUED)

### Plan Descriptions

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

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

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

### Vesting and Benefit Provisions

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

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of service or they may elect deferred retirement after achieving 10 years of service.

NOTE 7: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2016, PERS provides for employee contributions of 7.2% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2016, members contributed at a uniform rate of 10.00% of base salary.

Certain portions of the costs are contributed by the employees. The Borough's share of PERS and PFRS pension costs, which is based upon the annual billings received from the State, amounted to \$1,000,853.00 for 2017, \$946,437.00 for 2016 and \$919,145.03 for 2015.

The Borough's share for DCRP amounted to \$3,387.56 for 2017, \$5,634.80 for 2016 and \$5,696.66 for 2015.

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

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

NOTE 7: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

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

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

Public Employees Retirement System (PERS)

At June 30, 2017, the State reported a net pension liability of \$6,461,839.00 for the Borough of Manville’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough’s proportion was 0.0277589473 percent, which was a decrease of 0.0026781698 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$140,358.00 for the Borough of Manville’s proportionate share of the total pension expense. The pension expense recognized in the Borough’s financial statement based on the April 1, 2017 billing was \$257,157.00.



NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65 at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

	<u>June 30, 2017</u>	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	June 30, 2017		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Borough's proportionate share of the pension liability	\$8,016,350.00	\$6,461,839.00	\$5,166,739.00

Pension plan fiduciary net position

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of \$12,898,436.00 for the Borough of Manville's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Borough's proportion was 0.0835495569 percent, which was an increase of 0.0000487468 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the State recognized an actuarially determined pension expense of \$1,360,864.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2017 billing was \$739,429.00.

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

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$75,703.00	\$83,677.00
Changes of assumptions	2,112,387.00	1,590,521.00
Net difference between projected and actual earnings on pension plan investments		246,132.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions		647,443.00
	<u>\$2,188,090.00</u>	<u>\$2,567,773.00</u>

NOTE 7: PENSION PLANS (CONTINUED)

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

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

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

Year Ended <u>June 30</u>	<u>Amount</u>
2018	\$345,972.00
2019	591,401.00
2020	180,976.00
2021	(477,510.00)
2022	<u>(261,155.00)</u>
	<u><u>\$379,684.00</u></u>

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

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

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

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

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.14% and 5.55% as of June 30, 2017 and June 30, 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00 and 7.65% and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and June 30, 2016 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	June 30, 2017		
	1% Decrease <u>5.14%</u>	At Current Discount Rate <u>6.14%</u>	1% Increase <u>7.14%</u>
Borough's proportionate share of the PFRS pension liability	\$16,994,752.00	\$12,898,436.00	\$9,532,847.00

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,444,734 and \$1,339,471,188 respectively.

At December 31, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$12,898,436.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,444,734.00</u>
	<u>\$14,343,170.00</u>

Pension plan fiduciary net position

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

NOTE 8: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off at a later date. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and has not been determined, but is probably material. The Borough annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2017.

NOTE 9: LITIGATION

The Borough is involved in several pending legal proceedings, the impact on the financial statements of which, either individually or in the aggregate, in the opinion of the Borough's legal counsel would not be material.

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II of the 2017 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the Borough does not believe that any material liabilities will result from such audits.

NOTE 11: TAX APPEALS

There are several tax appeals filed requesting a reduction of assessments for 2017 and prior years. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 12: RISK MANAGEMENT (CONTINUED)

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 456.61	\$ 42,211.75	\$ 28,505.36	\$ 57,514.10
2016	132.97	40,000.00	20,566.09	43,351.10
2015	50.64	48,744.88	32,766.26	23,784.22

NOTE 13: INTERFUND RECEIVABLES AND PAYABLES

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

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$ 32,844.48	\$ 122,307.01
Grant Fund		26,912.37
Animal Control Trust Fund		5,921.92
Trust Other Fund	1,782.31	
General Capital Fund	120,524.70	
Sewer Utility Operating Fund	5.78	10.19
Sewer Utility Capital Fund		5.78
	<u>\$ 155,157.27</u>	<u>\$ 155,157.27</u>

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

NOTE 14: DEFERRED COMPENSATION PLAN

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

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

The Plan is administered by the AIG Retirement (AIG), AXA-Equitable and Met Life.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities. The Borough's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 15: LENGTH OF SERVICE AWARDS PROGRAM

During 2003, the Borough of Manville adopted an ordinance establishing a Length of Service Awards Program for the members of the Manville Fire Department and the Manville First Aid/Rescue Squad pursuant to N.J.S.A. 40A:14-183 *et seq.*

Under this program, each volunteer of the Manville Fire Department that performs the minimum amount of service will have an annual amount up to \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. Each volunteer of the Manville First Aid/Rescue Squad that performs the minimum amount of service will have an amount up to \$1,150.00 deposited into a tax deferred income account for the volunteer. The Borough's costs amounted to \$10,000.00 in 2017, \$10,600.00 in 2016 and \$13,800.00 in 2015.

The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report, as required by state regulations.

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (UNAUDITED)

Plan Description - The Borough contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 *et seq.* to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

Funding Policy - Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Borough's contributions to SHBP for the year ended December 31, 2017 was \$185,096.80.

NOTE 17: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through April 27, 2018 which is the date the financial statements were available to be issued. No items were noted for disclosure or adjustment.

NOTE 18: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEAR'S BUDGET

	BALANCE DECEMBER <u>31, 2017</u>	RAISED IN <u>2018 BUDGET</u>	BALANCE TO SUCCEEDING <u>BUDGETS</u>
Current:			
Emergency Authorization	<u>\$15,300.00</u>	<u>\$15,300.00</u>	<u>\$0.00</u>
Special Emergency Authorization:			
Revaluation	150,000.00	50,000.00	100,000.00
Codification of Ordinances	23,000.00	4,600.00	18,400.00
Preparation of Tax Maps	<u>80,000.00</u>	<u>16,000.00</u>	<u>64,000.00</u>
	<u>\$253,000.00</u>	<u>\$70,600.00</u>	<u>\$182,400.00</u>

BOROUGH OF MANVILLE  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2017

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2016	A	\$	2,893,466.46	\$
Increased by Receipts:				
Property Taxes Receivable	A-5	\$	28,251,884.84	\$
Revenue Accounts Receivable	A-12		2,237,100.00	
Miscellaneous Revenue Not Anticipated	A-2		117,672.55	
State of N.J. - Senior Citizens and Veterans Deductions	A-8		100,374.48	
Interfunds	A-13:A-25		1,528,027.77	135,586.46
Petty Cash Fund	A-6		474.55	
Grants Receivable	A-26			61,050.20
Grants-Appropriated- Refunds	A-27			488.41
Reserve for Grants - Unappropriated	A-24			12,499.87
Reserve for Miscellaneous Deposits	A-14		307,135.93	
2017 Appropriation-Refunds	A-3		67,809.55	
			<u>32,610,479.67</u>	<u>209,624.94</u>
			\$ 35,503,946.13	\$ 209,624.94
Decreased by Disbursements:				
2017 Appropriations	A-3	\$	10,781,629.19	\$
2016 Appropriation Reserves	A-20		378,673.53	
Local District School Tax	A-19		15,460,737.00	
County Taxes Payable	A-18		3,617,307.82	
Refund of Tax Overpayments	A-16		18,962.24	
Reserve for Encumbrances	A-21		3,072.00	
Reserve for Grants-Appropriated	A-27			135,586.46
Petty Cash Fund	A-6		950.00	
Interfunds	A-13:A-25		1,505,375.95	74,038.48
Reserve for Miscellaneous Deposits	A-14		327,621.09	
Refund of Prior Year Revenue	A-1		4,398.61	
Refund of Miscellaneous Revenue	A-2		89.40	
			<u>32,098,816.83</u>	<u>\$ 209,624.94</u>
Balance, December 31, 2017	A		<u>\$ 3,405,129.30</u>	

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>			
Increased by Receipts:				
Property Taxes Receivable	A-9	\$	27,695,525.05	
Tax Overpayments	A-16		16,030.09	
Prepaid Taxes	A-17		429,342.78	
Tax Title Liens	A-10		2,166.62	
Revenue Accounts Receivable	A-12		86,125.11	
Miscellaneous Revenue Not Anticipated	A-2		<u>22,695.19</u>	
				\$ 28,251,884.84
Decreased by Disbursements:				
Payments to Treasurer	A-4			\$ <u><u>28,251,884.84</u></u>

"A-6"

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF PETTY CASH FUND

<u>DEPARTMENT</u>	<u>CASH DISBURSEMENTS</u>	<u>CASH RECEIPTS</u>	<u>BALANCE DECEMBER 31, 2017</u>
Clerk	\$ 350.00	\$ 205.83	\$ 144.17
Police	200.00	7.72	192.28
Public Works	200.00	61.00	139.00
Police - Narcotics Enforcement	200.00	200.00	
	<u>950.00</u>	<u>474.55</u>	<u>475.45</u>
<u>REF.</u>	A-4	A-4	A

"A-7"

SCHEDULE OF CHANGE FUNDS

<u>DEPARTMENT</u>	<u>BALANCE DECEMBER 31, 2016 AND 2017</u>
Tax Collector	\$ 200.00
Board of Health	100.00
Recreation	50.00
Clerk	50.00
Municipal Clerk	400.00
	<u>800.00</u>
<u>REF.</u>	A

BOROUGH OF MANVILLECURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS  
PER CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2016	A		\$ 76,051.20
Increased by:			
Senior Citizens Deductions Per Tax Billing		\$ 23,000.00	
Veterans Deductions Per Tax Billing		82,000.00	
Senior Citizens Deductions Allowed by Tax Collector		1,000.00	
Veterans Deductions Allowed by Tax Collector		1,250.00	
		\$ 107,250.00	
			\$ 183,301.20
Decreased by:			
Received in Cash From State	A-4	\$ 100,374.48	
Canceled	A-1	75,224.42	
Deductions Disallowed by Collector:			
2017 Deductions Disallowed by Tax Collector		5,505.72	
		181,104.62	
Balance, December 31, 2017	A		\$ 2,196.58

ANALYSIS OF STATE SHARE OF 2017  
SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens Deductions Per Tax Billing		\$ 23,000.00	
Veterans Deductions Per Tax Billing		82,000.00	
Deductions Allowed by Tax Collector:			
Senior Citizens		1,000.00	
Veterans		1,250.00	
		\$ 107,250.00	
Less: Deductions Disallowed by Tax Collector:			
Senior Citizens		5,505.72	
	A-9	\$ 101,744.28	

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2016	2017 LEVY	CASH COLLECTIONS 2016	2017	CANCELED	APPLIED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2017
2016	\$ 467,983.85	\$	\$	\$ 458,744.98	\$ 7,507.61	\$	\$ 1,725.30	\$ 5.96
2017		28,002,587.61	130,011.47	27,338,524.35	97,954.99	1,434.86	18,026.17	416,635.77
	\$ 467,983.85	\$ 28,002,587.61	\$ 130,011.47	\$ 27,797,269.33	\$ 105,462.60	\$ 1,434.86	\$ 19,751.47	\$ 416,641.73
	REF. A		A-2,A-21	A-2		A-2,A-16	A-10	A

Cash-Collector		\$ 27,695,525.05
State Share of Senior Citizens and Veterans Deductions	A-5	101,744.28
	A-8	
		\$ 27,797,269.33

ANALYSIS OF 2017 PROPERTY TAX LEVY

TAX YIELD		
General Property Tax		\$ 27,990,534.59
Added and Omitted Tax (54.4-63.1 et seq.)		12,053.02
		\$ 28,002,587.61
TAX LEVY		
Local District School Tax	A-19	\$ 15,460,737.00
County Taxes:		
County Tax	A-18	2,912,230.78
County Library Tax	A-18	427,617.98
County Open Space	A-18	275,898.96
Due County for Added Taxes (54.4-63.1 et seq.)	A-18	1,560.10
		3,617,307.82
Local Tax for Municipal Purposes	A-2	8,909,275.65
Additional Tax Levied		15,267.14
		8,924,542.79
		\$ 28,002,587.61

"A-10"

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2016	A		\$ 90,697.68
Increased by:			
Transfers From Taxes Receivable	A-9	\$ 19,751.47	
Other Charges		775.00	
Interest and Costs		<u>428.75</u>	
			<u>20,955.22</u>
			\$ <u>111,652.90</u>
Decreased by:			
Cash Receipts	A-2:A-5	2,166.62	
Transfer to Property Acquired for Taxes	A-11	<u>59,348.75</u>	
			<u>61,515.37</u>
Balance, December 31, 2017	A		\$ <u><u>50,137.53</u></u>

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

Balance, December 31, 2016	A		\$ 242,861.50
Increased by:			
Transfer from Tax Title Liens	A-10	\$ 59,348.75	
Adjustment to Assessed Valuation		<u>805,589.75</u>	
			\$ <u>864,938.50</u>
Balance, December 31, 2017	A		\$ <u><u>1,107,800.00</u></u>

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>ACCRUED IN 2017</u>	<u>COLLECTED BY TREASURER/ COLLECTOR</u>	<u>BALANCE DECEMBER 31, 2017</u>
Clerk:					
Licenses:					
Alcoholic Beverage Licenses	A-2	\$	\$ 13,792.00	\$ 13,792.00	\$
Other	A-2	3.30	4,796.70	4,800.00	
Fees and Permits	A-2	50.00	31,396.84	31,446.84	
Building/Fire Inspection:					
Fees and Permits	A-2	1,500.00	6,541.00	8,041.00	
Board of Health:					
Fees and Permits	A-2	71.00	1,294.00	1,365.00	
Other Licenses	A-2		13,548.00	13,548.00	
Registrar:					
Other Licenses	A-2		231.00	231.00	
Fees and Permits	A-2	502.00	4,315.00	4,817.00	
Construction Code Official:					
Fees and Permits	A-2	12,156.00	200,085.00	212,241.00	
Planning/Zoning:					
Fees and Permits	A-2	340.00	4,488.00	4,828.00	
Municipal Court:					
Fines and Costs	A-2	6,067.99	96,278.45	97,201.53	5,144.91
Police Department:					
Fees and Permits	A-2	53.34	559.50	612.84	
Engineering:					
Fees and Permits	A-2		2,312.00	2,312.00	
Interest on Investments and Deposits	A-2		31,399.97	31,399.97	
Consolidated Municipal Property Tax Relief Aid	A-2		400,506.00	400,506.00	
Energy Receipts Tax	A-2		1,208,469.00	1,208,469.00	
Shared Services - Tax Assessor - Raritan	A-2		22,889.00	22,889.00	
Interest and Costs on Taxes	A-2		86,125.11	86,125.11	
Uniform Fire Safety	A-2		21,271.59	21,271.59	
County Library	A-2		27,526.00	27,526.00	
Verizon Franchise Fees	A-2		52,492.23	52,492.23	
Cable TV Fees	A-2		77,310.00	77,310.00	
		<u>\$ 20,743.63</u>	<u>\$ 2,307,626.39</u>	<u>\$ 2,323,225.11</u>	<u>\$ 5,144.91</u>
	<u>REF.</u>	<u>A</u>			<u>A</u>
Tax Collector	A-5			\$ 86,125.11	
Treasurer	A-4			<u>2,237,100.00</u>	
				<u>\$ 2,323,225.11</u>	

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ANIMAL CONTROL TRUST FUND</u>	<u>TRUST OTHER FUNDS</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER UTILITY OPERATING FUND</u>
Balance, December 31, 2016							
Due From	A	\$ 113.18	\$	\$	\$ 113.18	\$	\$
Due To	A	<u>63,993.01</u>	<u>31,704.73</u>			<u>32,288.28</u>	
Transfer	A-25	2,930.88	2,930.88				
Treasurer-Receipts	A-4	<u>1,528,027.77</u>	<u>74,038.48</u>		<u>533,464.59</u>	<u>920,524.70</u>	
		\$ <u>1,530,958.65</u>	\$ <u>76,969.36</u>	\$	\$ <u>533,464.59</u>	\$ <u>920,524.70</u>	\$
Treasurer-Disbursements	A-4	<u>1,505,375.95</u>	<u>135,586.46</u>	<u>5,921.92</u>	<u>531,569.10</u>	<u>832,288.28</u>	<u>10.19</u>
Balance, December 31, 2017							
Due From	A	\$ 32,844.48	\$ 26,912.37	\$ 5,921.92	\$	\$	\$ 10.19
Due To	A	<u>122,307.01</u>			<u>1,782.31</u>	<u>120,524.70</u>	

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

	BALANCE DECEMBER 31, 2016	TRANSFERRED FROM BUDGET	CASH RECEIPTS	CASH DISBURSEMENTS	ENCUMBRANCES PAYABLE	BALANCE DECEMBER 31, 2017
FEMA	\$ 50,196.18	\$	\$	\$		50,196.18
Revaluation	41,859.00					41,859.00
Police Outside Overtime	29,963.21		299,367.93	325,914.09		3,417.05
Codification of Ordinances		23,000.00			23,000.00	
Tax Maps		80,000.00			80,000.00	
Due State NJ - DCA Fees			7,443.00	1,707.00		5,736.00
Due State NJ - Marriage Licenses			325.00			325.00
	<u>\$ 122,018.39</u>	<u>\$ 103,000.00</u>	<u>\$ 307,135.93</u>	<u>\$ 327,621.09</u>	<u>\$ 103,000.00</u>	<u>\$ 101,533.23</u>

REF.

A

A-3

A-4

A-4

A-21

A

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	4,947.59
Balance, December 31, 2017	A	\$	<u>4,947.59</u>

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2016	A	\$	9,286.54
Increased by:			
Cash Receipts	A-5		<u>16,030.09</u>
		\$	25,316.63
Decreased by:			
Cash Disbursements	A-4	\$	18,962.24
Canceled	A-1		1,068.24
Applied	A-9		<u>1,434.86</u>
			<u>21,465.34</u>
Balance, December 31, 2017	A	\$	<u><u>3,851.29</u></u>

"A-17"

BOROUGH OF MANVILLE  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2016 (2017 Taxes)	A	\$	130,011.47
Increased by:			
Collection - 2018 Taxes	A-5		429,342.78
		\$	<u>559,354.25</u>
Decreased by:			
Applied to Taxes Receivable	A-9		<u>130,011.47</u>
Balance, December 31, 2017 (2018 Taxes)	A	\$	<u><u>429,342.78</u></u>

"A-18"

SCHEDULE OF COUNTY TAXES PAYABLE

2017 Tax Levy:			
County Tax	A-1:A-9	\$	2,912,230.78
County Library Tax	A-1:A-9		427,617.98
County Open Space	A-1:A-9		275,898.96
Added County Taxes	A-1:A-9		<u>1,560.10</u>
		\$	3,617,307.82
Decreased by:			
Cash Disbursements	A-4	\$	<u><u>3,617,307.82</u></u>

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>REF.</u>	
Increased by:		
Levy Calendar Year 2017	A-9	\$ <u>15,460,737.00</u>
Decreased by:		
Payment to Local District School	A-1:A-4	\$ <u><u>15,460,737.00</u></u>

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<b><u>SALARIES AND WAGES:</u></b>				
Administrative and Executive	\$ 6,994.98	\$ 6,994.98	\$	\$ 6,994.98
Mayor and Council	150.00	150.00		150.00
Financial Administration	7,412.88	7,412.88		7,412.88
Assessment of Taxes	28,976.36	28,976.36		28,976.36
Police	54,640.95	54,640.95	21,120.36	33,520.59
Planning Board	28.22	28.22		28.22
Zoning Commission	478.10	478.10		478.10
Municipal Court	851.55	851.55		851.55
Public Works	62,492.31	62,492.31		62,492.31
Board of Health	2,235.25	2,235.25		2,235.25
Recreation	1,733.24	1,733.24		1,733.24
Construction Office	4,323.38	4,323.38		4,323.38
Property Maintenance	1,347.96	1,347.96		1,347.96
Uniform Fire Safety Act	12,192.34	12,192.34		12,192.34
<b><u>OTHER EXPENSES:</u></b>				
Administrative and Executive	58,034.34	74,845.48	11,183.71	63,661.77
Mayor and Council	1,310.52	1,473.50	57.98	1,415.52
Elections	3,164.93	3,175.52	10.59	3,164.93
Financial Administration	5,441.01	7,393.14	4,012.98	3,380.16
Audit	64,500.00	64,500.00	64,500.00	
Assessment of Taxes	23,108.10	24,029.57	408.82	23,620.75
Collection of Taxes	162.72	714.84	465.97	248.87
Legal Services and Costs	281.37	11,507.97	3,513.50	7,994.47
Engineering Services and Costs	224.00	9,224.00	9,000.00	224.00
Public Buildings and Grounds	728.18	8,123.15	190.85	7,932.30
Planning Board	2,403.50	4,950.08	609.48	4,340.60
Zoning Commission	2,036.84	2,036.84		2,036.84
Fire		24,562.10	17,062.10	7,500.00
Police	5,083.13	25,634.42	1,228.00	24,406.42
Emergency Management	5,949.40	6,449.40	702.37	5,747.03
Municipal Court	968.00	10,968.00	10,000.00	968.00
Shade Tree Commission	100.00	5,730.00	5,630.00	100.00
Public Works Department	20,842.23	151,736.13	98,384.34	53,351.79
Board of Health	573.10	1,633.10	785.00	848.10
Visiting Nurse Contract	100.00	100.00		100.00
Bloodborne Pathogens	100.00	100.00		100.00
Recreation	6,824.31	14,562.12	4,795.48	9,766.64
Celebration of Events, Anniversary, or Holiday	2,443.95	3,168.95		3,168.95
Contributions to Youth Services Commission	100.00	100.00		100.00
Construction Office	23.12	287.41	264.29	23.12
Property Maintenance	41.64	202.36	160.72	41.64
Uniform Fire Safety Act	330.83	1,778.63	1,089.28	689.35
Gasoline and Fuel	24,405.12	26,905.12	7,107.31	19,797.81
Electricity	15,666.43	17,842.17	15,503.82	2,338.35
Natural Gas	3,897.80	5,554.72	5,554.72	
Telephone	11,114.81	18,474.56	12,816.30	5,658.26
Street Lighting	7,604.17	34,290.75	34,290.75	
Fire Hydrant Service	3,128.00	3,128.00		3,128.00
Postage	4,081.87	7,721.80	60.37	7,661.43
Water	62.58	811.41	811.41	

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2016</u>	<u>ADJUSTED</u> <u>BALANCE</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>OTHER EXPENSES (CONTINUED):</u>				
Contingent	\$ 1,000.00	\$ 1,000.00	\$	\$ 1,000.00
Social Security System	52,533.42	52,533.42		52,533.42
DCRP	865.20	2,498.70	79.62	2,419.08
Length of Service Awards Program	14,000.00	14,000.00	10,000.00	4,000.00
Group Insurance Plan for Employees	50,993.93	20,993.93		20,993.93
Other Insurance Premiums	4,435.81	4,435.81	835.41	3,600.40
Health Services Contract - County of Somerset		6,438.00	6,438.00	
Somerset County Regional Animal Shelter	1,624.00	1,624.00		1,624.00
Matching Funds for Grants	593.24	593.24		593.24
Capital Improvement Fund		30,000.00	30,000.00	
	<u>\$ 584,739.12</u>	<u>\$ 891,689.86</u>	<u>\$ 378,673.53</u>	<u>\$ 513,016.33</u>
<u>REF.</u>	A: A-20		A-4	A-1
Budget - Reserved	A-20	\$ 584,739.12		
Reserve for Encumbrances	A-21	<u>306,950.74</u>		
		<u>\$ 891,689.86</u>		

"A-21"

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

	<u>REF.</u>		
Balance, December 31, 2016	A		\$ 342,611.90
Increased by:			
Budget Appropriations	A-3	\$ 422,599.85	
Reserve for Miscellaneous Reserves	A-14	<u>103,000.00</u>	
			525,599.85
			<u>\$ 868,211.75</u>
Decreased by:			
Cash Disbursements	A-4	\$ 3,072.00	
Transferred to Appropriation Reserves	A-20	306,950.74	
Canceled	A-1	<u>32,589.16</u>	
			<u>342,611.90</u>
Balance, December 31, 2017	A		<u>\$ 525,599.85</u>

"A-22"

GRANT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES

Balance, December 31, 2016	A		\$ 66,033.94
Increased by:			
Reserve for Grants Appropriated	A-27		<u>28,320.43</u>
			<u>\$ 94,354.37</u>
Decreased by:			
Transferred to Grants Appropriated	A-27		<u>66,033.94</u>
Balance, December 31, 2017	A		<u>\$ 28,320.43</u>

BOROUGH OF MANVILLE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	<u>REF.</u>	<u>AUTHORIZATION</u> (N.J.S.A. 40A: 4-53) <u>REVALUATION</u>	<u>AUTHORIZATION</u> (N.J.S.A. 40A: 4-53) <u>CODIFICATION OF</u> <u>ORDINANCES</u>	<u>AUTHORIZATION</u> (N.J.S.A. 40A: 4-53) <u>PREPARATION OF</u> <u>DIGITAL TAX MAPS</u>	<u>EMERGENCY</u> <u>AUTHORIZATION</u>	<u>TOTAL</u>
Balance, December 31, 2016	A	\$ 200,000.00	\$	\$	\$	\$ 200,000.00
Increased by:						
2017 Authorization	A-3	\$ 200,000.00	23,000.00	80,000.00	15,300.00	118,300.00
		\$ 200,000.00	\$ 23,000.00	\$ 80,000.00	\$ 15,300.00	\$ 318,300.00
Decreased by:						
Budget Appropriation	A-3	50,000.00				50,000.00
Balance, December 31, 2017	A	\$ 150,000.00	\$ 23,000.00	\$ 80,000.00	\$ 15,300.00	\$ 268,300.00

BOROUGH OF MANVILLE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-UNAPPROPRIATED

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>RECEIPTS</u>	<u>APPLIED TO RECEIVABLES</u>	<u>BALANCE DECEMBER 31, 2017</u>
Somerset County Youth Services	\$ 10,000.00	\$	\$ 5,000.00	\$ 5,000.00
Drunk Driving Enforcement Fund	4,101.86	3,120.76	4,101.86	3,120.76
Recycling Tonnage Grant		9,379.11		9,379.11
Federal Bulletproof Vest Partnership	1,943.91		1,943.91	
	<u>\$ 16,045.77</u>	<u>\$ 12,499.87</u>	<u>\$ 11,045.77</u>	<u>\$ 17,499.87</u>
<u>REF.</u>	A	A-4	A-26	A

BOROUGH OF MANVILLE

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2016			
Due From	A	\$ <u>31,704.73</u>	\$ <u>31,704.73</u>
Increased by:			
Treasurer-Receipts	A-4	<u>135,586.46</u>	<u>135,586.46</u>
Decreased by:			
Transfer	A-13	2,930.88	2,930.88
Treasurer-Disbursements	A-4	<u>74,038.48</u>	<u>74,038.48</u>
Balance, December 31, 2017			
Due To	A	\$ <u><u>26,912.37</u></u>	\$ <u><u>26,912.37</u></u>

BOROUGH OF MANVILLE  
GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2016	2017 BUDGET ANTICIPATED REVENUE	CASH RECEIPTS	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2017
Drunk Driving Enforcement Fund	\$	\$ 4,101.86	\$	\$ 4,101.86	\$
Clean Communities Program		22,667.94	22,667.94		
D.O.T. - West Camplain Road	40,000.00				40,000.00
Somerset County Youth Services		5,000.00	5,000.00		
Hazardous Mitigation - FEMA - Generator	75,000.00				75,000.00
FEMA - Emergency Management Food Mitigation	24,750.00				24,750.00
Municipal Alliance Alcohol and Drug Abuse	9,627.05				3,411.10
Body Armor Replacement Fund		2,347.94	6,215.95		
Recycling Tonnage Grant		14,744.64	2,347.94		
BVP - Bulletproof Vest - 2017		1,943.91	14,744.64	1,943.91	
BVP - Bulletproof Vest - 2017		1,999.13	1,999.13		
Youth Services - Art Connection Grant		2,500.00		2,500.00	
Somerset County Youth Services Abis Environmental Grant		2,500.00		2,500.00	
Pedestrian Safety Grant		11,000.00	8,074.60		2,925.40
	<u>\$ 149,377.05</u>	<u>\$ 68,805.42</u>	<u>\$ 61,050.20</u>	<u>\$ 11,045.77</u>	<u>\$ 146,086.50</u>
<u>REF.</u>	A	A-2	A-4	A-24	A

BOROUGH OF MANVILLE  
GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS-APPROPRIATED

GRANT/PROGRAM	BALANCE DECEMBER 31, 2016	ENCUMBRANCES PAYABLE	2017 BUDGET APPROPRIATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2017
Office of Emergency Management - 2015	\$ 113.40				\$ 113.40
Office of Emergency Management - 2016	5,000.00			4,997.71	2.29
Alcohol Education Rehabilitation - 2010	35.50				35.50
Drunk Driving Enforcement Fund - 2010	1,788.00				1,788.00
Drunk Driving Enforcement Fund - 2012	1,953.27				1,953.27
Drunk Driving Enforcement Fund - 2013	4,106.96				4,106.96
Drunk Driving Enforcement Fund - 2015	1,686.41				1,686.41
Drunk Driving Enforcement Fund - 2016	4,813.60	135.00		361.07	4,587.53
Drunk Driving Enforcement Fund - 2017			4,101.86	299.00	3,802.86
Clean Communities Program - 2016	16,332.37	6,687.94		23,020.31	
Clean Communities Program - 2017			22,667.94	15,439.99	
Body Armor Replacement Fund - 2009	1,853.44				7,227.95
Body Armor Replacement Fund - 2011	3,271.82				1,853.44
Body Armor Replacement Fund - 2012	2,374.56				3,271.82
Body Armor Replacement Fund - 2014	2,499.30				2,374.56
Body Armor Replacement Fund - 2016	2,520.66				2,499.30
Body Armor Replacement Fund - 2017				1,999.12	521.54
Federal Bulletproof Vest Partnership - 2016			2,347.94		2,347.94
Federal Bulletproof Vest Partnership - 2017			1,943.91	1,999.13	1,943.91
Recycling Tonnage Grant - 2016	4,933.81	1,000.00		5,933.81	
Recycling Tonnage Grant - 2017			14,744.64	5,063.49	9,681.15
Somerset County Youth Services - 2015	123.95			123.95	
Somerset County Youth Services - 2016	745.27			745.27	
Somerset County Youth Services - 2017				4,206.99	793.01
Somerset County Youth Services Art Connection Grant			5,000.00	2,500.00	
Somerset County Youth Services Abis Environmental Grant			2,500.00	1,804.98	695.02
Hazard Mitigation - FEMA - Generator		58,211.00		58,211.00	
Hazard Mitigation - FEMA - Generator - Match	7,000.00			7,000.00	
FEMA Emergency Management- Flood Mitigation	24,750.00			24,041.28	708.72
Municipal Alliance Alcohol and Drug Abuse - 2016	9,627.05			2,416.43	7,210.62
Municipal Alliance Alcohol and Drug Abuse - Match	3,472.70			3,254.95	217.75
Pedestrian Safety Grant			11,000.00		11,000.00
Match			2,930.88		2,930.88
	<u>\$ 99,002.07</u>	<u>\$ 66,033.94</u>	<u>\$ 71,736.30</u>	<u>\$ 163,418.48</u>	<u>\$ 73,353.83</u>
	A	A-22	A-3		A
REF.					
Cash Disbursements				\$ 135,586.46	
Encumbrances Payable				28,320.43	
Less: Refunds				488.41	
				<u>\$ 163,418.48</u>	

BOROUGH OF MANVILLE

TRUST FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL</u>	<u>OTHER</u>
Balance, December 31, 2016	B	\$ 10,867.74	\$ 1,398,318.49
Increased by Receipts:			
Dog License Fees	B-2	\$ 6,447.98	\$
Due State of New Jersey	B-3	29.40	
Various Reserves and Deposits	B-6		7,531,797.06
Community Development Block Grant	B-9		100,533.70
Interfunds	B-8		70,496.40
		<u>6,477.38</u>	<u>7,702,827.16</u>
		\$ <u>17,345.12</u>	\$ <u>9,101,145.65</u>
Decreased by Disbursements:			
Expenditures Under R.S.4:19-15.11	B-2	\$ 1,394.00	\$
Various Reserves and Deposits	B-6		7,815,364.18
Community Development Block Grant	B-10		77,680.70
Interfunds	B-8		70,148.25
		<u>1,394.00</u>	<u>7,963,193.13</u>
Balance, December 31, 2017	B	\$ <u>15,951.12</u>	\$ <u>1,137,952.52</u>

BOROUGH OF MANVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2016	B	\$	10,867.74
Increased by:			
Dog License Fees Collected		\$	4,180.00
Cat License Fees			265.00
Late Fees			240.00
Miscellaneous			<u>1,762.98</u>
	B-1		6,447.98
		\$	<u>17,315.72</u>
Decreased by:			
Expenditures under R.S.4:19-15.11:			
Cash Disbursements	B-1	\$	1,394.00
Encumbrances Payable	B-4		1,153.60
Statutory Excess - Due Current Fund	B-5		<u>5,921.92</u>
			<u>8,469.52</u>
Balance, December 31, 2017	B	\$	<u><u>8,846.20</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2015	\$ 5,740.60
2016	<u>3,105.60</u>
	\$ <u><u>8,846.20</u></u>

SCHEDULE OF DUE STATE OF NEW JERSEY

Increased by:			
Cash Receipts	B-1	\$	<u>29.40</u>
Balance, December 31, 2017	B	\$	<u><u>29.40</u></u>

"B-4"

BOROUGH OF MANVILLE

TRUST FUND

SCHEDULE OF ENCUMBRANCES - ANIMAL CONTROL TRUST FUND

	<u>REF.</u>	<u>TOTAL</u>
Increased by		
Charges to Animal Control Trust Fund		
Expenditures	B-2	\$ <u>1,153.60</u>
Balance, December 31, 2017	B	\$ <u><u>1,153.60</u></u>

"B-5"

SCHEDULE OF INTERFUNDS - ANIMAL CONTROL TRUST FUND

Increased by:		
Statutory Excess Animal Control Fund	B-2	\$ 5,921.92
Balance, December 31, 2017	B	\$ <u><u>5,921.92</u></u>

BOROUGH OF MANVILLE

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	ENCUMBRANCES PAYABLE	BALANCE DECEMBER 31, 2017
Developer's Escrow Deposits	\$ 26,614.99	\$ 32.90	\$ 5,000.00	\$	\$ 21,647.89
Unemployment Compensation	43,351.10	42,668.36	5,962.58	22,542.78	57,514.10
Housing Trust	160,084.68	7,910.11			167,994.79
Federal Housing and Urban Development Program	100,690.64	798,566.12	889,169.09		10,087.67
Tax Sale Premiums	786,700.00	259,100.00	413,300.00	1,000.00	631,500.00
Outside Liens		494,392.69	493,141.71	1,250.98	
Federal Asset Forfeitures	5,423.99	36.82	418.00		5,042.81
Law Enforcement Trust	16,393.22	520.18			16,913.40
Payroll Deductions	113,176.04	5,797,963.00	5,902,052.37		9,086.67
Flexible Spending Plan	6,636.01	1,104.30	1,329.16		6,411.15
Recreation	70,172.11	88,417.16	68,494.00	10,465.56	79,629.71
Developer's/Engineering Escrow	43,357.38	22,805.42	22,209.89	175.50	43,777.41
Donation	550.00				550.00
Police Escrow		3,000.00			3,000.00
Fire Penalties - Fire Department	13,979.86	4,430.00	3,332.45	3,205.71	11,871.70
Fire Penalties - Fire Marshall	34,534.29	9,350.00	10,954.93	4,355.71	28,573.65
Community Events		1,500.00			1,500.00
	<u>\$ 1,421,664.31</u>	<u>\$ 7,531,797.06</u>	<u>\$ 7,815,364.18</u>	<u>\$ 42,996.24</u>	<u>\$ 1,095,100.95</u>
	REF.	B-1	B-1	B-7	B
Balance, December 31, 2016	B \$ 1,418,175.28				
Encumbrances Payable	B-7 <u>3,489.03</u>				
	<u>\$ 1,421,664.31</u>				

BOROUGH OF MANVILLE

TRUST FUND

SCHEDULE OF ENCUMBRANCES - TRUST OTHER FUND

	<u>REF.</u>		<u>TOTAL</u>
Balance, December 31, 2016:		\$	3,489.03
Increased by			
Charges to Various Reserves and Deposits	B-6	\$ 42,996.24	
Charges to Reserve for Community Development Block Grant	B-10	<u>67,688.34</u>	
			\$ <u>110,684.58</u>
			\$ 114,173.61
Decreased by			
Charges to Various Reserves and Deposits	B-6		<u>3,489.03</u>
Balance, December 31, 2017	B	\$	<u><u>110,684.58</u></u>

BOROUGH OF MANVILLE

TRUST FUND

SCHEDULE OF INTERFUNDS - TRUST OTHER FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>
Balance, December 31, 2016:			
Due To	B	\$ <u>113.18</u>	\$ <u>113.18</u>
Receipts	B-1	70,496.40	70,496.40
Canceled	B-9	2,243.64	2,243.64
Disbursements	B-1	<u>70,148.25</u>	<u>70,148.25</u>
Balance, December 31, 2017:			
Due From	B	\$ <u><u>1,782.31</u></u>	\$ <u><u>1,782.31</u></u>

BOROUGH OF MANVILLE

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

<u>PURPOSE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>2017 GRANTS</u>	<u>RECEIPTS</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2017</u>
Sidewalk Improvements - 2014	\$ 6,743.64	\$	\$ 4,500.00	\$ 2,243.64	\$ 3,966.30
Sidewalk Improvements - 2015	100,000.00		96,033.70		74,200.00
Library Improvements - 2016	74,200.00				63,295.00
Sidewalk Improvements - 2016	63,295.00				100,000.00
Library Improvements - 2017		100,000.00			
	<u>\$ 244,238.64</u>	<u>\$ 100,000.00</u>	<u>\$ 100,533.70</u>	<u>\$ 2,243.64</u>	<u>\$ 241,461.30</u>
<u>REF.</u>	B	B-10	B-1	B-8	B

BOROUGH OF MANVILLE

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

<u>PURPOSE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>2017 GRANTS</u>	<u>DISBURSED</u>	<u>ACCOUNTS PAYABLE</u>	<u>BALANCE DECEMBER 31, 2017</u>
Sidewalk Improvements - 2015	\$ 83,284.64	\$	\$ 77,033.70	\$ 6,250.94	\$
Library Improvements - 2016	74,200.00		647.00	15,303.36	58,249.64
Sidewalk Improvements - 2016	63,295.00			46,134.04	17,160.96
Library Improvements - 2017		100,000.00			100,000.00
	<u>\$ 220,779.64</u>	<u>\$ 100,000.00</u>	<u>\$ 77,680.70</u>	<u>\$ 67,688.34</u>	<u>\$ 175,410.60</u>

REF.

B

B-9

B-1

B-7

B

BOROUGH OF MANVILLE

GENERAL CAPITAL FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	212,969.91
Increased by Receipts:			
2017 Budget Appropriation:			
Capital Improvement Fund	C-8	\$	40,000.00
Due Current Fund	C-9		832,288.28
Grants Receivable	C-15		53,288.00
Deferred Charges to Future Taxation Unfunded	C-4		707,319.45
Reserve for:			
RCA Readington	C-13		259.76
RCA Hillsborough	C-14		375.87
Bond Anticipation Notes Payable	C-11		4,739,980.00
			<u>6,373,511.36</u>
		\$	6,586,481.27
Decreased by Disbursements:			
Contracts Payable	C-6	\$	97,325.62
Bond Anticipation Notes Payable	C-11		4,739,980.00
Due Current Fund	C-9		920,524.70
			<u>5,757,830.32</u>
Balance, December 31, 2017	C:C-3	\$	<u><u>828,650.95</u></u>

"C-3"

BOROUGH OF MANVILLE

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH

	BALANCE DECEMBER <u>31, 2017</u>
Fund Balance	\$ 46,674.19
Capital Improvement Fund	100,173.78
Improvement Authorizations Funded as Set Forth on "C-7"	563,618.93
Improvement Authorizations-Expended as Set Forth on "C-4"	(789,085.94)
Unexpended Proceeds of Bond Anticipation Notes as Set Forth on "C-4"	329,584.68
Due Current Fund	(120,524.70)
Grants Receivable	(392,217.43)
Reserves	125,422.88
Cash on Hand	891,819.45
Contracts Payable	<u>73,185.11</u>
	<u>\$ 828,650.95</u>

REF.

C-2



BOROUGH OF MANVILLE

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 1,423,000.00
Decreased by:		
Current Fund Budget Appropriation:		
Payment of Serial Bonds	C-10	<u>775,000.00</u>
Balance, December 31, 2017	C	<u>\$ 648,000.00</u>

BOROUGH OF MANVILLE

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	C		\$ 154,457.48
Increased by:			
Improvement Authorizations	C-7		41,624.90
			<u>\$ 196,082.38</u>
Decreased by:			
Disbursements	C-2	\$ 97,325.62	
Contracts Payable-Canceled	C-7	<u>25,571.65</u>	
			<u>122,897.27</u>
Balance, December 31, 2017	C		<u><u>\$ 73,185.11</u></u>

BOROUGH OF MANVILLE  
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2016		CONTRACTS PAYABLE	CONTRACTS PAYABLE CANCELED	BALANCE DECEMBER 31, 2017	
				FUNDED	UNFUNDED			FUNDED	UNFUNDED
General Improvements									
2004-995	Rehabilitation of Housing Units	09/27/04	\$ 350,000.00	\$ 15,994.89	\$	\$	\$	15,994.89	\$
2006-1024	Rehabilitation of Housing Units	02/27/06	350,000.00	102,634.36				102,634.36	
2007-1052	Various Public Improvements	04/23/07	2,453,500.00		136,517.63		7,709.02		144,226.65
2009-1090	Various Public Improvements	11/09/09	1,075,000.00		22,868.44				22,868.44
2011-1107	Various Public Improvements	11/14/11	740,000.00		4,575.35				4,575.35
2012-1111	Acquisition and Dem. of Flood Properties	04/09/12	3,792,298.00	428,998.33			8,476.35	437,474.68	
2012-1120	Noreaster/Hurricane Irene	08/27/12	169,602.25	485.00			7,030.00	7,515.00	
2013-1134	Various Public Improvements	10/24/13	1,298,800.00		116,579.48		1,592.28		118,171.76
2014-1138	Acquisition of Real Property (Rustic Mall)	02/24/14	340,000.00		15,948.68		764.00		16,712.88
2015-1162	Acquisition and Dem. of Flood Properties	07/13/15	1,032,880.00		85,867.38	41,624.90			44,242.48
				\$ 548,112.58	\$ 382,357.16	\$ 41,624.90	\$ 25,571.65	\$ 563,618.93	\$ 350,797.56

REF.

C-C-4

C-C-3

C-6

C-6

C

C

BOROUGH OF MANVILLE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 60,173.78
Increased by:		
Current Budget Appropriation	C-2	<u>40,000.00</u>
Balance, December 31, 2017	C	<u>\$ 100,173.78</u>

BOROUGH OF MANVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 32,288.28
Increased by:		
Disbursements	C-2	920,524.70
		<u>\$ 952,812.98</u>
Decreased by:		
Receipts	C-2	<u>832,288.28</u>
Balance, December 31, 2017	C	<u><u>\$ 120,524.70</u></u>

BOROUGH OF MANVILLE  
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>BALANCE DECEMBER 31, 2017</u>
Pension Refunding Bonds, Series 2004	05/05/04	\$ 915,000.00	\$		\$ 125,000.00	\$ 125,000.00
General Improvement Bonds	06/15/06	5,173,000.00	648,000.00	4.125%	1,298,000.00	650,000.00
					\$ 1,423,000.00	\$ 775,000.00
					\$ 1,423,000.00	\$ 648,000.00

REF.

C

C-5



"C-12"

BOROUGH OF MANVILLE

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR INSURANCE DAMAGE

REF.

Balance, December 31, 2016 and December 31, 2017	C	\$ <u>35,927.00</u>
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"C-13"

SCHEDULE OF RESERVE FOR RCA READINGTON

Balance, December 31, 2016	C	\$ 36,314.62
Increased by: Receipts	C-2	<u>259.76</u>
Balance, December 31, 2017	C	\$ <u>36,574.38</u>

"C-14"

SCHEDULE OF RESERVE FOR RCA HILLSBOROUGH

Balance, December 31, 2016	C	\$ 52,545.63
Increased by: Receipts	C-2	<u>375.87</u>
Balance, December 31, 2017	C	\$ <u>52,921.50</u>

BOROUGH OF MANVILLE  
GENERAL CAPITAL FUND  
SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 445,505.43
Decreased by:		
Receipts	C-2	<u>53,288.00</u>
Balance, December 31, 2017	C	<u>\$ 392,217.43</u>

BOROUGH OF MANVILLE

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES  
AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
	<u>General Improvements</u>	
1996-830	1996 Road and Drainage Improvement Program	\$ 141,000.00
1998-896	1997 Road Improvements	164,537.82
2000-943	Improvements of North Street and Gladys Avenue	160,261.00
2011-1107	Various Public Improvements	4,500.00
2014-1138	Acquisition of Real Property (Rustic Mall)	<u>340,000.00</u>
		<u>\$ 810,298.82</u>

BOROUGH OF MANVILLE

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2016	D	\$ <u>209,806.86</u>	\$ <u>100,852.05</u>
Increased by Receipts:			
Collector	D-6	\$ 1,820,302.53	
Miscellaneous	D-3	4,828.76	
Interfunds	D-12	10.19	
		\$ <u>1,825,141.48</u>	\$ _____
		\$ <u>2,034,948.34</u>	\$ <u>100,852.05</u>
Decreased by Disbursements:			
2017 Appropriations	D-4	\$ 1,493,648.56	
2016 Appropriation Reserves	D-10	29,191.89	
Refund of Prior Years Revenue	D-1	1,010.45	
		\$ <u>1,523,850.90</u>	\$ _____
Balance, December 31, 2017	D	\$ <u><u>511,097.44</u></u>	\$ <u><u>100,852.05</u></u>

BOROUGH OF MANVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>	<u>OPERATING</u>
Increased by Receipts:		
Consumer Accounts Receivable	D-7	\$ 1,801,056.61
Overpayments	D-9	9,179.32
Interest on Delinquent Accounts	D-3	<u>10,066.60</u>
		\$ 1,820,302.53
Decreased by Disbursements:		
Payment to Treasurer: Sewer Operating Fund	D-5	\$ <u><u>1,820,302.53</u></u>

SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance, December 31, 2016	D	\$ 216,273.00
Increased by:		
Sewer Rents Levied-Net		<u>1,786,531.01</u>
		\$ 2,002,804.01
Decreased by:		
Collection	D-3:D-6	\$ 1,801,056.61
Overpayments Applied	D-3:D-9	9,925.43
Transfer to Liens	D-8	<u>137.50</u>
		<u>1,811,119.54</u>
Balance, December 31, 2017	D	\$ <u><u>191,684.47</u></u>

BOROUGH OF MANVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF SEWER LIENS RECEIVABLE

	<u>REF.</u>			
Increased by:				
Transfers From Sewer Receivable	D-7	\$	137.50	
Interest and Cost			<u>3.99</u>	
			\$	<u>141.49</u>
Balance, December 31, 2017	D	\$		<u><u>141.49</u></u>

SCHEDULE OF SEWER OVERPAYMENTS

Balance, December 31, 2016	D	\$		9,925.43
Increased by:				
Collector Receipts	D-6			<u>9,179.32</u>
		\$		<u>19,104.75</u>
Decreased by:				
Overpayments Applied	D-7			<u>9,925.43</u>
Balance, December 31, 2017	D	\$		<u><u>9,179.32</u></u>

BOROUGH OF MANVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Operating:				
Salaries and Wages	\$ 4,862.29	\$ 4,862.29		\$ 4,862.29
Other Expenses	37,280.96	60,036.37	24,130.27	35,906.10
Somerset Raritan Valley Sewerage Authority: Treatment Costs	1,074.08	1,074.08		1,074.08
Electric	10,042.94	12,287.12	5,061.62	7,225.50
Gas	189.83	1,914.93		1,914.93
<u>Total Operating</u>	<u>\$ 53,450.10</u>	<u>\$ 80,174.79</u>	<u>\$ 29,191.89</u>	<u>\$ 50,982.90</u>
Capital Improvements:				
Capital Outlay	<u>\$ 22,007.00</u>	<u>\$ 23,978.20</u>		<u>\$ 23,978.20</u>
	<u>\$ 75,457.10</u>	<u>\$ 104,152.99</u>	<u>\$ 29,191.89</u>	<u>\$ 74,961.10</u>
<u>REF.</u>	D			D-1
Balance, December 31, 2017	D-10	\$ 75,457.10		
Cash Disbursements	D-5		29,191.89	
Encumbrances Payable	D-11		<u>28,695.89</u>	
		<u>\$ 104,152.99</u>	<u>\$ 29,191.89</u>	

BOROUGH OF MANVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	D	\$	29,714.37
Increased by:			
Charges to 2017 Appropriations	D-4		<u>15,568.65</u>
		\$	<u>45,283.02</u>
Decreased by:			
Canceled	D-1	\$	1,018.48
Transferred to Appropriation Reserves	D-10		<u>28,695.89</u>
			<u>29,714.37</u>
Balance, December 31, 2017	D	\$	<u><u>15,568.65</u></u>

BOROUGH OF MANVILLE  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>SEWER CAPITAL FUND</u>
Balance, December 31, 2016:				
Due From	D	\$ <u>5.78</u>	\$ _____	\$ <u>5.78</u>
Increased by:				
Cash Receipts	D-5	<u>10.19</u>	<u>10.19</u>	_____
Balance, December 31, 2017:				
Due From	D	\$ <u>5.78</u>	\$ _____	\$ <u>5.78</u>
Due To	D	<u>10.19</u>	<u>10.19</u>	_____

BOROUGH OF MANVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	BALANCE DECEMBER <u>31, 2016</u>	BALANCE DECEMBER <u>31, 2017</u>
Pumping Station and Structures	\$ 10,098.42	\$ 10,098.42
Electric Power Pumping Equipment	8,669.75	8,669.75
Land and Right of Way	6,220.00	6,220.00
Improvement to the Water Distribution System	45,000.00	45,000.00
Purchase of Equipment	50,000.00	50,000.00
Acquisition of Tractor/Mower	30,000.00	30,000.00
Construction of Ductile Iron Pipe	65,000.00	65,000.00
	<u>\$ 214,988.17</u>	<u>\$ 214,988.17</u>
<u>REF.</u>	D	D

BOROUGH OF MANVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2016	D	\$ <u>77,955.00</u>
Balance, December 31, 2017	D	\$ <u><u>77,955.00</u></u>

BOROUGH OF MANVILLE

SEWER UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2016	D	\$ <u>214,988.17</u>
Balance, December 31, 2017	D	\$ <u><u>214,988.17</u></u>

BOROUGH OF MANVILLE  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>SEWER OPERATING FUND</u>
Balance, December 31, 2016: Due To	D	\$ <u>5.78</u>	\$ <u>5.78</u>
Balance, December 31, 2017: Due To	D	\$ <u><u>5.78</u></u>	\$ <u><u>5.78</u></u>

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BOROUGH OF MANVILLE

PART II

SINGLE AUDIT SECTION

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO MAJOR FEDERAL FINANCIAL PROGRAMS AND  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Manville  
County of Somerset  
Manville, New Jersey 08835

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Manville, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated April 27, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Manville prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

***Internal Control Over Financial Reporting***

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

## SUPLEE, CLOONEY & COMPANY

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough of Manville'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. However, we noted other internal control matters which are discussed in Part III, General Comments and Recommendations Section of this report.

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 27, 2018



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS AND INTERNAL CONTROL REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and Members  
of the Borough Council  
Borough of Manville  
County of Somerset  
Manville, New Jersey 08835

### ***Report on Compliance for Each Major Federal Program***

We have audited the Borough of Manville's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Borough of Manville's major federal programs for the year ended December 31, 2017. The Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Borough of Manville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Borough of Manville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Borough of Manville's compliance.

# SUPLEE, CLOONEY & COMPANY

## ***Opinion on Each Major Federal Program***

In our opinion, the Borough of Manville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

## ***Report on Internal Control Over Compliance***

Management of the Borough of Manville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Manville's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Manville's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 27, 2018

BOROUGH OF MANVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2017

FEDERAL CFDA NUMBER	FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS THROUGH GRANTORS NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2017		CUMULATIVE EXPENDITURES DECEMBER 31, 2017
			FROM	TO		FUNDS RECEIVED	FUNDS EXPENDED	
	U. S. Department of Housing and Urban Development							
	Direct Programs							
14.871	Section 8 Housing Assistance Program - 2016	N.J.112VO	01/01/17	12/31/17	\$ 773,297.00	\$ 773,297.00	\$ 773,297.00	\$ 773,297.00
14.871	Section 8 Housing Assistance Program - administrative	N.J.112AF	01/01/17	12/31/17	67,611.00	34,547.98	34,547.98	34,547.98
					\$ 811,262.00	\$ 807,844.98	\$ 807,844.98	\$ 807,844.98
	Pass Through From County of Somerset							
14.218	Community Development Block Grant:	14-U1141-11	09/01/14	08/31/15	\$ 75,000.00	\$ 4,500.00	\$ 75,000.00	\$ 75,000.00
14.218	Sidewalk Improvements	15-U1141-11	09/01/15	08/31/16	100,000.00	96,033.70	83,284.64	100,000.00
14.218	Sidewalk Improvements	16-U1162-11	09/01/16	08/31/17	63,295.00		15,950.36	15,950.36
14.218	Library Improvements	16-U1161-11	09/01/16	08/31/17	74,200.00		46,134.04	46,134.04
14.218	Library Improvements	17-U1161-11	09/01/17	08/31/18	100,000.00			
					\$ 100,533.70	\$ 145,369.04	\$ 237,084.40	\$ 237,084.40
	U. S. Department of Justice							
	Pass Through From State of New Jersey							
16.579	Bulletproof Vest Partnership		01/01/15	12/31/15	\$ 1,943.91	\$ 1,999.13	\$ 1,999.13	\$ 1,999.13
16.579	Bulletproof Vest Partnership		01/01/16	12/31/16	1,999.13		1,999.13	1,999.13
					\$ 1,943.91	\$ 1,999.13	\$ 1,999.13	\$ 1,999.13
	U. S. Department of Homeland Security							
	Pass Through From State of New Jersey							
97.039	Hazard Mitigation Grant Program	HMGP-4021-NJ-0008	12/13/11	12/13/14	\$ 2,844,224.00	\$ 707,319.45	\$ 2,844,224.00	\$ 2,535,235.19
97.039	Hazard Mitigation Grant Program	HMGP-4086-NJ-0104	12/10/14	09/25/17	929,592.00		843,724.62	843,724.62
97.039	Hazard Mitigation Grant Program	HMGP-4086-NJ-0138	10/30/12	06/12/18	75,000.00		75,000.00	75,000.00
97.039	Hazard Mitigation Grant - Flood Mitigation Assistance	2015-FMA-FMA	05/29/15	10/30/18	24,750.00		24,041.28	24,041.28
97.036	Disaster Assistance (Debris Removal)	PA-02-NJ-4086-PW-02512	10/30/12	04/30/13	119,908.88		119,908.88	119,908.88
97.042	Emergency Management Assistance - 2014	1200-100-066-1200-264-YEMR-6120	10/30/12	04/30/13	62,753.14		62,753.14	62,753.14
97.042	Emergency Management Assistance - 2015	1200-100-066-1200-264-YEMR-6120	continuous	continuous	5,000.00		5,000.00	5,000.00
97.042	Emergency Management Assistance - 2015	1200-100-066-1200-264-YEMR-6120	continuous	continuous	5,000.00		4,886.60	4,886.60
97.042	Emergency Management Assistance - 2015	1200-100-066-1200-264-YEMR-6120	continuous	continuous	5,000.00		4,997.71	4,997.71
					\$ 707,319.45	\$ 29,038.99	\$ 3,675,547.42	\$ 3,675,547.42
					\$ 1,621,114.28	\$ 984,252.14	\$ 4,722,475.93	\$ 4,722,475.93

BOROUGH OF MANVILLE

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2017

STATE GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2017		CUMULATIVE EXPENDITURES DECEMBER 31, 2017
		FROM	TO		FUNDS RECEIVED	FUNDS EXPENDED	
Department of Law and Public Safety							
Drunk Driving Enforcement Fund - 2010	6400-100-078-6400-YYYY	Continuous		\$ 6,236.08	\$	\$	4,448.08
Drunk Driving Enforcement Fund - 2012	6400-100-078-6400-YYYY	Continuous		4,472.58			2,519.31
Drunk Driving Enforcement Fund - 2013	6400-100-078-6400-YYYY	Continuous		4,341.70			234.74
Drunk Driving Enforcement Fund - 2015	6400-100-078-6400-YYYY	Continuous		1,913.16			226.75
Drunk Driving Enforcement Fund - 2016	6400-100-078-6400-YYYY	Continuous		4,948.60	226.07		361.07
Drunk Driving Enforcement Fund - 2017	6400-100-078-6400-YYYY	Continuous		4,101.86	299.00		299.00
Alcohol Education Rehabilitation Fund - Unappropriated	6400-100-078-6400-YYYY	Continuous		3,120.76			
Pedestrian Safety Enforcement	9735-760-098-Y900-001-X100-6020	Continuous		928.19			892.69
Body Armor Replacement Fund - 2009	1020-718-066-1020-001-YCJS-0120	Continuous		11,000.00	8,074.60		288.43
Body Armor Replacement Fund - 2011	1020-718-066-1020-001-YCJS-0120	Continuous		2,141.87			
Body Armor Replacement Fund - 2012	1020-718-066-1020-001-YCJS-0120	Continuous		3,271.82			
Body Armor Replacement Fund - 2014	1020-718-066-1020-001-YCJS-0120	Continuous		2,374.56			
Body Armor Replacement Fund - 2016	1020-718-066-1020-001-YCJS-0120	Continuous		2,897.47			398.17
Body Armor Replacement Fund - 2017	1020-718-066-1020-001-YCJS-0120	Continuous		2,520.66	1,999.12		1,999.12
				2,347.94	2,524.19		11,667.36
				\$ 13,543.30	\$ 2,524.19	\$	
Department of Environmental Protection							
Clean Communities Program - 2016	4900-765-042-4900-004-VCMB-6020	01/01/16	12/31/16	\$ 50,018.18	\$	\$	50,018.18
Clean Communities Program - 2017	4900-765-042-4900-004-VCMB-6020	01/01/17	12/31/17	22,667.94	16,332.37		15,439.99
Recycling Tonnage Grant - 2016	4900-752-042-4900-001-V42Y-6020	Continuous		10,324.31	4,933.81		10,324.31
Recycling Tonnage Grant - 2017	4900-752-042-4900-001-V42Y-6020	Continuous		14,744.64	5,083.49		5,083.49
Green Acres Grant - Unappropriated	4900-752-042-4900-001-V42Y-6020	Continuous		9,379.11			773,426.15
Green Acres Grant - Post-Irene Buy-Out Program	4800-545-042-4800-008-V22G-6020	10/09/12	10/09/14	948,075.00	41,789.66		854,292.12
				\$ 100,079.69	\$ 41,789.66	\$	
				\$ 113,622.99	\$ 44,313.85	\$	865,959.48

BOROUGH OF MANVILLE

NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2017

NOTE 1. GENERAL

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state financial assistance programs of the Borough of Manville, County of Somerset, New Jersey. All federal awards and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules of expenditures agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules of expenditures agree with amounts reported in the Borough's statutory basis financial statements. These amounts are reported either in the Current Fund, Trust Other Fund or General Capital Fund.

Revenues:				
	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 1,999.13	\$ 60,334.99	\$ 11,215.95	\$ 73,550.07
Trust Other Fund	911,795.70			911,795.70
General Capital Fund	<u>707,319.45</u>	<u>53,288.00</u>	<u>                    </u>	<u>760,607.45</u>
	<u>\$ 1,621,114.28</u>	<u>\$ 113,622.99</u>	<u>\$ 11,215.95</u>	<u>\$ 1,745,953.22</u>
Expenditures:				
	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 31,038.12	\$ 44,313.85	\$ 22,032.57	\$ 97,384.54
Trust Other Fund	<u>953,214.02</u>	<u>                    </u>	<u>                    </u>	<u>953,214.02</u>
	<u>\$ 984,252.14</u>	<u>\$ 44,313.85</u>	<u>\$ 22,032.57</u>	<u>\$ 1,050,598.56</u>

NOTE 5. OTHER

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedules. In addition, the Borough has elected not to use the 10% *de minimis* inherent cost note as allowed under Uniform Guidance.

BOROUGH OF MANVILLE  
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Section I - Summary of Auditor's Results**

**Financial Statements**

- |   |            |
|---|------------|
| (1) Type of Auditor Report Issued:  | Unmodified |
| (2) Internal Control Over Financial Reporting:                                  |            |
| (a) Material weaknesses identified?   | No         |
| (b) Significant deficiencies that are not considered to be material weaknesses? | No         |
| (3) Noncompliance material to the financial statements noted during the audit?  | No         |

**Federal Program(s)**

- |   |            |
|---|------------|
| (1) Internal Control Over Major Federal Programs:   |            |
| (a) Material weaknesses identified?   | No         |
| (b) Significant deficiencies that are not considered to be material weaknesses?   | No         |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)?   | Unmodified |
| (3) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and listed in Section III of this schedule? | No         |

(4) Identification of Major Federal Program(s):

<u>Program</u>	<u>C.F.D.A. #</u>
U.S. Department of Housing and Urban Development: Section 8 Housing Assistance Program	14.871

BOROUGH OF MANVILLE  
SOMERSET COUNTY, NEW JERSEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**Section I - Summary of Auditor's Results (Continued)**

**Federal Program(s) (Continued)**

(5) Program Threshold Determination:

Type A Federal Program Threshold > \$750,000.00

Type B Federal Program Threshold <= \$750,000.00

(6) Auditee qualified as a low-risk auditee under the Uniform Guidance?      Yes

**State Program(s)** - Not Applicable

**Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards**

**Internal Control Findings**

None Reported

**Compliance Findings**

None Reported

**Section III - Findings and Questioned Costs Relative to Major Federal and State Programs**

Federal Programs - None Reported

State Programs - None Reported

**Status of Prior Year Audit Findings** - Not Applicable

BOROUGH OF MANVILLE  
 SUPPLEMENTARY INFORMATION  
 FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING CHOICE VOUCHER PROGRAM  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Line Item No.	Description	Total Programs	14.871 Housing Choice Vouchers
<b>Balance Sheet</b>			
111	Cash-Unrestricted	\$ 6,877	\$ 6,877
113	Cash-Other Restricted	\$ 3,211	\$ 3,211
100	<b>Total Cash</b>	<b>\$ 10,088</b>	<b>\$ 10,088</b>
128	Fraud Recovery	\$ 8,680	\$ 8,680
128.1	Allowance for Doubtful Accounts - Other	\$ (8,680)	\$ (8,680)
120	<b>Total receivables, Net of Allowance for Doubtful Accounts</b>	<b>\$ -</b>	<b>\$ -</b>
150	<b>Total Current Assets</b>	<b>\$ 10,088</b>	<b>\$ 10,088</b>
190	<b>Total Assets</b>	<b>\$ 10,088</b>	<b>\$ 10,088</b>
312	Accounts Payable <= 90 days	\$8,447	\$8,447
313	Accounts Payable >= 90 days	\$0	
332	Accounts Payable-PHA Programs	\$0	
342	Unearned Revenue	\$0	
310	<b>Total Current Liabilities</b>	<b>\$8,447</b>	<b>\$8,447</b>
300	<b>Total Liabilities</b>	<b>\$8,447</b>	<b>\$8,447</b>
511.4	Restricted Net Position	\$ 3,211	\$ 3,211
512.4	Unrestricted Net Position	\$ (1,570)	\$ (1,570)
513	<b>Total Equity-Net Assets/Position</b>	<b>\$ 1,641</b>	<b>\$ 1,641</b>
600	<b>Total Liabilities, Deferred Inflows of Resources and Equity- Net Assets/Position</b>	<b>\$ 10,088</b>	<b>\$ 10,088</b>

<b>Income Statement</b>			
70600	HUD PHA Operating Grants	\$ 811,262	\$ 811,262
		\$ -	
71100	Investment Income-Unrestricted	\$ -	
71400	Fraud Recovery	\$ 4,611	\$ 4,611
71500	Other Revenue	\$ 48,526	\$ 48,526
70000	<b>Total Revenue</b>	<b>\$ 864,399</b>	<b>\$ 864,399</b>
91100	Administrative Salaries		
91200	Auditing Fees	\$ -	
91300	Management Fee	\$ 74,040	\$ 74,040
91900	Other	\$ -	
91000	<b>Total Operating-Administrative</b>	<b>\$ 74,040</b>	<b>\$ 74,040</b>
96200	Other General Expenses	\$ -	
96000	<b>Total Other General Expenses</b>	<b>\$ -</b>	<b>\$ -</b>
96900	<b>Total Operating Expenses</b>	<b>\$ 74,040</b>	<b>\$ 74,040</b>
97000	<b>Excess of Operating Revenue Over Operating Expenses</b>	<b>\$ 790,359</b>	<b>\$ 790,359</b>

BOROUGH OF MANVILLE  
 SUPPLEMENTARY INFORMATION  
 FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING CHOICE VOUCHER PROGRAM  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Line Item No.	Description	Total Programs	Housing Choice Vouchers
			14.871
97300	Housing Assistance Payments	\$ 775,505	\$ 775,505
97350	HAP Portability-In	\$ 45,973	\$ 45,973
90000	<b>Total Expenses</b>	<b>\$ 895,518</b>	<b>\$ 895,518</b>
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>\$ (31,119)</b>	<b>\$ (31,119)</b>
11030	Beginning Equity	\$ 32,760	\$ 32,760
11040	Prior period adjustments, equity transfers, and correction of errors	\$ -	
11170	Administrative Fee Equity	\$ (1,570)	\$ (1,570)
11180	Housing Assistance Payments Equity	\$ 3,211	\$ 3,211
11190	<b>Unit Months Available</b>	<b>1080</b>	<b>1080</b>
11210	<b>Unit Months Leased</b>	<b>816</b>	<b>816</b>

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PART III  
BOROUGH OF MANVILLE  
STATISTICAL DATA  
LIST OF OFFICIALS  
COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017



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

	YEAR 2017		YEAR 2016	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 40,000.00	2.06	\$ 39,300.00	2.07
Collection of Sewer Use Charges	1,810,982.04	93.26	1,821,538.21	95.95
Miscellaneous-From Other Than Sewer Use	90,874.94	4.68	37,509.79	1.98
<u>TOTAL INCOME</u>	<u>\$ 1,941,856.98</u>	<u>100.00%</u>	<u>\$ 1,898,348.00</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 1,752,133.00	95.74	\$ 1,810,300.00	94.03
Capital Improvements	15,000.00	0.82	80,000.00	4.16
Deferred Charges and Regulatory Expenditures	61,952.00	3.39	35,000.00	1.82
Other	1,010.45	0.06		
<u>TOTAL EXPENDITURES</u>	<u>\$ 1,830,095.45</u>	<u>100.00%</u>	<u>\$ 1,925,300.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 111,761.53		\$ (26,952.00)	
Adjustments to Income Before Surplus:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year			26,952.00	
Statutory Excess to Surplus	111,761.53			
Fund Balance, January 1	121,867.74		286,167.74	
	\$ 233,629.27		\$ 286,167.74	
Decreased by:				
Utilization as Anticipated Revenue	40,000.00		39,300.00	
Utility Operating Surplus to Current Fund			125,000.00	
	40,000.00		164,300.00	
Fund Balance, December 31	<u>\$ 193,629.27</u>		<u>\$ 121,867.74</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$3.214</u>	<u>\$3.098</u>	<u>\$2.417</u>
Appointment of Tax Rate:			
Municipal	\$1.023	\$1.016	\$0.809
County	0.335	0.325	0.253
County Library	0.050	0.048	0.038
County Open Space	0.031	0.031	0.024
Local School	<u>1.775</u>	<u>1.678</u>	<u>1.293</u>

Assessed Valuation:

Year 2017	<u>\$870,894,041.00</u>		
Year 2016		<u>\$875,257,779.00</u>	
Year 2015			<u>\$1,092,202,231.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2017	\$28,002,587.61	\$27,469,970.68	98.098%
2016	\$27,169,114.37	\$26,630,979.93	98.019%
2015	\$26,422,273.87	\$25,665,191.86	97.135%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2017	\$50,137.53	\$416,641.73	\$466,779.26	1.67%
2016	\$90,697.68	\$467,983.85	\$558,681.53	2.06%
2015	\$76,685.41	\$548,954.67	\$625,640.08	2.37%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31st on the basis of the last assessed valuations of such properties was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$1,107,800.00
2016	\$242,861.50
2015	\$242,861.50

COMPARISON OF UTILITY LEVIES

<u>YEAR</u>	<u>SEWER LEVY</u>
2017	\$1,786,531.01
2016	\$1,838,172.39
2015	\$1,879,327.81

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2017	\$2,125,707.36	\$1,408,500.00 *
	2016	\$1,912,709.64	\$1,408,500.00
	2015	\$1,359,565.56	\$1,028,500.00
	2014	\$1,302,276.00	\$1,050,500.00
	2013	\$1,142,430.32	\$908,000.00
Sewer Utility Operating Fund	2017	\$193,629.27	\$40,000.00 *
	2016	\$121,867.74	\$40,000.00
	2015	\$286,167.74	\$125,000.00
	2014	\$406,971.71	\$85,000.00
	2013	\$205,254.91	\$55,000.00

\* Per introduced budget

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
Richard Onderko	Mayor		
Stephen H. Szabo	Council President	*	
Dayna Camacho	Council Member	*	
Michele Magnani	Council Member	*	
Theodore Petrock III	Council Member	*	
Phil Petrone	Council Member	*	
Ron Skirkanish	Council Member	*	
Andrea Bierwirth	Borough Administrator	*	
Patricia Zamorski	Municipal Clerk To March 2017	*	
Pamela Borek	Municipal Clerk From April 2017	*	
Lori Majeski	Chief Financial Officer to March 2017	*	
Michael Pitts	Chief Financial Officer From April 2017		
Thaddeus Maciag	Borough Attorney		
Lisa Gerickont	Tax Collector	\$500,000.00	Selective Insurance Company of America
Vincenzo Lomedico	Public Works Superintendent	*	
Mark Peltack	Police Chief	*	
Walter Wilczek	Zoning Officer	*	
Ken Skirkanish	Fire Chief	*	

OFFICIALS IN OFFICE AND SURETY BONDS (CONTINUED)

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF SURETY</u>
John Tamburini	Construction Code Official	*	
John Tamburini	Building Sub-Code Official	*	
Michael Resetar	Plumbing Sub-Code Official	*	
Patrick Renaldi	Fire Official	*	
Ron Cefalone	Recreation Director	*	
Paul Masaba	Health Officer (County)		
Kathleen Suydam	Registrar of Vital Statistics	*	
Glen Stives	Tax Assessor	*	
Stanley Schrek	Engineer	*	

\*All officials and employees (except as noted) handling and collecting Borough funds are covered by a blanket position bond for faithful performance for \$1,000,000.00. The blanket position bond is written by the Statewide Insurance Company.

All of the bonds were examined and were properly executed.

COMMENTS AND RECOMMENDATIONS

## GENERAL COMMENTS

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

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

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00. In accordance with N.J.S.A. 40A:11-3 and authorized by a resolution dated June 12, 2017 of the governing body, the bid threshold for all purchases made by the Borough's qualified purchasing agent is \$40,000.00.

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

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

Demolition of Flood Prone Properties  
Sidewalk Improvements

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

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$40,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

## COLLECTION OF INTEREST ON DELINQUENT TAXES, UTILITY AND ASSESSMENTS

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

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

WHEREAS, N.J.S.A. 54:4-67 governs the interest rates charged on delinquent tax and utility payments.

NOW THEREFORE BE IT RESOLVED, by the Mayor and Council of the Borough of Manville, County of Somerset that the interest rates charged on delinquent tax and utility payments shall be 8% on the first \$1,500.00 of delinquency and 18% on any excess over \$1,500.00 thereafter, for the year 2017; and

WHEREAS, N.J.S.A. 54:5-61 WHEREAS, relating to the amount of penalty to be charged on a tax sale certificate has been amended to read as follows:

When taxes, interest and costs shall in excess of \$200.00 but less than \$5,000.00, a 2% penalty on any amount due shall be charged. When taxes, interest and costs shall exceed the sum of \$5,000.00, such additional sum shall be equal to 4% of such amount paid and when the sum exceeds \$10,000.00 such additional sum paid shall be equal to 6% of such amount paid. This section shall also apply to all existing tax sale certificates held by municipalities on the effective date of this act.

NOW THEREFORE BE IT RESOLVED, by the Mayor and Council of the Borough of Manville, County of Somerset that under N.J.S.A. 54:4-61, the Tax Collector of the Borough of Manville is authorized to charge, on a tax sale certificate, a 2% penalty on any amount due in excess of \$200.00 but less than \$5,000.00; a 4% penalty on any amount due in excess of \$5,000.00 but less than \$10,000.00; and a 6% penalty on any amount due in excess of \$10,000.00. These penalties are to be applied to all municipal held tax sale certificates as well as those which may be acquired by the municipality as a result of future tax sales.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 5, 2017 and was complete.

Inspection of Tax Sale Certificates on file revealed that all Tax Sale Certificates were available for audit.

The following comparison is made of the number of tax title liens on December 31 of the last three years:

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2017	9
2016	17
2015	11

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payments of 2018 Taxes	10
Payments of 2017 Taxes	10
Delinquent Taxes	10
Payment of Sewer Utility Charges	10
Delinquent Sewer Utility Charges	10

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

## OTHER COMMENTS (CONTINUED)

### Tax Collector

The analysis of Tax Sale Premiums on hand was not accurately maintained by the Tax Office.

### Payroll

The cost of group term life insurance greater than \$50,000.00 was not reported on employee form W-2.

The employee health benefit waivers were not calculated in accordance with Local Finance Notice 2016-10.

### Form 1099

Due to the conversion of accounting software packages amounts reported on IRS Form 1099 did not agree back to the Borough's accounting records.

### Purchasing

Certification of availability of funds were not available for audit for items selected.

### Departments

During the course of our audit, it was noted that not all departmental receipts are deposited within 48 hours of receipt. In some cases, this is the result of a limited amount of personnel; however, the Borough should make every attempt to get all monies deposited within 48 hours.

### Recreation Department

Our audit of the recreation department revealed weaknesses in internal controls over the receipt of monies collected at off-site locations.

## RECOMMENDATIONS

That a monthly analysis of Tax Sale Premiums on hand be prepared and reconciled with the bank account balance.

That the cost of group term life insurance in excess of \$50,000.00 be reported annually on employees' Form W-2.

That health benefit waiver payments to employees follow the guidelines of Local Finance Notice 2016-10.

That IRS Form 1099 be in agreement with the Borough's accounting records.

That a certification of availability of funds be prepared and maintained for contracts entered into by the governing body in accordance with N.J.A.C. 5:30-5.4.

\*That all departmental receipts be deposited within 48 hours in accordance with N.J.S.A. 40A:5-15.

That procedures be established and controls be put in place over the handling of monies collected at off-site locations.

\*2016 Audit Comment