

Report of Audit

on the

Financial Statements

of the

Borough of Millstone

in the

County of Somerset
New Jersey

for the

Year Ended
December 31, 2018

BOROUGH OF MILLSTONE

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BOROUGH OF MILLSTONE

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2018 AND 2017



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Millstone
County of Somerset
Millstone, New Jersey 08876

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 Millstone, as of December 31, 2018 and 2017, the related statement 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, 2018, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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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'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'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 Millstone 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 Millstone as of December 31, 2018 and 2017, 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, 2018.

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, 2018 and 2017, 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, 2018 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 Millstone's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and data listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed and data in the table of contents, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019 on our consideration of the Borough of Millstone'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 Millstone's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 26, 2019



SUPLEE, CLOONEY & COMPANY

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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 Millstone
County of Somerset
Millstone, New Jersey 08876

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 Millstone, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated June 26, 2019. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Millstone prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's regulatory 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, there were other instances of noncompliance which are discussed in Part II, General Comments and Recommendations Section of the audit report.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 26, 2019

CURRENT FUND

BOROUGH OF MILLSTONE

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2018</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|-------------------------------------------------|-------------|------------------------------------------|------------------------------------------|
| <u>A S S E T S</u> | | | |
| Cash | A-4 | \$ 890,371.01 | \$ 878,689.09 |
| Change Fund | A-5 | 50.00 | 50.00 |
| Due State of NJ - Senior Citizens and Veterans | A-7 | 639.73 | 639.73 |
| | | <u>\$ 891,060.74</u> | <u>\$ 879,378.82</u> |
| Receivables With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-6 | \$ 29,080.65 | \$ 29,935.83 |
| Tax Title Liens Receivable | A-14 | 14,385.47 | 11,932.74 |
| Interfunds Receivable | A-11 | 283.11 | 89.20 |
| | A | <u>\$ 43,749.23</u> | <u>\$ 41,957.77</u> |
| Deferred Charges - Special Emergency (40A:4-53) | A-19 | \$ 10,500.00 | \$ 14,000.00 |
| | | <u>\$ 10,500.00</u> | <u>\$ 14,000.00</u> |
| | | <u>\$ 945,309.97</u> | <u>\$ 935,336.59</u> |
| Grant Fund: | | | |
| Grants Receivable | A-18 | <u>\$ 332,581.50</u> | <u>\$ 425,581.50</u> |
| | | <u>\$ 1,277,891.47</u> | <u>\$ 1,360,918.09</u> |

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

BOROUGH OF MILLSTONE

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u> |
|-----------------------------------------------|-------------|------------------------------------------------------|------------------------------------------------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3:A-9 | \$ 161,955.97 | \$ 166,427.09 |
| Tax Overpayments | A-15 | 10,810.86 | 3,566.96 |
| Reserve for Revision of Borough Ordinances | A-20 | 17,500.00 | 17,500.00 |
| Prepaid Taxes | A-10 | 4,465.84 | 22,872.72 |
| Interfunds Payable | A-11 | 29,365.86 | 29,826.27 |
| Accounts Payable | A-22 | 60,153.58 | |
| | | <u>\$ 284,252.11</u> | <u>\$ 240,193.04</u> |
| Reserve for Receivables | A | 43,749.23 | 41,957.77 |
| Fund Balance | A-1 | <u>617,308.63</u> | <u>653,185.78</u> |
| | | <u>\$ 945,309.97</u> | <u>\$ 935,336.59</u> |
| Grant Fund: | | | |
| Grants Appropriated | A-17 | \$ 255,736.59 | \$ 257,072.62 |
| Grants Unappropriated | A-16 | | 1,663.97 |
| Due General Capital Fund | A-21 | <u>76,844.91</u> | <u>166,844.91</u> |
| | | <u>\$ 332,581.50</u> | <u>\$ 425,581.50</u> |
| | | <u>\$ 1,277,891.47</u> | <u>\$ 1,360,918.09</u> |

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

BOROUGH OF MILLSTONE

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE-REGULATORY BASIS

| | <u>REF.</u> | <u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2018</u> | <u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2017</u> |
|---------------------------------------------------------|-------------|---------------------------------------------------------|---------------------------------------------------------|
| <u>REVENUE AND OTHER INCOME</u> | | | |
| Fund Balance Utilized | A-1:A-2 | \$ 232,734.00 | \$ 238,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 149,499.97 | 150,836.00 |
| Receipts From Delinquent Taxes | A-2 | 27,574.79 | 32,912.87 |
| Receipts From Current Taxes | A-2 | 1,480,054.70 | 1,427,425.84 |
| Non-Budget Revenues | A-2 | 20,865.25 | 22,107.52 |
| Other Credits to Income: | | | |
| Lapsed Appropriation Reserve | A-9 | 76,536.08 | 73,437.41 |
| Interfunds Advanced | | | 379.86 |
| <u>TOTAL INCOME</u> | | <u>\$ 1,987,264.79</u> | <u>\$ 1,945,099.50</u> |
| <u>EXPENDITURES</u> | | | |
| Budget Appropriations: | | | |
| Operations Within CAPS | A-3 | \$ 394,570.40 | \$ 383,500.00 |
| Deferred Charges and Statutory Expenditures Within CAPS | A-3 | 20,329.00 | 9,766.00 |
| Operations Excluded From CAPS | A-3 | 127,593.57 | 127,400.00 |
| Capital Improvements | A-3 | 68,100.00 | 94,000.00 |
| Deferred Charges Excluded From CAPS | A-3 | 3,500.00 | 3,500.00 |
| County Taxes | A-12 | 217,635.99 | 209,679.69 |
| Local District School Tax | A-13 | 955,324.00 | 916,433.00 |
| Interfunds Advanced | | 193.91 | |
| Budget Operations | A-4 | 3,161.07 | |
| <u>TOTAL EXPENDITURES</u> | | <u>\$ 1,790,407.94</u> | <u>\$ 1,744,278.69</u> |
| Excess in Revenue | | \$ 196,856.85 | \$ 200,820.81 |
| Fund Balance, January 1 | A:A-1 | <u>653,185.78</u> | <u>690,364.97</u> |
| | | <u>\$ 850,042.63</u> | <u>\$ 891,185.78</u> |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | A-1:A-2 | <u>232,734.00</u> | <u>238,000.00</u> |
| Fund Balance, December 31 | A:A-1 | <u>\$ 617,308.63</u> | <u>\$ 653,185.78</u> |

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

BOROUGH OF MILLSTONE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

| | <u>REF.</u> | <u>ANTICIPATED BUDGET</u> | <u>REALIZED</u> | <u>EXCESS OR (DEFICIT)</u> |
|------------------------------------------------------------------|-------------|-------------------------------|----------------------|------------------------------------|
| Fund Balance Anticipated | A-1 | \$ <u>232,734.00</u> | \$ <u>232,734.00</u> | \$ _____ |
| Miscellaneous Revenues: | | | | |
| Energy Receipts Taxes | A-8 | \$ 65,836.00 | \$ 65,836.00 | \$ _____ |
| Recycling Tonnage Grant | A-18 | 1,663.97 | 1,663.97 | _____ |
| NJ DOT- Van Doren Drive | A-18 | <u>82,000.00</u> | <u>82,000.00</u> | _____ |
| | A-1 | \$ <u>149,499.97</u> | \$ <u>149,499.97</u> | \$ _____ |
| Receipts From Delinquent Taxes | A-1 | | \$ <u>27,574.79</u> | \$ <u>27,574.79</u> |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | |
| Local Tax for Municipal Purposes | A-2:A-6 | \$ <u>326,859.00</u> | \$ <u>402,094.71</u> | \$ <u>75,235.71</u> |
| <u>Budget Totals</u> | | \$ <u>709,092.97</u> | \$ <u>811,903.47</u> | \$ <u>102,810.50</u> |
| Non-Budget Revenue | A-2 | | \$ <u>20,865.25</u> | \$ <u>20,865.25</u> |
| | | \$ <u>709,092.97</u> | \$ <u>832,768.72</u> | \$ <u>123,675.75</u> |
| | <u>REF.</u> | A-3 | | |

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

BOROUGH OF MILLSTONE

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

| <u>ANALYSIS OF REALIZED REVENUES</u> | <u>REF.</u> | | |
|--------------------------------------------------------|-------------|----|--------------------------|
| Allocation of Current Tax Collections: | | | |
| Revenue From Collections | A-1:A-6 | \$ | 1,480,054.70 |
| Allocated to: | | | |
| Local District School Tax | | \$ | 955,324.00 |
| County Taxes | | | <u>217,635.99</u> |
| | | | 1,172,959.99 |
| Balance for Support of Municipal Budget Appropriations | | \$ | <u>307,094.71</u> |
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | | <u>95,000.00</u> |
| Amount of Support for Municipal Budget Appropriations | A-2 | \$ | <u><u>402,094.71</u></u> |

ANALYSIS OF NON-BUDGET REVENUE

| | | | |
|-------------------------------------------------|-------------|----|-------------------------|
| Miscellaneous Revenue Not Anticipated: | | | |
| Municipal Court | | \$ | 7,609.80 |
| DMV Fines | | | 150.00 |
| Other Fees and Permits | | | 1,142.83 |
| Excess Animal Control Fund Revenues | | | 267.80 |
| Interest & Costs on Taxes | | | 9,827.83 |
| Cable Franchise Fee | | | 1,806.99 |
| Senior Citizens and Veterans Administration Fee | | | <u>60.00</u> |
| | A-1:A-2:A-4 | \$ | <u><u>20,865.25</u></u> |

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

BOROUGH OF MILLSTONE

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

| | <u>APPROPRIATIONS</u> | | <u>EXPENDED</u> | |
|-------------------------------------|-----------------------|----------------------------------|------------------------|-----------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> |
| <u>OPERATIONS WITHIN "CAPS"</u> | | | | |
| <u>GENERAL GOVERNMENT</u> | | | | |
| Administrative and Executive: | | | | |
| Other Expenses | \$ 3,500.00 | \$ 3,500.00 | \$ 2,637.60 | \$ 862.40 |
| Employee Development | 3,000.00 | 3,000.00 | 2,837.00 | 163.00 |
| Mayor and Council: | | | | |
| Other Expenses | 7,000.00 | 7,000.00 | 3,738.38 | 3,261.62 |
| Elections: | | | | |
| Other Expenses | 500.00 | 500.00 | 443.00 | 57.00 |
| Financial Administration: | | | | |
| Salaries and Wages | 15,000.00 | 14,334.00 | 12,852.00 | 1,482.00 |
| Audit Service | 13,500.00 | 13,525.00 | 13,525.00 | |
| Miscellaneous | 1,000.00 | 1,000.00 | 250.00 | 750.00 |
| Municipal Clerk: | | | | |
| Salaries and Wages | 12,600.00 | 13,076.00 | 12,852.00 | 224.00 |
| Assessment of Taxes: | | | | |
| Salaries and Wages | 15,750.00 | 15,750.00 | 7,140.00 | 8,610.00 |
| Other Expenses | 1,000.00 | 1,000.00 | 458.00 | 542.00 |
| Collection of Taxes: | | | | |
| Salaries and Wages | 14,000.00 | 14,000.00 | 11,220.00 | 2,780.00 |
| Other Expenses | 1,000.00 | 1,000.00 | 765.00 | 235.00 |
| Legal Services and Costs: | | | | |
| Other Expenses | 17,000.00 | 17,000.00 | 10,000.00 | 7,000.00 |
| Municipal Court Prosecutor: | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | | 1,000.00 |
| Engineering Services and Costs: | | | | |
| Other Expenses | 39,000.00 | 33,295.40 | 13,000.00 | 20,295.40 |
| Public Buildings and Grounds: | | | | |
| Salaries and Wages | 1,000.00 | 1,000.00 | | 1,000.00 |
| Other Expenses | 11,000.00 | 11,000.00 | 8,696.55 | 2,303.45 |
| Planning Board: | | | | |
| Salaries and Wages | 5,500.00 | 5,610.00 | 5,610.00 | |
| Other Expenses | 22,500.00 | 22,500.00 | 16,500.00 | 6,000.00 |
| Environmental Commission: | | | | |
| Other Expenses | 200.00 | 200.00 | | 200.00 |
| <u>PUBLIC SAFETY</u> | | | | |
| Fire: | | | | |
| Fire Hydrant Service | 13,700.00 | 13,700.00 | 12,800.00 | 900.00 |
| Fire District Contract | 40,000.00 | 40,000.00 | 39,479.79 | 520.21 |
| First Aid Organization Contribution | 1,800.00 | 1,800.00 | | 1,800.00 |
| Emergency Management Services: | | | | |
| Other Expenses | 2,000.00 | 2,000.00 | | 2,000.00 |
| Municipal Court: | | | | |
| Other Expenses | 13,500.00 | 13,500.00 | 13,404.00 | 96.00 |
| Public Defender: | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | | 1,000.00 |
| <u>STREETS AND ROADS</u> | | | | |
| Road Repairs and Maintenance: | | | | |
| Salaries and Wages | 1,000.00 | 1,000.00 | | 1,000.00 |
| Other Expenses | 15,000.00 | 18,000.00 | 16,690.91 | 1,309.09 |
| Snow Removal: | | | | |
| Other Expenses | 15,500.00 | 20,500.00 | 13,500.00 | 7,000.00 |
| Street Lighting: | | | | |
| Other Expenses | 15,000.00 | 12,000.00 | 10,297.63 | 1,702.37 |

BOROUGH OF MILLSTONE

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

| | APPROPRIATIONS | | EXPENDED | |
|----------------------------------------------------------------------------------|----------------------|---------------------------|----------------------|---------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED |
| <u>STREETS AND ROADS (CONTINUED)</u> | | | | |
| Garbage and Trash: | | | | |
| Other Expenses | \$ 40,000.00 | \$ 40,000.00 | \$ 34,496.72 | \$ 5,503.28 |
| <u>HEALTH AND WELFARE</u> | | | | |
| Board of Health: | | | | |
| Other Expenses | 18,000.00 | 18,000.00 | 18,000.00 | |
| Dog Regulation: | | | | |
| Other Expenses | 2,700.00 | 2,700.00 | 2,600.51 | 99.49 |
| Services of Visiting Nurse: | | | | |
| Other Expenses | 100.00 | 100.00 | | 100.00 |
| Administration of Public Assistance: | | | | |
| Other Expenses | 50.00 | 50.00 | | 50.00 |
| <u>RECREATION AND EDUCATION</u> | | | | |
| Parks and Playgrounds: | | | | |
| Other Expenses | 600.00 | 600.00 | 500.00 | 100.00 |
| Historic Commission: | | | | |
| Other Expenses | 3,200.00 | 3,200.00 | 50.00 | 3,150.00 |
| Contribution to Senior Citizens: | | | | |
| Other Expenses | 250.00 | 250.00 | | 250.00 |
| <u>UNCLASSIFIED</u> | | | | |
| Surety Bond Premiums | 100.00 | 100.00 | | 100.00 |
| Other Insurance Premiums | 14,000.00 | 14,000.00 | 13,550.00 | 450.00 |
| Unemployment Insurance | 100.00 | 100.00 | | 100.00 |
| Inspection of Buildings: | | | | |
| Salaries and Wages | 4,000.00 | 4,080.00 | 4,080.00 | |
| Other Expenses | 1,000.00 | 1,000.00 | | 1,000.00 |
| Telephone | 3,600.00 | 3,600.00 | 3,270.94 | 329.06 |
| <u>TOTAL OPERATIONS WITHIN "CAPS"</u> | <u>\$ 391,250.00</u> | <u>\$ 390,570.40</u> | <u>\$ 305,245.03</u> | <u>\$ 85,325.37</u> |
| Contingent | \$ 4,000.00 | \$ 4,000.00 | | \$ 4,000.00 |
| <u>TOTAL OPERATIONS INCLUDING CONTINGENT-WITHIN "CAPS"</u> | <u>\$ 395,250.00</u> | <u>\$ 394,570.40</u> | <u>\$ 305,245.03</u> | <u>\$ 89,325.37</u> |
| <u>DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u> | | | | |
| Deferred Charges: | | | | |
| Public Employees Retirement System | \$ 4,827.00 | \$ 4,827.00 | \$ 4,726.00 | \$ 101.00 |
| Payment of Prior Year Bills | 10,502.00 | 10,502.00 | 10,502.00 | |
| Social Security System | 5,000.00 | 5,000.00 | 4,500.00 | 500.00 |
| <u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u> | <u>\$ 20,329.00</u> | <u>\$ 20,329.00</u> | <u>\$ 19,728.00</u> | <u>\$ 601.00</u> |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u> | <u>\$ 415,579.00</u> | <u>\$ 414,899.40</u> | <u>\$ 324,973.03</u> | <u>\$ 89,926.37</u> |
| <u>TOTAL OPERATIONS - EXCLUDED FROM "CAPS"</u> | | | | |
| <u>PUBLIC PROGRAMS OFFSET BY REVENUES</u> | | | | |
| DOT Van Doren Drive Improvements | \$ 82,000.00 | \$ 82,000.00 | \$ 82,000.00 | \$ |
| Recycling Tonnage Grant | 1,663.97 | 1,663.97 | 1,663.97 | |
| <u>TOTAL PUBLIC PROGRAMS OFFSET BY REVENUES</u> | <u>\$ 83,663.97</u> | <u>\$ 83,663.97</u> | <u>\$ 83,663.97</u> | <u>\$</u> |

BOROUGH OF MILLSTONE

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

| | APPROPRIATIONS | | EXPENDED | |
|---------------------------------------------------------------------------------|----------------------|---------------------------|----------------------|----------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED |
| <u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u> | | | | |
| Police Services - Franklin Township | \$ 43,250.00 | \$ 43,929.60 | \$ 32,000.00 | \$ 11,929.60 |
| Other Expenses | | | | |
| <u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u> | <u>\$ 43,250.00</u> | <u>\$ 43,929.60</u> | <u>\$ 32,000.00</u> | <u>\$ 11,929.60</u> |
| <u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u> | | | | |
| Capital Improvement - Security Cameras | \$ 8,000.00 | \$ 8,000.00 | \$ 8,000.00 | \$ |
| Capital Improvement - Van Doren Drive | 42,100.00 | 42,100.00 | | 42,100.00 |
| Capital Improvement - Tree Removal and Pruning | 18,000.00 | 18,000.00 | | 18,000.00 |
| <u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u> | <u>\$ 68,100.00</u> | <u>\$ 68,100.00</u> | <u>\$ 8,000.00</u> | <u>\$ 60,100.00</u> |
| <u>DEFERRED CHARGES EXCLUDED FROM "CAPS"</u> | | | | |
| Special Emergency Authorization - 5 Years | \$ 3,500.00 | \$ 3,500.00 | \$ 3,500.00 | \$ |
| <u>TOTAL DEFERRED CHARGES EXCLUDED FROM "CAPS"</u> | <u>\$ 3,500.00</u> | <u>\$ 3,500.00</u> | <u>\$ 3,500.00</u> | <u>\$</u> |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES-EXCLUDED FROM "CAPS"</u> | | | | |
| | <u>\$ 198,513.97</u> | <u>\$ 199,193.57</u> | <u>\$ 127,163.97</u> | <u>\$ 72,029.60</u> |
| <u>SUB-TOTAL GENERAL APPROPRIATIONS</u> | | | | |
| | <u>\$ 614,092.97</u> | <u>\$ 614,092.97</u> | <u>\$ 452,137.00</u> | <u>\$ 161,955.97</u> |
| <u>RESERVE FOR UNCOLLECTED TAXES</u> | | | | |
| | <u>\$ 95,000.00</u> | <u>\$ 95,000.00</u> | <u>\$ 95,000.00</u> | <u>\$</u> |
| <u>TOTAL GENERAL APPROPRIATIONS</u> | | | | |
| | <u>\$ 709,092.97</u> | <u>\$ 709,092.97</u> | <u>\$ 547,137.00</u> | <u>\$ 161,955.97</u> |
| | REF. | A-2-A-3 | A-3 | A-1 |
| Reserve for Uncollected Taxes | A-2 | | | \$ 95,000.00 |
| Disbursements | A-4 | | | 304,819.45 |
| Accounts Payable | A-22 | | | 60,153.58 |
| Deferred Charges | A-19 | | | 3,500.00 |
| Reserve for Grants Appropriated | A-17 | | | 83,663.97 |
| | | | | <u>\$ 547,137.00</u> |

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TRUST FUND

"B"

BOROUGH OF MILLSTONE

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u> |
|----------------------------------------------|-------------|------------------------------------------------------|------------------------------------------------------|
| <u>ASSETS</u> | | | |
| Animal Control Fund: | | | |
| Cash | B-1 | \$ 720.40 | \$ 690.20 |
| | | <u>\$ 720.40</u> | <u>\$ 690.20</u> |
| Other Funds: | | | |
| Cash | B-1 | \$ 25,841.48 | \$ 25,836.45 |
| Due Current Fund | B-9 | 1,048.07 | 0.02 |
| Intrafund | B | | 166.08 |
| | | <u>\$ 26,889.55</u> | <u>\$ 26,002.55</u> |
| | | <u>\$ 27,609.95</u> | <u>\$ 26,692.75</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Animal Control Fund: | | | |
| Due State of New Jersey | B-7 | \$ | \$ 50.40 |
| Reserve for Animal Control Fund Expenditures | B-2 | 437.40 | 550.60 |
| Due Current Fund | B-9 | 283.00 | 89.20 |
| | | <u>\$ 720.40</u> | <u>\$ 690.20</u> |
| Other Funds: | | | |
| Reserve For: | | | |
| Unemployment Insurance | B-3 | \$ 8,002.94 | \$ 7,839.48 |
| Recreation Deposits | B-4 | 4,456.00 | 4,316.00 |
| Escrow Deposits | B-5 | 12,505.99 | 12,505.99 |
| Payroll | B-8 | 749.51 | |
| Public Defender | B-6 | 1,175.00 | 1,175.00 |
| Due Current Fund | B-9 | 0.11 | |
| Intrafund | B | | 166.08 |
| | | <u>\$ 26,889.55</u> | <u>\$ 26,002.55</u> |
| | | <u>\$ 27,609.95</u> | <u>\$ 26,692.75</u> |

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

GENERAL CAPITAL FUND

"C"

BOROUGH OF MILLSTONE

GENERAL CAPITAL FUND

BALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u> |
|---------------------------------|-------------|------------------------------------------------------|------------------------------------------------------|
| <u>ASSETS</u> | | | |
| Cash | C-1:C-2 | \$ 206,039.56 | \$ 86,213.26 |
| Due Current Fund | C-4 | 28,317.79 | 29,826.25 |
| Due Grant Fund | C-6 | <u>76,844.91</u> | <u>166,844.91</u> |
| | | <u>\$ 311,202.26</u> | <u>\$ 282,884.42</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Capital Improvement Fund | C-3 | \$ 253,058.16 | \$ 253,058.16 |
| Reserve for Improvements | C-5 | <u>58,144.10</u> | <u>29,826.26</u> |
| | | <u>\$ 311,202.26</u> | <u>\$ 282,884.42</u> |

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

PUBLIC ASSISTANCE TRUST FUND

"E"

BOROUGH OF MILLSTONE

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2018</u> | <u>BALANCE DECEMBER 31, 2017</u> |
|---------------------------------|-------------|------------------------------------------|------------------------------------------|
| <u>ASSETS</u> | | | |
| Cash | E-1 | \$ <u>2,404.28</u> | \$ <u>2,404.23</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Reserve for Public Assistance | E-2 | \$ <u>2,404.28</u> | \$ <u>2,404.23</u> |

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

GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

BOROUGH OF MILLSTONE
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER <u>31, 2018</u> | BALANCE DECEMBER <u>31, 2017</u> |
|----------------------------|----------------------------------------|----------------------------------------|
| <u>FIXED ASSETS</u> | | |
| Land | \$ 1,125,000.00 | \$ 1,125,000.00 |
| Buildings | 104,900.00 | 104,900.00 |
| Machinery and Equipment | <u>8,332.50</u> | <u>8,332.50</u> |
| <u>TOTAL FIXED ASSETS</u> | <u>\$ 1,238,232.50</u> | <u>\$ 1,238,232.50</u> |
| <u>RESERVE</u> | | |
| Investment in Fixed Assets | <u>\$ 1,238,232.50</u> | <u>\$ 1,238,232.50</u> |

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MILLSTONE

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018 AND 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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 Millstone conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, and 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 Millstone 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 government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account groups:

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 disbursement of funds in accordance with the purpose for which each reserve was created.

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

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

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 U.S. generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. 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 amount 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. General expenditures are recorded when an amount is encumbered for goods or services through the issuances 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.

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.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, 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 non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$300.00 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 system are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements. General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets (Continued)

The Borough has prepared a fixed assets accounting and reporting system. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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

Accounting and Financial Reporting for Pensions - In June 2012, 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.

In November of 2013, 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)

Statement 68 requires a state or local government employer (or nonemployer 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 nonemployer 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 nonemployer contributing entity that arise from other types of events.

Accounting and Financial Reporting for Pensions - At transition to Statement 68, if it is not practical for an employer or nonemployer 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 nonemployer 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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

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)

Under GUDPA, if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Borough of Millstone had the following cash and cash equivalents at December 31, 2018:

| <u>FUND</u> | <u>CASH IN BANK</u> | <u>RECONCILING ITEMS</u> | <u>TOTAL</u> |
|---------------------------------------|-------------------------------|------------------------------|-------------------------------|
| Current Fund | \$ 812,785.42 | \$ 77,585.59 | \$ 890,371.01 |
| Animal Control Trust Fund | 760.40 | (40.00) | 720.40 |
| Other Trust Fund | 25,841.48 | | 25,841.48 |
| General Capital Fund | 282,884.47 | (76,844.91) | 206,039.56 |
| Public Assistance Trust Fund | <u>2,404.28</u> | <u></u> | <u>2,404.28</u> |
| <u>TOTAL DECEMBER 31, 2018</u> | <u>\$ 1,124,676.05</u> | <u>\$ 700.68</u> | <u>\$ 1,125,376.73</u> |

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in bank failure, the deposits may not be returned. The Borough does not have a specific deposit for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2018, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$874,676.05 was covered by NJGUDPA.

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 *et seq.*, and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- 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.

Based upon the limitation set forth by New Jersey Statutes 40A:55.1 and existing investment practices, the Borough is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL 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 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 0.00%

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------|-------------------|-------------------|-----------------|
| General Debt | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$0.00</u> |

NET DEBT DIVIDED BY THE EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-22 AS AMENDED \$55,725,262.33 EQUALS 0.00%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-------------------------------------------------|---------------|---------------|---------------|
| Authorized But Not Issued: | | | |
| Bonds and Notes-General | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$0.00</u> |
| Net Debt Issued and Authorized By Not Issued | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$0.00</u> |

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

| | |
|------------------------------------------------|-------------------------|
| Equalized Valuation Basis* - December 31, 2018 | \$ <u>55,725,262.33</u> |
| 3-1/2% of Equalized Valuation Basis | \$ 1,950,384.18 |
| Net Debt | <u>0.00</u> |
| Remaining Borrowing Power | \$ <u>1,950,384.18</u> |

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements and the assessed valuation of Class II railroad property of the Borough of Millstone for the last three (3) preceding years.

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2018, the Township has authorized but not issued bonds and notes as follows:

| | |
|-----------------------|--------|
| General Capital Fund: | \$0.00 |
|-----------------------|--------|

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2018 which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2019 was as follows:

| | |
|---------------|--------------|
| Current Fund: | \$207,962.62 |
|---------------|--------------|

NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and 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.

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

| | BALANCE DECEMBER 31, 2018 | BALANCE DECEMBER 31, 2017 |
|---------------|---------------------------------|---------------------------------|
| Prepaid Taxes | \$ <u>4,465.84</u> | \$ <u>22,872.72</u> |

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), which has been established by state statute and is 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. 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.

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.

NOTE 6: PENSION PLANS (CONTINUED)

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), which has 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. This report 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.

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Vesting and Benefit Provisions

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2018, PERS provides for employee contributions of 7.50% of employees' base salary.

Certain Borough employees are also covered by the Federal Insurance Contribution Act. The Borough's share of pension, which is based upon the annual billings received from the state, amounted to \$4,827.00 for 2018, \$4,726.00 for 2017 and \$4,685.00 for 2016.

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

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, 2018. 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, 2018.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68 (Continued)

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$105,705.00 for the Borough of Millstone's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the Borough's proportion was 0.0005368600 percent, which was an increase of 0.0000158070 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$5,598.00 for the Borough of Millstone's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2018 billing was \$4,827.00.

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Inflow of Resources</u> | <u>Deferred Outflow of Resources</u> |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience | \$ 545.00 | \$ 2,016.00 |
| Changes of assumptions | 33,799.00 | 17,418.00 |
| Net difference between projected and actual earnings on pension plan investments | 992.00 | |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | <u>2,766.00</u> | <u>3,012.00</u> |
| | <u>\$ 38,102.00</u> | <u>\$ 22,446.00</u> |

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

| <u>Year Ended</u> <u>June 30,</u> | <u>Amount</u> |
|--------------------------------------|-----------------------------|
| 2019 | \$783.20 |
| 2020 | (\$966.80) |
| 2021 | (\$7,234.80) |
| 2022 | (\$6,264.80) |
| 2023 | <u>(\$1,972.80)</u> |
| | <u><u>(\$15,656.00)</u></u> |

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|---------------------------------|----------------------|----------------------|
| Inflation | 2.25 Percent | 2.25 Percent |
| Salary Increases (based on age) | | |
| Through 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 | 7.00 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 Conduent modified 2014 projection scale.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (continued)

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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 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, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and June 30, 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 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 50% 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, 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, 2018 | | |
|--------------------------------------------------------|---------------|---------------|--------------|
| | 1% | At Current | 1% |
| | Decrease | Discount Rate | Increase |
| | <u>4.66%</u> | <u>5.66%</u> | <u>6.66%</u> |
| Borough's proportionate share of the pension liability | \$132,912.00 | \$105,705.00 | \$82,880.00 |

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: LITIGATION

The Borough Attorney's letter did not indicate any litigation or claims which would materially affect the financial statements of the Borough.

NOTE 8: CONTINGENT LIABILITIES

The Borough participates in several financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II, Report Section of the 2018 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2018, the Borough does not believe that any material liabilities will result from such audits.

NOTE 9: 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.

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

| <u>Year</u> | <u>Payroll</u> <u>Withholding</u> | <u>Interest</u> | <u>Amount</u> <u>Reimbursed</u> | <u>Ending</u> <u>Balance</u> |
|-------------|--------------------------------------|-----------------|------------------------------------|---------------------------------|
| 2018 | \$ 163.46 | \$ | \$ | \$ 8,002.94 |
| 2017 | 182.77 | | | 7,839.48 |
| 2016 | 164.87 | 0.06 | | 7,656.71 |

NOTE 10: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2018:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------------|---------------------------------|------------------------------|
| Current Fund | \$ 283.11 | \$ 29,365.86 |
| Grant Fund | | 76,844.91 |
| Animal Control Fund | | 283.00 |
| Trust Other Fund | 1,048.07 | 0.11 |
| General Capital Fund | <u>105,162.70</u> | <u> </u> |
| | <u>\$ 106,493.88</u> | <u>\$ 106,493.88</u> |

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 11: GASB 75 - POST-RETIREMENT HEALTH BENEFITS

As at December 31, 2018, the Borough of Millstone had no obligation to provide post-retirement health benefits.

NOTE 12: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charges are shown:

| | <u>Balance December 31, 2018</u> | <u>To Be Raised</u> | |
|----------------------------------------------------------------------------------|------------------------------------------|------------------------|-------------------------------|
| | | <u>2019 Budget</u> | <u>Succeeding Budgets</u> |
| Special Emergency (40A:4-53) Revision & Codification of Borough Ordinances | <u>\$10,500.00</u> | <u>\$3,500.00</u> | <u>\$7,000.00</u> |

NOTE 13: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through June 26, 2019 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

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BOROUGH OF MILLSTONE

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2018

BOROUGH OF MILLSTONE
CURRENT FUND
SCHEDULE OF CASH-TREASURER

| | <u>REF.</u> | <u>CURRENT FUND</u> | <u>GRANT FUND</u> |
|------------------------------------------------|-------------|----------------------|-------------------|
| Balance, December 31, 2017 | A | \$ 878,689.09 | \$ - 0 - |
| Increased by Receipts: | | | |
| Taxes Receivable | A-6 | \$ 1,478,189.81 | \$ |
| Tax Overpayments | A-15 | 10,810.86 | |
| State of New Jersey-Senior Citizens Deductions | A-7 | 3,000.00 | |
| Miscellaneous Revenue Not Anticipated | A-2 | 20,865.25 | |
| Prepaid Tax | A-10 | 4,465.84 | |
| Grants Receivable | A-18 | | 175,000.00 |
| Revenue Accounts Receivable | A-8 | 65,836.00 | |
| Interfunds | A-11 | 178,250.27 | |
| | | <u>1,761,418.03</u> | <u>175,000.00</u> |
| | | \$ 2,640,107.12 | \$ 175,000.00 |
| Decreased by Disbursements: | | | |
| Appropriations | A-3 | \$ 304,819.45 | \$ |
| Appropriation Reserves | A-9 | 61,573.17 | |
| Local District School Taxes | A-13 | 955,324.00 | |
| County Taxes | A-12 | 217,635.99 | |
| Interfunds | A-11 | 207,222.43 | |
| Other Operations | A-1 | 3,161.07 | |
| Due General Capital Fund | A-21 | | 90,000.00 |
| Grants Appropriated | A-17 | | 85,000.00 |
| | | <u>1,749,736.11</u> | <u>175,000.00</u> |
| Balance, December 31, 2018 | A | \$ <u>890,371.01</u> | \$ <u>- 0 -</u> |

BOROUGH OF MILLSTONE
CURRENT FUND
SCHEDULE OF CHANGE FUND

| <u>DEPARTMENT</u> | BALANCE DECEMBER 31, <u>2018</u> | BALANCE DECEMBER 31, <u>2017</u> |
|-------------------|----------------------------------------|----------------------------------------|
| Tax Collector | \$ 25.00 | \$ 25.00 |
| Municipal Court | 25.00 | 25.00 |
| | <u>\$ 50.00</u> | <u>\$ 50.00</u> |
| | A | A |

REF.

BOROUGH OF MILLSTONE

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| YEAR | BALANCE DECEMBER 31, 2017 | LEVY & ADDED | COLLECTIONS 2017 | COLLECTIONS 2018 | TRANSFERRED TO LIENS | CANCELED | BALANCE DECEMBER 31, 2018 |
|-------|---------------------------------|-----------------|---------------------|---------------------|-------------------------|-------------|---------------------------------|
| Prior | \$ 29,935.83 | \$ | \$ | \$ 27,574.79 | \$ | \$ 2,361.04 | \$ |
| 2018 | | 1,514,076.24 | 22,872.72 | 1,457,181.98 | 2,452.73 | 2,488.16 | 29,080.65 |
| | \$ 29,935.83 | \$ 1,514,076.24 | \$ 22,872.72 | \$ 1,484,756.77 | \$ 2,452.73 | \$ 4,849.20 | \$ 29,080.65 |

REF.

A

A-2/A-10

A-2

A-14

A

REF.

Cash

State Share of Senior Citizens and Veterans Deductions
Overpayments Applied

A-4

A-7

A-15

\$ 1,478,189.81

3,000.00

3,566.96

\$ 1,484,756.77

ANALYSIS OF 2018 PROPERTY TAX LEVY

TAX YIELD:

General Purpose Tax

\$ 1,514,076.24

TAX LEVY:

Local District School Tax (Abstract)

A-13

\$ 955,324.00

County Taxes:

County Tax (Abstract)

\$ 173,190.90

County Library Tax (Abstract)

25,681.04

County Open Space Preservation Tax (Abstract)

16,379.81

Added: County Taxes

2,384.24

217,635.99

Local Tax for Municipal Purposes

Add: Additional Tax Levied

\$ 326,859.00

Local Tax for Municipal Purposes Levied

14,257.25

341,116.25

\$ 1,514,076.24

BOROUGH OF MILLSTONE

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
CHAPTER 73, P.L. 1976

| | <u>REF.</u> | | |
|---------------------------------------------|-------------|----|----------------------|
| Balance, December 31, 2017 (Due From) | A | \$ | 639.73 |
| Increased by: | | | |
| Senior Citizens Deductions Per Tax Billings | A-7 | \$ | 500.00 |
| Veterans Deductions Per Tax Billings | A-7 | | <u>2,500.00</u> |
| | | | \$ <u>3,000.00</u> |
| | | | \$ <u>3,639.73</u> |
| Decreased by: | | | |
| Received in Cash From State | A-4 | | <u>3,000.00</u> |
| Balance, December 31, 2018 (Due From) | A | \$ | <u><u>639.73</u></u> |

ANALYSIS OF STATE SHARE OF 2018 SENIOR
CITIZENS AND VETERANS DEDUCTIONS

| | | | |
|--------------------------------------------|-----|----|---------------------------|
| Senior Citizens Deductions Per Tax Billing | A-7 | \$ | 500.00 |
| Veterans Deductions Per Tax Billing | A-7 | | <u>2,500.00</u> |
| | A-6 | | \$ <u><u>3,000.00</u></u> |

BOROUGH OF MILLSTONE

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>REF.</u> | <u>ACCRUED IN 2018</u> | <u>COLLECTED BY TREASURER</u> |
|---------------------|-------------|----------------------------|-----------------------------------|
| Energy Receipts Tax | A-2 | \$ <u>65,836.00</u> | \$ <u>65,836.00</u> |
| | | \$ <u><u>65,836.00</u></u> | \$ <u><u>65,836.00</u></u> |
| | <u>REF.</u> | | A-4 |

BOROUGH OF MILLSTONE

CURRENT FUND

SCHEDULE OF PREPAID TAXES

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------------|
| Balance, December 31, 2017 | A | \$ 22,872.72 |
| Increased by: | | |
| Receipts | A-4 | <u>4,465.84</u> |
| | | \$ <u>27,338.56</u> |
| Decreased by: | | |
| Prepaid applied | A-6 | <u>22,872.72</u> |
| Balance, December 31, 2018 | A | \$ <u><u>4,465.84</u></u> |

BOROUGH OF MILLSTONE

CURRENT FUND

SCHEDULE OF INTERFUNDS

| REF. | TOTAL | GRANT FUND | ANIMAL CONTROL TRUST FUND | TRUST OTHER FUND | | | GENERAL CAPITAL FUND |
|----------------------------|---------------|---------------|---------------------------|------------------|------------|---------|----------------------|
| | | | | PAYROLL | RECREATION | OTHER | |
| Balance, December 31, 2017 | | | | | | | |
| A | \$ 89.20 | \$ | \$ 89.20 | \$ | \$ | \$ | \$ |
| A | 29,826.27 | | 0.02 | | | | 29,826.25 |
| Receipts | | | | | | | |
| A-4 | \$ 178,250.27 | \$ 175,000.00 | \$ 89.20 | \$ 3,161.07 | \$ | \$ | \$ 28,317.84 |
| A-9 | 28,317.84 | | | | | | 29,826.30 |
| A-4 | 207,222.43 | 175,000.00 | 283.00 | 2,113.02 | 0.05 | 0.06 | |
| Balance, December 31, 2018 | | | | | | | |
| A | \$ 283.11 | \$ | \$ 283.00 | \$ 0.05 | \$ 0.06 | \$ 0.06 | \$ |
| A | 29,365.86 | | 1,048.07 | | | | 28,317.79 |

"A-12"

BOROUGH OF MILLSTONE

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

| | <u>REF.</u> | | |
|-------------------------------------------|-------------|----|-------------------|
| Increased by: | | | |
| 2018 Tax Levy (including added & omitted) | A-1:A-6 | \$ | 217,635.99 |
| Decreased by: | | | |
| Payments | A-4 | \$ | <u>217,635.99</u> |

"A-13"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

| | | | |
|-------------------------|---------|----|-------------------|
| Increased by: | | | |
| Levy-Calendar Year 2018 | A-1:A-6 | \$ | 955,324.00 |
| Decreased by: | | | |
| Payments | A-4 | \$ | <u>955,324.00</u> |

"A-14"

BOROUGH OF MILLSTONE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

| | <u>REF.</u> | |
|-------------------------------------|-------------|---------------------|
| Balance, December 31, 2017 | A | \$ 11,932.74 |
| Increased by: | | |
| Transferred From Current Year Taxes | A-6 | <u>2,452.73</u> |
| Balance, December 31, 2018 | A | <u>\$ 14,385.47</u> |

"A-15"

SCHEDULE OF RESERVE FOR TAX OVERPAYMENTS

| | | |
|----------------------------|-----|---------------------|
| Balance, December 31, 2017 | A | \$ 3,566.96 |
| Increased by: | | |
| Receipts | A-4 | <u>10,810.86</u> |
| | | \$ <u>14,377.82</u> |
| Decreased by: | | |
| Overpayment Applied | A-6 | <u>3,566.96</u> |
| Balance, December 31, 2018 | A | <u>\$ 10,810.86</u> |

BOROUGH OF MILLSTONE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS -
UNAPPROPRIATED

| | BALANCE DECEMBER <u>31, 2017</u> | UNAPPROPRIATED <u>APPLIED</u> |
|-------------------------|----------------------------------------|----------------------------------|
| Recycling Tonnage Grant | \$ <u>1,663.97</u> | \$ <u>1,663.97</u> |
| | \$ <u><u>1,663.97</u></u> | \$ <u><u>1,663.97</u></u> |
| <u>REF.</u> | A | A-18 |

BOROUGH OF MILLSTONE

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS -
APPROPRIATED

| | <u>BALANCE DECEMBER 31, 2017</u> | <u>BUDGET APPROPRIATION</u> | <u>DISBURSEMENT</u> | <u>BALANCE DECEMBER 31, 2018</u> |
|-----------------------------------|------------------------------------------|---------------------------------|---------------------|------------------------------------------|
| NJ DOT - Ann Street | \$ 85,000.00 | \$ | \$ 85,000.00 | \$ |
| County Historical Preservation | 6,491.12 | | | 6,491.12 |
| FEMA Hazard Mitigation Homeowners | 165,581.50 | 1,663.97 | | 165,581.50 |
| Recycling Tonnage | | 82,000.00 | | 1,663.97 |
| NJ DOT - Van Doren Drive | | | | 82,000.00 |
| | <u>\$ 257,072.62</u> | <u>\$ 83,663.97</u> | <u>\$ 85,000.00</u> | <u>\$ 255,736.59</u> |

REF.

A

A-3-A-18

A-4

A

BOROUGH OF MILLSTONE

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

| | BALANCE DECEMBER <u>31, 2017</u> | BUDGET 2018 | RECEIPTS | UNAPPROPRIATED APPLIED | BALANCE DECEMBER <u>31, 2018</u> |
|--------------------------------------------------------|----------------------------------------|---------------------|----------------------|---------------------------|----------------------------------------|
| NJ DOT- Ann Street | \$ 85,000.00 | \$ | \$ | \$ | 85,000.00 |
| NJ DOT- Beardslee Place | 175,000.00 | | 175,000.00 | | 165,581.50 |
| FEMA Hazard Mitigation Homeowners Recycling Tonnage | 165,581.50 | 1,663.97 | | 1,663.97 | |
| NJ DOT- Van Doren Drive | | 82,000.00 | | | 82,000.00 |
| | <u>\$ 425,581.50</u> | <u>\$ 83,663.97</u> | <u>\$ 175,000.00</u> | <u>\$ 1,663.97</u> | <u>\$ 332,581.50</u> |
| REF. A | | A-2-A-17 | A-4 | A-16 | A |

"A-19"

BOROUGH OF MILLSTONE

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES - SPECIAL EMERGENCIES (40A:4-53)

| | <u>REF.</u> | |
|-----------------------------------------------------------|-------------|----------------------------|
| Balance, December 31, 2017 | A | \$ 14,000.00 |
| Decreased by: | | |
| 2018 Appropriation | A-3 | <u>3,500.00</u> |
| Balance, December 31, 2018 | A | \$ <u><u>10,500.00</u></u> |
| <u>Analysis of Balance:</u> | | |
| Special Emergency - Revision & Codification of Ordinances | | \$ <u>10,500.00</u> |
| | | \$ <u><u>10,500.00</u></u> |

"A-20"

SCHEDULE OF RESERVE FOR REVISION OF BOROUGH ORDINANCES

| | | |
|------------------------------------------------------|---|----------------------------|
| Balance, December 31, 2017, and December 31, 2018 | A | \$ <u><u>17,500.00</u></u> |
|------------------------------------------------------|---|----------------------------|

"A-21"

BOROUGH OF MILLSTONE

GRANT FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

| | <u>REF.</u> | |
|-------------------------------------|-------------|---------------------|
| Balance, December 31, 2017 (Due To) | A | \$ 166,844.91 |
| Decreased by: | | |
| Disbursements | A-4 | <u>90,000.00</u> |
| Balance, December 31, 2018 (Due To) | A | <u>\$ 76,844.91</u> |

"A-22"

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

| | | |
|----------------------------|-----|---------------------|
| Increased by: | | |
| Appropriations | A-3 | \$ 60,153.58 |
| Balance, December 31, 2018 | A | <u>\$ 60,153.58</u> |

BOROUGH OF MILLSTONE

TRUST FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | <u>ANIMAL CONTROL</u> | <u>OTHER</u> |
|------------------------------------------|-------------|-----------------------|---------------------|
| Balance, December 31, 2017 | B | \$ 690.20 | \$ 25,836.45 |
| Increased by Receipts: | | | |
| Due Current Fund | B-9 | \$ | 0.13 |
| Reserve for Animal Control | B-2 | 160.00 | |
| Dog License Fees Due State of New Jersey | B-7 | 49.80 | |
| Intrafund-Due to SUI From Payroll | B-1 | | 166.08 |
| Reserve for SUI | B-3 | | 163.46 |
| Reserve for Recreation | B-4 | | 140.00 |
| Reserve for Payroll | B-8 | | 56,560.62 |
| | | 209.80 | 57,030.29 |
| | | <u>900.00</u> | <u>82,866.74</u> |
| Decreased by Disbursements: | | | |
| Reserve for Animal Control | B-2 | \$ 5.40 | |
| Dog License Fees Due State of New Jersey | B-7 | 85.00 | |
| Due Current Fund | B-9 | 89.20 | 1,048.07 |
| Intrafund-Due to SUI From Payroll | B-1 | | 166.08 |
| Reserve for Payroll | B-8 | | 55,811.11 |
| | | 179.60 | 57,025.26 |
| Balance, December 31, 2018 | B | <u>\$ 720.40</u> | <u>\$ 25,841.48</u> |

BOROUGH OF MILLSTONE

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>REF.</u> | | |
|------------------------------------------|-------------|----|----------------------|
| Balance, December 31, 2017 | B | \$ | 550.60 |
| Increased by: | | | |
| Animal Licenses | B-1 | | 160.00 |
| | | \$ | <u>710.60</u> |
| Decreased by: | | | |
| Excess Reserve | B-9 | \$ | 267.80 |
| Dog License Fees Due State of New Jersey | B-1 | | <u>5.40</u> |
| | | | <u>273.20</u> |
| Balance, December 31, 2018 | B | \$ | <u><u>437.40</u></u> |

LICENSE FEES COLLECTED

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|-------------------------|
| 2017 | \$ 223.80 |
| 2016 | <u>213.60</u> |
| | \$ <u><u>437.40</u></u> |

"B-3"

BOROUGH OF MILLSTONE

TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT INSURANCE

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------------|
| Balance, December 31, 2017 | B | \$ 7,839.48 |
| Increased by: | | |
| Receipts | B-1 | <u>163.46</u> |
| Balance, December 31, 2018 | B | <u><u>\$ 8,002.94</u></u> |

"B-4"

SCHEDULE OF RESERVE FOR RECREATION DEPOSITS

| | | |
|----------------------------|-----|---------------------------|
| Balance, December 31, 2017 | B | \$ 4,316.00 |
| Increased by: | | |
| Receipts | B-1 | <u>140.00</u> |
| Balance, December 31, 2018 | B | <u><u>\$ 4,456.00</u></u> |

"B-5"

BOROUGH OF MILLSTONE

TRUST FUND

SCHEDULE OF RESERVE FOR ESCROW DEPOSITS

REF.

| | | |
|--------------------------------|---|---------------------|
| Balance, December 31, 2017 | | |
| and Balance, December 31, 2018 | B | \$ <u>12,505.99</u> |

"B-6"

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER

| | | |
|--------------------------------|---|--------------------|
| Balance, December 31, 2017 | | |
| and Balance, December 31, 2018 | B | \$ <u>1,175.00</u> |

"B-7"

BOROUGH OF MILLSTONE

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY - ANIMAL CONTROL TRUST

| | <u>REF.</u> | | |
|----------------------------|-------------|----|---------------|
| Balance, December 31, 2017 | B | \$ | 50.40 |
| Increased by: | | | |
| Receipts | B-1 | | 49.80 |
| | | \$ | <u>100.20</u> |
| Decreased by: | | | |
| Disbursements | B-1 | \$ | 85.00 |
| Canceled-State of NJ | B-9 | | 15.20 |
| | | \$ | <u>100.20</u> |

"B-8"

SCHEDULE OF RESERVE FOR PAYROLL

| | | | |
|----------------------------|-----|----|----------------------|
| Increased by: | | | |
| Receipts | B-1 | \$ | 56,560.62 |
| Decreased by: | | | |
| Disbursements | B-1 | | <u>55,811.11</u> |
| Balance, December 31, 2018 | B | \$ | <u><u>749.51</u></u> |

BOROUGH OF MILLSTONE

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

| | <u>REF.</u> | | |
|--------------------------------------------|-------------|----|----------------------|
| Balance, December 31, 2017 (Due To, Net) | | | |
| Due to Current Fund - Payroll | B | \$ | 89.18 |
| Increased by: | | | |
| Excess Reserve | B-2 | \$ | 267.80 |
| Due State Cancelation | B-7 | | 15.20 |
| Receipts | B-1 | | 0.13 |
| | | | <u>283.13</u> |
| | | \$ | <u>372.31</u> |
| Decreased by: | | | |
| Disbursements-Animal Control | B-1 | \$ | 89.20 |
| Disbursements-Trust Other | B-1 | | 1,048.07 |
| | | | <u>1,137.27</u> |
| Balance, December 31, 2018 (Due from, Net) | | \$ | <u><u>764.96</u></u> |
| <u>Analysis of Balance:</u> | | | |
| Due to Current Fund - Animal Control Trust | | \$ | (283.00) |
| Due to Current Fund - Trust Other | | | (0.06) |
| Due to Current Fund - Recreation | | | (0.05) |
| | | | <u>(283.11)</u> |
| Due from Current Fund - Payroll Trust | B | \$ | <u>1,048.07</u> |
| | B | | <u>1,048.07</u> |
| | | \$ | <u><u>764.96</u></u> |

"C-1"

BOROUGH OF MILLSTONE
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | | |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2017 | C | \$ | 86,213.26 |
| Increased by: | | | |
| Due Current Fund Receipts | C-4 | \$ | 29,826.30 |
| Due Grant Fund Receipts | C-6 | | 90,000.00 |
| Reserve for Improvements | C-5 | | <u>28,317.84</u> |
| | | | 148,144.14 |
| | | \$ | <u>234,357.40</u> |
| Decreased by: | | | |
| Disbursements | C-4 | | <u>28,317.84</u> |
| Balance, December 31, 2018 | C | \$ | <u><u>206,039.56</u></u> |

"C-2"

ANALYSIS OF CASH

| | | BALANCE DECEMBER 31, 2018 |
|--------------------------|-------------|---------------------------------|
| Capital Improvement Fund | | \$ 253,058.16 |
| Reserve for Improvements | | 58,144.10 |
| Interfunds Receivable | | <u>(105,162.70)</u> |
| | | \$ <u><u>206,039.56</u></u> |
| | <u>REF.</u> | C |

"C-3"

BOROUGH OF MILLSTONE

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>REF.</u> | |
|-----------------------------------------------------|-------------|----------------------|
| Balance, December 31, 2017 and December 31, 2018 | C | \$ <u>253,058.16</u> |

"C-4"

SCHEDULE OF DUE CURRENT FUND

| | | |
|---------------------------------------|-----|---------------------|
| Balance, December 31, 2017 (Due From) | C | \$ 29,826.25 |
| Increased by: | | |
| Disbursements | C-1 | <u>28,317.84</u> |
| | | \$ 58,144.09 |
| Decreased by: | | |
| Receipts | C-1 | <u>29,826.30</u> |
| Balance, December 31, 2018 (Due From) | C | \$ <u>28,317.79</u> |

"C-5"

BOROUGH OF MILLSTONE

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR IMPROVEMENTS

| | <u>REF.</u> | | |
|---------------------------------|-------------|----|-------------------------|
| Balance, December 31, 2017 | C | \$ | 29,826.26 |
| Increased by: | | | |
| Receipts | C-1 | | <u>28,317.84</u> |
| Balance, December 31, 2018 | C | \$ | <u><u>58,144.10</u></u> |
| Analysis of Balance: | | | |
| Roads: Ann & Beardslee | | \$ | 17,317.84 |
| Parking Lot Improvement | | | 11,000.00 |
| Security Camera Project | | | 14,876.26 |
| Electrical Conduit Project | | | 13,000.00 |
| Securing Historic House Project | | | <u>1,950.00</u> |
| | | \$ | <u><u>58,144.10</u></u> |

"C-6"

SCHEDULE OF DUE GRANT FUND

| | | | |
|---------------------------------------|-----|----|-------------------------|
| Balance, December 31, 2017 (Due From) | C | \$ | 166,844.91 |
| Decreased by: | | | |
| Receipts | C-1 | | <u>90,000.00</u> |
| Balance, December 31, 2018 (Due From) | C | \$ | <u><u>76,844.91</u></u> |

"E-1"

BOROUGH OF MILLSTONE

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH-TREASURER

| | <u>REF.</u> | <u>P.A.T.F. I</u> |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2017 | E | \$ 2,404.23 |
| Increased by: | | |
| Interest | E-2 | <u>0.05</u> |
| Balance, December 31, 2018 | E | <u>\$ 2,404.28</u> |

"E-2"

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

| | <u>REF.</u> | |
|----------------------------|-------------|--------------------|
| Balance, December 31, 2017 | E | \$ 2,404.23 |
| Increased by: | | |
| Interest | E-1 | <u>0.05</u> |
| Balance, December 31, 2018 | E | <u>\$ 2,404.28</u> |

BOROUGH OF MILLSTONE

PART II

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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

| | <u>YEAR 2018</u> | | <u>YEAR 2017</u> | |
|------------------------------------------|------------------------|----------------|-----------------------------|-----------------------------|
| | <u>AMOUNT</u> | <u>%</u> | <u>AMOUNT</u> | <u>%</u> |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | | |
| Fund Balance Utilized | \$ 232,734.00 | 11.70% | \$ 238,000.00 | 12.23% |
| Miscellaneous - From Other Than | | | | |
| Local Property Tax Levies | 246,901.30 | 12.42% | 246,760.79 | 12.69% |
| Collection of Delinquent Taxes | 27,574.79 | 1.39% | 32,912.87 | 1.69% |
| Collections of Current Tax Levy | <u>1,480,054.70</u> | <u>74.48%</u> | <u>1,427,425.84</u> | <u>73.39%</u> |
| <u>Total Revenue</u> | <u>\$ 1,987,264.79</u> | <u>100.00%</u> | <u>\$ 1,945,099.50</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u> | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | \$ 614,092.97 | 34.30% | \$ 618,166.00 | 35.44% |
| Local School Taxes | 955,324.00 | 53.35% | 916,433.00 | 52.53% |
| County Taxes | 217,635.99 | 12.16% | 209,679.69 | 12.02% |
| Other Expenditures | <u>3,354.98</u> | <u>0.19%</u> | <u> </u> | <u> </u> |
| <u>Total Expenditures</u> | <u>\$ 1,790,407.94</u> | <u>100.00%</u> | <u>\$ 1,744,278.69</u> | <u>100.00%</u> |
| Excess to Fund Balance | \$ 196,856.85 | | \$ 200,820.81 | |
| Fund Balance - January 1 | 653,185.78 | | 690,364.97 | |
| | <u>\$ 850,042.63</u> | | <u>\$ 891,185.78</u> | |
| Less: Utilization as Anticipated Revenue | <u>232,734.00</u> | | <u>238,000.00</u> | |
| Fund Balance, December 31 | <u>\$ 617,308.63</u> | | <u>\$ 653,185.78</u> | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|----------------------------|-----------------|-----------------|-----------------|
| Tax Rate | \$ <u>2.862</u> | \$ <u>2.755</u> | \$ <u>2.704</u> |
| Apportionment of Tax Rate: | | | |
| Municipal | \$ 0.624 | \$ 0.615 | \$ 0.605 |
| County | 0.413 | 0.400 | 0.402 |
| Local School | <u>1.825</u> | <u>1.740</u> | <u>1.697</u> |

Assessed Valuation:

| | | | |
|-----------|-------------------------|-------------------------|-------------------------|
| Year 2018 | \$ <u>52,325,900.00</u> | | |
| Year 2017 | | \$ <u>52,665,500.00</u> | |
| Year 2016 | | | \$ <u>52,990,300.00</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</u> <u>COLLECTIONS</u> | <u>PERCENTAGE</u> <u>OF</u> <u>COLLECTION</u> |
| 2018 | \$ 1,514,076.24 | \$ 1,480,054.70 | 97.75% |
| 2017 | 1,450,934.53 | 1,427,425.84 | 98.37% |
| 2016 | 1,434,471.11 | 1,390,117.41 | 96.90% |

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> |
|------------------------------|------------------------------------------|-------------------------------------------|-----------------------------|---------------------------------------|
| 2018 | \$ 14,385.47 | \$ 29,080.65 | \$ 43,466.12 | 3.00% |
| 2017 | 11,932.74 | 29,935.83 | 41,868.57 | 2.89% |
| 2016 | 9,571.70 | 41,701.05 | 51,272.75 | 3.57% |

COMPARATIVE SCHEDULE OF FUND BALANCES

| | <u>YEAR</u> | <u>BALANCE DECEMBER 31</u> | <u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u> |
|--------------|-------------|--------------------------------|------------------------------------------------------|
| Current Fund | 2018 | \$617,308.63 | \$207,962.62 |
| | 2017 | 653,145.78 | 232,734.00 |
| | 2016 | 690,364.97 | 238,000.00 |
| | 2015 | 698,125.36 | 233,023.00 |
| | 2014 | 628,011.70 | 169,500.00 |

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> |
|--------------------|--------------------------|---------------------------|
| Raymond Heck | Mayor | * |
| Scott Ross | Council President | * |
| Jonathan Stashek | Councilman | * |
| Denene Smerdon | Councilwoman | * |
| Alan Kidd | Councilman | * |
| Merry Emmich | Councilwoman | * |
| Derek Dandy | Councilman | * |
| Gregory Bonin | Clerk | * |
| Rebecca Newman | Tax Collector, Registrar | * |
| Christopher Lauver | Tax Assessor | * |
| Lawrence Pollex | Chief Financial Officer | * |
| Stephen Offen | Borough Attorney | |
| Hector Rodriguez | Municipal Magistrate | * |
| Maureen Vella | Municipal Magistrate | * |
| Keila Martinez | Court Administrator | * |

* - The Borough is covered by a \$1,000,000 blanket bond with a \$2,500 deductible per documentation provided by the Borough's contact at the Joint Insurance Fund.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only 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 with the appointment of a Qualified Purchasing Agent during 2017, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$40,000.00. The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed \$40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Council's opinion should be sought before a commitment is made.

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 audit of expenditures did not reveal any individual payments, contracts or agreements in excess of the bid threshold "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 AND ASSESSMENTS

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

The governing body on January 7, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"Interest rate on delinquent taxes: No interest shall be charged if payment of any installment, including added assessments is made within 10 calendar days after the due date; after the 10 day grace period, interest charges revert back to the due date."

"Interest rate of delinquent taxes shall be 8% for the first \$1,500.00 and 18% over \$1,500.00."

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

| <u>TYPE</u> | <u>NUMBER MAILED</u> |
|---------------------------------------|----------------------|
| Information Tax Positive Confirmation | 10 |
| Delinquent Tax Positive Confirmation | 4 |

OTHER COMMENTS

Interfunds

Reference to the various balance sheets show interfund balances remaining at year end. Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. As a general rule all interfund balances should be closed out as of the end of year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis; however prior interfunds between the Current Fund and the General Capital Fund have not been liquidated.

Other

The finance office does not maintain a general ledger.

The finance office did not prepare accurate monthly cash proof and bank reconciliations for all funds.

The finance office did not maintain a complete and accurate set of receipts and disbursements records.

The finance office is not in compliance with regulations in N.J.A.C. 5:30-17.3 over third party disbursement service organization for payroll purposes.

The tax office does not appear to be recording property tax receipts on the day they are received and depositing within 48 hours.

RECOMMENDATIONS

*That a General Ledger be maintained.

*That accurate monthly cash proofs and bank reconciliations be prepared.

*That a complete set of accurate and detailed receipts and disbursements records be maintained.

That the finance office improve controls and procedures necessary to be in compliance with NJAC 5:30-17.3 for third-party disbursement service organizations for payroll purposes.

That all property tax receipts be recorded on the day they are received and deposited within 48 hours.

*Unresolved Prior Years Recommendations

