



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-206

Date of Adoption: September 12, 2017

**TITLE: RESOLUTION ACKNOWLEDGING RECEIPT AND REVIEW OF
PLANNING BOARD REPORT RE: ORDINANCE NO. 0-17-10**

- - - R E S O L U T I O N - - -

WHEREAS, the Township Committee introduced Ordinance No. O-17-10 on August 15, 2017 and referred it to the Planning Board, pursuant to N.J.S.A. 40:55D-26(a); and,

WHEREAS, on September 7, 2017, the Planning Board reported its findings on the Ordinance to the Township Committee and finds it to be consistent with the Freehold Township Master Plan as stated in the Board's most recent Master Plan Re-examination and Amendments;

NOW, THEREFORE, BE IT RESOLVED that the Township Committee acknowledges receipt that it has reviewed the Planning Board report;

BE IT FURTHER RESOLVED that a copy of this Resolution, certified by the Township Clerk to be a true copy, be forwarded to the Planning Board Secretary.

No. R-17-206

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent

ORDINANCE NO. O-17-10
TOWNSHIP COMMITTEE MEETING DATE – August 15, 2017

ORDINANCE AMENDING CHAPTER 190 (LAND USE), ARTICLE II (PLANNING BOARD), SECTION 190-14 (MEMBERSHIP) OF THE REVISED GENERAL ORDINANCES OF THE TOWNSHIP OF FREEHOLD, COUNTY OF MONMOUTH, STATE OF NEW JERSEY

BE IT ORDAINED by the Township Committee of the Township of Freehold, County of Monmouth, State of New Jersey, as follows (additions are underlined, and deletions are in [brackets]):

I

Chapter 190, Land Use, Article II, Planning Board, Section 190-14, Membership, is hereby amended to read as follows:

190-14 Membership.

A. - C. No change.

D. Alternate members.

(1) The [Mayor] Township Committee shall appoint [two] four alternate members who shall meet the qualifications of Class IV members. Alternate members shall serve for a term of two years; provided, however, that the term of not more than [one] two alternate members shall expire in any one year. Such alternate members shall be designated by the Mayor as Alternate No. 1, [and] Alternate No. 2, Alternate No. 3 and Alternate No. 4. In the event that a choice must be made as to which alternate member is to vote, Alternate No. 1 shall vote, then, if needed, Alternate No. 2, then, if needed, Alternate No. 3 and then, if needed, Alternate No. 4.

(2) & (3) No change.

II

All Ordinances and parts of Ordinances inconsistent herewith are hereby repealed.

III

If any section, subparagraph, sentence, clause or phrase of this Ordinance shall be held to be invalid, such decision shall not invalidate the remaining portion of this Ordinance.

IV

This Ordinance shall take effect upon adoption and publication according to law and filing with the Monmouth County Planning Board.

EXPLANATORY STATEMENT:

This ordinance designates the Township Committee to appoint Alternate Members to the Planning Board, as well as amends the terms and order in which Alternate Members vote.

ORDINANCE NO. O-17-11

TOWNSHIP MEETING DATE – AUGUST 15, 2017

ORDINANCE AUTHORIZING THE LEASING OF CERTAIN CAPITAL EQUIPMENT BY THE TOWNSHIP OF FREEHOLD, NEW JERSEY FROM THE MONMOUTH COUNTY IMPROVEMENT AUTHORITY AND THE EXECUTION OF A LEASE AND AGREEMENT RELATING THERETO

BE IT ORDAINED by the Township Committee of the Township of Freehold, New Jersey (not less than two-thirds of all members thereof affirmatively concurring) as follows:

Section 1. Pursuant to Section 78 of the County Improvement Authorities Law, N.J.S.A. 40:37A-44, et seq., the Township of Freehold (the “Municipality”) is hereby authorized to unconditionally and irrevocably lease certain items of capital equipment from The Monmouth County Improvement Authority (the “Authority”) pursuant to a Lease and Agreement, substantially in the form submitted to this meeting (the “Lease”), a copy of which is on file in the office of the Clerk to the Municipality. The Mayor is hereby authorized to execute the Lease on behalf of the Municipality in substantially such form as submitted to this meeting and with such changes as may be approved by the Mayor, which approval shall be conclusively evidenced by the execution thereof, and the Clerk to the Municipality is hereby authorized to affix and attest the seal of the Municipality.

Section 2. The following additional matters are hereby determined, declared, recited and stated:

- (a) In recognition of the fact that the lease payment of the Municipality under the Lease will be based, in part, on the amount of bonds issued by the Authority to finance the acquisition of the leased equipment and the interest thereon, the maximum amount of bonds which the Authority shall issued to finance the acquisition of the equipment to be leased to the Municipality shall not exceed \$1,500,000 and the interest rate on said bonds shall not exceed five and fifty hundredths percent (5.50%) per annum;
- (b) The items to be leased from the Authority shall be as set forth in Schedule A hereto; provided that the Mayor or any authorized municipal representative (as defined in the Lease) may substitute or add items of equipment in accordance with the provisions of the Lease; and
- (c) The lease term applicable to a particular item of leased equipment shall not exceed the useful life of such item.

Section 3. This ordinance shall take effect twenty (20) days after the first publication thereof after final adoption as provided by law.

SCHEDULE A - EQUIPMENT LIST
Township of Freehold

<u>Equipment</u>	<u>Useful Life (Years)</u>	<u>Lease Term (Years)</u>	<u>Estimated Cost</u>
Various Pickup Trucks	5	5	\$ 450,000
Single Axle Dump Trucks	5	5	600,000
Tractors	15	10	165,000
Passenger Shuttle Bus	5	5	80,000
Trailer	15	10	12,000
Leaf Machines	15	10	60,000
Signal Sign Boards	10	10	<u>50,000</u>
			<u>\$1,417,000</u>



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-207

Date of Adoption: September 12, 2017

**TITLE: RESOLUTION AUTHORIZING AN AFFORDABILITY ASSISTANCE
LOAN REPAYMENT AGREEMENT WITH THE BUYER OF AN
AFFORDABLE HOUSING UNIT AT 2803 ICEHOUSE COURT**

- - - R E S O L U T I O N - - -

WHEREAS, Kayla Coughlin is purchasing property located at 2803 Icehouse Court, Freehold Township, Block No. 83.17, Lot 28.03, which property is governed by the statutes, ordinances, rules and regulations restricting ownership and use of the property as an Affordable Housing unit which, among other restrictions, restricts the property owner in financing the property or otherwise encumbering the property by way of mortgage, home equity loan, or other form of financing; and,

WHEREAS, the property owner has requested an Affordability Assistance Program loan from the Affordable Housing Trust Fund; and,

WHEREAS, the Township is willing to extend a loan to the property owner in the amount of \$14,460.10; and,

WHEREAS, it is appropriate for the Township to enter into an Agreement with the property owner setting forth the terms of the agreement at this time;

NOW THEREFORE BE IT RESOLVED on this day of September 12, 2017, by the Township Committee of Freehold Township, County of Monmouth, State of New Jersey, that:

1. The Mayor, Administrator, Clerk and Attorney are hereby authorized to execute an Affordability Assistance Program Agreement with the new owner of an Affordable Housing unit located at 2803 Icehouse Court;
2. A copy of the fully executed Agreement shall be kept on file with the Clerk. The original shall be kept in the unit file by the Administrative Agent;
3. A certified copy of the within Resolution shall be forwarded to Peter R. Valesi-Township Administrator; Catherine M. Campbell-Director of Finance; Ximena Calle-CGP&H; and Gary McLean, Esq.-Davison, Eastman & Munoz;

I do hereby certify that the foregoing is a true copy of a Resolution passed by the Township Committee at a meeting duly held on the 7th day of September 12, 2017.

Clerk

No. R-17-207

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent



Resolution of the Township of Freehold
Monmouth County, New Jersey

No: R-17-208

Date of Adoption: September 12, 2017

TITLE: RESOLUTION APPROVING CONSOLIDATED BILLS LIST

--- RESOLUTION ---

BE IT RESOLVED by the Township Committee of the Township of Freehold that the vouchers listed on the Consolidated Bills List, in the amount of \$12,274,892.08 dated September 12, 2017, as presented by the Township Treasurer/Chief Financial Officer, be paid from existing appropriations.

No. R-17-208

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. Mc Morrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent

ORDINANCE NO. O-17-12
TOWNSHIP MEETING DATE – September 12, 2017

ORDINANCE AMENDING CHAPTER XI (TRAFFIC), SECTION 11-4 (PARKING), SECTION 11-4.3, SCHEDULE II (STOPPING OR STANDING OF MOTOR VEHICLES PROHIBITED ON CERTAIN STREETS), SECTION 11-4.3A, SCHEDULE IIA (STOPPING OR STANDING OF MOTOR VEHICLES PROHIBITED DURING CERTAIN HOURS ON SCHOOL DAYS) AND SECTION 11-4.8.1, SCHEDULE IIIB (PARKING BY PERMIT ONLY ON DESIGNATED STREETS) OF THE REVISED GENERAL ORDINANCES OF THE TOWNSHIP OF FREEHOLD, COUNTY OF MONMOUTH, STATE OF NEW JERSEY

BE IT ORDAINED by the Township Committee of the Township of Freehold, County of Monmouth, State of New Jersey, as follows (additions are underlined, deletions are in [brackets]):

I

Chapter XI (Traffic), Section 11-4 (Parking) is hereby amended as follows:

Section 11-4.3, Schedule II (Stopping or Standing of Motor Vehicles Prohibited on

Certain Streets)

<u>Name of Street</u>	<u>Sides</u>	<u>Location</u>
Elton Adelpia Road (County Route 524)	South	Beginning at the easternmost driveway of the [Marshall W. Erickson School and extending east 1,012 feet] <u>Freehold Township High School and extending east 1,640 feet</u>
<u>Elton Adelpia Road</u> (County Route 524)	<u>South</u>	<u>Beginning at the westernmost driveway of the Freehold Township High School and extending 200 feet east</u>

Section 11-4.3A, Schedule IIA (Stopping or Standing of Motor Vehicles Prohibited

During Certain Hours on School Days)

<u>Name of Street</u>	<u>Side</u>	<u>Time</u>	<u>Location</u>
[Elton Adelpia Road (County Route 524)	South	7:30 a.m. to 3:30 p.m.	Beginning at the westernmost driveway of the Freehold Township High School and extending 200 feet east]
<u>Old Post Road</u>	<u>Both</u>	<u>7:30 a.m. to 3:30 p.m.</u>	<u>Beginning at Elton Adelpia Road and extending 150 feet north towards Coachman Drive</u>
<u>Woodstock Place</u>	<u>Both</u>	<u>7:30 a.m. to 3:30 p.m.</u>	<u>Beginning at Elton Adelpia Road and extending 150 feet north towards Heritage Drive</u>

Section 11-4.8.1, Schedule IIIB (Parking by Permit Only on Designated Streets)

<u>Name of Street</u>	<u>Side</u>	<u>Time</u>	<u>Location</u>
<u>Old Post Road</u>	<u>Both</u>	<u>8:00 a.m. to 10:00 a.m.</u>	[Entire length] <u>On school days. Beginning 150 feet north of Elton Adelpia Road and extending remaining length to Stonehurst Boulevard</u>
[Woodstock Place	Both	7:30 a.m. to 3:30 p.m.	[Extending from Elton Adelpia Road to the intersection with Heritage Drive]
<u>Woodstock Place</u>	<u>Both</u>	<u>8:00 a.m. to 10:00 a.m.</u>	<u>On school days. Beginning 150 feet north of Elton Adelpia Road and extending remaining length to Heritage Drive</u>

II

All Ordinances and parts of Ordinances inconsistent herewith are hereby repealed.

III

If any section, subparagraph, sentence, clause or phrase of this Ordinance shall be held to be invalid, such decision shall not invalidate the remaining portion of this Ordinance.

IV

This Ordinance shall take effect upon adoption and publication according to law.

EXPLANATORY STATEMENT:

This Ordinance amends parking, stopping and standing of motor vehicles in the area of the Freehold Township High School to provide safer passage of vehicles and pedestrians.



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-209

Date of Adoption: September 12, 2017

TITLE: RESOLUTION ADOPTING FREEHOLD TOWNSHIP EMPLOYEE HANDBOOK

- - - R E S O L U T I O N - - -

WHEREAS, the Freehold Township Committee and Township Administrator strongly believe that an employee handbook is a valuable tool to convey its policies, procedures and benefits; and,

WHEREAS, its Employee Handbook is referred to often by the Township Administrator, Personnel Officer and all Department Heads; and,

WHEREAS, it is in the best interest of the Township and its employees to update the policies and procedures in the Employee Handbook to remove outdated information and address changes in the law and best practices; and,

WHEREAS, the Personnel Officer has recommended several changes to the Employee Handbook;

NOW, THEREFORE, BE IT RESOLVED that the Freehold Township Committee herein adopts the updated Freehold Township Employee Handbook;

BE IT FURTHER RESOLVED that the Freehold Township Committee herein authorizes its Labor Counsel to review and advise of further necessary updates to the Employee Handbook for the 2018 version;

BE IT FURTHER RESOLVED that a certified copy of the within Resolution shall be forwarded to the Township Administrator, Township Personnel Officer, Township Director of Finance and Labor Counsel.

No. R-17-209

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-210

Date of Adoption: September 12, 2017

TITLE: A RESOLUTION OF THE TOWNSHIP OF FREEHOLD, NEW JERSEY APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LETTER OF REPRESENTATION AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION WITH THE ISSUANCE AND DELIVERY OF THE MONMOUTH COUNTY IMPROVEMENT AUTHORITY'S CAPITAL EQUIPMENT POOLED LEASE REVENUE BONDS, SERIES 2017 AND AUTHORIZING AN AUTHORIZED MUNICIPAL REPRESENTATIVE TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SUCH BONDS

- - - R E S O L U T I O N - - -

WHEREAS, the Township of Freehold, New Jersey (the "Municipality") desires to lease and permanently finance the cost of acquisition of certain capital equipment (the "Equipment") from The Monmouth County Improvement Authority (the "Authority"); and

WHEREAS, the Authority will provide for the financing of the cost of the acquisition of the Equipment by the issuance of its Capital Equipment Lease Revenue Bonds, Series 2017 (Freehold Township Project) (the "Bonds") payable from rentals by the Municipality pursuant to a Lease and Agreement by and between the Municipality and the Authority (the "Lease"); and

WHEREAS, in order to induce the Authority to issue and deliver the Bonds and its Capital Equipment Pooled Lease Revenue Bonds, Series 2017, there has been prepared and submitted to the Municipality a Letter of Representative in the form attached hereto as Exhibit A; and

WHEREAS, there has been prepared and submitted to the Municipality a Continuing Disclosure Agreement in the form appended hereto as Exhibit B for execution by the Municipality if the Authority shall determine that the Municipality is or will be an "obligated person" with respect to the Authority's Capital Equipment Lease Revenue Bonds, Series 2017 within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission (an "Obligated Person");

NOW, THEREFORE, BE IT RESOLVED BY THE TOWNSHIP OF FREEHOLD AS FOLLOWS:

Section 1. That the Letter of Representation, in the form presented to this meeting, be and the same is hereby approved, and any Authorized Municipal Representative (as that term is defined in the Lease) is hereby authorized to, and one of such officers shall execute the Letter of Representation, with such additions, deletions or modifications as such officer shall approve, and to deliver the same to the addressees designated on such Letter of Representation, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. That the Continuing Disclosure Agreement in the form presented to this meeting, be and the same is hereby approved, and any Authorized Municipal Representative is hereby authorized to, and one of such officers shall execute the Continuing Disclosure Agreement, with such additions, deletions or modifications as such officer shall approve, and to deliver the same upon the determination by the Authority that the Municipality is or will be an Obligated Person, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. That any Authorized Municipal Representative is hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or property for carrying out the sale, issuance and delivery of the Bonds, the Authority's Capital Equipment Pooled Lease Revenue Bonds, Series 2017 and all related transactions contemplated by this resolution.

Section 4. All resolutions or proceedings or parts thereof, in conflict with the provisions of this resolution are to the extent of such conflict hereby repealed.

Section 5. This resolution shall become effective immediately.

Date: September 12, 2017

No. R-17-210

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-211

Date of Adoption: September 12, 2017

TITLE: RESOLUTION APPOINTING RANDALL TRASKY AS CLASS II SPECIAL OFFICER

--- RESOLUTION ---

WHEREAS, Ernest H. Schriefer, Freehold Township Police Chief, has recommended that the Township Committee appoint a Class II Special Officer for the balance of 2017; and,

NOW, THEREFORE, BE IT RESOLVED that Randall Trasky, 7 New Jersey Avenue, Jackson, NJ 08527 is hereby appointed Class II Special Officer, pursuant to the authority and under the terms of NJSA 40A:14-146;

BE IT FURTHER RESOLVED that the appointment shall be and is hereby limited to the balance of 2017 and may be revoked by the Township Committee at any time without cause or hearing;

BE IT FURTHER RESOLVED that the duties of the Special Officer appointed herein will be limited and confined to the Freehold Township School System, the issuing of summonses in Fire Zones, Handicap Parking Areas and "No Parking" Zones; Freehold Township Municipal Courtroom Officer; traffic control in special details, Communications Operator and special duties assigned by the Police Chief;

BE IT FURTHER RESOLVED that the Class II Special Officers shall not carry a revolver or other similar weapon when off duty, and the said Officers, so appointed herein, shall not be members of the Police force, and their powers and duties shall cease at the expiration of the term for which they are appointed or upon revocation of the appointments;

BE IT FURTHER RESOLVED that a certified copy of the within Resolution be forwarded to Randall Trasky; Township Administrator Peter R. Valesi; Township Police Chief Ernest H. Schriefer; and Township Personnel Officer Erica Sambucini.

No. R-17-211

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-212

Date of Adoption: September 12, 2017

**TITLE: RESOLUTION AUTHORIZING A CONTRACT FOR T- SHIRTS,
JACKETS AND VARIOUS ITEMS FOR TOWNSHIP DEPARTMENTS**

- - - R E S O L U T I O N - - -

WHEREAS, the Township of Freehold has a need to acquire t-shirts, jackets and various items for Township Departments as a non-fair and open contract pursuant to the provisions of N.J.S.A. 19:44A-20.4 or 20.5 as appropriate; and,

WHEREAS, the Purchasing Agent has determined and certified in writing that the value of the acquisition will not exceed that Township's bid threshold, but will exceed \$17,500 in vendor aggregation; and,

WHEREAS, the anticipated term of this contract is for 1 year; and,

WHEREAS, Campus Coordinates, LLC can supply the Township with the required t-shirts, jackets and various items; and,

WHEREAS, Campus Coordinates, LLC has completed and submitted a Business Entity Disclosure Certification which certifies that Campus Coordinates, LLC has not made any reportable contributions to a political or candidate committee in the Township of Freehold, County of Monmouth, in the previous one year, and that the contract will prohibit Campus Coordinates, LLC from making any reportable contributions through the term of the contract; and,

WHEREAS, the Director of Finance will certify the availability of funds on an as-needed basis at a time when the Township needs to acquire t-shirts, jackets and various items for Township Departments;

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Freehold that a Contract for T-Shirts, Jackets and Various Items for Township Departments is hereby authorized with Campus Coordinates, LLC;

BE IT FURTHER RESOLVED that certified copies of the within Resolution be forwarded to the Director of Finance, Purchasing Agent and Campus Coordinates, LLC.

No. R-17-212

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-212

Date of Adoption: September 12, 2017

**TITLE: RESOLUTION AUTHORIZING A CONTRACT FOR T- SHIRTS,
JACKETS AND VARIOUS ITEMS FOR TOWNSHIP DEPARTMENTS**

- - - R E S O L U T I O N - - -

WHEREAS, the Township of Freehold has a need to acquire t-shirts, jackets and various items for Township Departments as a non-fair and open contract pursuant to the provisions of N.J.S.A. 19:44A-20.4 or 20.5 as appropriate; and,

WHEREAS, the Purchasing Agent has determined and certified in writing that the value of the acquisition will not exceed that Township's bid threshold, but will exceed \$17,500 in vendor aggregation; and,

WHEREAS, the anticipated term of this contract is for 1 year; and,

WHEREAS, Campus Coordinates, LLC can supply the Township with the required t-shirts, jackets and various items; and,

WHEREAS, Campus Coordinates, LLC has completed and submitted a Business Entity Disclosure Certification which certifies that Campus Coordinates, LLC has not made any reportable contributions to a political or candidate committee in the Township of Freehold, County of Monmouth, in the previous one year, and that the contract will prohibit Campus Coordinates, LLC from making any reportable contributions through the term of the contract; and,

WHEREAS, the Director of Finance will certify the availability of funds on an as-needed basis at a time when the Township needs to acquire t-shirts, jackets and various items for Township Departments;

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Freehold that a Contract for T-Shirts, Jackets and Various Items for Township Departments is hereby authorized with Campus Coordinates, LLC;

BE IT FURTHER RESOLVED that certified copies of the within Resolution be forwarded to the Director of Finance, Purchasing Agent and Campus Coordinates, LLC.

No. R-17-212

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-213

Date of Adoption: September 12, 2017

TITLE: RESOLUTION AUTHORIZING AWARD OF CONTRACT FOR SPORTS OFFICIAL SERVICES FOR PARKS AND RECREATION YOUTH AND HIGH SCHOOL BASKETBALL

--- RESOLUTION ---

WHEREAS, bids were advertised and received by the Township Purchasing Agent for Sports Official Services for Parks and Recreation Youth and High School Basketball on Tuesday, August 15, 2017 at 10:00 a.m.

WHEREAS, the following bids were received:

Bidder	Section	Amt. Bid 2017/18 (Estimated)	Amount Bid 2018/19 (Estimated)
Refs On The Run	A	\$41,743.00	\$41,743.00
Zebras R Us	A	\$38,480.00	\$41,440.00

WHEREAS, the Superintendent of Parks and Recreation, by memorandum dated September 6, 2017, recommends that a two-year Contract be awarded to Zebras R Us for Sports Official Services for Parks and Recreation Youth and High School Basketball in the estimated amount of \$79,920.00; and,

WHEREAS, the Director of Finance has certified to the Township Clerk that funds are available in the following budget accounts:

T-49-56-200-310-299; T-49-56-300-521-299

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Freehold that a two-year contract for Sports Official Services for Parks and Recreation Youth and High School Basketball be awarded to Zebras R Us in the estimated amount of \$79,920.00;

BE IT FURTHER RESOLVED that certified copies of the within resolution be forwarded to the Director of Finance, Superintendent of Parks and Recreation, the Purchasing Agent and all bidders.

No. R-17-213

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-214

Date of Adoption: September 12, 2017

**TITLE: RESOLUTION AMENDING 2017 BUDGET (CHAPTER 159) TO
INSERT MODIFICATION TO THE SPECIAL ITEM OF REVENUE
AND APPROPRIATION FOR SHARED SERVICES AGREEMENTS -
AUTOMOTIVE SERVICES**

- - - R E S O L U T I O N - - -

WHEREAS, N.J.S.A. 40A:4-87 provides that the Director of the Division of Local Government Services may approve the insertion of any Special Item of Revenue in the budget of any County or Municipality when such items shall have been made available by law and the amount thereof was not determined at the time of the adoption of the Budget, and

WHEREAS, said Director may also approve the insertion of an item of appropriation for an equal amount, and

WHEREAS, the Township of Freehold has received Shared Services Agreements from Government Agencies for Automotive Services; the 2017 Adopted Budget Appropriations and Revenue Anticipated: \$35,000.00. The cost of these services increased above anticipated costs, additional revenue and off-setting appropriation are required to complete the balance of the Budget Year 2017 in the amount of \$25,000.00; and

WHEREAS, the Township of Freehold will be the lead agency for the Shared Services Agreement - Automotive Services;

NOW, THEREFORE, BE IT RESOLVED that the Township Committee of the Township of Freehold, in the County of Monmouth, State of New Jersey, hereby requests the Director of the Division of Local Government Services to approve the insertion of an item of revenue in the Budget of the year 2017 in the sum of \$25,000.00 which is now available as revenue from:

Miscellaneous Revenues:

Special Items of General Revenue Anticipated
with Prior Written Consent of the Director
of the Division of Local Government Services:

Shared Services Agreements Offset with Appropriations:
Automotive Services

BE IT FURTHER RESOLVED that the like sum of \$25,000.00 be and the same is hereby appropriated under the caption of:

General Appropriations:

- (a) Operations excluded from "CAPS"
 - Shared Services Agreements:
 - Equipment Maintenance

BE IT FURTHER RESOLVED, that certification of adoption of this Resolution will be electronically forwarded to the Director of the Division of Local Government Services;

BE IT FURTHER RESOLVED, that the Township Clerk forward copies of this resolution to the Superintendent of Public Works and Director of Finance.

No. R-17-214

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-215

Date of Adoption: September 12, 2016

TITLE: RESOLUTION AUTHORIZING EXECUTION OF DEVELOPER'S AGREEMENT FOR AAA CLUB ALLIANCE, INC. SITE PLAN NO. 883-16, BLOCK 71, LOT 14

--- RESOLUTION ---

WHEREAS, on May 18, 2017, the Freehold Township Planning Board granted final site plan approval to AAA Club Alliance, Inc. Site Plan No. 883-16, Block 71, Lot 14, located on Highway 9 South; and

WHEREAS, in accordance with its Planning Board approval, the Developer is required to enter into a Developer's Agreement with the Township of Freehold; and

WHEREAS, the Township Attorney has prepared a Developer's Agreement for this site plan.

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Freehold that the Mayor is hereby authorized to execute and the Township Clerk to attest the Developer's Agreement between the Township of Freehold and the Developer in accordance with the approval granted by the Freehold Township Planning Board.

BE IT FURTHER RESOLVED that a copy of this Resolution, certified by the Township Clerk to be a true copy, be forwarded to: Township Engineer, Township Attorney, Township Planning Board, Township Construction Official and the Developer.

No.R-17-215

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2016

Prepared by:
Gerard Stankiewicz, CPA
For the Firm of:
Samuel Klein and Company
Certified Public Accountants
36 West Main Street, Suite 303
Freehold, New Jersey 07728

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016

	<u>Page</u>
Independent Auditor's Report	1-3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements – Statutory Basis Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Management's Discussion and Analysis	6-11
	<u>Exhibit</u>
<u>Financial Statements</u>	
Statement of Net Position – Governmental Fund	A-1 12
Statement of Activities – Governmental Fund	A-2 13
<u>Required Supplementary Information- Part I</u>	
Combined Statement of Net Position – Governmental Funds	B-1 14
Combined Statement of Revenues, Expenditures and Change in Net Position – Governmental Funds	B-2 15
<u>Notes to Financial Statements</u>	16-26
<u>Required Supplementary Information- Part II</u>	
<u>Individual Fund Statements</u>	<u>Schedule</u>
Statement of Net Position – General Fund	C-1 27
Statement of Revenues, Expenditures and Change in Net Position – General Fund	C-2 28
Statement of Expenditures Compared to Budget – General Fund	C-3 29
Statement of Revenues and Expenditures – Special Revenue Fund	D-1 30
Statement of Net Position – Capital Projects Fund	E-1 31
Statement of Revenues, Expenditures and Change in Net Position – Capital Projects Fund	E-2 32
Summary Statement of Project Expenditures – Capital Projects Fund	E-3 33
<u>Supplementary Information</u>	<u>Schedule</u>
Schedule of Receipts, Disbursements and Changes in Cash, Cash Equivalents and Investments – Governmental Funds	1 34
Statistical Information	35
Roster of Officials	36
<u>General Comments and Recommendations</u>	37-40

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Freehold Fire District No. 1
County of Monmouth
State of New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Freehold Fire District No. 1 (the "District") as of and for the year ended which collectively comprise the Fire District's basic financial statements as listed in the table of contents December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements – accounting principles generally accepted in the United States of America and this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2016, and the respective changes on financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated April 24, 2017 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreement 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

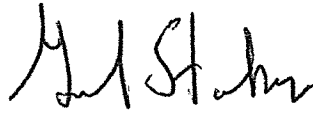
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

The financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the District's financial statements.

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

Our audit was performed for the purpose of forming an opinion on the financial statements of the District taken as a whole. The information included in the supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements, but is presented as additional analytical data as required by the Local Finance Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Gerard Stankiewicz
Certified Public Accountant



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
April 24, 2017

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Fire Commissioners
Township of Freehold Fire District No. 1
County of Monmouth
State of New Jersey

We have audited the financial statements of the Township of Freehold Fire District No. 1, County of Monmouth, State of New Jersey (the "District"), as of and for the year ended December 31, 2016, and have issued our report thereon dated April 24, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Fire District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

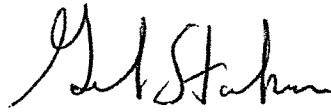
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identifying any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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* in the General Comments and Recommendations section of the audit that are immaterial matters are noted.

This report is intended solely for the information of the District and its management, and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Gerard Stankiewicz
Certified Public Accountant



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
April 24, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Township of Freehold Fire District #1's (District) annual financial report, the management of the District provides narrative discussion and analysis of the financial activities of the District for the audit year ending December 31, 2016.

The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

Discussion of Financial Statements Included in Annual Audit

The District prepares and presents its financial statements on several different bases, because of accounting requirements and for internal use purposes.

The first set of statements which consist of the Statement of Net Position, the Statement of Activities and Change in Net Position is prepared on an accrual basis and is in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. These statements are the official financial statements of the Township of Freehold Fire District #1.

After the first set of statements and the "Notes to the Financial Statements" that follow is the second set of statements. These statements are considered "Supplemental Information".

The District has historically presented its financial statements on a "GAAP Basis", and continues to do so because it relates more fairly to the annual budget for the same period. The annual budget records all encumbrances as charges against the adopted appropriation even if the items or services have not been received.

Contained in the supplemental information are statements that report the Statement of Net Position, Statement of Revenues, Expenditures and Change in Net Position and Statement of Expenditures Compared to Budget. These statements compare the "Budget" revenues and expenses to "Actual" revenues and expenses. They include operating revenues and expenses, nonoperating revenues and nonoperating expenses. Principal and Interest are reported in this statement as Debt Service expense, and depreciation is not reported as an expense. On the "GAAP" based and "Modified GAAP" based, Depreciation Expense is included, and only the Interest Expense component of the Debt Service expense is reported.

The Budget to Actual statement is a very important statement to the District management, because it is how we measure our financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

Other information or statements incorporated within the annual audit report are the Schedules of Cash and Cash Equivalents and Investments – Restricted and Unrestricted.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the official statements of the District, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. This is the first set of statements included in the annual audit report.

Township of Freehold Fire District #1

Comparative Statement of Net Position

The Township of Freehold Fire District #1's total assets \$3,613,319 and total current liabilities of \$115,105 and long-term liabilities of \$469,901. Assets exceed liabilities by \$3,028,313 compared to 2015 (as adjusted) where the assets exceeded liabilities by \$3,334,810.

The Township of Freehold Fire District #1's Net Position of \$3,028,313 are comprised of the following:

1. Invested in Capital Assets is \$3,045,076.
2. Unrestricted Reserved Net Position of \$164,052 is reserved for offsetting future capital expenses of which \$115,000 is reserved for the 2017 Budget as a source of revenue.
3. Unrestricted and Unreserved Net Position/(Deficit) \$295,815 represent a deficit in the District's net position as a result of the required accrual of the defined benefit program that the District has for its employees.

Comparative Statement of Net Position (Continued)

	As of December 31,	
	<u>2016</u>	<u>2015</u> [as Adjusted]
Total Current Assets	\$ 299,191	\$ 331,460
Total Restricted Assets	269,052	220,011
Capital Assets - Net	<u>3,045,076</u>	<u>3,349,091</u>
Total Assets	<u>\$ 3,613,319</u>	<u>\$ 3,900,562</u>
Total Current Liabilities Payable from Current Assets:		
Unrestricted	\$ 115,105	\$ 131,728
Restricted		<u>959</u>
Total Current Liabilities	<u>115,105</u>	<u>132,687</u>
Noncurrent Liabilities		
Net Defined Pension Liability	<u>469,901</u>	<u>433,065</u>
Total Liabilities	<u>\$ 585,006</u>	<u>\$ 565,752</u>
Net Position		
Restricted:		
Invested in Capital Assets	\$ 3,045,076	\$ 3,349,091
Unrestricted:		
Reserved	279,052	297,552
Unreserved/(Deficit)	<u>(295,815)</u>	<u>(311,833)</u>
Net Position	<u>\$ 3,028,313</u>	<u>\$ 3,334,810</u>

Comparative Statement of Revenues, Expenses and Change in Net Position

There was no change in Operating Revenues from taxation. The Revenue did not change from the prior year.

Operating Expenses increased \$16,806 or 1.66% from the prior year. Depreciation charged did not change. The inclusion of the non-depreciable land of \$79,500 caused the adjustment to the 2014 and 2015 Net Position.

Total Operating Revenues less Total Operating Expenses produced a deficit of \$312,572. This was anticipated by the Commissioners in preparation of the annual budget.

Net Position as of December 31, 2016 decreased \$306,496 from \$3,334,811 to \$3,028,313.

	<u>Year Ending December 31,</u>	
	<u>2016</u>	<u>2015</u>
		<i>[as Adjusted]</i>
Total Operating Revenues	\$ <u>1,085,000</u>	\$ <u>1,085,000</u>
Operating Expenses	\$ 1,028,687	\$ 1,011,881
Depreciation	<u>368,885</u>	<u>368,885</u>
Total Operating Expenses	\$ <u>1,397,572</u>	\$ <u>1,380,766</u>
Operating Income/(Loss)	\$ (312,572)	\$ (295,766)
Nonoperating Revenues - Net	<u>6,074</u>	<u>13,935</u>
Change in Net Position - Increase/(Decrease)	\$ (306,498)	\$ (281,831)
Net Position, Beginning	<u>3,334,811</u>	<u>3,616,642</u>
Net Position, Ending	\$ <u><u>3,028,313</u></u>	\$ <u><u>3,334,811</u></u>

Core Competencies

The Freehold Township Fire District #1 governs an all volunteer fire company serving mainly the eastern portion of Freehold Township in the County of Monmouth and also some of the surrounding townships and boros. The Board of Fire Commissioners is made up of 5 members who are charged with serving the community by raising money through the budget process and expanding those funds for the protection of the township's residents.

The Fire District supports 3 firehouses - a District owned main base, a District owned annex and a volunteer fire company house and 13 pieces of fire apparatus, the last of which was purchased in 2015. Other expenses are incurred in the maintaining the volunteers with the best equipment to fight fires and maintaining the fire apparatus in top shape to provide a maximum amount of safety to the volunteers and residents.

The District's budget is voted on at the Annual Fire District Election which is by statute on the third Saturday of February. The budget process begins in October with preparing the details and is finalized and introduced in November and a public hearing is held in December. If the voters defeat the budget, then the Mayor and Township Committee have the right to set the budget. The budget is prepared on a calendar year basis.

The District has a contract with the fire company for use of their building. The Fire Company has approximately fifty (50) volunteer members. The District also participates on a mutual aid consortium for assistance to and from neighboring municipalities.

The main revenue of the District is property taxes which are subject to the annual fire district election. The other sources of revenue are surplus and miscellaneous revenue which accrues to the fund balance of the District.

The majority of the budget relates to insurance, Bay rentals and repair and maintenance of fire trucks.

Accountability

The Township of Freehold Fire District #1's mission statement is:

The Mission Statement:

Our mission for the Township of Freehold Fire District #1 is to provide the ultimate in fire protection services. Always responsive to the residents' needs and the growing community, in compliance with the applicable laws, rules and regulations, the District will continue to set and exceed the standards for the protection of the property, while operating the most efficient system and maintaining a cost effective budget.

As the mission reads, this is who and what the District is accountable to. The District's accountability, first and foremost, is to protect the property. The goal is to provide a cost effective and reliable service, and at the same time to protect the property. This means the District is accountable to the residents, the agencies and people served using the same principles: cost effective, efficient, reliable and protective.

As a district, the District is also guided by or accountable to state government and the applicable rules and regulations that govern the Township of Freehold Fire District #1. More specifically, the District is accountable to the Department of Community Affairs, Division of Local Government Services.

Management of the District

The Commissioners manage the daily operations of the District in conjunction with the Chief of Fire. The Treasurer of the District handles the bookkeeping operations.

Funding of Infrastructure and Debt Management

The District is required by statute to present its capital projects or capital assets acquisition to the voters of the District for approval. Once approved, the District can proceed to put the required financing in place; however, subject to the Local Finance Board's approval.

Auditors

The District Auditor is Gerard Stankiewicz, CPA of Samuel Klein and Company.

Audits can be obtained by contacting the Township of Freehold Fire District #1.

FINANCIAL STATEMENTS

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Balance December 31, <u>2016</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 296,291.24
Refund Receivable	<u>2,900.00</u>
Total Current Assets	<u>299,191.24</u>
Restricted Assets:	
Cash and Cash Equivalents	\$ <u>269,052.15</u>
Total Restricted Assets	<u>269,052.15</u>
Noncurrent Assets:	
Capital Assets	\$ <u>3,045,076.35</u>
Total Noncurrent Assets	<u>3,045,076.35</u>
Total Assets	<u>\$ 3,613,319.74</u>
<u>LIABILITIES</u>	
Current Liabilities Payable from Current Assets:	
Accounts Payable	\$ 58,351.67
Commitments Payable	<u>56,753.60</u>
Total Current Liabilities	<u>\$ 115,105.27</u>
Noncurrent Liabilities:	
Net Defined Benefit Liability	\$ <u>469,901.00</u>
Total Noncurrent Liabilities	<u>\$ 469,901.00</u>
Total Liabilities	<u>\$ 585,006.27</u>
<u>NET POSITION</u>	
Restricted:	
Invested in Capital Assets, Net	\$ 3,045,076.35
Unrestricted:	
Reserved	279,052.15
Unreserved (Deficit)	<u>(295,815.03)</u>
Net Position	<u>\$ 3,028,313.47</u>

See Accompanying Notes to Financial Statements

FREEHOLD TOWNSHIP FIRE DISTRICT #1
COUNTY OF MONMOUTH
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

<u>Functions/Programs</u>	<u>Total Government Activities</u>	<u>Net (Expense)/ Revenue and Change in Net Position</u>
Expenditures:		
Administrative	\$	135,138.00
Cost of Providing Services:		
Insurance	\$	121,259.64
Contracted Services		108,000.00
Utilities		36,578.23
Cell/Communications		11,687.17
Trucks Repairs and Maintenance		117,353.02
Operating Supplies		180,904.81
Computers		35,457.74
Motor Fuel		9,263.30
Equipment Testing		12,092.29
Fire Prevention and Education		478.54
Education and Training		40,216.01
Building Maintenance		79,130.64
LOSAP Defined Benefit		136,014.89
SFSP Grant		5,113.00
Unallocated Depreciation		368,884.77
		<u>1,262,434.05</u>
 Total Government Activities	 \$	 <u>1,397,572.05</u>
 <u>General Revenues</u>		
Taxes - General Fund	\$	1,085,000.00
SFSP Grant		5,113.00
Interest Earned		954.98
Miscellaneous		6.54
		<u>1,091,074.52</u>
 Change in Net Position	 \$	 (306,497.53)
 Net Position - Beginning (<i>as Adjusted</i>)		 <u>3,334,811.00</u>
 Net Position - Ending	 \$	 <u><u>3,028,313.47</u></u>

See accompanying Notes to Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF NET POSITION
DECEMBER 31, 2016

<u>ASSETS</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Current Assets:			
Cash and Cash Equivalents	\$ 296,291.24	\$ 269,052.15	\$ 565,343.39
Refunds Receivable	<u>2,900.00</u>	<u> </u>	<u>2,900.00</u>
Total Assets	<u>\$ 299,191.24</u>	<u>\$ 269,052.15</u>	<u>\$ 568,243.39</u>
 <u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 58,351.67	<u> </u>	\$ 58,351.67
Commitments Payable	<u>56,753.60</u>	<u> </u>	<u>56,753.60</u>
Total Liabilities	<u>\$ 115,105.27</u>	<u> </u>	<u>\$ 115,105.27</u>
 <u>NET POSITION</u>			
Restricted	\$ 115,000.00	\$ 99,052.15	\$ 214,052.15
Unrestricted	<u>69,085.97</u>	<u>170,000.00</u>	<u>239,085.97</u>
Net Position	<u>\$ 184,085.97</u>	<u>\$ 269,052.15</u>	<u>\$ 453,138.12</u>

Net Position above: \$ 453,138.12

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$7,322,315.53 and the accumulated depreciation is \$4,398,692.78. 3,045,076.35

Net Defined Pension Benefit Liability (469,901.00)

Net Position of Governmental Activities (A-1) **\$ 3,028,313.47**

See Accompanying Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>REVENUES</u>				
Miscellaneous Revenues	\$ 6.54			\$ 6.54
Interest Earned	954.98			954.98
Other Grants and Entitlements		\$ 5,113.00		5,113.00
Amount to be Raised by Taxation	<u>1,085,000.00</u>			<u>1,085,000.00</u>
Total Revenues	<u>\$ 1,085,961.52</u>	<u>\$ 5,113.00</u>	<u>-</u>	<u>\$ 1,091,074.52</u>
<u>EXPENDITURES</u>				
Operating LOSAP	\$ 948,832.99	\$ 5,113.00		\$ 953,945.99
	<u>102,775.00</u>			<u>102,775.00</u>
Total Expenditures	<u>\$ 1,051,607.99</u>	<u>\$ 5,113.00</u>	<u>\$ -</u>	<u>\$ 1,056,720.99</u>
Excess of Revenues over Expenditures	\$ 34,353.53	-	-	\$ 34,353.53
Operating Transfer (out)/In	<u>(50,000.00)</u>		<u>50,000.00</u>	<u>-</u>
	(15,646.47)	-	50,000.00	34,353.53
Net Position, beginning	<u>199,732.44</u>		<u>219,052.15</u>	<u>418,784.59</u>
Net Position, ending	<u>\$ 184,085.97</u>	<u>-</u>	<u>\$ 269,052.15</u>	<u>\$ 453,138.12</u>

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. **REPORTING ENTITY**

This report includes the financial statements of the Township of Freehold Fire District #1 (the "District"), within the County of Monmouth, in the State of New Jersey and reflects the activities for the District that are under the control of the Board of Fire Commissioners. The geographic area is locally known as "West Freehold".

The District was established in accordance with the provisions of N.J.S.A. 40A:14-70.

The District is not a component unit of any other financial reporting entity nor does the District have any component units to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61.

The Freehold Township Fire District #1 is a political subdivision of the Township of Freehold, Monmouth County, New Jersey. The District functions independently through a Board of Fire Commissioners. The Board is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday of February.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements (i.e., the statement of net position and the statement of change in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to residents or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Basis of Accounting

The accrual basis of accounting is followed. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

General Fund – The General Fund is the general operating fund of the District and is used to account for its inflows and outflows of financial resources. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities such as fire houses and fire fighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance that must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for resources that will be used to service general noncurrent liabilities.

Capital Assets – Property, plant and equipment purchased by the general fund and the capital projects fund are recorded as expenditures at the time of purchase. The historical cost, or if such cost is not practically determinable, the estimated historical cost, of such fixed assets is reflected in the Capital Assets account.

Noncurrent Obligations

Noncurrent debt is recognized as a liability of the Fire District when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other noncurrent obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and *N.J.S.A. 40A:14-85 to 87* governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase firefighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000.00 or 2 percent of the assessed valuation of property, whichever is larger.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Fire District Taxes

Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

Net Position

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Restricted net position represents plans for future use of financial resources.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the stated net position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the fall of each preceding year for the general, special revenue, and debt service funds. The budgets are submitted to the State, Department of Community Affairs, Division of Local Government Services, Bureau of Authority Regulation for approval and are voted upon by the registered voters of the Township at the annual fire district election on the third Saturday in February. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts. Transfers of appropriations may be made by District resolution at any time during the last two months of the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Subsequent Events

Management has reviewed and evaluated all events and transactions from December 31, 2016 through April 24, 2017, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash

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

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

In addition, by regulation of the Division of Local Government Services, fire districts are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

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

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

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

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

The amount on deposit of the District's cash and cash equivalents at December 31, 2016 is as follows:

Checking Account	\$ 27,806.05
Money Market	<u>537,537.34</u>
	<u>\$ 565,343.39</u>

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk Analysis

All bank deposits, as of the net position date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 4. CAPITAL ASSETS

All reported capital assets except for land are depreciated. At December 31, 2016, capital assets and the useful lives used for determination of annual depreciation were as follows:

	Balance December 31, 2015 (as Adjusted)	Current Year's Activity		Balance December 31, 2016	Useful Life
		Increase	Decrease		
Non Depreciable:					
Land	\$ 79,500.00			79,500.00	N/A
Construction-in-Progress		\$ 41,953.60		41,953.60	N/A
Depreciable:					
Buildings & Improvs.	\$ 1,745,984.85	22,916.11		1,768,900.96	20-40 Years
Machinery & Equip.	4,083,454.35	-		4,083,454.35	5-10 Years
Office Furn. & Equip.	1,469,960.22	-		1,469,960.22	5-10 Years
	7,378,899.42	64,869.71		7,443,769.13	
Less: Accumulated Depreciation	4,029,808.01	368,884.77		4,398,692.78	
	\$ 3,349,091.41	\$ (304,015.06)	\$	\$ 3,045,076.35	

An adjustment was made as of December 31, 2015 to the Capital Assets for land that was purchased by the District but not previously included in fixed assets. Depreciation expense for the years ended December 31, 2016 and 2015 were \$368,884.77 and \$368,884.77, respectively.

Note 5. DEFINED BENEFIT PROGRAM

Effective April 15, 1989 The Board of Fire Commissioners established a defined benefit length of service awards program to provide retirement income and life insurance for volunteers in recognition of their service. Contributions related to 2016 were \$136,014.89 and were consistent with actuarial determinations for minimum funding.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 5. DEFINED BENEFIT PROGRAM (CONTINUED)

Plan Data

Initial effective date	April 15, 1989
Plan year begins	April 15, 2016
Plan year ends	April 14, 2017
Valuation (measurement) date	April 15, 2016

Eligibility Requirements

Waiting period (months)	0
Minimum age	18

Normal Entitlement Age

Minimum age	65
Minimum years of service	0
Minimum years of participation	1
Retirement date	1 st of month following

Benefits

Pension formula:	Benefit formula
Unit type:	Dollar
Unit based on:	Accrual
First tier:	\$25.00
Second tier:	None
Third tier:	None
Maximum credit:	
Past years	30
Total years	30

Vesting

5 Year Cliff

Actuarial Assumptions

	Pre-retirement	Post-retirement
Interest:	4.75%	4.75%
Mortality and Setbacks:		
Male	1984 Unisex Pensioners -3	1984 Unisex Pensioners -3
Female	1984 Unisex Pensioners -3	1984 Unisex Pensioners -3

Funding Method: Entry age normal frozen initial liability

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 5. DEFINED BENEFIT PROGRAM (CONTINUED)

Present Value of Accrued Benefits as of Measurement Date	\$ 1,240,392.00
Plan Assets (April 1, 2016)	\$ 770,490.82
Net Defined Pension Benefit Liability	<u>\$ 469,901.00</u>
Funded Ratio	62%

The activity in the bank account maintained by plan during the year 2016 is as follows:

	<u>2016</u>
Beginning Balance	\$ 766,423.26
Increased by:	
Contributions	105,418.18
Earnings	<u>24,469.14</u>
	\$ 896,310.58
Decreased by:	
Payments	<u>13,141.48</u>
Ending Balance	<u>\$ 883,169.10</u>

Note 6. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt to the extent expended consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 7. PENSION PLAN

The District does not participate in the State of New Jersey Public Employee Retirement System (PERS) and therefore, is not required to provide accounting in accordance with GASB68 – Accounting for Pension Liability.

Note 8. GENERAL NONCURRENT DEBT

The District has no debt outstanding nor authorized but not issued outstanding.

Note 9. FUND BALANCE APPROPRIATED – BASIC FINANCIAL STATEMENT

General Fund – Of the \$184,085.97 General Fund balance at December 31, 2016, \$115,000.00 has been appropriated and included as anticipated revenue for the year ended December 31, 2017.

Capital Projects Fund – Of the \$269,052.15 Capital Projects Fund balance at December 31, 2016, \$105,000.00 is earmarked for a specific project and \$164,052.15 is a reserve for future capital outlay; nothing has been encumbered for capital projects.

Note 10. COMMITMENTS AND CONTINGENCIES

a) Litigation – The District’s attorney representation has revealed no material contingent liability for the District.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

INDIVIDUAL FUND STATEMENTS

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GENERAL FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	<u>December 31,</u> <u>2016</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 296,291.24
Refund Receivable	<u>2,900.00</u>
Total Current Assets	<u>\$ 299,191.24</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 58,351.67
Commitments Payable	<u>56,753.60</u>
Total Current Liabilities	<u>\$ 115,105.27</u>
<u>NET POSITION</u>	
Net Position:	
Restricted	\$ 115,000.00
Unrestricted	<u>69,085.97</u>
Net Position	<u>\$ 184,085.97</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2016

REVENUES

Miscellaneous Revenues	\$ 6.54
Interest on Investments	954.98
Amount to be Raised by Taxation	<u>1,085,000.00</u>
Total Revenues	<u>\$ 1,085,961.52</u>

EXPENDITURES

Operating Appropriations	\$ 948,832.99
LOSAP	<u>102,775.00</u>
Total Expenditures	<u>\$ 1,051,607.99</u>
Excess of Revenues Over Expenditures	\$ 34,353.53
Other Operating Transfer In/(Out):	
Transfer to Capital Projects Fund	<u>(50,000.00)</u>
	(15,646.47)
Net Position, beginning	<u>199,732.44</u>
Net Position, ending	<u><u>\$ 184,085.97</u></u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2016

	<u>Budget as Adopted</u>	<u>Budget as Modified</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Fund				
Operating Appropriations:				
Administrative:				
Salaries	\$ 52,000.00	\$ 52,000.00	\$ 51,999.93	\$ 0.07
Fringe Benefits	5,000.00	5,673.00	5,535.97	137.03
Professional Services	104,000.00	75,878.00	72,823.53	3,054.47
Elections	<u>1,500.00</u>	<u>1,500.00</u>	<u>1,328.43</u>	<u>171.57</u>
Subtotal:	<u>\$ 162,500.00</u>	<u>\$ 135,051.00</u>	<u>\$ 131,687.86</u>	<u>\$ 3,363.14</u>
Cost of Providing Services:				
Other Expenditures:				
Administrative:				
Salaries and Wages	\$ 4,500.00	\$ 4,500.00	3,090.00	\$ 1,410.00
Fringe Benefits	<u>500.00</u>	<u>500.00</u>	<u>360.14</u>	<u>139.86</u>
Subtotal	<u>5,000.00</u>	<u>5,000.00</u>	<u>3,450.14</u>	<u>1,549.86</u>
Insurance	\$ 95,000.00	\$ 121,260.00	\$ 121,259.64	\$ 0.36
Contracted Services	108,000.00	108,000.00	108,000.00	
Utilities	50,000.00	42,772.00	36,578.23	6,193.77
Cell	16,500.00	16,500.00	11,687.17	4,812.83
Truck Repairs and Maintenance	90,000.00	117,354.00	117,353.02	0.98
Other - Non-Bondable	85,000.00	77,900.00	61,273.60	16,626.40
Operating Supplies	172,000.00	194,990.00	180,904.81	14,085.19
Computer Cost	35,000.00	35,458.00	35,457.74	0.26
Motor Fuel	21,000.00	11,000.00	9,263.30	1,736.70
Equipment Testing	25,000.00	14,715.00	12,092.29	2,622.71
Fire Prevention Education	5,000.00	5,000.00	478.54	4,521.46
Education and Training	56,000.00	41,000.00	40,216.01	783.99
Building Maintenance	<u>80,000.00</u>	<u>80,000.00</u>	<u>79,130.64</u>	<u>869.36</u>
Subtotal:	<u>\$ 843,500.00</u>	<u>\$ 870,949.00</u>	<u>\$ 817,145.13</u>	<u>\$ 53,803.87</u>
Operating Total	<u>\$ 1,006,000.00</u>	<u>\$ 1,006,000.00</u>	<u>\$ 948,832.99</u>	<u>\$ 57,167.01</u>
LOSAP	<u>110,000.00</u>	<u>110,000.00</u>	<u>102,775.00</u>	<u>7,225.00</u>
Subtotal:	<u>\$ 1,116,000.00</u>	<u>\$ 1,116,000.00</u>	<u>\$ 1,051,607.99</u>	<u>\$ 64,392.01</u>
SFSP	<u>5,000.00</u>	<u>5,000.00</u>	<u>5,113.00</u>	<u>(113.00)</u>
Capital:				
Reserve for Future Capital Outlay	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	
Total Appropriation	<u>\$ 1,171,000.00</u>	<u>\$ 1,171,000.00</u>	<u>\$ 1,106,720.99</u>	<u>\$ 64,279.01</u>
Analysis of Actual:				
Cash Disbursed			\$ 987,903.72	
Transfer to Capital Projects Fund			50,000.00	
Accounts Payable			58,351.67	
Commitments Payable			56,753.60	
Contra Receipts			(45,762.65)	
Current Year Checks Voided			<u>(525.35)</u>	
			<u>\$ 1,106,720.99</u>	

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
STATEMENT OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2016

	<u>December 31,</u> <u>2016</u>
<u>REVENUES</u>	
SFSP Grant	\$ <u>5,113.00</u>
Total Revenue	\$ <u>5,113.00</u>
<u>EXPENDITURES</u>	
Operating Expenditures	\$ <u>5,113.00</u>
Total Expenditures	\$ <u>5,113.00</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
STATEMENT OF NET POSITION
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2016

	<u>December 31,</u> <u>2016</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>269,052.15</u>
Total Assets	\$ <u><u>269,052.15</u></u>
<u>NET POSITION</u>	
Reserved for Future Capital Outlay	\$ 164,052.15
Restricted	<u>105,000.00</u>
Total Net Position	\$ <u><u>269,052.15</u></u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2016

EXPENDITURES

Operating Transfer In/(Out):	
Transfer from General Fund	\$ <u>50,000.00</u>
	<u>50,000.00</u>
Net Position, beginning	\$ <u>219,052.15</u>
Net Position, ending	\$ <u><u>269,052.15</u></u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Cancelled</u>	<u>Unexpended Unexpended Balance December 31, 2016</u>
Natural Gas Generator	12/10/14	\$ 65,000.00	\$ 65,000.00	
Door Access	12/10/14	55,000.00		\$ 55,000.00
Door Access	12/09/15	<u>50,000.00</u>	<u> </u>	<u>50,000.00</u>
		<u>\$ 170,000.00</u>	<u>\$ 65,000.00</u>	<u>\$ 105,000.00</u>
			Restricted	<u>\$ 105,000.00</u>

SUPPLEMENTARY INFORMATION

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH, CASH EQUIVALENTS AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Receipts:				
District Taxes	\$ 1,085,000.00			\$ 1,085,000.00
Interest Earned	954.98			954.98
Other Grants or Entitlements		\$ 5,113.00		5,113.00
Miscellaneous	6.54			6.54
Transfer from General Fund			\$ 50,000.00	50,000.00
	<u>\$ 1,085,961.52</u>	<u>\$ 5,113.00</u>	<u>\$ 50,000.00</u>	<u>\$ 1,141,074.52</u>
Disbursements:				
Accounts Payable	\$ 69,933.61		\$ 958.87	\$ 70,892.48
Commitments Payable	61,794.36			61,794.36
Transfer to Capital Projects Fund	50,000.00			50,000.00
Operating Appropriations	939,402.72	\$ 5,113.00		944,515.72
	<u>\$ 1,121,130.69</u>	<u>\$ 5,113.00</u>	<u>958.87</u>	<u>\$ 1,127,202.56</u>
Increase in Cash and Cash Equivalents	\$ (35,169.17)		\$ 49,041.13	\$ 13,871.96
Cash and Cash Equivalents, January 1, 2016	<u>331,460.41</u>		<u>220,011.02</u>	<u>551,471.43</u>
Cash and Cash Equivalents, December 31, 2016	<u>\$ 296,291.24</u>		<u>\$ 269,052.15</u>	<u>\$ 565,343.39</u>
Analysis of Cash and Cash Equivalents:				
Cash - Checking			\$ 27,806.05	
Money Market			<u>537,537.34</u>	
Total			<u>\$ 565,343.39</u>	

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
STATISTICAL INFORMATION
DECEMBER 31, 2016

Property Tax Levies

Following is a tabulation of the District's assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2016	\$ 3,331,116,600.00	\$ 1,085,000.00	0.033
2015	3,277,112,500.00	1,085,000.00	0.033
2014	3,035,973,100.00	1,197,628.00	0.040
2013	3,043,170,800.00	946,000.00	0.031
2012	3,414,631,300.00	928,000.00	0.028

Unrestricted Net Position

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Year Budget</u>
December 31, 2016	\$ 184,085.97	\$ 115,000.00
December 31, 2015	199,732.44	78,500.00
December 31, 2014	363,415.56	200,000.00
December 31, 2013	739,333.00	406,372.00
December 31, 2012	692,596.00	486,800.00

BOARD OF FIRE COMMISSIONERS
TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
ROSTER OF OFFICIALS
DECEMBER 31, 2016

Board of Commissioners

	<u>Position</u>
Thomas Caruso	Chairman [<i>through March 22, 2016</i>] Vice Chairman [<i>effective March 22, 2016</i>]
Robert Buscaglia	Vice Chairman [<i>through March 22, 2016</i>] Chairman [<i>effective March 22, 2016</i>]
John Toutouchi	Assistant Treasurer [<i>through March 22, 2016</i>] Assistant Clerk [<i>effective March 22, 2016</i>]
Shyamal Joshi	Treasurer
Joseph Colon	Clerk

Other Officials

Joseph Yousoff, Esq.	Board Attorney
Sun Bank	Official Depository
NJ Community Bank	Official Depository

* Surety Company

VFIS - TR - 2068025 - 00/00

Bond #B6020709

All officials covered with a limit of liability of \$250,000

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2016

Scope of Examination and Conditions of Records

Our examination covered the funds of the Board of Fire Commissioners, Fire District #1, Township of Freehold handled by the Treasurer.

The financial records were maintained in good condition.

Minutes of Board meetings were properly maintained by the Recording Secretary.

Cash and Cash Equivalents and Investments

The balances in banks at December 31, 2016 were verified with the bank and reconciliations and/or statements issued by the depositories.

Our examination revealed that the Fire District maintains its investable funds in a money market fund.

Examination of Claims

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Claims paid during the period under audit were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, allocation to the proper accounts and charged to the proper fiscal period, and in agreement with bill lists set forth in the approved minutes of the Board.

The Statement of Expenditures Compared to Budget (Exhibit C-3) as presented reflected five (5) internal budget line items as overexpended. The Exhibit reflects the District's total internal budget line items with related expenditures. The internal line items are combined to reflect the District's approved budget which reflect the legal line items. Subsequent to yearend as part of the audit process, it was determined that certain internal line items were overexpended/committed. A resolution was passed subsequent to yearend by the Commissioners approving internal line item budget transfers. It is imperative that all commitments of the District be monitored to ensure that the budget "as a whole" is not overexpended.

GENERAL COMMENTS AND RECOMMENDATIONS (CONTINUED)
DECEMBER 31, 2016

Fire Protection Agreement

The District has a contract for Fire Protection Services with the local volunteer fire company. The contract has a provision for the company to provide the District an annual accounting of all public monies received and expended. As of the date of this audit, the report is on file for the year ended December 31, 2015. However, the report is not yet on file for the year ended December 31, 2016.

Payroll

The payroll examination revealed that salaries were paid in accordance with the annual salary resolution approved by the Board and within the guidelines set up in the annual budget.

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

N.J.S. 40A:11-4 (as amended) states, "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 act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding \$17,500.00 since the District does not employ a Qualified Purchasing Agent ("QPA") except by contract or agreement."

The members of the Township of Freehold Fire District #1 have the responsibility of determining whether any contract or agreement might result in violation of the statute and, when necessary, the Board Attorney's opinion should be sought before a commitment is made.

The minutes indicate that no bids were requested by public advertising for the year.

In addition, the following items were purchased under state contract:

Radio Equipment	Installation of Communication Equipment
Gas Unit	Spreader
Fire Equipment & Apparel	Computer Equipment
Installation of Emergency Lighting	

Inasmuch as the system of records did not provide for any 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.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

GENERAL COMMENTS AND RECOMMENDATIONS (CONTINUED)
DECEMBER 31, 2016

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

The District utilizes several vendors to perform various repair services on District owned equipment. Two (2) of the vendors in total exceeded the amount in which services/products should be bid in accordance with the Local Public Contracts Law ("*Bid Threshold*"). The expenditures were mostly from repairs and were the result of accumulations of several individual purchases; none of which were in excess of the bid threshold. When the trend over several years of expenditures in a particular category exceeds the bid threshold, then consideration should be given to preparing for specifications for the purpose of bidding in accordance with the Local Public Contracts Law. In addition, the system should be adjusted to distinguish between preventative maintenance versus actual unforeseen emergent condition repairs. The District however did obtain quotes on hourly rates for the services.

Financial Procedures

It is suggested that for all financial processes within each function that a review, updating and documentation of all procedures be done in order to be in compliance with recent accounting and auditing requirements related to internal control. A complete inventory of all non-capitalized fixed assets equipment should be considered.

General Ledger

The District does not maintain a general ledger as required by the General Accounting Office (GAO). It should be noted that an adequate trail exists for the cash receipts, cash disbursements records and the bank reconciliation process.

Miscellaneous

An exit conference was held in accordance with Auditing Standards Generally Accepted in the United States of America for governmental entities.

Follow-up on Prior Year Recommendation

The District adopted a corrective plan of action on June 28, 2016 for the recommendation contained in the December 31, 2015 annual audit. A similar corrective plan of action should be adopted for this year's comments.

Acknowledgment

During the course of the audit, we received the cooperation of the officials of the Fire District and we appreciate the courtesies extended to us.

RECOMMENDATIONS

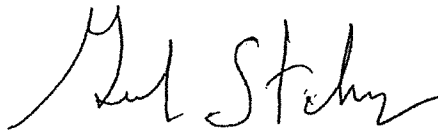
DECEMBER 31, 2016

None.

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gerard Stankiewicz". The signature is fluid and cursive, with a large initial "G" and "S".

Gerard Stankiewicz, CPA, RMA
For The Firm
SAMUEL KLEIN AND COMPANY

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2

COUNTY OF MONMOUTH, NEW JERSEY

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2016

Prepared by:
Gerard Stankiewicz, CPA
For the Firm of:
Samuel Klein and Company
Certified Public Accountants
36 West Main Street, Suite 303
Freehold, New Jersey 07728

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2016

	<u>Page</u>
Independent Auditor's Report	1-3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements – Statutory Basis Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Management's Discussion and Analysis	6-11
	<u>Exhibit</u>
<u>Financial Statements</u>	
Statement of Net Position – Governmental Fund	A-1 12
Statement of Activities – Governmental Fund	A-2 13
<u>Required Supplementary Information- Part I</u>	
Combined Statement of Net Position – Governmental Funds	B-1 14
Combined Statement of Revenues, Expenditures and Change in Net Position – Governmental Funds	B-2 15
<u>Notes to Financial Statements</u>	16-27
<u>Required Supplementary Information- Part II</u>	
<u>Individual Fund Statements</u>	<u>Schedule</u>
Statement of Net Position – General Fund	C-1 28
Statement of Revenues, Expenditures and Change in Net Position – General Fund	C-2 29
Statement of Expenditures Compared to Budget – General Fund	C-3 30
Statement of Assets and Liabilities	D-1 31
Statement of Revenues, Expenditures – Special Revenue Fund	D-2 32
Statement of Net Position – Capital Projects Fund	E-1 33
Statement of Revenues, Expenditures and Change in Net Position – Capital Projects Fund	E-2 34
<u>Supplementary Information</u>	<u>Schedule</u>
Schedule of Receipts, Disbursements and Changes in Cash, Cash Equivalents and Investments – Governmental Funds	1 35
Statistical Information	36
Roster of Officials	37
<u>General Comments and Recommendations</u>	38-40

SAMUEL KLEIN AND COMPANY
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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Freehold Fire District No. 2
County of Monmouth
State of New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Freehold Fire District No. 2 (the "District") as of and for the year ended which collectively comprise the Fire District's basic financial statements as listed in the table of contents December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements – accounting principles generally accepted in the United States of America and this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2016, and the respective changes on financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated March 31, 2017 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreement 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

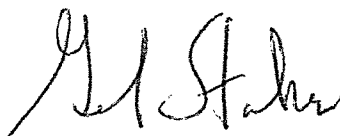
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

The financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the District's financial statements.

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

Our audit was performed for the purpose of forming an opinion on the financial statements of the District taken as a whole. The information included in the supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements, but is presented as additional analytical data as required by the Local Finance Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Gerard Stankiewicz
Certified Public Accountant



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
March 31, 2017

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Fire Commissioners
Township of Freehold Fire District No. 2
County of Monmouth
State of New Jersey

We have audited the financial statements of the Township of Freehold Fire District No. 2, County of Monmouth, State of New Jersey (the "District"), as of and for the year ended December 31, 2016, and have issued our report thereon dated March 31, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Fire District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

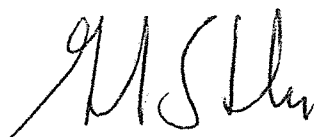
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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* in the General Comments and Recommendations section of the audit.

This report is intended solely for the information of the District and its management, and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Gerard Stankiewicz
Certified Public Accountant



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
March 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Township of Freehold Fire District #2's (District) annual financial report, the management of the District provides narrative discussion and analysis of the financial activities of the District for the audit year ending December 31, 2016.

The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

Discussion of Financial Statements Included in Annual Audit

The District prepares and presents its financial statements on several different bases, because of accounting requirements and for internal use purposes.

The first set of statements which consist of the Statement of Net Position, the Statement of Activities and Change in Net Position is prepared on an accrual basis and is in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. These statements are the official financial statements of the Township of Freehold Fire District #2.

After the first set of statements and the "Notes to the Financial Statements" that follow is the second set of statements. These statements are considered "Supplemental Information".

The District has historically presented its financial statements on a "GAAP Basis", and continues to do so because it relates more fairly to the annual budget for the same period. The annual budget records all encumbrances as charges against the adopted appropriation even if the items or services have not been received.

Contained in the supplemental information are statements that report the Statement of Net Position, Statement of Revenues, Expenditures and Change in Net Position and Statement of Expenditures Compared to Budget. These statements compare the "Budget" revenues and expenses to "Actual" revenues and expenses. They include operating revenues and expenses, nonoperating revenues and nonoperating expenses. Principal and Interest are reported in this statement as Debt Service expense, and depreciation is not reported as an expense. On the "GAAP" based and "Modified GAAP" based, Depreciation Expense is included, and only the Interest Expense component of the Debt Service expense is reported.

The Budget to Actual statement is a very important statement to the District management, because it is how we measure our financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

Other information or statements incorporated within the annual audit report are the Schedules of Cash and Cash Equivalents and Investments – Restricted and Unrestricted.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the official statements of the District, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. This is the first set of statements included in the annual audit report.

Township of Freehold Fire District #2

Comparative Statement of Net Position

The Township of Freehold Fire District #2 has total assets \$2,889,328, and total liabilities of \$1,179,550. Assets exceed liabilities by \$1,709,778 compared to 2015 where the assets exceeded liabilities (as adjusted) by \$1,702,526.

The Township of Freehold Fire District #2's Net Position of \$1,709,778 are comprised of the following:

1. Invested in Capital Assets is \$922,835.
2. Net Position of \$812,587 is reserved for offsetting future capital expenses.
3. Unrestricted Net Position Deficit of \$25,644 represents the portion available to maintain the District's continuing obligations to the residents of its municipality area, its creditors and employees and budgeted as revenue in the subsequent year, of Net Defined Pension Liability.

Comparative Statement of Net Position (Continued)

Net Position increased by \$7,252.

	As of December 31,	
	<u>2016</u>	<u>2015</u>
Total Current Assets	\$ 1,153,906	\$ 1,064,877
Total Restricted Assets	812,587	612,587
Capital Assets	<u>922,835</u>	<u>1,165,028</u>
Total Assets	<u>\$ 2,889,328</u>	<u>\$ 2,842,492</u>
Total Current Liabilities Payable from Current Assets	<u>\$ 565,108</u>	<u>\$ 567,890</u>
Net Defined Pension Liability	<u>614,442</u>	<u>572,076</u>
Total Liabilities	<u>\$ 1,179,550</u>	<u>\$ 1,139,966</u>
Net Position		
Restricted:		
Invested in Capital Assets	\$ 922,835	\$ 1,165,028
Capital	812,587	612,587
Unrestricted (Deficit)	<u>(25,644)</u>	<u>(75,089)</u>
Net Position	<u>\$ 1,709,778</u>	<u>\$ 1,702,526</u>

Comparative Statement of Revenues, Expenses and Change in Net Position

There was an increase in Operating Revenues from taxation. The Revenue increased \$26,818 or 2.45% from the prior year.

Total Operating Expenses exclusive of depreciation increased \$36,841, or 4.13% from the prior year. Depreciation charged has decreased by \$14,645.

Total Operating Revenues less Total Operating Expenses produced a deficit of \$47,972. This was anticipated by the Commissioners in preparation of the annual budget.

Net Position as of December 31, 2016 increased from \$1,702,526 to \$1,709,778.

	<u>Year Ending December 31,</u>	
	<u>2016</u>	<u>2015</u>
Total Operating Revenues	\$ <u>1,121,715</u>	\$ <u>1,094,897</u>
Operating Expenses	\$ 927,494	\$ 890,653
Depreciation	<u>242,193</u>	<u>256,838</u>
Total Operating Expenses	\$ <u>1,169,687</u>	\$ <u>1,147,491</u>
Operating Income/(Loss)	\$ (47,972)	\$ (52,594)
Nonoperating Revenues - Net	<u>55,224</u>	<u>16,577</u>
Change in Net Position - Increase/(Decrease)	\$ 7,252	\$ (36,017)
Net Position, Beginning <i>(as adjusted)</i>	<u>1,702,526</u>	<u>1,738,543</u>
Net Position, Ending	\$ <u><u>1,709,778</u></u>	\$ <u><u>1,702,526</u></u>

Core Competencies

The Freehold Township Fire District #2 governs an all volunteer fire company serving mainly the eastern portion of Freehold Township in the County of Monmouth and also some of the surrounding townships and boros. The Board of Fire Commissioners is made up of 5 members who are charged with serving the community by raising money through the budget process and expanding those funds for the protection of the township's residents.

The Fire District supports 3 firehouse - a main base and 2 annexes and 12 pieces of fire apparatus, the last of which was purchased in 2012. Other expenses are incurred in the maintaining the volunteers with the best equipment to fight fires and maintaining the fire apparatus in top shape to provide a maximum amount of safety to the volunteers and residents.

The District's budget is voted on at the Annual Fire District Election which is by statute on the third Saturday of February. The budget process begins in October with preparing the details and is finalized and introduced in November and a public hearing is held in December. If the voters defeat the budget, then the Mayor and Township Committee have the right to set the budget. The budget is prepared on a calendar year basis.

The District has a contract with the fire company for use of their building. The Fire Company has approximately 72 volunteer members. The District also participates on a mutual aid consortium for assistance to and from neighboring municipalities.

The main revenue of the District is property taxes which are subject to the annual fire district election. The other sources of revenue are surplus and miscellaneous revenue which accrues to the fund balance of the District.

The majority of the budget relates to insurance, Bay rentals and repair and maintenance of fire trucks.

Accountability

The Township of Freehold Fire District #2's mission statement is:

The Mission Statement:

Our mission for the Township of Freehold Fire District #2 is to provide the ultimate in fire protection services. Always responsive to the residents' needs and the growing community, in compliance with the applicable laws, rules and regulations, the District will continue to set and exceed the standards for the protection of the property, while operating the most efficient system and maintaining a cost effective budget.

As the mission reads, this is who and what the District is accountable to. The District's accountability, first and foremost, is to protect the property. The goal is to provide a cost effective and reliable service, and at the same time to protect the property. This means the District is accountable to the residents, the agencies and people served using the same principles: cost effective, efficient, reliable and protective.

As a district, the District is also guided by or accountable to state government and the applicable rules and regulations that govern the Township of Freehold Fire District #2. More specifically, the District is accountable to the Department of Community Affairs, Division of Local Government Services.

Management of the District

The Commissioners manage the daily operations of the District in conjunction with the Chief of Fire. The Treasurer of the District handles the bookkeeping operations.

Funding of Infrastructure and Debt Management

The District is required by statute to present its capital projects or capital assets acquisition to the voters of the District for approval. Once approved, the District can proceed to put the required financing in place; however, subject to the Local Finance Board's approval.

Auditors

The District Auditor is Gerard Stankiewicz, CPA of Samuel Klein and Company.

Audits can be obtained by contacting the Township of Freehold Fire District #2.

FINANCIAL STATEMENTS

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Balance December 31, <u>2016</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 846,926.42
Investments	223,099.06
Refund Receivable	9,912.00
Prepaid Insurance	<u>73,968.34</u>
Total Current Assets	\$ <u>1,153,905.82</u>
Restricted Assets:	
Investments	\$ <u>812,587.01</u>
Total Restricted Assets	\$ <u>812,587.01</u>
Noncurrent Assets:	
Capital Assets	\$ <u>922,834.80</u>
Total Noncurrent Assets	\$ <u>922,834.80</u>
Total Assets	\$ <u><u>2,889,327.63</u></u>
<u>LIABILITIES</u>	
Current Liabilities Payable from Current Assets:	
Accounts Payable	\$ 58,793.40
Accrued Liability	500,000.00
Unearned Revenue	<u>6,314.12</u>
Total Current Liabilities Payable from Current Assets	\$ <u>565,107.52</u>
Noncurrent Liabilities:	
Net Defined Benefit Liability	<u>614,442.36</u>
Total Noncurrent Liabilities	\$ <u>614,442.36</u>
Total Liabilities	\$ <u><u>1,179,549.88</u></u>
<u>NET POSITION</u>	
Restricted:	
Invested in Capital Assets	\$ 922,834.80
Unrestricted:	
Reserved	812,587.01
Unreserved	<u>(25,644.06)</u>
Net Position	\$ <u><u>1,709,777.75</u></u>

See Accompanying Notes to Financial Statements

SUMMARY OF SYNOPSIS OF 2016 AUDIT REPORT
TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
GOVERNMENTAL FUNDS
COMBINED COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2016

	December 31,	
<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 846,926.42	\$ 761,634.04
Investments	223,099.06	218,340.92
Refund Receivable	9,912.00	
Prepaid Insurance	<u>73,968.34</u>	<u>84,902.17</u>
Total Unrestricted Assets	<u>1,153,905.82</u>	<u>1,064,877.13</u>
Restricted Assets:		
Investments	<u>812,587.01</u>	<u>612,587.01</u>
Total Current Assets	<u>\$ 1,966,492.83</u>	<u>\$ 1,677,464.14</u>
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 58,793.40	\$ 61,877.40
Unearned Revenue	6,314.12	2,175.12
Accrued Liability for Remediation	<u>500,000.00</u>	<u>500,000.00</u>
	<u>565,107.52</u>	<u>564,052.52</u>
Total Current Liabilities	<u>\$ 565,107.52</u>	<u>\$ 564,052.52</u>
<u>NET POSITION</u>		
Unrestricted:		
Reserved	\$ 1,034,207.01	\$ 834,207.01
Unreserved	<u>367,178.30</u>	<u>275,367.58</u>
Net Position	<u>\$ 1,401,385.31</u>	<u>\$ 1,109,574.59</u>

SUMMARY OF SYNOPSIS OF 2016 AUDIT REPORT
TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS
COMBINED COMPARATIVE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2016

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
<u>REVENUES</u>		
Miscellaneous Revenues	\$ 48,552.99	\$ 7,325.00
Interest on Investments	6,670.28	5,414.72
Other Grants and Entitlements SFSP		3,837.03
Amount to be Raised by Taxation	<u>1,121,715.00</u>	<u>1,094,897.00</u>
Total Revenues	\$ <u>1,176,938.27</u>	\$ <u>1,111,473.75</u>
<u>EXPENDITURES</u>		
Operating	\$ 655,490.55	\$ 744,224.38
LOSAP	<u>229,637.00</u>	<u>168,448.00</u>
Total Expenditures	\$ <u>885,127.55</u>	\$ <u>912,672.38</u>
Excess of Revenues over Expenditures	\$ 291,810.72	\$ 198,801.37
Net Position, beginning	<u>1,109,574.59</u>	<u>910,773.22</u>
Net Position, ending	\$ <u>1,401,385.31</u>	\$ <u>1,109,574.59</u>



**Comprehensive Annual
Financial Report for the
Year Ended December 31, 2016**

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Appendix

INTRODUCTORY SECTION

	Letter of Transmittal	1-6
A	Commissioners, Terms of Office.....	7
B	Management & Consultants	8
C	Organizational Chart.....	9

FINANCIAL SECTION

	Independent Auditor's Report	10-12
	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	13-14
	<u>Management Discussion and Analysis</u>	15-17

Exhibit

Basic Financial Statements

A	Statements of Net Position for the Years Ended December 31, 2016 and 2015	18-19
B	Statements of Revenue, Expenses and Changes in Net Position for the Years Ended December 31, 2016 and 2015	20
C	Statements of Cash Flows for the Years Ended December 31, 2016 and 2015	21-22
	Notes to Financial Statements.....	23-42

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Schedule

FINANCIAL SECTION (continued)

Required Supplemental Information

1	Schedule of Revenues and Appropriations Compared to Budget - December 31, 2016 with Comparative Actual Amounts for Year Ended December 31, 2015) (Non-GAAP Budgetary Basis).....	43-46
2	Schedule of the Authority's Proportionate Share of the Net Pension Liability	47
3	Schedule of the Authority Contributions - PERS.....	48
	Notes to the Required Supplemental Information.....	49

Other Supplemental Information

4	Analysis of Accounts Receivable - Service Fees	50
5	Analysis of Accounts Receivable - Industrial Surcharges	50
6	Schedule of Sewer Revenue Bonds	51
	Comments and Recommendations	52-54

Introductory Section



Manasquan River Regional Sewerage Authority

P.O. Box 646 • Farmingdale, New Jersey 07727

TEL (732) 431-8185 • FAX (732) 308-3833

Brian J. Brach, P.E.

Executive Director

April 19, 2017

To the Board of Commissioners of the Manasquan River Regional Sewerage Authority:

The Comprehensive Annual Financial Report (CAFR) of the Manasquan River Regional Sewerage Authority (Authority) for the year ended December 31, 2016, is submitted herewith. Responsibility of the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority's management. The Authority's management certifies that:

- The data presented is accurate in all material respects.
- The report is presented in a manner designed to fairly set forth the results of operations of the Authority, as measured by the financial activity of its funds.
- The report fairly presents the financial position of the Authority for the year then ended.
- All disclosures necessary to enable the reader to gain a maximum understanding of the Authority's financial activities have been provided.

The following CAFR is presented in three (3) main sections:

- The **Introductory Section** provides information on the contents of the report, this transmittal letter and the Authority's organizational structure.
- The **Financial Section** includes the auditor's opinion, management discussion and analysis, basic financial statements and other supplemental information.
- The **Statistical Section** contains additional financial and general information generally presented on a multiyear basis.

PROFILE OF THE AUTHORITY

The Manasquan River Regional Sewerage Authority was originally created in May of 1972 by parallel ordinances of the five (5) member municipalities of Farmingdale Borough, Freehold Borough, Freehold Township, Howell Township and Wall Township. The original purpose of the Authority was to provide for the regional conveyance and treatment of wastewater in the Manasquan River Basin and a portion of the Metedeconk Basin. Subsequent to the original creation of this Authority, it was determined by Federal and State officials that this Authority would become a collection and conveyance system only and transport its wastewater for treatment to the Ocean County Utilities Authority (OCUA).

The total area of coverage for this Authority is approximately 103-square miles and the Authority's

Services Area presently consists of approximately 100,000-residents, including numerous commercial and industrial establishments.

ORGANIZATION OF STRUCTURE

The Authority consists of ten (10) Commissioners, who act as its Board of Directors. Each Member Municipality appoints two (2) of these Commissioners to staggered five (5)-year terms. The Commissioners annually select members to serve as Chairperson, Vice Chairperson, and Treasurer. The Chairperson, or in his or her absence, the Vice-Chairperson, presides over the Public Meetings, which are generally held once a month. The Secretary is responsible for the execution, witnessing and certification of various Authority documents. (Refer to Appendix A for current roster of Commissioners).

The Commissioners are responsible for setting the policy for this Authority. The Commissioners also appoint an Executive Director, who acts as chief administrator to carry out the rules and policies enacted by the Commissioners. The Executive Director is responsible for the day-to-day affairs of the Authority and is responsible to the Commissioners for administering the policies established by them.

The Commissioners are also responsible for annually appointing an Authority Attorney, Engineer and Auditor, along with any other special counsels or consultants as deemed appropriate and necessary. These Professionals report both to the Commissioners and to the Executive Director. (See Appendix B for current list of professionals.)

Within the Authority, there are two (2) Divisions: the Administrative Division and the Operations Division. The Administrative Division is responsible for the preparation of all necessary Authority paperwork and documents, along with the day-to-day finances of the Authority and purchasing. Within the Administrative Division, a designated employee (typically the Executive Secretary or Finance Officer) is also responsible for attending the Authority's meetings and recording the minutes. Also, there is a Finance Officer responsible for the preparation of Authority documents as they pertain to the processing and payment of bills, payroll, receipt of monies due to the Authority and proper disposition. The Finance Officer also serves as the primary Human Resource contact, in cooperation and shared responsibility with the Executive Director. These Administrative Personnel report directly to the Executive Director.

The Operations Division is responsible for the day-to-day operation and maintenance of the physical facilities. The Operations Division is headed by the Superintendent, who reports directly to the Executive Director. (Refer to Appendix C for the current Authority organization chart).

LOCAL ECONOMY

The Authority's service area, which includes its five (5) Member Municipalities of Farmingdale Borough, Freehold Borough, Freehold Township, Howell Township, and Wall Township, has historically been a fast growing area and is showing signs of recovery from the economic downturn during 2008-2009.

Monmouth County is located in east central New Jersey and contains a land area of approximately 469-square miles, which ranks fourth largest in the State. Its population in 2010 was 630,380, placing it fifth among New Jersey counties. With its relatively level topography, and with its only significant physical constraint the large areas covered by wetlands, the County was poised for rapid growth once the New York-Northern New Jersey "growth belt" expanded beyond Middlesex County.

The Authority service area primarily consists of residential housing with a major transportation spine,

Route 9. Route 9 acts as a corridor to a large commuter base that is predominantly employed in the New York Metropolitan area. In addition to Route 9 being a transportation corridor, it is also a recognized for shopping. This includes a large number of national chain box stores, strip malls and a large regional mall.

Freehold Borough is the county seat. It is located in the heart of western Monmouth County and hosts many professional offices. Freehold Township hosts an expanding medical facility, CentraState Healthcare System, and its associated services. The service area also has major manufacturing such as Nestle USA and light industry in different pockets throughout. There is a regional airport (Monmouth Executive) in Wall Township.

Over the course of the next few years, Wall Township is projected to host the greatest number of jobs at about 17,104, followed by Freehold Township at 16,000, Howell Township at 10,746, Freehold Borough at 10,026 and Farmingdale Borough at 250.

Table 1: At Place Employment, 1995-2020

	<u>1985</u>	<u>2005</u>	<u>2020</u>
Farmingdale Borough	225	250	250
Freehold Borough	9,030	10,026	11,401
Freehold Township	13,941	16,000	17,500
Howell Township	8,696	10,746	11,470
Wall Township	13,985	17,104	20,183
Service Area Total	45,877	54,126	60,804

The median household income in the Authority's service area can be seen in the following table:

Table 2: Median Household Income, 2000 and 2010

	<u>2000</u>	<u>2010</u>
New Jersey	N/A	N/A
Monmouth County	\$73,263	\$73,263
Farmingdale Borough	\$62,086	\$63,191
Freehold Borough	\$48,654	\$52,000
Freehold Township	\$77,185	\$94,735
Howell Township	\$68,069	\$89,287
Wall Township	\$73,989	\$89,278

Source: 2000 and 2010 US Census

The Consumer Price Index (CPI) in the New York-Northern New Jersey area (which includes Monmouth County) as measured for the year ended December 2016 increased 2.1% (12-month change)*, while core inflation as measured by the "All Items Less Food and Energy Index" increased 2.2% (12-month change)*.

**Source United States Department of Labor, Bureau of Labor Statistics (https://www.bls.gov/regions/new-york-new-jersey/news-release/consumerpriceindex_newyorkarea.htm)*

MAJOR INITIATIVES

During 2013, the Authority funded and commenced a five-year \$7,000,000.00 Capital Plan that will seek to update key system components that are starting to meet the end of their useful life expectancies. These capital projects include the rehabilitation of the Route 9 Upper Force Main, improvements to the

Upper Manasquan Pump Station Wet Well, upgrades to the Mingamahone Pump Station, replacement of force main air release valves on the lower system, upgrading chemical feed stations to Bioxide and the elimination of liquid oxygen and an aggressive internal inspection program of the Authority's gravity interceptor lines.

During 2016, the Authority commenced the development of a more comprehensive, long-term, 15-year Capital Improvement Program (CIP). The CIP is being developed as a mechanism for the Board to:

1. Identify and prioritize capital projects;
2. Develop project cost estimates for those projects;
3. Determine funding mechanisms available (i.e.: bond or pay-as-you-go);
4. Develop of an aggressive CIP implementation schedule;
5. Develop financial models (to correlate capital expenditures to rate setting practices); and
6. Correlate the data to develop sound fiscal practices;
7. Ultimately create a fiscally resilient Authority.

The 15-year CIP is intended to be a "living" document and will act as a guideline for fiscal practices and Authority planning. Correlation of the budgetary model (developed during 2015) and the CIP model shall provide the Board with valuable foresight during development of future budgets. The Board has taken great strides over the past several years in identifying budgetary issues and addressing them appropriately. Development of the 15-year CIP is another example of the Board's commitment to developing a fiscally resilient Authority. Resilience does not occur immediately and is rather built by a series of sound decisions. It is a goal that the Board recognizes and is striving to meet over the next several years.

The Board's foresight has already paid dividends. Historically low wastewater flows were realized during 2016. In years past, this may have been an issue. However, the Board's identification of a trend towards lower wastewater flows, which is the primary source of revenue for the Authority, was addressed with the decision to approve a 2.0% increase in the 2016 bulk rate. The result was strong financial performance even in a year of decreased revenues. This decision was driven by metrics and an eye toward future Authority needs, not politics, and is commensurate with the sound fiscal practices implemented by the Board.

Additionally, the Authority upgraded to the Edmunds financial software suite during June 2016. The new system has been an improvement with both financial accounting and purchasing tasks.

FINANCIAL INFORMATION

Internal Controls

In developing and evaluating the Authority's accounting system, an important consideration is the overall adequacy of internal controls. Internal controls are designed to provide Authority management with reasonable (but not absolute) assurance regarding (a) the safeguarding of assets against loss from unauthorized use or disposition; and (b) the overall reliability of the financial records for preparing financial statements and for maintaining accountability and control over the Authority's assets.

The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of cost and benefits requires estimates and judgement by management.

Budgetary Control

Annually, appropriations are established by the Board of Commissioners to record the current year's fiscal requirements of the Authority. Portions of these appropriations are encumbered as purchase orders and/or contracts are awarded. No commitment is authorized, nor any expenditure incurred, until it is determined that adequate appropriation balances exist for that purpose. To facilitate this determination, the Authority accounting records are delineated by function and specific activity.

Financial Operating Results

The management discussion and analysis that follows, summarizes and reviews the changes of the Authority's financial operations.

Cash and Investment Administration

The Authority's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. During 2016, the Authority held all cash and investments in US Bank Treasury and Agency Securities and higher yield money market accounts at Ocean First Bank. All investments are made in accordance with permitted investment vehicles as determined by the State of New Jersey.

RISK MANAGEMENT

The Authority continues to look to the New Jersey Utilities Authority Joint Insurance Fund (NJUAJIF) for its property and casualty insurance coverage. This fund has provided comprehensive and reliable coverage for many years. The relationship has also resulted in thousands of dollars in cost savings on premiums, plus many annual dividends being paid to the Authority.

The NJUAJIF coverage includes Employment Practices Liability Coverage (EPL) and Public Officials Liability Coverage (POL). There has also been the inclusion of extended Environmental Coverage as a result of the NJUAJIF becoming a member of the New Jersey Environmental Joint Insurance Fund (NJEJIF).

A comprehensive listing of the Insurance Coverage can be found on file in the Authority's offices.

OTHER INFORMATION

Independent Audit

The Authority is required to have an annual audit of the books of account, financial records, and transactions conducted by independent certified public accountants selected by the Board of Commissioners. This requirement has been complied with. The independent auditors' report on the 2016 financial statements of the Authority has been included in the financial section of this report.

Acknowledgement

The preparation of this report on a timely basis was made possible with the assistance of the following people:

Donald F. Hill, CPA, Finance Officer

James H. Roe, IV, Superintendent

William E. Antonides, Jr., CPA, RMA, Consulting Accountant

In closing, preparation of the report would not have been possible without the leadership and support of the Board of Commissioners.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Brach', written in a cursive style.

Brian J. Brach, P.E.
Executive Director



Manasquan River Regional Sewerage Authority

BOROUGH OF FARMINGDALE | BOROUGH OF FREEHOLD | TOWNSHIP OF FREEHOLD
TOWNSHIP OF HOWELL | TOWNSHIP OF WALL

BRIAN J. BRACH, P.E.
Executive Director

APPENDIX A 2016 MRRSA COMMISSIONER ROSTER

BOARD OF COMMISSIONERS

James A. Daly, Farmingdale Borough (February 1, 2016 thru January 31, 2021)	Michael J. Romano, Farmingdale Borough ¹ (February 1, 2012 thru January 31, 2017)
Michael Wilson, Freehold Borough (February 1, 2016 thru January 31, 2021)	Richard J. Gartz, Freehold Borough (February 1, 2012 thru January 31, 2017)
Julisa Garcia, Freehold Township (February 1, 2016 thru January 31, 2021)	A. Richard Gatto, Freehold Township (February 1, 2012 thru January 31, 2017)
Stephen R. Johnson, Howell Township (February 1, 2016 thru January 31, 2021)	Jesse J. Tantillo, Howell Township (February 1, 2012 thru January 31, 2017)
Olga R. McKenna, Wall Township (February 1, 2016 thru January 31, 2021)	Mary DeSarno, Wall Township (February 1, 2012 thru January 31, 2017)

2016 BOARD APPOINTMENTS

A. Richard Gatto (Chair)
Michael Wilson (Vice Chair)
Jesse J. Tantillo (Treasurer)
Olga R. McKenna (Secretary)
Donald F. Hill (Assistant Secretary)

ENGINEERING COMMITTEE

Michael Wilson (Chair)
James A. Daly
Mary DeSarno
A. Richard Gatto
Stephen R. Johnson

FINANCE COMMITTEE

Richard J. Gartz (Chair)
A. Richard Gatto
Olga R. McKenna
Michael J. Romano
Jesse J. Tantillo

INSURANCE COMMITTEE

James A. Daly (Chair)
A. Richard Gatto
Stephen R. Johnson
Olga R. McKenna
Michael Wilson

PERSONNEL COMMITTEE

Mary DeSarno (Chair)
Julisa Garcia
Richard J. Gartz
Michael J. Romano
Jesse J. Tantillo

¹Michael J. Romano filled the unexpired term of John P. Morgan (Deceased)





Manasquan River Regional Sewerage Authority

BOROUGH OF FARMINGDALE | BOROUGH OF FREEHOLD | TOWNSHIP OF FREEHOLD
TOWNSHIP OF HOWELL | TOWNSHIP OF WALL

BRIAN J. BRACH, P.E.
Executive Director

APPENDIX B 2016 MANAGEMENT

Brian J. Brach, P.E., Executive Director
James H. Roe, IV, Superintendent
Donald F. Hill, CPA, Finance Officer

CONSULTANTS

Mehr, LaFrance & Williams

Dasti, Murphy, McGuckin, Ulaky, Koutsoris & Connors

Dilworth Paxon, LLP

Mott MacDonald

Greeley and Hansen

Conner Strong Companies, Inc.

Holman, Frenia, Allison, P.C.

William E. Antonides & Company

FIRM

General Counsel

Conflict Counsel

Bond Counsel

Consulting Engineer

Conflict Engineer

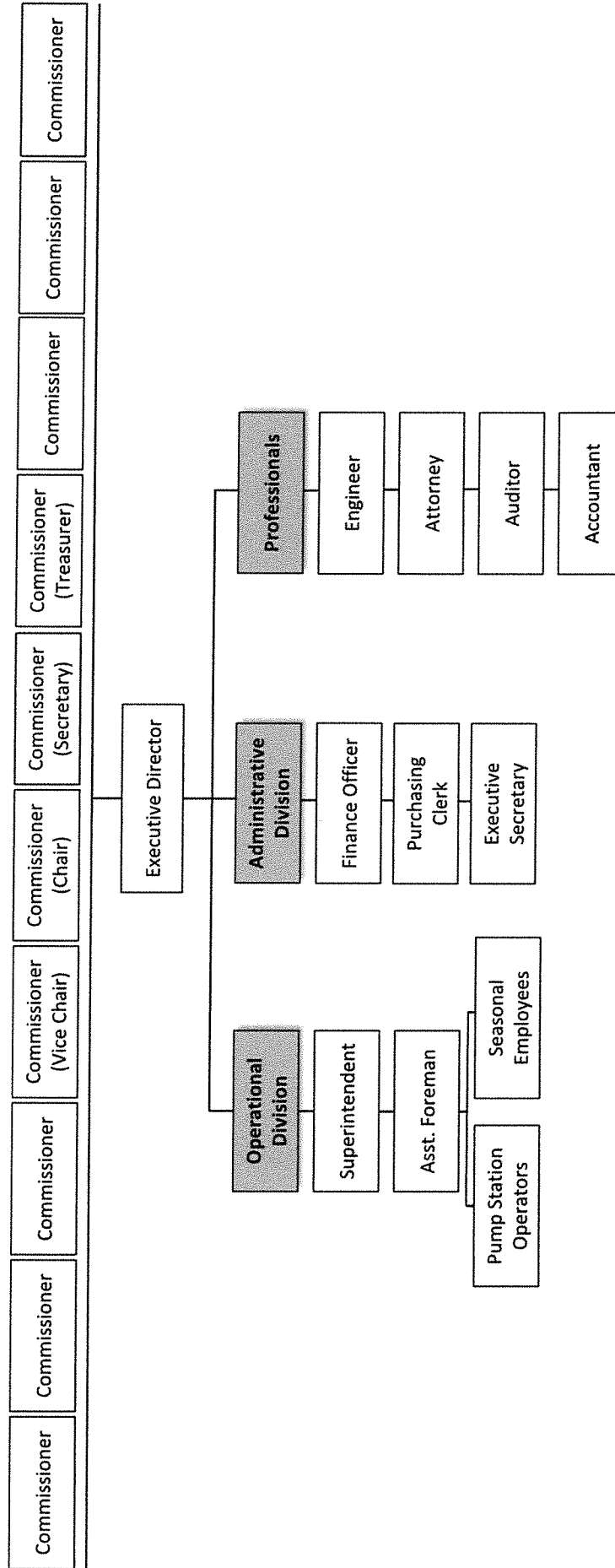
Risk Management Consultant

Auditor

Consulting Accountant



**APPENDIX C:
MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
2016 ORGANIZATIONAL CHART**



Financial Section



**HOLMAN | FRENIA
ALLISON, P.C.**

Certified Public Accountants & Consultants

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 6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639
 194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
 795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090
 926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090
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INDEPENDENT AUDITOR’S REPORT

The Board of Commissioners of
 Manasquan River Regional Sewerage Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Manasquan River Regional Sewerage Authority, County of Monmouth, State of New Jersey, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Manasquan River Regional Sewerage Authority, as of December 31, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manasquan River Regional Sewerage Authority's basic financial statements. The introductory section and other supplemental information on pages 1-9 and 49-53 are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information, referred to in the preceding paragraph, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2017, on our consideration of the Manasquan River Regional Sewerage Authority's internal control over financial reporting and 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 the 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 Manasquan River Regional Sewerage Authority's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, P.C.

Certified Public Accountants

April 19, 2017

Toms River, New Jersey



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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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 Board of Commissioners of
Manasquan River Regional Sewerage Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Manasquan River Regional Sewerage Authority as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Manasquan River Regional Sewerage Authority's basic financial statements and have issued our report thereon dated April 19, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Manasquan River Regional Sewerage Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 Manasquan River Regional Sewerage Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Audit Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

April 19, 2017
Toms River, New Jersey

Management's Discussion and Analysis

The discussion and analysis is designed to provide an analysis of the Authority's financial condition and operating results and to also inform the reader on Authority financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Transmittal Letter (beginning on page 1) and the Authority's basic financial statements (beginning on page 15).

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. As enterprise funds, the Authority's basic financial statements include:

- **Statement of net assets** - reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (Exhibit A)
- **Statement of revenues, expenses and changes in fund net assets** - reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions. (Exhibit B)
- **Statement of cash flows** - reports the Authority's cash flows from operating activities, investing, capital and non-capital activities. (Exhibit C)

STATEMENT OF NET POSITION

Years Ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets:			
Current Assets:			
Unrestricted	\$ 6,446,955	\$ 4,977,057	\$ 3,827,725
Restricted	3,556,081	5,281,045	5,526,380
Capital Assets, Net	11,873,317	10,213,223	10,476,971
Other Assets			
Total Assets	<u>\$ 21,876,353</u>	<u>\$ 20,471,325</u>	<u>\$ 19,831,076</u>
Deferred Outflow of Resources	<u>\$ 807,289</u>	<u>\$ 538,228</u>	<u>\$</u>
Liabilities:			
Current Liabilities:			
Unrestricted	\$ 1,871,717	\$ 1,809,417	\$ 1,405,059
Restricted	977,714	475,233	461,984
Non-Current Liabilities	<u>7,445,092</u>	<u>8,114,465</u>	<u>4,723,358</u>
Total Liabilities	<u>\$ 10,294,523</u>	<u>\$ 10,399,115</u>	<u>\$ 6,590,401</u>
Deferred Inflow of Resources	<u>\$ 1,530,517</u>	<u>\$ 961,130</u>	<u>\$ 1,592,591</u>
Net Position:			
Invested in Capital Fixed Assets, Net of Related Debt	\$ 9,834,936	\$ 9,570,757	\$ 10,578,476
Unrestricted	<u>1,23,666</u>	<u>78,551</u>	<u>1,069,608</u>
Total Net Position	<u>\$ 10,858,602</u>	<u>\$ 9,649,308</u>	<u>\$ 11,648,084</u>

STATEMENT OF NET POSITION (CONTINUED)

The net position of the Authority increased to \$10,858,602 during 2016, a \$1,209,294 increase from 2015. This increase is attributable to a service charge rate increase and the non-reoccurrence of emergency repairs during 2016.

REVIEW OF REVENUES

Years Ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenues:			
Service Charges	\$ 12,087,657	\$ 12,274,903	\$ 12,845,853
Connection Fees	607,589	474,530	515,702
Other			
Total Operating Revenues	<u>12,695,246</u>	<u>12,749,433</u>	<u>13,361,555</u>
Non-Operating Revenues:			
Gain on Sale Leaseback	41,193	41,194	41,194
Interest Revenue	28,251	3,291	3,329
Gain on Disposition of Assets			
Insurance Proceeds		658,577	
Other	104,857	110,431	98,070
Total Non-Operating Revenues	<u>174,301</u>	<u>813,493</u>	<u>142,593</u>
Total Revenues	<u>\$ 12,869,547</u>	<u>\$ 13,562,926</u>	<u>\$ 13,504,148</u>

In 2016, operating revenues decreased by \$693,379 when compared to 2015. The decrease was attributable to non-reoccurrence of revenues from insurance proceeds.

REVIEW OF EXPENSES

Years Ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Expenses:			
Personnel Services	\$ 1,650,341	\$ 1,810,572	\$ 1,844,950
Purchase of Services	8,684,580	9,007,700	9,467,630
Other Operating Expenses	660,053	1,361,366	582,480
Depreciation	521,722	504,381	463,475
Amortization of Leased Property Under Capital Lease			
Total Operating Expenses	<u>11,516,696</u>	<u>12,684,019</u>	<u>12,358,535</u>
Non-Operating Expenses:			
Bond Issuance Costs			936
Bond Interest Expense	143,557	150,375	155,902
Total Non-Operating Expenses	<u>143,557</u>	<u>150,375</u>	<u>156,838</u>
Total Expenses	<u>\$ 11,660,253</u>	<u>\$ 12,834,394</u>	<u>\$ 12,515,373</u>

REVIEW OF EXPENSES (CONTINUED)

In 2016, expenses decreased \$1,174,141 when compared to 2015. The decrease was attributable to both a reduction of incoming flows and the non-reoccurrence of emergency repairs during 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets, net of depreciation

In 2016, capital assets had a net increase (addition, deductions and depreciation) of \$1,660,094.

Years Ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land	\$ 1,431,160	\$ 1,431,160	\$ 1,431,160
Buildings	1,051,364	1,091,274	1,131,184
Equipment and Apparatus	215,746	231,374	250,908
Office Equipment	7,636	7,636	9,076
Vehicles	61,864	75,188	93,671
Conveyance System	6,668,947	7,110,530	6,942,264
Construction in Progress	<u>2,436,601</u>	<u>266,061</u>	<u>618,707</u>
Total Capital Assets, Net	\$ <u>11,873,317</u>	\$ <u>10,213,223</u>	\$ <u>10,476,970</u>

DEBT OUTSTANDING

The Authority's bonded debt was \$4,130,000 at December 31, 2016, a decrease of \$285,000 when compared to 2015. Interest on these bonds is paid semi-annually with interest rates ranging from 3.00% to 5.00%. Principal payments on the outstanding debt are due annually with final maturity on August 1, 2028.

FINANCIAL CONTACT

The Authority's statements are designed to present users (sewer users, ratepayers and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions about the report or need additional financial information, please contact the Finance Department, Manasquan River Regional Sewerage Authority, P.O. Box 646, Farmingdale, NJ 07727.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

STATEMENTS OF NET POSITION

Exhibit A

DECEMBER 31, 2016 AND 2015

Sheet 1 of 2

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current Assets:		
Unrestricted:		
Cash and Cash Equivalents	\$ 5,358,294	\$ 3,563,123
Intergovernmental Accounts Receivable	1,072,981	940,906
Accounts Receivable		102
Insurance Proceeds Receivable		458,577
Inventory	15,680	14,349
Total Unrestricted Current Assets	<u>6,446,955</u>	<u>4,977,057</u>
Restricted Assets:		
Cash and Cash Equivalents	472,260	455,297
Funds Held by Trustee	3,083,821	4,825,748
Total Restricted Current Assets	<u>3,556,081</u>	<u>5,281,045</u>
Total Current Assets	<u>10,003,036</u>	<u>10,258,102</u>
Capital Assets:		
Land	1,431,160	1,431,160
Buildings	1,992,793	1,992,793
Equipment and Apparatus	1,711,905	1,711,905
Office Equipment	83,487	83,487
Vehicles	397,195	397,195
Conveyance System	16,373,318	16,362,042
Construction in Progress	2,436,601	266,061
	<u>24,426,459</u>	<u>22,244,643</u>
Less: Accumulated Depreciation	12,553,142	12,031,420
Capital Assets, Net	<u>11,873,317</u>	<u>10,213,223</u>
Total Assets	<u>21,876,353</u>	<u>20,471,325</u>
<u>Deferred Outflow of Resources</u>		
Related to Pensions	<u>807,289</u>	<u>538,228</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 22,683,642</u>	<u>\$ 21,009,553</u>

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

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

STATEMENTS OF NET POSITION

Exhibit A

DECEMBER 31, 2016 AND 2015

Sheet 2 of 2

	<u>2016</u>	<u>2015</u>
<u>Liabilities</u>		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$ 90,784	\$ 113,414
Accrued Expenses	27,088	21,898
Accrued Interest Payable	82,424	85,956
Overpayment of Service Charges	1,235,269	1,128,022
Sewer Revenue Bonds Payable	356,012	346,012
Pension Payable	80,140	114,115
Total Current Liabilities Payable from Unrestricted Assets	<u>1,871,717</u>	<u>1,809,417</u>
Current Liabilities Payable from Restricted Assets:		
Escrow Accounts - Review Fees	467,111	452,501
Accounts Payable	510,603	22,732
Total Current Liabilities Payable from Restricted Assets	<u>977,714</u>	<u>475,233</u>
Non-Current Liabilities:		
Sewer Revenue Bonds Payable	4,766,191	5,122,202
Compensated Absences Payable	22,851	19,378
Related to Pensions	2,656,050	2,972,885
Total Non-Current Liabilities	<u>7,445,092</u>	<u>8,114,465</u>
Total Liabilities	<u>10,294,523</u>	<u>10,399,115</u>
<u>Deferred Inflow of Resources</u>		
Related to Pensions	839,540	228,959
Unearned Profit on Sales - Leaseback	690,977	732,171
Total Deferred Inflow of Resources	<u>1,530,517</u>	<u>961,130</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	9,834,936	9,570,757
Unrestricted	<u>1,023,666</u>	<u>78,551</u>
Total Net Position	<u>10,858,602</u>	<u>9,649,308</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 22,683,642</u>	<u>\$ 21,009,553</u>

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

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

STATEMENTS OF REVENUE, EXPENSES AND

Exhibit B

CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating Revenue:		
Service Charges	\$ 12,087,657	\$ 12,274,903
Connection Fees	607,589	474,530
Total Operating Revenue	<u>12,695,246</u>	<u>12,749,433</u>
Operating Expenses:		
Personnel Services	1,650,341	1,810,572
Purchase of Services	8,684,580	9,007,700
Other Operating Expenses	660,053	1,361,366
Depreciation	521,722	504,381
Total Operating Expenses	<u>11,516,696</u>	<u>12,684,019</u>
Operating Income	<u>1,178,550</u>	<u>65,414</u>
Non-Operating Revenue/(Expenses):		
Gain on Sale Leaseback	41,193	41,194
Interest Revenue	28,251	3,291
Insurance Proceeds		658,577
Bond Interest Expense	(143,557)	(150,375)
Other Non-Operating Revenues	104,857	110,431
Total Non-Operating Revenue/(Expenses)	<u>30,744</u>	<u>663,118</u>
Change in Net Position	1,209,294	728,532
Net Position January 1	<u>9,649,308</u>	11,648,082
Restatement (See Note 14)		<u>(2,727,306)</u>
Net Position January 1, as Restated		<u>8,920,776</u>
Net Position December 31	<u>\$ 10,858,602</u>	<u>\$ 9,649,308</u>

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

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

STATEMENTS OF CASH FLOWS

Exhibit C

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Sheet 1 of 2

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Cash Received from Service Charges	\$ 12,150,943	\$ 12,504,331
Cash Received from Service Surcharges	165,401	178,089
Cash Received from Connection Fees	607,589	474,530
Cash Received from Miscellaneous	196,150	42,260
Cash Received/Payments from/to Escrows	14,610	20,423
Cash Payments for Goods and Services	(8,393,925)	(11,477,150)
Cash Payments to Employees	(2,970,344)	(992,929)
Net Cash Flows from Operating Activities	<u>1,770,424</u>	<u>749,554</u>
Cash Flows from Capital Financing Activities:		
Insurance Proceeds	458,577	200,000
	<u>458,577</u>	<u>200,000</u>
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions	(1,693,944)	(255,916)
Bond Payments	(285,000)	(280,000)
Interest Paid	(208,100)	(213,700)
Net Cash Flows from Capital and Related Financing Activities	<u>(2,187,044)</u>	<u>(749,616)</u>
Cash Flows from Investing Activities:		
Receipts of Interest	28,250	3,291
Net Cash Flows from Investing Activities	<u>28,250</u>	<u>3,291</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	70,207	203,229
Cash and Cash Equivalents January 1	<u>8,844,168</u>	<u>8,640,939</u>
Cash and Cash Equivalents December 31	<u>\$ 8,914,375</u>	<u>\$ 8,844,168</u>

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

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Exhibit C

Sheet 2 of 2

	<u>2016</u>	<u>2015</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 1,169,260	\$ 65,414
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	521,722	504,381
Escrow Accounts - Review Fees (From)/To	14,610	20,423
Loss on Disposal of Assets		8,107
Non-Operating Miscellaneous Revenue	104,855	110,431
(Increase)/Decrease in Intergovernmental Receivables	(132,075)	(238,234)
(Increase)/Decrease in Other Accounts Receivable	102	(51)
(Increase)/Decrease in Inventory	(1,331)	(3,906)
Increase/(Decrease) in Accounts Payable	(22,630)	(957)
Increase/(Decrease) in Accrued Expenses	5,190	5,991
Increase/(Decrease) in Pension Liability		279,821
(Increase)/Decrease in Deferred Pension Outflows		(297,863)
Increase/(Decrease) in Deferred Pension Inflows		68,467
Increase/(Decrease) in Overpayment of User Fees	107,248	221,510
Increase/(Decrease) in Compensated Absences Payable	3,473	6,020
Total Adjustments	<u>601,164</u>	<u>684,140</u>
Net Cash Provided by Operating Activities	<u>\$ 1,770,424</u>	<u>\$ 749,554</u>

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

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Manasquan River Regional Sewerage Authority (the “Authority”) was created in 1972 by virtue of parallel ordinances adopted by the Boroughs of Farmingdale and Freehold and the Townships of Freehold, Howell and Wall, and is a public body politic and corporate of the State of New Jersey organized and existing pursuant to the Sewerage Authorities Law, constituting Chapter 138 of the Laws of 1946, of the State of New Jersey, as amended and supplemented. The municipalities would be required to provide for deficits resulting from failure of the Authority to derive adequate revenues from the operation of the system.

The Authority operates and maintains a network of interceptors, collectors, pump stations and trunk lines to accept wastewater flow from the sewerage systems serving the territorial limits of the Boroughs of Farmingdale and Freehold, the Township of Howell, and portions of the Townships of Freehold and Wall. Treatment and disposal is handled by facilities of the Ocean County Utilities Authority.

B. Basis of Presentation and Accounting

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles (“GAAP”) applicable to enterprise funds of state and local governments.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities and deferred inflow or outflow of resources associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt and unrestricted components.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. New Accounting Standards

Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

GASB issued Statement No. 72, “Fair Value Measurement and Application” in February 2015. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. Statement No. 72 is effective for financial statements for periods beginning after June 15, 2015. The Authority has implemented Statement No. 72 as of the audit date.

GASB issued Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68” in February 2015. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. Statement No. 73 is effective for financial statements for periods beginning after June 15, 2016. The Authority has not implemented Statement No. 73 as of the audit date.

GASB issued Statement No. 74, “Financial Reporting for Postemployment Benefit Plans other than Pension Plans” in June 2015. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Statement No. 74 is effective for financial statements for periods beginning after June 15, 2016. The Authority has not implemented Statement No. 74 as of the audit date.

GASB issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions” in June 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Statement No. 75 is effective for financial statements for periods beginning after June 15, 2017. The Authority has not implemented Statement No. 75 as of the audit date.

GASB issued Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments” in June 2015. The objective of this Statement is to identify in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. New Accounting Standards (CONTINUED)

GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement No. 76 is effective for financial statements for periods beginning after June 15, 2015. The Authority has implemented Statement No. 76 as of the audit date.

GASB issued Statement No. 80, “Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14” in January 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. Statement No. 80 is effective for financial statements for periods beginning after June 15, 2016. The Authority has not implemented Statement No. 80 as of the audit date.

GASB issued Statement No. 82, “Pension Issues – An Amendment of GASB Statements No. 67, 68, and No. 73” in March 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statement Nos. 67, 68, and 73. Statement No. 82 is effective for financial statements for periods beginning after June 15, 2017. The Authority has not implemented Statement No. 82 as of the audit date.

D. Inventory

Inventory consists of chemicals used for odor control and fuel oil used for operation of emergency generators and is stated at cost (determined on a first-in, first-out basis). The value of inventory at December 31, 2016 and 2015 is \$15,680 and \$14,349, respectively.

E. Property, Plant and Equipment

The Authority records its property and equipment at cost. Contributed fixed assets are valued at their estimated fair value on the date donated. Maintenance and repairs are charged to current period operating expense, whereas additions and improvement are capitalized. Upon retirement or other disposition of property and equipment, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in operations. Interest costs relating to construction are capitalized. Certain applicable labor and legal costs are also capitalized. The Authority’s capitalization level is \$5,000 for capital assets.

Depreciation is determined on a straight-line basis for all plant and equipment. Depreciation is provided over the following estimated useful lives:

Conveyance system	7 to 50 years
Pump stations and apparatus	40 years
Equipment - pumping stations	7 to 15 years

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Property, Plant and Equipment (continued)

Buildings and improvements	40 years
Vehicles	7 years
Equipment - office	7 to 20 years

F. Unearned Profit on Sale-Leaseback

The unearned profit on the sale-leaseback will be amortized in proportion to the depreciable life of the asset.

G. Budgets

Budgets which are required by state statute are adopted in accordance with regulations promulgated by the Bureau of Authority Regulation (the "Bureau"). An annual appropriated budget is adopted for the operations of the Authority, subject to approval by the Bureau. A capital program adopted by the Authority is management's six-year plan for financing the estimated cost of addition or replacement of major fixed assets used in the Authority's operation.

Budgets are adopted on a basis consistent with GAAP with the following exceptions:

- Principal retired is budgeted as nonoperating expenses.
- Depreciation is not budgeted.
- Capital expenses are treated as nonoperating expenses.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Compensated Absences Payable

The Authority allows employees to earn vacation time based on the employee's length of service and time worked during the preceding year. A maximum of 10 unused vacation days may be carried forward, but must be taken in the subsequent year.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences Payable (continued)

Unused sick leave may be carried forward into subsequent calendar years. Upon resignation or retirement, accumulated sick leave may be converted to a cash payment at a rate of not more than 50% of the employee's current hourly salary up to a maximum of \$10,000. It is estimated that the cost of unpaid sick time as of December 31, 2016 is \$22,851, and as of December 31, 2015 was \$19,378. These amounts are reflected as an expenditure and liability on the financial statements.

J. Funds Held by Trustee

The net proceeds from the Sewer Revenue Bonds (Series 2013) were placed with the U.S. Bank. These funds are being held by the trustee and are being released to the Authority upon requisitions for the payment of expenditures on the projects for which the loans were authorized.

K. Developer Contributions

Developer contributions received are recorded in the period received. Developer financed construction is recorded in the period in which applicable costs are incurred. Donated assets are recorded at fair market value at the time of the contribution.

L. Bond Premium

Bond premium is amortized on a straight-line method as principal payments are made. Bond premium as of December 31, 2016 and 2015, was \$697,203 and \$758,214, respectively. Per GASB 65, for financial statement presentation purposes, the bond premium was included in the long term debt sewer revenue bonds payable on the statement of net position.

M. Restricted Assets

Restricted assets represent cash and cash equivalents, investments and interest receivable maintained in accordance with bond resolutions, loan agreements and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions the utility systems.

N. Deferred Outflow of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has one item that qualify for reporting in this category which is related to pensions.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflow of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category which are deferred profit on sales-leaseback and related to pensions.

O. Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Date: June 30, 2015
- Measurement Date: June 30, 2016
- Measurement Period: July 1, 2015 to June 30, 2016

P. Adjustment to Net Position

In 2015, the Authority implemented GASB pronouncements 68 and 71 to recognize its proportionate share of the net pension liability. Following the implementation the Authority recognized the pension liability and recorded a prior period adjustment of \$2,727,306 for the cumulative effect of a change in an accounting principal at December 31, 2014.

Previously recorded net position of \$11,648,602 has been adjusted to \$8,920,776 as of December 31, 2014.

Q. Net Position

In the statement of net position, there are three classes of net position:

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position (continued)

Restricted Net Position - reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - any portion of net position not already classified as either net investment in capital assets or net position - restricted is classified as net position - unrestricted.

R. Subsequent Events

Manasquan River Regional Sewerage Authority has evaluated subsequent events occurring after December 31, 2016 through the date of April 19, 2017, which is the date the financial statements were available to be issued.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. U.S Treasury and agency obligations and certificates of deposit with maturities of 90 days or less when purchased are stated at cost. All of the investments are stated at fair value.

A. Deposits

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

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (continued)

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

B. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every authority shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the members and may be modified from time to time in order to reflect changes in federal or state law or regulations. The finance officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the commissioners summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

C. Restricted Cash

Restricted cash at December 31, 2016 and 2015 totaled \$3,556,081 and \$5,281,045, respectively. At December 31, 2016, restricted cash consisted of \$472,260 of escrow deposits for review and inspection of developers' projects within the Authority's service region and \$3,083,821 of funds held by trustee. At December 31, 2015, restricted cash consisted of \$455,297 of escrow deposit and \$4,825,748 of funds held by trustee.

D. Custodial Credit Risks

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure; however, investments are matched with anticipated cash flows to minimize interest rate.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Authority's limits its credit risk by investing in direct obligations of the United States government, its agencies or instrumentalities secured by the full faith and credit of the government of the

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

United States. U.S. government securities carry an underlying rating of AAA by Standard and Poor's and Aaa by Moody's Investors Service. The Authority has no policy on credit risk however, investments are limited to securities guaranteed by the U.S. Government.

Concentration of Credit Risk

The Authority places no limit on the amount that may be invested in any one issuer. 100% of the Authority's investments are in obligations of the United States or its agencies or instrumentalities.

At December 31, 2016 and 2015 the carrying amount of the Authority's deposits was \$5,830,554 and \$4,018,420, respectively. The bank balance amount was \$5,906,118 and \$6,685,304 at December 31, 2016 and 2015. Of this amount \$250,00 was covered by federal depository insurance at December 31, 2016 and 2015. A collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$5,183,858 and \$5,729,990 as of December 31, 2016 and 2015, respectively. An amount of \$472,260 and \$455,297 was on deposit in the name of various developers for escrow and is either insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the escrow depository at December 31, 2016 and 2015. \$17 was on deposit with the New Jersey Cash Management Fund as of December 31, 2015.

NOTE 3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2016 and 2015 are summarized by major classification as follows:

	<u>2016</u>	<u>2015</u>
OCUA Excess Service Charges	\$ 965,224	\$ 860,251
Insurance Proceed Receivable	-0-	458,577
Service Surcharges	45,163	62,022
Service Charges	62,594	18,633
Other	<u>-0-</u>	<u>102</u>
	<u>\$ 1,072,981</u>	<u>\$ 1,399,585</u>

NOTE 4. LONG-TERM DEBT

A. Revenue Bonds

The Authority has issued a revenue bond to provide funds for the construction of capital facilities.

Revenue bonds currently outstanding are as follows:

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4. LONG-TERM DEBT (CONTINUED)

A. Revenue Bonds (continued)

	<u>2016</u>	<u>2015</u>
Series 2013 Revenue Bonds - authorized and issued \$5,230,000, dated June 5, 2013, for the purpose of construction of capital facilities, interest rates range from 2% to 5%, maturities August 1, 2014 to 2028	\$ 4,425,000	\$ 4,710,000
Less: Current Portion	<u>295,000</u>	<u>285,000</u>
Long-Term Debt	<u>\$ 4,130,000</u>	<u>\$ 4,425,000</u>

A summary of maximum annual debt service for principal and interest for bonded debt issued and outstanding at December 31, 2016 is provided below:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 295,000	\$ 199,550	\$ 494,550
2018	305,000	190,700	495,700
2019	310,000	181,550	491,550
2020	325,000	169,150	494,150
2021	335,000	156,150	491,150
2022-26	1,935,000	529,500	2,464,500
2027-28	<u>920,000</u>	<u>69,500</u>	<u>989,500</u>
	<u>\$ 4,425,000</u>	<u>\$ 1,496,100</u>	<u>\$ 5,921,100</u>

B. Debt Summary

A summary of the activity in the Authority's principal portion of its debt is as follows:

	<u>Balance Jan. 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2016</u>	<u>Due Within One Year</u>
Sewer Revenue Bonds (Series 2013)	\$ 4,710,000	\$	\$ 285,000	\$ 4,425,000	\$ 295,000
Unamortized Bond Premium	758,214		61,011	697,203	61,012
Subtotal	<u>5,468,214</u>		<u>346,011</u>	<u>5,122,203</u>	<u>356,012</u>
Compensated Absences	19,378	3,473		22,851	
Pension Liability	<u>2,972,885</u>		<u>316,835</u>	<u>2,656,050</u>	
	<u>\$ 8,460,477</u>	<u>\$ 3,473</u>	<u>\$ 662,847</u>	<u>\$ 7,801,104</u>	<u>\$ 356,012</u>

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4. LONG-TERM DEBT (CONTINUED)

	<u>Balance Jan. 1, 2015</u>	<u>Restatement of Prior Year Net Position</u>	<u>Restated Balance Jan. 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2015</u>	<u>Due Within One Year</u>
Sewer Revenue Bonds (Series 2013)	\$ 4,990,000	\$	\$ 4,990,000	\$	\$ 280,000	\$ 4,710,000	\$ 285,000
Unamortized Bond Premium	819,226		819,226		61,012	758,214	61,012
Subtotal	<u>5,809,226</u>		<u>5,809,226</u>		<u>341,012</u>	<u>5,468,214</u>	<u>346,012</u>
Compensated Absences	13,358		13,358	6,020		19,378	
Pension Liability		2,693,064	2,693,064	279,821		2,972,885	
	<u>\$ 5,822,584</u>	<u>\$ 2,693,064</u>	<u>\$ 8,515,648</u>	<u>\$ 285,841</u>	<u>\$ 341,012</u>	<u>\$ 8,460,477</u>	<u>\$ 346,012</u>

NOTE 5. SERVICE CHARGES RECEIVABLE

The Authority issues to participants, its certificate stating the estimated amount of the annual charge. The annual charge is based upon estimated flows and an approved bulk rate. The Authority sends this certificate to participants in December of the year preceding the fiscal year for which the charges are levied. The Authority sends participants quarterly reminders. A deficiency charge or credit is issued at the beginning of the following year when actual annual flows have been verified. Bills are payable within 30 days.

**NOTE 6. SERVICE AGREEMENT WITH OCEAN COUNTY UTILITIES AUTHORITY
("OCUA")**

A service agreement was executed with Ocean County Utilities Authority ("OCUA") during 1981 providing for sewage and other wastes originating within the regional district to be treated and disposed of by the County Authority.

**NOTE 7. THREE PARTY SERVICE AGREEMENT RE: SOUTHWESTERN WALL
TOWNSHIP**

Wall Township, in anticipation of developing facilities in the Metedeconk basin of the Authority service area, where Ocean County Utilities Authority ("OCUA") has no facilities to provide direct service, entered into an agreement with Brick Township Municipal Utilities Authority ("BTMUA"), the Authority and OCUA for service to be provided to this portion of Wall Township through facilities of BTMUA.

The agreement setting forth the responsibilities of each authority was dated April 10, 1991. Billing for usage is submitted to the Authority and in turn passed through to Wall Township.

NOTE 8. RATE SCHEDULE

2016 Rate - A 2016 rate of \$5,366 per million gallons was adopted by the Authority on December 9, 2015, based on the 2016 budget requirements.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 8. RATE SCHEDULE (CONTINUED)

Subsequent Event

2017 Rate - A 2017 rate of \$5,559 per million gallons was adopted by the Authority on November 9, 2016, based on the 2017 budget requirements.

NOTE 9. CONSTRUCTION COMMITMENTS

The Authority has active construction projects at December 31, 2016. The projects include construction improvements to waste water treatment and delivery systems.

<u>Project</u>	<u>Completed to Date</u>	<u>Remaining Commitment</u>
Route 9 Force Main Replacement	\$1,812,639	\$ 303,655
Phase II - Improvements to the UPSWW and Bypass Station	495,295	59,209
UMPS Sewage Pumps – Drive Shaft Rebuild	11,276	15,400
UMPS Long Term Improvements	<u>31,308</u>	<u>6,991</u>
	<u>\$2,350,518</u>	<u>\$ 385,255</u>

NOTE 10. CONNECTION FEES

An October 1989 revision to the previously adopted sewer extension application fee, connection fee and review deposit resolution provided for the connection fee portion of the charge to be deferred at the option of the developer until actual connection date at the then current rate. The Authority has requested the cooperation of member municipal construction officials to require proof of payment of the Authority charges before a certificate of occupancy is issued for individual units. The connection fees for 2016 were \$1,900 per unit, through July 16, 2016, and \$2,033 per unit, effective July 21, 2016 until further amended.

NOTE 11. PENSION PLAN

A. Plan Description

The Authority contributes to a cost-sharing multiple employer defined benefit pension plan, the Public Employee's Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml. The report may also be obtained by writing to the State of New Jersey, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

B. Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 11. PENSION PLAN (CONTINUED)

B. Benefits Provided (Continued)

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and 43:3B. The policy requires contributions by active members and contributing employers.

The contribution requirements of plan members are determined by State Statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 11. PENSION PLAN (CONTINUED)

C. Contributions (Continued)

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 insurance benefits is based on actual claims paid. For Fiscal year 2015 and 2014, 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. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

As of the fiscal year ended June 30, the contributions recognized as part of pension expense for the Plan was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	<u>PERS</u>	<u>PERS</u>	<u>PERS</u>
Normal Contribution	\$ 19,276	\$ 19,741	\$ 19,394
Accrued Liability	88,796	91,316	85,266
Total Regular Pension Contribution	108,072	111,057	104,660
Non-Contributory Group Life			
Non-Contributory Group Life Insurance	5,786	7,522	1,780
Accrued Liability ERI	457	443	430
Total Due	\$ <u>114,315</u>	\$ <u>119,022</u>	\$ <u>106,870</u>

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

At December 31, 2016, the Authority reported a liability of \$2,656,050 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating school Authority's, actuarially determined. At June 30, 2015, the Authority's proportion share of the Fund's total net pension liability was .009 percent.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 11. PENSION PLAN (CONTINUED)

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

For the year ended December 31, 2016, the Authority recognized net pension gain of \$104,925. At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 550,192	\$
Differences Between Expected and Actual Experiences	49,394	
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	101,278	
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	26,285	839,540
Authority Contributions Subsequent to the Measurement Date	<u>80,140</u>	<u> </u>
	<u>\$ 807,289</u>	<u>\$ 839,540</u>

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

<u>Year Ended December 31</u>	<u>PERS</u>
2017	\$ 46,716
2018	33,359
2019	33,359
2020	33,359
2021	33,359
Thereafter	(147,901)

E. Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 11. PENSION PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

Inflation	3.08%
Salary Increases:	
Through 2026	1.65 - 4.15% (Based on Age)
Thereafter	2.65 - 5.15% (Based on Age)
Investment Rate of Return	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 based on Projection Scale AA. The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

F. Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High yield bonds	2.00%	4.56%
Inflation-indexed bonds	1.50%	3.44%
Broad U.S. equities	26.00%	8.53%
Developed foreign equities	13.25%	6.83%
Emerging market equities	6.50%	9.95%
Private equity	9.00%	12.40%
Hedge funds/Absolute return	12.50%	4.68%
Real estate (property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 11. PENSION PLAN (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability was 3.98 and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 average of the last five years of contributions made in relation to the last five years of recommended 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

a. 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, 2016 and 2015, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	As of June 30, 2016		
	1% Decrease Discount Rate (2.98%)	Current Discount Rate (3.98%)	1% Increase Discount Rate (4.98%)
Authority's Proportionate Share of the Net Pension Liability	\$ 3,254,680	\$ 2,656,050	\$ 2,161,830
	As of June 30, 2015		
	1% Decrease Discount Rate (3.90%)	Current Discount Rate (4.90%)	1% Increase Discount Rate (5.90%)
Authority's Proportionate Share of the Net Pension Liability	\$ 3,694,932	\$ 2,972,885	\$ 2,367,526

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12. CAPITAL ASSETS

Activity in the capital assets for the Authority for the years ended December 31, 2016 and 2015 was as follows:

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Increased by</u> <u>Current Year</u> <u>Additions</u>	<u>Transfers</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
<u>Owned Property</u>				
Non-depreciable Assets:				
Land	\$ 1,431,160	\$	\$	\$ 1,431,160
Depreciable Assets:				
Buildings	1,992,793			1,992,793
Equipment and Apparatus	1,711,905			1,711,905
Office Equipment	83,487			83,487
Vehicles	397,195			397,195
Conveyance System	16,362,042		11,276	16,373,318
Construction in Progress	266,061	2,181,816	(11,276)	2,436,601
Total Historical Cost	<u>22,244,643</u>	<u>2,181,816</u>	<u></u>	<u>24,426,459</u>
Less Accumulated Depreciation:				
Buildings	901,519	39,910		941,429
Equipment and Apparatus	1,480,531	15,629		1,496,160
Office Equipment	75,851			75,851
Vehicles	322,007	13,324		335,331
Conveyance System	9,251,512	452,859		9,704,371
Total Accumulated Depreciation	<u>12,031,420</u>	<u>521,722</u>	<u></u>	<u>12,553,142</u>
Total Capital Assets, Net	<u>\$ 10,213,223</u>	<u>\$ 1,660,094</u>	<u>\$</u>	<u>\$ 11,873,317</u>

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 12. CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased by</u> <u>Current Year</u> <u>Additions</u>	<u>Transfers</u>	<u>Decreased by</u> <u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
<u>Owned Property</u>					
Non-depreciable Assets:					
Land	\$ 1,431,160	\$	\$	\$	\$ 1,431,160
Depreciable Assets:					
Buildings	1,992,793				1,992,793
Equipment and Apparatus	1,804,273			92,368	1,711,905
Office Equipment	118,808			35,321	83,487
Vehicles	459,849			62,654	397,195
Conveyance System	15,760,653		601,389		16,362,042
Construction in Progress	618,707	248,743	(601,389)		266,061
Total Historical Cost	<u>22,186,243</u>	<u>248,743</u>	<u></u>	<u>190,343</u>	<u>22,244,643</u>
Less Accumulated Depreciation:					
Buildings	861,610	39,909			901,519
Equipment and Apparatus	1,553,366	15,986		88,821	1,480,531
Office Equipment	109,732			33,881	75,851
Vehicles	366,177	15,362		59,532	322,007
Conveyance System	8,818,388	433,124			9,251,512
Total Accumulated Depreciation	<u>11,709,273</u>	<u>504,381</u>	<u></u>	<u>182,234</u>	<u>12,031,420</u>
Total Capital Assets, Net	<u>\$ 10,476,970</u>	<u>\$ (255,638)</u>	<u>\$</u>	<u>\$ 8,109</u>	<u>\$ 10,213,223</u>

NOTE 13. RISK MANAGEMENT

The Authority 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 Authority is a member of the New Jersey Utilities Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums.

NOTE 14. RESTATEMENT OF NET POSITION

As indicated in Note 1 to the Financial Statements, the Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Dated - an amendment of GASB Statement No. 68*, for the fiscal year ended December 31, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government-wide statement of activities was required to record the Authority's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for December 31, 2015 is as follows:

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 14. RESTATEMENT OF NET POSITION (CONTINUED)

	<u>Net Position as Previously Reported Dec. 31, 2014</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Position as Restated Dec. 31, 2014</u>
Net Position:					
Investment in Capital Assets, Net of Related Debt	\$ 10,578,476	\$	\$	\$	\$ 10,578,476
Unrestricted	<u>1,069,606</u>	<u>(2,693,064)</u>	<u>126,250</u>	<u>(160,492)</u>	<u>(1,657,700)</u>
Total Capital Assets, Net	\$ <u>11,648,082</u>	\$ <u>(2,693,064)</u>	\$ <u>126,250</u>	\$ <u>(160,492)</u>	\$ <u>8,920,776</u>

NOTE 15. CONTINGENT LIABILITIES

Pending Litigation

There are actions which have been instituted against the Authority which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Authority.

It is the opinion of the Authority officials that there is no litigation threatened or pending that would materially affect the financial position of the Authority or adversely affect the Authority's ability to levy, collect and enforce the collection of revenue for the payment of its obligations.

The Authority officials believe that negligence and other types of liability suits, of which the Authority is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 16. DEFERRED COMPENSATION

The Authority has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Authority has engaged a private contractor to administer the Plan.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUES AND APPROPRIATIONS

Schedule 1

COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2016

Sheet 1 of 4

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2015

(NON-GAAP BUDGETARY BASIS)

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>Anticipated Revenues</u>			
Operating Revenues:			
Service Fees	\$ 13,124,177	\$ 12,087,657	\$ 12,274,903
Connection Fees	350,000	607,589	474,530
Total Operating Revenues	<u>13,474,177</u>	<u>12,695,246</u>	<u>12,749,433</u>
Non-Operating Revenues:			
Interest on Investments		28,251	3,291
Application Fees	7,500	11,650	12,125
Other Non-Operating Revenues	55,000	551,784	98,305
Total Non-Operating Revenues	<u>62,500</u>	<u>591,685</u>	<u>113,721</u>
Total Anticipated Revenues	\$ <u>13,536,677</u>	\$ <u>13,286,931</u>	\$ <u>12,863,154</u>
<u>Budget Appropriations</u>			
Operating Appropriations:			
Administration:			
Salaries and Wages	\$ 334,500	\$ 331,547	\$ 300,262
Fringe Benefits	279,118	229,398	290,252
Other Expenses	247,350	205,929	214,392
Total Administration	<u>860,968</u>	<u>766,874</u>	<u>804,906</u>
Cost of Providing Service:			
Salaries and Wages	707,000	605,176	678,315
Fringe Benefits	589,932	484,848	479,306
Other Expenses	10,152,613	9,065,226	9,939,631
Total Cost of Providing Service	<u>11,449,545</u>	<u>10,155,250</u>	<u>11,097,252</u>
Capital Outlay	<u>92,500</u>	<u>75,839</u>	
Total Principal Payments on Debt Service in Lieu of Depreciation	285,000	285,000	280,000
Total Operating Appropriations	<u>12,688,013</u>	<u>11,282,963</u>	<u>12,182,158</u>
Non-Operating Appropriations:			
Total Interest Payments	208,100	208,100	213,700
Renewal and Replacement Reserve	600,000	600,000	250,000
Total Non-Operating Appropriations	<u>808,100</u>	<u>808,100</u>	<u>463,700</u>
Total Operating and Non-Operating Appropriations	\$ <u>13,496,113</u>	<u>12,091,063</u>	<u>12,645,858</u>
Total Appropriations	\$ <u>13,496,113</u>	<u>12,091,063</u>	<u>12,645,858</u>
Excess/(Deficit) of Revenues over Appropriations	\$ <u>40,564</u>	\$ <u>1,195,868</u>	\$ <u>217,296</u>

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUES AND APPROPRIATIONS

Schedule 1

COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2016

Sheet 2 of 4

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2015

(NON-GAAP BUDGETARY BASIS)

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>Administration</u>			
Salaries and Wages:			
Commissioner's Salaries	\$ 42,000	\$ 40,299	\$ 40,638
Administrators Salaries	285,000	290,148	258,389
Temporary and Overtime Salaries		1,100	1,235
Longevity Bonus	7,500		
Total Salaries and Wages	<u>334,500</u>	<u>331,547</u>	<u>300,262</u>
Fringe Benefits:			
Social Security	27,300	21,341	26,288
Public Employees' Retirement System	42,042	36,715	44,891
Health Benefits	200,734	167,413	212,950
Unemployment	1,445	1,172	1,147
Disability	209	138	163
Vision	964	613	473
457 Plan	3,212	2,006	4,340
Accumulated Sick Leave	3,212		
Total Fringe Benefits	<u>279,118</u>	<u>229,398</u>	<u>290,252</u>
Other Expenses:			
Office Supplies	4,500	3,064	3,752
Postage	2,500	1,211	1,754
Legal Advertising	2,100	1,606	1,077
Telephone	20,000	18,054	16,986
Conference, Travel and Dues	12,500	9,459	9,047
Operation and Maintenance of Vehicles	900		265
Insurance	70,000	59,039	66,646
Office Equipment Maintenance	20,000	31,667	9,596
Bank Fees		214	103
Miscellaneous	1,000	433	10,927
Employee Assistance Service	350		
Permits and Fees	2,500	3,698	1,833
General Counsel	15,000	4,934	6,875
Special Counsel	5,000	128	
Auditor	26,000	26,156	25,500
Engineer	65,000	46,266	60,031
Total Other Expenses	<u>247,350</u>	<u>205,929</u>	<u>214,392</u>
Total Administration	<u>\$ 860,968</u>	<u>\$ 766,874</u>	<u>\$ 804,906</u>

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUES AND APPROPRIATIONS

Schedule 1

COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2016

Sheet 3 of 4

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2015

(NON-GAAP BUDGETARY BASIS)

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>Cost of Providing Service</u>			
Salaries and Wages:			
Operator' Salaries	\$ 640,000	\$ 548,069	\$ 596,044
Longevity Bonus	15,000	21,657	18,473
Overtime	42,000	34,831	63,798
Accumulated Sick Leave	10,000	619	
Total Salaries and Wages	<u>707,000</u>	<u>605,176</u>	<u>678,315</u>
Fringe Benefits:			
Social Security	57,700	45,106	43,410
Public Employees' Retirement System	88,858	77,600	74,131
Health Benefits	424,266	353,838	351,651
Vision	3,055	2,477	1,895
Unemployment	441	291	270
Disability	2,036	1,295	782
457 Plan	6,788	4,241	7,167
Accumulated Sick Leave	6,788		
Total Fringe Benefits	<u>589,932</u>	<u>484,848</u>	<u>479,306</u>
Other Expenses:			
NJ One Call	5,000	1,172	4,082
Electricity	225,000	155,136	174,179
Fuel Oil	20,000	8,163	7,262
Chemicals	125,000	70,061	75,809
Gasoline	25,000	9,302	14,856
Maintenance Materials	5,000	4,959	4,233
Operation of Vehicles	9,000	8,576	7,025
Site Maintenance	6,000	6,110	4,466
Training and Seminars	7,500	2,944	2,689
Contracts - Repair and Maintenance	12,500	10,324	11,383
Liquid Oxygen Tank Rentals	5,500	5,525	4,675
Repair of Equipment	25,000	29,832	24,001
Safety Equipment	5,000	5,163	4,416
Tools and Equipment	3,500	3,028	474
Uniform Service	6,000	4,646	2,349
Miscellaneous	1,000	943	832
Water	5,000	2,038	2,779
Instrumentation Replacement	10,000	10,516	7,709
Manhole Maintenance	20,000	7,210	9,880
Emergency Repairs	100,000	34,999	568,832

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF REVENUES AND APPROPRIATIONS

Schedule 1

COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2016

Sheet 4 of 4

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2015

(NON-GAAP BUDGETARY BASIS)

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>Cost of Providing Service (Continued)</u>			
Other Expenses (Continued):			
Service Charges:			
OCUA	\$ 9,483,613	\$ 8,631,080	\$ 8,952,209
BTMUA	48,000	53,501	55,491
Total Other Expenses	<u>10,152,613</u>	<u>9,065,228</u>	<u>9,939,631</u>
Total Cost of Providing Service	<u>\$ 11,449,545</u>	<u>\$ 10,155,250</u>	<u>\$ 11,097,252</u>
Capital Outlay:			
System Equipment	\$ 60,000	\$ 56,416	\$
Office Equipment	7,500	10,252	
Support Equipment	20,000	8,020	
Emergency Response Equipment	5,000	1,151	
Total Capital Outlay	<u>\$ 92,500</u>	<u>\$ 75,839</u>	<u>\$</u>
<u>Reconciliation of Net Income</u>			
Reconciliation to Net Income:			
Excess/(Deficit) from Above - Budgetary Basis		\$ 1,195,868	\$ 217,296
Adjustments to Budgetary Basis:			
Non Budgeted Pension Exp			(50,425)
Depreciation Expense		(521,722)	(504,381)
Loss on Disposal of Assets			(8,109)
Bond Issuance Costs			
Accrued Bond Interest (net of Bond Sale Premium)		61,012	63,325
Unearned Profit on Sales - Leaseback		41,194	41,194
Insurance Refund Receivable		(458,577)	458,577
Compensated Absences		(3,473)	(6,020)
Reserve for Encumbrances (net)		53,217	
Non-capital Expenditures Paid from Bond Proceeds		17,511	(10,839)
Inventory (net)		(68,367)	3,905
Accrued Expenses (net)		(1,659)	(5,991)
Renewal and Replacement Reserve		600,000	250,000
Debt Service Principal		285,000	280,000
Net Income Exhibit B		<u>\$ 1,200,004</u>	<u>\$ 728,532</u>

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF

Schedule 2

THE NET PENSION LIABILITY

FOR THE YEARS ENDED DECEMBER 31, 2016 THROUGH 2013

(UNAUDITED)

	December 31		
	2016	2015	2013
Authority's proportion of the net pension liability		0.006%	0.007%
Authority's proportionate share of the net pension liability	\$ 2,972,885	\$ 2,693,064	\$ 2,699,847
Authority's covered-employee payroll	\$ 872,906	\$ 995,964	\$ 1,008,901
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	#DIV/0!	340.573%	270.398%
Plan fiduciary net position as a percentage of the total pension liability		52.080%	42.741%
			40.713%

This schedule is presented to illustrate the requirement for 10 years. However; until a full 10 year trend is compiled, the Authority will present information for those years for which the information is available.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS

Schedule 3

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

FOR THE YEARS ENDED DECEMBER 31, 2016 THROUGH 2013

(UNAUDITED)

	December 31		
	2016	2015	2014
Contractually required contribution	\$	114,315	\$ 119,022
Contributions in relation to the contractually required contribution		114,315	119,022
Contribution deficiency (excess)	\$	-0-	\$ -0-
Authority's covered-employee payroll	\$	872,906	\$ 995,964
Contributions as a percentage of covered-employee payroll		#DIV/0!	13.10%
			11.95%
			10.59%

This schedule is presented to illustrate the requirement for 10 years. However; until a full 10 year trend is compiled, the Authority will present information for those years for which the information is available.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Public Employees' Retirement System (PERS)

Basis of Presentation. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 6, 2017. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

ANALYSIS OF DEFERRED CHARGES/ACCOUNTS RECEIVABLE - SERVICE FEES

YEAR ENDED DECEMBER 31, 2016

Schedule 4

	Balance Dec. 31, 2015	Increased by 2016 Service Fees	Decreased by Collected in 2016	Balance Dec. 31, 2016
Farmingdale Borough	\$ (26,305)	\$ 295,130	\$ 279,557	\$ (10,732)
Freehold Borough	(472,622)	2,224,196	2,210,378	(458,804)
Freehold Township	(420,875)	4,634,233	4,676,825	(463,467)
Howell Township	(208,220)	4,634,453	4,728,500	(302,267)
Wall Township	18,633	299,644	255,683	62,594
	<u>\$ (1,109,389)</u>	<u>\$ 12,087,656</u>	<u>\$ 12,150,943</u>	<u>\$ (1,172,676)</u>

ANALYSIS OF ACCOUNTS RECEIVABLE - INDUSTRIAL SURCHARGES

YEAR ENDED DECEMBER 31, 2016

Schedule 5

	Balance Dec. 31, 2015	Increased by 2016 Service Fees	Decreased by Collected in 2016	Balance Dec. 31, 2016
Freehold Borough	\$ 33,218	\$ 28,692	\$ 47,209	\$ 14,701
Freehold Township	28,804	119,850	118,192	30,462
	<u>\$ 62,022</u>	<u>\$ 148,542</u>	<u>\$ 165,401</u>	<u>\$ 45,163</u>

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY

SCHEDULE OF SEWER REVENUE BONDS

Schedule 6

YEAR ENDED DECEMBER 31, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding December 31, 2016</u>	<u>Interest Rates</u>	<u>Balance Dec. 31, 2015</u>	<u>Paid</u>	<u>Balance Dec. 31, 2016</u>
Sewer Revenue Bonds (Series A)	2013	\$ 5,230,000	\$ 295,000	3.00%			
	8/01/2017		305,000	3.00%			
	8/01/2018		310,000	4.00%			
	8/01/2019		325,000	4.00%			
	8/01/2020		335,000	4.00%			
	8/01/2021		350,000	5.00%			
	8/01/2022		370,000	5.00%			
	8/01/2023		385,000	5.00%			
	8/01/2024		405,000	5.00%			
	8/01/2025		425,000	5.00%			
	8/01/2026		450,000	5.00%			
	8/01/2027		470,000	5.00%			
	8/01/2028				\$ 4,710,000	\$ 285,000	\$ 4,425,000

MANASQUAN RIVER REGIONAL
SEWERAGE AUTHORITY

AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS

DECEMBER 31, 2016



HOLMAN | FRENIA
ALLISON, P.C.

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To the Board of Commissioners of
Manasquan River Regional Sewerage Authority

We have audited the financial accounts and transactions of the Manasquan River Regional Sewerage Authority for the year ended December 31, 2016. In accordance with requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the Members of the Authority have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

Upper Manasquan rehabilitation of meter chambers, Route 9 force main repair permanent restoration and Liquid oxygen delivery and equipment.

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

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

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)(continued)

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "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 provision of (N.J.S.A.40A:11-6.1).

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Fund

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

Property, Plant & Equipment

The property, plant and equipment subsidiary ledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

General Ledger

The general ledger was complete with the required journal entries.

Budget Adoption

The State of New Jersey requires that the Authority's operating and capital budgets be approved and adopted for each fiscal year. The Authority approved its operating budget on October 21, 2015 and adopted its operating budget on December 9, 2015.

Follow-Up of Prior Years' Findings

There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the Authority Officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call us.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

April 19, 2017
Toms River, New Jersey

2017 AUTHORITY BUDGET

Certification Section

2017

Manasquan River Regional Sewerage Authority

AUTHORITY BUDGET

FISCAL YEAR: FROM JANUARY 1, 2017 TO DECEMBER 31, 2017

For Division Use Only

CERTIFICATION OF APPROVED BUDGET

It is hereby certified that the approved Budget made a part hereof complies with the requirements of law and the rules and regulations of the Local Finance Board, and approval is given pursuant to N.J.S.A. 40A:5A-11.

*State of New Jersey
Department of Community Affairs
Director of the Division of Local Government Services*

By: Paul D. Cwert CPA, RMA Date: 12/2/2016

CERTIFICATION OF ADOPTED BUDGET

It is hereby certified that the adopted Budget made a part hereof has been compared with the approved Budget previously certified by the Division, and any amendments made thereto. This adopted Budget is certified with respect to such amendments and comparisons only.

*State of New Jersey
Department of Community Affairs
Director of the Division of Local Government Services*

By: Paul D. Cwert CPA, RMA Date: 12/23/2016

2017 PREPARER'S CERTIFICATION

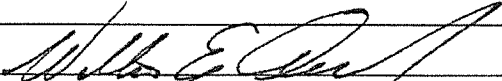
Manasquan River Regional Sewerage Authority

AUTHORITY BUDGET

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

It is hereby certified that the Authority Budget, including both the Annual Budget and the Capital Budget/Program annexed hereto, represents the members of the governing body's resolve with respect to statute in that: all estimates of revenue are reasonable, accurate and correctly stated; all items of appropriation are properly set forth; and in itemization, form and content, the budget will permit the exercise of the comptroller function within the Authority.

It is further certified that all proposed budgeted amounts and totals are correct. Also, I hereby provide reasonable assurance that all assertions contained herein are accurate and all required schedules are completed and attached.

Preparer's Signature:			
Name:	William E. Antonides, Jr., CPA		
Title:	Authority Consulting Accountant		
Address:	2807 Hurley Pond Road P.O. Box 1137, Wall, New Jersey 07719		
Phone Number:	(732) 681-0980	Fax Number:	(732) 681-4033
E-mail address	b.antonides.jr@gmail.com		

2017 APPROVAL CERTIFICATION

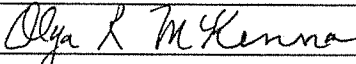
Manasquan River Regional Sewerage Authority

AUTHORITY BUDGET

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

It is hereby certified that the Authority Budget, including all schedules appended hereto, are a true copy of the Annual Budget and Capital Budget/Program approved by resolution by the governing body of the Manasquan River Regional Sewerage Authority, at an open public meeting held pursuant to N.J.A.C. 5:31-2.3, on the 19th day of October, 2016.

It is further certified that the recorded vote appearing in the resolution represents not less than a majority of the full membership of the governing body thereof.

Officer's Signature:			
Name:	Olga R. McKenna		
Title:	Secretary		
Address:	P.O. Box 646, 89 Havens Bridge Road Farmingdale, New Jersey 07727		
Phone Number:	(732) 431-8185	Fax Number:	(732) 308-3833
E-mail address	director@mrrsa.org		

INTERNET WEBSITE CERTIFICATION

Authority's Web Address:	www.mrrsa.org (formerly www.manasquanriverregionalsa.com)
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All authorities shall maintain either an Internet website or a webpage on the municipality's or county's Internet website. The purpose of the website or webpage shall be to provide increased public access to the authority's operations and activities. N.J.S.A. 40A:5A-17.1 requires the following items to be included on the Authority's website at a minimum for public disclosure. Check the boxes below to certify the Authority's compliance with N.J.S.A. 40A:5A-17.1.

- A description of the Authority's mission and responsibilities
- Commencing with 2013, the budgets for the current fiscal year and immediately preceding two prior years
- The most recent Comprehensive Annual Financial Report (Unaudited) or similar financial information
- Commencing with 2012, the annual audits of the most recent fiscal year and immediately two prior years
- The Authority's rules, regulations and official policy statements deemed relevant by the governing body of the authority to the interests of the residents within the authority's service area or jurisdiction
- Notice posted pursuant to the "Open Public Meetings Act" for each meeting of the Authority, setting forth the time, date, location and agenda of each meeting
- Beginning January 1, 2013, the approved minutes of each meeting of the Authority including all resolutions of the board and their committees; for at least three consecutive fiscal years
- The name, mailing address, electronic mail address and phone number of every person who exercises day-to-day supervision or management over some or all of the operations of the Authority
- A list of attorneys, advisors, consultants and any other person, firm, business, partnership, corporation or other organization which received any remuneration of \$17,500 or more during the preceding fiscal year for any service whatsoever rendered to the Authority.

It is hereby certified by the below authorized representative of the Authority that the Authority's website or webpage as identified above complies with the minimum statutory requirements of N.J.S.A. 40A:5A-17.1 as listed above. A check in each of the above boxes signifies compliance.

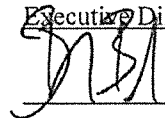
Name of Officer Certifying Compliance:

Brian J. Brach, P.E.

Title of Officer Certifying Compliance:

~~Executive~~ Director

Signature:



2017 AUTHORITY BUDGET RESOLUTION

Manasquan River Regional Sewerage Authority

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

WHEREAS, the Annual Budget and Capital Budget for the Manasquan River Regional Sewerage Authority for the fiscal year beginning, January 1, 2017 and ending, December 31, 2017 has been presented before the governing body of the Manasquan River Regional Sewerage Authority at its open public meeting of October 19, 2016; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$13,144,300.00, Total Appropriations, including any Accumulated Deficit if any, of \$13,110,460.00 and Total Unrestricted Net Position utilized of \$0.00; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$5,117,500.00 and Total Unrestricted Net Position planned to be utilized as funding thereof, of \$713,000.00; and

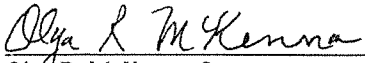
WHEREAS, the schedule of rates, fees and other charges in effect will produce sufficient revenues, together with all other anticipated revenues to satisfy all obligations to the holders of bonds of the Authority, to meet operating expenses, capital outlays, debt service requirements, and to provide for such reserves, all as may be required by law, regulation or terms of contracts and agreements; and

WHEREAS, the Capital Budget/Program, pursuant to N.J.A.C. 5:31-2, does not confer any authorization to raise or expend funds; rather it is a document to be used as part of the said Authority's planning and management objectives. Specific authorization to expend funds for the purposes described in this section of the budget, must be granted elsewhere; by bond resolution, by a project financing agreement, by resolution appropriating funds from the Renewal and Replacement Reserve or other means provided by law.

NOW, THEREFORE BE IT RESOLVED, by the governing body of the Manasquan River Regional Sewerage Authority, at an open public meeting held on October 19, 2016 that the Annual Budget, including all related schedules, and the Capital Budget/Program of the Manasquan River Regional Sewerage Authority for the fiscal year beginning, January 1, 2017 and ending, December 31, 2016 is hereby approved; and

BE IT FURTHER RESOLVED, that the anticipated revenues as reflected in the Annual Budget are of sufficient amount to meet all proposed expenditures/expenses and all covenants, terms and provisions as stipulated in the said Authority's outstanding debt obligations, capital lease arrangements, service contracts, and other pledged agreements; and

BE IT FURTHER RESOLVED, that the governing body of the Manasquan River Regional Sewerage Authority will consider the Annual Budget and Capital Budget/Program for adoption on December 14, 2016.


Olga R. McKenna, Secretary

October 19, 2016
(Date)

Governing Body Member:	Recorded Vote			
	Aye	Nay	Abstain	Absent
Mr. Daly				X
Mrs. DeSarno	X			
Mrs. Garcia	X			
Mr. Gartz	X			
Mr. Johnson	X			
Mrs. McKenna	X			
Mr. Romano	X			
Mr. Tantillo	X			
Mr. Wilson				X
Chairman Gatto	X			

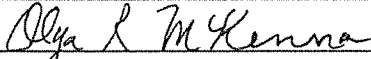
2017 ADOPTION CERTIFICATION

Manasquan River Regional Sewerage Authority

AUTHORITY BUDGET

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

It is hereby certified that the Authority Budget and Capital Budget/Program annexed hereto is a true copy of the Budget adopted by the governing body of the Manasquan River Regional Sewerage Authority, pursuant to N.J.A.C. 5:31-2.3, on the 14th day of, December, 2016.

Officer's Signature:			
Name:	Olga R. McKenna		
Title:	Secretary		
Address:	P.O. Box 646, 89 Havens Bridge Road Farmingdale, New Jersey 07727		
Phone Number:	(732) 431-8185	Fax Number:	(732) 308-3833
E-mail address	director@mrrsa.org		

2017 ADOPTED BUDGET RESOLUTION

Manasquan River Regional Sewerage Authority

AUTHORITY

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

WHEREAS, the Annual Budget and Capital Budget/Program for the Manasquan River Regional Sewerage Authority for the fiscal year beginning January 1, 2017 and ending, December 31, 2017 has been presented for adoption before the governing body of the Manasquan River Regional Sewerage Authority at its open public meeting of December 14, 2016; and

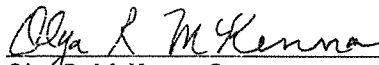
WHEREAS, the Annual Budget and Capital Budget as presented for adoption reflects each item of revenue and appropriation in the same amount and title as set forth in the introduced and approved budget, including all amendments thereto, if any, which have been approved by the Director of the Division of Local Government Services; and

WHEREAS, the Annual Budget as presented for adoption reflects Total Revenues of \$13,144,300.00, Total Appropriations, including any Accumulated Deficit, if any, of \$13,110,460.00 and Total Unrestricted Net Position utilized of \$0.00; and

WHEREAS, the Capital Budget as presented for adoption reflects Total Capital Appropriations of \$5,117,500.00 and Total Unrestricted Net Position planned to be utilized of \$713,000.00; and

NOW, THEREFORE BE IT RESOLVED, by the governing body of the Manasquan River Regional Sewerage Authority, at an open public meeting held on December 14, 2016 that the Annual Budget and Capital Budget/Program of the Manasquan River Regional Sewerage Authority for the fiscal year beginning, January 1, 2017 and, ending, December 31, 2017 is hereby adopted and shall constitute appropriations for the purposes stated; and

BE IT FURTHER RESOLVED, that the Annual Budget and Capital Budget/Program as presented for adoption reflects each item of revenue and appropriation in the same amount and title as set forth in the introduced and approved budget, including all amendments thereto, if any, which have been approved by the Director of the Division of Local Government Services.


Olga R. McKenna, Secretary

December 14, 2016
(Date)

Moved by Mr. Tantillo, seconded by Mr. Gartz.

Governing Body Member:	Recorded Vote			
	<u>Aye</u>	<u>Nay</u>	<u>Abstain</u>	<u>Absent</u>
Mr. Daly	x			
Mrs. DeSarno	x			
Mrs. Garcia	x			
Mr. Gartz	x			
Mr. Johnson	x			
Mrs. McKenna	x			
Mr. Romano	x			
Mr. Tantillo	x			
Mr. Wilson	x			
Chairman Gatto	x			

2017 AUTHORITY BUDGET

Narrative and Information Section

2017 AUTHORITY BUDGET MESSAGE & ANALYSIS

Manasquan River Regional Sewerage Authority

AUTHORITY BUDGET

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

Answer all questions below. Attach additional pages and schedules as needed.

1. Complete a brief statement on the 2017 proposed Annual Budget and make comparison to the 2016 adopted budget for each operation. Explain any variances over +/-10% (As shown on budget page F-4 explain the reason for changes for each appropriation changing more than 10%) for each line item by operation. Explanations of variances should include a description of the reason for the increase/decrease in the budgeted line item, not just an indication of the amount and percent of the change. Attach any supporting documentation that will help to explain the reason for the increase/decrease in the budgeted line item. For example, if anticipated service charges have increased 15% due to an increase in rates, provide a copy of the resolution authorizing the rate increase.

Overall, the 2017 Budget represents a 2.89% decrease in revenues and a 2.86% decrease in appropriations from the 2016 Budget. Utilization of Unrestricted Retained Earnings for balancing purposes is not proposed. The decreases in revenue and appropriations are primarily due to lower projected wastewater flows, as provided by the Authority's Engineer.

The Authority is developing a comprehensive 15-year Capital Improvement Program (CIP), which has provided a new perspective on preparation of the 2017 Budget. Several line items have experienced significant variances as a result of the Authority's commitment to addressing long term capital planning needs within the Operating budget. Notable variances include:

Administration Salary & Wages (+20.6%): A budget for succession was added in the event that administrative personnel were to retire/terminate employment and simultaneous employment with their replacement was necessary for training purposes, which was the primary driver to the increase.

Administration Fringe Benefits (+20.4%): A budget for succession was added (see above rationale) and distribution of fringe benefits was recalculated to more accurately reflect actual administration related costs.

Administration Telephone/Internet (+22.5%): Reflects implementation of several asset management/information technology related initiatives.

Office Equipment Maintenance (+100%): Reflects implementation of several asset management/information technology related initiatives.

Miscellaneous Administration (+35.7%): Reflects implementation of several asset management/information technology related initiatives.

Operations Fringe Benefits (-41.6%): Distribution of fringe benefits was recalculated to more accurately reflect actual operations related costs.

Capital Outlay (+128.7%): The Authority is proposing additional capital outlay to account for annualized capital lease payments to replace an aging vehicle fleet (+\$90,000), to purchase smart tablets for the Operations Crews for incorporation of technology into day-to-day operations (+\$3,000) and for the replacement of safety equipment (AED and 4Gas detectors) that is aging and has met the end of their useful lives (+\$10,000). These proposed capital purchases are in addition to the capital outlay that was proposed in the 2016 Budget and have been identified as part of the development of the 15-year CIP.

The proposed 2017 Budget provides the Authority the ability to continue to provide cost effective service to our Member Municipalities, while placing an emphasis on capital planning objectives.

2. Complete a brief statement on the impact the proposed Annual Budget will have on Anticipated Revenues, especially service charges and on the general purpose/component unit financial statements. Explain significant increases or decreases, if any. An increase or decrease is considered significant if it is over +/-10% (As shown on budget page F-2 explain reason for change for each revenue changing more than 10%) from the current year adopted budget.

A decrease in projected wastewater flows during 2017 has resulted in an anticipated \$392,377 decrease (-2.89%) in overall revenue. Although there will be a corresponding reduction in appropriations related to OCUA service charges, operational costs need to be recovered with less projected wastewater flow. As wastewater flows are the primary source of revenue for the Authority, the 2017 Budget has proposed a 3.60% increase in the 2017 Bulk Rate to compensate for the reduced revenue. The Bulk Rate increase is also necessary to support the long term capital objectives of the Authority, as well.

3. Describe the state of the local/regional economy and how it may impact the proposed Annual Budget, including the planned Capital Budget/Program.

The local economy is showing signs of improvement and several large scale projects, which could be a potential source of revenue through connection fees, are being tracked within Freehold Township and Howell Township. Under the proposed 2017 Budget, anticipated connection fees are earmarked to fund a significant portion of the Authority's Renewal and Replacement line item.

However, a large portion of the Authority's service territory within Freehold Borough, Farmingdale Borough and Wall Township are fully developed and connection fee related revenue from these areas is not considered a consistent source of future income. As Freehold Township and Howell Township continue to grow and reach build-out over the next decade, the Authority is anticipating a gradual decline in the collection of annual connection fees. The 2017 Budget takes this into consideration and reflects long term budgetary planning by the Authority to stabilize user rates and fund the Capital Improvement Program, while continually anticipating less revenue from connection fees.

4. Describe the reasons for utilizing Unrestricted Net Position in the proposed Annual Budget, i.e. rate stabilization, debt service reduction, to balance the budget, etc. If the Authority's budget anticipates a use of Unrestricted Net Position, this question must be answered.

N/A

5. Identify any sources of funds transferred to the County/Municipality as a budget subsidy or a shared service and explain the reason for the transfer (i.e.: to balance the County/Municipality budget, etc.).

N/A

6. The proposed budget must not reflect an anticipated deficit from 2017 operations. If there exists an accumulated deficit from prior years' budgets (and funding is included in the proposed budget as a result of a prior deficit) explain the funding plan to eliminate said deficit (N.J.S.A. 40A:5A-12). If the Authority has a net deficit reported in its most recent audit, it must provide a deficit reduction plan in response to this question. (Prepare a response to deficits caused by the implementation of GASB 68)

Please refer to Attachment No. 1. A statement from Note No. 14 from the Authority's 2015 CAFR has been provided for reference.

The Authority will continue to pay its annual required contribution to the Division of Pensions. The Authority will also monitor the investments held by the State Division of Pensions in hopes that the unfunded liability will decrease or be eliminated. If or when the Authority is informed that it must pay its unfunded pension liability in full, it will then address how the liability will be funded and the impact it will have on the rates that its member municipalities must pay. It would best serve the Authority and its member municipalities if the liability was paid down over a period of five to ten years.

7. Attach a schedule of the Authority's existing rate structure (connection fees, parking fees, service charges, etc.) if it has been changed since the prior year budget submission and a schedule of the proposed rate structure for the upcoming fiscal year. Explain any proposed changes in the rate structure and attach the resolution approving the change in the rate structure, if applicable.

Please refer to Attachment No. 2. A copy of the 2016/2017 Manasquan River Regional Sewerage Authority Fee Schedule is attached. A rate hearing for the proposed 2017 Bulk Rate increase from \$5,366/MG to \$5,559/MG is scheduled for the Authority's November 9, 2016 Public Meeting.

NOTE 13. RISK MANAGEMENT

The Authority 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 Authority is a member of the New Jersey Utilities Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums.

NOTE 14. RESTATEMENT OF NET POSITION

As indicated in Note 1 to the Financial Statements, the Authority adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Dated - an amendment of GASB Statement No. 68*, for the fiscal year ended December 31, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the statement of activities was required to record the Authority's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for December 31, 2014 is as follows:

	<u>Net Position as Previously Reported Dec. 31, 2014</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Position as Restated Jan. 1, 2015</u>
Net Position:					
Investment in Capital Assets, Net of Related Debt	\$ 10,578,476	\$	\$	\$	\$ 10,578,476
Unrestricted	<u>1,069,606</u>	<u>(2,693,064)</u>	<u>126,250</u>	<u>(160,492)</u>	<u>(1,657,700)</u>
Total Net Position	<u>\$ 11,648,082</u>	<u>\$ (2,693,064)</u>	<u>\$ 126,250</u>	<u>\$ (160,492)</u>	<u>\$ 8,920,776</u>

NOTE 15. CONTINGENT LIABILITIES

Pending Litigation

There are actions which have been instituted against the Authority which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Authority.

It is the opinion of the Authority officials that there is no litigation threatened or pending that would materially affect the financial position of the Authority or adversely affect the Authority's ability to levy, collect and enforce the collection of revenue for the payment of its obligations.

The Authority officials believe that negligence and other types of liability suits, of which the Authority is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
RULES AND REGULATIONS

2016/2017 FEE SCHEDULE*

SCHEDULE "A": PARTICIPANT USER CHARGE:
The flow charge fee rate for Participants is \$ 5,366.00 per MG effective January 1, 2016 to December 31, 2016; to be reviewed and revised annually.

SCHEDULE "B": SURCHARGES:
Currently, the MRRSA is not imposing a surcharge fee, other than a direct pass on of surcharges imposed by the OCUA pursuant to Section 7.02 of these Rules and Regulations.

PLEASE NOTE: Separate checks are required for Schedule "C" and Schedule "D"

- SCHEDULE "C": NON-REFUNDABLE FEES:
- Application Filing (commercial, multi-unit residential of two (2) or more dwelling units and industrial uses)\$625.00 per filing
 - Application Filing (single family - residence –new non-development residence and conversion of existing residence from septic connecting to existing Participant sewer line) \$50.00 per filing
 - Application Extension Filing\$250.00 per filing
 - Re-Application Filing\$625.00 per filing
 - Connection Fee \$ 2,033.00 per EDU
(Minimum connection fee for a new residential or non-residential unit is 1 EDU)
 - USEPA Waiver Application\$200.00 per filing
 - Review and endorsement for regulatory approval of projects, which are non-sewer extension related and not covered by the above application fees \$200.00 per review
 - Returned check fee.....\$40.00 per check

- SCHEDULE "D": ESCROW DEPOSITS:
- Residential Developments with two 2 or less equivalent dwelling units..... \$1,500.00
 - Residential, Commercial and/or Industrial Developments up to 91 equivalent dwelling units (other than above)..... \$3,000.00
 - Residential, Commercial and/or Industrial Developments in excess of 91 equivalent dwelling units.....\$3,000.00 + \$33.00 per additional EDU

ADDITIONAL ESCROWS, AS APPLICABLE

- Developments which require a USEPA Mapping Waiver.....\$1,500.00

- Direct physical connection engineering inspection fees \$2,000 per connection

- Miscellaneous and informal reviews..... Appropriate amount determined by the MRRSA Executive Director based upon the estimated amount of time and work required

***Note to Schedule "D": Applicants will be notified of any deficiency in the amount of the escrow deposit if the actual engineering, attorney and administrative fees that the Authority incurred exceeds the amount of the initial escrow deposit. The Authority shall notify the Applicant of the additional amount required to fund the escrow deposit in an amount that the Authority projects the additional costs and fees incurred by the Authority will be. The Applicant must deposit the additional escrow with the Authority within fourteen days after receiving notice from the Authority. Further processing of the application will not occur until the additional escrow fees have been deposited with the Authority.*

The definition of an equivalent dwelling unit (EDU) is herewith defined to be the same as "the equivalent unit" set forth in Section 3.13, 3.13.A and 3.13.B of the Rules and Regulations.

**PLEASE NOTE: All fees are subject to review and change. Please contact the Authority at (732) 431-8185 prior to remittance.*

EFFECTIVE: July 21, 2016

3.13 "Equivalent Dwelling Unit" shall mean the equivalent wastewater flow from one three bedroom single family dwelling unit and shall be applied to residential, industrial, commercial and other users at an average rate of 300 gallons per day.

3.13.A. “Equivalent Dwelling Unit - Non-Residential Calculation” The Authority’s Engineer shall determine the equivalent wastewater flow from the proposed non-residential use by reference to the NJDEP flow standards published within N.J.A.C. 7:14A-23.3 where available; or based upon comparable use flows as determined by the Authority’s Engineer using the best available information. The amount of flow determined in gallons per day shall be divided by 300 to determine the number of Equivalent Dwelling Units of sewage to be used to calculate connection fees.

3.13.B. “Equivalent Dwelling Unit – Residential Calculation” shall be based upon the number of bedrooms proposed for each residential dwelling. In computing the equivalent wastewater flow from a proposed residential use to be used to calculate connection fees, the following adjustments shall be made where 1 EDU as defined above equates to 300 gallons per day:

1. Residential dwellings with one bedroom shall be equivalent to 0.50 EDU
2. Residential dwellings with two bedrooms shall be equivalent to 0.75 EDU
3. Residential dwellings with three or four bedrooms shall be equivalent to 1.0 EDU
4. Residential dwellings with more than four bedrooms shall be equivalent to 1.25 EDU

Where a residential dwelling contains more than three bathrooms, and/or more than one kitchen area, and/or more than one laundry area, or provides for some other use on the residential property which will cause additional sewerage flow; the Authority’s Engineer shall determine the reasonable amount of additional equivalent sewer usage to be added to the EDU’s determined above.

AUTHORITY CONTACT INFORMATION 2017

Please complete the following information regarding this Authority. All information requested below must be completed.

Name of Authority:	Manasquan River Regional Sewerage Authority		
Federal ID Number:	22-1970216		
Address:	P.O. Box 646 89 Havens Bridge Road		
City, State, Zip:	Farmingdale	NJ	07727
Phone: (ext.)	(732) 431-8185	Fax:	(732) 308-3833

Preparer's Name:	William E. Antonides, Jr.		
Preparer's Address:	2807 Hurley Pond Road P.O. Box 1137		
City, State, Zip:	Wall	NJ	07719
Phone: (ext.)	(732) 681-0980	Fax:	(732) 681-4033
E-mail:	b.antonides.jr@gmail.com		

Chief Executive Officer:	Brian J. Brach, P.E.		
Phone: (ext.)	(732) 431-8185	Fax:	(732) 308-3833
E-mail:	brian.brach@mrrsa.org		

Chief Financial Officer:	Donald F. Hill, CPA		
Phone: (ext.)	(732) 431-8185	Fax:	(732) 308-3833
E-mail:	don.hill@mrrsa.org		

Name of Auditor:	Frank B. Holman, III		
Name of Firm:	Holman Frenia Allison, P.C.		
Address:	680 Hooper Avenue Building B, Suite 201		
City, State, Zip:	Toms River	NJ	08753
Phone: (ext.)	(732) 797-1333	Fax:	
E-mail:	fholman@hfacpas.com		

AUTHORITY INFORMATIONAL QUESTIONNAIRE

Manasquan River Regional Sewerage Authority

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

Answer all questions below completely and attach additional information as required.

- 1) Provide the number of individuals employed in calendar year 2015 as reported on the Authority's Form W-3, Transmittal of Wage and Tax Statements: 24
- 2) Provide the amount of total salaries and wages for calendar year 2015 as reported on the Authority's Form W-3, Transmittal of Wage and Tax Statements: \$978,400.15
- 3) Provide the number of regular voting members of the governing body: 10
- 4) Provide the number of alternate voting members of the governing body: 0
- 5) Did any person listed on Page N-4 have a family or business relationship with any other person listed on Page N-4 during the current fiscal year? **NO** *If "yes," attach a description of the relationship including the names of the individuals involved and their positions at the Authority.*
- 6) Did all individuals that were required to file a Financial Disclosure Statement for the current fiscal year because of their relationship with the Authority file the form as required? (Checked to see if individuals actually filed at http://fds.state.nj.us/njdca_prod/fdssearch.aspx before answering) **YES** *If "no," provide a list of those individuals who failed to file a Financial Disclosure Statement and an explanation as to the reason for their failure to file.*

Please note that Michael Romano is indicated as not filing his FDS. However, it has been confirmed that the FDS was filed. The discrepancy has to do with his mid-year replacement of his predecessor.

- 7) Does the Authority have any amounts receivable from current or former commissioners, officers, key employees or highest compensated employees? **NO** *If "yes," attach a list of those individuals, their position, the amount receivable, and a description of the amount due to the Authority.*
- 8) Was the Authority a party to a business transaction with one of the following parties:
 - a. A current or former commissioner, officer, key employee, or highest compensated employee? **NO**
 - b. A family member of a current or former commissioner, officer, key employee, or highest compensated employee? **NO**
 - c. An entity of which a current or former commissioner, officer, key employee, or highest compensated employee (or family member thereof) was an officer or direct or indirect owner? **NO***If the answer to any of the above is "yes," attach a description of the transaction including the name of the commissioner, officer, key employee, or highest compensated employee (or family member thereof) of the Authority; the name of the entity and relationship to the individual or family member; the amount paid; and whether the transaction was subject to a competitive bid process.*
- 9) Did the Authority during the most recent fiscal year pay premiums, directly or indirectly, on a personal benefit contract? A personal benefit contract is generally any life insurance, annuity, or endowment contract that benefits, directly or indirectly, the transferor, a member of the transferor's family, or any other person designated by the transferor. **NO** *If "yes," attach a description of the arrangement, the premiums paid, and indicate the beneficiary of the contract.*

- 10) Explain the Authority's process for determining compensation for all persons listed on Page N-4. Include whether the Authority's process includes any of the following: 1) review and approval by the commissioners or a committee thereof; 2) study or survey of compensation data for comparable positions in similarly sized entities; 3) annual or periodic performance evaluation; 4) independent compensation consultant; and/or 5) written employment contract.

Commissioner's compensation attributed to the Manasquan River Regional Sewerage Authority (MRRSA), as reported on Page N-4, is governed by concurrent Municipal ordinances, which set parameters for Commissioner's salaries. The parallel ordinances of the five (5) Member Municipalities provide for an annual increase that is tied to the Implicit Price Deflator Index ("Municipal Index Cap"). Increases in Commissioner's salaries are discussed by both the Personnel Committee and the Board as a whole, prior to approval. A resolution is adopted provided whichever action the Board taken with regards to these salaries.

The Authority's process for determining compensation for those report on N-4 other than the Commissioners involves a detailed review and recommendation by the Personnel Committee. The Personnel Committee convenes and discusses potential salary increases as they relate to the Authority as a whole. Compensation data for comparable positions in similarly sized Authorities, performance evaluations, participation in salary surveys through Professional Associations and employment contracts (if any), are all tools used by the Personnel Committee in developing their recommendation. All Authority's employees are employed "at will" governed by the Authority's Employee Manual and only the Executive Director position has a formal written contract. A resolution detailing salaries for the following year is acted on by the Board at the Authority's December Public Meeting.

- 11) Did the Authority pay for meals or catering during the current fiscal year? YES *If "yes," attach a detailed list of all meals and/or catering invoices for the current fiscal year and provide an explanation for each expenditure listed.*

The Authority paid for miscellaneous snacks/meals during Authority related "lunch and learns" and similar type Authority sponsored events. The amount spent on these meals is considered de minimis.

- 12) Did the Authority pay for travel expenses for any employee or individual listed on Page N-4? YES *If "yes," attach a detailed list of all travel expenses for the current fiscal year and provide an explanation for each expenditure listed.*

The Authority paid \$153.09 for a 1-night stay at Bally's Hotel for Brian Brach, Executive Director, to attend the NJWEA's Annual Conference in Atlantic City on May 18, 2016.

- 13) Did the Authority provide any of the following to or for a person listed on Page N-4 or any other employee of the Authority:
- a. First class or charter travel NO
 - b. Travel for companions NO
 - c. Tax indemnification and gross-up payments NO
 - d. Discretionary spending account NO
 - e. Housing allowance or residence for personal use NO
 - f. Payments for business use of personal residence NO
 - g. Vehicle/auto allowance or vehicle for personal use NO
 - h. Health or social club dues or initiation fees NO
 - i. Personal services (i.e.: maid, chauffeur, chef) NO

If the answer to any of the above is "yes," attach a description of the transaction including the name and position of the individual and the amount expended.

- 14) Did the Authority follow a written policy regarding payment or reimbursement for expenses incurred by employees and/or commissioners during the course of Authority business and does that policy require substantiation of expenses through receipts or invoices prior to reimbursement? **YES** *If "no," attach an explanation of the Authority's process for reimbursing employees and commissioners for expenses. (If your authority does not allow for reimbursements indicate that in answer)*
- 15) Did the Authority make any payments to current or former commissioners or employees for severance or termination? **YES** *If "yes," attach explanation including amount paid.*

Authority Employee, Jerry Thomas, retired on January 1, 2016 after 28-years of service. As per Authority policy, compensation for unused vacation leave, sick leave and a pro-rated longevity bonus in the amount of \$7,056.25 was approved for payment by the Board under Resolution No. 2016-01.

- 16) Did the Authority make any payments to current or former commissioners or employees that were contingent upon the performance of the Authority or that were considered discretionary bonuses? **NO** *If "yes," attach explanation including amount paid.*
- 17) Did the Authority comply with its Continuing Disclosure Agreements for all debt issuances outstanding by submitting its audited annual financial statements, annual operating data, and notice of material events to the Municipal Securities Rulemaking Board's Electronic Municipal Marketplace Access (EMMA) as required? **YES** *If "no," attach a description of the Authority's plan to ensure compliance with its Continuing Disclosure Agreements in the future.*
- 18) Did the Authority receive any notices from the Department of Environmental Protection or any other entity regarding maintenance or repairs required to the Authority's systems to bring them into compliance with current regulations and standards that it has not yet taken action to remediate? **NO** *If "yes," attach explanation as to why the Authority has not yet undertaken the required maintenance or repairs and describe the Authority's plan to address the conditions identified.*
- 19) Did the Authority receive any notices of fines or assessments from the Department of Environmental Protection or any other entity due to noncompliance with current regulations (i.e.: sewer overflow, etc.)? **NO** *If "yes," attach a description of the event or condition that resulted in the fine or assessment and indicate the amount of the fine or assessment.*

**AUTHORITY SCHEDULE OF COMMISSIONERS, OFFICERS, KEY EMPLOYEES,
HIGHEST COMPENSATED EMPLOYEES AND INDEPENDENT CONTRACTORS**

Manasquan River Regional Sewerage Authority

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

Complete the attached table for all persons required to be listed per #1-4 below.

- 1) List all of the Authority's current commissioners and officers and amount of compensation from the Authority and any other public entities as defined below. Enter zero if no compensation was paid.
- 2) List all of the Authority's key employees and highest compensated employees other than a commissioner or officer as defined below and amount of compensation from the Authority and any other public entities.
- 3) List all of the Authority's former officers, key employees and highest compensated employees who received more than \$100,000 in reportable compensation from the Authority and any other public entities during the most recent fiscal year completed.
- 4) List all of the Authority's former commissioners who received more than \$10,000 in reportable compensation from the Authority and any other public entities during the most recent fiscal year completed.

Commissioner: A member of the governing body of the authority with voting rights. Include alternates for purposes of this schedule.

Officer: A person elected or appointed to manage the authority's daily operations at any time during the year, such as the chairperson, vice-chairperson, secretary, or treasurer. For the purposes of this schedule, treat the authority's top management official and top financial official as officers. A member of the governing body may be both a commissioner and an officer for the purposes of this schedule.

Key employee: An employee or independent contractor of the authority (other than a commissioner or officer) who meets both of the following criteria:

- a) The individual received reportable compensation from the authority and other public entities in excess of \$150,000 for the most recent fiscal year completed; and
- b) The individual has responsibilities or influence over the authority as a whole or has power to control or determine 10% or more of the authority's capital expenditures or operating budget.

Highest compensated employee: One of the five highest compensated employees or independent contractors of the authority other than current commissioners, officers, or key employees whose aggregate reportable compensation from the authority and other public entities is greater than \$100,000 for the most recent fiscal year completed.

Compensation: All forms of cash and non-cash payments or benefits provided in exchange for services, including salaries and wages, bonuses, severance payments, deferred payments, retirement benefits, fringe benefits, and other financial arrangements or transactions such as personal vehicles, meals, housing, personal and family education benefits, below-market loans, payment of personal or family travel, entertainment, and personal use of the Authority's property. Compensation includes payments and other benefits provided to both employees and independent contractors in exchange for services.

Reportable compensation: The aggregate compensation that is reported (or is required to be reported) on Form W-2, box 1 or 5, whichever amount is greater, and/or Form 1099-MISC, box 7, for the most recent calendar year ended 60 days before the start of the proposed budget year. For example, for fiscal years ending December 31, 2017, the calendar year 2015 W-2 and 1099 should be used (60 days prior to start of budget year is November 1, 2016, with 2014 being the most recent calendar year ended), and for fiscal years ending June 30, 2018, the calendar year 2016 W-2 and 1099 should be used (60 days prior to start of budget year is May 1, 2017, with 2016 being the most recent calendar year ended).

Other Public Entity: Any municipality, county, local authority, fire district, or other government unit, regardless of whether it is related in any way to the Authority either by function or by physical location.

Authority Schedule of Commissioners, Officers, Key Employees, Highest Compensated Employees and Independent Contractors (Continued)

For the Period January 1, 2017 to December 31, 2017
 Manasquan River Regional Sewerage Authority

Name	Title	Average Hours per Week Dedicated to Position	Position		Reportable Compensation from Authority (W-2/ 1099)				Total Compensation from Authority	Names of Other Public Entities where Individual is an Employee or Member of the Governing Body (1) See note below	Positions held at Other Public Entities Listed in Column D	Average Hours per Week Dedicated to Positions at Other Public Entities Listed in Column D	Reportable Compensation from Other Public Entities (W-2/ 1099)	Estimated amount of other compensation from Other Public Entities (health benefits, pension, payment in lieu of health benefits, etc.)	Total Compensation All Public Entities
			Commissioner	Officer	Key Employee	Highest Compensated Employee	Former	Base Salary/ Stipend							
1 James A. Daly	Commissioner	Under 32	x					4,064	0	0	0	15+	2,300	0	6,364
2 Michael J. Romano	Commissioner	Under 32	x				4,064	0	0	4,064 Farmingdale Borough Councilman	15+	2,150	82,594	88,808	
3 Michael G. Wilson	Commissioner	Under 32	x				4,064	0	26,944	31,008 None	-	-	0	31,008	
4 Richard J. Gartz	Commissioner	Under 32	x				4,064	0	43,283	47,347 Freehold/Asbury Super, BOE	40+	198,639	0	245,986	
5 Mary C. DeSarno	Commissioner	Under 32	x				4,064	0	38,488	42,552 Monmouth Cty.	40+	94,300	0	136,852	
6 Olga R. McKenna	Commissioner	Under 32	x				4,064	0	38,488	42,552 None	-	-	0	42,552	
7 A. Richard Gatto	Commissioner	Under 32	x				4,064	0	17,570	21,634 MCA/FT Planning Bd.	10+	0	0	21,634	
8 Julisa Garcia	Commissioner	Under 32	x				4,064	0	0	4,064 None	-	-	0	4,064	
9 Jesse J. Tantillo	Commissioner	Under 32	x				4,064	0	43,283	47,347 None	-	-	0	47,347	
10 Stephen R. Johnson	Commissioner	Under 32	x				4,064	0	0	4,064 None	-	-	0	4,064	
11 Brian J. Brach	Executive Director	40+	x				132,500	0	14,125	146,625 None	-	-	0	146,625	
12 Donald F. Hill	Finance Officer	32.5+	x				50,067	0	6,695	56,762 None	-	-	0	56,762	
13 James H. Roe, IV	Superintendent	40+	x				93,983	0	43,933	137,916 None	-	-	0	137,916	
14 Jerry L. Thomas	Assistant Foreman	40+	x				77,917	0	43,628	121,545 None	-	-	0	121,545	
15															
							\$ 395,107	\$ -	\$ -	\$ 316,437	\$ 711,544	\$ -	\$ 297,389	\$ 82,594	\$ 1,091,527

(1) Insert "None" in this column for each individual that does not hold a position with another Public Entity

Schedule of Health Benefits - Detailed Cost Analysis

Manasquan River Regional Sewerage Authority
 For the Period January 1, 2017 to December 31, 2017

	# of Covered Members (Medical & Rx)		Annual Cost Estimate per Employee Proposed Budget		Total Cost Estimate Proposed Budget		# of Covered Members (Medical & Rx) Current Year		Annual Cost per Employee Current Year		Total Prior year Year Cost (Decrease)		% Increase (Decrease)		
	Proposed Budget	Budget	Proposed Budget	Budget	Proposed Budget	Budget	Current Year	Current Year	Current Year	Current Year	Year	Year	Year	Year	
Active Employees - Health Benefits - Annual Cost															
Single Coverage	4	\$ 14,748	4	\$ 58,992	4	\$ 14,964	4	\$ 59,856	4	\$ 14,964	4	\$ 59,856	4	(\$ 864)	-1.4%
Parent & Child	1	20,460	1	20,460	1	22,320	1	22,320	1	22,320	1	22,320	1	(1,860)	-8.3%
Employee & Spouse (or Partner)	2	32,532	2	65,064	2	39,204	2	78,408	2	39,204	2	78,408	2	(13,344)	-17.0%
Family	2	36,348	2	72,696	2	47,736	2	95,472	2	47,736	2	95,472	2	(22,776)	-23.9%
Employee Cost Sharing Contribution (enter as negative -)				(47,877)				(55,787)						7,910	-14.2%
Subtotal	9		9	169,335	9		9	200,269	9		9	200,269	9	(30,934)	-15.4%
Commissioners - Health Benefits - Annual Cost															
Single Coverage	1	\$ 14,748	1	14,748	1	19,404	1	19,404	1	19,404	1	19,404	1	(4,656)	-24.0%
Parent & Child	0	22,699	0	-	0	22,320	0	-	0	22,320	0	-	0	-	#DIV/0!
Employee & Spouse (or Partner)	3	32,532	3	97,596	3	42,816	3	128,448	3	42,816	3	128,448	3	(30,852)	-24.0%
Family	2	36,348	2	72,696	2	47,736	2	95,472	2	47,736	2	95,472	2	(22,776)	-23.9%
Employee Cost Sharing Contribution (enter as negative -)				(5,536)				(7,285)						1,749	-24.0%
Subtotal	6		6	179,504	6		6	236,039	6		6	236,039	6	(56,535)	-24.0%
Retirees - Health Benefits - Annual Cost															
Single Coverage	0	\$ 14,213	0	-	0	-	0	-	0	-	0	-	0	-	#DIV/0!
Parent & Child	0	22,699	0	-	0	-	0	-	0	-	0	-	0	-	#DIV/0!
Employee & Spouse (or Partner)	0	25,569	0	-	0	-	0	-	0	-	0	-	0	-	#DIV/0!
Family	1	36,348	1	36,348	1	45,444	1	45,444	1	45,444	1	45,444	1	(9,096)	-20.0%
Employee Cost Sharing Contribution (enter as negative -)				-		-		-		-		-		(9,096)	-20.0%
Subtotal	1		1	36,348	1		1	45,444	1		1	45,444	1	(9,096)	-20.0%
GRAND TOTAL	16		16	\$ 385,187	16		16	\$ 481,752	16		16	\$ 481,752	16	\$ (96,565)	-20.0%

Is medical coverage provided by the SHBP (Yes or No)? (Place Answer in Box)	No	Yes or No
Is prescription drug coverage provided by the SHBP (Yes or No)? (Place Answer in Box)	No	Yes or No

Note: Remember to Enter an amount in rows for Employee Cost Sharing

Schedule of Accumulated Liability for Compensated Absences

Manasquan River Regional Sewerage Authority

For the Period January 1, 2017 to December 31, 2017

Complete the below table for the Authority's accrued liability for compensated absences.
 X Box if Authority has no Compensated Absences

Individuals Eligible for Benefit	Gross Days of Accumulated Compensated Absences at beginning of Current Year* ¹	Dollar Value of Accrued Compensated Absence Liability	Approved Labor Agreement	Resolution	Individual Employment Agreement
Ronald M. Barca, Jr.	2.00	\$ 87		x	
Brian J. Brach	7.08	1,803		x	
James H. Burns	1.00	131		x	
Stanley J. Czarnik	1.00	103		x	
Donald F. Hill	9.31	1,075		x	
Kevin C. McHenry	5.00	673		x	
Patrick M. O'Donnell	5.50	632		x	
Michael Restaino	26.04	2,953		x	
James H. Roe	32.75	6,069		x	
Deborah A. Sajeski	4.50	360		x	
Jerry L. Thomas	1.00	155		x	
Sean Throckmorton	7.12	796		x	
Michael J. Trezza	25.44	3,702		x	
Ronald J. Wilson	8.88	839		x	
Total liability for accumulated compensated absences at beginning of current year		\$ 19,378			

*Legal Basis for Benefit
(check applicable items)*

The total Amount Should agree to most recently issued audit report for the Authority

*¹ Indicates gross days of accumulated sick leave as of 12/31/15.

2017 AUTHORITY BUDGET

Financial Schedules Section

SUMMARY

Manasquan River Regional Sewerage Authority
January 1, 2017 to December 31, 2017

For the Period

	FY 2017 Proposed Budget				FY 2016 Adopted Budget	All Operations	All Operations	% Increase (Decrease) Proposed vs. Adopted
	Regional Sewer	N/A	N/A	N/A				
REVENUES								
Total Operating Revenues	\$ 13,126,800	\$ -	\$ -	\$ -	\$ 13,126,800	\$ 13,474,177	\$ (347,377)	-2.6%
Total Non-Operating Revenues	17,500	-	-	-	17,500	62,500	(45,000)	-72.0%
Total Anticipated Revenues	13,144,300	-	-	-	13,144,300	13,536,677	(392,377)	-2.9%
APPROPRIATIONS								
Total Administration	1,062,540	-	-	-	1,062,540	883,583	178,957	20.3%
Total Cost of Providing Services	10,953,370	-	-	-	10,953,370	11,519,430	(566,060)	-4.9%
Total Principal Payments on Debt Service in Lieu of Depreciation	295,000	-	-	-	295,000	285,000	10,000	3.5%
Total Operating Appropriations	12,310,910	-	-	-	12,310,910	12,688,013	(377,103)	-3.0%
Total Interest Payments on Debt	199,550	-	-	-	199,550	208,100	(8,550)	-4.1%
Total Other Non-Operating Appropriations	600,000	-	-	-	600,000	600,000	-	0.0%
Total Non-Operating Appropriations	799,550	-	-	-	799,550	808,100	(8,550)	-1.1%
Accumulated Deficit	-	-	-	-	-	-	-	#DIV/0!
Total Appropriations and Accumulated Deficit	13,110,460	-	-	-	13,110,460	13,496,113	(385,653)	-2.9%
Less: Total Unrestricted Net Position Utilized	-	-	-	-	-	-	-	#DIV/0!
Net Total Appropriations	13,110,460	-	-	-	13,110,460	13,496,113	(385,653)	-2.9%
ANTICIPATED SURPLUS (DEFICIT)	\$ 33,840	\$ -	\$ -	\$ -	\$ 33,840	\$ 40,564	\$ (6,724)	-16.6%

Revenue Schedule

Manasquan River Regional Sewerage Authority
For the Period January 1, 2017 to December 31, 2017

	<i>FY 2017 Proposed Budget</i>						<i>FY 2016 Adopted Budget</i>	<i>\$ Increase (Decrease) Proposed vs. Adopted</i>	<i>% Increase (Decrease) Proposed vs. Adopted</i>
	Regional Sewer	N/A	N/A	N/A	N/A	N/A	Total All Operations	Total All Operations	All Operations
OPERATING REVENUES									
<i>Service Charges</i>									
Residential						\$ -	\$ -	\$ -	#DIV/0!
Business/Commercial						-	-	-	#DIV/0!
Industrial						-	-	-	#DIV/0!
Intergovernmental	12,776,800					12,776,800	13,124,177	(347,377)	-2.6%
Other						-	-	-	#DIV/0!
Total Service Charges	12,776,800					12,776,800	13,124,177	(347,377)	-2.6%
<i>Connection Fees</i>									
Residential						-	-	-	#DIV/0!
Business/Commercial	350000					350,000	350,000	-	0.0%
Industrial						-	-	-	#DIV/0!
Intergovernmental						-	-	-	#DIV/0!
Other						-	-	-	#DIV/0!
Total Connection Fees	350,000					350,000	350,000	-	0.0%
<i>Parking Fees</i>									
Meters						-	-	-	#DIV/0!
Permits						-	-	-	#DIV/0!
Fines/Penalties						-	-	-	#DIV/0!
Other						-	-	-	#DIV/0!
Total Parking Fees						-	-	-	#DIV/0!
<i>Other Operating Revenues (List)</i>									
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Type in (Grant, Other Rev)						-	-	-	#DIV/0!
Total Other Revenue						-	-	-	#DIV/0!
Total Operating Revenues	13,126,800					13,126,800	13,474,177	(347,377)	-2.6%
NON-OPERATING REVENUES									
<i>Other Non-Operating Revenues (List)</i>									
Application Fees	7,500					7,500	7,500	-	0.0%
Miscellaneous Income	10,000					10,000	55,000	(45,000)	-81.8%
Type in						-	-	-	#DIV/0!
Type in						-	-	-	#DIV/0!
Type in						-	-	-	#DIV/0!
Type in						-	-	-	#DIV/0!
Total Other Non-Operating Revenue	17,500					17,500	62,500	(45,000)	-72.0%
<i>Interest on Investments & Deposits (List)</i>									
Interest Earned						-	-	-	#DIV/0!
Penalties						-	-	-	#DIV/0!
Other						-	-	-	#DIV/0!
Total Interest						-	-	-	#DIV/0!
Total Non-Operating Revenues	17,500					17,500	62,500	(45,000)	-72.0%
TOTAL ANTICIPATED REVENUES	\$ 13,144,300	\$ -	\$ -	\$ -	\$ -	\$ 13,144,300	\$ 13,536,677	\$ (392,377)	-2.9%

Prior Year Adopted Revenue Schedule

Manasquan River Regional Sewerage Authority

	<i>FY 2016 Adopted Budget</i>						
	Regional Sewer	N/A	N/A	N/A	N/A	N/A	Total All Operations
OPERATING REVENUES							
<i>Service Charges</i>							
Residential							\$ -
Business/Commercial							-
Industrial							-
Intergovernmental	13,124,177						13,124,177
Other							-
Total Service Charges	13,124,177	-	-	-	-	-	13,124,177
<i>Connection Fees</i>							
Residential							-
Business/Commercial	350,000						350,000
Industrial							-
Intergovernmental							-
Other							-
Total Connection Fees	350,000	-	-	-	-	-	350,000
<i>Parking Fees</i>							
Meters							-
Permits							-
Fines/Penalties							-
Other							-
Total Parking Fees	-	-	-	-	-	-	-
<i>Other Operating Revenues (List)</i>							
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Type in (Grant, Other Rev)							-
Total Other Revenue	-	-	-	-	-	-	-
Total Operating Revenues	13,474,177	-	-	-	-	-	13,474,177
NON-OPERATING REVENUES							
<i>Other Non-Operating Revenues (List)</i>							
Application Fees	7,500						7,500
Miscellaneous Income	55,000						55,000
Type in							-
Type in							-
Type in							-
Type in							-
Other Non-Operating Revenues	62,500	-	-	-	-	-	62,500
<i>Interest on Investments & Deposits</i>							
Interest Earned							-
Penalties							-
Other							-
Total Interest	-	-	-	-	-	-	-
Total Non-Operating Revenues	62,500	-	-	-	-	-	62,500
TOTAL ANTICIPATED REVENUES	\$ 13,536,677	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,536,677

Appropriations Schedule

Manasquan River Regional Sewerage Authority
For the Period January 1, 2017 to December 31, 2017

	FY 2017 Proposed Budget						FY 2016 Adopted Budget	\$ Increase (Decrease) Proposed vs. Adopted	% Increase (Decrease) Proposed vs. Adopted	
	Regional Sewer	N/A	N/A	N/A	N/A	N/A	Total All Operations	Total All Operations	All Operations	
OPERATING APPROPRIATIONS										
<i>Administration - Personnel</i>										
Salary & Wages	\$ 394,500						\$ 394,500	\$ 327,000	\$ 67,500	20.6%
Fringe Benefits	372,290						372,290	309,233	63,057	20.4%
Total Administration - Personnel	766,790	-	-	-	-	-	766,790	636,233	130,557	20.5%
<i>Administration - Other (List)</i>										
Professional Services	122,000						122,000	111,000	11,000	9.9%
Insurance	73,500						73,500	70,000	3,500	5.0%
Telephone/Internet	24,500						24,500	20,000	4,500	22.5%
Office Equipment Maintenance	40,000						40,000	20,000	20,000	100.0%
Miscellaneous Administration*	35,750						35,750	26,350	9,400	35.7%
Total Administration - Other	295,750	-	-	-	-	-	295,750	247,350	48,400	19.6%
Total Administration	1,062,540	-	-	-	-	-	1,062,540	883,583	178,957	20.3%
<i>Cost of Providing Services - Personnel</i>										
Salary & Wages	742,000						742,000	682,000	60,000	8.8%
Fringe Benefits	346,000						346,000	592,317	(246,317)	-41.6%
Total COPS - Personnel	1,088,000	-	-	-	-	-	1,088,000	1,274,317	(186,317)	-14.6%
<i>Cost of Providing Services - Other (List)</i>										
Treatment Costs	8,920,370						8,920,370	9,531,613	(611,243)	-6.4%
Electricity	225,000						225,000	225,000	-	0.0%
Emergency Repairs	100,000						100,000	100,000	-	0.0%
Capital Outlay Expenses	195,500						195,500	85,500	110,000	128.7%
Miscellaneous COPS*	424,500						424,500	303,000	121,500	40.1%
Total COPS - Other	9,865,370	-	-	-	-	-	9,865,370	10,245,113	(379,743)	-3.7%
Total Cost of Providing Services	10,953,370	-	-	-	-	-	10,953,370	11,519,430	(566,060)	-4.9%
Total Principal Payments on Debt Service in Lieu of Depreciation	295,000	-	-	-	-	-	295,000	285,000	10,000	3.5%
Total Operating Appropriations	12,310,910	-	-	-	-	-	12,310,910	12,688,013	(377,103)	-3.0%
NON-OPERATING APPROPRIATIONS										
Total Interest Payments on Debt	199,550	-	-	-	-	-	199,550	208,100	(8,550)	-4.1%
Operations & Maintenance Reserve							-	-	-	#DIV/0!
Renewal & Replacement Reserve	600,000						600,000	600,000	-	0.0%
Municipality/County Appropriation							-	-	-	#DIV/0!
Other Reserves							-	-	-	#DIV/0!
Total Non-Operating Appropriations	799,550	-	-	-	-	-	799,550	808,100	(8,550)	-1.1%
TOTAL APPROPRIATIONS	13,110,460	-	-	-	-	-	13,110,460	13,496,113	(385,653)	-2.9%
ACCUMULATED DEFICIT							-	-	-	#DIV/0!
TOTAL APPROPRIATIONS & ACCUMULATED DEFICIT	13,110,460	-	-	-	-	-	13,110,460	13,496,113	(385,653)	-2.9%
UNRESTRICTED NET POSITION UTILIZED										
Municipality/County Appropriation							-	-	-	#DIV/0!
Other							-	-	-	#DIV/0!
Total Unrestricted Net Position Utilized							-	-	-	#DIV/0!
TOTAL NET APPROPRIATIONS	\$ 13,110,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,110,460	\$ 13,496,113	\$ (385,653)	-2.9%

* Miscellaneous line items may not exceed 5% of total operating appropriations shown below. If amount in miscellaneous is greater than the amount shown below, then the line item must be itemized above.

5% of Total Operating Appropriations \$ 615,545.50 \$ - \$ - \$ - \$ - \$ - \$ - \$ 615,545.50

Prior Year Adopted Appropriations Schedule

Manasquan River Regional Sewerage Authority

FY 2016 Adopted Budget

	Regional Sewer	N/A	N/A	N/A	N/A	N/A	Total All Operations
OPERATING APPROPRIATIONS							
<i>Administration - Personnel</i>							
Salary & Wages	\$ 327,000						\$ 327,000
Fringe Benefits	309,233						309,233
Total Administration - Personnel	636,233	-	-	-	-	-	636,233
<i>Administration - Other (List)</i>							
Professional Services	111,000						111,000
Insurance	70,000						70,000
Telephone	20,000						20,000
Office Equipment Maintenance	20,000						20,000
Miscellaneous Administration*	26,350						26,350
Total Administration - Other	247,350	-	-	-	-	-	247,350
Total Administration	883,583	-	-	-	-	-	883,583
<i>Cost of Providing Services - Personnel</i>							
Salary & Wages	682,000						682,000
Fringe Benefits	592,317						592,317
Total COPS - Personnel	1,274,317	-	-	-	-	-	1,274,317
<i>Cost of Providing Services - Other (List)</i>							
Treatment Costs (to OCUA/BTMUA)	9,531,613						9,531,613
Electricity	225,000						225,000
Emergency Repairs	100,000						100,000
Capital Outlay Expenses	85,500						85,500
Miscellaneous COPS*	303,000						303,000
Total COPS - Other	10,245,113	-	-	-	-	-	10,245,113
Total Cost of Providing Services	11,519,430	-	-	-	-	-	11,519,430
Total Principal Payments on Debt Service in Lieu of Depreciation	285,000	-	-	-	-	-	285,000
Total Operating Appropriations	12,688,013	-	-	-	-	-	12,688,013
NON-OPERATING APPROPRIATIONS							
Total Interest Payments on Debt	208,100	-	-	-	-	-	208,100
Operations & Maintenance Reserve							-
Renewal & Replacement Reserve	600,000						600,000
Municipality/County Appropriation							-
Other Reserves							-
Total Non-Operating Appropriations	808,100	-	-	-	-	-	808,100
TOTAL APPROPRIATIONS	13,496,113	-	-	-	-	-	13,496,113
ACCUMULATED DEFICIT							-
TOTAL APPROPRIATIONS & ACCUMULATED DEFICIT	13,496,113	-	-	-	-	-	13,496,113
UNRESTRICTED NET POSITION UTILIZED							
Municipality/County Appropriation	-	-	-	-	-	-	-
Other							-
Total Unrestricted Net Position Utilized	-	-	-	-	-	-	-
TOTAL NET APPROPRIATIONS	\$ 13,496,113	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,496,113

* Miscellaneous line items may not exceed 5% of total operating appropriations shown below. If amount in miscellaneous is greater than the amount shown below, then the line item must be itemized above.

5% of Total Operating Appropriations \$ 634,400.65 \$ - \$ - \$ - \$ - \$ - \$ 634,400.65

Net Position Reconciliation

Manasquan River Regional Sewerage Authority

For the Period January 1, 2017 to December 31, 2017

FY 2017 Proposed Budget

	Regional	N/A	N/A	N/A	N/A	N/A	Total All Operations
TOTAL NET POSITION BEGINNING OF CURRENT YEAR (1)	\$ 9,649,308						\$ 9,649,308
Less: Invested in Capital Assets, Net of Related Debt (1)	10,328,971						10,328,971
Less: Restricted for Debt Service Reserve (1)							
Less: Other Restricted Net Position (1)							
Total Unrestricted Net Position (1)	(679,663)						(679,663)
Less: Designated for Non-Operating Improvements & Repairs	850,000						850,000
Less: Designated for Rate Stabilization							
Less: Other Designated by Resolution							
Plus: Accrued Unfunded Pension Liability (1)	2,663,616						2,663,616
Plus: Accrued Unfunded Other Post-Employment Benefit Liability (1)							
Plus: Estimated Income (Loss) on Current Year Operations (2)	1,591,774						1,591,774
Plus: Other Adjustments (attach schedule)	1,435,007						1,435,007
UNRESTRICTED NET POSITION AVAILABLE FOR USE IN PROPOSED BUDGET	4,160,734						4,160,734
Unrestricted Net Position Utilized to Balance Proposed Budget							
Unrestricted Net Position Utilized in Proposed Capital Budget	713,000						713,000
Appropriation to Municipality/County (3)							
Total Unrestricted Net Position Utilized in Proposed Budget	713,000						713,000
PROJECTED UNRESTRICTED UNDESIGNATED NET POSITION AT END OF YEAR (4)	\$ 3,447,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,447,734

(1) Total of all operations for this line item must agree to audited financial statements.

(2) Include budgeted and unbudgeted use of unrestricted net position in the current year's operations.

(3) Amount may not exceed 5% of total operating appropriations. See calculation below.

Maximum Allowable Appropriation to Municipality/County \$ 615,546 \$ - \$ - \$ - \$ - \$ - \$ 615,546
 (4) If Authority is projecting a deficit for any operation at the end of the budget period, the Authority must attach a statement explaining its plan to reduce the deficit, including the timeline for elimination of the deficit, if not already detailed in the budget narrative section.

**MANASQUAN RIVER REGIONAL SEWERAGE AUTHORITY
ANALYSIS OF OTHER ADJUSTMENTS
(CONVERSION OF GAAP TO BUDGETARY)**

Adjustments to arrive at budgetary basis fund balance:	
Accrued Expenses Payable	\$ 21,898
Accrued Interest Payable	85,956
Assets Restricted for Capital Purchases	1,012,365
Unearned Profit on Sales Leaseback	732,171
Insurance Not Realized as OCBOA Revenue Last Year	(458,577)
Bond Sale Premium realized as Budgetary Revenue	<u>41,194</u>
 Total Adjustments	 <u>\$ 1,435,007</u>

2017

MANASQUAN RIVER REGIONAL
SEWERAGE AUTHORITY

AUTHORITY
CAPITAL
BUDGET/
PROGRAM

2017 CERTIFICATION OF AUTHORITY CAPITAL BUDGET/PROGRAM

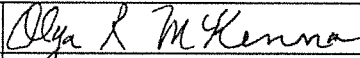
Manasquan River Regional Sewerage Authority

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

It is hereby certified that the Authority Capital Budget/Program annexed hereto is a true copy of the Capital Budget/Program approved, pursuant to N.J.A.C. 5:31-2.2, along with the Annual Budget, by the governing body of the Manasquan River Regional Sewerage Authority, on the 19th day of October, 2016.

OR

It is hereby certified that the governing body of the Manasquan River Regional Sewerage Authority have elected **NOT** to adopt a Capital Budget /Program for the aforesaid fiscal year, pursuant to N.J.A.C. 5:31-2.2 for the following reason(s):

Officer's Signature:			
Name:	Olga R. McKenna		
Title:	Secretary		
Address:	P.O. Box 646, 89 Havens Bridge Road Farmingdale, New Jersey 07727		
Phone Number:	(732) 431-8185	Fax Number:	(732) 308-3833
E-mail address	director@mrrsa.org		

Proposed Capital Budget

Manasquan River Regional Sewerage Authority
For the Period January 1, 2017 to December 31, 2017

	Estimated Total Cost	Funding Sources				
		Unrestricted Net Position Utilized	Renewal & Replacement Reserve	Debt Authorization	Capital Grants	Other Sources
<i>Regional Sewer</i>						
See Attached Detailed Schedule	\$ 5,117,500	\$ 713,000	\$ 737,000	\$ 3,667,500	\$ -	\$ -
Type in Description	-					
Type in Description	-					
Type in Description	-					
Total	5,117,500	713,000	737,000	3,667,500	-	-
<i>N/A</i>						
Type in Description	-					
Type in Description	-					
Type in Description	-					
Type in Description	-					
Total	-	-	-	-	-	-
<i>N/A</i>						
Type in Description	-					
Type in Description	-					
Type in Description	-					
Type in Description	-					
Total	-	-	-	-	-	-
<i>N/A</i>						
Type in Description	-					
Type in Description	-					
Type in Description	-					
Type in Description	-					
Total	-	-	-	-	-	-
<i>N/A</i>						
Type in Description	-					
Type in Description	-					
Type in Description	-					
Type in Description	-					
Total	-	-	-	-	-	-
<i>N/A</i>						
Type in Description	-					
Type in Description	-					
Type in Description	-					
Type in Description	-					
Total	-	-	-	-	-	-
TOTAL PROPOSED CAPITAL BUDGET	\$ 5,117,500	\$ 713,000	\$ 737,000	\$ 3,667,500	\$ -	\$ -

Enter brief description of up to four projects for each operation above. For operations with more than four budgeted projects, please attach additional schedules. Input total amount of all projects for the operation on single line and enter "See Attached Schedule" instead of project description.

**2017 Proposed Capital Budget
(Detailed Schedule)**

Manasquan River Regional Sewerage Authority
For the Period January 1, 2017 to December 31, 2017

	<i>Funding Sources</i>					
	Estimated Total Cost	Unrestricted Net Position Utilized	Renewal & Replacement Reserve	Debt Authorization	Proposed Capital Grants	Other Sources
<i>Regional Sewer</i>						
<u>ROUTE 9 FORCE MAIN & ROUTE 547 FORCE MAIN</u>						
Rehabilitation of Rt. 9 FM Air Release Chamber No. 5 (Design/Bid/Construction)	\$313,000		\$313,000			
Stocking of Rt. 9 FM Emergency Repair Parts	\$122,000		\$122,000			
Stocking of Route 547 FM Emergency Repair Parts	\$90,000		\$90,000			
Rehabilitation of Route 547 FM Air Release Chambers (Design/Bid/Construction)	\$136,000		\$136,000			
Lower H2O2 Chemical Feed Building Roof and Site Improvements (Design/Bid/Construction)	\$76,000		\$76,000			
<u>UPPER/LOWER/MINGAMAHONE PUMP STATIONS</u>						
UMPS Improvements (Design)	\$1,100,000			\$1,100,000		
UMPS/LMPS Comminutor Replacements	\$125,000			\$125,000		
UMPS Check Valve Replacements	\$75,000			\$75,000		
UMPS Motor Re-Builds	\$50,000	\$50,000				
Cellular Dialers at UMPS, LMPS and MPS	\$55,000	\$55,000				
Replacement of LMPS Air Release, Ports, Etc.	\$31,000	\$31,000				
LMPS Generator Room Exhaust Fan Replacement	\$15,000	\$15,000				
MPS Improvements (Design/Bid/Construction)	\$962,000			\$962,000		
Replacement of MPS Roofing System	\$38,000			\$38,000		
Installation of MPS Bypass Connection	\$51,000	\$51,000				
Portable Diesel 8" Suction Lift Trailer Mounted Pump	\$126,000	\$126,000				
<u>INTERCEPTORS/MANHOLES</u>						
Interceptor Pipeline Assessment ("RedZone")	\$566,000			\$566,000		
Route 524 Manhole Casting Raisings	\$94,000	\$94,000				
Freewood Acres Manhole Casting Raisings	\$38,000	\$38,000				
Smith Street Root Removal	\$37,000	\$37,000				
Composite Frame?Cover Installations (Pilot Program)	\$10,000	\$10,000				
<u>METER CHAMBERS</u>						
Rehabilitation of Meter Chamber 2MC-2 and 3MC-1 (Construction)	\$357,000			\$357,000		
Rehabilitation of Meter Chambers 5MC-2, 6MC-3 and 7MC-1 (Design)	\$75,000			\$75,000		
Replacement of Meter Chamber 7MC-2 (Design/Bid/Constructor)	\$50,000			\$50,000		
Installation of Cellular Metering System (Design/Bid/Installation)	\$126,000			\$126,000		
<u>HEADQUARTERS</u>						
HQ Annunciator Panel Modifications	\$26,000			\$26,000		
HQ/UMPS CCTV System Installation	\$30,000			\$30,000		
HQ/UMPS Security System Replacement	\$30,000			\$30,000		
HQ/UMPS Fire Alarm System Replacement	\$30,000			\$30,000		
HQ Roof Replacement	\$65,000			\$65,000		
HQ HVAC Replacement	\$75,000	\$75,000				
HQ Garage Workshop Improvements	\$10,000	\$10,000				
HQ Parking Lot Light Replacements	\$12,500			\$12,500		
HQ Inernet Switch /Facility WIFI Installation	\$16,000	\$16,000				
<u>EVALUATIONS/STUDIES</u>						
MRRSA System Model (Benlley SewerCAD)	\$15,000	\$15,000				
Evaluation of Chemical System Alternatives	\$10,000	\$10,000				
Arc Flash Evaluations/Recommndations	\$25,000	\$25,000				
Odor Control System Evaluation	\$10,000	\$10,000				
Flow Metering Study for Sizing of UMPS Upgrades	\$15,000	\$15,000				
Load Study at MPS	\$30,000	\$30,000				
Total:	\$5,117,500	\$713,000	\$737,000	\$3,667,500	\$0	\$0
TOTAL PROPOSED CAPITAL BUDGET	\$5,117,500	\$713,000	\$737,000	\$3,667,500	\$0	\$0

5 Year Capital Improvement Plan

Manasquan River Regional Sewerage Authority

For the Period January 1, 2017 to December 31, 2017

	Estimated Total Cost	Fiscal Year Beginning in					
		Current Budget Year 2017	2018	2019	2020	2021	2022
<i>Regional Sewer</i>							
See Attached Detailed Schedule	\$ 18,528,500	\$ 5,117,500	\$ 9,212,000	\$ 1,164,000	\$ 1,064,000	\$ 1,026,000	\$ 945,000
Type in Description	-	-					
Type in Description	-	-					
Type in Description	-	-					
Total	18,528,500	5,117,500	9,212,000	1,164,000	1,064,000	1,026,000	945,000
<i>N/A</i>							
Type in Description	-	-					
Type in Description	-	-					
Type in Description	-	-					
Type in Description	-	-					
Total	-	-	-	-	-	-	-
<i>N/A</i>							
Type in Description	-	-					
Type in Description	-	-					
Type in Description	-	-					
Type in Description	-	-					
Total	-	-	-	-	-	-	-
<i>N/A</i>							
Type in Description	-	-					
Type in Description	-	-					
Type in Description	-	-					
Type in Description	-	-					
Total	-	-	-	-	-	-	-
<i>N/A</i>							
Type in Description	-	-					
Type in Description	-	-					
Type in Description	-	-					
Type in Description	-	-					
Total	-	-	-	-	-	-	-
TOTAL	\$ 18,528,500	\$ 5,117,500	\$ 9,212,000	\$ 1,164,000	\$ 1,064,000	\$ 1,026,000	\$ 945,000

Project descriptions entered on Page CB-3 will carry forward to Pages CB-4 and CB-5. No need to re-enter project descriptions above.

5 Year Capital Improvement Plan Funding Sources

Manasquan River Regional Sewerage Authority
For the Period January 1, 2017 to December 31, 2017

Estimated Total Cost	Funding Sources				
	Unrestricted Net Position Utilized	Renewal & Replacement Reserve	Debt Authorization	Capital Grants	Other Sources (Existing MCIA Bonds)
<i>Regional Sewer</i>					
MRRSA CIP (2017-2022)	\$ 18,528,500	\$ 713,000	\$ 6,401,000	\$ 8,782,000	\$ 2,632,500
Type in Description	-				
Type in Description	-				
Type in Description	-				
Total	18,528,500	713,000	6,401,000	8,782,000	- 2,632,500
<i>N/A</i>					
Type in Description	-				
Type in Description	-				
Type in Description	-				
Type in Description	-				
Total	-	-	-	-	-
<i>N/A</i>					
Type in Description	-				
Type in Description	-				
Type in Description	-				
Type in Description	-				
Total	-	-	-	-	-
<i>N/A</i>					
Type in Description	-				
Type in Description	-				
Type in Description	-				
Type in Description	-				
Total	-	-	-	-	-
<i>N/A</i>					
Type in Description	-				
Type in Description	-				
Type in Description	-				
Type in Description	-				
Total	-	-	-	-	-
TOTAL	\$ 18,528,500	\$ 713,000	\$ 6,401,000	\$ 8,782,000	\$ - 2,632,500
Total 5 Year Plan per CB-4	\$ 18,528,500				
Balance check		- If amount is other than zero, verify that projects listed above match projects listed on CB-4.			

Project descriptions entered on Page CB-3 will carry forward to Pages CB-4 and CB-5. No need to re-enter project descriptions above.

2017 CAPITAL BUDGET/PROGRAM MESSAGE

Manasquan River Regional Sewerage Authority

FISCAL YEAR: FROM: January 1, 2017 TO: December 31, 2017

1. Has each municipality or county affected by the actions of the authority participated in the development of the capital plan and reviewed or approved the plans or projects included within the Capital Budget/Program?

Commissioners from each Member Municipality participate in the development of the Capital Plan.

2. Has each capital project/project financing been developed from a specific capital improvement plan or report; does it include full lifecycle costs; and is it consistent with appropriate elements of Master Plans or other plans in the jurisdiction(s) served by the authority?

Yes

3. Has a long-term (10-20 years) infrastructure needs assessment or other capital plan with a horizon beyond six years been prepared?

The Authority has re-evaluated its Capital needs and is currently in the process of developing a comprehensive 15-year Capital Improvement Program (CIP). All Commissioners and Authority Professionals have participated in the process and a financial model is currently being developed to assist in planning for funding of the program. All projects provided within the proposed 2017 Capital Budget have been included within the 15-year CIP.

4. Describe the projected impact of the proposed capital projects, including impact on the schedule of rates, fees, and service charges and the impact on current and future year's schedules.

Funding for the proposed 2017 Capital Projects is anticipated to be derived from existing sewer revenue bonds (through the Monmouth County Improvement Authority), unrestricted net assets, the Authority's renewal and replacement reserve, as well as potential additional bonding through the NJEIT (or similar funding mechanism). The proposed Bulk Rate increase of 3.60% takes into consideration future Authority Capital Planning needs and is anticipated to have a minimal impact on service charges. It is expected that any impacts will be reasonable when compared to the net benefit that a thorough and well executed Capital Improvement Program offers the ratepayers.

5. Please indicate which capital projects/project financings are being undertaken in the Metropolitan or Suburban Planning Areas as defined in the State Development and Redevelopment Plan.

None

6. Please indicate which capital projects/project financings are being undertaken within the boundary of a State Planning Commission-designated Center and/or Endorsed Plan and if the project was included in the Plan Implementation Agenda for that Center/Endorsed Plan.

None

Add additional sheets if necessary.

TOWNSHIP COMMITTEE APPOINTMENT

TO TOWNSHIP BOARD OR AGENCY

Meeting Date: September 12, 2017

Upon a motion by Committee Member _____, seconded by
Committee Member _____, Jason Levy is appointed to
Planning Board:

- () A. to fill the unexpired term of _____, which expires _____.
- (X) B. for a new term of office, Alternate 3, which expires December 31, 2018.
- () C. _____.

Full Name of Appointee: Jason Levy

Address: 32 Harvard Oval
Freehold, NJ 07728

Telephone: 908-415-4711

Distribution:

Township Committee
Township Clerk
Township Attorney
Township Administrator
Planning Board Administrative Officer
Planning Board Chairman



Resolution of the Township of Freehold

Monmouth County, New Jersey

No: R-17-N

Date of Adoption: September 12, 2017

TITLE: RESOLUTION - EXECUTIVE SESSION

- - - R E S O L U T I O N - - -

WHEREAS, N.J.S.A. 10:4-13 of the Open Public Meetings Act permits the exclusion of the public from meetings of public bodies in certain circumstances which are set forth in N.J.S.A. 10:4-12 (b); and

WHEREAS, the Township Committee of the Township of Freehold is of the opinion that such circumstances currently exist.

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Freehold as follows:

1. The public shall be excluded from the discussion of any action upon the hereinafter specified matters.

2. The nature of the subject matter to be discussed is as follows:

1. PERSONNEL

1A. Union Contracts Update

1B. Staffing

2. ATTORNEY-CLIENT PRIVILEGE

2A. Gravel Hill Road Township Property

2B. Utility/Ordinance Review

3. It is anticipated at this time the above-stated subject matter will be made public in approximately thirty days or at such time as any litigation discussed is resolved.

No. R-17-N

VOTE OF THE TOWNSHIP COMMITTEE							
COMMITTEEMAN	I	S	Y	N	NV	AB	
Mr. Ammiano							
Mr. Cook							
Mrs. McMorrow							
Mr. Salkin							
Mayor Preston							

I-Introduced By S-Seconded By X- Indicates Vote NV- Not Voting AB- Absent