

**TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2016**

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COUNTY OF MONMOUTH, NEW JERSEY
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**TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH**

PART I

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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HOLMAN | FRENIA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Freehold
County of Monmouth
Freehold, New Jersey 07728

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Freehold, County of Monmouth, State of New Jersey (herein referred to as "the Township") as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of changes in capital fund balance - regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

As discussed in Note 1 to the financial statements, the Township of Freehold prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Freehold, County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Freehold, County of Monmouth, State of New Jersey, as of December 31, 2016 and 2015, and the results of its operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the related statements of revenues--regulatory basis, statements of expenditures--regulatory basis of the various funds, and the related notes to financial statements, for the year ended December 31, 2016 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the above financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has

been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2017 on our consideration of the Township of Freehold's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Township of Freehold's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

June 16, 2017
Freehold, New Jersey

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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*

Honorable Mayor and Members
of the Township Council
Township of Freehold
County of Monmouth
Freehold, New Jersey 07728

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Township of Freehold (herein referred to as “the Municipality”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Municipality’s basic financial statements, and have issued our report thereon dated June 16, 2017. Our report on the financial statements-regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality’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 Municipality's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed 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 Municipality's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

June 16, 2017
Freehold, New Jersey

BASIC FINANCIAL STATEMENTS

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2016 AND 2015

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Regular Funds</u>			
Cash and Cash Equivalents - Treasurer	A-4	\$ 21,258,333.63	\$ 17,549,087.00
Investments	A-4	16,032,570.77	15,151,836.03
Change Funds		1,325.00	1,350.00
		<u>37,292,229.40</u>	<u>32,702,273.03</u>
Receivables with Full Reserves:			
Police Special Duty Receivable		47,676.92	77,497.00
Delinquent Property Taxes Receivable	A-5	1,300,145.27	1,452,138.52
Tax Title Liens Receivable	A-6	337,603.29	313,983.24
Property Acquired for Taxes at Assessed Value		584,150.00	584,150.00
Miscellaneous Receivables		41,006.26	1,582.83
Revenue Accounts Receivable	A-7	76,521.05	111,877.08
Interfunds:			
Animal Control Trust Fund	A-12	17,564.82	22,408.80
Other Trust Fund	A-12	256,118.54	210,923.77
General Capital Fund	A-12		36,000.00
		<u>2,660,786.15</u>	<u>2,810,561.24</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-3	35,000.00	105,000.00
		<u>39,988,015.55</u>	<u>35,617,834.27</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-13	272,853.42	364,989.62
Grants Receivable	A-14	105,335.07	103,276.81
		<u>378,188.49</u>	<u>468,266.43</u>
		<u>\$ 40,366,204.04</u>	<u>\$ 36,086,100.70</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Regular Funds</u>			
Liabilities:			
Appropriation Reserves	A-3,8	\$ 2,989,323.53	\$ 3,172,746.10
Reserve for Encumbrances	A-3,8	628,445.07	535,545.09
Due to State of New Jersey for Fees Collected		19,676.00	17,716.00
Due to Freehold Shopping Center		4,599.00	3,514.00

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2016 AND 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>			
<u>Regular Funds (Continued)</u>			
Liabilities (Continued):			
Tax Overpayments		\$ 258,588.61	\$ 207,690.21
Accounts Payable		721,767.57	689,899.52
Prepaid Health Benefits	A-3,4	11,445.82	4,876.46
Prepaid Fees and Permits	A-4,7	26,487.00	27,190.00
Prepaid Taxes		904,315.90	742,429.04
Due from State of New Jersey (Chapter 20, P.L. 1971)		20,197.76	18,947.76
Due County for Added and Omitted Taxes	A-9	109,680.99	45,708.81
Local District School Tax Payable	A-10	7,858,085.92	5,832,764.00
Regional High School Tax Payable	A-11	14,055,434.40	12,925,221.40
Reserve for:			
Sale of Liquor License		1,011,111.00	1,011,111.00
Taxes Collected on Appeal		151,960.94	151,960.94
Historical Preservation		1,149.00	1,149.00
Interfunds:			
Grant Fund	A-13	272,853.42	364,989.62
		<u>29,045,121.93</u>	<u>25,753,458.95</u>
Reserve for Receivables and Other Assets		2,660,786.15	2,810,561.24
Fund Balance	A-1	8,282,107.47	7,053,814.08
		<u>39,988,015.55</u>	<u>35,617,834.27</u>
<u>Grant Fund</u>			
Reserve for Encumbrances	A-15	10,751.76	76,721.52
Appropriated Reserves	A-15	356,751.99	385,319.71
Unappropriated Reserves	A-16	10,684.74	6,225.20
		<u>378,188.49</u>	<u>468,266.43</u>
		<u>\$ 40,366,204.04</u>	<u>\$ 36,086,100.70</u>

There were deferred school taxes on December 31, 2016 and 2015 of \$25,566,589 (Schedule A-10).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 5,076,000.00	\$ 5,572,626.00
Miscellaneous Revenue Anticipated	A-2	14,445,356.66	14,167,782.95
Receipts from Delinquent Taxes	A-2	1,433,560.32	1,269,436.18
Receipts from Current Taxes	A-2	139,490,587.76	134,155,415.28
Non-Budget Revenues	A-2	869,360.26	1,029,541.70
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-8	2,637,618.07	2,116,928.65
Statutory Excess in Animal Control Trust	A-12	17,564.82	22,408.80
Cancel Appropriated Grant Reserve	A-13	3,542.42	40,576.62
Reserve for Receivables:			
Police Special Duty Receivable		156,871.20	125,607.88
Total Income		<u>164,130,461.51</u>	<u>158,500,324.06</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages		15,424,980.00	15,363,600.00
Other Expenses		12,148,770.98	12,412,660.33
Capital Improvements		400,000.00	150,000.00
Deferred Charges and Statutory Expenditures		3,745,189.00	3,608,721.00
Municipal Debt Service		5,789,331.43	5,518,645.98
Transferred to Board of Education		891,462.00	949,080.00
Budget Totals	A-3	<u>38,399,733.41</u>	<u>38,002,707.31</u>
Refund of Prior Year Revenue	A-4	12.00	38,637.45
Municipal Open Space Tax	A-4,5	1,808,280.18	1,768,187.00
Special District Taxes - Fire	A-4,5	2,206,715.00	2,179,897.00
County Taxes	A-9	19,433,631.57	18,754,764.91
Due County for Added and Omitted Taxes	A-9	109,680.99	45,708.81
Local District School Taxes	A-10	66,620,889.00	65,594,282.00
Regional School District Taxes	A-11	29,024,615.00	26,648,432.00
Cancel Grant Receivable	A-13	3,331.58	40,576.62
Interfund Advances		4,350.79	147,010.40
Tax Appeals Granted		208,178.60	
Prior Year Deductions Disallowed		6,750.00	6,250.00
Total Expenditures		<u>157,826,168.12</u>	<u>153,226,453.50</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
Excess in Revenue		\$ <u>6,304,293.39</u>	\$ <u>5,273,870.56</u>
Fund Balance January 1	A	<u>7,053,814.08</u>	<u>7,352,569.52</u>
		<u>13,358,107.47</u>	<u>12,626,440.08</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>5,076,000.00</u>	<u>5,572,626.00</u>
Fund Balance December 31	A	\$ <u><u>8,282,107.47</u></u>	\$ <u><u>7,053,814.08</u></u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 1 of 3

		<u>Anticipated</u>		
	<u>Ref.</u>	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Excess or (Deficit)</u>
		\$	\$	\$
Fund Balance Anticipated	A-1	5,076,000.00		5,076,000.00
<u>Miscellaneous Revenues</u>				
Licenses:				
Alcoholic Beverages	A-7	40,000.00		45,438.00
Other	A-7	30,000.00		34,670.00
Fees and Permits:				
Construction Code Official	A-7	890,000.00		1,585,543.99
Other	A-7	200,000.00		281,295.99
Fines and Costs:				
Municipal Court	A-7	600,000.00		939,331.67
Interest and Costs on Taxes	A-4	130,000.00		331,562.12
Interest on Investments and Deposits	A-7	150,000.00		110,465.34
Cable Television Franchise Fees	A-7	358,773.00		358,773.00
Verizon Franchise Fees	A-7	188,609.13		188,609.13
State Aid:				
Energy Receipts Tax	A-7	7,418,109.00		7,418,109.00
Garden State Trust Pilot	A-7	18,206.00		18,206.00
Special Items:				
State Grants:				
Alliance to Prevent Alcoholism and Drug Abuse	A-13	41,010.00		41,010.00
Body Armor Fund	A-13	6,225.20		6,225.20
Clean Communities Program	A-13		92,798.22	92,798.22
Drunk Driving Enforcement Fund	A-13	5,459.37		5,459.37
Recycling Tonnage Grant	A-13	100,741.89		100,741.89
Safe and Secure Communities Program	A-13	60,000.00		60,000.00
Safe Corridors	A-13		59,843.80	59,843.80
Federal Grants:				
Bulletproof Vests	A-13	8,550.00		8,550.00
Click It or Ticket	A-13		5,000.00	5,000.00

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 3

	<u>Ref.</u>		<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
			<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Special Items (Continued):						
Uniform Fire Safety Act	A-7	\$	84,545.00	\$	86,866.37	\$ 2,321.37
Other Special Items:						
Shared Services Agreements:						
Automotive Services	A-7		35,000.00	20,000.00	57,327.29	2,327.29
Board of Health	A-7		145,471.00		149,220.40	3,749.40
Bureau of Fire Prevention	A-7		5,000.00		1,116.68	(3,883.32)
Construction Code - Jackson Township	A-7		63,000.00		68,732.50	5,732.50
Diesel Fuel	A-7		200,000.00		150,665.37	(49,334.63)
Health Facilitator Coalition - Visiting Nurse Association	A-7			4,301.00		(4,301.00)
Information Technology - Bay Head Borough	A-7		12,700.00		14,400.00	1,700.00
Information Technology - Freehold Borough	A-7		17,500.00		16,540.00	(960.00)
Information Technology - Keyport Borough	A-7		20,625.00		16,875.00	(3,750.00)
Information Technology - Manalapan	A-7		91,000.00		102,492.20	11,492.20
Information Technology - MRRSA	A-7		6,500.00		8,760.00	2,260.00
Operational Services - Aberdeen Township	A-7		13,000.00		20,833.30	7,833.30
Operational Services - Keyport	A-7		21,000.00		26,884.00	5,884.00
Operational Services - Freehold Regional	A-7		15,000.00		21,643.36	6,643.36
Police Services	A-7		19,000.00		17,988.22	(1,011.78)
Public Health Preparedness - Monmouth County	A-7		7,000.00	8,500.00	12,750.00	(2,750.00)
Fund Balance - General Capital Fund	A-7		240,033.00		240,033.00	
Hotel/Motel Tax	A-7		50,000.00		147,106.77	97,106.77
Open Space - Debt Service	A-7		1,380,000.00		1,380,000.00	
Payments in Lieu of Taxes	A-7		75,000.00		103,236.98	28,236.98
Reserve for Detention Basin	A-7		100,000.00		100,000.00	
Reserve for Municipal Alliance	A-7		10,252.50		10,252.50	
Total Miscellaneous Revenues	A-1		<u>12,857,310.09</u>	<u>190,443.02</u>	<u>14,445,356.66</u>	<u>1,397,603.55</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 3 of 3

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Ref.</u>	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
	\$	\$	\$	\$
Receipts from Delinquent Taxes	A-1,2	1,310,000.00	1,433,560.32	123,560.32
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	A-2	20,892,857.95	22,210,930.21	1,318,072.26
Budget Totals	A-1,2	40,136,168.04	43,165,847.19	2,839,236.13
Non-Budget Revenues			869,360.26	869,360.26
	Ref.	\$ 40,136,168.04	\$ 44,035,207.45	\$ 3,708,596.39
		A-3	A-3	A-3

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 4 of 4

	<u>Ref.</u>	
<u>Analysis of Realized Revenues</u>		
<u>Allocation of Current Tax Collection</u>		
Revenue from Collections	A-1,5	\$ 139,490,587.76
Allocated to School, County and Special District Taxes	A-5	<u>119,203,811.74</u>
Balance for Support of Municipal Budget Appropriations		<u>20,286,776.02</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,924,154.19</u>
Amount for Support of Municipal Appropriations	A-2	<u><u>\$ 22,210,930.21</u></u>
<u>Delinquent Taxes</u>		
Taxes Receivable	A-2,5	<u><u>\$ 1,433,560.32</u></u>
<u>Analysis of Non-Budget Revenue</u>		
Abandoned Property		\$ 272.83
Administrative Fees Senior Citizens and Veterans		4,520.15
Cell Tower Lease		45,434.46
Clerk		1,250.00
Finance Department		65,758.13
Fire Bureau		119,410.00
Freemall Lease		2,000.00
Housing Fees		315,469.29
Impound Yard Fees		14,323.32
Meeting Room Rental		200.00
Motor Vehicle Commission Inspection Fees		3,350.00
Planning Board Fees		212,222.62
Police Department		32,622.29
Recycling Fees		44,653.76
Sign Making/Repair Services		5,412.91
Tax Collector Fees		1,593.00
Tax Map Revision		475.00
Vending Machine Commissions		<u>392.50</u>
	A-2,4	<u><u>\$ 869,360.26</u></u>
<u>Source of Miscellaneous Revenue not Anticipated</u>		
Receipts	A-4	\$ 867,720.26
Prepaid Revenue	A	<u>1,640.00</u>
	A-2	<u><u>\$ 869,360.26</u></u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 1 of 9

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>					
<u>General Government</u>					
Administrative and Executive					
Salaries and Wages	\$ 234,000.00	\$ 234,000.00	\$ 233,625.10	\$ 374.90	\$
Other Expenses	11,000.00	11,000.00	6,713.38	4,286.62	
Public Information Office					
Salaries and Wages	33,000.00	33,000.00	32,854.31	145.69	
Other Expenses	8,000.00	8,000.00	1,292.83	6,707.17	
Purchasing Department					
Salaries and Wages	62,000.00	67,600.00	67,528.05	71.95	
Other Expenses	33,500.00	33,500.00	30,788.41	2,711.59	
Human Resources					
Salaries and Wages	92,000.00	92,000.00	52,918.75	39,081.25	
Other Expenses	14,900.00	14,900.00	10,584.17	4,315.83	
Mayor and Township Committee					
Salaries and Wages	51,200.00	51,200.00	51,149.74	50.26	
Other Expenses	30,000.00	30,000.00	5,162.20	24,837.80	
Municipal Clerk					
Salaries and Wages	188,000.00	188,000.00	185,259.10	2,740.90	
Other Expenses	91,250.00	91,250.00	70,497.75	20,752.25	
Elections					
Salaries and Wages	1,000.00	1,000.00	966.61	33.39	
Other Expenses	15,200.00	15,200.00	12,624.66	2,575.34	
Financial Administration					
Salaries and Wages	151,000.00	151,000.00	145,079.16	5,920.84	
Other Expenses	80,000.00	80,000.00	71,399.43	8,600.57	
Audit	32,000.00	32,000.00	32,000.00		
Information Technology					
Salaries and Wages	192,000.00	192,000.00	148,780.43	43,219.57	
Other Expenses	113,000.00	113,000.00	77,465.97	35,534.03	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 9

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget	Paid or Charged		Paid or Charged	Reserved	
Revenue Administration (Collection of Taxes)						
Salaries and Wages	\$ 70,000.00	\$ 69,113.35	\$ 70,000.00	\$ 886.65	\$	
Other Expenses	20,500.00	18,259.10	20,500.00	2,240.90		
Assessment of Taxes						
Salaries and Wages	156,000.00	150,550.58	156,000.00	5,449.42		
Other Expenses	212,250.00	183,148.50	212,250.00	29,101.50		
Cost of Tax Appeals	50,000.00	50,000.00	50,000.00	50,000.00		
Legal Services and Costs						
Other Expenses	400,000.00	215,900.24	400,000.00	184,099.76		
Affordable Housing Services and Costs						
Other Expenses	100,000.00	87,268.24	100,000.00	12,731.76		
Engineering Services and Costs						
Salaries and Wages	365,000.00	262,579.62	365,000.00	102,420.38		
Other Expenses	31,700.00	16,049.54	31,700.00	15,650.46		
Historical Preservation						
Other Expenses	2,550.00	1,934.57	2,550.00	615.43		
Municipal Land Use Law						
Planning Board						
Salaries and Wages	82,000.00	83,800.22	84,100.00	299.78		
Other Expenses	61,000.00	29,261.53	58,900.00	29,638.47		
Insurance						
Group Insurance	5,164,950.00	4,910,645.41	5,164,950.00	254,304.59		
Other Insurance	338,053.00	338,800.13	338,801.00	.87		
Workmen's Compensation	290,322.00	290,321.48	290,322.00	.52		
Health Benefit Waiver	140,000.00	137,087.50	140,000.00	2,912.50		
Code Enforcement - Other						
Salaries and Wages	137,000.00	137,220.21	138,365.00	1,144.79		
Other Expenses	9,500.00	1,299.91	8,135.00	6,835.09		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 3 of 9

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification			Reserved	
<u>Public Safety</u>						
Police						
Salaries and Wages	\$ 8,906,000.00	\$ 8,903,000.00	\$ 8,342,713.72	\$ 560,286.28	\$	
Other Expenses	324,500.00	324,500.00	281,888.20	42,611.80		
M.C.I.A. Lease	35,700.00	35,700.00	35,700.00			
Office of Emergency Management						
Salaries and Wages	11,000.00	11,000.00	10,347.04	652.96		
Other Expenses	500.00	500.00	35,000.00	500.00		
First Aid Organization - Contribution	35,000.00	35,000.00				
Bureau of Fire Protection						
Salaries and Wages	31,000.00	31,100.00	29,764.98	1,335.02		
Other Expenses	5,500.00	5,500.00	516.00	4,984.00		
Uniform Fire Safety Act						
Salaries and Wages	93,000.00	93,000.00	93,000.00			
Other Expenses	1,500.00	1,400.00		1,400.00		
Municipal Prosecutor						
Other Expenses	70,900.00	70,900.00	69,360.00	1,540.00		
<u>Public Works</u>						
Road Repairs and Maintenance						
Salaries and Wages	1,018,000.00	1,018,000.00	944,364.02	73,635.98		
Other Expenses	252,000.00	252,000.00	147,294.22	104,705.78		
Snow Removal						
Salaries and Wages	150,000.00	150,000.00	96,120.74	53,879.26		
Other Expenses	225,000.00	225,000.00	128,606.62	96,393.38		
Shade Tree Commission						
Salaries and Wages	76,000.00	76,000.00	75,370.48	629.52		
Other Expenses	18,000.00	18,000.00	5,941.50	12,058.50		
Recycling						
Salaries and Wages	124,000.00	124,000.00	111,228.95	12,771.05		
Other Expenses	401,000.00	401,000.00	381,824.98	19,175.02		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 9

	Appropriated		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification			Reserved	
Public Buildings and Grounds						
Salaries and Wages	\$ 451,000.00	\$ 451,000.00	\$ 415,405.08	\$ 35,594.92	\$	
Other Expenses	148,650.00	148,650.00	114,196.19	34,453.81		
Equipment Maintenance and Repair						
Salaries and Wages	374,000.00	374,000.00	322,184.83	51,815.17		
Other Expenses	379,650.00	379,650.00	363,118.73	16,531.27		
Condominium Services Act						
Other Expenses	120,000.00	103,202.00	58,021.46	45,180.54		
<u>Health and Welfare</u>						
Board of Health						
Salaries and Wages	322,000.00	325,400.00	322,465.36	2,934.64		
Other Expenses	93,500.00	93,500.00	73,862.93	19,637.07		
Animal Control						
Other Expenses	61,745.00	61,745.00	61,745.00			
Environmental Commission						
Other Expenses	400.00	400.00		400.00		
<u>Recreation and Education</u>						
Board of Recreation Commissioners						
Salaries and Wages	559,000.00	559,000.00	545,031.15	13,968.85		
Other Expenses	148,200.00	148,200.00	147,664.59	535.41		
Senior Center						
Salaries and Wages	116,000.00	122,150.00	121,420.59	729.41		
Other Expenses	29,000.00	29,000.00	25,418.30	3,581.70		
<u>Municipal Court</u>						
Municipal Court						
Salaries and Wages	387,000.00	381,400.00	364,974.26	16,425.74		
Other Expenses	16,900.00	16,900.00	8,294.54	8,605.46		
Public Defender						
Other Expenses	10,000.00	15,500.00	15,500.00			

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 9

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Uniform Construction Code</u>						
State Uniform Construction Code Official						
Salaries and Wages	\$ 480,000.00	\$ 474,999.00	\$	450,495.65	\$ 24,503.35	\$
Other Expenses	46,000.00	46,000.00		19,414.03	26,585.97	
<u>Unclassified</u>						
Utilities:						
Electricity	300,000.00	300,000.00		219,874.75	80,125.25	
Street Lighting	400,000.00	400,000.00		251,621.09	148,378.91	
Telephone	95,000.00	95,000.00		83,447.25	11,552.75	
Natural Gas	95,000.00	95,000.00		70,910.19	24,089.81	
Water and Sewer	87,000.00	87,000.00		65,305.36	21,694.64	
Fuel Oil and Gasoline	425,000.00	425,000.00		184,477.54	240,522.46	
Total Operations within Caps	<u>25,987,520.00</u>	<u>25,978,519.00</u>		<u>23,263,820.50</u>	<u>2,714,698.50</u>	
Contingent	1.00	1.00			1.00	
Total Operations (Including Contingent) within Caps	<u>25,987,521.00</u>	<u>25,978,520.00</u>		<u>23,263,820.50</u>	<u>2,714,699.50</u>	
Detail:						
Salaries and Wages	14,912,200.00	14,917,314.00		13,866,312.08	1,051,001.92	
Other Expenses	11,075,321.00	11,061,206.00		9,397,508.42	1,663,697.58	
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>						
Contribution to:						
Public Employees Retirement System	650,345.00	650,345.00		648,700.08	1,644.92	
Social Security System (O.A.S.I.)	1,156,000.00	1,156,000.00		1,013,304.23	142,695.77	
Police and Firemen's Retirement System of NJ	1,828,544.00	1,828,544.00		1,828,544.00		
Unemployment Compensation Insurance	1,000.00	1,000.00			1,000.00	
Defined Contribution Retirement Program	4,300.00	4,300.00		3,221.99	1,078.01	
Sick Leave Trust Account	35,000.00	35,000.00		35,000.00		
Total Statutory Expenditures within Caps	<u>3,675,189.00</u>	<u>3,675,189.00</u>		<u>3,528,770.30</u>	<u>146,418.70</u>	
Total Appropriations within Caps	<u>29,662,710.00</u>	<u>29,653,709.00</u>		<u>26,792,590.80</u>	<u>2,861,118.20</u>	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 9

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
<u>OPERATIONS EXCLUDED FROM CAPS</u>						
SFSP Fire District Payment	\$ 9,252.00	\$	9,252.00	\$	\$	\$
Length of Service Awards Program (LOSAP)	25,000.00		25,000.00		25,000.00	
Local Matching Fund for Grants	500.00		500.00		500.00	
<u>Shared Service Agreements</u>						
Bureau of Fire Prevention						
Salaries and Wages	5,000.00		5,000.00	947.60	4,052.40	
Board of Health						
Salaries and Wages	104,000.00		104,000.00	102,833.23	1,166.77	
Other Expenses	41,471.00		41,471.00	35,567.22	5,903.78	
Road Repair and Maintenance						
Fuel Oil						
Other Expenses	200,000.00		200,000.00	140,578.58	59,421.42	
Equipment Maintenance						
Other Expenses	35,000.00		35,000.00	49,456.24	5,543.76	
Police Special Services						
Salaries and Wages	19,000.00		22,000.00	15,547.50	6,452.50	
Information Technology						
Salaries and Wages						
Bay Head Borough	12,700.00		12,700.00	12,672.50	27.50	
Freehold Borough	17,500.00		17,500.00	17,476.10	23.90	
Keyport Borough	20,625.00		20,625.00	20,625.00		
Manalapan Township	91,000.00		91,000.00	90,320.99	679.01	
Manasquan River Regional Sewerage Authority	6,500.00		6,500.00	6,490.87	9.13	
Dispatch Services						
County of Monmouth						
Other Expenses	377,000.00		377,000.00	376,585.21	414.79	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 7 of 9

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Operational Services						
Salaries and Wages						
Aberdeen Township	\$ 13,000.00	\$	13,000.00	\$ 12,437.41	\$ 562.59	\$
Keypoint Borough	21,000.00		21,000.00	12,988.43	8,011.57	
Freehold Regional	15,000.00		15,000.00	9,339.50	5,660.50	
Construction Code						
Salaries and Wages						
Jackson Township	63,000.00		67,601.00	65,782.66	1,818.34	
Other Expenses						
Freehold Borough	50,000.00		50,400.00	50,373.00	27.00	
Board of Health - Emergency Preparedness						
County of Monmouth						
Salaries and Wages	6,000.00		13,000.00	12,375.00	625.00	
Other Expenses	1,000.00		3,500.00	3,177.83	322.17	
VNA Health Group						
Salaries and Wages			3,740.00	2,265.00	1,475.00	
Other Expenses			561.00	52.80	508.20	
Public and Private Programs Offset by Revenues						
State Grants:						
Alliance to Prevent Alcoholism and Drug Abuse:						
State Share	41,010.00		41,010.00	41,010.00		
Local Share	10,252.50		10,252.50	10,252.50		
State Grants:						
Body Armor Fund	6,225.20		6,225.20	6,225.20		
Clean Communities Program			92,798.22	92,798.22		
Drunk Driving Enforcement Fund	5,459.37		5,459.37	5,459.37		
Recycling Tonnage Grant	100,741.89		100,741.89	100,741.89		
Safe and Secure Communities Program:						
State Share	60,000.00		60,000.00	60,000.00		
Local Share	30,000.00		30,000.00	30,000.00		
Safe Corridors			59,843.80	59,843.80		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 9

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Federal Grants:					
Bulletproof Vests	\$ 8,550.00	\$ 8,550.00	\$ 8,550.00		\$
Click It or Ticket		5,000.00	5,000.00		
Total Operations excluded from Caps	<u>1,395,786.96</u>	<u>1,595,230.98</u>	<u>1,467,025.65</u>	<u>128,205.33</u>	
Detail:					
Salaries and Wages	484,325.00	507,666.00	477,101.79	30,564.21	
Other Expenses	911,461.96	1,087,564.98	989,923.86	97,641.12	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	<u>400,000.00</u>	<u>400,000.00</u>	<u>400,000.00</u>		
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u>					
Payment of Bond Principal	3,413,000.00	3,413,000.00	3,413,000.00		
Payment of Bond Anticipation and Capital Notes	250,000.00	250,000.00	250,000.00		.20
Interest on Bonds	666,026.00	666,026.00	666,025.80		1,880.47
Interest on Notes	107,512.00	107,512.00	105,631.53		.23
Green Trust Loan Program	385,906.00	385,906.00	385,905.77		
M.C.I.A. Bond Principal	411,000.00	411,000.00	411,000.00		
M.C.I.A. Bond Interest	131,246.89	131,246.89	131,246.33		.56
M.C.I.A. Lease Principal	345,470.00	345,470.00	344,805.42		664.58
M.C.I.A. Lease Interest	81,894.00	81,894.00	81,716.58		177.42
Total Municipal Debt Service excluded from Caps	<u>5,792,054.89</u>	<u>5,792,054.89</u>	<u>5,789,331.43</u>		<u>2,723.46</u>
<u>DEFERRED CHARGES EXCLUDED FROM CAPS</u>					
Special Emergency Authorizations	<u>70,000.00</u>	<u>70,000.00</u>	<u>70,000.00</u>		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 9 of 9

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>TRANSFERRED TO BOARD OF EDUCATION</u>					
Board of Education	\$ 891,462.00	\$ 891,462.00	\$ 891,462.00	\$	\$
Total General Appropriations excluded from Caps	<u>8,549,303.85</u>	<u>8,748,747.87</u>	<u>8,617,819.08</u>	<u>128,205.33</u>	<u>2,723.46</u>
Subtotal General Appropriations	<u>38,212,013.85</u>	<u>38,402,456.87</u>	<u>35,410,409.88</u>	<u>2,989,323.53</u>	<u>2,723.46</u>
Reserve for Uncollected Taxes	<u>1,924,154.19</u>	<u>1,924,154.19</u>	<u>1,924,154.19</u>		
Total General Appropriations	<u>\$ 40,136,168.04</u>	<u>\$ 40,326,611.06</u>	<u>\$ 37,334,564.07</u>	<u>\$ 2,989,323.53</u>	<u>\$ 2,723.46</u>
<u>Ref.</u>	A-3	A-3	A-3	A	
Budget					
Added by N.J.S. 40A:4-87		\$ 40,136,168.04			
		<u>190,443.02</u>			
		<u>\$ 40,326,611.06</u>			
Disbursements			\$ 34,296,960.29		
Reserve for:					
Encumbrances			628,445.07		
Uncollected Taxes			1,924,154.19		
Special Emergency Authorization Raised			70,000.00		
Prepaid Health Premiums			(4,876.46)		
Interfund - Grant Fund			<u>419,880.98</u>		
			<u>\$ 37,334,564.07</u>		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2016 AND 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ <u>79,538.22</u>	\$ <u>85,345.40</u>
<u>Other Trust Fund</u>			
Cash	B-1	<u>12,225,296.49</u>	<u>11,638,241.38</u>
		\$ <u><u>12,304,834.71</u></u>	\$ <u><u>11,723,586.78</u></u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Prepaid Licenses	B-1,3	\$ 13,906.20	\$ 13,445.60
Reserve for Animal Control Trust Fund	B-3	48,067.20	49,491.00
Interfund - Current Fund	B-4	<u>17,564.82</u>	<u>22,408.80</u>
		<u>79,538.22</u>	<u>85,345.40</u>
<u>Other Trust Fund</u>			
Miscellaneous Reserves	B-5	11,969,177.95	11,427,317.61
Interfund - Current Fund	B-6	<u>256,118.54</u>	<u>210,923.77</u>
		<u>12,225,296.49</u>	<u>11,638,241.38</u>
		\$ <u><u>12,304,834.71</u></u>	\$ <u><u>11,723,586.78</u></u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2016 AND 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash and Cash Equivalents	C-2	\$ 8,697,955.50	\$ 7,392,843.61
Grants Receivable		469,000.00	605,745.04
Loan Receivable		322,944.81	311,890.39
Accounts Receivable			
Offset with Reserves		17,000.00	34,000.00
Deferred Charges to Future Taxation:			
Funded	C-4	23,561,031.92	27,840,259.12
Unfunded	C-5	35,425,055.70	29,588,431.70
Capital Lease	C-12	1,648,380.00	2,027,850.00
		<u>\$ 70,141,367.93</u>	<u>\$ 67,801,019.86</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$ 22,380,000.00	\$ 26,302,000.00
Green Trust Loan	C-7	1,181,031.92	1,538,259.12
Bond Anticipation Notes	C-8	10,000,000.00	5,642,000.00
Interfund - Current Fund			36,000.00
Improvement Authorizations:			
Funded	C-9	1,377,434.68	1,779,951.45
Unfunded	C-9	31,563,081.41	28,180,247.74
Capital Improvement Fund	C-10	181,133.41	129,133.41
Down Payments on Improvements	C-11	95,737.00	95,737.00
M.C.I.A. Lease Payable	C-12	1,648,380.00	2,027,850.00
Reserve for:			
Debt Service	C-2	437.81	262,525.92
Historical Preservation		15,590.20	15,590.20
Improvements		21,376.00	21,376.00
Reserve for Receivables:			
Accounts Receivables		17,000.00	34,000.00
Loans Receivable		322,944.81	311,890.39
Fund Balance	C-1	1,337,220.69	1,424,458.63
		<u>\$ 70,141,367.93</u>	<u>\$ 67,801,019.86</u>

There were bonds and notes authorized but not issued on December 31, 2016 and 2015 of \$25,425,055.70 and \$23,946,431.70, respectively, for general improvements (Schedule C-13).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF CHANGE IN FUND BALANCE

REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 1,424,458.63
Increased by:		
Receipts:		
Premiums on Sale of Notes	C-2	\$ 135,795.06
Accounts Receivable with Reserve Realized	C-2	<u>17,000.00</u>
		<u>152,795.06</u>
		1,577,253.69
Decreased by:		
Capital Fund Balance to Current Fund		<u>240,033.00</u>
Balance December 31, 2016	C	<u><u>\$ 1,337,220.69</u></u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2016 AND 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents	D-6	\$ 5,553,486.82	\$ 4,691,352.49
Investments	D-6	5,267,785.70	5,310,101.53
Cash - Change Fund		100.00	100.00
		<u>10,821,372.52</u>	<u>10,001,554.02</u>
Receivables with Full Reserves:			
Water Charges Receivable	D-9	274,063.14	256,844.26
Sewer Charges Receivable	D-10	445,226.14	354,297.55
Bankruptcy Utility Charges		2,004.58	1,142.36
		<u>721,293.86</u>	<u>612,284.17</u>
Interfund - Water-Sewer Utility Capital Fund	D-6		23,411.48
		<u>721,293.86</u>	<u>635,695.65</u>
Total Operating Fund		<u>11,542,666.38</u>	<u>10,637,249.67</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	D-6	359,398.84	339,902.21
Assessments Receivable	D-11	24,243.34	43,739.97
Total Assessment Trust Fund		<u>383,642.18</u>	<u>383,642.18</u>
Capital Fund:			
Cash and Cash Equivalents	D-6	5,271,976.69	8,132,793.59
Grants Receivable		268,000.00	268,000.00
Accounts Receivable	D-12	21,672.00	34,172.00
Fixed Capital	D-13	50,756,141.60	51,094,247.50
Fixed Capital Authorized and Uncompleted	D-14	17,472,834.91	16,941,834.91
Total Capital Fund		<u>73,790,625.20</u>	<u>76,471,048.00</u>
		<u>\$ 85,716,933.76</u>	<u>\$ 87,491,939.85</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2016 AND 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>			
Operating Fund:			
Appropriation Reserves	D-5,15	\$ 982,389.68	\$ 1,214,913.82
Reserve for Encumbrances	D-5,15	274,165.59	85,174.11
Prepaid Water-Sewer Rents	D-6,9,10	29,143.37	18,217.67
Accrued Interest on Bonds and Notes	D-16	87,025.94	78,262.47
		<u>1,372,724.58</u>	<u>1,396,568.07</u>
Reserve for Receivables		721,293.86	612,284.17
Operating Fund Balance	D-3	9,448,647.94	8,628,397.43
Total Operating Fund		<u>11,542,666.38</u>	<u>10,637,249.67</u>
Assessment Trust Fund:			
Reserve for Assessments and Liens	D-17	24,243.34	43,739.97
Fund Balance	D-2	359,398.84	339,902.21
Total Assessment Trust Fund		<u>383,642.18</u>	<u>383,642.18</u>
Capital Fund:			
Interfund - Water-Sewer Utility Operating Fund			23,411.48
Improvement Authorizations:			
Funded	D-18	2,035,577.32	4,795,937.98
Unfunded	D-18	5,378,745.51	5,378,745.51
Capital Improvement Fund	D-19	429,752.57	418,195.00
Reserve for Amortization	D-20	48,875,021.60	48,200,297.50
Deferred Reserve for Amortization	D-21	2,919,038.52	1,976,038.52
Serial Bonds	D-22	10,205,000.00	11,584,000.00
Bond Anticipation Notes	D-23	2,594,000.00	2,632,000.00
M.C.I.A. Lease Payable	D-24	51,120.00	58,950.00
Reserve for Infrastructure Contribution		81,274.29	73,306.08
Reserve for Accounts Receivable		21,672.00	34,172.00
Fund Balance	D-1	1,199,423.39	1,295,993.93
Total Capital Fund		<u>73,790,625.20</u>	<u>76,471,048.00</u>
		<u>\$ 85,716,933.76</u>	<u>\$ 87,491,939.85</u>

There were bonds and notes authorized but not issued on December 31, 2016 and 2015 of \$3,584,796.39 (Exhibit D-25).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-1

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Ref.</u>		
Balance December 31, 2015	<u>D</u>		\$ 1,295,993.93
Increased by:			
Reserve for Receivable Realized		\$ 12,500.00	
Premium on Sale of Notes	D-6	<u>35,231.46</u>	
			47,731.46
			<u>1,343,725.39</u>
Decreased by:			
Anticipated as Revenue in Utility Operating	D-6		<u>144,302.00</u>
Balance December 31, 2016	D		<u>\$ 1,199,423.39</u>

WATER-SEWER UTILITY ASSESSMENT FUND

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2016

Exhibit D-2

	<u>Ref.</u>		
Balance December 31, 2015	<u>D</u>		\$ 339,902.21
Increased by:			
Collection of Unpledged Assessments			<u>19,496.63</u>
Balance December 31, 2016	D		<u>\$ 359,398.84</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

COMPARATIVE STATEMENT OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-4	\$ 3,065,817.00	\$ 3,082,476.00
Rents:			
Water Charges	D-4	4,590,486.71	4,398,522.84
Sewer Charges	D-4	7,543,880.12	7,574,818.97
Miscellaneous:			
Water Connection Fees	D-4	100,297.07	188,081.79
Sewer Connection Fees	D-4	92,716.50	113,805.45
Interest on Deposits	D-4	37,794.40	81,314.51
Fire Hydrant Service	D-4	204,221.20	201,905.38
Miscellaneous Revenue Anticipated	D-4	96,451.14	105,867.66
Utility Capital Fund - Fund Balance	D-4	144,302.00	
Other Credits to Income:			
Prior Year Sewer Charge Reimbursement	D-6	420,874.74	254,385.13
Unexpended Balance of Appropriation Reserves	D-15	1,021,559.52	956,150.00
Total Income		<u>17,318,400.40</u>	<u>16,957,327.73</u>
<u>Budget and Other Expenditures</u>			
Budget:			
Operating		10,237,968.00	10,266,260.00
Capital Improvements		1,050,000.00	765,000.00
Debt Service		1,855,259.64	1,965,704.86
Statutory Expenditures		288,876.00	284,456.00
	D-5	<u>13,432,103.64</u>	<u>13,281,420.86</u>
Refund of Prior Year Revenue	D-6	229.25	
		<u>13,432,332.89</u>	<u>13,281,420.86</u>
Excess in Revenues		3,886,067.51	3,675,906.87
Statutory Excess to Fund Balance		3,886,067.51	3,675,906.87
Fund Balance January 1	D	8,628,397.43	8,034,966.56
		<u>12,514,464.94</u>	<u>11,710,873.43</u>
Decreased by:			
Utilization by:			
Water-Sewer Operating Budget	D-3	3,065,817.00	3,082,476.00
Fund Balance December 31	D	<u>\$ 9,448,647.94</u>	<u>\$ 8,628,397.43</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	D-3	\$ 3,065,817.00	\$ 3,065,817.00	\$
Water Rents	D-3,9	3,500,000.00	4,590,486.71	1,090,486.71
Sewer Rents	D-3,10	6,500,000.00	7,543,880.12	1,043,880.12
Miscellaneous:				
Water Connection Fees	D-3,6	25,000.00	100,297.07	75,297.07
Sewer Connection Fees	D-3,6	25,000.00	92,716.50	67,716.50
Interest on Investments	D-3,6	25,000.00	37,794.40	12,794.40
Fire Hydrant Service	D-3,9	120,000.00	204,221.20	84,221.20
Miscellaneous Other	D-3,4	30,000.00	96,451.14	66,451.14
Utility Capital Fund - Fund Balance	D-3,6	144,302.00	144,302.00	
		<u>\$ 13,435,119.00</u>	<u>\$ 15,875,966.14</u>	<u>\$ 2,440,847.14</u>

Ref. D-5

Analysis of Miscellaneous Other

Interest on Delinquent Accounts	\$ 50,981.38
Interest on Delinquent Assessments	44.43
Meter Installation	18,877.42
Reconnect and Disconnect Fees	4,665.50
NSF Check Fees	1,368.00
Miscellaneous Other	<u>20,514.41</u>
	D-4,6 \$ <u>96,451.14</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-5

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating					
Salaries and Wages	\$ 1,537,000.00	\$ 1,537,000.00	\$ 1,418,656.46	\$ 118,343.54	\$
Other Expenses	8,717,288.00	8,700,968.00	7,851,934.95	849,033.05	
Capital Improvements					
Capital Improvement Fund	800,000.00	800,000.00	800,000.00		
Capital Outlay	250,000.00	250,000.00	242,172.05	7,827.95	
Debt Service					
Payment of Bond Principal	1,379,000.00	1,379,000.00	1,379,000.00		
Payment of Bond Anticipation Notes	38,000.00	38,000.00	38,000.00		
Interest on Bonds	357,863.00	374,183.00	374,182.31		.69
Interest on Notes	56,662.00	56,662.00	53,647.33		3,014.67
M.C.I.A. - Principal	7,830.00	7,830.00	7,830.00		
M.C.I.A. - Interest	2,600.00	2,600.00	2,600.00		
Statutory Expenditures					
Contribution to:					
Public Employees' Retirement System	172,876.00	172,876.00	172,876.00		
Social Security System (O.A.S.I.)	116,000.00	116,000.00	108,814.86	7,185.14	
	<u>\$ 13,435,119.00</u>	<u>\$ 13,435,119.00</u>	<u>\$ 12,449,713.96</u>	<u>\$ 982,389.68</u>	<u>\$ 3,015.36</u>
	<u>Ref.</u>	<u>D-4</u>	<u>D-3</u>	<u>D</u>	<u>D-3</u>
Reserve for Encumbrances	D			\$ 274,165.59	
Disbursements	D-6			11,747,718.73	
Accrued Interest on Bonds and Notes	D-16			427,829.64	
				<u>\$ 12,449,713.96</u>	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit F

STATEMENTS OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 109,720,200.00	\$ 109,753,200.00
Buildings and Improvements	12,053,800.00	12,123,800.00
Equipment	4,041,070.87	4,041,004.83
Motor Vehicles and Equipment	9,818,648.80	8,732,912.05
	<u>\$ 135,633,719.67</u>	<u>\$ 134,650,916.88</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 135,633,719.67</u>	<u>\$ 134,650,916.88</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

PAYROLL FUND

Exhibit G

STATEMENTS OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash	\$ <u>140,170.19</u>	\$ <u>141,062.30</u>
<u>Liabilities</u>		
Due to Various Agencies	\$ <u>140,170.19</u>	\$ <u>141,062.30</u>

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

**TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH, NEW JERSEY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Freehold, County of Monmouth, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or fire districts which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statements No. 39 and 61, established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units during 2016.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

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

Animal Control Trust Fund - animal license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

Water-Sewer Utility Assessment Trust Fund - used to account for the financing of local utility improvements deemed to benefit the properties against which assessments are levied.

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate municipally-owned water supply and sewer collection systems from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2016 is set forth in Notes 4 & 5.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2016 is set forth in Note 11.

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

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Freehold Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

County Taxes - The Township is responsible for levying, collecting, and remitting county taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

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

Sale of Municipal Assets - cash proceeds from the sale of Township owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - Advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Cash and Cash Equivalents - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey,

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

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

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Township has developed a fixed assets accounting and reporting system based on an inspection and historic cost analysis.

Fixed assets used in governmental operations (general fixed assets) are required to be accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

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

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets - Accounting for utility fund “fixed capital” remains unchanged.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

During 2016 and 2015 the following changes occurred in the fixed assets of the Township:

	Balance	Expended from		Less:	Transfers/	Balance
	Jan. 1, 2016	Current/ Capital Funds	Utility Fund	Disposals	Cancelled	Dec. 31, 2016
General Fixed Assets Account Group:						
Land	\$ 109,753,200	\$	\$	\$ 33,000	\$	\$ 109,720,200
Buildings and Improvements	12,123,800			70,000		12,053,800
Equipment	4,041,005	49,367		49,301		4,041,071
Motor Vehicles and Equipment	8,732,912	2,426,184		1,340,447		9,818,649
	<u>134,650,917</u>	<u>2,475,551</u>		<u>1,492,748</u>		<u>135,633,720</u>
Water-Sewer Utility Capital Fund:						
Fixed Capital	51,094,248			595,548	257,442	50,756,142
Fixed Capital Authorized and Uncompleted	16,941,835		1,000,000	211,558	(257,442)	17,472,835
	<u>68,036,083</u>		<u>1,000,000</u>	<u>807,106</u>		<u>68,228,977</u>
	\$ <u>202,687,000</u>	\$ <u>2,475,551</u>	\$ <u>1,000,000</u>	\$ <u>2,299,854</u>	\$	\$ <u>203,862,697</u>

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Township presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division in accordance with applicable statutes.

F. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Township implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Township is required to measure certain investments at fair value for financial reporting purposes. In addition, the Township is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this Statement did not impact the Township's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Implementation of this Statement did not impact the Township's financial statements.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles (continued)

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Impact of Recently Issued Accounting Principles (continued)

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement ended December 31, 2017. Management has not yet determined the potential impact on the Township’s financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting requirements for certain asset retirement obligations and establishes the timing and pattern of recognition of a liability and corresponding deferred outflow of resources. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township’s financial statements.

Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will be effective for the year ended December 31, 2019. Management does not expect this Statement to impact the Township’s financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township’s financial statements.

G. Subsequent Events

The Township has evaluated subsequent events through June 16, 2017, the date the financial statements were available to be issued.

NOTE 2. CASH AND CASH EQUIVALENTS

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.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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.

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.

At year-end the carrying amount of the Township's deposits was \$53,372,824 and the bank balance amount was \$53,295,574. Of this amount \$500,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$50,055,332. An amount of \$2,740,242 was on deposit in the name of various developers for escrow and is insured by federal depository insurance or uninsured depending on the deposits of the individual developer in the depository.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- (8) Agreements for the repurchase of fully collateralized securities, if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

At year-end, the carrying value of the Township's investments and the investment balance was \$21,300,357.

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 which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

U.S. Government Bonds

The Township has unrealized losses on investments in U.S. Government Bonds, \$141,938 and \$37,352 for the Current Fund and Water-Sewer Utility Fund, respectively, which have been caused by interest rate fluctuations. Because the Township does not intend to sell the investments before the maturity date and the principal of these instruments are guaranteed, the Township does not consider those investments to be other-than-temporarily impaired at December 31, 2016.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

<u>Description of Securities</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Unrealized Loss</u>
Government Bonds:			
Current Fund	\$ 16,032,571	\$ 15,890,633	\$ 141,938
Water-Sewer Utility Fund	5,267,786	5,230,434	37,352

Guidelines established by GASB Statement No. 72 recognize a three-tiered fair value hierarchy for investments, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2016, the Township had the following recurring fair value measurements:

	<u>Dec. 31, 2016</u>	<u>Fair Value Measurements Using</u>		
		<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Debt Securities				
U.S. Treasuries	\$ 21,300,357	\$ 21,300,357	\$ -	\$ -
Total	<u>\$ 21,300,357</u>	<u>\$ 21,300,357</u>	<u>\$ -</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality 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 governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial 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 governing body 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.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

Insured:	
FDIC	\$ 500,000
GUDPA	50,055,332
Uninsured	21,300,357
Escrow Deposits	<u>2,740,242</u>
	\$ <u>74,595,931</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

E. Interest Rate Risk

New Jersey municipal units are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America; government money market mutual funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress; bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units; local government investment pools; deposits with the State of New Jersey Cash Management Fund; and agreements for the purchase of fully collateralized securities with certain provisions. The County has no investment policy that would further limit its investment choices.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with New Jersey statutes.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

E. Interest Rate Risk (Continued)

As of December 31, 2016, the Township's investments had the following maturities:

	<u>Cost Value</u>	<u>Investment Maturities (In Years)</u>			<u>Over 10 Years</u>
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	
Debt Securities					
U.S. Treasuries	\$ 21,300,357	\$ -	\$ 21,300,357	\$ -	\$ -
Total	\$ 21,300,357	\$ -	\$ 21,300,357		\$ -

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major funds, in the aggregate, are as follows:

	<u>Current Fund</u>	<u>State & Federal Grant Fund</u>	<u>General Capital Fund</u>	<u>Utility Operating Fund</u>	<u>Total</u>
State	\$ -	\$ 99,865.72	\$ 469,000.00	\$ 268,000.00	\$ 836,865.72
Taxes & User Fees	1,637,748.56	-	-	719,289.28	2,357,037.84
Other	749,354.23	5,469.35	339,944.81	47,919.92	1,142,688.31
Total	\$ 2,387,102.79	\$ 105,335.07	\$ 808,944.81	\$ 1,035,209.20	\$ 4,336,591.87

NOTE 4. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016 the following deferred charge is reflected on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>2017 Budget</u> <u>Appropriation</u>
Special Emergency Authorizations:		
N.J.S. 40A:4-55	\$ 35,000	\$ 35,000

NOTE 6. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2016:

	<u>Interfund</u> <u>Receivable</u>	<u>Interfund</u> <u>Payable</u>
Current Fund	\$ 273,683	\$ 272,853
Grant Fund	272,853	
Animal Control Trust Fund		17,565
Other Trust Fund	_____	<u>256,118</u>
	\$ <u>546,536</u>	\$ <u>546,536</u>

The purpose of these interfunds is short-term borrowing.

Significant transfers between funds during the year ended December 31, 2016 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Current Fund	\$ 31,741,699.66	\$ -
Grant Fund	-	379,523.71
Animal Control Fund	-	22,408.80
General Capital Fund	-	14,369,334.65
Water/Sewer Utility Operating Fund	-	10,608,874.95
Water/Sewer Utility Capital Fund	-	6,361,557.55
	<u>\$ 31,741,699.66</u>	<u>\$ 31,741,699.66</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 7. SCHOOL TAXES

Local and Regional District School taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	Balance December 31			
	Local District School Taxes		Regional District School Taxes	
	2016	2015	2016	2015
Balance of Tax	\$ 33,424,675	\$ 31,399,353	\$ 14,055,434	\$ 12,925,221
Deferred	25,566,589	25,566,589		
Tax Payable	\$ 7,858,086	\$ 5,832,764	\$ 14,055,434	\$ 12,925,221

NOTE 8. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 8. DEBT (CONTINUED)

A. Long-Term Debt

The Township's long-term debt is summarized as follows:

General Capital Fund

4.125% to 4.25% General Improvement Bonds Issued July 26, 2007, installment maturities to July 1, 2017	\$ 550,000
4.125% to 4.25% Open Space Bonds Issued July 26, 2007, installment maturities to July 1, 2017	290,000
3.00% to 5.25% General Improvement Bonds Issued June 1, 2008, installment maturities to December 1, 2018 refunded in 2016	830,000
3.00% to 5.00% Open Space Refunding Bonds Issued December 16, 2009, installment maturities to September 16, 2021	205,000
1.50% to 3.00% General Obligation Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2018	1,990,000
1.50% to 3.50% Open Space Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2014	490,000
2.00% to 3.25% General Obligation Bonds Issued December 1, 2014, installment maturities to December 1, 2026	4,500,000
1.00% to 4.00% General Obligation Refunding Bonds Issued September 10, 2015, installment maturities to July 15, 2021	1,950,000
1.00% to 4.00% Open Space Refunding Bonds Issued September 10, 2015, installment maturities to July 15, 2022	1,555,000
2.00% to 4.00% General Obligation Bonds Issued December 1, 2015, installment maturities to November 1, 2027	7,695,000
4.00% to 5.00% General Obligation Refunding Bonds Issued March 24, 2016, installment maturities to December 1, 2023	<u>2,325,000</u>
	\$ <u>22,380,000</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 8. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water-Sewer Utility Capital Fund

4.125% to 4.25% Utility Bonds Issued July 26, 2007, Installment maturities to July 15, 2017	\$ 200,000
3.00% to 5.00% Utility Refunding Bonds Issued December 16, 2009, installment maturities to September 15, 2021	2,285,000
1.50% to 3.50% Utility Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2024	1,335,000
1.00% to 4.00% Utility Refunding Bonds Issued September 10, 2015, installment maturities to July 15, 2022	1,290,000
2.00% to 4.00% Utility Bonds Issued December 11, 2015, installment maturities to November 1, 2027	<u>5,095,000</u>
	<u>\$ 10,205,000</u>

The General Capital Fund Bonds and Water-Sewer Utility Capital Fund mature serially in installments to the year 2027. Aggregate debt service requirements are as follows:

General Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,387,000	\$ 748,356
2018	3,353,000	624,976
2019	2,410,000	507,619
2020	2,450,000	415,619
2021	2,495,000	318,519
2022-26	7,500,000	652,644
2027	<u>785,000</u>	<u>35,381</u>
Total	<u>\$ 22,380,000</u>	<u>\$ 3,303,114</u>

Water-Sewer Utility Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,420,000	\$ 343,175
2018	1,485,000	281,025
2019	1,200,000	219,325
2020	1,215,000	169,575
2021	1,220,000	126,075
2022-26	3,145,000	259,588
2027	<u>520,000</u>	<u>12,350</u>
Total	<u>\$ 10,205,000</u>	<u>\$ 1,411,113</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 8. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Green Trust Loan Program

The Township has six low interest loans (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. A \$965,000 loan for open space acquisition was finalized in November 1997. A \$500,000 loan for park development was finalized in October 1998. A \$2,250,000 loan for open space acquisition was finalized in November 2000. Additional loans of \$400,000, \$600,000 and \$300,000 for Opatut Park were finalized in October 2005, September 2007, and February 2008, respectively. The Township must repay each loan in semi-annual installments over twenty years. The balance December 31, 2016 was \$1,181,032. Loan payments are due through 2027.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 271,896	\$ 21,823
2018	261,183	16,655
2019	145,358	11,864
2020	72,800	9,690
2021	74,264	8,226
2022-26	337,152	18,507
2027	<u>18,379</u>	<u>276</u>
Total	\$ <u>1,181,032</u>	\$ <u>87,041</u>

B. Short-Term Debt

On December 31, 2016, the Township's outstanding Bond Anticipation Notes were as follows:

<u>Ordinance Number</u>	<u>General Capital Fund</u>	<u>Amount</u>	<u>Rate</u>
06-21	Various Improvements	\$ 101,100	2.25%
06-21	Various Improvements	131,000	2.25%
06-21	Various Improvements	14,900	2.25%
07-14, 08-29	Various Improvements	641,500	2.25%
09-16	Various Improvements	18,200	2.25%
09-16	Various Improvements	218,000	2.25%
10-21	Various Improvements	207,000	2.25%
11-20	Various Improvements	269,400	2.25%
12-19	Various Improvements	46,400	2.25%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 8. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

12-19	Various Improvements	1,303,400	2.25%
14-05	Various Improvements	400,000	2.25%
14-05	Various Improvements	249,100	2.25%

<u>Ordinance Number</u>	<u>General Capital Fund</u>	<u>Amount</u>	<u>Rate</u>
15-10	Various Improvements	\$ 2,000,000	2.25%
15-10	Various Improvements	1,000,000	2.25%
16-12	Various Improvements	<u>3,400,000</u>	2.25%
		\$ <u>10,000,000</u>	

<u>Ordinance Number</u>	<u>Water-Sewer Utility Capital Fund</u>	<u>Amount</u>	<u>Rate</u>
02-14, 04-31	Improvements to the Water System	\$ 434,400	2.25%
05-20	Various Improvements to the Water-Sewer System	6,000	2.25%
10-22	Various Improvements to the Water-Sewer System	197,600	2.25%
11-21	Various Improvements to the Water-Sewer System	194,800	2.25%
12-13	Various Improvements to the Water-Sewer System	267,200	2.25%
15-11	Various Improvements to the Water-Sewer System	<u>1,494,000</u>	2.25%
		\$ <u>2,594,000</u>	

C. Bonds and Notes Authorized but not Issued

At December 31 the Township had authorized but not issued bonds and notes as follows:

	<u>2016</u>
General Capital Fund	\$ 25,425,056
Water-Sewer Utility Capital Fund	3,584,796

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 8. DEBT (CONTINUED)

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2016 and 2015 was .862% and .856%, respectively. The Township's remaining borrowing power at December 31, 2016 and 2015 was 2.638% and 2.644%, respectively.

The summary of municipal debt for the last three years and the calculation of statutory net debt are presented in the statistical section of this report.

E. Debt Guarantee

The Township, by ordinance, has guaranteed payment of principal and interest on 2013 and 2015 capital equipment leases by the Freehold Township School District. The outstanding balance of the lease at December 31, 2016 and 2015 was \$582,000 and \$866,000, respectively.

F. Summary of Debt Activity

During 2016 the following changes occurred in the issued and outstanding debt of the Township:

	<u>Balance</u> <u>Jan. 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Due within</u> <u>One Year</u>
General Capital Fund:					
Serial Bonds	\$ 26,302,000	\$ 2,345,000	\$ 6,267,000	\$ 22,380,000	\$ 3,387,000
Bond Anticipation Notes	5,642,000	4,871,000	513,000	10,000,000	10,000,000
Green Trust Loans	1,538,259		357,227	1,181,032	271,896
Water-Sewer Utility Capital Fund:					
Serial Bonds	11,584,000		1,379,000	10,205,000	1,420,000
Bond Anticipation Notes	2,632,000		38,000	2,594,000	2,594,000
	<u>\$ 47,698,259</u>	<u>\$ 7,216,000</u>	<u>\$ 8,554,227</u>	<u>\$ 46,360,032</u>	<u>\$ 17,672,896</u>

NOTE 9. TAXES AND SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>2016</u>
Prepaid Taxes	\$ 904,316
Prepaid Water-Sewer Utility Charges	29,143

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 10. CAPITAL LEASE

The Township in 2005, 2007 and 2014 authorized capital leases with the Monmouth County Improvement Authority. The amounts authorized for the equipment acquisition were \$769,900, \$866,200 and \$844,200 in the General Capital Fund. The Water-Sewer Utility Capital authorized \$73,800 in the 2013 lease. As described in Note 1, the obligations under the capital lease based upon the regulatory basis of accounting is as follows:

<u>Year</u>	<u>General Capital Fund</u>		<u>Water-Sewer Utility Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 345,310	\$ 74,860	\$ 8,190	\$ 2,210
2018	270,270	59,335	8,730	1,800
2019	253,700	46,400	6,300	1,360
2020	266,430	34,580	6,570	1,110
2021	145,160	21,920	6,840	850
2022-25	<u>367,510</u>	<u>35,500</u>	<u>14,490</u>	<u>860</u>
Total	\$ <u>1,648,380</u>	\$ <u>272,595</u>	\$ <u>51,120</u>	\$ <u>8,190</u>

NOTE 11. ACCRUED SICK PAY BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits certain employees within limits to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation would approximate \$908,091 and \$1,024,812 at December 31, 2016 and 2015. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 12. FUND BALANCES

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the introduced budget for the year ending December 31 of the succeeding year is as follows:

	<u>2016</u>
Current Fund	\$ 5,835,000
Water-Sewer Utility Fund	3,149,024

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 13. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Local and Regional School Districts and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 14. PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of 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 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.

The following represents the membership tiers for PERS:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (Continued)

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, 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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (continued)

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.

Components of Net Pension Liability - At December 31, 2016, the Township reported a liability of \$29,754,561.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .10046%, which was an increase of .00471% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	8,713,622.00	2,940,990.00
Deferred Inflows of Resources	321,595.00	760,675.00
Net Pension Liability	29,754,561.00	21,494,682.00
Township's Portion of the Plan's Total		
Net Pension Liability	0.10046%	0.09575%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 553,345.00	\$ -
Changes of Assumptions	6,163,556.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,134,568.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>862,153.00</u>	<u>321,595.00</u>
	<u>\$ 8,713,622.00</u>	<u>\$ 321,595.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

Year Ending	
<u>Dec 31,</u>	<u>PERS</u>
2017	\$ 1,859,632.00
2018	1,859,637.00
2019	2,124,623.00
2020	1,833,686.00
2021	<u>714,449.00</u>
	<u>\$ 8,392,027.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (continued)

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

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (continued)

	<u>PERS</u>
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 Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (continued)

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

<u>Asset Class</u>	<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%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

A. Public Employees' Retirement System (PERS) (continued)

discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
--	---------------------	--------------------------	---------------------

Township's proportionate share of the			
Net Pension Liability and the State's			
Proportionate Share of the Net Pension			
Liability associated with the Township	\$ 36,460,742.00	\$ 29,754,561.00	\$ 24,218,028.00

B. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (continued)

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

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS 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.

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially 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 PFRS 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. Township contributions to PFRS amounted to \$1,835,581.00 for 2016.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (continued)

Net Pension Liability and Pension Expense - At December 31, 2016, the Township's proportionate share of the PFRS net pension liability is valued to be \$43,005,699.00. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .22513%, which was an increase of .00018% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	9,124,044.00	7,093,841.00
Deferred Inflows of Resources	354,419.00	1,068,363.00
Net Pension Liability	43,005,699.00	37,469,567.00
Township's Portion of the Plan's Total		
Net Pension Liability	0.22513%	0.22495%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2016, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 281,909.00
Changes of Assumptions	5,956,643.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,013,323.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>154,078.00</u>	<u>72,510.00</u>
	<u>\$ 9,124,044.00</u>	<u>\$ 354,419.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

	Year Ending	
	<u>Dec 31,</u>	<u>PFRS</u>
	2017	\$ 2,104,278.00
	2018	2,104,276.00
	2019	2,828,907.00
	2020	1,658,622.00
	2021	<u>73,542.00</u>
		<u>\$ 8,769,625.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (continued)

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

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (continued)

to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$3,611,412.00 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016 was .22513%, which was an increase of .00018% from its proportion measured as of June 30, 2015, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 43,005,699.00
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>3,611,412.00</u>
Total Net Pension Liability	<u><u>\$ 46,617,111.00</u></u>

For the year ended December 31, 2016, the Township's total allocated pension expense was \$4,627,567.00.

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PFRS</u>
Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2010 - June 30, 2013

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (continued)

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

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, 2010 to June 30, 2013.

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (continued)

<u>Asset Class</u>	<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 US 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 US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 14. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen's Retirement System (PFRS) (continued)

	Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
Township's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 60,109,346.00	\$ 46,617,111.00	\$ 35,615,004.00

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

NOTE 15. OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 14, the Township provides postretirement health care benefits to full-time employees who retire from the Township with twenty years of service or police who retire on disability. Currently, seventy retirees meet those requirements. Expenditures for postretirement health care benefits are recognized when the insurance premiums are charged to the budget. During 2016 and 2015, expenditures, net of contributions, of \$2,166,549 and \$1,948,022, respectively, were recognized for postretirement health care.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 16. OTHER POST-RETIREMENT BENEFITS - GASB 45

The Township provides post-employment medical, prescription drug, dental and vision benefits to eligible retired employees and their spouses. The Township pays 100% of the insurance cost for the retiree.

The Township's annual Other Post-Employment Benefit ("OPEB") cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan's funding requirements is the "Unit Credit" method. Under this method, an actuarial accrued liability is determined as the present value of the earned benefits, which is allocated to service before the current plan year. The Plan is currently unfunded. The unfunded actuarial liability is amortized over thirty years. The following table shows the changes in the Township's annual OPEB cost for the year ending December 31, 2016, the amount actually contributed to the Plan and changes in their net OPEB obligation to the plan:

Annual Required Contribution ("ARC")	\$ 12,181,852
Interest on the net OPEB Obligation	2,075,343
Adjustments to ARC	<u>(2,831,300)</u>
Annual OPEB Cost	11,425,895
Payments Made	<u>(2,698,459)</u>
	8,727,436
Increase in Net OPEB Obligation	
Net OPEB Obligation - Beginning of Year	<u>46,118,728</u>
 Net OPEB Obligation - End of Year	 \$ <u>54,846,164</u>

The Township's annual OPEB cost, the percentage of annual OPEB contributed to the Plan, and the net OPEB for the year ending December 31, 2016 is as follows (in thousands):

(In Thousands)

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Percentage Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2016	\$ 11,426	23.62%	\$ 54,246

<u>Year Ended</u>	<u>Valuation Date</u>	<u>Actuarial Value of Assets {a}</u>	<u>Actuarial Accrued Liability (AAL) {b}</u>	<u>Unfunded Actuarial Liability (UAAL) {c}={b}-{a}</u>	<u>Funded Ratio {a}/{c}</u>	<u>Covered Payroll {d}</u>	<u>Ratio of UAAL to Covered Payroll {c}/{d}</u>
12/31/2016	12/31/2016	\$ -0-	\$ 138,874	\$ 138,874	0%	\$ 13,948	995.65%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 16. OTHER POST-RETIREMENT BENEFITS - GASB 45 (CONTINUED)

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumptions, and the combined impact of all assumptions.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. A discount rate of 4.5% was assumed for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded; annual claims were assumed to increase starting at 8% and grading down to 5%, with different starting points and different periods over which 5% is reached for different benefits.

The unfunded Actuarial Accrued Liability (AAL) is amortized at a level dollar amount using an open period of 30 years.

NOTE 17. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2016, the Township estimates that no material liabilities will result from such audits.

Tax Appeals

The Township has reserved \$151,961 in anticipation of successful tax appeals currently pending before the State courts.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 17. CONTINGENT LIABILITIES (CONTINUED)

Major Tax Assessments

Taxpayers in 2016 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Value</u>	<u>Value</u>
Freemall Associates	\$ 343,655,200	5.70%
Avalon Bay Communities	66,726,700	1.11%

Pending Litigation

There are actions which have been instituted against the Township 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 Township.

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

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

NOTE 18. GROUND LEASE

The Township authorized a ground lease for a parcel of land utilized for the construction of affordable senior housing. The loan amount is \$299,000 bearing an interest rate of one percent (1%) per annum. There are stipulations in the lease agreements for the repayment of the ground lease to the Township. The balance receivable at December 31, 2016 and 2015 is \$322,944.81.

NOTE 19. UNEMPLOYMENT COMPENSATION INSURANCE

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.) The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. A portion of funds collected from employees are transmitted to the State. The Reserve for Unemployment Trust at December 31, 2016 and 2015 is \$121,935 and \$130,194, respectively.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2016

NOTE 20. SALE OF MUNICIPAL ASSETS

As noted in Note 1, the Township has reserved proceeds of municipal assets for use as an anticipated revenue in future budgets. The balance at December 31, 2016 and 2015 is \$1,011,111.

TOWNSHIP OF FREEHOLD
COUNTY OF MONMOUTH
PART II
SUPPLEMENTARY DATA
SUPPLEMENTARY SCHEDULES
YEAR ENDED DECEMBER 31, 2016

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ <u>2.286</u>	\$ <u>2.258</u>	\$ <u>2.349</u>
Apportionment of Tax Rate			
Net County Levy	.286	.284	.295
County Library Tax	.020	.019	.019
County Open Space Tax	.016	.016	.016
Municipal Open Space Tax	.030	.030	.030
District School Tax	1.105	1.113	1.151
Regional School District	.482	.452	.480
Local Municipal Purpose Tax	.347	.344	.358
Fire Districts			
Number 1	.033	.033	.040
Number 2	.042	.042	.044
Assessed Valuation			
2016	\$ 6,027,600,600		
2015		\$ 5,893,958,100	
2014			\$ 5,482,575,400

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2016	\$ 140,813,815	\$ 139,490,588	99.06%
2015	135,634,660	134,155,415	98.91%
2014	131,597,302	130,281,757	99.00%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ 337,603	\$ 1,300,145	\$ 1,637,748	1.16%
2015	313,983	1,452,139	1,766,122	1.30%
2014	301,020	1,259,024	1,560,044	1.19%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties in the year of acquisition, is summarized as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 584,150
2015	584,150
2014	584,150

COMPARISON OF WATER-SEWER UTILITY RENTS

<u>Year</u>	<u>Rents</u>	<u>Prior Year Delinquents</u>	<u>Cash Collections</u>
2016	\$ 12,447,598	\$ 611,142	\$ 12,338,522
2015	12,311,283	475,106	12,175,247
2014	11,541,211	481,121	11,546,157

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2016	\$ 8,282,107	\$ 5,835,000
2015	7,053,814	5,076,000
2014	7,352,570	5,572,626
2013	6,773,072	5,335,407
2012	5,698,135	4,431,915
<u>Water Utility Operating Fund</u>		
2016	\$ 9,448,648	\$ 3,149,024
2015	8,628,397	3,065,817
2014	8,034,967	3,082,476
2013	6,392,545	3,445,476
2012	4,752,475	2,174,938

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued</u>			
General:			
Bonds, Notes, and Loans	\$ 33,561,032	\$ 33,482,259	\$ 34,765,405
Board of Education Lease Guarantee	582,000	866,000	516,000
Water-Sewer Utility:			
Bonds and Notes	<u>12,799,000</u>	<u>14,216,000</u>	<u>13,925,000</u>
Net Debt Issued	<u>46,942,032</u>	<u>48,564,259</u>	<u>49,206,405</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	25,425,056	23,946,432	18,180,824
Water-Sewer Utility:			
Bonds and Notes	<u>3,584,796</u>	<u>3,584,796</u>	<u>3,630,096</u>
Total Authorized but not Issued	<u>29,009,852</u>	<u>27,531,228</u>	<u>21,810,920</u>
Net Bonds and Notes Issued and Authorized but not Issued			
	\$ <u>75,951,884</u>	\$ <u>76,095,487</u>	\$ <u>71,017,325</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of .862%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 39,070,000	\$ 39,070,000	\$
Regional School District Debt	3,967,512	3,967,512	
Water-Sewer Utility Debt	16,383,796	16,383,796	
General Debt	<u>59,568,088</u>	<u>4,572,012</u>	<u>54,996,076</u>
	\$ <u>118,989,396</u>	\$ <u>63,993,320</u>	\$ <u>54,996,076</u>

Net Debt \$54,996,076 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$6,380,292,511 = .862%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 223,310,238
Net Debt	<u>54,996,076</u>
Remaining Borrowing Power	\$ <u>168,314,162</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER N.J.S.

40A:2-45

Cash Receipts from Fees, Rents or Other		
Charges for Year		\$ 15,731,664
Deductions:		
Operating and Maintenance Cost	\$ 10,526,844	
Debt Service per Water Account	<u>1,855,260</u>	
Total Deductions		<u>12,382,104</u>
Excess in Revenue		\$ <u>3,349,560</u>

The foregoing debt information is in agreement with a revised Annual Debt Statement as filed by the Chief Financial Officer.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2016:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Barbara J. McMorrow	Mayor	
Thomas L. Cook	Deputy Mayor	
Anthony J. Ammiano	Committeeman	
Lester A. Preston, Jr.	Committeeman	
David M. Salkin	Committeeman	
Teresa Warner	Clerk	
Theresa Patino	Deputy Clerk	
Peter R. Valesi	Administrator	
Robert F. Munoz, Esq.	Attorney	
Catherine M. Campbell	Chief Financial Officer, Treasurer	\$ (1)
Elizabeth M. Kiernan	Tax and Utility Collector	(1)
Nicole Sonnenblick	Magistrate	(1)
Denise Yuhas	Court Administrator	(1)

- (1) There was a "Public Employees' Blanket Bond" in the amount of \$1,000,000 carried by the Garden State Municipal Joint Insurance Fund as well as individual bonds of varying amounts carried by the Travelers Casualty and Surety Company.

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CURRENT FUND

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH AND INVESTMENTS

Balance December 31, 2015:			
Cash and Cash Equivalents	\$	17,549,087.00	
Investments		<u>15,151,836.03</u>	
			\$ 32,700,923.03
Increased by Receipts:			
Taxes Receivable		139,844,368.67	
Revenue Accounts Receivable		13,708,616.06	
State of New Jersey (Ch. 20, P.L. 1971)		226,007.54	
Prepaid Taxes		904,315.90	
Tax Overpayments		191,117.71	
Interest and Costs on Taxes		331,562.12	
Prepaid Fees and Permits		26,487.00	
Interfunds:			
Other Funds		58,627.06	
Grant Fund		378,698.18	
Due to State for Fees Collected		98,890.00	
Reserve for Prepaid Health Benefits		11,445.82	
Due to Freehold Shopping Center		4,599.00	
Police Special Duty Service		614,533.95	
Miscellaneous Revenue not Anticipated		867,720.26	
Change Fund		25.00	
Petty Cash		<u>1,050.00</u>	
			<u>157,268,064.27</u>
			189,968,987.30
Decreased by Disbursements:			
Budget Appropriations		34,296,960.29	
Appropriation Reserves		1,036,346.46	
Accounts Payable		2,458.61	
Tax Overpayments Refunded		242,555.08	
Due to State for Fees Collected		96,930.00	
Special District Tax		2,206,715.00	
Municipal Open Space Tax		1,808,280.18	
County Taxes		19,479,340.38	
Local School District Taxes		64,595,567.08	
Regional School District Taxes		27,894,402.00	
Interfunds:			
Other Funds		45,413.03	
Grant Fund		510,876.04	
Refund of Prior Year Revenue		12.00	
Police Special Duty Service		457,662.75	
Due to Freehold Shopping Center		3,514.00	
Petty Cash		<u>1,050.00</u>	
			<u>152,678,082.90</u>
Balance December 31, 2016:			
Cash and Cash Equivalents	\$	21,258,333.63	
Investments		<u>16,032,570.77</u>	
			\$ <u>37,290,904.40</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2016 Levy	Collected		Due from	Transferred	Cancelled	Balance
	Dec. 31, 2015		2015	2016	New Jersey	to Tax Title Liens		Dec. 31, 2016
2011	\$ 72.78	\$	\$	\$	\$	\$	\$	\$ 72.78
2012	596.09			596.09				7,628.62
2013	8,671.25			1,042.63				10,373.58
2014	10,598.74			(24.84)	250.00			
2015	1,432,199.66			1,430,946.44	(6,000.00)	6,885.75	367.47	18,074.98
	1,452,138.52	140,845,455.50	848,271.87	1,432,560.32	(5,750.00)	6,885.75	367.47	1,282,070.29
2016				138,411,808.35	230,507.54	14,539.72	58,257.73	
	\$ 1,452,138.52	\$ 140,845,455.50	\$ 848,271.87	\$ 139,844,368.67	\$ 224,757.54	\$ 21,425.47	\$ 58,625.20	\$ 1,300,145.27
Levy		\$ 140,813,814.56						
Delinquent Penalty		31,640.94						
		\$ 140,845,455.50						

Overpayments Applied	\$ 105,842.83
Prepaid Taxes	742,429.04
	<u>\$ 848,271.87</u>

Analysis of 2016 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 137,790,949.21
Special District Taxes	2,231,796.10
Added and Omitted Taxes	<u>791,069.25</u>
	\$ 140,813,814.56

Tax Levy:

Regional School Tax (Abstract)	\$ 29,024,615.00
Local School District Tax (Abstract)	66,620,889.00
County Tax (Abstract)	\$ 17,257,066.40
County Library Tax (Abstract)	1,185,081.19
County Open Space Tax (Abstract)	991,483.98
Due County for Added and Omitted Taxes	<u>109,680.99</u>
Total County Taxes	
Special District Taxes	19,543,312.56
Local Open Space Tax	2,206,715.00
Local Tax for Municipal Purposes	1,808,280.18
Add: Additional Tax Levied	<u>21,610,002.82</u>
	\$ 140,813,814.56

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2015		\$ 313,983.24
Increased by:		
Transfers from Taxes Receivable	\$ 21,425.47	
Interest and Costs on Sale	2,163.58	
NSF Charges	31.00	
	<u> </u>	<u>23,620.05</u>
Balance December 31, 2016		<u>\$ 337,603.29</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Sheet 1 of 2

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Accrued in</u> <u>2016</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Licenses	\$			\$
Alcoholic Beverages	\$ 45,438.00	45,438.00	45,438.00	\$
Other	34,670.00	34,670.00	34,670.00	
Fees and Permits	281,295.99	281,295.99	281,295.99	
Uniform Construction Code Fees	1,585,543.99	1,585,543.99	1,585,543.99	
Municipal Court				
Fines and Costs	111,877.08	903,975.64	939,331.67	76,521.05
State Aid				
Energy Receipts Tax	7,418,109.00	7,418,109.00	7,418,109.00	
Garden State Trust	18,206.00	18,206.00	18,206.00	
Other				
Cable Television Franchise Fees	358,773.00	358,773.00	358,773.00	
Fund Balance - General Capital Fund	240,033.00	240,033.00	240,033.00	
Hotel/Motel Tax	147,106.77	147,106.77	147,106.77	
Interest on Investments and Deposits	110,465.34	110,465.34	110,465.34	
Shared Services Agreements:				
Automotive Services	57,327.29	57,327.29	57,327.29	
Board of Health	149,220.40	149,220.40	149,220.40	
Bureau of Fire Prevention	1,116.68	1,116.68	1,116.68	
Construction Code Official	68,732.50	68,732.50	68,732.50	
Diesel Fuel	150,665.37	150,665.37	150,665.37	
Information Technology - Bay Head	14,400.00	14,400.00	14,400.00	
Information Technology - Freehold Borough	16,540.00	16,540.00	16,540.00	
Information Technology - Keyport	16,875.00	16,875.00	16,875.00	
Information Technology - Manalapan	102,492.20	102,492.20	102,492.20	
Information Technology - MRRSA	8,760.00	8,760.00	8,760.00	
Operational Services - Aberdeen	20,833.30	20,833.30	20,833.30	
Operational Services - Keyport	26,884.00	26,884.00	26,884.00	
Operational Services - Freehold Regional	21,643.36	21,643.36	21,643.36	
Police Services	17,988.22	17,988.22	17,988.22	
Public Health Emergency - Monmouth County	12,750.00	12,750.00	12,750.00	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Sheet 2 of 2

	<u>Balance Dec. 31, 2015</u>	<u>Accrued in 2016</u>	<u>Collected</u>	<u>Balance Dec. 31, 2016</u>
Other (Continued)				
Open Space - Debt Service	\$	\$ 1,380,000.00	\$ 1,380,000.00	\$
Payments in Lieu of Taxes		103,236.98	103,236.98	
Reserve for Detention Basin		100,000.00	100,000.00	
Reserve for Municipal Alliance		10,252.50	10,252.50	
Uniform Fire Safety Act		86,866.37	86,866.37	
Verizon Franchise Fees		<u>188,609.13</u>	<u>188,609.13</u>	
	\$ <u>111,877.08</u>	\$ <u>13,700,826.03</u>	\$ <u>13,734,166.06</u>	\$ <u>76,521.05</u>
Receipts			\$ 13,708,616.06	
Prepaid Applied			<u>25,550.00</u>	
			\$ <u>13,734,166.06</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 6

APPROPRIATIONS WITHIN CAPS

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Administrative and Executive					
Salaries and Wages	\$ 390.37		\$ 390.37		\$ 390.37
Other Expenses	7,202.02	242.06	7,444.08	276.06	7,168.02
Public Information Office					
Salaries and Wages	197.53		197.53		197.53
Other Expenses	6,626.12		6,626.12		6,626.12
Purchasing Department					
Salaries and Wages	360.61		360.61		360.61
Other Expenses	6,032.83	3,049.00	9,081.83	3,178.00	5,903.83
Human Resources					
Salaries and Wages	52,298.04		52,298.04		52,298.04
Other Expenses	7,102.00	850.00	7,952.00	997.00	6,955.00
Mayor and Township Committee					
Salaries and Wages	1,463.37		1,463.37		1,463.37
Other Expenses	14,644.53	924.50	15,569.03	914.50	14,654.53
Municipal Clerk					
Salaries and Wages	2,779.49		2,779.49		2,779.49
Other Expenses	30,425.35	2,722.35	33,147.70	9,897.26	23,250.44
Elections					
Salaries and Wages	674.32		674.32		674.32
Other Expenses	8,565.73		8,565.73	2,800.00	5,765.73
Financial Administration					
Salaries and Wages	9,082.42		9,082.42		9,082.42
Other Expenses	11,799.85		11,799.85	3,640.74	8,159.11
Audit	1,480.00		1,480.00	161.00	1,319.00
Information Technology					
Salaries and Wages	129.57		129.57		129.57
Other Expenses	26,713.34		26,713.34	11,783.09	14,930.25
Revenue Administration (Collection of Taxes)		55,308.17	55,308.17		
Salaries and Wages	5,401.20		5,401.20		5,401.20
Other Expenses	8,430.20		8,430.20		8,430.20

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 2 of 6

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Assessment of Taxes	\$ 288.03	\$	\$ 288.03		\$ 288.03
Salaries and Wages	17,338.43	21,445.06	38,783.49	29,539.06	9,244.43
Other Expenses					
Legal Services and Costs	151,829.68	2,800.00	154,629.68	29,337.16	125,292.52
Other Expenses					
Affordable Housing Services and Costs	8,147.69		8,147.69	5,605.34	2,542.35
Other Expenses					
Engineering Services and Costs	64,366.71		64,366.71	(9,776.67)	74,143.38
Salaries and Wages	28,204.66		28,204.66	84.75	28,119.91
Other Expenses					
Historical Preservation					
Other Expenses	2,347.99		2,347.99		2,347.99
Municipal Land Use Law Planning Board					
Salaries and Wages	310.36		310.36		310.36
Other Expenses	48,693.12	57.50	48,750.62	2,366.25	46,384.37
Board of Adjustment					
Salaries and Wages	1,101.23		1,101.23	820.25	1,101.23
Other Expenses	2,184.51	350.00	2,534.51		1,714.26
Insurance					
Group Insurance	545,399.21	120,916.68	666,315.89	641,584.29	24,731.60
Other Insurance	1,682.99		1,682.99		1,682.99
Workmen's Compensation	16,665.80		16,665.80		16,665.80
Health Benefit Waiver	62.50		62.50		62.50
Code Enforcement					
Salaries and Wages	2,487.77		2,487.77		2,487.77
Other Expenses	2,500.00		2,500.00		2,500.00
Police					
Salaries and Wages	475,612.93		475,612.93		475,612.93
Other Expenses	42,473.32	47,421.36	89,894.68	52,333.44	37,561.24
Office of Emergency Management					
Salaries and Wages	1,072.68		1,072.68		1,072.68
Other Expenses	500.00		500.00		500.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 6

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Bureau of Fire Protection	\$ 1,209.98	\$	\$ 1,209.98	\$	\$ 1,209.98
Salaries and Wages	1,344.58		1,344.58		1,338.58
Other Expenses				6.00	
Uniform Fire Safety Act					
Salaries and Wages	440.78		440.78		440.78
Municipal Prosecutor					
Other Expenses	1,500.08	5,666.66	7,166.74	5,666.66	1,500.08
Road Repair and Maintenance					
Salaries and Wages	74,132.99		74,132.99		74,132.99
Other Expenses	45,477.84	32,514.19	77,992.03	31,921.32	46,070.71
Snow Removal					
Salaries and Wages	28,100.56		28,100.56		28,100.56
Other Expenses	12,348.58	19,361.97	31,710.55	15,161.96	16,548.59
Shade Tree Commission					
Salaries and Wages	7,614.30		7,614.30		7,614.30
Other Expenses	15,166.00	1,155.00	16,321.00	155.00	16,166.00
Recycling					
Salaries and Wages	710.08		710.08		710.08
Other Expenses	31,789.48	21,926.90	53,716.38	22,534.90	31,181.48
Public Building and Grounds					
Salaries and Wages	30,788.59		30,788.59		30,788.59
Other Expenses	25,495.37	13,512.17	39,007.54	13,435.08	25,572.46
Equipment Maintenance and Repair					
Salaries and Wages	32,766.53		32,766.53		32,766.53
Other Expenses	32,945.58	90,532.27	123,477.85	60,333.54	63,144.31
Condominium Services Act					
Other Expenses	30,410.94		30,410.94		30,410.94
Board of Health					
Salaries and Wages	2,483.01		2,483.01	(1,070.00)	3,553.01
Other Expenses	7,854.83	18,356.17	26,211.00	25,062.92	1,148.08

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 4 of 6

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Environmental Commission	\$ 400.00	\$	\$ 400.00	\$	\$ 400.00
Other Expenses	19,574.37		19,574.37		19,574.37
Board of Recreation Commissioners	133.08	13,914.98	14,048.06	13,154.02	894.04
Salaries and Wages					
Other Expenses					
Senior Center	911.24		911.24		911.24
Salaries and Wages	148.21	2,119.11	2,267.32	2,130.56	136.76
Other Expenses					
Municipal Court	3.89		3.89		3.89
Salaries and Wages	6,995.13	44.85	7,039.98	120.95	6,919.03
Other Expenses					
State Uniform Construction Code Official	153,561.47		153,561.47	542.47	153,019.00
Salaries and Wages	10,049.28		10,049.28	801.11	9,248.17
Other Expenses					
Utilities:					
Electricity	105,845.97		105,845.97	7,124.39	98,721.58
Street Lighting	182,324.58		182,324.58	21,257.88	161,066.70
Telephone	28,542.04	215.43	28,757.47	1,330.47	27,427.00
Natural Gas	36,149.66		36,149.66	7,319.71	28,829.95
Water and Sewer	19,297.80		19,297.80	121.19	19,176.61
Fuel Oil and Gasoline	262,195.22	60,138.71	322,333.93	29,583.31	292,750.62
Contingent	1.00		1.00		1.00
Contribution to:					
Public Employees Retirement System	1,472.50		1,472.50		1,472.50
Social Security System	133,349.81		133,349.81		133,349.81
Unemployment Compensation Insurance	1,000.00		1,000.00		1,000.00
Defined Contribution Retirement Program	284.22		284.22	208.03	76.19
Total Appropriations within Caps	<u>2,959,888.07</u>	<u>535,545.09</u>	<u>3,495,433.16</u>	<u>1,042,442.99</u>	<u>2,452,990.17</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 6

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
<u>APPROPRIATIONS OUTSIDE CAPS</u>					
Length of Service Awards Program (LOSAP)	25,000.00		25,000.00	18,687.50	6,312.50
Local Matching Fund for Grants	500.00		500.00		500.00
Shared Services Agreements					
Bureau of Fire Prevention					
Salaries and Wages	4,877.59		4,877.59		4,877.59
Board of Health					
Salaries and Wages	894.15		894.15		894.15
Other Expenses	6,596.42		6,596.42	6,596.42	
Road Repairs and Maintenance					
Fuel Oil					
Other Expenses	135,860.56		135,860.56		135,860.56
Police Special Services					
Salaries and Wages	5,018.34		5,018.34		5,018.34
Information Technology					
Salaries and Wages	8,721.30		8,721.30		8,721.30
Manalapan Township					
Freehold Borough	291.38		291.38		291.38
Dispatch Services					
County of Monmouth					
Other Expenses	414.79		414.79		414.79
Operational Services					
Salaries and Wages					
Keyport Borough	995.26		995.26		995.26
Freehold Regional	185.63		185.63		185.63
Construction Code					
Salaries and Wages					
Jackson Township	278.40		278.40		278.40
Other Expenses					
Freehold Borough	21,050.00		21,050.00	772.00	20,278.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

Exhibit A-8

Sheet 6 of 6

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Shared Services Agreements (Continued)					
Board of Health - Emergency Preparedness					
County of Monmouth	\$ 2,174.21		\$ 2,174.21	2,174.21	
Other Expenses	<u>212,858.03</u>		<u>212,858.03</u>	<u>28,230.13</u>	<u>184,627.90</u>
Total Appropriations outside Caps	\$ 3,172,746.10		\$ 3,708,291.19	\$ 1,070,673.12	\$ 2,637,618.07
Total General Appropriations	<u>\$ 3,172,746.10</u>	<u>\$ 535,545.09</u>	<u>\$ 3,708,291.19</u>	<u>\$ 1,070,673.12</u>	<u>\$ 2,637,618.07</u>
	A	A			A-1
Disbursed				\$ 1,036,346.46	
Accounts Payable				<u>34,326.66</u>	
				<u>\$ 1,070,673.12</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF COUNTY TAXES PAYABLE

Balance December 31, 2015		\$	45,708.81
2016 Tax Levy:			
County Tax	\$	17,257,066.40	
County Library Tax		1,185,081.19	
County Open Space Tax		991,483.98	
County Share of Added and Omitted Taxes		<u>109,680.99</u>	
			<u>19,543,312.56</u>
			<u>19,589,021.37</u>
Decreased by:			
Disbursements			<u>19,479,340.38</u>
Balance December 31, 2016		\$	<u><u>109,680.99</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-10

SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Balance December 31, 2015:			
School Tax Payable	\$	5,832,764.00	
School Tax Deferred		<u>25,566,589.00</u>	
			\$ 31,399,353.00
Increased by:			
Levy - School Year July 1, 2016 to June 30, 2017			<u>66,620,889.00</u>
			<u>98,020,242.00</u>
Decreased by:			
Disbursements			<u>64,595,567.08</u>
Balance December 31, 2016:			
School Tax Payable		7,858,085.92	
School Tax Deferred		<u>25,566,589.00</u>	
			\$ <u><u>33,424,674.92</u></u>
2016 Liability for Local District School Tax:			
Tax Paid			\$ 64,595,567.08
Tax Payable December 31, 2016			<u>7,858,085.92</u>
			<u>72,453,653.00</u>
Less: Tax Payable December 31, 2015			<u>5,832,764.00</u>
Amount Charged to 2016 Operations			\$ <u><u>66,620,889.00</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAX PAYABLE

Balance December 31, 2015:	
School Tax Payable	\$ 12,925,221.40
Increased by:	
Levy - School Year July 1 2016 to June 30, 2017	29,024,615.00
	<u>41,949,836.40</u>
Decreased by:	
Disbursements	<u>27,894,402.00</u>
Balance December 31, 2016:	
School Tax Payable	\$ <u>14,055,434.40</u>
2016 Liability for Local District School Tax:	
Tax Paid	\$ 27,894,402.00
Tax Payable December 31, 2016	14,055,434.40
	<u>41,949,836.40</u>
Less: Tax Payable December 31, 2015	<u>12,925,221.40</u>
Amount Charged to 2016 Operations	\$ <u>29,024,615.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-12

SCHEDULE OF INTERFUNDS

	<u>Total</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>	<u>General Capital Fund</u>
Balance December 31, 2015 - Due From/(To)	\$ 269,332.57	\$ 22,408.80	\$ 210,923.77	\$ 36,000.00
Increased by:				
Disbursements	45,413.03		45,413.03	
Excess Statutory of Animal Control Reserve	17,564.82	17,564.82		
Total Increases	<u>62,977.85</u>	<u>17,564.82</u>	<u>45,413.03</u>	
Total Increases and Balances	<u>332,310.42</u>	<u>39,973.62</u>	<u>256,336.80</u>	<u>36,000.00</u>
Decreased by:				
Receipts	<u>58,627.06</u>	<u>22,408.80</u>	<u>218.26</u>	<u>36,000.00</u>
Balance December 31, 2016 - Due From/(To)	\$ 273,683.36	\$ 17,564.82	\$ 256,118.54	\$

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUND

GRANT FUND

Balance December 31, 2015 - Due To			\$ 364,989.62
Increased by:			
Deposited in Current Fund:			
Grants Receivable	\$ 368,013.44		
Unappropriated Reserves	<u>10,684.74</u>		
		\$ 378,698.18	
Cancelled Grants Receivable		3,331.58	
2016 Budget Appropriations		<u>419,880.98</u>	
			<u>801,910.74</u>
			<u>1,166,900.36</u>
Decreased by:			
Cancelled Appropriated Reserves		3,542.42	
2016 Anticipated Revenue		379,628.48	
Disbursed in Current Fund		<u>510,876.04</u>	
			<u>894,046.94</u>
Balance December 31, 2016 - Due To			\$ <u><u>272,853.42</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-14

SCHEDULE OF GRANTS RECEIVABLE

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Anticipated Revenue</u>	<u>2016 Anticipated Realized</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2016</u>
State Grants:					
Alliance to Prevent Alcoholism and Drug Abuse	\$ 41,010.00	\$ 41,010.00	\$ 44,998.08	\$	\$ 37,021.92
Body Armor Fund		6,225.20	6,225.20		
Clean Communities Program		92,798.22	92,798.22		
Drunk Driving Enforcement Fund		5,459.37	5,459.37		
Green Communities Grant	3,000.00				3,000.00
Recycling Tonnage Grant		100,741.89	100,741.89		
Safe and Secure Communities Program		60,000.00	60,000.00		
Safe Corridors	54,675.51	59,843.80	54,543.93	131.58	59,843.80
Federal Grants:					
Bulletproof Vests	4,591.30	8,550.00	7,671.95		5,469.35
Click It or Ticket		5,000.00	1,800.00	3,200.00	
	<u>\$ 103,276.81</u>	<u>\$ 379,628.48</u>	<u>\$ 374,238.64</u>	<u>\$ 3,331.58</u>	<u>\$ 105,335.07</u>
Interfund - Current Fund			\$ 368,013.44		
Unappropriated Grants			<u>6,225.20</u>		
			<u>\$ 374,238.64</u>		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-15

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Transferred from 2016 Budget Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2016</u>
State Grants:						
Alcohol Education and Rehabilitation						
2012 Grant Award	\$ 161.89	\$	\$	\$	\$	\$ 161.89
Alliance to Prevent Alcoholism and Drug Abuse						
2015-16 Grant Award	29,708.67	875.00	51,262.50	30,583.67		26,411.88
2016-17 Grant Award				24,850.62		
Body Armor Replacement						
2014 Grant Award	7,486.60			7,486.60		
2015 Grant Award	2,796.83			2,796.83		
2016 Grant Award			6,225.20			6,225.20
Clean Communities Program						
2013 Grant Award	2,500.36	1,689.29		4,066.56		123.09
2014 Grant Award	5,990.04			327.92		5,662.12
2015 Grant Award	51,480.50	5,300.00		21,406.93		35,373.57
2016 Grant Award			92,798.22	14,748.26		78,049.96
Drunk Driving Enforcement Fund						
2013 Grant Award	1,364.01	556.30		1,920.31		4,967.57
2014 Grant Award	7,377.04			2,409.47		4,420.50
2016 Grant Award			5,459.37	1,038.87		
Green Communities Grant						
2015 Grant Award	3,900.00	2,100.00		4,200.00		1,800.00
Recycling Tonnage Grant						
2011 Grant Award	58,611.45			58,611.45		
2012 Grant Award	63,692.37			63,692.37		
2014 Grant Award	72,014.28	2,845.00		74,007.08		852.20
2015 Grant Award	77,893.25	8,812.00		55,632.60		31,072.65
2016 Grant Award			100,741.89	622.26		100,119.63
Safe and Secure Communities Program						
2014 Grant Award	210.84		90,000.00	90,000.00	210.84	
2016 Grant Award						

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-15

SCHEDULE OF APPROPRIATED RESERVES

Sheet 2 of 2

GRANT FUND

<u>Grant</u>	<u>Balance</u>	<u>Reserve for</u>	<u>Transferred</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u>
	<u>Dec. 31, 2015</u>	<u>Encumbrances</u>	<u>from</u>			<u>Dec. 31, 2016</u>
			<u>2016 Budget</u>			
			<u>Appropriations</u>			
State Grants (Continued):						
Safe Corridors						
2015 Grant Award	\$ 131.58	\$ 54,543.93	\$ 59,843.80	\$ 54,543.93	\$ 131.58	\$ 59,843.80
2016 Grant Award						
Federal Grants:						
Bulletproof Vests			8,550.00	6,882.07		1,667.93
2016 Grant Award						
Click It or Ticket						
2016 Grant Award			5,000.00	1,800.00	3,200.00	
	<u>\$ 385,319.71</u>	<u>\$ 76,721.52</u>	<u>\$ 419,880.98</u>	<u>\$ 521,627.80</u>	<u>\$ 3,542.42</u>	<u>\$ 356,751.99</u>
Interfund - Current Fund				\$ 510,876.04		
Reserve for Encumbrances				<u>10,751.76</u>		
				<u>\$ 521,627.80</u>		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-16

SCHEDULE OF UNAPPROPRIATED RESERVES

GRANT FUND

<u>Grant</u>	<u>Balance Dec. 31, 2015</u>	<u>Received</u>	<u>Realized as Anticipated Revenue</u>	<u>Balance Dec. 31, 2016</u>
State Grants:				
Body Armor Replacement	\$ 6,225.20	\$ 5,552.51	\$ 6,225.20	\$ 5,552.51
Drunk Driving Enforcement Fund		5,132.23		5,132.23
	<u>\$ 6,225.20</u>	<u>\$ 10,684.74</u>	<u>\$ 6,225.20</u>	<u>\$ 10,684.74</u>

TRUST FUND

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2015	\$ 85,345.40	\$ 11,638,241.38
Increased by Receipts:		
Due to State of New Jersey	\$ 3,193.20	\$
Licenses and Other Fees	14,925.40	
Prepaid Licenses	9,290.40	
Interfunds		46,813.63
Miscellaneous Reserves		<u>11,265,121.16</u>
	<u>27,409.00</u>	<u>11,311,934.79</u>
	<u>112,754.40</u>	<u>22,950,176.17</u>
Decreased by Disbursements:		
Due to State of New Jersey	3,193.20	
Animal Control Trust Fund Expenditures	7,614.18	
Interfunds	22,408.80	1,618.86
Miscellaneous Reserves		<u>10,723,260.82</u>
	<u>33,216.18</u>	<u>10,724,879.68</u>
Balance December 31, 2016	<u>\$ 79,538.22</u>	<u>\$ 12,225,296.49</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE TO STATE OF NEW JERSEY

DEPARTMENT OF HEALTH

Balance December 31, 2015	\$	
Increased by:		
Fees Collected	\$	<u>3,193.20</u>
		3,193.20
Decreased by:		
Payments to State of New Jersey	\$	<u>3,193.20</u>
Balance December 31, 2016	\$	<u><u> </u></u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

Balance December 31, 2015	\$	49,491.00
Increased by:		
2016 License and Other Fees Collected	\$	14,925.40
Prepaid Licenses Applied		<u>8,829.80</u>
		23,755.20
		<u>73,246.20</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11		7,614.18
Statutory Excess Due Current Fund		<u>17,564.82</u>
		<u>25,179.00</u>
Balance December 31, 2016	\$	<u><u>48,067.20</u></u>

Dog License Fees Collected

<u>Year</u>	<u>Amount</u>
2014	\$ <u>23,110.80</u>
2015	<u>24,956.40</u>
	\$ <u><u>48,067.20</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

ANIMAL CONTROL TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2015 - Due To	\$ 22,408.80
Increased by:	
Statutory Excess	<u>17,564.82</u>
	<u>39,973.62</u>
Decreased by:	
Disbursements	<u>22,408.80</u>
Balance December 31, 2016 - Due To	\$ <u><u>17,564.82</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF RESERVES AND SPECIAL DEPOSITS

	Balance Dec. 31, 2015	Increases	Decreases	Balance Dec. 31, 2016
Reserve for:				
Arboretum	\$ 28,331.88	\$ 1,216.00	\$ 122.40	\$ 29,425.48
Board of Recreation Commissioners	1,095,215.12	1,100,229.73	964,044.22	1,231,400.63
Cash Bonds	1,000.00	3,000.00	4,000.00	
Construction Code Dedicated Penalties	80,605.92	2,700.00		83,305.92
Deposits for Redemption of Tax Sale Certificates	53,782.00	320,203.52	373,452.29	533.23
Detention Project	977,912.85		100,000.00	877,912.85
Escrow Deposits	2,455,393.40	1,518,393.67	1,223,553.95	2,750,233.12
Historical Preservation	1,510.00	120.00	843.54	786.46
Monument Bonds	875.00			875.00
Mount Laurel Housing Trust	933,437.87	392,665.88	236,367.60	1,089,736.15
Municipal Drug Alliance Fund	11,197.08	24,030.00	21,472.17	13,754.91
Open Space	395,191.33	1,808,280.18	1,740,848.78	462,622.73
Parking Offenses Adjudication Act	2,143.72	762.00		2,905.72
Premiums Received at Tax Sale	1,015,700.00	414,800.00	687,000.00	743,500.00
Public Defender	5,066.51	32,000.00	35,779.16	1,287.35
Public Safety Donation	21,725.15	3,400.00	1,870.56	23,254.59
Relocation	7,502.00			7,502.00
Road Projects	402,919.26			402,919.26
Self Insurance	1,224,731.75	5,501,974.88	5,087,386.97	1,639,319.66
Shade Tree Donations	90,374.98		115.00	90,259.98
Shade Tree Escrow	113,001.00	10,747.63		123,748.63
Sick Leave Trust	229,558.31	35,000.00	162,230.08	102,328.23
Sidewalks and Curbs	226,828.97	34,071.80	23,109.05	237,791.72
Snow Removal	1,844,338.47			1,844,338.47
Special Law Enforcement Fund	30,550.37	5,647.74	7,081.69	29,116.42
Street Opening Bonds	16,280.60	27,954.17	16,000.00	28,234.77
Unemployment Trust	130,194.25	22,223.96	30,483.36	121,934.85
Uniform Fire Safety Act Penalty Monies 2:12	9,714.06	2,850.00		12,564.06
Uniform Fire Safety Act Penalty Monies 2:12A	22,235.76	2,850.00	7,500.00	17,585.76
	\$ 11,427,317.61	\$ 11,265,121.16	\$ 10,723,260.82	\$ 11,969,177.95

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-6

SCHEDULE OF INTERFUND - CURRENT FUND

Balance December 31, 2015 - Due To Current	\$ (210,923.77)
Increased by:	
Disbursements	<u>1,618.86</u>
	(209,304.91)
Decreased by:	
Receipts	<u>46,813.63</u>
Balance December 31, 2016 - Due To Current	\$ <u><u>(256,118.54)</u></u>

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GENERAL CAPITAL FUND

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

Balance December 31, 2015		\$ 7,392,843.61
Increased by Receipts:		
Premiums on Sale of Notes	\$ 135,795.06	
Accounts Receivable:		
Offset with Reserves	17,000.00	
Bond Anticipation Notes	4,871,000.00	
Grants Receivable	302,311.00	
Reserve for Debt Service	911.89	
Budget Appropriations:		
Capital Improvement Fund	<u>400,000.00</u>	
		<u>5,727,017.95</u>
		<u>13,119,861.56</u>
Decreased by Disbursements:		
Capital Fund Balance to Current Fund	240,033.00	
Reserve for Debt Service to Pay Notes	263,000.00	
Interfunds	36,000.00	
Improvement Authorizations	<u>3,882,873.06</u>	
		<u>4,421,906.06</u>
Balance December 31, 2016		\$ <u><u>8,697,955.50</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-3

ANALYSIS OF CASH

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Notes Issued	Miscellaneous	Improvement Authorizations	Notes Paid	From	To	
Fund Balance	\$ 1,424,458.63	\$	\$ 135,795.06	\$	\$ 240,033.00	\$	\$	\$ 1,337,220.69
Capital Improvement Fund	129,133.41		400,000.00			348,000.00		181,133.41
Down Payments on Improvements	95,737.00							95,737.00
Interfund - Current Fund	36,000.00				36,000.00			
Grant Receivable	(605,745.04)		302,311.00			250,000.00	84,434.04	(469,000.00)
Accounts Receivable Offset with Reserves			17,000.00			17,000.00		
Reserve for:								
Improvements	21,376.00							21,376.00
Debt Service	262,525.92		911.89		263,000.00			437.81
Historical Preservation	15,590.20							15,590.20
Improvement Authorizations								
Ordinance								
Number								
97-01	Renovations to Municipal Complex	12,857.45						12,857.45
97-11	Various Improvements	7,505.64						7,505.64
98-08	Various Improvements	3,836.88						3,836.88
99-09	Various Improvements	79.12						79.12
00-10	Various Improvements	1,544.90						1,544.90
01-13	Various Improvements	277.46						277.46
02-13	Various Improvements	228,346.63						228,346.63
03-09	Various Improvements	501.32						501.32
04-11	Various Improvements	50,835.06				29,921.00		20,914.06
05-19	Various Improvements	487.94						487.94
05-35	Development of Park Lands	559.72						559.72
06-21	Various Improvements	1,135.17	14,900.00					4,465.17
07-14, 08-29	Various Improvements	184,265.76		11,570.00				187,774.85
09-16	Various Improvements	320,129.31		(3,509.09)				320,129.31
10-21	Various Improvements	6,630.51	207,000.00	98,250.23				115,380.28
11-20	Various Improvements	472,816.59				84,434.04		388,382.55
12-12	Various Improvements	495,576.90		147,071.53				348,505.37
12-19	Various Improvements	1,000,366.13		41,999.36				958,366.77
14-05	Various Improvements	795,542.95	249,100.00	572,308.90				472,334.05
15-10	Various Improvements	2,430,472.05	1,000,000.00	2,936,367.46				494,104.59
16-12	Various Improvements		3,400,000.00	48,893.67		598,000.00		3,949,106.33
		\$ 7,392,843.61	\$ 4,871,000.00	\$ 856,017.95	\$ 3,882,873.06	\$ 263,000.00	\$ 276,033.00	\$ 699,434.04
								\$ 8,697,955.50

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO

FUTURE TAXATION - FUNDED

Balance December 31, 2015		\$ 27,840,259.12
Decreased by:		
2016 Budget Appropriations:		
Principal on Serial Bonds	\$ 3,824,000.00	
Green Trust Loan	357,227.20	
Principal Reduction on Bonds Refunded	<u>98,000.00</u>	
		<u>4,279,227.20</u>
Balance December 31, 2016		\$ <u><u>23,561,031.92</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ordinance Number	Improvement Description	Balance		2016 Authorizations	Ordinances Cancelled	Budget Appropriations and Reserve	Balance Dec. 31, 2016	Analysis of Balance Dec. 31, 2016	
		Dec. 31, 2015	\$					Bond Anticipation Notes	Unexpended Improvement Authorizations
97-01	Renovations to Municipal Complex	\$ 215,000.00	\$				\$ 215,000.00	\$	\$ 215,000.00
97-11	Various Improvements	78,818.70					78,818.70		78,818.70
98-08	Various Improvements	1,610,755.00					1,610,755.00		1,610,755.00
99-09	Various Improvements	176,575.00					176,575.00		176,575.00
00-10	Various Improvements	1,104,000.00					1,104,000.00		1,104,000.00
01-13	Various Improvements	622,650.00					622,650.00		622,650.00
02-13	Various Improvements	1,224,150.00					1,224,150.00		1,224,150.00
03-09	Various Improvements	535,575.00				153,000.00	382,575.00		382,575.00
04-11	Various Improvements	475,730.00					475,730.00		475,730.00
05-19	Various Improvements	931,525.00				5,000.00	926,525.00		926,525.00
05-35	Development of Park Lands	490,000.00				5,000.00	485,000.00		485,000.00
06-21	Various Improvements	800,875.00				133,700.00	667,175.00	247,000.00	420,175.00
07-14, 08-29	Various Improvements	1,436,415.00				27,000.00	1,409,415.00	641,500.00	767,915.00
09-16	Various Improvements	1,349,500.00				15,300.00	1,334,200.00	236,200.00	1,098,000.00
10-21	Various Improvements	1,400,000.00					1,400,000.00	207,000.00	1,193,000.00
11-20	Various Improvements	1,345,000.00				125,600.00	1,219,400.00	269,400.00	950,000.00
12-12	Various Improvements	1,026,555.00					1,026,555.00		1,026,555.00
12-19	Various Improvements	1,398,200.00				48,400.00	1,349,800.00	1,349,800.00	
14-05	Various Improvements	4,265,500.00			492,837.30		3,772,662.70	649,100.00	3,123,562.70
15-10	Various Improvements	9,101,608.00			25,538.70		9,076,069.30	3,000,000.00	6,076,069.30
16-12	Various Improvements			6,868,000.00			6,868,000.00	3,400,000.00	3,468,000.00
		\$ 29,588,431.70	\$	\$ 6,868,000.00	\$ 518,376.00	\$ 513,000.00	\$ 35,425,055.70	\$ 10,000,000.00	\$ 25,425,055.70

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO

Sheet 2 of 2

FUTURE TAXATION - UNFUNDED

**Analysis of
Balance
Dec. 31, 2016
Unexpended
Improvement
Authorizations**

Improvement Authorizations Unfunded
Less: Unexpended Proceeds of Bond Anticipation Notes:

\$ 31,563,081.41

<u>Ordinance Number</u>	<u>Improvement Description</u>		
06-21	Various Improvements	\$ 4,465.17	
07-14, 08-29	Various Improvements	187,774.85	
09-16	Various Improvements	236,200.00	
10-21	Various Improvements	115,380.28	
11-20	Various Improvements	269,400.00	
12-19	Various Improvements	958,366.77	
14-05	Various Improvements	472,334.05	
15-10	Various Improvements	494,104.59	
16-12	Various Improvements	<u>3,400,000.00</u>	
			<u>6,138,025.71</u>
			\$ <u>25,425,055.70</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF GENERAL SERIAL BONDS

Sheet 1 of 2

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016	Interest Rate	Balance Dec. 31, 2015	Issued	Decreases	Balance Dec. 31, 2016
General Improvement Bonds	7/26/2007	\$ 6,160,000	7/01/2017	\$ 550,000	4.250%	\$ 1,030,000.00	\$ 480,000.00	\$ 550,000.00
Open Space Bonds	7/26/2007	4,340,000	7/01/2017	290,000	4.250%	580,000.00	290,000.00	290,000.00
General Obligation Bonds*	6/01/2008	5,944,000	12/01/2017	407,000	4.000%			
			12/01/2018	423,000	5.250%	3,664,000.00	2,834,000.00	830,000.00
General Obligation Refunding Bonds	12/16/2009	5,310,000			4.000%	700,000.00	700,000.00	
Open Space Refunding Bonds	12/16/2009	475,000	9/15/2017-19	40,000	5.000%			
			9/15/2020	45,000	3.000%			
			9/15/2021	40,000	4.000%	245,000.00	40,000.00	205,000.00
General Obligation Refunding Bonds	10/01/2012	3,800,000	10/01/2017	1,000,000	3.000%			
			10/01/2018	990,000	3.000%	2,850,000.00	860,000.00	1,990,000.00
Open Space Refunding Bonds	10/01/2012	630,000	10/1/2017-20	60,000	3.000%			
			10/1/2021-22	60,000	3.500%			
			10/1/2023-24	65,000	3.500%	550,000.00	60,000.00	490,000.00
General Obligation Bonds	12/01/2013	5,640,000	12/01/2017	400,000	3.000%			
			12/01/2018	410,000	3.000%			
			12/01/2019	420,000	3.000%			
			12/01/2020	425,000	3.000%			
			12/01/2021	440,000	3.000%			
			12/01/2022	450,000	3.000%			
			12/01/2023	465,000	3.000%			
			12/01/2024	480,000	3.000%			
			12/01/2025	495,000	3.000%			
			12/01/2026	515,000	3.250%	4,895,000.00	395,000.00	4,500,000.00
General Obligation Refunding Bonds	9/10/2015	\$ 1,970,000	7/15/2018	475,000	3.000%			
			7/15/2019	490,000	4.000%			
			7/15/2020	495,000	4.000%			
			7/15/2021	490,000	4.000%	1,970,000.00	20,000.00	1,950,000.00
Open Space Refunding Bonds	9/10/2015	1,560,000	7/15/2018	310,000	3.000%			
			7/15/2019-21	320,000	4.000%			
			7/15/2022	285,000	3.000%	1,560,000.00	5,000.00	1,555,000.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF GENERAL SERIAL BONDS

Sheet 2 of 2

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2016</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Issued</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2016</u>	
<u>General Obligation Bonds</u>	<u>12/11/2015</u>	<u>8,258,000</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2015</u>	<u>Issued</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2016</u>
			11/01/2017	\$ 640,000	4.000%				
			11/01/2018	645,000	4.000%				
			11/01/2019	655,000	4.000%				
			11/01/2020	665,000	4.000%				
			11/01/2021	680,000	2.000%				
			11/01/2022	690,000	2.000%				
			11/01/2023	705,000	2.000%				
			11/01/2024	725,000	2.000%				
			11/01/2025	740,000	2.125%				
			11/01/2026	765,000	2.250%				
			11/01/2027	785,000	2.375%	\$ 8,258,000.00		\$ 563,000.00	\$ 7,695,000.00
			12/01/2019	425,000	4.000%				
			12/01/2020	440,000	5.000%				
			12/01/2021	465,000	5.000%				
			12/01/2022	485,000	5.000%				
			12/01/2023	510,000	5.000%		2,345,000.00	20,000.00	2,325,000.00
						\$ 26,302,000.00	\$ 2,345,000.00	\$ 6,267,000.00	\$ 22,380,000.00
							\$ 2,345,000.00	\$ 3,824,000.00	
								2,443,000.00	
							\$ 2,345,000.00	\$ 6,267,000.00	

General Obligation Refunding Bonds*

Paid by Budget Appropriation Bonds Refunded

* M.C.I.A. Bonds

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 1 of 3

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loan Outstanding Dec. 31, 2016</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2016</u>
Open Space Acquisition	November 1996	\$ 2,000,000.00	See Amortization Statement	2.00%	\$ 61,567.51	\$ 61,567.51	\$
Open Space Acquisition	October 1997	965,000.00	See Amortization Statement	2.00%	117,072.19	57,953.66	59,118.53
Park Development	October 1998	500,000.00	See Amortization Statement	2.00%	77,076.12	30,371.08	46,705.04
Open Space Acquisition	November 2000	2,250,000.00	See Amortization Statement	2.00%	502,812.76	140,105.18	362,707.58
Opatut Park Development	October 2005	400,000.00	See Amortization Statement	2.00%	214,233.63	20,691.55	193,542.08
Opatut Park Development	September 2007	600,000.00	See Amortization Statement	2.00%	367,349.67	31,772.74	335,576.93
Opatut Park Development	March 2008	300,000.00	See Amortization Statement	2.00%	198,147.24	14,765.48	183,381.76
					<u>\$ 1,538,259.12</u>	<u>\$ 357,227.20</u>	<u>\$ 1,181,031.92</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 2 of 3

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
January 2017	\$ 44,825.90	\$ 1,058.24
February 2017	87,230.18	6,982.85
April 2017	10,501.22	1,935.42
May 2017	7,493.66	1,833.82
July 2017	15,567.83	312.92
August 2017	88,102.48	6,110.55
October 2017	10,606.23	1,830.41
November 2017	7,568.60	1,758.88
January 2018	45,429.84	454.30
February 2018	88,983.51	5,229.52
April 2018	10,712.29	1,724.35
May 2018	7,644.28	1,683.20
August 2018	89,873.35	4,339.68
October 2018	10,819.42	1,617.22
November 2018	7,720.73	1,606.75
February 2019	90,772.07	3,440.96
April 2019	10,927.61	1,509.03
May 2019	7,797.93	1,529.54
August 2019	16,947.60	2,533.23
October 2019	11,036.89	1,399.75
November 2019	7,875.91	1,451.57
February 2020	17,117.08	2,363.75
April 2020	11,147.25	1,289.39
May 2020	7,954.67	1,372.81
August 2020	17,288.25	2,192.58
October 2020	11,258.73	1,177.91
November 2020	8,034.22	1,293.26
February 2021	17,461.13	2,019.70
April 2021	11,371.32	1,065.32
May 2021	8,114.56	1,212.92
August 2021	17,635.74	1,845.09
October 2021	11,485.03	951.61
November 2021	8,195.71	1,131.77
February 2022	17,812.10	1,668.73
April 2022	11,599.88	836.76
May 2022	8,277.66	1,049.81
August 2022	17,990.22	1,490.61
October 2022	11,715.88	720.76
November 2022	8,360.44	967.04
February 2023	18,170.12	1,310.71
April 2023	11,833.04	603.60
May 2023	8,444.04	883.43
August 2023	18,351.82	1,129.01
October 2023	11,951.37	485.27

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 3 of 3

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
November 2023	\$ 8,528.49	\$ 798.99
February 2024	18,535.34	945.49
April 2024	12,070.88	365.76
May 2024	8,613.77	713.71
August 2024	18,720.69	760.14
October 2024	12,191.59	245.05
November 2024	8,699.91	627.57
February 2025	18,907.90	572.93
April 2025	12,313.40	123.14
May 2025	8,786.91	540.57
August 2025	19,096.98	383.85
November 2025	8,874.78	452.70
February 2026	19,287.95	192.88
May 2026	8,963.52	363.95
November 2026	9,053.16	274.32
May 2027	9,143.69	183.79
November 2027	9,235.16	92.35
	<u>\$ 1,181,031.91</u>	<u>\$ 87,041.22</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-8

SCHEDULE OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2015	Issued for Cash	Decreased by		Balance Dec. 31, 2016
							Budget Appropriations	Reserve for Debt Service	
03-09	Various Improvements	12/11/2015	11/17/2017	2.25%	\$ 153,000.00	\$	\$	\$ 153,000.00	\$
05-19	Various Improvements	12/11/2015	11/17/2017	2.25%	5,000.00		5,000.00		
05-35	Development of Park Lands	12/11/2015	11/17/2017	2.25%	5,000.00		5,000.00		
06-21	Various Improvements	12/21/2010	11/17/2017	2.25%	234,800.00		133,700.00		101,100.00
06-21	Various Improvements	12/11/2015	11/17/2017	2.25%	131,000.00				131,000.00
06-21	Various Improvements	11/18/2016	11/17/2017	2.25%		14,900.00			14,900.00
07-14, 08-29	Various Improvements	12/21/2010	11/17/2017	2.25%	668,500.00		27,000.00		641,500.00
09-16	Various Improvements	12/19/2012	11/17/2017	2.25%	24,500.00		6,300.00		18,200.00
09-16	Various Improvements	12/17/2013	11/17/2017	2.25%	227,000.00		9,000.00		218,000.00
10-21	Various Improvements	11/18/2016	11/17/2017	2.25%		207,000.00			207,000.00
11-20	Various Improvements	12/17/2013	11/17/2017	2.25%	395,000.00		15,600.00	110,000.00	269,400.00
12-19	Various Improvements	12/19/2012	11/17/2017	2.25%	48,200.00		1,800.00		46,400.00
12-19	Various Improvements	12/17/2013	11/17/2017	2.25%	1,350,000.00		46,600.00		1,303,400.00
14-05	Various Improvements	12/11/2015	11/17/2017	2.25%	400,000.00				400,000.00
14-05	Various Improvements	11/18/2016	11/17/2017	2.25%		249,100.00			249,100.00
15-10	Various Improvements	12/11/2015	11/17/2017	2.25%	2,000,000.00				2,000,000.00
15-10	Various Improvements	11/18/2016	11/17/2017	2.25%		1,000,000.00			1,000,000.00
16-12	Various Improvements	11/18/2016	11/17/2017	2.25%		3,400,000.00			3,400,000.00
					\$ 5,642,000.00	\$ 4,871,000.00	\$ 250,000.00	\$ 263,000.00	\$ 10,000,000.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-9

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Amount		Balance Dec. 31, 2015		Down Payment	2016 Authorizations Deferred Charges to Future Taxation -		Expended	Cancelled	Balance Dec. 31, 2016	
			Funded	Unfunded	Funded	Unfunded		Funded	Unfunded			Funded	Unfunded
97-01	Renovations to Municipal Complex	2/25/1997	\$ 1,700,000.00	\$ 215,000.00	\$ 12,857.45	\$ 215,000.00						\$ 12,857.45	\$ 215,000.00
97-11	Various Improvements	5/27/1997	2,441,000.00	78,818.70	7,505.64	78,818.70						7,505.64	78,818.70
98-08	Various Improvements	4/21/1998	5,179,100.00	1,610,755.00	3,836.88	1,610,755.00						3,836.88	1,610,755.00
99-09	Various Improvements	4/27/1999	2,688,500.00	176,575.00	79.12	176,575.00						79.12	176,575.00
00-10	Various Improvements	4/18/2000	3,715,265.00	1,104,000.00	1,544.90	1,104,000.00						1,544.90	1,104,000.00
01-13	Various Improvements	4/24/2001	4,187,000.00	622,650.00	277.46	622,650.00						277.46	622,650.00
02-13	Various Improvements	4/23/2002	6,867,500.00	1,224,150.00	228,346.63	1,224,150.00						228,346.63	1,224,150.00
03-09	Various Improvements	4/22/2003	2,808,500.00	383,076.32		383,076.32						501.32	382,575.00
04-11	Various Improvements	4/27/2004	5,669,400.00	475,730.00	50,835.06	475,730.00			29,921.00			20,914.06	475,730.00
05-19	Various Improvements	7/26/2005	4,806,525.00	927,012.94		927,012.94						487.94	926,525.00
05-35	Development of Park Lands	11/29/2005	2,280,000.00	485,559.72		485,559.72						559.72	485,000.00
06-21	Various Improvements	5/23/2006	3,798,500.00	436,210.17		436,210.17			11,570.00				424,640.17
07-14, 08-29	Various Improvements	6/26/2007	4,905,700.00										
		11/12/2008	155,000.00	952,180.76		952,180.76			(3,509.09)				955,689.85
09-16	Various Improvements	5/26/2009	3,821,000.00	1,349,500.00	68,629.31	1,349,500.00						83,929.31	1,334,200.00
10-21	Various Improvements	8/31/2010	3,627,000.00	1,400,000.00	6,630.51	1,400,000.00							1,308,380.28
11-20	Various Improvements	8/23/2011	2,986,000.00	1,345,000.00	77,816.59	1,345,000.00			98,250.23		84,434.04	118,982.55	1,219,400.00
12-12	Various Improvements	6/26/2012	5,900,000.00	1,026,555.00	495,576.90	1,026,555.00			147,071.53			348,505.37	1,026,555.00
12-19	Various Improvements	10/02/2012	1,475,000.00	1,000,366.13		1,000,366.13			41,999.36				958,366.77
14-05	Various Improvements	5/27/2014	8,450,000.00	4,265,500.00	395,542.95	4,265,500.00			572,308.90		492,837.30		3,595,896.75
15-10	Various Improvements	5/26/2015	10,284,311.00	9,101,608.00	430,472.05	9,101,608.00			2,936,367.46		25,538.70		6,570,173.89
16-12	Various Improvements	7/26/2016	7,466,000.00						48,893.67			549,106.33	6,868,000.00
					\$ 1,779,951.45	\$ 28,180,247.74		\$ 598,000.00	\$ 6,868,000.00	\$ 3,882,873.06	\$ 602,810.04	\$ 1,377,434.68	\$ 31,563,081.41
	Grants Receivable						\$ 250,000.00						
	Capital Improvement Fund						348,000.00						
							\$ 598,000.00						
	Grants Receivable										\$ 84,434.04		
	Deferred Charge to Future Taxation - Unfunded										518,376.00		
											\$ 602,810.04		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015	\$ 129,133.41
Increased by:	
2016 Budget Appropriations	<u>400,000.00</u>
	529,133.41
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>348,000.00</u>
Balance December 31, 2016	<u><u>\$ 181,133.41</u></u>

SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

Exhibit C-11

Balance December 31, 2015 and 2016	<u><u>\$ 95,737.00</u></u>
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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT AUTHORITY LEASES PAYABLE

Sheet 1 of 2

Year of Lease	Lease Principal	Maturities of Leases Outstanding Dec. 31, 2016	Balance Dec. 31, 2015	Paid by Budget Appropriation	Balance Dec. 31, 2016
2007	\$ 886,200.00	See Amortization Statement	\$ 172,800.00	\$ 84,300.00	\$ 88,500.00
2011	582,000.00	See Amortization Statement	160,000.00	42,000.00	118,000.00
2013	844,200.00	See Amortization Statement	630,050.00	113,170.00	516,880.00
2015	1,065,000.00	See Amortization Statement	1,065,000.00	140,000.00	925,000.00
			<u>\$ 2,027,850.00</u>	<u>\$ 379,470.00</u>	<u>\$ 1,648,380.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT

Sheet 2 of 2

AUTHORITY LEASES PAYABLE

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
March 2017	\$	\$ 2,212.50
April 2017		35,217.50
September 2017	88,500.00	2,212.50
October 2017	256,810.00	35,217.50
April 2018		29,667.50
October 2018	270,270.00	29,667.50
April 2019		23,200.00
October 2019	253,700.00	23,200.00
April 2020		17,290.00
October 2020	266,430.00	17,290.00
April 2021		10,960.00
October 2021	145,160.00	10,960.00
April 2022		7,680.00
October 2022	123,890.00	7,680.00
April 2023		5,720.00
October 2023	128,620.00	5,720.00
April 2024		2,875.00
October 2024	56,000.00	2,875.00
April 2025		1,475.00
October 2025	59,000.00	1,475.00
	<u>\$ 1,648,380.00</u>	<u>\$ 272,595.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>
97-01	Renovations to Municipal Complex	\$ 215,000.00
97-11	Various Improvements	78,818.70
98-08	Various Improvements	1,610,755.00
99-09	Various Improvements	176,575.00
00-10	Various Improvements	1,104,000.00
01-13	Various Improvements	622,650.00
02-13	Various Improvements	1,224,150.00
03-09	Various Improvements	382,575.00
04-11	Various Improvements	475,730.00
05-19	Various Improvements	926,525.00
05-35	Development of Park Lands	485,000.00
06-21	Various Improvements	420,175.00
07-14, 08-29	Various Improvements	767,915.00
09-16	Various Improvements	1,098,000.00
10-21	Various Improvements	1,193,000.00
11-20	Various Improvements	950,000.00
12-12	Various Improvements	1,026,555.00
14-05	Various Improvements	3,123,562.70
15-10	Various Improvements	6,076,069.30
16-12	Various Improvements	3,468,000.00
		<u>\$ 25,425,055.70</u>

WATER-SEWER UTILITY FUND

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D-6

SCHEDULE OF CASH AND INVESTMENTS- TREASURER

	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance December 31, 2015:			
Cash and Cash Equivalents	\$ 4,691,352.49	\$ 339,902.21	\$ 8,132,793.59
Investments	<u>5,310,101.53</u>	<u>\$ 339,902.21</u>	<u>\$ 8,132,793.59</u>
Increased by Receipts:			
Prepaid Water-Sewer Rents	29,143.37		
Water Connection Fees	100,297.07		
Sewer Connection Fees	92,716.50		
Interest on Investments	37,794.40		
Miscellaneous Other	96,451.14		
Prior Year Sewer Charge Reimbursement	420,874.74		
Fire Hydrant Service	204,221.20		
Fund Balance - Utility Capital Fund	144,302.00		
Water-Sewer Rent Overpayments	147.99		
Water Charges Receivable	4,577,167.22	19,496.63	7,968.21
Sewer Charges Receivable	7,538,916.06		35,231.46
Bankruptcy Utility Charges	65.88		12,500.00
Assessments Receivable			
Reserve for Infrastructure Contribution			
Premium on Sale of Notes			
Developer Contribution Receivable		44.43	
Interfunds	23,411.48		
Budget Appropriations:			
Capital Improvement Fund			800,000.00
	<u>13,265,509.05</u>		<u>855,699.67</u>
	<u>23,266,963.07</u>	<u>19,541.06</u>	<u>8,988,493.26</u>
Decreased by Disbursements:			
Budget Appropriations	11,747,718.73		
Appropriation Reserves	278,528.41		
Refund of Prior Year Revenue	229.25		
Interfunds		44.43	23,411.48
Accrued Interest on Bonds and Notes	419,066.17		
Water-Sewer Rent Overpayments	147.99		
Improvement Authorizations			3,548,803.09
Utilized in Operating Fund Budget:			
Fund Balance	<u>12,445,690.55</u>	<u>44.43</u>	<u>3,716,516.57</u>
Balance December 31, 2016:			
Cash and Cash Equivalents	5,553,486.82		
Investments	5,267,785.70		
	<u>\$ 10,821,272.52</u>	<u>\$ 359,398.84</u>	<u>\$ 5,271,976.69</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY ASSESSMENT FUND

Exhibit D-7

ANALYSIS OF CASH

	Balance Dec. 31, 2015	Receipts		Disbursements Miscellaneous	Transfers		Balance Dec. 31, 2016
		Assessments Receivable	Miscellaneous		From	To	
Fund Balance	\$ 339,902.21	\$	\$	\$	\$	\$	\$ 359,398.84
Interfunds:							
Interfund - Water-Sewer Operating Fund			44.43	44.43			
Water-Sewer Capital Fund							
Prepaid Assessment							
Assessment Bonds:							
Ordinance							
Number							
04-21		347.13			347.13		
06-31, 06-43		7,305.12			7,305.12		
07-22, 08-16		11,844.38			11,844.38		
	\$ 339,902.21	\$ 19,496.63	\$ 44.43	\$ 44.43	\$ 19,496.63	\$ 19,496.63	\$ 359,398.84

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-8

ANALYSIS OF CASH

	Balance Dec. 31, 2015	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 1,295,993.93	\$	\$ 35,231.46	\$	\$ 144,302.00	\$	\$ 12,500.00	\$ 1,199,423.39
Developer Contribution Receivable	(268,000.00)		12,500.00					(268,000.00)
Grants Receivable								
Interfunds:								
Water-Sewer Operating Fund	23,411.48				23,411.48			81,274.29
Reserve for Infrastructure Contribution	73,306.08		7,968.21					429,752.57
Capital Improvement Fund	418,195.00	800,000.00				1,000,000.00	211,557.57	
Improvement Authorizations:								
Ordinance								
Number								
General Improvements:								
02-14, 04-31	25,499.00							25,499.00
05-20	2,186.20							2,186.20
06-22	38,495.49							38,495.49
07-15	147,580.00							147,580.00
09-17	277,067.96			127,846.50				149,221.46
10-22	175,925.92							175,925.92
11-21	22,059.48							22,059.48
12-13	74,278.52							74,278.52
14-06	3,874,177.84			3,260,732.64				613,445.20
15-03	157,318.57					157,318.57		
15-11	1,700,298.12			119,462.95				1,580,835.17
15-27	95,000.00			40,761.00		54,239.00		
16-09							1,000,000.00	1,000,000.00
	\$ 8,132,793.59	\$ 800,000.00	\$ 55,699.67	\$ 3,548,803.09	\$ 167,713.48	\$ 1,224,057.57	\$ 1,224,057.57	\$ 5,271,976.69

Ref.

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D-5

D-18

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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-9

SCHEDULE OF WATER CHARGES RECEIVABLE

Balance December 31, 2015		\$ 256,844.26
Increased by:		
Water Charges Levied		<u>4,812,142.67</u>
		<u>5,068,986.93</u>
Decreased by:		
Receipts:		
Consumer Accounts	\$ 4,577,167.22	
Fire Hydrant Service	204,221.20	
Prepaid Applied	13,253.61	
Transfer to Bankruptcy Receivable	<u>281.76</u>	
		<u>4,794,923.79</u>
Balance December 31, 2016		<u><u>\$ 274,063.14</u></u>
<u>Allocation of Revenue</u>		
Water Rents		\$ 3,162,568.26
Miscellaneous:		
Fire Hydrant Services		55,752.10
Fire Protection		<u>95,973.56</u>
		<u><u>\$ 3,314,293.92</u></u>

SCHEDULE OF SEWER CHARGES RECEIVABLE

Exhibit D-10

Balance December 31, 2015		\$ 354,297.55
Increased by:		
Sewer Charges Levied		<u>7,635,455.05</u>
		<u>7,989,752.60</u>
Decreased by:		
Receipts	\$ 7,538,916.06	
Prepaid Applied	4,964.06	
Transfer to Bankruptcy Receivable	<u>646.34</u>	
		<u>7,544,526.46</u>
Balance December 31, 2016		<u><u>\$ 445,226.14</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY ASSESSMENT FUND

Exhibit D-11

SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Due Dates</u>	<u>Balance Dec. 31, 2015</u>	<u>Collected</u>	<u>Balance Dec. 31, 2016</u>	<u>Pledged to Reserve</u>
04-21	Various Local Improvements and Improvements to the Sewer System - Eaglenest	2/28/2006	10	5/01/2006-15	\$ 347.13	\$ 347.13	\$	
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	7/29/2008	10	9/01/2008-17	13,326.76	7,305.12	6,021.64	6,021.64
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	8/25/2009	10	10/15/2010-19	30,066.08	11,844.38	18,221.70	18,221.70
					<u>\$ 43,739.97</u>	<u>\$ 19,496.63</u>	<u>\$ 24,243.34</u>	<u>\$ 24,243.34</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-12

SCHEDULE OF RECEIVABLES

	Balance Dec. 31, 2016
Connection Fees:	
Queen Anne	\$ 21,672.00

SCHEDULE OF FIXED CAPITAL

Exhibit D-13

	Balance Dec. 31, 2016
Purchase and Improvement of the Freehold Water and Utility Company	\$ 1,700,000.00
Maintenance and Storage Facility	75,000.00
Purchase of Southern Gulf Water Company	326,428.10
Treatment Plant	6,201,098.58
Distribution Mains	4,210,594.56
Meters and Meters Accessories	451,511.70
Standpipes and Storage Tanks	1,046,073.45
Wells	4,459,335.88
Land	432,146.38
Water System and Sewer System Improvements	24,871,920.48
Sewer Collection System	5,994,055.40
Sewer Emergency Response	17,781.33
Sewer Equipment	18,543.46
Vehicles	823,924.84
Equipment	127,727.44
	\$ 50,756,141.60

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-14

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ordinance Number	Improvement Description	Balance	2016	Costs	Balance
		Dec. 31, 2015	Ordinance Deferred Reserve for Amortization	to Fixed Capital	Dec. 31, 2016
	General Improvements:				
02-14, 04-31	Improvements to the Water System	\$ 1,679,038.52	\$	\$	\$ 1,679,038.52
05-20	Various Improvements to the Water-Sewer System	1,956,506.64			1,956,506.64
06-22	Various Improvements to the Water-Sewer System	785,715.75			785,715.75
07-15	Various Improvements to the Water-Sewer System	300,000.00			300,000.00
09-17	Various Improvements to the Water-Sewer System	2,991,574.00			2,991,574.00
10-22	Various Improvements to the Water-Sewer System	875,000.00			875,000.00
11-21	Various Improvements to the Water-Sewer System	262,000.00			262,000.00
12-13	Various Improvements to the Water-Sewer System	700,000.00			700,000.00
14-06	Various Improvements to the Water-Sewer System	4,900,000.00			4,900,000.00
15-03	Sewer Lining Project	374,000.00		216,681.43	157,318.57
15-11	Various Improvements to the Water-Sewer System	2,023,000.00			2,023,000.00
15-27	Well 11 Rehabilitation Project	95,000.00		40,761.00	54,239.00
16-09	SCADA System Upgrades		1,000,000.00		1,000,000.00
		\$ 16,941,834.91	\$ 1,000,000.00	\$ 257,442.43	\$ 17,472,834.91
					\$ 211,557.57

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-15

SCHEDULE OF APPROPRIATION RESERVES

	<u>Balance Dec. 31, 2015</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 80,389.49		\$ 80,389.49		\$ 80,389.49
Other Expenses	1,107,052.81	82,329.11	1,189,381.92	275,683.41	913,698.51
Capital Improvement:					
Capital Outlay	18,051.16	2,845.00	20,896.16	2,845.00	18,051.16
Statutory Expenditures:					
Contribution to:					
Social Security System	<u>9,420.36</u>		<u>9,420.36</u>		<u>9,420.36</u>
	<u>\$ 1,214,913.82</u>	<u>\$ 85,174.11</u>	<u>\$ 1,300,087.93</u>	<u>\$ 278,528.41</u>	<u>\$ 1,021,559.52</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-16

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

Balance December 31, 2015	\$ 78,262.47
Increased by:	
Budget Appropriations:	
Interest on Bonds and Notes	<u>427,829.64</u>
	<u>506,092.11</u>
Decreased by:	
Disbursed	<u>419,066.17</u>
Balance December 31, 2016	<u><u>\$ 87,025.94</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY ASSESSMENT FUND

Exhibit D-17

STATEMENT OF RESERVE FOR ASSESSMENTS AND LIENS

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2015</u>	<u>Collections to Fund Balance</u>	<u>Balance Dec. 31, 2016</u>
04-21	Various Local Improvements and Improvements to the Sewer System - Eaglenest	\$ 347.13	347.13	
06-31, 06-43	Various Local Improvements to the Sanitary Sewerage System - Weaverville	13,326.76	7,305.12	6,021.64
07-22, 08-16	Various Local Improvements to the Sanitary Sewerage System - Southern Gulf	<u>30,066.08</u>	<u>11,844.38</u>	<u>18,221.70</u>
		\$ <u>43,739.97</u>	\$ <u>19,496.63</u>	\$ <u>24,243.34</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2015		2016 Ordinances Capital Improvement Fund	Paid or Charged	Cancelled	Balance Dec. 31, 2016						
				Funded	Unfunded				Funded	Unfunded					
General Improvements:															
02-14, 04-31	Improvements to the Water System	8/10/2004	\$ 1,719,000	\$	\$ 25,499.00	\$	\$	\$	\$	\$ 25,499.00					
05-20	Various Improvements to the Water-Sewer System	7/26/2005	2,023,000		251,542.84					251,542.84					
06-22	Various Improvements to the Water-Sewer System	5/23/2006	825,000	38,495.49	84,465.75				38,495.49	84,465.75					
07-15	Various Improvements to the Water-Sewer System	6/26/2007	300,000	147,580.00					147,580.00						
09-17	Various Improvements to the Water-Sewer System	5/26/2009	3,005,000	277,067.96	1,236,974.00		127,846.50		149,221.46	1,236,974.00					
10-22	Various Improvements to the Water-Sewer System	8/31/2010	875,000		551,925.92					551,925.92					
11-21	Various Improvements to the Water-Sewer System	8/23/2011	262,000		70,059.48					70,059.48					
12-13	Various Improvements to the Water-Sewer System	6/26/2012	700,000		465,278.52					465,278.52					
14-06	Various Improvements to the Water-Sewer System	5/27/2014	4,900,000	3,874,177.84	938,000.00		3,260,732.64		613,445.20	938,000.00					
15-03	Sewer Lining Project	1/27/2015	374,000	157,318.57				157,318.57							
15-11	Various Improvements to the Water-Sewer System	5/26/2015	2,023,000	206,298.12	1,755,000.00		119,462.95		86,835.17	1,755,000.00					
15-27	Well 11 Rehabilitation Project	11/24/2015	95,000	95,000.00			40,761.00								
16-09	SCADA System Upgrades	7/26/2016	1,000,000		1,000,000.00				1,000,000.00						
									\$ 4,795,937.98	\$ 5,378,745.51	\$ 1,000,000.00	\$ 3,548,803.09	\$ 211,557.57	\$ 2,035,577.32	\$ 5,378,745.51

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2015		\$ 418,195.00
Increased by:		
2016 Budget Appropriations	\$ 800,000.00	
Ordinances Cancelled	<u>211,557.57</u>	
		<u>1,011,557.57</u>
		<u>1,429,752.57</u>
Decreased by:		
Appropriation to Finance Improvement Authorization		<u>1,000,000.00</u>
Balance December 31, 2016		<u><u>\$ 429,752.57</u></u>

SCHEDULE OF RESERVE FOR AMORTIZATION

Exhibit D-20

Balance December 31, 2015		\$ 48,200,297.50
Increased by:		
Budget Appropriations:		
Serial Bonds	\$ 1,005,000.00	
M.C.I.A. Lease Payable	7,830.00	
Transfer from Deferred Reserve for Amortization	<u>257,442.43</u>	
		<u>1,270,272.43</u>
		<u>49,470,569.93</u>
Decreased by:		
Adjustment to Fixed Assets per Records		<u>595,548.33</u>
Balance December 31, 2016		<u><u>\$ 48,875,021.60</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-21

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ordinance Number</u>	<u>Improvements Description</u>	<u>Balance Dec. 31, 2016</u>
	General Improvements:	
02-14, 04-31	Improvements to the Water System	\$ 224,638.52
05-20	Various Improvements to the Water-Sewer System	101,150.00
06-22	Various Improvements to the Water-Sewer System	41,250.00
07-15	Various Improvements to the Water-Sewer System	300,000.00
09-17	Various Improvements to the Water-Sewer System	350,655.70
10-22	Various Improvements to the Water-Sewer System	301,400.00
11-21	Various Improvements to the Water-Sewer System	19,200.00
12-13	Various Improvements to the Water-Sewer System	41,800.00
14-06	Various Improvements to the Water-Sewer System	270,944.30
15-11	Various Improvements to the Water-Sewer System	268,000.00
16-09	SCADA System Upgrades	<u>1,000,000.00</u>
		<u>\$ 2,919,038.52</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-22

SCHEDULE OF WATER-SEWER SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2016	Interest Rate	Balance	
					Dec. 31, 2015	Dec. 31, 2016
Utility Bonds	7/26/2007	\$ 3,000,000	7/15/2017 \$ 200,000	4.250%	\$ 400,000.00	\$ 200,000.00
Utility Refunding Bonds	12/16/2009	6,580,000	9/15/2017 640,000	5.000%		
			9/15/2018 645,000	5.000%		
			9/15/2019 335,000	5.000%		
			9/15/2020 335,000	3.000%		
			9/15/2021 330,000	4.000%	2,930,000.00	645,000.00
Utility Refunding Bonds	10/01/2012	1,680,000	10/01/2017-18 155,000	3.000%		
			10/01/2019 160,000	3.000%		
			10/01/2020 175,000	3.000%		
			10/1/2021-22 175,000	3.500%		
			10/1/2023-24 170,000	3.500%	1,490,000.00	155,000.00
Utility Refunding Bonds	9/10/2015	1,295,000	7/15/2018 260,000	3.000%		
			7/15/2019 270,000	4.000%		
			7/15/2020-21 265,000	4.000%		
			7/15/2022 230,000	3.000%	1,295,000.00	5,000.00
Utility Bonds	12/11/2015	5,469,000	11/01/2017-18 425,000	4.000%		
			11/01/2019 435,000	4.000%		
			11/01/2020 440,000	4.000%		
			11/01/2021 450,000	2.000%		
			11/01/2022 460,000	2.000%		
			11/01/2023 465,000	2.000%		
			11/01/2024 480,000	2.000%		
			11/01/2025 490,000	2.125%		
			11/01/2026 505,000	2.250%		
			11/01/2027 520,000	2.375%	5,469,000.00	374,000.00
					<u>\$ 11,584,000.00</u>	<u>\$ 1,379,000.00</u>
					<u>\$ 10,205,000.00</u>	<u>\$ 200,000.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-23

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Decreased by Budget Appropriations</u>	<u>Balance Dec. 31, 2016</u>
						\$	\$	\$
02-14, 04-31 05-20	Improvements to the Water System	12/17/2013	11/18/2016	11/17/2017	2.25%	\$ 450,000.00	\$ 15,600.00	\$ 434,400.00
10-22	Various Improvements to the Water-Sewer System	12/11/2015	11/18/2016	11/17/2017	2.25%	6,000.00		6,000.00
11-21	Various Improvements to the Water-Sewer System	12/21/2010	11/18/2016	11/17/2017	2.25%	213,200.00	15,600.00	197,600.00
12-13	Various Improvements to the Water-Sewer System	12/20/2011	11/18/2016	11/17/2017	2.25%	197,400.00	2,600.00	194,800.00
15-11	Various Improvements to the Water-Sewer System	12/19/2012	11/18/2016	11/17/2017	2.25%	271,400.00	4,200.00	267,200.00
		12/11/2015	11/18/2016	11/17/2017	2.25%	<u>1,494,000.00</u>		<u>1,494,000.00</u>
						\$ 2,632,000.00	\$ 38,000.00	\$ 2,594,000.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-24

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT AUTHORITY LEASE PAYABLE

Sheet 1 of 2

Year of Lease	Lease Principal	Maturities of Lease Outstanding	Dec. 31, 2016	Balance Dec. 31, 2015	Paid by Budget Appropriation	Balance Dec. 31, 2016
2013	\$ 73,800.00	Date	Amount	\$ 58,950.00	\$ 7,830.00	\$ 51,120.00
		See Amortization Statement				

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT

Exhibit D-24

Sheet 2 of 2

AUTHORITY LEASE PAYABLE

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
April 2017	\$	\$
October 2017	8,190.00	1,105.00
April 2018		900.00
October 2018	8,730.00	900.00
April 2019		680.00
October 2019	6,300.00	680.00
April 2020		555.00
October 2020	6,570.00	555.00
April 2021		425.00
October 2021	6,840.00	425.00
April 2022		285.00
October 2022	7,110.00	285.00
April 2023		145.00
October 2023	<u>7,380.00</u>	<u>145.00</u>
	<u>\$ 51,120.00</u>	<u>\$ 8,190.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-25

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>
	General Improvements:	
05-20	Various Improvements to the Water-Sewer System	\$ 249,356.64
06-22	Various Improvements to the Water-Sewer System	84,465.75
09-17	Various Improvements to the Water-Sewer System	1,236,974.00
10-22	Various Improvements to the Water-Sewer System	376,000.00
11-21	Various Improvements to the Water-Sewer System	48,000.00
12-13	Various Improvements to the Water-Sewer System	391,000.00
14-06	Various Improvements to the Water-Sewer System	938,000.00
15-11	Various Improvements to the Water-Sewer System	261,000.00
		<u>\$ 3,584,796.39</u>

TOWNSHIP OF FREEHOLD

COUNTY OF MONMOUTH

SECTION III

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

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An audit of the financial accounts and transactions of the Township of Freehold, in the County of Monmouth, for the year ended December 31, 2016, has recently been completed. The results of the audit are herewith set forth.

SCOPE OF AUDIT

The audit covered the financial transactions of the Chief Financial Officer, Tax Collector, the activities of the Mayor and Township Committee, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the governing body.

Cash on hand was counted and cash balances were reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Township Departments as shown on the Statement of Revenues and Schedule of Revenue Accounts Receivable are presented as recorded in the Township records.

GENERAL COMMENTS

Contracts and Agreements Required to be Advertised per N.J.S. 40A:11-4a

N.J.S. 40A:11-4a states “Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law.” The amount set forth pursuant to the above statute was \$17,500 for municipalities without a qualified purchasing agent (QPA) and \$40,000 with a qualified purchasing agent. In 2011, it was noted that the Division of Local Government Services adopted a temporary rule that permits municipalities to increase their bid threshold to \$26,000 for a person meeting certain eligibility requirements for the future anticipated QPA certification exam. The Township’s bid threshold was \$40,000 for the period of January 1, 2016 to December 31, 2016.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Township Counsel’s opinion should be sought before a commitment is made.

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

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

Contracts or Agreements not Required to be Advertised per N.J.S. 40A:11-6.1

N.J.S. 40A:11-6.1 states “For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount... . . . the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable.”

We conducted a compliance review of the procedures and policies for securing quotations for purchases referred to above which indicated that the procedures were implemented to ensure statutory compliance and that quotes had been solicited as required by the statute.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 5, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“WHEREAS, the Township Committee of the Township of Freehold desires to establish the interest rate to be charged on all delinquent taxes and assessments, said interest to be waived within a ten (10) day period after they become due. On the eleventh day of delinquency, interest shall be calculated from the date the tax was payable until the date of actual payment.”

“NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Freehold that, pursuant to the provisions of N.J.S.A. 54:4-67, the rate of interest to be charged for the non-payment of taxes and assessments on or before the day when the same become delinquent is hereby fixed at eight percent (8%) per annum on the first \$1,500 of delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500. In addition, the Township will set an additional charge of six percent (6%) per annum on all delinquent accounts in excess of \$10,000, or the maximum allowed by statute, whichever is greater.”

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

Collection of Interest on Delinquent Water and Sewer Service Charges

The ordinances of the Township provide for delinquent charges on water and sewer accounts as follows:

“If any bill or part rendered for water and sewer usage or for any other charges in connection therewith is not paid before the 30th day following the bill date, the bill shall be considered delinquent and subject to interest at the prevailing rate fixed for interest for delinquent real estate taxes from the bill date until such time as the bill is paid in full ...”

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

Delinquent Taxes and Tax Title Liens

The last tax and utility lien sale was held on December 6, 2016 and was complete except for those properties in bankruptcy.

Inspection of tax sale certificates on file revealed that all certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2016	22
2015	22
2014	22

Miscellaneous

All sums of outstanding checks, reflected in cash reconciliations herein, are in agreement with the records of the Treasurer, as well as with independent lists made part of this audit.

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A statutory report on the operations of the Municipal Court has been prepared and copies filed with the New Jersey Administrative Office of the Courts, the Division of Local Government Services, the Municipal Court and the Township Clerk.

Individual payments of the Local and Regional School District Taxes by the municipality were confirmed as received by the Secretaries of the Boards of Education for the year 2016.

Miscellaneous (Continued)

In our verification of expenditures, no attempt was made 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.

The propriety of deductions from individual employee salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittances to authorized agencies, however, were ascertained.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

FOLLOW-UP OF PRIOR YEAR FINDINGS

In accordance with *Government Auditing Standards* procedures should include a review of all prior year findings. There were no prior year findings that needed to be addressed in 2016.

FINDINGS/RECOMMENDATIONS

None

ACKNOWLEDGEMENT

We desire to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the audit.

The foregoing comments are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments, please contact us at your earliest opportunity.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Robert W. Allison
Certified Public Accountant
Registered Municipal Accountant
RMA #483

Freehold, New Jersey
June 16, 2017