

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY**

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY**

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COUNTY OF MONMOUTH, NEW JERSEY**

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COUNTY OF MONMOUTH, NEW JERSEY**

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**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH**

PART I

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



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Colts Neck
County of Monmouth
Colts Neck, New Jersey

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 Colts Neck, County of Monmouth, State of New Jersey 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, and statement of expenditures - regulatory basis, statement of general fixed assets account group - regulatory basis, and the related notes to the financial statements, for the year ended December 31, 2016 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 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 these 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 Colts Neck, 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.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Township’s Trust Fund, and represent 12.78% and 11.47% of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2016 and 2015.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, 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 Colts Neck, 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 --regulatory basis of such funds for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, and the related notes to the 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 made for the purpose of forming an opinion 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 basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated on our consideration of the Township of Colts Neck'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 Colts Neck'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

Freehold, New Jersey
May 8, 2017

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

The Honorable Mayor and Members
of the Township Committee
Township of Colts Neck
County of Monmouth
Colts Neck, New Jersey

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 Colts Neck (herein referred to as “the Township”), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township’s basic financial statements, and have issued our report thereon dated. Our report indicated that the Township’s 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.

Our report on the financial statements - regulatory basis included a qualified opinion on the financial statements of the Length of Service Award Program Fund (“LOSAP”) Trust Fund. As discussed in Note 1 the LOSAP Trust Fund financial statements were not audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township of Colts Neck’s financial statements as of and for the year ended December 31, 2016. With the exception of the LOSAP Trust Fund our opinion on the financial statements- regulatory basis was unmodified.

Internal Control Over Financial Reporting

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

Freehold, New Jersey
May 8, 2017

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF COLTS NECK
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	REFERENCE	<u>2016</u>	<u>2015</u>
ASSETS			
Current Fund:			
Cash:			
Cash	A-4	\$ 13,187,779.47	\$ 12,888,464.86
Change Fund	A-5	500.00	500.00
		<u>13,188,279.47</u>	<u>12,888,964.86</u>
Total			
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-7	645,412.65	498,710.02
Tax Title Liens Receivable	A-8	37,837.75	32,683.28
Property Acquired for Taxes - Assessed Valuation	A-9	169,000.00	169,000.00
Revenue Accounts Receivable	A-11	12,869.99	11,166.19
		<u>865,120.39</u>	<u>711,559.49</u>
Total Receivables & Other Assets With Full Reserves			
Deferred Charges:			
Special Emergency - Authorization (N.J.S. 40A:4-55)	A-10	287,141.99	278,284.99
		<u>287,141.99</u>	<u>278,284.99</u>
Total Current Fund			
		<u>14,340,541.85</u>	<u>13,878,809.34</u>
Grant Fund:			
Cash	A-4	58,661.45	75,553.20
State Grants Receivable	A-25	17,491.97	19,512.04
		<u>76,153.42</u>	<u>95,065.24</u>
Total State Grants			
		<u>76,153.42</u>	<u>95,065.24</u>
Total Assets			
		<u>\$ 14,416,695.27</u>	<u>\$ 13,973,874.58</u>

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

**TOWNSHIP OF COLTS NECK
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	REFERENCE	<u>2016</u>	<u>2015</u>
LIABILITIES RESERVES & FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 519,081.04	\$ 472,576.98
Accounts Payable	A-14	36,719.00	16,124.00
Encumbrances Payable	A-15	45,303.85	36,088.82
Prepaid Taxes	A-16	550,136.02	461,164.07
Due County for Added and Omitted Taxes	A-18	54,386.94	29,757.73
Local District School Taxes Payable	A-19	5,207,656.97	5,074,311.29
Regional High School Taxes Payable	A-20	4,774,679.85	4,952,184.85
Due State of New Jersey and Local Agencies	A-21	225.00	125.00
Due to State of NJ - Senior Citizens' and Veterans Deductions	A-6	3,250.00	3,500.00
Various Reserves	A-22	190,672.96	190,797.96
Special Emergency Note Payable	A-23	117,012.00	258,155.00
Tax Overpayments	A-24	32.97	6,358.50
Subtotal Current Fund		<u>11,499,156.60</u>	<u>11,501,144.20</u>
Reserve for Receivables & Other Assets	A	865,120.39	711,559.49
Fund Balance	A-1	<u>1,976,264.86</u>	<u>1,666,105.65</u>
Total Current Fund		<u>14,340,541.85</u>	<u>13,878,809.34</u>
Grant Fund:			
Reserve for State Grants:			
Appropriated Reserves	A-26	76,153.42	95,065.24
Unappropriated Reserves	A-27	-	-
Total State Grants		<u>76,153.42</u>	<u>95,065.24</u>
Total Liabilities, Reserves & Fund Balance		<u><u>\$ 14,416,695.27</u></u>	<u><u>\$ 13,973,874.58</u></u>

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 1,126,000.00	\$ 1,126,226.27
Miscellaneous Revenue Anticipated	2,667,815.70	3,498,695.88
Receipts From Delinquent Taxes	469,515.71	401,548.90
Receipts From Current Taxes	51,363,979.54	51,225,310.60
Non-Budget Revenue	611,152.16	374,231.30
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	236,391.24	154,335.49
Prior Year Tax Overpayments Cancelled	6,325.53	-
Prior Year Refund	-	334.47
	<u>56,481,179.88</u>	<u>56,780,682.91</u>
<u>Expenditures</u>		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	3,937,652.40	3,977,301.00
Other Expenses	3,450,441.78	3,130,692.59
Deferred Charges and Statutory Expenditures	950,048.00	936,734.00
Appropriations Excluded From "CAPS":		
Operations:		
Salaries and Wages	30,000.00	30,000.00
Other Expenses	404,082.19	394,354.87
Capital Improvements	441,550.00	374,795.00
Municipal Debt Service	1,367,465.67	2,038,467.17
Deferred Charges	4,000.00	4,000.00
Interfund Activity	3,792.90	-
Prior Void Check Cashied	-	2,500.00
Open Space Fund Tax	359,793.00	357,014.00
County Taxes	8,961,532.79	9,238,522.90
Due To County for Added and Omitted Taxes	54,386.94	29,757.73
Local District School Tax	22,108,859.00	21,676,118.00
Regional High School Tax	13,121,416.00	13,491,220.00
	<u>55,195,020.67</u>	<u>55,681,477.26</u>
Excess in Revenue	1,286,159.21	1,099,205.65
Adjustments To Income Before Fund Balance		
Expenditures Included Above Which Are By Statute Deferred Charges To Budget of Succeeding Year:		
Special Emergency Authorization	150,000.00	-
	<u>150,000.00</u>	<u>-</u>
Statutory Excess To Fund Balance	1,436,159.21	1,099,205.65
Fund Balance, January 1	<u>1,666,105.65</u>	<u>1,693,126.27</u>
	3,102,264.86	2,792,331.92
Decreased By:		
Utilized as Anticipated Revenue	<u>1,126,000.00</u>	<u>1,126,226.27</u>
Fund Balance, December 31	<u>\$ 1,976,264.86</u>	<u>\$ 1,666,105.65</u>

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Anticipated Budget</u>	<u>Budget Amendments</u>	<u>Amount Realized</u>	<u>Excess/ (Deficit)</u>
Fund Balance Anticipated	\$ 1,126,000.00	\$ -	\$ 1,126,000.00	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	15,000.00	-	15,488.00	488.00
Fees and Permits	60,000.00	-	76,290.00	16,290.00
Fines and Costs:				
Municipal Court	185,000.00	-	141,581.29	(43,418.71)
Interest and Costs on Taxes	100,000.00	-	123,540.31	23,540.31
Interest on Investments and Deposits	25,000.00	-	34,200.62	9,200.62
Recreation Fees	205,000.00	-	188,548.92	(16,451.08)
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax	1,952,550.00	-	1,854,828.00	(97,722.00)
Supplemental Energy Receipts Tax			97,722.00	97,722.00
Watershed Moratorium	28,388.00	-	28,388.00	-
State Revenues Offset with Appropriations:				
Recycling Tonnage Grant	37,798.11	-	37,798.11	-
Drunk Driving Enforcement Fund	2,692.08	-	2,692.08	-
Clean Communities Program	-	42,484.40	42,484.40	-
Municipal Alliance on Drug and Alcohol Abuse	22,150.00	-	22,150.00	-
Body Armor Fund	-	2,103.97	2,103.97	-
Total Miscellaneous Revenues	2,633,578.19	44,588.37	2,667,815.70	(10,350.86)
Receipts From Delinquent Taxes	423,000.00	-	469,515.71	46,515.71
Amount To Be Raised By Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	7,208,073.48	-	7,757,991.81	549,918.33
Budget Revenues	11,390,651.67	44,588.37	12,021,323.22	586,083.18
Non-Budget Revenues	-	-	611,152.16	611,152.16
	\$ 11,390,651.67	\$ 44,588.37	\$ 12,632,475.38	\$ 1,197,235.34

Analysis of Realized Revenues

Allocation of Current Tax Collections:	
Revenue From Collections	\$ 51,363,979.54
Allocated To:	
School, County, and Open Space Taxes	44,605,987.73
	6,757,991.81
Add: Appropriation "Reserve for Uncollected Taxes"	1,000,000.00
Amount for Support of Municipal Budget Appropriations	\$ 7,757,991.81

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Receipts From Delinquent Taxes:	
Delinquent Tax Collections	<u><u>\$ 469,515.71</u></u>
Fees and Permits:	
Board of Health	\$ 24,395.00
Planning Board Fees	12,585.00
Board of Adjustment Fees	20,715.00
Street Opening Permits	3,450.00
CCO Inspection Fees	150.00
Fire Prevention Fees	12,670.00
Auction and Garage Sale Licenses	1,850.00
Miscellaneous	475.00
	<u><u>\$ 76,290.00</u></u>
<u>Analysis of Non-Budget Revenues</u>	
TV Cable Franchise Fees	\$ 32,434.00
Mercantile Licenses	6,025.00
Towing Application	5,980.00
Prior Year Reimbursements	18,455.17
Alarm Fines	8,100.00
Raffle & Solicitor License	1,480.00
Refunds	253.74
Hotel Tax From State	8,169.24
Premium on Note Sale	24,558.00
Sale of Assets	76,585.40
Recycled Scrap Metal	2,361.20
Senior Citizen/Veteran Administrative Cost	1,030.00
Verizon Wireless Lease	10,381.80
Verizon Franchise Fee	50,739.12
AT&T Wireless Lease	25,364.12
T-Mobile Lease	26,051.26
Crown Castle/Global Signal	246,070.13
FEMA Storm Reimbursement	43,082.59
Excess FICA/Third Party Pay	12,539.50
Miscellaneous	11,491.89
	<u><u>\$ 611,152.16</u></u>

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended		Cancelled
	Original Budget	Budget After Modification	Paid or Charged	Reserved	
General Appropriations Operations - Within "CAPS"	\$ 146,952.64	\$ 146,952.64	\$ 145,138.26	\$ 1,814.38	\$ -
GENERAL GOVERNMENT					
General Administration:	49,915.00	49,915.00	32,834.39	17,080.61	-
Salaries and Wages					
Other Expenses					
Mayor and Committee:	7,500.00	7,500.00	4,500.00	3,000.00	-
Salaries and Wages					
Municipal Clerk:	61,200.00	61,200.00	61,200.00	-	-
Salaries and Wages					
Elections:					
Other Expenses	3,250.00	3,250.00	1,568.00	1,682.00	-
Financial Administration (Treasury):					
Salaries and Wages	78,137.20	78,137.20	77,837.20	300.00	-
Other Expenses	33,215.00	33,215.00	32,335.06	879.94	-
Audit Services:					
Other Expenses	31,000.00	31,000.00	30,800.00	200.00	-
Revenue Administration (Tax Collection):					
Salaries and Wages	132,179.12	132,179.12	132,179.12	-	-
Other Expenses	6,465.00	6,865.00	6,722.30	142.70	-
Tax Assessment Administration:					
Salaries and Wages	30,600.00	30,600.00	30,599.92	0.08	-
Other Expenses	33,310.00	33,310.00	24,409.58	8,900.42	-
Revaluation					
Legal Services (Legal Department):					
Other Expenses (Emergency \$150,000)	399,500.00	706,500.00	702,051.33	4,448.67	-
Engineering Services:					
Other Expenses	13,500.00	26,000.00	24,458.17	1,541.83	-
LAND USE ADMINISTRATION					
Farm Land/Open Space Commission:					
Salaries and Wages	750.00	750.00	-	750.00	-
Other Expenses	110.00	110.00	-	110.00	-
Historical Preservation:					
Salaries and Wages	800.00	800.00	532.50	267.50	-
Other Expenses	1,530.00	1,530.00	762.00	768.00	-
Planning Board:					
Salaries and Wages	139,069.62	139,069.62	137,969.62	1,100.00	-
Other Expenses	9,300.00	9,300.00	6,330.05	2,969.95	-

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended		Cancelled
	Original Budget	Budget After Modification	Paid or Charged	Reserved	
Architectural Review:					
Salaries and Wages	750.00	750.00	492.50	257.50	-
Other Expenses	910.00	910.00	776.60	133.40	-
Zoning Board of Adjustment:					
Salaries and Wages	1,200.00	1,200.00	1,200.00	-	-
Other Expenses	4,850.00	5,350.00	5,211.43	138.57	-
CODE ENFORCEMENT AND ADMINISTRATION					
Code Enforcement Official:					
Salaries and Wages	31,485.76	31,485.76	31,485.76	-	-
Other Expenses	3,615.00	3,615.00	3,008.58	606.42	-
INSURANCE					
Unemployment Insurance	2,000.00	2,000.00	2,000.00	-	-
General Liability	212,355.00	212,355.00	212,355.00	-	-
Workers Compensation	308,609.00	288,609.00	285,277.00	3,332.00	-
Employee Group Health	793,500.00	776,400.00	717,414.07	58,985.93	-
Health Benefit Waiver	15,000.00	15,000.00	12,500.00	2,500.00	-
PUBLIC SAFETY					
Police Department:					
Salaries and Wages	2,033,723.64	2,033,723.64	2,033,723.64	-	-
Other Expenses	92,500.00	92,500.00	71,683.87	20,816.13	-
Office of Emergency Management:					
Other Expenses	1,000.00	1,000.00	706.25	293.75	-
Aid To Volunteer Fire Companies	70,850.00	70,850.00	70,291.14	558.86	-
First Aid Organization - Contribution	20,000.00	20,000.00	20,000.00	-	-
Fire Department:					
Other Expenses	28,000.00	28,000.00	27,991.87	8.13	-
Fire Prevention Bureau:					
Salaries and Wages	22,058.30	22,058.30	22,058.30	-	-
Other Expenses	3,560.00	3,560.00	2,920.31	639.69	-
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	896,345.22	844,145.22	791,710.12	52,435.10	-
Other Expenses	145,000.00	145,000.00	124,056.71	20,943.29	-
Snow Removal:					
Salaries and Wages	12,555.00	12,555.00	3,968.12	8,586.88	-
Other Expenses	272,150.00	184,150.00	127,139.54	57,010.46	-

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended		Cancelled
	Original Budget	Budget After Modification	Paid or Charged	Reserved	
Shade Tree Commission:					
Salaries and Wages	1,200.00	1,900.00	1,880.00	20.00	-
Other Expenses	7,685.00	7,685.00	3,788.95	3,896.05	-
Recycling:					
Salaries and Wages	2,000.00	2,000.00	2,000.00	-	-
Other Expenses	119,459.78	119,459.78	76,521.67	42,938.11	-
Buildings and Grounds:					
Salaries and Wages	1,000.00	1,000.00	1,000.00	-	-
Other Expenses	70,620.00	71,620.00	71,255.70	364.30	-
Municipal Court:					
Salaries and Wages	75,572.36	75,572.36	69,171.39	6,400.97	-
Other Expenses	9,810.00	9,810.00	5,752.16	4,057.84	-
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health):					
Salaries and Wages	101,918.54	101,918.54	101,918.54	-	-
Other Expenses	18,400.00	18,400.00	12,914.02	5,485.98	-
Environmental Commission:					
Salaries and Wages	750.00	750.00	637.50	112.50	-
Other Expenses	110.00	110.00	-	110.00	-
Animal Control Services:					
Other Expenses	32,800.00	32,800.00	28,621.50	4,178.50	-
PARK AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	190,905.00	192,405.00	192,113.52	291.48	-
Other Expenses	149,200.00	149,200.00	126,835.07	22,364.93	-
Maintenance of Parks:					
Salaries and Wages	9,000.00	9,000.00	9,000.00	-	-
Other Expenses	36,325.00	36,325.00	8,811.90	27,513.10	-
UNCLASSIFIED					
Municipal Alliance on Alcoholism and Drug Abuse	5,538.00	5,538.00	4,750.00	788.00	-
Match to Fire Grant	10,000.00	10,000.00	-	10,000.00	-
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	39,800.00	39,800.00	35,600.92	4,199.08	-
Street Lighting	12,500.00	15,500.00	15,145.71	354.29	-
Telephone (excluding equipment acquisition)	44,200.00	44,900.00	44,375.98	524.02	-
Natural Gas	19,000.00	19,000.00	15,028.86	3,971.14	-

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended		
	Original Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Gasoline	115,000.00	115,000.00	69,444.32	45,555.68	-
Accumulated Sick and Vacation	10,000.00	10,000.00	10,000.00	-	-
Surety Bond	-	-	-	-	-
Total Operations - Within "CAPS"	7,233,094.18	7,383,094.18	6,926,766.02	456,328.16	-
Contingent	5,000.00	5,000.00	4,760.40	239.60	-
Total Operations Including Contingent - Within "CAPS"	7,238,094.18	7,388,094.18	6,931,526.42	456,567.76	-
Detail:					
Salaries and Wages	3,987,652.40	3,937,652.40	3,862,316.01	75,336.39	-
Other Expenses (Including Contingent)	3,250,441.78	3,450,441.78	3,069,210.41	381,231.37	-
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"					
Contribution To:					
Public Employees' Retirement System	245,163.00	245,163.00	245,163.00	-	-
Social Security System (O.A.S.I.)	295,000.00	295,000.00	282,576.70	12,423.30	-
Police and Firemen's Retirement System of N.J.	409,885.00	409,885.00	409,885.00	-	-
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	950,048.00	950,048.00	937,624.70	12,423.30	-
Total General Appropriations for Municipal Purposes - Within "CAPS"	8,188,142.18	8,338,142.18	7,869,151.12	468,991.06	-
Department of Environmental Protection					
Recycling Tax (N.J.S.A. 13:1E-96.5)	6,910.63	6,910.63	6,910.63	-	-
Aid To Library (N.J.S.A. 40:54-35):					
Salaries and Wages	30,000.00	30,000.00	30,000.00	-	-
Other Expenses	21,350.00	21,350.00	20,761.68	588.32	-
LOSAP	48,000.00	48,000.00	-	48,000.00	-
INTERLOCAL MUNICIPAL AGREEMENTS					
Intertocal Service - County - 911	104,798.00	104,798.00	103,296.34	1,501.66	-
DECLARED STATE OF EMERGENCY COST FOR SNOW REMOVAL					
N.J.S.A (40a:4-45.45(b)) and 40A:4-45.39(bb).	115,795.00	115,795.00	115,795.00	-	-

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended		
	Original Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Clean Communities Program		42,484.40	42,484.40	-	-
Drug and Alcohol Abuse	22,150.00	22,150.00	22,150.00	-	-
Body Armor Fund		2,103.97	2,103.97	-	-
Recycling Tonnage	37,798.11	37,798.11	37,798.11	-	-
Drunk Driving Enforcement	2,692.08	2,692.08	2,692.08	-	-
Total Operations - Excluded From "CAPS"	389,493.82	434,082.19	383,992.21	50,089.98	-
Detail:					
Salaries and Wages	30,000.00	30,000.00	30,000.00	-	-
Other Expenses	359,493.82	404,082.19	353,992.21	50,089.98	-
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	441,550.00	441,550.00	441,550.00	-	-
Total Capital Improvements - Excluded From "CAPS"	441,550.00	441,550.00	441,550.00	-	-
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Principal	779,991.00	779,991.00	779,991.00	-	-
Interest on Bonds	389,562.00	389,562.00	389,562.00	-	-
Special Emergency Note Principal (Sandy)	137,143.00	137,143.00	137,143.00	-	-
Special Emergency Note Interest (Sandy)	2,560.00	2,560.00	2,560.00	-	-
Green Acres Loan - Principal and Interest	11,130.00	11,130.00	11,130.00	-	-
MCIA Lease Principal	35,000.00	35,000.00	35,000.00	-	-
MCIA Lease Interest	12,079.67	12,079.67	12,079.67	-	-
Total Municipal Debt Service - Excluded From "CAPS"	1,367,465.67	1,367,465.67	1,367,465.67	-	-
DEFERRED CHARGES					
Emergency Authorizations					
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	4,000.00	4,000.00	4,000.00	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	4,000.00	4,000.00	4,000.00	-	-
Total General Appropriations - Excluded From "CAPS"	2,202,509.49	2,247,097.86	2,197,007.88	50,089.98	-

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Appropriated		Expended		
	Original Budget	Budget After Modification	Paid or Charged	Reserved	
Subtotal General Appropriations	10,390,651.67	10,585,240.04	10,066,159.00	519,081.04	-
Reserve for Uncollected Taxes	1,000,000.00	1,000,000.00	1,000,000.00	-	-
Total General Appropriations	\$ 11,390,651.67	\$ 11,585,240.04	\$ 11,066,159.00	\$ 519,081.04	-
Added by N.J.S. 40A:4-87		\$ 44,588.37			
Deferred Charges:					
Emergency Authorizations		150,000.00			
Original Budget		11,390,651.67			
		\$ 11,585,240.04			
Reserve for Uncollected Taxes			\$ 1,000,000.00		
Cash Disbursements			9,772,483.59		
Deferred Charges:					
Special Emergency			141,143.00		
State Grants - Appropriated			107,228.56		
Encumbrances Payable			45,303.85		
			\$ 11,066,159.00		

**TOWNSHIP OF COLTS NECK
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Animal Control Fund:			
Cash	B-1	\$ 9,370.99	\$ 8,465.62
		<u>9,370.99</u>	<u>8,465.62</u>
Trust - Other Fund			
Cash	B-1	4,900,114.20	5,109,122.56
		<u>4,900,114.20</u>	<u>5,109,122.56</u>
Length of Service of Award Program Fund ("LOSAP") (Unaudited):			
Investments	B-7	719,645.52	662,959.86
Total Assets		<u>\$ 5,629,130.71</u>	<u>\$ 5,780,548.04</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Animal Control Fund:			
Accounts Payable	B	\$ 903.39	\$ -
Due to State	B-3	5.40	-
Reserve for Animal Control Fund Expenditures	B-2	8,462.20	8,465.62
Total Animal Control Fund		<u>9,370.99</u>	<u>8,465.62</u>
Trust - Other Fund:			
Due to Third Parties	B-4	6,110.64	12,949.35
Reserve for Various Trusts	B-5, B-6	4,894,003.56	5,096,173.21
		<u>4,900,114.20</u>	<u>5,109,122.56</u>
Length of Service Award Program Fund ("LOSAP") (Unaudited):			
Miscellaneous Reserves	B-8	719,645.52	662,959.86
Total Other Trust Funds		<u>719,645.52</u>	<u>662,959.86</u>
Total		<u>\$ 5,629,130.71</u>	<u>\$ 5,780,548.04</u>

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

**TOWNSHIP OF COLTS NECK
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

ASSETS	REFERENCE	2016	2015
Cash	C-2,C-3	\$ 1,600,480.14	\$ 872,717.98
Deferred Charges to Future Taxation:			
Funded	C-4	9,968,714.62	10,883,641.96
Unfunded	C-5	3,148,595.00	750,500.00
Grants and Intergovernmental Receivable	C-13	60,000.00	-
 Total Assets		<u>\$ 14,777,789.76</u>	<u>\$ 12,506,859.94</u>
 LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-6	\$ 9,590,000.00	\$ 10,520,000.00
MCIA Lease Payable	C-7	266,000.00	301,000.00
Green Trust Loan Payable	C-8	52,714.62	62,641.96
Improvement Authorizations:			
Funded	C-9	537,574.31	601,923.67
Unfunded	C-9	1,582,910.90	750,500.00
Bond Anticipation Notes	C-15	2,398,095.00	-
Capital Improvement Fund	C-10	143,644.00	210,549.00
Reserve for:			
Debt Service	C-11	52,808.68	52,808.68
Purchase of Fire Truck	C-12	3,494.50	3,494.50
Encumbrances	C-3	86,605.62	-
Receivables	C-13	60,000.00	-
Fund Balance	C-1	3,942.13	3,942.13
 Total Liabilities, Reserves & Fund Balance		<u>\$ 14,777,789.76</u>	<u>\$ 12,506,859.94</u>

There were bonds and notes authorized but not issued at December 31, 2016 of \$750,500.00 and of December 31, 2015 of \$750,500.00.

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

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015 & 2016

\$ 3,942.13

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	Balance December 31, <u>2016</u>	Balance December 31, <u>2015</u>
Land	D-1	\$ 19,876,189.69	\$ 19,876,189.69
Buildings and Improvements	D-2	3,899,540.00	3,886,390.00
Machinery, Equipment and Vehicles	D-3	<u>7,203,657.00</u>	<u>7,119,673.00</u>
Total General Fixed Assets		<u>\$ 30,979,386.69</u>	<u>\$ 30,882,252.69</u>
Investment in General Fixed Assets		<u>\$ 30,979,386.69</u>	<u>\$ 30,882,252.69</u>

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

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**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY**

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

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TOWNSHIP OF COLTS NECK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Township of Colts Neck was incorporated in 1847 and is located in eastern New Jersey. The population according to the 2010 census is 10,142.

The Township has a Mayor-Council form of government known as the Mayor-Council Plan A under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. The Mayor is separately elected. Executive and administrative responsibilities rest with the Mayor, who is assisted by the Township Clerk.

Component Units

The Township of Colts Neck had no component units as defined by Governmental Accounting Standards Board Statement No.14, as amended by GASB Statements No. 39 and 61.

Basis of Accounting, Measurement Focus and Basis of Presentation

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

In accordance with the "Requirements", the Township of Colts Neck accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

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

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

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

TOWNSHIP OF COLTS NECK

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

Note 1. Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than March 13 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Township. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40AA-9*. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

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

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

Cash 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, 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.

TOWNSHIP OF COLTS NECK

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

Note 1. Summary of Significant Accounting Policies (continued):

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

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

TOWNSHIP OF COLTS NECK

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

Note 1. Summary of Significant Accounting Policies (continued):

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

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.

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Monmouth, the Colts Neck Township School District and the Freehold Regional High School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Colts Neck Township School District and the Freehold Regional High 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 January 1 to December 31 and for the regional high school district the Township's share of the amount required to be raised by taxation 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.

County Taxes - The Township is responsible for levying, collecting, and remitting county taxes for the County of Monmouth. 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.

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.

TOWNSHIP OF COLTS NECK

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

Note 1. Summary of Significant Accounting Policies (continued):

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

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

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

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

Volunteer Length of Service Award Plan - The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer First Aid Squad members. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "Length of Service Award Plan under Section 457(e)11 of the Internal Revenue Code".

The LOSAP Trust Fund has not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements.

N.J.A.C.5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accounts Statements for Accounting and Auditing Review Services.

TOWNSHIP OF COLTS NECK

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

Note 1. Summary of Significant Accounting Policies (continued):

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Municipality implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Municipality is required to measure certain investments at fair value for financial reporting purposes. In addition, the Municipality 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 Municipality's financial statements.

The Municipality 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 Municipality's financial statements.

The Municipality 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 Municipality'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 Municipality'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 Municipality'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 Municipality's financial statements.

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 Municipality's financial statements.

TOWNSHIP OF COLTS NECK

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

Note 1. Summary of Significant Accounting Policies (continued):

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 does expect this Statement to impact the Municipality'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 Municipality'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 Municipality's financial statements.

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 will be effective for the year ended December 31, 2017. Management has not yet determined the potential impact on the Municipality'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 Municipality'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 Municipality's financial statements.

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1. Summary of Significant Accounting Policies (continued):

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 Municipality’s financial statements.

Note 2. Cash & Cash Equivalents

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2016, and reported at fair value are as follows:

Type	Carrying Value
Deposits	
Demand Deposits	<u>\$ 19,756,406.25</u>
Total Deposits	<u><u>\$ 19,756,406.25</u></u>
Reconciliation of Statement of Assets, Liabilities, Reserves and Fund Balance:	
Current Fund	\$ 13,187,779.47
Grant Fund	58,661.45
Animal Control Trust Fund	9,370.99
Trust - Other Fund	4,900,114.20
General Capital Fund	<u>1,600,480.14</u>
Total Cash	<u><u>\$ 19,756,406.25</u></u>

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

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 2. Cash & Cash Equivalents (continued):

As of December 31, 2016, the Township's bank balances of \$19,918,395.15 were exposed to custodial credit risk as follows:

Uninsured & Uncollateralized	\$ 4,660,374.02
Insured Under F.D.I.C.	834,287.88
Collateralized Under GUDPA	14,252,622.80
New Jersey Cash Management Fund	<u>171,110.45</u>
Total	<u>\$ 19,918,395.15</u>

Note: 3: Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township, and are held by either the counterparty's trust department or agent but no in the Township name. As of December 31, 2016 the Township's balance of investments was \$719,645.52, which consisted of mutual funds for the Township's Length of Service Awards Program (Unaudited) in the amount of \$719,645.52, which are not exposed to custodial credit risk because the investments securities are registered in the Township's name.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits investments that the Township may purchase. The Township does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Township does not place a limit on the amount that may be invested in any one issuer. Of the total December 31, 2016 balance of \$719,645.52, \$719,645.52 is recorded in the Trust Fund – LOSAP.

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note: 4: Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison of Tax Rate Information

	2016	2015	2014
Total Tax Rate	<u>\$1.731</u>	<u>\$1.735</u>	<u>\$1.687</u>
Apportionment of Tax Rate:			
Municipal	0.253	0.240	0.226
County	0.300	0.311	0.309
Local School District	0.739	0.730	0.705
Regional High School	0.439	0.454	0.447

Net Valuation Taxable:

2016	<u>\$ 2,991,240,171</u>	
2015	<u>\$ 2,971,383,066</u>	
2014		<u>\$ 3,018,022,351</u>

Comparison of Tax Levies and Collection Currently

YEAR	TAX LEVY	CASH COLLECTIONS	PERCENTAGE OF COLLECTION
2016	\$ 52,089,020.45	\$ 51,363,979.54	98.60%
2015	51,731,356.52	51,225,310.60	99.02%
2014	50,963,105.92	50,236,526.13	98.57%

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note: 4: Property Taxes (continued)

Delinquent Taxes and Tax Title Liens

YEAR ENDED DECEMBER 31	AMOUNT OF TAX TITLE LIENS	AMOUNT OF DELINQUENT TAXES	TOTAL DELINQUENT	PERCENTAGE OF TAX LEVY
2016	\$ 37,837.75	\$ 645,412.65	\$ 683,250.40	1.32%
2015	32,683.28	498,710.02	531,393.30	1.03%
2014	30,893.81	437,163.02	468,056.83	0.92%

Note: 5: Property Acquired By Tax Title Lien Liquidation

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

YEAR	AMOUNT
2016	\$ 169,000.00
2015	169,000.00
2014	169,000.00

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 6. General Fixed Assets

Fixed Assets activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016
Land	\$ 19,876,189.69	\$ -	\$ -	\$ 19,876,189.69
Buildings & Improvements	3,886,390.00	13,150.00	-	3,899,540.00
Machinery, Equipment & Vehicles	7,119,673.00	326,981.00	(242,997.00)	7,203,657.00
Total Fixed Assets	<u>\$ 30,882,252.69</u>	<u>\$ 340,131.00</u>	<u>\$ (242,997.00)</u>	<u>\$ 30,979,386.69</u>

Note: 7: Fund Balance Appropriated

The following schedule details the amount of fund balance available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

		BALANCE DECEMBER 31,	UTILIZED IN BUDGET OF SUCCEEDING YEAR	PERCENTAGE OF FUND BALANCE USED
CURRENT FUND:				
2016	\$	1,976,264.86	\$ 1,276,000.00	64.57%
2015		1,666,105.65	1,126,000.00	67.58%
2014		1,683,349.59	1,126,226.27	66.90%
2013		1,726,217.91	1,172,346.00	67.91%
2012		1,568,760.06	994,000.00	63.36%

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. 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/annrprts.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:

<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

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

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 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 Municipality reported a liability of \$7,612,432 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 Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .02570%, which was a decrease of .00281% 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	2,227,964.00	1,121,834.00
Deferred Inflows of Resources	458,493.00	102,921.00
Net Pension Liability	7,612,432.00	6,401,320.00
Municipality's Portion of the Plan's Total		
Net Pension Liability	0.02570%	0.02852%

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

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 141,568.00	\$ -
Changes of Assumptions	1,576,889.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	290,269.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	219,238.00	458,493.00
	\$ 2,227,964.00	\$ 458,493.00

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

Year Ending	Dec 31,	PERS
2017	\$	429,155.00
2018		429,155.00
2019		507,374.00
2020		384,255.00
2021		19,532.00
	\$	1,769,471.00

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (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 Municipality 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 COLTS NECK

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

Note 8. Pension Obligations (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.

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

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

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	<u>5.25%</u>	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 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.

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

Sensitivity of the Municipality’s proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality’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%)
Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 9,328,146.89	\$ 7,612,432.00	\$ 6,195,960.60

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:

<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

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

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. Municipality contributions to PFRS amounted to \$462,261.00 for 2016.

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

Net Pension Liability and Pension Expense - At December 31, 2016, the Municipality's proportionate share of the PFRS net pension liability is valued to be \$10,035,899.00. 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 Municipality's proportion of the net pension liability was based on the Municipality's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Municipality's proportion measured as of June 30, 2016, was .05254%, which was an increase of .00211% 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	2,606,075.00	1,905,805.00
Deferred Inflows of Resources	320,740.00	545,803.00
Net Pension Liability	10,035,899.00	8,399,149.00
 Municipality's Portion of the Plan's Total		
Net Pension Liability	0.05254%	0.05043%

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 65,787.00
Changes of Assumptions	1,390,055.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	703,195.00	-
Changes in Proportion and Differences between Municipality Contributions and Proportionate Share of Contributions	512,825.00	254,953.00
	\$ 2,606,075.00	\$ 320,740.00

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	\$ 537,913.00
2018	537,911.00
2019	709,306.00
2020	413,806.00
2021	86,399.00
	\$ 2,285,335.00

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (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 Municipality 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 to the plan (except for employer specific financed amounts), there is no net pension

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

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 Municipality is \$42,767.00 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 Municipality was based on a projection of the Municipality'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 .05254%, which was an increase of .00211% from its proportion measured as of June 30, 2015, which is the same proportion as the Municipality's.

Municipality's Proportionate Share of the Net Pension Liability	\$ 10,035,899.00
State's Proportionate Share of the Net Pension Liability Associated with the Municipality	<u>842,767.00</u>
Total Net Pension Liability	<u><u>\$ 10,878,666.00</u></u>

For the year ended December 31, 2016, the Municipality's total allocated pension expense was \$1,139,772.00.

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 COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (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 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, 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:

<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	100.00%	

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8. Pension Obligations (continued):

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 Municipality's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Municipality'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:

Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
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Municipality's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Municipality	\$ 14,027,242.13	\$ 10,878,666.00	\$ 8,311,191.56
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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.

As of December 31, 2016, the Township did not have any employees participating in the Defined Contribution Retirement Program.

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

TOWNSHIP OF COLTS NECK

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

Note 9. Compensated Absences

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. Department head employees, White Collar employees, & Blue Collar employees are entitled to vacation and sick leave days based on their years of service. Unused sick leave may be accumulated as follows: Department head employees' up to a maximum of 90 days; White Collar employees' up to a maximum of 45 days; Blue Collar employees' up to a maximum of 60 days. Payout calculations for sick accrued days are as follows: Department Head Employees with 15 years of continuous service that resign or retire will receive one day pay for every 3 accrued days, with a maximum of 30 days; White Collar employees with 10 years of continuous service that resign or retire will receive one day pay for every 3 accrued days, with a maximum of 45 days; and Blue Collar employees with 10 years of continuous service that resign or retire will receive one day pay for every two accrued days, with a maximum pay of \$4,000.00. All 3 types of employees vacation days not used during the year may be accumulated for a maximum of 10 days to the following year, but if not used in the second year, they will be forfeited.

Police full-time employees are entitled to vacation and sick leave days based on their years of service. Unused sick leave may be accumulated up to a maximum of \$5,000.00. Vacation days not used during the year may only be carried at the discretion of the Chief of Police and must be used in the following year. All accumulated vacation and holidays are paid out at retirement.

The Township of Colts Neck does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$253,027.94.

Note 10. Deferred Compensation Salary Account

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

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

Note 11. Local District School and Regional High School Taxes

Regulations provide for deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township has elected to defer school taxes as follows:

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 11. Local District School and Regional High School Taxes (continued):

	Local District School Tax		Regional High School Tax	
	2016	2015	2016	2015
Balance of Tax	\$ 8,033,756.97	\$ 7,900,411.29	\$ 6,298,279.85	\$ 6,475,784.85
Deferred	2,826,100.00	2,826,100.00	1,523,600.00	1,523,600.00
Tax Payable	\$ 5,207,656.97	\$ 5,074,311.29	\$ 4,774,679.85	\$ 4,952,184.85

Note 12. Interfunds Receivables and Payables

No interfund balances exist at December 31, 2016.

Note 13. Capital 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.

	Year 2016	Year 2015	Year 2014
Issued & Outstanding:			
General Bonds, Loans and Notes	\$ 12,040,809.62	\$ 10,582,641.96	\$ 11,497,373.70
Total Debt Issued	12,040,809.62	10,582,641.96	11,497,373.70
Authorized But Not Issued:			
General Bonds and Notes	750,500.00	750,500.00	750,500.00
Total Authorized But Not Issued	750,500.00	750,500.00	750,500.00
Deductions:			
Farmland Trust Fund	1,732,148.00	1,970,198.48	2,207,837.60
Reserve for Debt Service	52,808.68	52,808.68	102,808.68
Total Deductions	1,784,956.68	2,023,007.16	2,310,646.28
Total Net Debt	\$ 11,006,352.94	\$ 9,310,134.80	\$ 9,937,227.42

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 13. Capital Debt (continued):

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.306%

	GROSS DEBT	DEDUCTIONS	NET DEBT
Local School District Debt	\$ 14,520,000.00	\$ 14,520,000.00	\$ -
Regional School District Debt	1,878,975.12	1,878,975.12	-
General Debt	12,791,309.62	1,784,956.68	11,006,352.94
Total	\$ 29,190,284.74	\$ 18,183,931.80	\$ 11,006,352.94

Net Debt, \$11,006,352.94 divided by Equalized Valuation Basis per N.J.S.A.40A:2-2, as amended, \$3,021,644,708.67 equals 0.364%

Borrowing Power Under 40A:2-6:

3 1/2% of Equalized Valuation Bases (Municipal)	\$ 105,757,564.80
Net Debt	11,006,352.94
Remaining Borrowing Power	\$ 94,751,211.86

A. Serial Bonds Payable

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Bonded Debt Issued and Outstanding:

<u>GENERAL DEBT</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 980,000.00	\$ 434,200.00	\$ 1,414,200.00
2018	1,025,000.00	395,000.00	1,420,000.00
2019	1,065,000.00	354,000.00	1,419,000.00
2020	1,105,000.00	311,400.00	1,416,400.00
2021	1,155,000.00	263,300.00	1,418,300.00
2022-2026	3,140,000.00	684,750.00	3,824,750.00
2027-2028	1,120,000.00	84,750.00	1,204,750.00
Total	\$ 9,590,000.00	\$ 2,527,400.00	\$ 12,117,400.00

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 13. Capital Debt (continued):

B. Loans Payable

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Loan Debt Issued and Outstanding:

<u>GREEN ACRES TRUST LOANS</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 10,126.88	\$ 1,003.90	\$ 11,130.78
2018	10,330.43	800.36	11,130.79
2019	10,538.07	592.71	11,130.78
2020	10,749.89	380.90	11,130.79
2021	8,198.83	164.84	8,363.67
2022	2,770.52	27.71	2,798.23
Total	\$ 52,714.62	\$ 2,970.42	\$ 55,685.04

C. MCIA Lease Payable

Schedule of Annual Debt Service for Principal and Interest for the next five (5) years and increments thereafter for Loan Debt Issued and Outstanding:

<u>MCIA LEASE PURCHASE AGREEMENT</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 38,000.00	\$ 12,320.00	\$ 50,320.00
2018	40,000.00	10,800.00	50,800.00
2019	42,000.00	8,800.00	50,800.00
2020	44,000.00	6,700.00	50,700.00
2021	19,000.00	4,500.00	23,500.00
2022-2025	83,000.00	9,950.00	92,950.00
Total	\$ 266,000.00	\$ 53,070.00	\$ 319,070.00

D. Bond Anticipation Notes

The Township had Bond Anticipation Notes outstanding of \$2,398,095.00 at December 31, 2016. Notes mature March 15, 2017 @ 2.00%.

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 13. Capital Debt (continued):

E. Bonds and Notes Authorized But Not Issued

At December 31, 2016, the Township of Colts Neck had \$750,500.00 authorized but not issued bonds and notes.

During the fiscal year ended December 31, 2016 the following changes occurred in capital debt:

	December 31, 2015	Accrued/ Increases	Retired/ Decreases	December 31, 2016	Due Within One Year
General Capital Fund:					
General Serial Bonds	\$ 10,520,000.00	-	\$ (930,000.00)	\$ 9,590,000.00	\$ 980,000.00
Green Trust Loans Payable	62,641.96	-	(9,927.34)	52,714.62	10,126.88
MCIA Lease Payable	301,000.00	-	(35,000.00)	266,000.00	38,000.00
BAN's Payable	-	2,398,095.00	-	2,398,095.00	2,398,095.00
Authorized but Not Issued	750,500.00	-	-	750,500.00	-
Total General Capital	\$ 11,634,141.96	\$ 2,398,095.00	\$ (974,927.34)	\$ 13,057,309.62	\$ 3,426,221.88

Note 14. Special Emergency Notes

The Township had a Special Emergency Note outstanding at December 31, 2016 in the amount of \$117,012.00. The notes bear an interest rate of 1.45% and mature on 05/09/17. The notes were authorized on 12/21/12 for the purpose of extraordinary expenses resulting from damage caused by Superstorm Sandy.

Note 15. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

	<u>Balance</u> <u>12/31/2016</u>	<u>2017 Budget</u> <u>Appropriation</u>
Current Fund:		
Special Emergency Authorization		
2012 - Superstorm Sandy	\$ 137,141.99	\$ 137,141.99
Emergency Authorization		
2016 - Legal Services	150,000.00	150,000.00

TOWNSHIP OF COLTS NECK

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED):
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 16. New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Township Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ -	\$ -	\$ 310.82
2015	-	-	310.82
2014	-	-	310.82

Note 17. Litigation

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

Note 18. Subsequent Events

On March 15, 2017 the Township approved Ordinance 2017-6 to appropriate funds for various capital improvements. The purchase will be funded through Bonds or Notes issued of \$2,872,617, a NJ DOT Grant of \$300,000, and a Monmouth County Open Space Grant of \$94,000.

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Current <u>Fund</u>	Grant <u>Fund</u>
Balance, December 31, 2015	\$ 12,888,464.86	\$ 75,553.20
Increased By Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 611,152.16	\$ -
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	51,500.00	-
Taxes Receivable	51,320,311.18	-
Revenue Accounts Receivable	2,560,587.14	-
Prepaid Taxes	550,136.02	-
Due To State and Local Agencies	1,025.00	-
Various Reserves	145.00	-
Special Emergency Note Payable	117,012.00	-
State Grants Receivable	-	109,248.63
	<u>55,211,868.50</u>	<u>109,248.63</u>
	68,100,333.36	184,801.83
Decreased By Disbursements:		
2016 Appropriations	9,772,483.59	-
2015 Appropriation Reserves	251,679.56	-
Open Space Trust Fund	359,793.00	-
County Taxes	8,961,532.79	-
County Added and Omitted Taxes	29,757.73	-
Local District School Tax	21,975,513.32	-
Regional High School Tax	13,298,921.00	-
Due To State and Local Agencies	925.00	-
Special Emergency Note Payable	258,155.00	-
Reserve for State Grants - Appropriated	-	126,140.38
	<u>54,912,553.89</u>	<u>126,140.38</u>
Balance, December 31, 2016	<u>\$ 13,187,779.47</u>	<u>\$ 58,661.45</u>

**TOWNSHIP OF COLTS NECK
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF CHANGE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Office</u>	Balance December 31, <u>2016 & 2015</u>
Tax Collector	\$ 200.00
Municipal Court Clerk	300.00
	\$ 500.00
	\$ 500.00

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ (3,500.00)
Increased By:		
Senior Citizens' Deductions Per Tax Billing	\$ 3,750.00	
Veterans' Deductions Per Tax Billing	46,750.00	
Deductions Allowed By Collector:		
2016 Taxes	<u>1,750.00</u>	
		<u>52,250.00</u>
		48,750.00
Decreased By:		
Cash Receipts	51,500.00	
2016 Senior Citizens' Deductions Disallowed	<u>500.00</u>	
		<u>52,000.00</u>
Balance, December 31, 2016		<u><u>\$ (3,250.00)</u></u>

TOWNSHIP OF COLTS NECK
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
 FOR THE YEAR ENDED DECEMBER 31, 2016

Year	Balance December 31, 2015	2016 Levy	Added Taxes	Collections		Senior Citizens' and Veterans' Deductions Allowed/ (Disallowed)	Transferred To Tax Title Liens	Cancellations and Adjustments	Balance December 31, 2016
				2015	2016				
2015	\$ 498,710.02	\$ -	\$ -	\$ -	\$ 469,515.71	\$ -	\$ 252.10	\$ 28,942.21	\$ -
2016	-	51,761,661.09	327,359.36	461,164.07	50,851,065.47	51,750.00	4,848.53	74,779.73	645,412.65
	\$ 498,710.02	\$ 51,761,661.09	\$ 327,359.36	\$ 461,164.07	\$ 51,320,581.18	\$ 51,750.00	\$ 5,100.63	\$ 103,721.94	\$ 645,412.65

Analysis of Property Tax Levy

<u>Tax Yield:</u>	
General Purpose Tax	\$ 51,761,661.09
Added Taxes	327,359.36
	<u>\$ 52,089,020.45</u>
<u>Tax Levy:</u>	
Open Space Tax	359,793.00
County Taxes	8,961,532.79
County Taxes Added	54,386.94
Local School Tax	22,108,859.00
Regional School Tax	13,121,416.00
	<u>\$ 44,605,987.73</u>
Tax for Municipal Purposes	7,208,073.48
Additional Taxes Added	274,959.24
	<u>7,483,032.72</u>
	<u>\$ 52,089,020.45</u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 32,683.28
Increased By:	
Interest and Costs of Sale	53.84
Transfers From Taxes Receivable	<u>5,100.63</u>
Balance, December 31, 2016	<u><u>\$ 37,837.75</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES - ASSESSED VALUATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2016 & 2015

\$ 169,000.00

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Year</u>	<u>Description</u>	<u>Amount</u>	<u>Balance December 31, 2015</u>	<u>Increased</u>	<u>Raised in 2016 Budget</u>	<u>Payment of Note</u>	<u>Balance December 31, 2016</u>
<u>Emergency Authorization:</u>							
2016	Legal Services	\$ 150,000.00	-	\$ 150,000.00	-	-	\$ 150,000.00
<u>Special Emergency Authorization:</u>							
2012	Superstorm Sandy	2,500,000.00	278,284.99	-	4,000.00	137,143.00	137,141.99
			\$ 278,284.99	\$ 150,000.00	\$ 4,000.00	\$ 137,143.00	\$ 287,141.99

TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance December 31, <u>2015</u>	Accrued in <u>2016</u>	Collected in <u>2016</u>	Balance December 31, <u>2016</u>
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverages	\$ -	\$ 15,488.00	\$ 15,488.00	\$ -
Fees and Permits	-	76,290.00	76,290.00	-
Fines and Costs:				
Municipal Court	11,166.19	143,285.09	141,581.29	12,869.99
Interest and Costs on Taxes	-	123,540.31	123,540.31	-
Interest on Investments and Deposits	-	34,200.62	34,200.62	-
Recreation Fees	-	188,548.92	188,548.92	-
State Aid Without Offsetting Appropriations:				
Energy Receipts Tax	-	1,854,828.00	1,854,828.00	-
Supplemental Energy Receipts Tax	-	97,722.00	97,722.00	-
Watershed Moratorium	-	28,388.00	28,388.00	-
	<u>\$ 11,166.19</u>	<u>\$ 2,562,290.94</u>	<u>\$ 2,560,587.14</u>	<u>\$ 12,869.99</u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO OPEN SPACE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
2016 Levy	<u>359,793.00</u>
	359,793.00
Decreased By:	
Disbursed To Trust Fund	<u>359,793.00</u>
Balance, December 31, 2016	<u><u>\$ -</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	<u>Canceled</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 288.72	\$ 288.72	\$ -	\$ 288.72	\$ -
Other Expenses	431.01	1,908.68	1,687.82	220.86	-
Mayor and Committee:					
Salaries and Wages	1,500.00	1,500.00	-	1,500.00	-
Elections:					
Other Expenses	1,440.61	1,440.61	-	1,440.61	-
Financial Administration (Treasury):					
Salaries and Wages	366.58	366.58	-	366.58	-
Other Expenses	1,751.48	2,110.67	2,109.19	1.48	0.00
Audit Services:					
Other Expenses	600.00	600.00	-	600.00	-
Revenue Administration (Tax Collection):					
Salaries and Wages	102.88	102.88	-	102.88	-
Other Expenses	462.60	462.60	257.48	205.12	-
Tax Assessment Administration:					
Salaries and Wages	29.81	29.81	-	29.81	-
Other Expenses	9,605.88	9,605.88	893.43	8,712.45	-
Legal Services (Legal Department)					
Other Expenses	2,318.93	9,018.93	8,923.50	95.43	0.00
Engineering Services:					
Other Expenses	2,014.35	2,014.35	1,313.92	700.43	-
LAND USE ADMINISTRATION					
Farm Land/Open Space Commission:					
Salaries and Wages	332.50	332.50	-	332.50	-
Other Expenses	81.12	81.12	-	81.12	-
Historical Preservation:					
Salaries and Wages	35.00	35.00	-	35.00	-
Other Expenses	878.45	878.45	-	878.45	-
Planning Board:					
Salaries and Wages	517.92	517.92	-	517.92	-
Other Expenses	428.08	478.51	442.43	36.08	-
Architectural Review:					
Salaries and Wages	17.50	17.50	-	17.50	-
Other Expenses	6.00	6.00	-	6.00	-
Zoning Board of Adjustment:					
Other Expenses	622.07	668.32	547.18	121.14	-
CODE ENFORCEMENT AND ADMINISTRATION					
Code Enforcement Official:					
Other Expenses	328.50	328.50	28.07	300.43	-

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	<u>Canceled</u>	Balance <u>Lapsed</u>
INSURANCE					
Workers Compensation	10,979.31	10,979.31	-	10,979.31	-
Employee Group Health	39,343.09	43,901.09	(6,728.00)	50,629.09	-
PUBLIC SAFETY					
Police Department:					
Other Expenses	7,534.82	15,200.05	14,999.71	200.34	-
Office of Emergency Management:					
Other Expenses	576.50	576.50	249.99	326.51	-
Aid To Volunteer Fire Companies	34,643.70	42,760.36	34,387.17	8,373.19	-
Fire Department:					
Other Expenses	4.02	4.02	4.02	-	-
Fire Prevention Bureau:					
Other Expenses	661.55	661.55	320.19	341.36	-
PUBLIC WORKS					
Streets and Road Maintenance:					
Salaries and Wages	58,262.06	58,262.06	18,059.34	40,202.72	-
Other Expenses	12,993.74	18,541.84	13,023.83	5,518.01	-
Snow Removal:					
Salaries and Wages	449.35	449.35	449.35	-	-
Other Expenses	76,349.09	76,831.61	76,831.61	-	-
Shade Tree Commission:					
Salaries and Wages	495.00	495.00	-	495.00	-
Other Expenses	2,319.78	3,519.78	1,497.84	2,021.94	-
Recycling:					
Other Expenses	0.91	4,000.91	3,851.52	149.39	-
Buildings and Grounds:					
Salaries and Wages	-	-	-	-	-
Other Expenses	2,599.28	2,799.28	2,527.79	271.49	-
Municipal Court:					
Salaries and Wages	2,881.02	2,881.02	-	2,881.02	-
Other Expenses	1,060.94	1,060.94	726.02	334.92	-
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health):					
Salaries and Wages	544.75	544.75	-	544.75	-
Other Expenses	7,433.70	7,888.20	2,642.12	5,246.08	-
Environmental Commission:					
Salaries and Wages	225.00	225.00	-	225.00	-
Other Expenses	37.87	37.87	-	37.87	-

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF 2015 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	<u>Canceled</u>	Balance <u>Lapsed</u>
Animal Control Services:					
Other Expenses	5,538.00	5,538.00	2,118.50	3,419.50	-
PARK AND RECREATION					
Recreation Services and Programs:					
Salaries and Wages	13,702.87	13,702.87	-	13,702.87	-
Other Expenses	10,694.64	16,449.64	14,436.18	2,013.46	-
Maintenance of Parks:					
Other Expenses	9,196.93	9,196.93	4,972.02	4,224.91	-
UNCLASSIFIED					
Municipal Alliance on Alcoholism and Drug Abuse	4,128.00	4,128.00	-	4,128.00	-
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	2,920.61	5,720.61	5,632.41	88.20	-
Street Lighting	83.34	833.34	806.86	26.48	-
Telephone (excluding equipment acquisition)	731.91	1,731.91	998.32	733.59	-
Natural Gas	4,681.74	4,681.74	1,870.96	2,810.78	-
Gasoline	68,585.03	52,091.03	5,512.16	46,578.87	-
Accumulated Sick and Vacation	500.00	500.00	-	500.00	-
	-				
Surety Bond	100.00	100.00	-	100.00	-
	-				
Contingent	464.56	1,064.56	1,050.00	14.56	-
	-				
STATUTORY EXPENDITURES					
Contribution To:					
Social Security System (O.A.S.I.)	13,721.91	13,721.91	4,955.82	8,766.09	-
Aid To Library (N.J.S.A. 40:54-35):					
Other Expenses	4,470.31	5,289.58	2,875.81	2,413.77	-
LOSAP	48,000.00	48,000.00	48,000.00	-	-
INTERLOCAL MUNICIPAL AGREEMENTS					
Interlocal Service - County - 911	1,501.66	1,501.66	-	1,501.66	-
Total General Appropriations	<u>\$ 472,576.98</u>	<u>\$ 508,665.80</u>	<u>\$ 272,274.56</u>	<u>\$ 236,391.24</u>	<u>\$ 0.00</u>
2015 Appropriations Reserves		\$ 472,576.98			
Encumbrances Payable		<u>36,088.82</u>			
		<u>\$ 508,665.80</u>			
Cash Disbursed			\$ 251,679.56		
Accounts Payable			<u>20,595.00</u>		
			<u>\$ 272,274.56</u>		

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 16,124.00
Increased By:	
Appropriation Reserves	<u>20,595.00</u>
Balance, December 31, 2016	<u><u>\$ 36,719.00</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 36,088.82
Increased By:	
2016 Budget Appropriations	<u>45,303.85</u>
	81,392.67
Decreased By:	
Transfer To Appropriation Reserves	<u>36,088.82</u>
Balance, December 31, 2016	<u><u>\$ 45,303.85</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF PREPAID TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 461,164.07
Increased By:	
Cash Receipts:	
Collection of 2017 Taxes	<u>550,136.02</u>
	1,011,300.09
Decreased By:	
Amount Applied To 2016 Taxes Receivable	<u>461,164.07</u>
Balance, December 31, 2016	<u><u>\$ 550,136.02</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF DUE TO COUNTY FOR ADDED AND OMITTED TAXES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 29,757.73
Increased By:	
County Share of 2016 Tax Levy:	
Added and Omitted Taxes	<u>54,386.94</u>
	84,144.67
Decreased By:	
Cash Disbursements	<u>29,757.73</u>
Balance, December 31, 2016	<u><u>\$ 54,386.94</u></u>

**TOWNSHIP OF COLTS NECK
 COUNTY OF MONMOUTH, NEW JERSEY
 CURRENT FUND
 SCHEDULE OF DUE TO STATE AND LOCAL AGENCIES
 FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Description</u>	Balance December 31, <u>2015</u>	Cash <u>Received</u>	Cash <u>Disbursed</u>	Balance December 31, <u>2016</u>
Due To State - Marriage Licenses	\$ 125.00	\$ 1,025.00	\$ 925.00	\$ 225.00
	<u>\$ 125.00</u>	<u>\$ 1,025.00</u>	<u>\$ 925.00</u>	<u>\$ 225.00</u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF VARIOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Description</u>	Balance December 31, <u>2015</u>	<u>Increased</u>	Realized as <u>Revenue</u>	Balance December 31, <u>2016</u>
Alcohol Education Rehabilitation Fund	\$ 532.70	\$ -	\$ -	\$ 532.70
Master Plan	25,070.75	-	-	25,070.75
Tax Appeals	150,000.00	-	-	150,000.00
Cable/Board of Ed. Hook-up	14,500.00	-	-	14,500.00
State Library Aid	694.51	145.00	270.00	569.51
	<u>\$ 190,797.96</u>	<u>\$ 145.00</u>	<u>\$ 270.00</u>	<u>\$ 190,672.96</u>

TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF SPECIAL EMERGENCY NOTE PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Resolution Number</u>	<u>Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2016</u>
2012-139/154	Extraordinary Expenses Resulting from Damage Caused by Superstorm Sandy	11/09/16	5/09/17	1.45%	\$ 258,155.00	\$ 117,012.00	\$ 258,155.00	\$ 117,012.00

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	6,358.50
Increased By:			
Overpayments			<u>14,686.40</u>
			21,044.90
Decreased By:			
Cancellation of Prior Year Overpayments	6,358.50		
Overpayments Refunded	<u>14,686.40</u>		<u>21,044.90</u>
Balance, December 31, 2016		\$	<u><u>-</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF STATE GRANTS RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Increased By Revenue Realized <u>2016</u>	Cash <u>Receipts</u>	Transferred From Grants <u>Unappropriated</u>	<u>Cancelled</u>	Balance December 31, <u>2016</u>
Municipal Alliance on Drug and Alcohol Abuse	\$ 19,512.04	\$ 22,150.00	\$ 24,170.07	\$ -	\$ -	\$ 17,491.97
Clean Communities Grant	-	42,484.40	42,484.40	-	-	-
Recycling Tonnage Grant	-	37,798.11	37,798.11	-	-	-
Drunk Driving Grant Enforcement Grant	-	2,692.08	2,692.08	-	-	-
Body Armor Fund	-	2,103.97	2,103.97	-	-	-
	<u>\$ 19,512.04</u>	<u>\$ 107,228.56</u>	<u>\$ 109,248.63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,491.97</u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GRANT FUND
SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Grant</u>	Balance	Transferred	<u>Expended</u>	Balance
	December 31, <u>2015</u>	From 2016 <u>Appropriations</u>		December 31, <u>2016</u>
Body Armor Fund - 2015	\$ 2,183.88	\$ -	\$ 2,160.00	\$ 23.88
Body Armor Fund - 2016	-	2,103.97	-	2,103.97
Drunk Driving Enforcement Fund - 2011	1,200.26	-	85.27	1,114.99
Drunk Driving Enforcement Fund - 2012	2,149.94	-	-	2,149.94
Drunk Driving Enforcement Fund - 2014	4,673.87	-	1,962.50	2,711.37
Drunk Driving Enforcement Fund - 2016	-	2,692.08	-	2,692.08
Recycling Tonnage Grant - 2015	40,943.67	-	40,943.67	-
Recycling Tonnage Grant - 2016	-	37,798.11	2,171.82	35,626.29
Clean Communities Program - 2015	26,463.68	-	26,463.68	-
Clean Communities Program - 2016	-	42,484.40	18,414.06	24,070.34
Municipal Alliance on Drug and Alcohol Abuse - 2014	4,424.00	-	-	4,424.00
Municipal Alliance on Drug and Alcohol Abuse - 2015	12,268.04	-	11,750.27	517.77
Municipal Alliance on Drug and Alcohol Abuse - 2016	-	22,150.00	21,431.21	718.79
Health Performance Quality Improvement Grant - 2012	757.90	-	757.90	-
	<u>\$ 95,065.24</u>	<u>\$ 107,228.56</u>	<u>\$ 126,140.38</u>	<u>\$ 76,153.42</u>

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TRUST FUNDS

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**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Animal Control</u>	<u>Trust - Other</u>
Balance, December 31, 2015	\$ 8,465.62	\$ 5,109,122.56
Increased By Receipts:		
Dog License Fees - Municipal Share	3,894.40	-
Dog License Fees - State Portion	621.60	-
Due To Third Parties	-	258,102.20
Reserve for Various Trusts	-	8,751,198.18
Reserve for Farmland Preservation	-	362,067.44
	<u>4,516.00</u>	<u>9,371,367.82</u>
	<u>12,981.62</u>	<u>14,480,490.38</u>
Decreased By Disbursements:		
Expenditures Under R.S. 4:19-15.11	2,994.43	-
Dog License Fees - State Portion	616.20	-
Due To Third Parties	-	264,940.91
Reserve for Various Trusts	-	9,065,749.90
Reserve for Farmland Preservation	-	249,685.37
	<u>3,610.63</u>	<u>9,580,376.18</u>
Balance, December 31, 2016	<u><u>\$ 9,370.99</u></u>	<u><u>\$ 4,900,114.20</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 8,465.62
Increased By:	
Dog License Fees Collected - Municipal Share	<u>3,894.40</u>
	12,360.02
Decreased By:	
Statutory Excess Payable	903.39
Expenditures Under R.S. 4:19-15.11	<u>2,994.43</u>
Balance, December 31, 2016	<u><u>\$ 8,462.20</u></u>

License Fees Collected:

2014 Fees	\$ 4,325.00
2015 Fees	<u>4,137.20</u>
	<u><u>\$ 8,462.20</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
ANIMAL CONTROL FUND
SCHEDULE OF DUE (TO)/FROM STATE OF NEW JERSEY DEPARTMENT OF HEALTH
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Payments	<u>616.20</u>
	616.20
Decreased By:	
2016 License Fees	<u>621.60</u>
Balance, December 31, 2016	<u><u>\$ (5.40)</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF DUE TO THIRD PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 12,949.35
Increased By:	
Cash Receipts	<u>258,102.20</u>
	271,051.55
Decreased By:	
Cash Disbursements	<u>264,940.91</u>
Balance, December 31, 2016	<u><u>\$ 6,110.64</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR VARIOUS TRUSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Balance December 31, <u>2015</u>	Cash <u>Receipts</u>	<u>Disbursements</u>	Balance December 31, <u>2016</u>
Montrose Road Schoolhouse				
Donations	\$ 216.70	\$ -	\$ 216.70	\$ -
Historical Preservation	8,155.69	1,406.60	1,994.17	7,568.12
Historical Society	52,120.81	1,241.60	1,241.60	52,120.81
Uniform Fire Safety Act Penalties	15,566.42	6,555.57	-	22,121.99
Law Enforcement Trust Fund	306.04	1,699.24	-	2,005.28
Schlesinger Estate	34,661.93	-	-	34,661.93
Unemployment Trust Fund	310.82	-	-	310.82
Tax Collector Trust Fund	677,327.12	797,083.23	892,810.35	581,600.00
Construction Code Fees	145,427.97	243,335.31	315,838.74	72,924.54
Tree Removal	436.94	-	-	436.94
Senior Center Donations	33,048.61	125.66	-	33,174.27
Donations to the Library	889.45	-	-	889.45
Snow Removal	33,300.14	19,226.50	18,674.59	33,852.05
Bid Opening	4,560.00	2,000.00	2,000.00	4,560.00
P.O.A.A. Fines	239.00	13.00	-	252.00
Public Defender	-	1,459.50	1,459.50	-
S.C.A.R.T.	5,625.00	2,295.00	675.00	7,245.00
Police Donations	12,528.79	2,000.00	3,405.50	11,123.29
County DWI Task Force	1,966.39	-	-	1,966.39
Fair Housing	18,019.40	-	18,019.40	-
COAH	661,499.87	129,034.77	112,953.24	677,581.40
Developers' Fees for Engineering and Cash Performance Bonds	2,695,363.89	123,417.67	322,947.54	2,495,834.02
Payroll Agency	-	6,814,531.32	6,814,531.32	-
Medical Insurance	16,653.16	598,468.60	551,863.44	63,258.32
Alliance Against Substance Abuse	1,814.19	4.61	-	1,818.80
Flexible Spending Account	3,444.24	7,300.00	7,118.81	3,625.43
	<u>\$ 4,423,482.57</u>	<u>\$ 8,751,198.18</u>	<u>\$ 9,065,749.90</u>	<u>\$ 4,108,930.85</u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
TRUST - OTHER FUND
SCHEDULE OF RESERVE FOR FARMLAND PRESERVATION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 672,690.64
Increased By:		
2016 Budget Levy	\$ 359,793.00	
Cash Receipts	<u>2,274.44</u>	
		<u>362,067.44</u>
		1,034,758.08
Decreased By:		
Payment of Bond Principal	232,296.76	
Interest on Bonds	<u>17,388.61</u>	
		<u>249,685.37</u>
Balance, December 31, 2016		<u><u>\$ 785,072.71</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") (Unaudited)
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 662,959.86
Increased By:		
Township Contributions	\$ 30,905.00	
Appreciation on Investments	<u>45,629.48</u>	
		<u>76,534.48</u>
		739,494.34
Decreased By:		
Withdrawals	17,773.82	
Accounting Charges	<u>2,075.00</u>	
		<u>19,848.82</u>
Balance, December 31, 2016		<u><u>\$ 719,645.52</u></u>

TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP") (Unaudited)
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance, December 31, 2015		\$ 662,959.86
Increased By:		
Township Contributions	\$ 30,905.00	
Appreciation on Investments	45,629.48	
	<u> </u>	<u>76,534.48</u>
		739,494.34
Decreased By:		
Withdrawals	\$ 17,773.82	
Accounting Charges	2,075.00	
	<u> </u>	<u>19,848.82</u>
Balance, December 31, 2016		<u><u>\$ 719,645.52</u></u>

GENERAL CAPITAL FUND

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**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$	872,717.98
Increased By:			
Budget Appropriations:			
Capital Improvement Fund	\$	441,550.00	
Bond Anticipation Notes		2,398,095.00	
NJ DOT Grant Received		180,000.00	
		<u> </u>	<u>3,019,645.00</u>
			3,892,362.98
Decreased By:			
Bond Anticipation Notes		-	
Improvement Authorizations		2,291,882.84	
		<u> </u>	<u>2,291,882.84</u>
Balance, December 31, 2016		\$	<u><u>1,600,480.14</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF ANALYSIS OF GENERAL CAPITAL CASH
FOR THE YEAR ENDED DECEMBER 31, 2016**

		Balance December 31, <u>2016</u>
Capital Improvement Fund	\$	143,644.00
Fund Balance		3,942.13
Reserve for:		
Purchase of Fire Truck		3,494.50
Debt Service		52,808.68
Encumbrances		86,605.62

<u>Ordinance Date/Number</u>	<u>Improvement Description</u>	
2001-03	Rehabilitation of Affordable Housing - RCA	100,869.00
2008-03	Acquisition of Hammond and Amdur Farm	38,242.55
2009-10	Various Capital Improvements/Equipment	11,920.00
2009-19	Acquisition of Affordable Housing Units	37,500.00
2010-08	Acquisition/Refurbishment of Property	43,000.00
2010-14	Improvements To Heyers Mill Road, Phase II	57,922.13
2011-09	Various Capital Improvements/Equipment	13,136.87
2013-10	Various Road Improvements/Acq. of Equipment	21,338.31
2014-05	Various Capital Improvement/Equipment	2,000.00
2014-12	Various Capital Improvement/Equipment	10,804.74
2015-07	Various Capital Improvement/Equipment	84,033.11
2016-02	Various Capital Improvements	832,410.90
2016-09	Various Capital Improvements/Equipment	116,807.60
		116,807.60
		\$ 1,600,480.14

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015		\$ 10,883,641.96
Increased By:		
DOT Grant		240,000.00
		11,123,641.96
Decreased By:		
Bonds Paid By Budget Appropriations:		
General Serial Bonds	\$ 930,000.00	
Green Trust Loans	9,927.34	
MCIA Lease Principal	35,000.00	
NJDOT Grant Received	180,000.00	
		1,154,927.34
Balance, December 31, 2016		\$ 9,968,714.62

TOWNSHIP OF COLTS NECK
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
 FOR THE YEAR ENDED DECEMBER 31, 2016

Ordinance Date/ Number	Improvement Description	Balance December 31, 2015	2016 Authorizations	Transferred To Deferred Charges To Future Taxation Funded	Notes Paid By Budget Appropriation	Balance December 31, 2016	Analysis of Balance		
							Bond Anticipation Notes	Unexpended Improvement Authorizations	
2009-19	Acquisition of Affordable Housing Units	\$ 712,500.00	\$ -	\$ -	\$ -	\$ 712,500.00	\$ -	\$ -	\$ 712,500.00
2014-12	Various Capital Improvements/Equipment	38,000.00	-	-	-	38,000.00	-	-	38,000.00
2016-2	Various Capital Improvements	-	2,398,095.00	-	-	2,398,095.00	2,398,095.00	-	-
		\$ 750,500.00	\$ 2,398,095.00	\$ -	\$ -	\$ 3,148,595.00	\$ 2,398,095.00	\$ -	\$ 750,500.00

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Purpose	Original Issue		Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance December 31, 2015	Decreased	Balance December 31, 2016
	Date	Amount	Date	Amount				
Refunding Bonds	04/24/12	5,340,000.00	12/31/17	635,000.00	4.000%	\$ 4,825,000.00	\$ 600,000.00	\$ 4,225,000.00
			12/31/18	665,000.00	4.000%			
			12/31/19	690,000.00	4.000%			
			12/31/20	715,000.00	4.000%			
			12/31/21	745,000.00	4.000%			
			12/31/22	775,000.00	5.000%			
MCIA General Obligation Bonds	12/24/13	6,310,000.00	12/01/17	345,000.00	4.000%	5,695,000.00	330,000.00	5,365,000.00
			12/01/18	360,000.00	4.000%			
			12/01/19	375,000.00	4.000%			
			12/01/20	390,000.00	5.000%			
			12/01/21	410,000.00	5.000%			
			12/01/22	430,000.00	5.000%			
			12/01/23	450,000.00	5.000%			
			12/01/24	470,000.00	5.000%			
			12/01/25	495,000.00	5.000%			
			12/01/26	520,000.00	5.000%			
			12/01/27	545,000.00	5.000%			
			12/01/28	575,000.00	5.000%			
						\$ 10,520,000.00	\$ 930,000.00	\$ 9,590,000.00

Current Fund Budget Appropriation \$ 779,991.00
 Farmland Preservation Trust 232,296.76
\$ 1,012,287.76

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF MCIA LEASE PAYABLES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Purpose	Original Issue		Maturities of Bonds Outstanding		Interest Rate	Balance December 31, 2015	Decreased	Balance December 31, 2016
	Date	Amount	Date	Amount				
MCIA Lease Purchase	10/01/15	301,000.00	10/01/17	38,000.00	4.000%	\$ 301,000.00	\$ 35,000.00	\$ 266,000.00
			10/01/18	40,000.00	4.000%			
			10/01/19	42,000.00	4.000%			
			10/01/20	44,000.00	5.000%			
			10/01/21	19,000.00	5.000%			
			10/01/22	20,000.00	5.000%			
			10/01/23	20,000.00	5.000%			
			10/01/24	21,000.00	5.000%			
			10/01/25	22,000.00	5.000%			
						\$ 301,000.00	\$ 35,000.00	\$ 266,000.00

**TOWNSHIP OF COLTS NECK
 COUNTY OF MONMOUTH, NEW JERSEY
 GENERAL CAPITAL FUND
 SCHEDULE OF GREEN TRUST LOAN PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u> <u>December 31, 2016</u>		<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Decrease</u>	<u>Balance December 31, 2016</u>
			<u>Date</u>	<u>Principal and Interest</u>				
Laird Road Recreation	06/25/01	\$ 89,000.00	03/25/12-21	Various	2.00%	\$ 28,688.82	\$ 4,985.33	\$ 23,703.49
Area Development			09/25/12-20	Various				
Laird Road			05/06/12-22	Various				
Recreation II	08/06/02	90,000.00	11/06/12-21	Various	2.00%	33,953.14	4,942.01	29,011.13
						<u>\$ 62,641.96</u>	<u>\$ 9,927.34</u>	<u>\$ 52,714.62</u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Ordinance Number/Date	Improvement Description	Ordinance Date	Amount	Balance December 31, 2015		Deferred Charges To Future Taxation Unfunded	Capital Improvement Fund	DOT Grant	Paid or Charged	Balance December 31, 2016	
				Funded	Unfunded					Funded	Unfunded
				2016 Authorizations							
2001-03	Rehabilitation of Affordable Housing - RCA	01/30/01	\$ 3,100,000.00	\$ -	\$ -	\$ -	-	-	-	100,869.00	\$ -
2008-03	Acquisition of Hammond and Amdur Farm	03/12/08	800,000.00	-	-	-	-	-	-	38,242.55	-
2008-07	Various Capital Improvements	05/14/08	396,000.00	-	-	-	-	586.61	-	-	-
2009-10	Various Capital Improvements/Equipment	05/27/09	125,000.00	-	-	-	-	-	-	11,920.00	-
2009-19	Acquisition of Affordable Housing Units	11/12/09	750,000.00	712,500.00	-	-	-	-	-	37,500.00	712,500.00
2010-08	Acquisition/Refurbishment of Property	08/11/10	73,339.00	-	-	-	-	-	-	43,000.00	-
2010-14	Improvements To Heyers Mill Road, Phase II	11/10/10	300,000.00	-	-	-	-	-	-	57,922.13	-
2011-09	Various Capital Improvements/Equipment	11/30/11	3,121,255.00	-	-	-	-	659.39	-	13,136.87	-
2012-10	Various Capital Improvements/Equipment	05/09/12	160,800.00	-	-	-	-	-	-	-	-
2013-07	Various Capital Improvements/Equipment	05/08/13	296,100.00	-	-	-	-	527.70	-	-	-
2013-10	Various Road Improvements/Act. of Equipment	07/10/13	2,950,000.00	-	-	-	-	119,663.63	-	21,338.31	-
2014-05	Various Capital Improvement/Equipment	2/26/14	40,000.00	38,000.00	-	-	-	-	-	2,000.00	38,000.00
2014-12	Various Capital Improvement/Equipment	5/14/14	296,100.00	-	-	-	-	27,247.40	-	10,804.74	-
2015-07	Various Capital Improvement/Equipment	5/13/15	304,975.00	-	-	-	-	32,472.23	-	84,033.11	-
2016-02	Various Capital Improvements	1/13/16	2,740,000.00	-	-	2,398,095.00	101,905.00	1,907,589.10	-	-	832,410.90
2016-09	Various Capital Improvements/Equipment	4/27/16	406,550.00	-	-	-	406,550.00	289,742.40	-	116,807.60	-
				\$ 601,923.67	\$ 750,500.00	\$ 2,398,095.00	\$ 508,455.00	\$ 2,378,488.46	\$ 240,000.00	\$ 537,574.31	\$ 1,582,910.90

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 210,549.00
Increased By:	
2016 Budget Appropriations	<u>441,550.00</u>
	652,099.00
Decreased By:	
Improvement Authorizations Funded	<u>508,455.00</u>
Balance, December 31, 2016	<u><u>\$ 143,644.00</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR DEBT SERVICE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015 & 2016

\$ 52,808.68

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE TO PURCHASE FIRE TRUCK
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015 & 2016

\$ 3,494.50

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS AND INTERGOVERNMENTAL RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ -
Increased By:	
Ordinance 2016-2	<u>240,000.00</u>
Decreased By:	
NJDOT Grant Received	<u>180,000.00</u>
Balance, December 31, 2016	<u><u>\$ 60,000.00</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Ordinance Number/Date</u>	<u>Improvement Description</u>	Balance December 31, <u>2015</u>	Increased By 2016 <u>Authorizations</u>	Transferred from Capital Improvement <u>Fund</u>	Balance December 31, <u>2016</u>
2009-19	Acquisition of Affordable Housing Units	\$ 712,500.00	\$ -	\$ -	\$ 712,500.00
2014-05	Various Capital Improvements/Equipment	38,000.00	-	-	38,000.00
2016-02	Various Capital Improvements/Equipment	-	2,398,095.00	2,398,095.00	-
		<u>\$ 750,500.00</u>	<u>\$ 2,398,095.00</u>	<u>\$ 2,398,095.00</u>	<u>\$ 750,500.00</u>

TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Date of Ordinance</u>	<u>Improvement Description</u>	<u>Original Issue Date</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2016</u>
1/13/16	Various Capital Improvements	3/16/16	3/16/16	3/15/17	2.00%	\$ -	\$ 2,398,095.00	\$ -	\$ 2,398,095.00
						\$ -	\$ 2,398,095.00	\$ -	\$ 2,398,095.00

GENERAL FIXED ASSETS ACCOUNT GROUP

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**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF LAND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015 & 2016

\$ 19,876,189.69

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF BUILDINGS AND IMPROVEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 3,886,390.00
Increased By Additions:	
Buildings and Improvements	<u>13,150.00</u>
Balance, December 31, 2016	<u><u>\$ 3,899,540.00</u></u>

**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL FIXED ASSETS ACCOUNT GROUP
SCHEDULE OF MACHINERY, EQUIPMENT AND VEHICLES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Balance, December 31, 2015	\$ 7,119,673.00
Increased By Additions:	
Machinery, Equipment and Vehicles	<u>326,981.00</u>
	7,446,654.00
Decreased By Deletions:	
Machinery, Equipment and Vehicles	<u>242,997.00</u>
Balance, December 31, 2016	<u><u>\$ 7,203,657.00</u></u>

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**TOWNSHIP OF COLTS NECK
COUNTY OF MONMOUTH**

PART II

**COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2016**

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The Honorable Mayor and Members
of the Township Committee
Township of Colts Neck, New Jersey

We have audited the financial statements – statutory basis of the Township of Colts Neck in the County of Monmouth for the year ended December 31, 2016.

Scope of Audit

The audit covered the financial transactions of the Tax Collector/Treasurer, the activities of the Mayor and Council and the records of the various outside departments.

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 Statements of Revenue and Revenue Accounts Receivable are presented as recorded in the Township records.

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$40,000 for the period of January 1, 2016 to December 31, 2016, except by contract or agreement.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year.

Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made. The minutes indicate that bids were requested by public advertising.

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

A test was conducted to determine that expenditures greater than \$6,000 for the period of January 1, 2016 to December 31, 2016, obtained solicitation of quotes. No exceptions were noted.

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

Purchases were made through the State Division of Purchases and Property and were approved by resolution of the Township Committee.

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

The compliance review of expenditures did not reveal any individual payments or contracts in excess of the statutory limit "for the performance of any work, or the furnishing of any materials, supplies or labor, or the hiring of teams or vehicles," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements and in excess of \$6,000 for the period of January 1, 2016 to December 31, 2016, thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

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 3, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED that the rate of interest to be charged for the nonpayment of taxes on the date when they become delinquent is hereby fixed as eight (8%) percent per annum of the first One Thousand Five Hundred Dollars (\$1,500.00) of the delinquency, and eighteen (18%) percent per annum on any amount in excess of One Thousand Five

Collection of Interest on Delinquent Taxes and Assessments (continued):

Hundred Dollars (\$1,500.00). The same to be calculated from the date of actual payment; provided, however, that no interest be charged if payment is made with ten (10) days after the date upon which same became payable.”

The Township also charges an additional 6% penalty on delinquencies in excess of \$10,000 at the end of the calendar year.

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

Tax Collector’s Annual Report

N.J.S.54:4-91 requires that on or before May 1st of each year, the Tax Collector shall file with the Treasurer and the governing body a statement of receipts during the preceding year as well as added assessments, taxes canceled and taxes unpaid as of December 31, all for the preceding tax year. This report was filed in 2016 with the governing body.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2016 included real estate taxes for 2016.

The last tax sale was held on December 1, 2016 and was complete.

Inspection of 2016 tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

YEAR	NUMBER OF LIENS
2016	5
2015	3
2014	3

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

Deductions From Taxes

The audit of senior citizen and veteran deductions on a test basis revealed that deductions appear reasonable.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Deposit of Funds Paid to Local Unit

N.J.S.40A:5-15 States:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall within 48 hours after the receipt thereof, either;

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or;
- b. be deposited to the credit of the local unit in its designated legal depository.”

Payroll Fund

The examination of the payroll fund included testing the detail computation of various deductions or other credits from the payroll of Township employees, also, the examination ascertained that the accumulated withholdings were distributed to the proper agencies. The following exceptions were noted:

Prior Year Findings

No prior year findings were noted.

OFFICIALS IN OFFICE

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

NAME	POSITION
Thomas Orgo	Mayor
Russell Macnow	Deputy Mayor
Edward C. Eastman, Jr.	Committeeman
Frank G. Rizzuto	Committeeman
J.P. Bartolomeo	Committeeman
Kathleen M. Capristo	Township Administrator
John D. Antonides	Chief Financial Officer, Tax Collector, Tax Search Officer, Qualified Purchasing Agent *
Cheryl Houss	Deputy Treasurer/Collector
Beth Kara	Municipal Clerk, Secretary to the Township Committee, Website Coordinator
Nicole Sonnenblick	Municipal Judge
Kathryne Bradach	Court Administrator, Violations Clerk
Meghan Bennett Clark	Attorney
Glenn Gerken	Engineer

*Public Employees Faithful Performance Coverage under a multi-peril policy carried with a coverage of \$1,000,000.00, through MID Jersey Joint Insurance Fund.

All bonds were examined and appear to be properly executed.

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

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

Freehold, New Jersey
May 8, 2017