

Report of Audit
on the
Financial Statements
of the
Township of Middletown
in the
County of Monmouth
New Jersey
for the
Year Ended
December 31, 2017

TOWNSHIP OF MIDDLETOWN

INDEX

	<u>PAGES</u>
<u>PART I</u>	
Independent Auditor's Report	1-3
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	4-5

EXHIBITS

Financial Statements - Regulatory Basis

Current Fund:

Balance Sheets - Regulatory Basis	"A"
Statements of Operations and Change in Fund Balance - Regulatory Basis	"A-1"
Statement of Revenues - Regulatory Basis-Year Ended December 31, 2017	"A-2"
Statement of Expenditures - Regulatory Basis-Year Ended December 31, 2017	"A-3"

Trust Fund:

Balance Sheets - Regulatory Basis	"B"
-----------------------------------	-----

General Capital Fund:

Balance Sheets - Regulatory Basis	"C"
Statement of Fund Balance - Regulatory Basis	"C-1"

Solid Waste Collection District:

Balance Sheets - Regulatory Basis	"D"
Statement of Operations and Changes in Fund Balance - Regulatory Basis	"D-1"
Statement of Revenues - Regulatory Basis - Year Ended December 31, 2017	"D-2"
Statement of Expenditures - Regulatory Basis - Year Ended December 31, 2017	"D-3"

Public Assistance Trust Fund:

Balance Sheets - Regulatory Basis	"E"
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General Fixed Asset Account Group:

Balance Sheets - Regulatory Basis	"F"
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	<u>PAGES</u>
Notes to Financial Statements	6-41

TOWNSHIP OF MIDDLETOWN

INDEX (CONTINUED)

Supplementary Schedules - All Funds

EXHIBITS

Current Fund:

Schedule of Cash-Treasurer	"A-4"
Schedule of Cash-Collector	"A-5"
Schedule of Change Funds	"A-6"
Schedule of Petty Cash Funds	"A-7"
Schedule of Due From State of New Jersey Senior Citizens and Veterans Deductions	"A-8"
Schedule of Taxes Receivable and Analysis of Property Tax Levy	"A-9"
Schedule of Tax Title Liens	"A-10"
Schedule of Property Acquired for Taxes (at Assessed Valuation)	"A-11"
Schedule of Revenue Accounts Receivable	"A-12"
Schedule of 2016 Appropriation Reserves	"A-13"
Schedule of Interfunds	"A-14"
Schedule of Encumbrances Payable	"A-15"
Schedule of Accounts Payable	"A-16"
Schedule of Prepaid Taxes	"A-17"
Schedule of Tax Overpayments	"A-18"
Schedule of Various Reserves	"A-19"
Schedule of Tax Appeals	"A-20"
Schedule of County Taxes Payable	"A-21"
Schedule of Due County for Added Taxes	"A-22"
Schedule of Local District School Tax Payable	"A-23"
Schedule of Solid Waste Collection District Tax Payable	"A-24"
Schedule of Municipal Open Space Tax Payable	"A-25"
Schedule of Deferred Charges	"A-26"
Schedule of Emergency Note	"A-27"
Schedule of Grants Receivable	"A-28"
Schedule of Reserve for Grants Appropriated	"A-29"
Schedule of Encumbrances Payable	"A-30"
Schedule of Interfunds	"A-31"

Trust Fund:

Schedule of Trust Cash-Treasurer	"B-1"
Schedule of Animal License Fees Due State of New Jersey	"B-2"
Schedule of Reserve for Animal Control Fund Expenditures	"B-3"
Schedule of Community Development Block Grant Receivable	"B-4"
Schedule of Reserve for Miscellaneous Deposits and Reserves	"B-5"
Schedule of Reserve for Open Space Fund	"B-6"
Schedule of Reserve for Community Development Block Grant	"B-7"
Schedule of Reserve for Self-Insurance Fund	"B-8"
Schedule of Reserve for Payroll Fund	"B-9"
Schedule of Reserve for Encumbrances Payable	"B-10"
Schedule of Municipal Open Space Tax Receivable	"B-11"

TOWNSHIP OF MIDDLETOWN

INDEX (CONTINUED)

EXHIBITS

General Capital Fund:

Schedule of General Capital Cash-Treasurer	"C-2"
Analysis of General Capital Cash and Investments	"C-3"
Schedule of Grants Receivable	"C-4"
Schedule of Deferred Charges to Future Taxation - Funded	"C-5"
Schedule of Deferred Charges to Future Taxation - Unfunded	"C-6"
Schedule of Contracts Payable	"C-7"
Schedule of Improvement Authorizations	"C-8"
Schedule of General Serial Bonds	"C-9"
Schedule of Green Acres Loan Payable	"C-10"
Schedule of Bond Anticipation Notes	"C-11"
Schedule of Various Reserves	"C-12"
Schedule of Capital Improvement Fund	"C-13"
Schedule of Bonds and Notes Authorized But Not Issued	"C-14"

Solid Waste Collection District Fund:

Schedule of Cash	"D-4"
Schedule of 2016 Appropriation Reserves	"D-5"
Schedule of Encumbrances Payable	"D-6"

Public Assistance Trust Fund:

Schedule of Public Assistance Cash-Treasurer	"E-1"
Schedule of Public Assistance Cash and Reconciliation Per N.J.S.A. 40A:5-5	"E-2"
Schedule of Public Assistance Cash and Reconciliation as of December 31, 2017	"E-3"
Schedule of Public Assistance Revenues - Year Ended December 31, 2017	"E-4"
Schedule of Public Assistance Expenditures - Year Ended December 31, 2017	"E-5"

PAGES

PART II

Statistical Data	42-45
Officials in Office and Surety Bonds	46
General Comments and Recommendations	47-50

TOWNSHIP OF MIDDLETOWN

PART I

INDEPENDENT AUDITOR'S REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES AND DATA

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

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2017 AND 2016



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Middletown
County of Monmouth
Middletown, New Jersey 07748

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Middletown's regulatory financial statements. The supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2018 on our consideration of the Township of Middletown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Middletown's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 9, 2018



SUPLEE, CLOONEY & COMPANY

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

The Honorable Mayor and Members
of the Township Committee
Township of Middletown
County of Monmouth
Middletown, New Jersey 07748

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Middletown, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated April 9, 2018. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Middletown prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township of Middletown'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*.

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 Township of Middletown's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Middletown's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

April 9, 2018

CURRENT FUND

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
ASSETS			
Current Fund:			
Cash-Treasurer	A-4	\$ 44,743,692.27	\$ 25,935,684.79
Cash-Tax Collector	A-5	3,703,677.63	924,233.16
Cash-Change Funds	A-6	3,050.00	3,050.00
Due From State of New Jersey: Chapter 20, P.L.1971	A-8		13,804.08
		\$ 48,450,419.90	\$ 26,876,772.03
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 14,792.61	\$ 13,177.89
Tax Title Liens Receivable	A-10	520,779.42	462,545.96
Property Acquired for Taxes-Assessed Valuation	A-11	206,000.00	206,000.00
	A	\$ 741,572.03	\$ 681,723.85
Deferred Charges:			
Special Emergency Appropriation (40A:4-53)	A-26	\$ 315,446.84	\$ 315,446.84
Total Current Fund		\$ 49,191,991.93	\$ 27,873,942.72
Grant Fund:			
Grants Receivable	A-28	\$ 1,094,727.31	\$ 2,344,679.57
Interfunds Receivable	A-31	450,991.75	305,694.12
Total Grant Fund		\$ 1,545,719.06	\$ 2,650,373.69
Total Assets		\$ 50,737,710.99	\$ 30,524,316.41

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

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 4,267,470.95	\$ 3,520,419.55
Due To State of New Jersey:			
Chapter 20, P.L.1971	A-8	7,268.30	
Interfunds Payable	A-14	450,991.75	305,694.12
Encumbrances Payable	A-15	2,608,769.19	3,100,856.52
Accounts Payable	A-16	250,899.03	374,744.46
Prepaid Taxes	A-17	13,239,383.74	1,490,336.55
Tax Overpayments	A-18	16,919.23	69,258.58
Reserve for:			
Various Reserves	A-19	1,620,532.28	1,596,045.64
Tax Appeals	A-20	2,071,656.13	1,342,640.19
County Taxes Payable	A-22	103,792.32	104,785.92
Local School Taxes Payable	A-23	7,259,624.00	4,810,482.00
Municipal Open Space Tax Payable	A-25	7,622.53	7,546.56
Special Emergency Note Payable	A-27		315,446.84
		\$ 31,904,929.45	\$ 17,038,256.93
Reserve for Receivables and Other Assets	A	741,572.03	681,723.85
Fund Balance	A-1	<u>16,545,490.45</u>	<u>10,153,961.94</u>
Total Current Fund		\$ <u>49,191,991.93</u>	\$ <u>27,873,942.72</u>
Grant Fund:			
Reserve for Grants Appropriated	A-29	\$ 1,182,182.60	\$ 2,476,506.75
Encumbrances Payable	A-30	363,536.46	173,866.94
Total Grant Fund		\$ <u>1,545,719.06</u>	\$ <u>2,650,373.69</u>
Total Liabilities, Reserves and Fund Balance		\$ <u>50,737,710.99</u>	\$ <u>30,524,316.41</u>

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

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 5,565,000.00	\$ 5,932,000.00
Miscellaneous Revenue Anticipated	A-2	18,921,610.39	16,058,017.81
Receipts From Delinquent Taxes	A-2	68,635.43	52,360.61
Receipts From Current Taxes	A-2	230,987,006.99	225,394,458.67
Non-Budget Revenues	A-2	3,350,271.38	597,677.24
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	3,025,665.29	3,022,725.34
Appropriated Grant Reserves Cancelled - Net	A-14:A-31	1,374,797.50	57.05
County Added/Omitted Taxes Cancelled	A-21	319.77	
Accounts Payable Cancelled	A-16	139,135.29	
Tax Overpayments Cancelled	A-18	2.25	
<u>TOTAL REVENUE AND OTHER INCOME</u>		\$ 263,432,444.29	\$ 251,057,296.72
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations Within "CAPS":	A-3	\$ 49,700,815.71	\$ 48,852,348.31
Deferred Charges and Statutory Expenditures-Municipal	A-3	5,469,447.84	5,613,198.44
Other Operations Excluded From "CAPS"	A-3	5,859,591.75	6,639,677.55
Capital Improvements-Excluded From "CAPS"	A-3	1,076,500.00	1,739,350.00
Municipal Debt Service	A-3	5,620,052.79	7,661,953.17
Deferred Charges-Municipal	A-3	3,490,446.84	315,449.00
Judgments	A-3	137,812.50	33,750.00
County Taxes	A-21	29,050,239.65	28,661,306.50
Due County for Added Taxes	A-22	103,792.32	104,466.78
Local District School Taxes	A-23	144,713,907.00	139,618,772.00
Solid Waste Collection District Taxes	A-24	3,390,300.00	3,390,300.00
Municipal Open Space Tax	A-25	2,144,733.64	2,086,707.17
Prior Year Senior Citizens Disallowed	A-8	7,765.54	7,894.16
Due from State of New Jersey - Seniors and Veterans Canceled	A-8		18,573.28
Refund of Prior Year Tax Revenue	A-18		134,976.74
Reserve for Tax Appeals	A-20	700,000.00	
Refund of Prior Year Revenue	A-4	10,510.20	31,920.98
<u>TOTAL EXPENDITURES</u>		\$ 251,475,915.78	\$ 244,910,644.08
Excess in Revenue		\$ 11,956,528.51	\$ 6,146,652.64
Fund Balance, January 1	A	\$ 10,153,961.94	\$ 9,939,309.30
		\$ 22,110,490.45	\$ 16,085,961.94
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	5,565,000.00	5,932,000.00
Fund Balance, December 31	A	\$ 16,545,490.45	\$ 10,153,961.94

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

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

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

REF.	ANTICIPATED			EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S 40A: 4-87	REALIZED	
Fund Balance Anticipated	A-1	\$ 5,565,000.00	\$ 5,565,000.00	\$ _____
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	55,000.00	61,866.00	6,866.00
Other	A-2	56,000.00	57,078.75	1,078.75
Fees and Permits:				
Construction Code Official	A-12	2,000,000.00	2,269,770.20	269,770.20
Other	A-2	460,000.00	538,752.35	78,752.35
Fines and Costs:				
Municipal Court	A-12	790,000.00	755,129.24	(34,870.76)
Interest and Costs on Taxes	A-12	225,000.00	270,518.09	45,518.09
Interest on Investments and Deposits	A-12	150,000.00	531,962.24	381,962.24
Railroad Parking Lot Receipts	A-12	600,000.00	626,098.65	26,098.65
Cable TV Franchise Fees	A-12	142,266.00	142,266.33	0.33
Verizon Fios Franchise Fees	A-12	532,569.00	532,569.07	0.07
Senior Citizen Housing PILOT	A-12	290,000.00	534,622.00	244,622.00
Edgewater Park PILOT	A-12	90,000.00	92,775.43	2,775.43
Chapel Hill Associates PILOT	A-12	40,000.00	41,173.00	1,173.00
Sloan Kettering PILOT	A-12	155,000.00	166,640.52	11,640.52
Vanderbilt LLC (E&N)	A-12	3,000.00	17,976.64	14,976.64
Energy Receipts Tax	A-12	6,044,933.00	6,044,933.00	
Watershed Moratorium Offset	A-12	7,755.00	7,755.00	
Middletown Board of Education	A-12	130,000.00	192,507.12	62,507.12
Fair Haven Tax Collector Shared Service	A-12	18,000.00	18,000.00	
Shrewsbury Social Services Shared Service	A-12	2,500.00	2,500.00	
Fair Haven CFO Shared Service	A-12	60,000.00	60,000.00	
Fair Haven QPA Shared Service	A-12	5,000.00	2,000.00	(3,000.00)
Senior Citizens Grant Title III B	A-28		32,500.00	32,500.00
Recycling Tonnage Grant	A-28	115,672.34		115,672.34
2015 Recycling Tonnage Grant	A-28		114,379.22	114,379.22
ROID Grant	A-28		20,000.00	20,000.00
Clean Communities Program	A-28		149,431.54	149,431.54
Superstorm Sandy CDBG Disaster Recovery	A-28		19,116.00	19,116.00
Drive Sober or Get Pulled Over Labor Day Crackdown	A-28		5,500.00	5,500.00
Drive Sober or Get Pulled Over Year End Crackdown	A-28		5,500.00	5,500.00
Bayshore Saturation DWI Enforcement	A-28		16,500.00	16,500.00
Click It or Ticket	A-28		5,500.00	5,500.00
Staffing for Adequate Fire and Emergency Response	A-28		136,675.00	136,675.00
Police Pedestrian Safety	A-28		10,000.00	10,000.00
Municipal Alliance DEDR Grant	A-28		30,000.00	30,000.00
TC Der Microgrid Phase 1	A-28		150,000.00	150,000.00
Body Armor Grant	A-28		9,498.65	9,498.65
Emergency Management Grant	A-28	9,400.00		9,400.00
Emergency Management Grant	A-28		7,000.00	7,000.00
Emergency Management Assistance	A-28		10,000.00	10,000.00
U Text, U Drive, U Pay	A-28	5,500.00		5,500.00
Discover NJ History Grant	A-28	5,000.00		5,000.00
Sustainable Jersey	A-28		20,000.00	20,000.00
Uniform Fire Safety Act	A-12	70,000.00		88,735.10
Capital Fund - Surplus	A-12	3,575,000.00		3,575,000.00
Rental Income	A-12	21,000.00		30,480.53
Rental Income - Middletown EMS	A-12	9,000.00		9,000.00
Hotel Occupancy Tax	A-12	222,000.00		261,208.58
Sewage Authority Surplus Contribution	A-12	440,300.00		440,384.00
Field User Fees	A-12	190,000.00		184,894.68
Capital Reserve - Note Premium	A-12	30,627.00		30,627.00
Reserve for Sale of Municipal Assets	A-12	36,214.12		36,214.12
Reserve for Police Outside Admin Fee	A-12	421,000.00		421,000.00
	A-1	\$ 17,007,736.46	\$ 741,600.41	\$ 18,921,610.39
Receipts From Delinquent Taxes	A-1	\$ 25,000.00		\$ 68,635.43
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2:A-9	\$ 47,503,345.43		\$ 49,227,874.38
Minimum Library Tax	A-2:A-9	\$ 3,556,160.00		\$ 3,556,160.00
		\$ 51,059,505.43		\$ 52,784,034.38
BUDGET TOTALS		\$ 73,657,241.89	\$ 741,600.41	\$ 77,339,280.20
Non-Budget Revenues	A-1:A-2			\$ 2,940,437.90
				\$ 3,350,271.38
		\$ 73,657,241.89	\$ 741,600.41	\$ 80,689,551.58
				\$ 6,290,709.28
REF.		A-3	A-3	

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

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

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

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:

Revenue from Collections	A-1:A-9	\$ 230,987,006.99
Allocated to:		
Local School Taxes	A-23	\$ 144,713,907.00
County Taxes	A-21:A-22	29,154,031.97
Solid Waste Collection District Taxes	A-24	3,390,300.00
Municipal Open Space Taxes	A-25	<u>2,144,733.64</u>
		<u>179,402,972.61</u>

Balance for Support of Municipal Budget Appropriations		\$ 51,584,034.38
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,200,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 52,784,034.38</u>

Other Licenses:

Clerk	A-12	\$ 56,473.75
Police	A-12	<u>605.00</u>
	A-2	<u>\$ 57,078.75</u>

Other Fees and Permits:

Township Clerk	A-12	\$ 5,207.23
Board of Health	A-12	67,049.00
Vital Statistics	A-12	35,292.95
Chief of Police Department	A-12	8,847.55
Chief of Fire Department	A-12	96,527.00
Public Works	A-12	147,179.88
Building Department	A-12	15,637.01
Planning and Zoning	A-12	92,270.18
Tax Assessor	A-12	1,220.00
Tax Collector	A-12	42,816.72
Treasurer	A-12	<u>26,704.83</u>
	A-2	<u>\$ 538,752.35</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

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

REF.

ANALYSIS OF NON-BUDGET REVENUES

Miscellaneous Revenue Not Anticipated:

Treasurer:

Prior Year Reimbursements	\$ 19,213.52
FEMA Proceeds	414,521.15
Solid Waste District Surplus from Dissolution	2,703,116.59
First Aid/Fire Interlocal	8,466.82
Tax Sale Premiums Not Redeemed	8,100.00
Auction	31,135.81
Surrendered LOSAP Accounts	117,750.00
Senior Citizens/Veterans Administrative Fee	10,950.52
Miscellaneous	31,072.35
Collector - Miscellaneous	\$ 3,344,326.76
	<hr/>
	A-5 5,944.62
	<hr/>
	A-2 \$ 3,350,271.38
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The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWN OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salaries and Wages	\$ 705,757.00	\$ 705,757.00	\$ 677,883.10	\$ 27,873.90	\$
Other Expenses	92,250.00	92,250.00	89,740.03	2,509.97	
Purchasing:					
Salaries and Wages	148,067.00	148,067.00	144,268.85	3,798.15	
Other Expenses	3,550.00	3,550.00	2,242.77	1,307.23	
Township Committee:					
Salaries and Wages	16,000.00	16,000.00	15,230.16	769.84	
Other Expenses	4,000.00	4,000.00	3,957.71	42.29	
Township Clerk:					
Salaries and Wages	368,931.00	365,331.00	348,916.77	16,414.23	
Other Expenses	117,400.00	117,400.00	112,372.58	5,027.42	
Elections:					
Salaries and Wages	5,000.00	8,600.00	4,873.48	3,726.52	
Other Expenses	25,000.00	25,000.00	17,419.69	7,580.31	
Financial Administration:					
Salaries and Wages	472,099.00	472,099.00	464,444.03	7,654.97	
Other Expenses	69,800.00	69,800.00	44,893.87	24,906.13	
Audit Services	103,000.00	97,000.00	89,875.00	7,125.00	
Data Processing Center:					
Salaries and Wages	327,963.00	327,963.00	323,811.49	4,151.51	
Other Expenses	180,550.00	180,550.00	131,668.76	48,881.24	
Collection of Taxes:					
Salaries and Wages	257,930.00	257,930.00	250,480.93	7,449.07	
Other Expenses	40,885.00	40,885.00	32,515.17	8,369.83	
Liquidation of Tax Title Liens and Foreclosed Property:					
Other Expenses	30,000.00	36,000.00	36,000.00	0.00	
Assessment of Taxes:					
Salaries and Wages	371,927.00	371,927.00	367,044.32	4,882.68	
Other Expenses	155,350.00	155,350.00	146,720.71	8,629.29	
Maintenance of Tax Map	15,000.00	15,000.00	4,305.86	10,694.14	

TOWN OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>GENERAL GOVERNMENT:</u>					
Legal Services and Costs:					
Other Expenses	\$ 700,000.00	\$ 700,000.00	\$ 518,298.30	\$ 181,701.70	\$
Municipal Prosecutor:					
Salaries and Wages	75,000.00	75,000.00	74,999.86	0.14	
Other Expenses	18,000.00	18,000.00	1,800.00	16,200.00	
Engineering Service and Costs:					
Other Expenses	75,000.00	75,000.00	15,260.13	59,739.87	
Planning:					
Salaries and Wages	257,841.00	257,841.00	241,387.84	16,453.16	
Other Expenses	31,750.00	31,750.00	8,968.96	22,781.04	
Planning Board:					
Salaries and Wages	30,370.50	30,370.50	29,766.85	603.65	
Other Expenses	76,000.00	76,000.00	20,783.50	55,216.50	
Zoning Board of Adjustment:					
Salaries and Wages	30,370.50	30,370.50	29,766.88	603.62	
Other Expenses	46,000.00	46,000.00	18,805.60	27,194.40	
Insurance:					
General Liability	755,495.00	755,495.00	713,698.86	41,796.14	
Workers Compensation Insurance	1,133,541.00	1,133,541.00	1,133,541.00	0.00	
Employees Group Health	10,570,000.00	10,570,000.00	9,581,989.90	988,010.10	
<u>PUBLIC SAFETY:</u>					
Fire:					
Subsidy to Volunteer Fire Company	247,500.00	247,500.00	247,500.00		
Salaries and Wages	87,900.00	78,500.00	45,202.93	33,297.07	
Other Expenses:					
Fire Hydrant Service	760,000.00	760,000.00	760,000.00		
Miscellaneous Other Expenses	387,250.00	396,650.00	376,584.91	20,065.09	
Uniform Fire Safety Act (Ch. 383, PL1983)	70,000.00	70,000.00	70,000.00		
Uniform Fire Safety Bureau:					
Salaries and Wages	154,238.00	154,538.00	137,180.72	17,357.28	
Other Expenses	13,000.00	12,700.00	10,631.63	2,068.37	
Police:					
Salaries and Wages	13,763,886.00	13,743,886.00	13,470,563.92	273,322.08	
Other Expenses	669,350.00	689,350.00	633,204.76	56,145.24	

TOWN OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>PUBLIC SAFETY:</u>					
Emergency Management Services:					
Salaries and Wages	\$ 36,955.00	\$ 36,955.00	\$ 16,009.39	\$ 20,945.61	\$
Other Expenses	37,300.00	37,300.00	35,131.63	2,168.37	
First Aid:					
Other Expenses	90,900.00	90,900.00	75,804.49	15,095.51	
Subsidy to First Aid Companies	200,000.00	200,000.00	200,000.00		
<u>STREETS AND ROADS:</u>					
Department of Public Works:					
Salaries and Wages	2,300,145.00	2,300,145.00	2,061,885.84	238,259.16	
Other Expenses	775,500.00	775,500.00	716,006.10	59,493.90	
Snow Removal:					
Other Expenses	778,500.00	778,500.00	615,885.64	162,614.36	
Parks:					
Salaries and Wages	1,085,090.00	1,060,090.00	1,007,244.58	52,845.42	
Other Expenses	381,800.00	381,800.00	342,235.68	39,564.32	
Beach Operations	5,000.00	5,000.00		5,000.00	
Recycling:					
Salaries and Wages	186,781.71	186,781.71	166,514.59	20,267.12	
Other Expenses	865,200.00	865,200.00	853,504.17	11,695.83	
<u>DEPARTMENT OF PUBLIC WORKS AND ENGINEERING:</u>					
DPW Administration:					
Salaries and Wages	510,121.00	530,121.00	521,861.21	8,259.79	
Other Expenses	26,100.00	26,100.00	21,049.82	5,050.18	
Maintenance of Public Property:					
Salaries and Wages	663,793.00	668,793.00	660,221.26	8,571.74	
Other Expenses	460,000.00	460,000.00	403,753.94	56,246.06	
Vehicle Maintenance:					
Salaries and Wages	582,926.00	582,926.00	548,408.97	34,517.03	
Other Expenses	601,000.00	601,000.00	598,328.86	2,671.14	
Condo Maintenance:					
Other Expenses	80,000.00	80,000.00	13,876.82	66,123.18	

TOWN OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>HEALTH AND WELFARE:</u>					
Board of Health:					
Salaries and Wages	\$ 270,796.00	\$ 270,796.00	\$ 238,955.56	\$ 31,840.44	\$
Other Expenses	38,260.00	35,260.00	23,735.70	11,524.30	
Animal Control Regulation:					
Other Expenses	64,000.00	64,000.00	41,346.39	22,653.61	
<u>RECREATION:</u>					
Recreation Department:					
Salaries and Wages	427,142.00	427,142.00	381,610.35	45,531.65	
Other Expenses	92,900.00	92,900.00	81,500.08	11,399.92	
<u>ALLIANCE FOR ALCOHOL AND DRUG ABUSE:</u>					
Salaries and Wages	59,580.00	59,580.00	32,892.16	26,687.84	
Other Expenses	56,150.00	56,150.00	33,657.81	22,492.19	
<u>STATE UNIFORM CONSTRUCTION CODE:</u>					
Construction Official:					
Salaries and Wages	1,268,946.00	1,268,946.00	1,232,984.47	35,961.53	
Other Expenses	23,800.00	23,800.00	16,061.81	7,738.19	
<u>UNCLASSIFIED:</u>					
Railroad Parking Lot Lease	120,000.00	120,000.00	116,100.00	3,900.00	
Employee Accumulated Leave	500,000.00	500,000.00		500,000.00	
Sick Time Buy Back	250,000.00	250,000.00	181,717.14	68,282.86	
Utilities	470,000.00	470,000.00	464,473.43	5,526.57	
Street Lighting	750,000.00	750,000.00	723,875.00	26,125.00	
Telephone	583,000.00	583,000.00	536,906.36	46,093.64	
Water	180,000.00	180,000.00	167,596.60	12,403.40	
Natural Gas	245,000.00	245,000.00	235,665.89	9,334.11	
Heating Oil	16,000.00	16,000.00	11,519.56	4,480.44	
Sewage Processing	16,600.00	16,600.00	15,500.00	1,100.00	
Fuel	615,000.00	615,000.00	546,023.96	68,976.04	
Municipal Court:					
Salaries and Wages	466,979.00	466,979.00	442,796.61	24,182.39	
Other Expenses	39,600.00	39,600.00	23,649.92	15,950.08	
Public Defender:					
Salaries and Wages	20,000.00	20,000.00	2,307.69	17,692.31	

TOWN OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
	\$	\$	\$	\$	\$
<u>CONTINGENT</u>					
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	<u>49,723,815.71</u>	<u>49,720,815.71</u>	<u>45,857,201.31</u>	<u>3,843,614.40</u>	<u>20,000.00</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL-WITHIN "CAPS"</u>					
DEFERRED CHARGES:					
Prior Year Bill - 2012 Verizon	1,481.61	1,481.61	1,481.61		
Prior Year Bill - 2014 MONOC	500.00	500.00	500.00		
Prior Year Bill - 2015 AT&T	111.23	111.23	111.23		
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System	1,307,247.00	1,307,247.00	1,282,690.00	24,557.00	
Social Security System (O.A.S.I.)	1,263,775.00	1,263,775.00	1,053,373.12	210,401.88	
Police and Firemen's Retire System of N.J.	2,691,000.00	2,691,000.00	2,690,062.00	938.00	
State Unemployment Insurance	150,333.00	150,333.00	139,222.91	11,110.09	
Defined Contribution Retirement Program(DCRP)	55,000.00	55,000.00	54,999.00	1.00	
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>	<u>5,469,447.84</u>	<u>5,469,447.84</u>	<u>5,222,439.87</u>	<u>247,007.97</u>	
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	<u>55,193,263.55</u>	<u>55,190,263.55</u>	<u>51,079,641.18</u>	<u>4,090,622.37</u>	<u>20,000.00</u>
<u>OPERATIONS- EXCLUDED FROM "CAPS":</u>					
Maintenance of Free Public Library:					
Salaries and Wages	1,650,000.00	1,650,000.00	1,573,911.51	76,088.49	
Other Expenses	1,906,160.00	1,906,160.00	1,905,444.25	715.75	
LOSAP: Volunteer Deferred Compensation	325,000.00	325,000.00	325,000.00		
Reserve for Tax Appeals	200,000.00	200,000.00	200,000.00		
<u>OPERATIONS- EXCLUDED FROM "CAPS":</u>	<u>4,081,160.00</u>	<u>4,081,160.00</u>	<u>4,004,355.76</u>	<u>76,804.24</u>	

TOWN OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</u>					
Fair Haven Tax Collector	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$	\$
Fair Haven CFO	60,000.00	60,000.00	60,000.00		
Fair Haven QPA	5,000.00	5,000.00	4,000.00	1,000.00	
Joint Defense Fund	12,500.00	12,500.00	12,500.00		
Shrewsbury Social Services	2,500.00	2,500.00	2,500.00		
Monmouth County Dispatch Services	492,200.00	492,200.00	492,200.00		
Middletown Board of Education and First Aid Squads	130,000.00	130,000.00	130,000.00		
Monmouth County Shuttle Bus	24,500.00	24,500.00	23,135.00	1,365.00	
Monmouth Regional Health Services	142,059.00	145,059.00	145,059.00		
<u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>	<u>886,759.00</u>	<u>889,759.00</u>	<u>887,394.00</u>	<u>2,365.00</u>	
<u>PUBLIC AND PRIVATE PROGRAMS</u>					
<u>OFFSET BY REVENUES:</u>					
Senior Citizens Grant Title III-B (40A:4-87 + \$32,500.00)		32,500.00	32,500.00		
Recycling Tonnage Grant (40A:4-87 + 114,379.22)	115,672.34	230,051.56	230,051.56		
Clean Communities Program (40A:4-87 + \$149,431.54)		149,431.54	149,431.54		
Staffing for Adequate Fire and Emergency Response (40A:4-87 + \$136,675.00)		136,675.00	136,675.00		
TC Der Microgrid Phase 1 FEAS (40A:4-87 + \$150,000.00)		150,000.00	150,000.00		
NJLM Sustainable Jersey Small Grant (40A:4-87 + \$20,000.00)		20,000.00	20,000.00		
Superstorm Sandy CDBG Recovery Grant (40A:4-87 + \$19,116.00)		19,116.00	19,116.00		
Drive Sober Get Pulled Over - Labor Day (40A:4-87 + 5,500.00)		5,500.00	5,500.00		
Drive Sober Get Pulled Over - Year End Holiday Crackdown (40A:4-87 + \$5,500.00)		5,500.00	5,500.00		
Emergency Management (40A:4-87 + \$17,000.00)	9,400.00	26,400.00	26,400.00		
U Drive U Text U Pay (40A:4-87 + \$5,500.00)	5,500.00	5,500.00	5,500.00		
Bayshore Saturation DWI Enforcement (40A:4-87 + \$16,500.00)		16,500.00	16,500.00		
Click It or Ticket (40A:4-87 + \$5,500.00)		5,500.00	5,500.00		
Pedestrian Safety Grant (40A:4-87 + \$10,000.00)		10,000.00	10,000.00		
Municipal Alliance DEDR Grant (40A:4-87 + \$30,000.00)		30,000.00	30,000.00		
State Body Armor Replacement (40A:4-87 + \$9,498.55)		9,498.65	9,498.65		
Rec. Opp. for Ind. with Disab. (40A:4-87 + \$20,000.00)		20,000.00	20,000.00		
Matching Funds for Grants (40A:4-87 + \$20,000.00)	20,000.00	20,000.00	11,500.00		8,500.00
Discover NJ History Grant (40A:4-87 + \$5,000.00)	5,000.00	5,000.00	5,000.00		

TOWN OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET</u>					
BY REVENUES:	\$ 155,572.34	\$ 897,172.75	\$ 888,672.75	\$ _____	\$ 8,500.00
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	5,123,491.34	5,868,091.75	5,780,422.51	79,169.24	8,500.00
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	500,000.00	500,000.00	500,000.00		
Computer Technology Equipment	163,000.00	163,000.00	162,841.98	158.02	
Turnout Gear	202,000.00	202,000.00	104,478.68	97,521.32	
Police Vehicles	211,500.00	211,500.00	211,500.00		
<u>TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>	1,076,500.00	1,076,500.00	978,820.66	97,679.34	
<u>MUNICIPAL DEBT SERVICE -EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	3,900,000.00	3,900,000.00	3,900,000.00		
Payment of Bond Anticipation Notes	1,600,000.00	1,600,000.00			1,600,000.00
Interest on Bonds	1,350,000.00	1,350,000.00	1,349,999.11		0.89
Interest on Notes	250,000.00	250,000.00	97,631.13		152,368.87
Green Trust Loan Program:					
Payment of Principal and Interest	104,987.00	104,987.00	104,986.45		0.55
Monmouth County Improvement Authority Lease Payments	168,000.00	168,000.00	167,436.10		563.90
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	7,372,987.00	7,372,987.00	5,620,052.79		1,752,934.21

TOWN OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>DEFERRED CHARGES-MUNICIPAL EXCLUDED FROM "CAPS"</u>					
Deferred Charges:					
Special Emergency Authorization (40A:4-55) Hurricane Sandy	\$ 316,000.00	\$ 316,000.00	\$ 315,446.84	\$	553.16
Ord. #2010-3020	29,193.62	29,193.62	29,193.62		
Ord. #2011-3031	159,926.47	159,926.47	159,926.47		
Ord. #2011-3034	16,399.63	16,399.63	16,399.63		
Ord. #2011-3045	190,600.00	190,600.00	190,600.00		
Ord. #2012-3050	83,500.00	83,500.00	83,500.00		
Ord. #2012-3065/3072	240,200.00	240,200.00	240,200.00		
Ord. #2012-3070	86,743.00	86,743.00	86,743.00		
Ord. #2012-3087	181,754.28	181,754.28	181,754.28		
Ord. #2015-3141	582,455.00	582,455.00	582,455.00		
Ord. #2013-3091	323,475.00	323,475.00	323,475.00		
Ord. #2014-3011	613,400.00	613,400.00	613,400.00		
Ord. #2016-3178	667,353.00	667,353.00	667,353.00		
<u>TOTAL DEFERRED CHARGES-MUNICIPAL EXCLUDED FROM "CAPS"</u>	<u>3,491,000.00</u>	<u>3,491,000.00</u>	<u>3,490,446.84</u>		553.16
<u>JUDGMENTS</u>	<u>200,000.00</u>	<u>200,000.00</u>	<u>137,812.50</u>		<u>62,187.50</u>
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	<u>17,263,978.34</u>	<u>18,008,578.75</u>	<u>16,007,555.30</u>	<u>176,848.58</u>	<u>1,824,174.87</u>
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	<u>72,457,241.89</u>	<u>73,198,842.30</u>	<u>67,087,196.48</u>	<u>4,267,470.95</u>	<u>1,844,174.87</u>
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 73,657,241.89</u>	<u>\$ 74,398,842.30</u>	<u>\$ 68,287,196.48</u>	<u>\$ 4,267,470.95</u>	<u>\$ 1,844,174.87</u>

REF.

A-2

A

TOWN OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

		APPROPRIATIONS		EXPENDED		
		BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
Budget	A-3	\$ 73,657,241.89				
Appropriation by 40A:4-87	A-2		<u>741,600.41</u>			
			\$ <u>74,398,842.30</u>			
Encumbrances Payable	A-15		\$ 2,248,341.86			
Reserve for Grants - Appropriated	A-29			\$ 888,672.75		
Deferred Charges	A-26				\$ 315,446.84	
Reserve for Uncollected Taxes	A-2				1,200,000.00	
Reserve for Tax Appeals	A-20					200,000.00
Disbursed	A-4	\$ 63,501,109.74				
Less: Refunds	A-4		<u>66,374.71</u>			
				\$ <u>63,434,735.03</u>		
					\$ <u>68,287,196.48</u>	

TRUST FUND

TOWNSHIP OF MIDDLETOWNTRUST FUNDBALANCE SHEETS-REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
Animal Control Fund:			
Cash	B-1	\$ 5,063.44	\$ 30,638.67
		\$ 5,063.44	\$ 30,638.67
Other Funds:			
Cash	B-1	\$ 22,435,872.32	\$ 21,956,721.47
Community Development Block Grant Receivable	B-4	213,269.70	149,228.52
Municipal Open Space Tax Receivable	B-11	7,622.53	
		\$ 22,656,764.55	\$ 22,105,949.99
		\$ 22,661,827.99	\$ 22,136,588.66
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due State of New Jersey	B-2	\$ 48.60	\$ 403.80
Reserve for Animal Control Fund Expenditures	B-3	5,014.84	30,234.87
		\$ 5,063.44	\$ 30,638.67
Other Funds:			
Encumbrances Payable	B-10	\$ 1,000,945.00	\$ 1,258,839.20
Reserve for:			
Miscellaneous Deposits	B-5	20,525,774.49	20,264,911.17
Open Space Trust	B-6	614,691.11	172,739.12
Community Development Block Grant	B-7	271,265.97	167,019.28
Self-Insurance Fund	B-8	3,749.98	527.27
Payroll Fund	B-9	240,338.00	241,913.95
		\$ 22,656,764.55	\$ 22,105,949.99
		\$ 22,661,827.99	\$ 22,136,588.66

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

GENERAL CAPITAL FUND

"C"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>ASSETS</u>			
Cash		\$ 5,737,460.50	\$ 7,428,283.36
Investment			315,446.84
	C-2:C-3	5,737,460.50	7,743,730.20
Grants Receivable	C-4	941,000.00	756,000.00
Deferred Capital Lease Obligation	Memo	316,000.00	464,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	45,265,787.42	30,596,695.58
Unfunded	C-6	5,381,209.64	24,907,859.95
		\$ 57,641,457.56	\$ 64,468,285.73

LIABILITIES, RESERVES AND FUND BALANCE

Improvement Authorizations:			
Funded	C-8	\$ 1,926,355.56	\$ 13,296.99
Unfunded	C-8	1,416,251.57	3,364,571.68
Serial Bonds Payable	C-9	44,602,000.00	29,842,555.00
Green Acres Loan Payable	C-10	663,787.42	754,140.58
Bond Anticipation Note Payable	C-11		18,253,504.00
Lease Payable	Memo	316,000.00	464,000.00
Various Reserves	C-12	906,729.55	725,489.76
Capital Improvement Fund	C-13	1,443,432.00	1,158,082.00
Contracts Payable	C-7	4,414,264.90	7,540,009.16
Fund Balance	C-1	1,952,636.56	2,352,636.56
		\$ 57,641,457.56	\$ 64,468,285.73

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

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 2,352,636.56
Increased by:		
Premium on Bond Sale	C-2	\$ 3,175,000.00
Decreased by:		
2017 Current Budget Revenue	C-2	<u>3,575,000.00</u>
Balance, December 31, 2017	C	\$ <u>1,952,636.56</u>

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

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SOLID WASTE COLLECTION DISTRICT FUND

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TOWNSHIP OF MIDDLETOWN
SOLID WASTE COLLECTION DISTRICT FUND
BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
<u>ASSETS</u>			
Cash	D-4	\$ _____	\$ 2,978,475.89
		\$ _____	\$ 2,978,475.89
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	D-3:D-5	\$ _____	\$ 629,128.41
Encumbrances Payable	D-6	\$ _____	\$ 328,399.96
Fund Balance	D-1	\$ _____	\$ 957,528.37
		\$ _____	\$ 2,020,947.52
		\$ _____	\$ 2,978,475.89

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

TOWNSHIP OF MIDDLETOWN

SOLID WASTE COLLECTION DISTRICT FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE-
SOLID WASTE COLLECTION DISTRICT FUND-REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2017</u>	YEAR ENDED DECEMBER <u>31, 2016</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	D-1:D-2	\$ 455,000.00	\$ 305,000.00
Receipts from Current Taxes	D-2	3,390,300.00	3,390,300.00
Other Credit to Income:			
Unexpended Balance of Appropriation Reserves	D-5	723,069.66	776,214.31
<u>TOTAL INCOME</u>		<u>\$ 4,568,369.66</u>	<u>\$ 4,471,514.31</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 3,391,900.59	\$ 3,656,000.00
Statutory Expenditures	D-3	39,300.00	39,300.00
<u>TOTAL EXPENDITURES</u>		<u>\$ 3,431,200.59</u>	<u>\$ 3,695,300.00</u>
Excess in Revenue		\$ 1,137,169.07	\$ 776,214.31
Fund Balance, January 1	D	<u>2,020,947.52</u>	<u>1,549,733.21</u>
Decreased by:			
Transferred to Current Fund Upon Dissolution	D-4	2,703,116.59	
Fund Balance Utilized	D-1	455,000.00	305,000.00
Fund Balance, December 31	D	<u>\$ -</u>	<u>\$ 2,020,947.52</u>

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

"D-2"

TOWNSHIP OF MIDDLETON

SOLID WASTE COLLECTION DISTRICT FUND

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

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Fund Balance Utilized	D-1	\$ 455,000.00	\$ 455,000.00	\$
Amount to be Raised by Taxes	D-1:D-4	3,390,300.00	3,390,300.00	
	D-3	\$ 3,845,300.00	\$ 3,845,300.00	\$

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

TOWNSHIP OF MIDDLETONSOLID WASTE COLLECTION DISTRICT FUNDSTATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
Operating:					
Salaries and Wages	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00		\$ 218,781.32
Contractual Services	1,750,000.00	1,750,000.00	1,531,218.68		195,318.09
Disposal Fees	1,800,000.00	1,800,000.00	1,604,681.91		
Vehicle Maintenance	4,000.00	4,000.00	4,000.00		
Utilities	2,000.00	2,000.00	2,000.00		
Health Insurance	50,000.00	50,000.00	50,000.00		
TOTAL OPERATING	\$ 3,806,000.00	\$ 3,806,000.00	\$ 3,391,900.59	\$	\$ 414,099.41
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00		
Social Security (OASI)	15,300.00	15,300.00	15,300.00		
TOTAL STATUTORY EXPENDITURES	\$ 39,300.00	\$ 39,300.00	\$ 39,300.00	\$	\$ 414,099.41
	<u>REF.</u>	D-2	D-2	D-1	D:D-1
Cash Disbursements	D-4		\$ 3,135,632.28		
Less: Refunds	D-4		64,859.02		
			3,070,773.26		
Transferred to Encumbrances Payable	D-6		360,427.33		
			\$ 3,431,200.59		

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

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PUBLIC ASSISTANCE TRUST FUND

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TOWNSHIP OF MIDDLETOWN

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>ASSETS</u>			
Cash:			
Treasurer	E-1	\$ <u>26,556.59</u>	\$ <u>34,632.34</u>
		\$ <u>26,556.59</u>	\$ <u>34,632.34</u>

LIABILITIES AND RESERVES

Reserve for Public Assistance-P.A.T.F. II		\$ <u>26,556.59</u>	\$ <u>34,632.34</u>
		\$ <u>26,556.59</u>	\$ <u>34,632.34</u>

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

GENERAL FIXED ASSET ACCOUNT GROUP

TOWNSHIP OF MIDDLETOWN

GENERAL FIXED ASSET ACCOUNT GROUP

BALANCE SHEET-REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2017</u>	BALANCE DECEMBER <u>31, 2016</u>
<u>FIXED ASSETS</u>		
Land and Buildings	\$ 77,984,000.00	\$ 77,984,000.00
Machinery and Equipment	<u>29,266,524.08</u>	<u>27,028,592.41</u>
<u>TOTAL FIXED ASSETS</u>		
	\$ <u>107,250,524.08</u>	\$ <u>105,012,592.41</u>
<u>RESERVE</u>		
Investments in General Fixed Assets	\$ <u>107,250,524.08</u>	\$ <u>105,012,592.41</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF MIDDLETOWN

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Middletown is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of elected officials and is responsible for the fiscal control of the Township.

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

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

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

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

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

Solid Waste Collection District Fund - accounts for the operations of the Township's Solid Waste Collection District

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

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

C. Basis of Accounting

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

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues (Continued) - 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. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C 5:30-5.7, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds.

The General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

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

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

Accounting and Financial Reporting for Pensions - Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

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

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

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

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Middletown had the following cash and cash equivalents at December 31, 2017:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>		<u>Change Funds</u>	<u>Total</u>
		<u>Increases</u>	<u>Decreases</u>		
Checking Accounts	\$74,407,604.30	\$4,456,184.57	\$2,211,466.12		\$76,652,322.75
Change Funds				\$3,050.00	3,050.00
	<u>\$74,407,604.30</u>	<u>\$4,456,184.57</u>	<u>\$2,211,466.12</u>	<u>\$3,050.00</u>	<u>\$76,655,372.75</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$74,407,604.30, \$497,710.57 was covered by Federal Depository Insurance; \$73,909,893.73 was covered under the provisions of NJGUDPA.

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for Investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;

Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

7. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Middletown had no investments outstanding at December 31, 2017.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Township is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: GOVERNMENTAL DEBT

Long-Term Debt

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

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>YEAR 2017</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	<u>\$45,265,787.42</u>	<u>\$48,850,199.58</u>	<u>\$57,554,530.42</u>
Net Debt Issued	<u>\$45,265,787.42</u>	<u>\$48,850,199.58</u>	<u>\$57,554,530.42</u>
Less: Cash on Hands to Pay Notes	<u>16,515.48</u>	<u>46,535.69</u>	<u>149,199.15</u>
	<u>\$45,249,271.94</u>	<u>\$48,803,663.89</u>	<u>\$57,405,331.27</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>\$5,381,209.64</u>	<u>\$6,654,355.95</u>	<u>\$4,706,501.33</u>
Total Authorized But Not Issued	<u>\$5,381,209.64</u>	<u>\$6,654,355.95</u>	<u>\$4,706,501.33</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$50,630,481.58</u>	<u>\$55,458,019.84</u>	<u>\$62,111,832.60</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .477%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
School District Debt	\$60,145,000.00	\$60,145,000.00	-0-
General Debt	<u>50,646,997.06</u>	<u>16,515.48</u>	<u>\$50,630,481.58</u>
	<u><u>\$110,791,997.06</u></u>	<u><u>\$60,161,515.48</u></u>	<u><u>\$50,630,481.58</u></u>

NET DEBT \$50,630,481.58 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$10,610,982,872.67 EQUALS .477%.

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

Equalized Valuation Basis* - December 31, 2017	\$10,610,982,872.67
3-1/2 of Equalized Valuation Basis	371,384,400.54
Net Debt	<u>50,630,481.58</u>
Remaining Borrowing Power	<u><u>\$320,753,918.96</u></u>

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

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2017

CALANDAR YEAR	<u>GENERAL IMPROVEMENT BONDS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	5,633,000.00	2,034,495.00	7,667,495.00
2019	5,820,000.00	1,797,480.00	7,617,480.00
2020	5,533,000.00	1,536,280.00	7,069,280.00
2021	5,222,000.00	1,299,740.00	6,521,740.00
2022	4,309,000.00	1,072,095.00	5,381,095.00
2023-2027	9,485,000.00	3,202,300.00	12,687,300.00
2028-2032	<u>8,600,000.00</u>	<u>1,111,250.00</u>	<u>9,711,250.00</u>
	<u>\$44,602,000.00</u>	<u>\$12,053,640.00</u>	<u>\$56,655,640.00</u>

The General Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2017</u>
\$6,413,000.00 in Governmental Loan Revenue Bonds dated December 13, 2001, due in remaining annual installments ranging between \$1,000.00 and \$3,000.00 beginning December 1, 2018 and ending December 1, 2020 with interest at 5.000%.	\$5,000.00
\$10,031,000.00 in Governmental Loan Revenue Bonds dated December 1, 2002, due in remaining annual installments ranging between \$1,000.00 and \$4,000.00 beginning December 1, 2018 and ending December 1, 2019 with interest at 5.000%.	5,000.00
\$17,928,569.00 in Governmental Loan Refunding Revenue Bonds dated April 12, 2007, due in remaining annual installments ranging between \$743,000.00 and \$1,491,000.00 beginning December 1, 2018 and ending December 1, 2022 with interest ranging from 4.000% to 5.000%.	6,103,000.00

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2017</u>
\$3,341,000.00 in Governmental Loan Revenue Bonds dated December 4, 2008, of which \$1,373,000.00 were funded March 24, 2016, due in one remaining installment of \$238,000.00 due December 1, 2018 with an interest rate of 5.250%	\$238,000.00
\$5,966,000.00 in Governmental Loan Revenue Bonds dated December 30, 2009, of which \$2,445,000.00 was refunded October 5, 2016, due in remaining annual installments ranging from \$409,000.00 and \$425,000.00 beginning December 1, 2018 and ending December 1, 2019 with an interest rate of 4.000%.	834,000.00
\$16,145,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated May 22, 2012, due in remaining annual installments ranging between \$1,010,000.00 and \$1,860,000.00 beginning December 1, 2018 and ending December 1, 2024 with interest ranging from 4.000% to 5.000%.	10,110,000.00
\$2,755,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated December 4, 2014, due in remaining annual installments ranging between \$224,000.00 and \$611,000.00 beginning December 1, 2018 and ending December 1, 2022 with interest ranging from 4.000% to 5.000%.	2,212,000.00
\$2,705,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated March 24, 2016 due in remaining annual installments ranging between \$250,000.00 and \$580,000.00 beginning December 1, 2018 and ending December 1, 2022 with interest ranging from 4.000% to 5.000%.	2,680,000.00
\$2,505,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated October 5, 2016 due in remaining annual installments ranging between \$10,000.00 and \$530,000.00 beginning August 1, 2018 and ending December 1, 2022 with interest ranging from 4.000% to 5.000%.	2,480,000.00
\$19,935,000.00 in Governmental Pooled Loan Revenue Bonds dated February 23, 2017 due in remaining annual installments ranging between \$920,000.00 and \$1,840,000.00 beginning February 15, 2018 and ending February 15, 2032.	<u>19,935,000.00</u>
Total	<u>\$44,602,000.00</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

STATE OF NEW JERSEY GREEN TRUST LOANS

The Township has entered into the following State of New Jersey Green Trust Loans:

<u>Year</u>	<u>Loan Number</u>	<u>Loan Amount</u>
1994	1331-06-030	\$100,000.00
1999	1331-88-051	282,494.59
2005	1331-90-046	200,000.00
2005	1331-92-119	393,340.48
2008	1331-93-032	300,000.00
2009	1331-95-074	500,000.00

These loans require semi-annual installments that include interest at 2%.

Following are the maturities and debt schedule for the outstanding principal and interest on the loans:

<u>YEAR</u>	<u>GREEN TRUST LOANS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$ 82,997.21	\$ 12,817.19	\$ 95,814.40
2019	75,401.68	11,240.68	86,642.36
2020	76,917.26	9,725.10	86,642.36
2021	78,463.28	8,179.07	86,642.35
2022	80,040.41	6,601.94	86,642.35
2023	81,649.22	4,993.12	86,642.34
2024	83,290.36	3,351.98	86,642.34
2025	50,970.81	1,677.85	52,648.66
2026	17,661.69	993.27	18,654.96
2027	18,016.68	638.27	18,654.95
2028	18,378.82	276.14	18,654.96
	<u><u>\$663,787.42</u></u>	<u><u>\$60,494.61</u></u>	<u><u>\$724,282.03</u></u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

LEASE PURCHASE AGREEMENTS

The Township has entered in to the following agreement with the Monmouth County Improvement Authority to lease purchase various capital items as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
Capital Equipment	November 10, 2009	\$2,258,000.00

Following are the maturities and debt schedule for the outstanding principal and interest on the lease:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$ 155,000.00	\$ 13,430.00	\$ 168,430.00
2019	<u>161,000.00</u>	<u>6,842.50</u>	<u>167,842.50</u>
	<u>\$316,000.00</u>	<u>\$20,272.50</u>	<u>\$336,272.50</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

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

General Capital Fund	<u>\$5,381,209.64</u>
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SHORT TERM DEBT

At December 31, 2017 the Township had no short term debt.

NOTE 4: FUND BALANCES APPROPRIATED

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

Current Fund	<u>\$6,763,500.00</u>
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NOTE 5: PROPERTY TAXES

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

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

	Balance December <u>31, 2017</u>	Balance December <u>31, 2016</u>
Prepaid Taxes	<u>\$13,239,383.74</u>	<u>\$1,490,336.55</u>

NOTE 6: PENSION PLANS

Plan Descriptions

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

NOTE 6: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

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

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

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

Vesting and Benefit Provisions

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

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

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. As of July 1, 2017 PERS provides for employee contributions of 7.34% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2017, members contributed at a uniform rate of 10.00% of base salary.

The Township's share of pension costs, which is based upon the annual billings received from the State for the preceding three years are as follows:

Year Ended <u>December 31.</u>	Public Employees <u>Retirement System</u>	Police & Firemen's <u>Retirement System</u>	Defined Contribution <u>Retirement System</u>	Total
2017	\$ 1,494,227.00	\$ 2,690,062.00	\$ 54,999.00	\$4,239,288.00
2016	1,531,179.00	2,840,131.00	38,754.57	4,410,064.57
2015	1,465,075.00	2,719,652.00	35,000.00	4,219,727.00

NOTE 6: PENSION PLANS (CONTINUED)

Pension Contribution Deferral

The State of New Jersey has enacted Public Law 2011, C.19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-state contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to the Police and Fire Retirement System (PFRS) and the Public Employees Retirement System (PERS) which would have been due April 1, 2011. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April, 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pension and Benefits for a payoff amount. The Pension deferral activity for 2017 is as follows:

<u>Retirement System</u>		<u>Original Amount Deferred</u>		<u>Balance December 31, 2016</u>		<u>2017 Payments</u>		<u>Balance December 31, 2017</u>
PFRS	\$	991,686.00	\$	696,966.00	\$	73,082.00	\$	623,884.00
PERS		<u>342,193.00</u>		<u>216,324.00</u>		<u>76,797.00</u>		<u>139,527.00</u>
Total	\$	<u>1,333,879.00</u>	\$	<u>913,290.00</u>	\$	<u>149,879.00</u>	\$	<u>763,411.00</u>

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

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2017. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law. As of the date of this report the June 30, 2017 GASB #68 report was not available therefore the following presentation reflects the information contained in the report dated June 30, 2016.

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

Public Employees Retirement System (PERS)

At June 30, 2016, the State reported a net pension liability of \$45,453,327.00 for the Township of Middletown's proportionate share of the total net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Township's proportion was 0.1534697124 percent, which was a decrease of 0.0097065239 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$4,209,222.00 for the Township of Middletown's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2016 billing was \$1,402,878.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$845,294.00
Changes of assumptions		9,415,501.00
Net difference between projected and actual earnings on pension plan investments		1,733,177.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>\$1,581,837.00</u>	<u>749,657.00</u>
	<u><u>\$1,581,837.00</u></u>	<u><u>\$12,743,629.00</u></u>

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

<u>Year Ended</u>	<u>Amount</u>
<u>June 30,</u>	
2017	\$2,572,015.00
2018	2,572,015.00
2019	3,025,054.00
2020	2,381,505.00
2021	<u>611,203.00</u>
	<u><u>\$11,161,792.00</u></u>

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Inflation	3.04 Percent	3.08 Percent
Salary Increases (based on age)		
Through 2026	2.15-4.40 Percent	1.65-4.15 Percent
Thereafter	3.15-5.40 Percent	2.65-5.15 Percent
Investment Rate of Return	7.90 Percent	7.65 percent

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

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

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.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

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

<u>Asset Class</u>	June 30, 2016	
	Target Allocation	Long-Term Expected Real Rate of Return
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 Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	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%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2016		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
Township's proportionate share of the pension liability	\$55,697,747.00	\$45,453,327.00	\$36,995,670.00

Pension Plan Fiduciary Net Position

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

NOTE 6: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2016, the State reported a net pension liability of \$59,176,605.00 for the Township of Middletown's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Township's proportion was 0.3097836685 percent, which was a decrease of 0.0196057908 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the State recognized an actuarially determined pension expense of \$5,771,165.00. The pension expense recognized in the Township's financial statement based on the April 1, 2016 billing was \$2,677,445.00

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Inflow of <u>Resources</u>	Deferred Outflow of <u>Resources</u>
Differences between expected and actual experience	\$387,911.00	
Changes of assumptions		\$8,196,446.00
Net difference between projected and actual earnings on pension plan investments		4,146,386.00
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	2,561,434.00	58,981.00
	<u>\$2,949,345.00</u>	<u>\$12,401,813.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

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

Year Ended	<u>June 30</u>	<u>Amount</u>
	2017	\$2,305,511.00
	2018	2,305,511.00
	2019	3,374,059.00
	2020	1,713,971.00
	2021	<u>(246,584.00)</u>
		<u>\$9,452,468.00</u>

Actuarial Assumptions

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

	<u>2016</u>	<u>2015</u>
Inflation	3.08 Percent	3.04 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent	2.60-9.48 Percent
Thereafter	3.10-9.98 Percent	3.60-10.48 Percent
Investment Rate of Return	7.65 Percent	7.90 Percent

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

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

Disability mortality rates were based on special mortality tables used for the period after disability retirement.

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

Asset Class	June 30,2016	
	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US 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%
	<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity 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 Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2016		
	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Township's proportionate share of the PFRS pension liability	\$76,303,893.00	\$59,176,605.00	\$45,210,332.00

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$4,969,367.00 and \$4,811,459.00 respectively.

At December 31, 2016, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$59,176,605.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township	<u>4,969,367.00</u>
	<u><u>\$64,145,972.00</u></u>

Pension Plan Fiduciary Net Position

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

NOTE 7: LITIGATION

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carrier or would have a material financial impact on the Township.

NOTE 8: SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund liabilities as follows:

<u>LOCAL DISTRICT SCHOOL TAX</u>	
BALANCE	BALANCE
DECEMBER	DECEMBER
<u>31, 2017</u>	<u>31, 2016</u>
Balance of Tax	\$69,079,624.00
Deferred	<u>61,820,000.00</u>
	<u>61,820,000.00</u>
 Tax Payable	 <u>\$7,259,624.00</u>
	<u>\$4,810,482.00</u>

NOTE 9: COMPENSATED ABSENCES

Under the existing policy of the Township, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken at time off or paid at a later date as outlined in Township personnel policies. It is estimated that, at December 31, 2017, the current cost of such unpaid compensation would approximate \$5,007,000. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The Township has accumulated \$1,579,986.77 for this purpose in the Trust Other Fund and continues to budget funds to provide for these liabilities as they arise.

NOTE 10: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2017 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has made provision, from tax revenues, in the amount of \$2,071,656.13 for these appeals in the event that the tax reductions are granted.

NOTE 11: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. During 2013 the Township received approval on grant awards from the U.S. Department of Homeland Security for Disaster Grants – Public Assistance totaling \$13,555,027.49 to provide assistance in funding the Township's expenses related to the cleanup from the effects of Superstorm Sandy. These grants are subject to an extensive review by representatives from the Federal Emergency Management Agency upon close out. The results of these procedures could result in changes to the grant awards that could be material to the financial statements.

NOTE 12: RISK MANAGEMENT

The Township utilizes a self-insured risk management program for claims relating to Workers' Compensation, general liability, automobile liability and law enforcement liability. The Township has obtained reinsurance coverage and umbrella coverage which limited the Township risk retention to \$200,000 per occurrence and an aggregate limit of \$5,000,000 for general liability and automobile claims. The Township engaged an outside claims service to serve as Fund Administrator. Reserves are established by the Administrator for estimated benefits and expenses for reported claims. The Township charges to current fund operations all claims rendered during the year which will be paid from expendable available financial resources.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

NOTE 13: DEFERRED CHARGES:

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the Township did not have any deferred charges.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 450,991.75	
Grant Fund	<u>450,991.75</u>	
	\$ 450,991.75	\$ 450,991.75

This interfund is the result of timing difference between grant expenditures and reimbursements from the granting agency. The Township makes every effort to limit the time between the expenditure of grant funds and submission for reimbursement.

NOTE 15: DEFERRED COMPENSATION PLAN

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

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

All assets of the plan are held by independent administrators, AXA Equitable, Nationwide Insurance and AIG-VALIC.

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities.

NOTE 16: LENGTH OF SERVICE AWARDS PROGRAM

On August 16, 1999, the Township of Middletown adopted an ordinance establishing a Length of Service Awards Program for the members of the Middletown Volunteer Fire Department pursuant to N.J.S.A. 40A:14-183 et seq.

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of up to \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be budgeted annually in the budget of the Township and is anticipated to be \$325,000.00 per year.

The accompanying financial statements do not include the Township's Length of Service Award Program's activities.

NOTE 17: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Township provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents, in accordance with the terms of the applicable resolutions and collective bargaining agreements. The Township maintains a single-employer, defined benefit health plan with benefits provided through insurance carriers and by third party claims administrators. All active employees who retire from the Township and meet the eligibility criteria will receive these benefits. The plan does not issue a stand-alone report.

The Township currently funds for the cost to provide postemployment benefits on a pay-as-you-go basis. The Township establishes and has the power to amend benefits and contribution obligations, subject to its various collective bargaining agreements.

In 2008, the Township adopted the disclosure provisions of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are actuarially calculated based on postemployment benefits (other than pensions), which current and retired employees have accrued as a result of their respective employment contracts.

The Division of Local Government Services, Department of Community Affairs, State of New Jersey issued Local Finance Notice 2007-15, *Implementing GASB 45: Disclosure of Liabilities for Other Post-Employment Benefits for Municipalities and Counties*, to address the implementation of GASB Statement No. 45. The Notice states that local units are not required to report the long-term liability on their balance sheet; however, they are required to calculate and disclose their obligation in accordance with GASB Statement No. 45.

NOTE 17: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

As required by Local Finance Notice 2007-15, the Township must disclose its OPEB costs as determined by GASB Statement No. 45. In accordance with this standard, the Township's annual OPEB cost for the plan is based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, to include both the value of benefits earned during the year (Normal Cost) and an amortizing of the unfunded actuarial accrued liability over a period not to exceed thirty years. The amortization costs for the initial unfunded actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year, a level percentage of payroll, for a period of 30 years, with an assumption that payroll increases by 3% per year.

For employers with over 200 employees, which includes the Township, the valuations should be conducted at least every two years. The latest available information is from the 2016 actuarial report.

The Township's ARC for the years ended December 31, 2016 was \$13,114,800 of which \$2,960,100 was funded by the amount expended for these benefits.

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (NOO), which represents the difference between the amount contributed to the Plan by the Township, and the annual OPEB cost for fiscal year ended December 31, 2016, 2015 and 2014 was as follows:

Fiscal Year Beginning <u>January 1.</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB	
		Cost <u>Contributed*</u>	Net OPEB <u>Obligation</u>
2016	\$11,805,400.00	25.10%	\$71,141,300.00
2015	\$10,182,300.00	26.30%	\$62,296,000.00
2014	\$10,349,200.00	23.30%	\$54,789,900.00

* - Based on expected benefit payment plus retiree drug subsidy for the applicable fiscal year end.

NOTE 17: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The funded status of the plan as of the three past actuarial valuation dates is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2014	\$0.00	\$114,751,000.00	\$114,751,000.00	0%	\$18,601,300.00	617%
1/1/2015	\$0.00	\$122,076,100.00	\$122,076,100.00	0%	\$19,519,400.00	625%
1/1/2016	\$0.00	\$143,043,900.00	\$143,043,900.00	0%	\$19,526,000.00	733%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that reports whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. For the Township's most recent actuarial valuation, which was at January 1, 2016, the projected unit credit cost method was used. The actuarial assumptions included a 3.0% discount rate as of January 1, 2016. An annual health care cost trend rate of 7.00% was utilized. This rate grades down to an ultimate rate of 5% effective 2027 and thereafter. Mortality was based on the RP2006 mortality table with fully generational projection scale MP-2016.

NOTE 18: ACCELERATED TAX SALE

Chapter 99 of the Public Laws of 1997 of the State of New Jersey, effective May 12, 1997 authorizes any municipality to have an accelerated tax sale. An accelerated tax sale permits a municipality to have a tax sale when a property is in arrears after the 11th day of the 11th month of each fiscal year. In 2017, the Township had an accelerated tax sale, which resulted in a majority of delinquent taxes being sold to outside lien holders.

NOTE 19: DISSOLUTION OF SOLID WASTE DISTRICT

The Township dissolved the Solid Waste District effective December 31, 2017. All assets and liabilities were absorbed by the Current Fund.

NOTE 20: PUBLIC ASSISTANCE FUND

Effective August 1, 2017 the County of Monmouth took over management of the Township's Public Assistance Fund. The cash balance remaining may have to be remitted to the State of New Jersey or to the County of Monmouth. The final resolution to this matter has not been decided as of the date of this report.

NOTE 19: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through April 9, 2018 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that there are no subsequent events needed to be disclosed.

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TOWNSHIP OF MIDDLETOWN

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2017

TOWNSHIP OF MIDDLETOWNSCHEDULE OF CASH-TREASURER

	REF.	CURRENT FUND
Balance, December 31, 2016	A	\$ 25,935,684.79
Increased by Receipts:		
Collector	A-5	\$ 240,020,404.51
Miscellaneous Revenue Not Anticipated	A-2	3,344,326.76
Appropriation Refunds	A-3	66,374.71
Petty Cash	A-7	3,475.00
State of New Jersey-Senior Citizens and Veterans Deductions-Chapter 20, P.L.1971	A-8	547,526.24
Revenue Accounts Receivable	A-12	17,694,888.71
Received from Solid Waste District Upon Dissolution to Pay Outstanding Encumbrances	A-15	360,427.33
Various Reserves	A-19	127,343.79
Grants Receivable	A-28	<u>2,013,959.04</u>
		\$ <u>264,178,726.09</u>
Decreased by Disbursements:		
2017 Appropriations	A-3	\$ 63,501,109.74
2016 Appropriation Reserves	A-13	3,376,776.01
Petty Cash	A-7	3,475.00
Accounts Payable	A-16	203,544.91
Refund of Tax Overpayments	A-18	433,420.50
Reserve for:		
Various Reserves	A-19	66,643.03
Appropriated Grants	A-29	505,363.91
County Taxes	A-21	29,050,239.65
Due County-Added Taxes	A-22	104,466.15
Local District School Tax	A-23	142,264,765.00
Solid Waste Collection Tax Payable	A-24	3,390,300.00
Municipal Open Space Tax Payable	A-25	2,144,657.67
Emergency Note Payable	A-27	315,446.84
Refund of Prior Year Revenue	A-1	<u>10,510.20</u>
		<u>245,370,718.61</u>
Balance, December 31, 2017	A	\$ <u>44,743,692.27</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>	
Balance, December 31, 2016	A	\$ 924,233.16
Received:		
Taxes Receivable	A-9	\$ 228,949,232.17
Tax Title Liens	A-10	56,269.91
Revenue Accounts Receivable	A-12	313,334.81
2018 Taxes Prepaid	A-17	13,227,517.66
Tax Overpayments	A-18	247,549.81
Miscellaneous Revenue Not Anticipated	A-2	<u>5,944.62</u>
		<u>242,799,848.98</u>
		\$ <u>243,724,082.14</u>
Decreased by Disbursements:		
Payments to Treasurer	A-4	<u>240,020,404.51</u>
Balance, December 31, 2017	A	<u>\$ 3,703,677.63</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2016 and 2017	A	\$ <u>3,050.00</u>
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OFFICE

Tax Collector	\$ 1,200.00
Town Clerk	150.00
Library	25.00
Tax Assessor	25.00
Municipal Court	1,000.00
Police Department	100.00
Vital Statistics	100.00
Recreation - Poricy Gift Shop	300.00
Animal Control	100.00
Department of Public Works	<u>50.00</u>
	\$ <u>3,050.00</u>

SCHEDULE OF PETTY CASH FUNDS

<u>OFFICE</u>	<u>RECEIVED FROM TREASURER</u>	<u>RETURNED TO TREASURER</u>
Township Administrator	\$ 275.00	\$ 275.00
Public Assistance	2,500.00	2,500.00
Library	200.00	200.00
Public Works	300.00	300.00
Recreation	<u>200.00</u>	<u>200.00</u>
	\$ <u>3,475.00</u>	\$ <u>3,475.00</u>

REF.

A-4

A-4

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY
SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2016 (Due from)	A	\$	13,804.08
Increased by:			
Senior Citizens and Veterans Deductions:			
Per Tax Duplicate		\$	527,933.88
Allowed by Collector			<u>12,500.00</u>
			<u>540,433.88</u>
		\$	<u>554,237.96</u>
Decreased by:			
Received From State	A-4	\$	547,526.24
Disalloweed by Collector - Prior Year	A-1		7,765.54
Disalloweed by Collector - Current Year			<u>6,214.48</u>
			<u>561,506.26</u>
Balance, December 31, 2017 (Due to)	A	\$	<u>(7,268.30)</u>

CALCULATION OF STATE'S SHARE OF
2017 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans Deductions:		
Per Tax Duplicate		\$
Allowed by Collector		<u>12,500.00</u>
		<u>540,433.88</u>
Less: Disalloweed by Collector - Current Year		<u>6,214.48</u>
	A-9	
		\$ <u>534,219.40</u>

TOWNSHIP OF MIDDLETON

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2016			COLLECTIONS			TRANSFERRED TO TAX TITLE		BALANCE DECEMBER 31, 2017
		2017 LEVY	ADDED	2016	2017	CANCELED	LIENS		
2014	\$ 4,160.44	\$	\$ 1,041.78	\$ 5,202.22	\$	\$	\$	\$	
2015	7,596.10		1,750.00	1,915.20		0.10			7,430.80
2016	1,421.35		4,973.76	5,248.10		1,124.29			22.72
	13,177.89		7,765.54		12,365.52		1,124.39		7,453.52
2017		231,213,691.27		1,490,336.55	229,496,670.44		108,224.89	111,120.30	7,339.09
	\$ 13,177.89	\$ 231,213,691.27	\$ 7,765.54	\$ 1,490,336.55	\$ 229,509,035.96	\$	\$ 109,349.28	\$ 111,120.30	\$ 14,792.61

	<u>REF.</u>	
Collector	A-5	\$ 228,949,232.17
Senior Citizens Deductions	A-8	534,219.40
Overpayments Applied	A-18	<u>25,584.39</u>
		\$ 229,509,035.96

ANALYSIS OF 2017 PROPERTY TAX LEVY

TAX YIELD

General Purpose Tax \$ 230,396,044.04
Added Taxes 817,647.23

\$ 231,213,691.27

TAX LEVY

Local District School Tax (Abstract) A-23 \$ 144,713,907.00
Solid Waste Collection Tax A-24 3,390,300.00
Municipal Open Space Tax A-25 2,144,733.64

TOTAL COUNTY TAXES

Local Tax for Municipal Purposes (Abstract)	A-2	\$ 47,503,345.43
Minimum Library Tax	A-2	3,556,160.00
Add: Additional Tax Levied		<u>751,213.23</u>
Local Tax for Municipal Purposes Levied		51,810,718.66

\$ 231,213,691.27

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

		<u>REF.</u>	
Balance, December 31, 2016		A	\$ 462,545.96
Increased by:			
Transfers From Taxes Receivable	A-9	\$ 111,120.30	
Interest and Cost on Sale		2,895.76	
Added Liens		1,756.74	
			<u>115,772.80</u>
			\$ <u>578,318.76</u>
Decreased by:			
Cash Receipts	A-5	56,269.91	
Cancelled		1,269.43	
			<u>57,539.34</u>
Balance, December 31, 2017		A	\$ <u>520,779.42</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

REF.

Balance, December 31, 2016 and
December 31, 2017

A

\$ 206,000.00

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>ACCRUED IN 2017</u>	<u>COLLECTED BY</u>	
			<u>COLLECTOR</u>	<u>TREASURER</u>
Clerk:				
Licenses:				
Alcoholic Beverages	A-2	\$ 61,866.00	\$ 61,866.00	
Other	A-2	56,473.75		56,473.75
Fees and Permits	A-2	5,207.23		5,207.23
Board of Health:				
Fees and Permits	A-2	67,049.00		67,049.00
Vital Statistics:				
Fees and Permits	A-2	35,292.95		35,292.95
Fire Department:				
Fees and Permits	A-2	96,527.00		96,527.00
Police Department:				
Other Licenses	A-2	605.00		605.00
Fees and Permits	A-2	8,847.55		8,847.55
Public Works:				
Fees and Permits	A-2	147,179.88		147,179.88
Building Department:				
Fees and Permits	A-2	15,637.01		15,637.01
Planning and Zoning:				
Fees and Permits	A-2	92,270.18		92,270.18
Tax Assessor:				
Fees and Permits	A-2	1,220.00		1,220.00
Tax Collector Fees:				
Fees and Permits	A-2	42,816.72	42,816.72	
Treasurer:				
Fees and Permits	A-2	26,704.83		26,704.83
Municipal Court:				
Fines and Costs	A-2	755,129.24		755,129.24
Interest and Costs on Taxes	A-2	270,518.09	270,518.09	

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>REF.</u>	<u>ACCRUED IN 2017</u>	<u>COLLECTED BY</u>	
		<u>COLLECTOR</u>	<u>TREASURER</u>
Interest on Investments	A-2 \$ 531,962.24	\$ 531,962.24	
Railroad Parking Lot Receipts	A-2 626,098.65	626,098.65	
Cable TV Franchise Fees	A-2 142,266.33	142,266.33	
Verizon FIOS Franchise Fees	A-2 532,569.07	532,569.07	
Senior Citizen Housing PILOT	A-2 534,622.00	534,622.00	
Edgewater Park PILOT	A-2 92,775.43	92,775.43	
Chapel Hill Associates PILOT	A-2 41,173.00	41,173.00	
Sloan Kettering PILOT	A-2 166,640.52	166,640.52	
Vanderbilt LLC (E&N)	A-2 17,976.64	17,976.64	
Energy Receipts Tax	A-2 6,044,933.00	6,044,933.00	
Watershed Moratorium Offset	A-2 7,755.00	7,755.00	
Construction Code Official:			
Fees and Permits	A-2 2,269,770.20	2,269,770.20	
Middletown Board of Education	A-2 192,507.12	192,507.12	
Fair Haven Tax Collector Shared Service	A-2 18,000.00	18,000.00	
Fair Haven CFO Shared Services	A-2 60,000.00	60,000.00	
Fair Haven QPA Shared Services	A-2 2,000.00	2,000.00	
Shrewsbury Social Services Shared Service	A-2 2,500.00	2,500.00	
Uniform Fire Safety Act	A-2 88,735.10	88,735.10	
Capital Fund - Surplus	A-2 3,575,000.00	3,575,000.00	
Rental Income	A-2 30,480.53	30,480.53	
Rental Income - Middletown EMS	A-2 9,000.00	9,000.00	
Hotel Occupancy Tax	A-2 261,208.58	261,208.58	
Sewage Authority Surplus Contribution	A-2 440,384.00	440,384.00	
Field Users Fees	A-2 184,894.68	184,894.68	
Capital Reserve - Note Premium	A-2 30,627.00	30,627.00	
Reserve for Sale of Municipal Assets	A-2 36,214.12	36,214.12	
Reserve for Police Administration Fees	A-2 421,000.00	421,000.00	
	\$ <u>18,044,437.64</u>	\$ <u>313,334.81</u>	\$ <u>17,731,102.83</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2016	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Salaries and Wages:				
Administrative and Executive:	\$ 16,944.55	\$ 16,944.55	\$	16,944.55
Township Committee	1,599.12	1,599.12		1,599.12
Township Clerk	30,749.54	30,749.54		30,749.54
Financial Administration	5,027.42	5,027.42		5,027.42
Data Processing Center	50,181.13	50,181.13		50,181.13
Elections	496.71	496.71		496.71
Division of Purchasing	4,041.07	4,041.07		4,041.07
Collection of Taxes	7,843.57	7,843.57	375.00	7,468.57
Assessment of Taxes	19,238.01	12,838.01		12,838.01
Municipal Prosecutor	1,700.54	4,100.54	600.00	3,500.54
Municipal Land Use (Planning)	45,197.27	45,197.27		45,197.27
Planning Board	1,115.93	1,115.93		1,115.93
Zoning Board of Adjustment	1,197.20	1,197.20		1,197.20
Fire	11,088.40	11,088.40		11,088.40
Uniform Fire Safety Bureau	851.20	851.20		851.20
Police	270,886.02	270,886.02		270,886.02
Emergency Management Services	7,131.26	7,131.26		7,131.26
Department of Public Works	315,500.82	315,500.82	168,550.27	146,950.55
Parks	21,189.49	21,189.49		21,189.49
Recycling	17,183.23	17,183.23		17,183.23
DPW Administration	73,840.10	73,840.10		73,840.10
Maintenance of Public Property	26,657.59	26,657.59		26,657.59
Vehicle Maintenance	29,789.04	29,789.04	(511.65)	30,300.69
Board of Health - Local Health Agency	31,759.16	31,759.16		31,759.16
Recreation Department	59,517.80	59,517.80		59,517.80
Alliance for Alcohol and Drug Abuse	4,759.81	4,759.81		4,759.81
Uniform Construction Code: Inspection of Buildings	29,871.65	29,871.65		29,871.65
Library	102,082.39	102,082.39	102,082.39	
Municipal Court	10,069.00	10,069.00		10,069.00
Public Defender	15,957.00	15,957.00		15,957.00
Other Expenses:				
Administrative and Executive	1,987.91	5,924.14	4,473.31	1,450.83
Township Clerk	1,374.47	12,897.82	12,897.82	
Township Committee	55.47	276.49	127.02	149.47
Financial Administration				
Other Expenses	32,098.88	33,278.73	128.93	33,149.80
Audit Services	21,575.00	21,575.00		21,575.00
Data Processing Center	19,452.36	47,940.79	32,915.60	15,025.19
Elections	4,228.57	4,228.57		4,228.57
Purchasing	674.72	2,042.26	1,354.64	687.62
Collection of Taxes	1,713.29	5,107.64	2,681.95	2,425.69
Liquidation of Tax Title Liens and Foreclosed	10,000.00	10,000.00		10,000.00
Assessment of Taxes				
Maintenance of Tax Map	12,804.11	19,204.11	18,542.44	661.67
Miscellaneous Other Expenses	27,093.16	42,148.74	18,683.21	23,465.53
Legal Services and Costs	136,932.73	157,095.23	5,261.98	151,833.25
Insurance:				
Employee Group Health	3,850.00	588,769.31	588,769.31	
General Liability	50,108.74	54,114.67	54,114.67	
Workers Compensation Insurance	39,500.00	55,351.40	55,351.40	
Engineering Services and Costs:				
Other Expenses	7,468.01	12,428.01	4,869.61	7,558.40
Municipal Land Use	26,349.64	27,334.60	260.83	27,073.77
Planning Board	41,940.68	54,291.48	1,063.20	53,228.28
Zoning Board of Adjustment	12,968.12	13,765.00		13,765.00
Fire:				
Miscellaneous Other Expenses	2,589.38	86,561.09	83,308.17	3,252.92
Fire Hydrant Services		64,419.82	62,686.18	1,733.64
Uniform Fire Safety Bureau:				
Fire-Uniform Fire Safety - LEAR	229.06	1,980.54	1,526.57	453.97

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2016 APPROPRIATION RESERVES

	DECEMBER 31, 2016	AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>Other Expenses Continued</u>				
Police	\$ 36,550.95	\$ 121,032.34	\$ 79,902.87	\$ 41,129.47
Emergency Management Services	7,859.93	16,107.36	6,744.32	9,363.04
First Aid Organization Contribution	3,619.51	37,576.04	30,037.04	7,539.00
Department of Public Works	912.04	96,376.68	47,812.18	48,564.50
Snow Removal	164,072.26	486,800.11	486,800.11	
Parks	49,989.84	91,444.02	28,915.04	62,528.98
Beach Operations	5,000.00	5,000.00		5,000.00
Environmental Committee	350.00	350.00		350.00
Recycling	98,271.81	188,614.83	70,844.19	117,770.64
DPW Administration	5,625.86	8,344.57	688.28	7,656.29
Maintenance of Public Property	23,976.09	139,372.75	65,549.81	73,822.94
Maintenance of Public Library	15,382.61	77,098.49	77,098.49	
Vehicle and Equipment Maintenance	334.89	76,482.92	62,576.40	13,906.52
Condominium Maintenance	66,307.88	66,307.88	33,724.12	32,583.76
Board of Health	10,548.04	14,488.48	1,474.36	13,014.12
Animal Control Regulation	15,627.43	29,547.87	3,192.55	26,355.32
Aid to Women's Resources Survival Services				
Department of Recreation	21,180.65	40,649.53	14,892.69	25,756.84
Alliance for Alcohol and Drug Abuse	10,404.48	13,109.78	2,468.40	10,641.38
Uniform Construction Code: Inspection	15,838.12	16,448.83	678.51	15,770.32
Railroad Parking Lot Lease	3,900.00	3,900.00		3,900.00
Employee Accumulated Leave	414,153.84	414,153.84	414,153.84	
Sick Time Buy Back	12,762.70	12,762.70	12,762.70	
Utilities				
Electricity	9,732.82	152,608.28	65,902.43	86,705.85
Telephone	34,715.35	94,564.88	40,868.23	53,696.65
Water	5,000.00	12,426.29	6,548.19	5,878.10
Natural Gas	12,800.82	111,371.15	29,918.33	81,452.82
Heating Oil	5,821.03	10,785.79	1,629.24	9,156.55
Sewer	300.00	7,840.00	2,290.00	5,550.00
Fuels	271,032.76	398,261.65	48,578.39	349,683.26
Street Lights		229,651.73	109,782.97	119,868.76
Municipal Court	13,687.55	14,804.98	602.97	14,202.01
Statutory Expenditures:				
Public Employees Retirement System	20,821.00	20,821.00		20,821.00
Social Security (O.A.S.I.)	175,575.80	175,575.80	(10.67)	175,586.47
State Unemployment Ins.	4,205.27	4,205.27	4,205.27	
Police and Firemans Retirement System	869.00	869.00		869.00
Defined Contribution Retirement Program	245.43	3,701.11	3,455.68	245.43
LOSAP - Volunteer Deferred Compensation		325,000.00	325,000.00	
Monmouth County SCAT		6,755.00	5,460.00	1,295.00
Tax Collector	6,000.00	6,000.00		6,000.00
Computer / Technology Upgrades	1,737.13	156,196.00	154,458.87	1,737.13
Monmouth County Dispatch	300,000.00	300,000.00	39,583.33	260,416.67
Turnout Gear	5,366.34	102,287.66	96,908.80	5,378.86
Park Improvements	1,380.00	1,380.00		1,380.00

REF

A-1

Appropriation Reserves Transfer from Encumbrances Payable

-13

9

Disbursed

Disbursed A-4

A-4

Disbursed A-4

Accounts Payable A-16

Disbursed Accounts Payable	A-4 A-16	\$ 3,376,776.01 218,834.77
		<u>\$ 3,595,610.78</u>

+ 1,000,000

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF INTERFUND

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>
Balance, December 31, 2016			
Interfunds Payable	A	\$ 305,694.12	\$ 305,694.12
Increased by:			
Deposited in Current Fund:			
Grants Receivable	A-4:A-28	2,013,959.04	2,013,959.04
Grants Unappropriated			
2017 Budget Appropriations	A-3	888,672.75	888,672.75
		\$ <u>3,208,325.91</u>	\$ <u>3,208,325.91</u>
Decreased by:			
Disbursed by Current Fund:			
Appropriated Reserves	A-4:A-29	505,363.91	505,363.91
2017 Anticipated Revenue	A-28	877,172.75	877,172.75
Grant Reserves Cancelled - Net	A-1	1,374,797.50	1,374,797.50
		\$ <u>2,757,334.16</u>	\$ <u>2,757,334.16</u>
Balance, December 31, 2017			
Interfunds Payable	A	\$ <u>450,991.75</u>	\$ <u>450,991.75</u>

"A-15"

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	A		\$ 3,100,856.52
Increased by:			
2017 Appropriations	A-3	\$ 2,248,341.86	
Solid Waste District Encumbrances Acquired Upon Dissolution	A-4	<u>360,427.33</u>	<u>2,608,769.19</u>
			\$ 5,709,625.71
Decreased by:			
Transferred to Appropriation Reserves	A-13		<u>3,100,856.52</u>
Balance, December 31, 2017	A		\$ <u>2,608,769.19</u>

"A-16"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2016	A	\$	374,744.46
Increased by:			
Transferred From Appropriation Reserves	A-13	\$	<u>218,834.77</u>
		\$	<u>593,579.23</u>
Decreased by:			
Cash Disbursements	A-4	\$	203,544.91
Canceled to Operations	A-1	<u>\$</u>	<u>139,135.29</u>
			<u>342,680.20</u>
Balance, December 31, 2017	A	\$	<u>250,899.03</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>	
Balance, December 31, 2016	A	\$ 1,490,336.55
Increased by:		
Collection of 2018 Taxes	A-5	\$ 13,227,517.66
Tax Overpayments Applied	A-18	<u>11,866.08</u>
		\$ <u>13,239,383.74</u>
		\$ <u>14,729,720.29</u>
Decreased by:		
Applied to 2017 Taxes	A-9	<u>1,490,336.55</u>
Balance, December 31, 2017	A	\$ <u>13,239,383.74</u>

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2016	A	\$ 69,258.58
Increased by:		
Overpayments in 2017	A-5	\$ 247,549.81
Charges to Reserve for Tax Appeals	A-20	<u>170,984.06</u>
		\$ <u>418,533.87</u>
		\$ <u>487,792.45</u>
Decreased by:		
Refunds	A-4	\$ 433,420.50
Applied to Taxes Receivable	A-9	25,584.39
Applied to Prepaid Taxes	A-17	11,866.08
Canceled	A-1	<u>2.25</u>
		\$ <u>470,873.22</u>
Balance, December 31, 2017	A	\$ <u>16,919.23</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

<u>PROGRAM</u>	BALANCE DECEMBER <u>31, 2016</u>	<u>INCREASED</u>	<u>EXPENDED</u>	REALIZED AS <u>AS REVENUE</u>	BALANCE DECEMBER <u>31, 2017</u>
Sale of Assets	\$ 36,214.12			\$ 36,214.12	
Library Reserves	64,629.33	119,968.79	53,242.78		131,355.34
Due State - Marriage Licenses	1,310.00	7,375.00	7,085.00		1,600.00
Hurricane Sandy	1,321,560.82		6,315.25		1,315,245.57
Interlocal BOE Field Improvements	1,574.00				1,574.00
Building Repair/Removal - FEMA	170,757.37				170,757.37
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,596,045.64	\$ 127,343.79	\$ 66,643.03	\$ 36,214.12	\$ 1,620,532.28
REF.	A	A-4	A-4	A-12	A

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAX APPEALS

REF.

Balance, December 31, 2016	A	\$	1,342,640.19
Increased by:			
Transferred from 2017 Appropriations	A-3	\$	200,000.00
Charges to Operations for Pending Appeals	A-1		<u>700,000.00</u>
			900,000.00
		\$	<u>2,242,640.19</u>
Decreased by:			
Transfer to Overpayments	A-18		<u>170,984.06</u>
Balance, December 31, 2017	A	\$	<u>2,071,656.13</u>

"A-21"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

REF.

2017 Levy	A-1:A-9	\$ <u>29,050,239.65</u>
Decreased by:		
Payment	A-4	\$ <u>29,050,239.65</u>

"A-22"

SCHEDULE OF DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2016	A	\$ 104,785.92
Increased by:		
County Share of 2017 Levy:		
Added Taxes (R.S. 54:4-63.1 et.seq.)	A-1:A-9	\$ 103,792.32
2017		\$ <u>208,578.24</u>
Decreased by:		
Cash Disbursements	A-4	\$ 104,466.15
Cancelled	A-1	\$ <u>319.77</u>
		\$ <u>104,785.92</u>
Balance, December 31, 2017	A	\$ <u>103,792.32</u>

"A-23"

TOWNSHIP OF MIDDLETON

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

REF.

Balance, December 31, 2016

Deferred Payable	A	\$ 61,820,000.00
		<u>4,810,482.00</u>
		\$ 66,630,482.00

Increased by:

Levy A-2:A-9 144,713,907.00
\$ 211,344,389.00

Decreased by:

Disbursements A-4 142,264,765.00

Balance, December 31, 2017

\$ 69,079,624.00

Analysis of Balance

Payable	A	\$ 7,259,624.00
Deferred		<u>61,820,000.00</u>
		\$ 69,079,624.00

2017 Liability for Local District School Tax:

Tax Paid	\$ 142,264,765.00
Less: School Tax Payable, December 31, 2016	<u>4,810,482.00</u>
	<u><u>\$ 137,454,283.00</u></u>

Add: School Tax Payable, December 31, 2017

7,259,624.00

Amount Charged to 2017 Operations

A-1 \$ 144,713,907.00

"A-24"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF SOLID WASTE COLLECTION DISTRICT TAX PAYABLE

REF.

Increased by:		
2017 Levy	A-1:A-9	\$ <u>3,390,300.00</u>
Decreased by:		
Cash Disbursements	A-4	\$ <u>3,390,300.00</u>

"A-25"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Balance December 31, 2016	A	\$	7,546.56
Increased by:			
2017 Levy		\$	2,137,111.11
Added Taxes			<u>7,622.53</u>
	A-1:A-9		
		\$	2,144,733.64
			<u>\$ 2,152,280.20</u>
Decreased by:			
Cash Disbursements	A-4		<u>2,144,657.67</u>
Balance December 31, 2017	A	\$	7,622.53

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER <u>31, 2016</u>	DECREASED BY RAISED IN <u>2017 BUDGET</u>
Special Emergency Authorizations (40A:4-53):		
Hurricane Sandy Damage	\$ <u>315,446.84</u>	\$ <u>315,446.84</u>

REF.

A

A-3

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE

<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>DECREASED</u>
12/31/2012	12/31/2016	1/1/2017	0.00%	\$ 315,446.84	\$ 315,446.84
				\$ 315,446.84	\$ 315,446.84

REF.

A

A-4

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>ANTICIPATED IN 2017 BUDGET</u>	<u>RECEIVED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2017</u>
Federal Grants:					
Disaster Recovery Post Sandy Grant	\$ 236,197.57	\$ 19,116.00	\$ 123,611.31	\$ 112,586.26	\$ 19,116.00
Superstorm Sandy CDBG Disaster Recovery	250,000.00	32,500.00			250,000.00
FEMA Hazard Mitigation Grant					32,500.00
Senior Center Grant Title III B 2017	37,000.00	37,000.00			16,500.00
Senior Citizen Grant - 2016	16,500.00	16,500.00			16,500.00
Bayshore DWI - 2016					
Bayshore DWI - 2017					
Drive Sober or Get Pulled Over - Year End Holiday Crackdown - 2016	5,000.00		4,600.00	400.00	
Drive Sober or Get Pulled Over - Year End Holiday Crackdown - 2017		5,500.00			5,500.00
Drive Sober Labor Day Crackdown		5,500.00	5,500.00		
Click It or Ticket		5,500.00	5,500.00		
U Text, U Drive, U Pay		5,500.00	5,500.00		
Superstorm Sandy CDBG Disaster Recovery Assistance - 2016	1,467,782.00		1,370,523.69		97,258.31
Recreational Trail Program Grant	24,000.00				24,000.00
Emergency Management Grant		9,400.00			9,400.00
Emergency Management Grant		7,000.00	6,932.97	67.03	
Emergency Management Assistance		10,000.00			10,000.00
Staffing for Adequate Fire and Emergency Response		136,675.00			136,675.00
State Grants					
Body Armor Grant - 2016		9,498.65	9,498.65		
Clean Communities Program		149,431.54	149,431.54		
Pedestrian Safety - 2016	11,000.00		5,600.00		5,400.00
ROID Grant - 2017		20,000.00			20,000.00
ROID 2015	20,000.00		20,000.00		
Police Pedestrian Safety		10,000.00			10,000.00
Recycling Tonnage Grant		115,672.34	115,672.34		
2015 Recycling Tonnage Grant		114,379.22	114,379.22		
Municipal Alliance - DEDR Grant - 2016	27,200.00		27,087.32	112.68	
Municipal Alliance - DEDR Grant - 2017		30,000.00	3,122.00		26,878.00
Other Grants:					
Discover NJ History Grant		5,000.00			5,000.00
TC Der Microgrid Phase 1		150,000.00			150,000.00
Sustainable Jersey Grant		20,000.00	10,000.00		10,000.00

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>PROGRAM</u>	<u>BALANCE</u>	<u>ANTICIPATED</u>		<u>BALANCE</u>
	<u>DECEMBER</u>	<u>IN 2017</u>	<u>RECEIVED</u>	<u>DECEMBER</u>
	<u>31, 2016</u>	<u>BUDGET</u>	<u>CANCELLED</u>	<u>31, 2017</u>
County Grants: Conifer Tract BB Field - 2011	\$ 250,000.00	\$ _____	\$ _____	\$ 250,000.00
	\$ 2,344,679.57	\$ 877,172.75	\$ 2,013,959.04	\$ 113,165.97 \$ 1,094,727.31
<u>REF.</u>	A	A-2	A-4	A

TOWNSHIP OF MIDDLETOWN
GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

<u>PROGRAM</u>		<u>BALANCE DECEMBER 31, 2016</u>	<u>Modified Balance</u>	<u>2017 Appropriation</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2017</u>
Federal Grants:							
Disaster Recovery Post Sandy Grant	\$	105,393.31	\$ 156,228.03	\$ 19,116.00	\$ 43,641.77	\$ 112,586.26	\$ 19,116.00
Superstorm Sandy CDBG Disaster Recovery		174,650.00	183,721.19		183,717.47		3.72
FEMA Hazard Mitigation Grant		2,182.97	2,182.97				2,182.97
Bullet Proof Vest Program				32,500.00	32,500.00		
Senior Citizen Grant Title III-B - 2017				14,740.00	14,740.00		
Bayshore Saturation DWI - 2016				16,500.00	14,300.00	440.00	
Bayshore Saturation DWI - 2017					1,100.00		15,400.00
Drive Sober or Get Pulled Over Year End Holiday							
Crackdown - 2016		3,400.00	3,400.00		3,000.00	400.00	
Drive Sober or Get Pulled Over Year End Holiday					5,500.00	2,860.00	
Crackdown - 2017					5,500.00	5,500.00	2,640.00
Drive Sober Labor Day Crackdown					5,500.00	5,500.00	
Click It or Ticket					5,500.00	5,500.00	
U Text, U Drive, U Pay					5,500.00	5,500.00	
Superstorm Sandy CDBG Disaster Recovery							
Assistance - 2016		1,467,782.00	1,467,782.00			1,370,523.69	97,258.31
Recreational Trail Program Grant		15,997.49	16,267.49		270.00		15,997.49
Emergency Management Grant					9,400.00	9,400.00	
Emergency Management Grant					7,000.00		6,932.97
Emergency Management Grant					10,000.00	67.03	
Staffing for Adequate Fire and Emergency Response					136,675.00		136,675.00
State Grants:							
Body Armor Grant 2016		9,562.44	9,562.44		2,713.95		6,848.49
Body Armor Grant 2017					9,498.65		9,498.65
Clean Communities Program - 2015							
Clean Communities Program - 2016		175,892.29	175,892.29		175,892.29		
Clean Communities Program - 2017					149,431.54		149,431.54
Drunk Driving Enforcement Fund Training - 2015		5,476.40	5,476.40		5,400.00		76.40
Pedestrian Safety 2016		10,000.00	10,000.00		6,360.00		3,640.00
Police Pedestrian Safety Grant					10,000.00		10,000.00
Recycling Tonnage Grant - 2012		546.49	4,282.65		4,258.70		23.95
Recycling Tonnage Grant - 2013		4,964.95	111,762.82		111,762.82		
Recycling Tonnage Grant - 2015		204,361.81	204,361.81		5,985.00		198,376.81
Recycling Tonnage Grant - 2016		118,916.82	118,916.82		332.48		118,584.34
Recycling Tonnage Grant - 2017					115,672.34		115,672.34
Recycling Tonnage Grant - 2015					114,379.22		114,379.22

TOWNSHIP OF MIDDLETOWN
GRANT FUND
SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

<u>PROGRAM</u>		BALANCE DECEMBER 31, 2016	Modified Balance	2017 Appropriation	EXPENDED	CANCELED	BALANCE DECEMBER 31, 2017
DCA - ROID Grant	\$	1,878.81	\$ 1,978.81	\$	\$	\$ 1,978.81	\$
DCA - ROID Grant - Match		1,400.00	1,855.00			1,855.00	
DCA - ROID Grant				20,000.00	14,106.13		5,893.87
DCA - ROID Grant - Match				4,000.00	2,395.00		1,605.00
Hope for Children Foundation		4,035.00	4,035.00		1,120.00		2,915.00
Municipal Alliance - DEDR Muni Share - 2016		20,755.58	23,357.58		23,244.90	112.68	
Municipal Alliance - DEDR Muni Share - 2016 Match		7,500.00	7,500.00		7,500.00		
Municipal Alliance - DEDR Muni Share - 2017				30,000.00	13,005.04		16,994.96
Municipal Alliance - DEDR Muni Share - 2017 Match				7,500.00	5,000.00		2,500.00
Other Grants:							
Discover NJ History Grant				5,000.00	4,589.22		410.78
TC Der Microgrid Phase 1				150,000.00	150,000.00		
Comcast Technology Grant		125,000.00	125,000.00		17,945.60		107,054.40
Sustainable New Jersey				20,000.00			20,000.00
DPW - NJAW- PORICY RAIN GARDEN - 2013		2,070.39	2,070.39				2,070.39
	\$	<u>2,476,506.75</u>	<u>\$ 2,650,373.69</u>	<u>\$ 888,672.75</u>	<u>\$ 868,900.37</u>	<u>\$ 1,487,963.47</u>	<u>\$ 1,182,182.60</u>

REF. A A-3 A

Appropriated Reserve	A-29	\$ 2,476,506.75
Transferred from Encumbrances Payable	A-30	<u>\$ 173,866.94</u>
		<u>\$ 2,650,373.69</u>

Disbursed	A-4	\$ 505,363.91
Transferred to Encumbrances Payable	A-30	<u>\$ 363,536.46</u>
		<u>\$ 868,900.37</u>

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

REF.

Balance, December 31, 2016	A	\$	173,866.94
Increased by:			
Charged to Appropriated Grant Reserve	A-29		363,536.46
\$			
			537,403.40
Decreased by:			
Transferred to Appropriated Grant Reserve	A-29		173,866.94
\$			
Balance, December 31, 2017	A	\$	<u>363,536.46</u>

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF INTERFUND

	<u>REF.</u>		<u>DUE CURRENT FUND</u>
Balance, December 31, 2016 - Receivable	A		\$ 305,694.12
Increased by			
Cash Received in Current Fund	A-4	\$ 2,013,959.04	
2017 Budget Appropriations	A-29	888,672.75	
			<u>2,902,631.79</u>
			<u>3,208,325.91</u>
Decreased by:			
Cash Disbursed by Current Fund	A-4	\$ 505,363.91	
2017 Anticipated Revenue	A-28	877,172.75	
Grants Reserves Cancelled - Net	A-1	<u>1,374,797.50</u>	
			<u>2,757,334.16</u>
Balance, December 31, 2017 - Receivable	A		\$ <u>450,991.75</u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF TRUST CASH - TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL FEES</u>		<u>OTHER</u>	
Balance, December 31, 2016	B		\$ 30,638.67		\$ 21,956,721.47
Increased by Receipts:					
Due State of New Jersey	B-2	\$ 6,602.40			
Animal Control Fees	B-3	171,099.67			
Reserve for:					
Community Development Block Grant Receivable	B-4			\$ 157,609.82	
Miscellaneous Deposits and Reserves	B-5			12,676,914.99	
Open Space	B-6			2,147,321.36	
Community Development Block Grant Reserve	B-7			72,481.10	
Self Insurance	B-8			7,163,293.03	
Payroll Deductions	B-9		<u>177,702.07</u>	<u>33,988,346.69</u>	<u>56,205,966.99</u>
			\$ 208,340.74		\$ 78,162,688.46
Decreased by Disbursements:					
Due State of New Jersey	B-2	\$ 6,957.60			
Expenditures Under R.S.4:19-15.11	B-3	196,319.70			
Reserve for:					
Miscellaneous Deposits and Reserves	B-5			\$ 12,470,706.30	
Open Space	B-6			1,709,950.46	
Community Development Block Grant Reserve	B-7			396,166.42	
Self Insurance	B-8			7,160,070.32	
Payroll Deductions	B-9		<u>203,277.30</u>	<u>33,989,922.64</u>	<u>55,726,816.14</u>
Balance, December 31, 2017	B		<u>\$ 5,063.44</u>		<u>\$ 22,435,872.32</u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF ANIMAL LICENSE FEES DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Balance, December 31, 2016	B	\$ 403.80
Increased by:		
Cash Receipts	B-1	\$ 6,602.40
		\$ 7,006.20
Decreased by:		
Cash Disbursements	B-1	\$ 6,957.60
Balance, December 31, 2017	B	\$ <u>48.60</u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2016	B	\$ 30,234.87
Increased by:		
Dog License Fees		\$ 81,992.40
Other Fees		89,107.27
	B-1	<u>171,099.67</u>
		\$ <u>201,334.54</u>
Decreased by:		
Expenditures Under R.S.4:19-15.11	B-1	\$ <u>196,319.70</u>
		<u>196,319.70</u>
Balance, December 31, 2017	B	\$ <u>5,014.84</u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2016	\$ 103,828.20
2015	<u>99,409.20</u>
	\$ <u>203,237.40</u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2016	B	\$ 149,228.52
Increase by:		
Grant Awards	B-7	\$ 221,651.00
		\$ 370,879.52
Decreased by:		
Cash Receipts	B-1	<u>157,609.82</u>
Balance, December 31, 2017	B	\$ <u>213,269.70</u>

TOWNSHIP OF MIDDLETOWNTRUST FUNDSCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS AND RESERVES

	BALANCE DECEMBER 31, <u>2016</u>	PRIOR YEAR <u>ENCUMBRANCES</u>	CASH RECEIPTS	CASH DISBURSEMENTS	ENCUMBRANCES	BALANCE DECEMBER 31, <u>2017</u>
Accumulated Leave	\$ 1,455,099.95	\$ 1,455,099.95	\$ 426,916.54	\$ 302,029.72	\$ 443.38	\$ 1,579,986.77
Alliance for Drug Abuse	4,933.38	4,933.38	1,577.24	4,182.56		1,884.68
Cash Surety Bonds	4,509,015.35	4,509,015.35	526,951.03	877,827.40	2,008.59	4,156,130.39
C/O's Cash Bonds	49,085.29	49,085.29				49,085.29
CCO - DCA Fees	46,127.00	46,127.00	105,186.00	107,446.00		43,867.00
Rude Awakening	3,782.48	3,782.48				3,782.48
Police Explorer's Acct	2,688.01	2,688.01	22.25			2,710.26
Norma Jean Halverson	1,839.89	1,839.89	15.24			1,855.13
Police Crime Prevention	7,833.78	7,833.78	64.95			7,898.73
TKCC Donation		2,561.00	100.00	2,561.00		100.00
Engineering and Inspection	1,105,717.03	1,105,717.03	685,318.86	523,606.11		1,267,429.78
Grading Plan Review	58,747.66	58,747.66	45,550.00	51,008.54		53,289.12
Recreation	167,617.71	17,897.22	498,130.62	451,621.04	24,848.56	207,175.95
	66.83	66.83				66.83
Interest on Cash Surety Bond	195,180.10	195,180.10	9,163.05	2,602.40		201,740.75
JCP&L Line Defense	12,500.00	3,648.09	125,000.00	131,085.09	10,063.00	35,802.01
Law Enforcement	35,395.87	45,701.85	81,097.72	2,401.14	47,696.85	6,827.19
Legal Fees	6,827.19	6,827.19				
DPW Escrow	18,157.50	18,157.50	15,482.50			33,640.00
Mount Laurel Fees	942,298.42	43,775.39	986,073.81	267,789.85	80,678.36	1,146,319.33
NJ Sales Tax	345.04		345.04	1,129.46	1,048.78	425.72
Outside Liens	99,005.07	99,005.07	2,465,084.65	2,466,229.61		97,860.11
POAA	5,925.23	5,925.23	434.00			6,359.23
Police Donations	1,302.50	3,747.50	5,050.00	11,915.64	4,247.32	947.60
Police Donation - K9 Unit	18,518.61		18,518.61	11,033.93	7,456.29	22,096.25
Police off Duty	462,357.14	245.00	462,602.14	1,705,976.56	1,714,616.34	453,962.36
Police Leso Program	14,779.03	9,574.50	24,353.53		14,616.24	3,451.39
Federal Justice Forfeiture Fund	13,569.45		13,569.45	6,209.14		6,285.90
Premiums Received at Tax Sale	3,751,185.00		3,751,185.00	1,670,600.00	2,656,300.00	2,765,485.00
Public Defender	5,523.44	1,200.00	6,723.44	16,093.80	16,792.97	4,624.27
Recycling Rider	98,302.01	60,054.98	158,356.99	187,484.77	191,523.43	57,597.76
Self Insurance	5,761,608.76	811,842.50	6,573,451.26	3,190,955.64	2,730,836.69	442,464.78
Self Insurance - Unemployment Compensation	483,150.30		483,150.30	39,169.63	58,449.66	32,921.61
Shade Tree Commission	16,380.00		16,380.00			16,380.00
Sidewalk Contribution				500.00		500.00
Site Plans/GIS	106,823.29		106,823.29	42,888.82	30,472.50	3,480.00
Storm Recovery	668,271.29		668,271.29	570,786.68	3,768.26	288,600.00
Special Trust - Fire Prevention	32,675.75	3,311.63	35,987.38	11,934.00	6,495.63	41,425.75
Street Openings	102,275.82		102,275.82	35,049.00	39,319.90	98,004.92
	\$ 20,264,911.17	\$ 1,003,559.66	\$ 21,268,470.83	\$ 12,676,914.99	\$ 12,470,706.30	\$ 948,905.03
						\$ 20,525,774.49

REF.

B

B-10

B-1

B-1

B-10

B

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE FUND

	<u>REF.</u>	
Balance, December 31, 2016	B	\$ 172,739.12
Increased by:		
Cash Receipts:		
2017 Tax Levy		\$ 2,137,111.11
2016 Added/Omitted Levy		7,546.56
Interest on Investments and Deposits		2,663.69
	B-1	<u>2,147,321.36</u>
2017 Added/Omitted Levy	B-11	<u>7,622.53</u>
		\$ <u>2,154,943.89</u>
		\$ <u>2,327,683.01</u>
Decreased by:		
Cash Disbursements:		
Bond Principal		\$ 1,275,555.00
Bond Interest		391,123.14
Other Expenses		43,272.32
	B-1	<u>1,709,950.46</u>
Transfer to Encumbrances Payable	B-10	<u>3,041.44</u>
		<u>1,712,991.90</u>
Balance, December 31, 2017	B	\$ <u>614,691.11</u>

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

Balance, December 31, 2016	B	\$ 167,019.28
Increased by:		
Program Income	B-1	\$ 72,481.10
Grant Awards	B-4	221,651.00
Transferred from Encumbrances Payable	B-10	<u>255,279.54</u>
		\$ <u>549,411.64</u>
		\$ <u>716,430.92</u>
Decreased by:		
Cash Disbursements	B-1	\$ 396,166.42
Transferred to Encumbrances Payable	B-10	<u>48,998.53</u>
		<u>445,164.95</u>
Balance, December 31, 2017	B	\$ <u>271,265.97</u>

"B-8"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR SELF-INSURANCE FUND

	<u>REF.</u>	
Balance, December 31, 2016	B	\$ 527.27
Increased by:		
Cash Receipts	B-1	\$ 7,163,293.03
		\$ 7,163,820.30
Decreased by:		
Cash Disbursements	B-1	\$ 7,160,070.32
Balance, December 31, 2017	B	\$ <u>3,749.98</u>

"B-9"

SCHEDULE OF RESERVE FOR PAYROLL FUND

Balance, December 31, 2016	B	\$ 241,913.95
Increased by:		
Cash Receipts	B-1	\$ 33,988,346.69
		\$ 34,230,260.64
Decreased by:		
Cash Disbursements	B-1	\$ 33,989,922.64
Balance, December 31, 2017	B	\$ <u>240,338.00</u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

	<u>REF.</u>		<u>TOTAL</u>	<u>OTHER TRUST FUNDS</u>	<u>OPEN SPACE TRUST FUND</u>	<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>
Balance, December 31, 2016	B	\$	1,258,839.20	\$ 1,003,559.66	\$ 3,041.44	\$ 255,279.54
Increased by:						
Transferred from Reserves	B-5:B-6:B-7		1,000,945.00 2,259,784.20	948,905.03 1,952,464.69	3,041.44 3,041.44	48,998.53 \$ 304,278.07
Decreased by:						
Transferred to Reserves	B-5:B-6:B-7		1,258,839.20	1,003,559.66		255,279.54
Balance, December 31, 2017	B	\$	<u>1,000,945.00</u>	<u>948,905.03</u>	<u>3,041.44</u>	<u>48,998.53</u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAX RECEIVABLE

REF.

Balance, December 31, 2016	B	\$
Increased by:		
Open Space Added/Omitted Levy	B-6	<u>7,622.53</u>
Balance, December 31, 2017	B	\$ <u>7,622.53</u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

REF.

Balance, December 31, 2016	C	\$	7,743,730.20
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Increased by Receipts:

Capital Fund Balance	C-1	\$	3,175,000.00
Deferred Charges Unfunded	C-6	\$	3,175,000.00
Bond Anticipation Note	C-11	\$	18,253,504.00
Various Reserves	C-12	\$	64,366.79
Bond Proceeds	C-9	\$	19,935,000.00
Capital Improvement Fund	C-13	\$	500,000.00
		\$	<u>45,102,870.79</u>
		\$	<u>52,846,600.99</u>

Decreased by Disbursements:

Capital Surplus to Current Fund	C-1	\$	3,575,000.00
Bond Anticipation Note	C-11	\$	36,507,008.00
Various Reserves	C-12	\$	32,127.00
Contracts Payable	C-14	\$	6,995,005.49
		\$	<u>47,109,140.49</u>

Balance, December 31, 2017	C	\$	<u>5,737,460.50</u>
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TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	BALANCE DECEMBER <u>31, 2017</u>
Fund Balance	\$ 1,952,636.56
Capital Improvement Fund	1,443,432.00
Improvement Authorizations Funded (Listed on Exhibit "C-8")	1,926,355.56
Improvement Authorization Expenditures (Listed on Exhibit "C-6")	(3,964,958.07)
Contracts Payable	4,414,264.90
Various Reserves	906,729.55
Grants Receivable	<u>(941,000.00)</u>
	<u>\$ 5,737,460.50</u>

REF.

C

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	756,000.00
Increased by:			
Reserve for Grants Receivable	C-12	\$	<u>185,000.00</u>
			<u>185,000.00</u>
Balance, December 31, 2017	C	\$	<u>941,000.00</u>

Analysis of Balance

Department of Transportation:

3141 - Main Street Improvements	\$	55,000.00
Reserve for Grants - Cooper Road - 3141		60,000.00
Reserve for Grants - Thompson Avenue - 3188		240,000.00
Reserve for Grants - Tindall Road		185,000.00

County of Monmouth:

3045 - Open Space - Ideal Beach	\$	200,000.00
3178-Open Space - Croydon Hall		<u>201,000.00</u>
	\$	<u>941,000.00</u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 30,596,695.58
Increased by:		
Bond Proceeds	C-9	\$ 19,935,000.00
		\$ 50,531,695.58
Decreased by:		
Serial Bonds Paid by Budget	C-9	\$ 5,175,555.00
Loan Paid by Budget	C-10	<u>90,353.16</u>
		<u>5,265,908.16</u>
Balance, December 31, 2017	C	\$ <u>45,265,787.42</u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2016	DECREASED BY			BALANCE DECEMBER 31, 2017	ANALYSIS OF BALANCE DECEMBER 31, 2017	
			2017 AUTHORIZATIONS	RAISED BY BUDGET APPROPRIATION	BONDS ISSUED		EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATION
<u>General Improvements</u>								
2779	Acquisition of Real Property	\$ 757,876.00	\$	\$	\$	\$ 757,876.00	\$ 757,876.00	\$
2783	Acquisition of Real Property	89,143.00				89,143.00	89,143.00	
2847	Acquisition of Open Space	500.00				500.00	500.00	
2852	Acquisition of Real Property	27,481.25				27,481.25	27,481.25	
2931	Dredging of Shadow Lake	124,784.00				124,783.69	124,783.69	
2946	Penelope Lane	7,082.00				7,082.00	7,082.00	
3020	Street and Drain Design and Construction	212,395.24	29,193.62	183,200.00		1.62	1.62	
3031	Road Improvements	1,164,126.47	159,926.47	1,004,200.00		0.30	0.30	
3032	Tax Appeals	0.30						
3034	Various Capital Improvements	119,099.63	16,399.63	102,700.00				
3045	Various Capital Improvements	1,387,000.00	190,600.00	1,196,400.00				
3050	Drainage Improvements	608,000.00	83,500.00	524,500.00				
3051	Shadow Lake Dredging	207,200.13				207,200.13	207,200.13	
3056	Refunding Bond Ordinance	17,664.99				17,664.99	17,664.99	
3065;3072	Various Road Improvements	1,748,000.00	240,200.00	1,507,800.00				
3070	Acquisition of Portable/Vehicle Radios	632,500.00	86,743.00	544,400.00		1,357.00	1,357.00	
3087	Various Field Improvements	1,322,754.28	181,754.28	1,141,000.00				
3091	Various Capital Improvements	2,354,575.00	323,475.00	2,031,100.00				
3113	Refunding Bonds	9,769.66				9,769.66	9,769.66	
3119	Various Capital Improvements	4,465,000.00	613,400.00	3,851,600.00				
3135	Refunding Bonds	495,000.00			495,000.00			
3141	Various Capital Improvements	4,300,055.00	582,455.00	3,657,600.00		60,000.00	60,000.00	
3178	Various Capital Improvements	4,857,853.00	667,353.00	4,190,500.00				
3188	Various Capital Improvements	3,013,447.00				3,013,447.00	2,441,382.15	572,064.85
3204	Various Capital Improvements	1,064,903.00				1,064,903.00	280,716.28	784,186.72
		\$ 24,907,859.95	\$ 4,078,350.00	\$ 3,175,000.00	\$ 19,935,000.00	\$ 495,000.31	\$ 5,381,209.64	\$ 3,964,958.07
								\$ 1,416,251.57
REF.	C	C-8	C-2	C-9	C-8:C-14	C	C-3	C-8

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	C	\$	7,540,009.16
Increased by:			
Improvement Authorizations	C-8	\$	<u>11,409,270.39</u>
		\$	<u>11,409,270.39</u>
		\$	<u>18,949,279.55</u>
Decreased by:			
Cash Disbursements	C-2	\$	6,995,005.49
Transfer to Improvement Authorizations	C-8	\$	<u>7,540,009.16</u>
		\$	<u>14,535,014.65</u>
Balance, December 31, 2017	C	\$	<u>4,414,264.90</u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE		2017 AUTHORIZATIONS	INCREASED BY:		DECREASED BY:		BALANCE	
				DECEMBER 31, 2016 FUNDDED	UNFUNDDED		TRANSFER FROM CONTRACTS PAYABLE	TRANSFER TO CONTRACTS PAYABLE	AUTHORIZATIONS CANCELED	DECEMBER 31, 2017 FUNDDED	UNFUNDDED	
2931	Shadow Lake	12/03/07	\$ 3,800,000.00	\$	0.31	\$	\$	\$	\$	0.31	\$	
2986	Park Improvements	08/17/09	1,405,000.00				3,481.50	3,410.00			71.50	
2993	Storm/Flood Water Drainage Improvements	11/16/09	200,000.00	13,296.99							13,296.99	
3020	Street and Drain Design and Construction	11/15/10	683,500.00				14,631.85	14,631.85				
3031	Road Improvements	04/18/11	3,000,000.00				47,982.20	47,982.20				
3034	Various Capital Improvements	06/20/11	607,000.00				14,793.56	14,793.56				
3045	Various Capital Improvements	10/17/11	2,075,000.00		26,114.90		587,751.02	613,810.65			55.27	
3050	Drainage Improvements	01/17/12	800,000.00		164,258.75		29,453.21	36,733.21			156,978.75	
3065,3072	Various Road Improvements	06/18/12;11/19/12	2,700,000.00		29,802.99		536,739.17	564,034.09			2,508.07	
3070	Acquisition of Portable/Vehicle Radios	08/20/12	750,000.00				17,083.19	17,083.19				
3087	Various Field Improvements	04/15/13	1,500,000.00				27,707.25	27,707.25				
3091	Various Capital Improvements	05/20/13	2,678,500.00		182,203.17		199,845.90	195,769.92			186,279.15	
3119	Various Capital Improvements	10/20/14	4,700,000.00		703,495.21		1,203,574.07	1,357,588.22			549,481.06	
3135	Refunding Bonds	04/20/15	3,200,000.00		495,000.00				495,000.00			
3141	Various Capital Improvements	06/01/15	5,200,000.00		247,274.36		2,478,044.22	2,372,753.31			292,565.27	
3178	Various Capital Improvements	07/18/16	5,314,530.00		1,516,421.99		2,378,922.02	3,205,749.51			689,594.50	
3188	Various Capital Improvements	02/06/17	3,172,050.00			3,172,050.00				2,599,985.15		
3203	Construction of Poricy Park Pavilion	08/21/17	36,000.00			36,000.00				475.00		
3204	Various Capital Improvements	09/05/17	1,120,950.00		1,120,950.00					336,763.28		
				\$ 13,296.99	\$ 3,364,571.68	\$ 4,329,000.00	\$ 7,540,009.16	\$ 11,409,270.39	\$ 495,000.31	\$ 1,926,355.56	\$ 1,416,251.57	
		REF.		C	C		C-7	C-7	C-6	C:C-3	C:C-6	
Bonds and Notes			C-6			\$ 4,078,350.00						
Various Reserves			C-12			36,000.00						
Capital Improvement Fund			C-13			214,650.00						
						\$ 4,329,000.00						

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2017			<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>						
General Obligation	12/13/2001	\$ 6,413,000.00	12/1/2018	\$ 1,000.00	5.000%	\$	\$ 5,000.00	\$	\$	5,000.00
			12/1/2019	3,000.00	5.000%					
			12/1/2020	1,000.00	5.000%					
General Obligation	12/1/2002	10,031,000.00	12/1/2018	1,000.00	5.000%					5,000.00
			12/1/2019	4,000.00	5.000%		5,000.00			5,000.00
General Refunding	4/12/2007	16,723,221.00	12/1/2018	1,306,270.00	5.000%	\$ 6,994,013.00	1,489,317.00	5,504,696.00		
			12/1/2019	1,359,411.00	5.000%					
			12/1/2020	1,075,180.00	4.000%					
			12/1/2021	1,097,350.00	4.000%					
			12/1/2022	666,485.00	4.000%					
Open Space Refunding	4/12/2007	1,205,348.00	12/1/2018	123,730.00	5.000%					
			12/1/2019	131,589.00	5.000%					
			12/1/2020	130,820.00	4.000%					
			12/1/2021	135,650.00	4.000%					
			12/1/2022	76,515.00	4.000%	723,542.00		125,238.00	598,304.00	
General Obligation	12/13/2007	3,228,000.00				256,000.00				256,000.00
General Obligation	12/4/2008	3,341,000.00	12/1/2018	238,000.00	5.250%	467,000.00				229,000.00
General Obligation	12/30/2009	5,966,000.00	12/1/2018	323,110.00	4.000%	969,330.00	310,470.00	658,860.00		
			12/1/2019	335,750.00	4.000%					
Open Space	12/30/2009	5,966,000.00	12/1/2018	85,890.00	4.000%	257,670.00		82,530.00	175,140.00	
			12/1/2019	89,250.00	4.000%					

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	MATURITIES OF BONDS OUTSTANDING				<u>BALANCE DECEMBER 31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>					
Refunding Bonds	5/22/2012	\$ 8,870,000.00	12/1/2018	\$ 900,000.00	4.000%					
			12/1/2019	930,000.00	4.000%					
			12/1/2020	970,000.00	4.000%					
			12/1/2021	1,005,000.00	4.000%					
			12/1/2022	410,000.00	5.000%					
			12/1/2023	435,000.00	5.000%	\$ 6,055,000.00	\$ 1,405,000.00	\$ 4,650,000.00		
Refunding Bonds (Open Space Trust)	5/22/2012	7,275,000.00	12/1/2018	735,000.00	4.000%					
			12/1/2019	770,000.00	4.000%					
			12/1/2020	800,000.00	4.000%					
			12/1/2021	825,000.00	4.000%					
			12/1/2022	855,000.00	5.000%					
			12/1/2023	900,000.00	5.000%	6,170,000.00			710,000.00	5,460,000.00
Refunding Bonds (General Obligation)	12/4/2014	1,495,000.00	12/1/2018	364,000.00	4.000%					
			12/1/2019	379,000.00	5.000%					
			12/1/2020	398,000.00	5.000%	1,495,000.00			354,000.00	1,141,000.00
Refunding Bonds (Open Space Trust)	12/4/2014	1,260,000.00	12/1/2018	195,000.00	4.000%					
			12/1/2019	203,000.00	5.000%					
			12/1/2020	213,000.00	5.000%					
			12/1/2021	224,000.00	5.000%					
			12/1/2022	236,000.00	5.000%	1,260,000.00			189,000.00	1,071,000.00
Refunding Bonds (General Obligation)	3/24/2016	1,385,000.00	12/1/2018	250,000.00	4.000%					
			12/1/2019	260,000.00	4.000%					
			12/1/2020	275,000.00	5.000%					
			12/1/2021	285,000.00	5.000%					
			12/1/2022	305,000.00	5.000%	1,375,000.00				1,375,000.00

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2017			<u>BALANCE DECEMBER 31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2017</u>
			<u>DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>				
Refunding Bonds (Open Space Trust)	3/24/2016	\$ 1,320,000.00	12/1/2019	240,000.00	4.000%				
			12/1/2020	245,000.00	5.000%				
			12/1/2021	260,000.00	5.000%				
			12/1/2022	275,000.00	5.000%				
			12/1/2023	285,000.00	5.000%	\$ 1,305,000.00	\$	\$	\$ 1,305,000.00
Refunding Bonds (General Obligation)	10/5/2016	1,978,950.00	8/1/2018	7,900.00	3.000%				
			8/1/2019	11,850.00	3.000%				
			8/1/2020	359,450.00	3.000%				
			8/1/2021	371,300.00	4.000%				
			8/1/2022	387,100.00	4.000%				
			8/1/2023	402,900.00	4.000%				
			8/1/2024	418,700.00	4.000%	1,978,950.00		19,750.00	1,959,200.00
Refunding Bonds (open Space)	10/5/2016	526,050.00	8/1/2018	2,100.00	3.000%				
			8/1/2019	3,150.00	3.000%				
			8/1/2020	95,550.00	3.000%				
			8/1/2021	98,700.00	4.000%				
			8/1/2022	102,900.00	4.000%				
			8/1/2023	107,100.00	4.000%				
			8/1/2024	111,300.00	4.000%	526,050.00		5,250.00	520,800.00
General Obligation	02/23/17	19,935,000.00	2/15/2018	1,100,000.00	2.000%				
			2/15/2019	1,100,000.00	5.000%				
			2/15/2020	970,000.00	5.000%				
			2/15/2021	920,000.00	5.000%				
			2/15/2022	995,000.00	5.000%				
			2/15/2023	1,000,000.00	5.000%				
			2/15/2024	1,000,000.00	5.000%				
			2/15/2025	1,345,000.00	5.000%				
			2/15/2026	1,415,000.00	5.000%				
			2/15/2027	1,490,000.00	5.000%				
			2/15/2028	1,565,000.00	5.000%				
			2/15/2029	1,645,000.00	5.000%				
			2/15/2030	1,730,000.00	5.000%				
			2/15/2031	1,820,000.00	5.000%				
			2/15/2032	1,840,000.00	5.000%				
						19,935,000.00			19,935,000.00
						\$ 29,842,555.00	\$ 19,935,000.00	\$ 5,175,555.00	\$ 44,602,000.00

REF.

C

C-2;C-5;C-6

C-5

C

"C-10"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN PAYABLE

REF.

Balance December 31, 2016	C	\$ 754,140.58
Decreased by:		
Loans Paid by Budget	C-5	<u>90,353.16</u>
Balance December 31, 2017	C	\$ <u>663,787.42</u>

TOWNSHIP OF MIDDLETOWNGENERAL CAPITAL FUNDSCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER</u>		
						<u>31, 2016</u>	<u>INCREASED</u>	<u>DECREASED</u>
3020	Street and Drain Design and Construction	09/20/11	08/11/16	01/27/17	1.50%	\$ 212,393.62	\$ 212,393.62	\$ 212,393.62
	Street and Drain Design and Construction	09/20/11	01/27/17	03/15/17	1.00%			212,393.62
3031	Various Road Improvements	09/20/11	08/11/16	01/27/17	1.50%	1,164,126.47		1,164,126.47
	Various Road Improvements	09/20/11	01/27/17	03/15/17	1.00%		1,164,126.47	1,164,126.47
3034	Various Capital Improvements	09/18/12	08/11/16	01/27/17	1.50%	119,099.63		119,099.63
	Various Capital Improvements	09/18/12	01/27/17	03/15/17	1.00%		119,099.63	119,099.63
3045	Various Capital Improvements	09/18/12	08/11/16	01/27/17	1.50%	1,387,000.00		1,387,000.00
	Various Capital Improvements	09/18/12	01/27/17	03/15/17	1.00%		1,387,000.00	1,387,000.00
3050	Drainage Improvements	09/18/12	08/11/16	01/27/17	1.50%	608,000.00		608,000.00
	Drainage Improvements	09/18/12	01/27/17	03/15/17	1.00%		608,000.00	608,000.00
3065	Various Road Improvements	09/18/12	08/11/16	01/27/17	1.50%	1,748,000.00		1,748,000.00
	Various Capital Improvements	09/18/12	01/27/17	03/15/17	1.00%		1,748,000.00	1,748,000.00
3070	Acquisition of Portable/Vehicle Radios	09/17/13	08/11/16	01/27/17	1.50%	632,500.00		632,500.00
	Acquisition of Portable/Vehicle Radios	09/17/13	01/27/17	03/15/17	1.00%		632,500.00	632,500.00
3087	Various Field Improvements	09/17/13	08/11/16	01/27/17	1.50%	1,322,754.28		1,322,754.28
	Various Field Improvements	09/17/13	01/27/17	03/15/17	1.00%		1,322,754.28	1,322,754.28
3091	Various Capital Improvements	11/14/14	11/09/16	01/27/17	1.00%	2,354,575.00		2,354,575.00
	Various Capital Improvements	11/14/14	01/27/17	03/15/17	1.00%		2,354,575.00	2,354,575.00
3111;3119	Various Capital Improvements	11/14/14	11/09/16	01/27/17	1.00%	4,465,000.00		4,465,000.00
	Various Capital Improvements	11/14/14	01/27/17	03/15/17	1.00%		4,465,000.00	4,465,000.00
3141	Various Capital Improvements	08/13/15	08/11/16	01/27/17	1.50%	2,258,505.00		2,258,505.00
	Various Capital Improvements	08/13/15	01/27/17	03/15/17	1.00%		2,258,505.00	2,258,505.00
3141	Various Capital Improvements	11/12/15	11/09/16	01/27/17	1.00%	1,981,550.00		1,981,550.00
	Various Capital Improvements	11/12/15	01/27/17	03/15/17	1.00%		1,981,550.00	1,981,550.00
						\$ 18,253,504.00	\$ 18,253,504.00	\$ 36,507,008.00

REF.

C

C-2

C-2

TOWNSHIP OF MIDDLETOWNGENERAL CAPITAL FUNDSCHEDULE OF VARIOUS RESERVES

Reserve for:		BALANCE DECEMBER 31, 2016	INCREASED	DECREASED	BALANCE DECEMBER 31, 2017
Debt Service	\$ 46,535.69	\$ 2,106.79	\$ 32,127.00	\$ 16,515.48	
Grants	300,000.00	185,000.00		485,000.00	
Preliminary Expenses	11,700.00			11,700.00	
Future Sidewalk Construction	367,254.07	26,260.00		393,514.07	
Donations - Porcelyn Park Pavilion		36,000.00	36,000.00		
	<hr/>	<hr/>	<hr/>	<hr/>	
	\$ <u>725,489.76</u>	\$ <u>249,366.79</u>	\$ <u>68,127.00</u>	\$ <u>906,729.55</u>	
	<u>REF.</u>	C			C
Cash Receipts	C-2	\$ 64,366.79	\$		
Cash Disbursed	C-2			32,127.00	
Grants Receivable	C-4	185,000.00			
Improvement Authorizations	C-8			36,000.00	
		<hr/>	<hr/>	<hr/>	
		\$ <u>249,366.79</u>	\$ <u>68,127.00</u>		

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2016	C	\$ 1,158,082.00
Increased by:		
2017 Budget Appropriation	C-2	\$ 500,000.00
		<hr/> \$ 1,658,082.00
Decreased by:		
Appropriation to Finance Improvement Authorizations:	C-8	<hr/> 214,650.00
Balance, December 31, 2017	C	<hr/> \$ 1,443,432.00

TOWNSHIP OF MIDDLETOWNGENERAL CAPITAL FUNDSCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORDINANCE NUMBER	IMPROVEMENT AUTHORIZATION	BALANCE DECEMBER 31, 2016	INCREASED BY		DECREASED BY		BALANCE DECEMBER 31, 2017
			INCREASED BY 2017 AUTHORIZATIONS	BOND ANTICIPATION NOTES NOT RENEWED	DEFERRED CHARGES UNFUNDED	CANCELLED	
2779	Acquisition of Real Property	\$ 757,876.00		\$	\$	\$	\$ 757,876.00
2783	Acquisition of Real Property	89,143.00					89,143.00
2847	Acquisition of Open Space	500.00					500.00
2852	Acquisition of Real Property	27,481.25					27,481.25
2931	Dredging of Shadow Lake	124,784.00				0.31	124,783.69
2946	Penelope Lane	7,082.00					7,082.00
3020	Street and Drain Design and Construction	1.62					1.62
3032	Tax Appeals	0.30					0.30
3051	Shadow Lake Dredging	207,200.13					207,200.13
3056	Refunding Bond Ordinance	17,664.99					17,664.99
3070	Acquisition of Portable Vehicle Radios			1,357.00			1,357.00
3113	Refunding Bonds	9,769.66					9,769.66
3135	Refunding Bonds	495,000.00				495,000.00	
3141	Various Capital Improvements	60,000.00					60,000.00
3178	Various Capital Improvements	4,857,853.00			4,857,853.00		
3188	Various Capital Improvements		3,013,447.00				3,013,447.00
3204	Various Capital Improvements		1,064,903.00				1,064,903.00
		\$ 6,654,355.95	\$ 4,078,350.00	\$ 1,357.00	\$ 4,857,853.00	\$ 495,000.31	\$ 5,381,209.64

REF.

C-8

C-6

C-6

TOWNSHIP OF MIDDLETOWN
SOLID WASTE COLLECTION DISTRICT FUND
SCHEDULE OF CASH

	<u>REF.</u>		
Balance, December 31, 2016	D	\$	2,978,475.89
Increased by Receipts:			
Solid Waste District Taxes	D-2	\$	3,390,300.00
Appropriation Refunds	D-3	<u>64,859.02</u>	<u>3,455,159.02</u>
		\$	6,433,634.91
Decreased by Disbursements:			
2017 Appropriations	D-3	\$	3,135,632.28
2016 Appropriation Reserves	D-5	234,458.71	
Dissolution of Solid Waste District:			
Surplus	D-1	2,703,116.59	
Encumbrances Payable	D-6	<u>360,427.33</u>	<u>6,433,634.91</u>
Balance, December 31, 2017	D	\$	-

TOWNSHIP OF MIDDLETOWN
SOLID WASTE COLLECTION DISTRICT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES

	BALANCE <u>DECEMBER 31, 2016</u>	BALANCE <u>AFTER TRANSFERS</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Operating:				
Contractual Services	\$ 232,303.41	\$ 354,213.10	\$ 121,909.69	\$ 232,303.41
Disposal Fees	<u>396,825.00</u>	<u>603,315.27</u>	<u>112,549.02</u>	<u>490,766.25</u>
	<u>\$ 629,128.41</u>	<u>\$ 957,528.37</u>	<u>\$ 234,458.71</u>	<u>\$ 723,069.66</u>
	<u>REF.</u>	D	D-4	D-1
Appropriation Reserves	D-5	\$ 629,128.41		
Transferred from Encumbrances Payable	D-6	<u>328,399.96</u>		
		<u>\$ 957,528.37</u>		

TOWNSHIP OF MIDDLETOWN
SOLID WASTE COLLECTION DISTRICT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2016	D	\$	328,399.96
Increased by:			
Transferred from Appropriations	D-3		360,427.33
		\$	<u>688,827.29</u>
Decreased by:			
Transferred to Appropriation Reserves	D-5	\$	328,399.96
Transferred to Current Fund Upon Dissolution	D-4		<u>360,427.33</u>
			<u>688,827.29</u>
Balance, December 31, 2017	D	\$	<u> -</u>

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>		<u>P.A.T.F. II</u>
Balance December 31, 2016	E	\$	34,632.34
Increased by:			
State Aid for Public Assistance		\$ 1,200.00	
Supplemental Security Income		15,296.25	
Other		210.00	
	E-4		16,706.25
		\$	51,338.59
Decreased by:			
Public Assistance - 2017	E-5		24,782.00
Balance December 31, 2017	E	\$	<u>26,556.59</u>

"E-2"

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION

<u>REVENUE</u>			
Balance, December 31, 2017	E	\$	26,556.59
Increased by:			
Cash Receipts		\$	26,556.59
Decreased by:			
2018 Assistance			<hr/>
Balance, February 28, 2018		\$	26,556.59

RECONCILIATION - March 31, 2018	P.A.T.F. II <u>ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:		
Investors Saving:		
AC # 500449902847	\$ 26,556.59	\$ 26,556.59
Balance, February 28, 2018	\$ 26,556.59	\$ 26,556.59

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
AS OF DECEMBER 31, 2017

	<u>REF.</u>	
Balance, December 31, 2016	E	\$ 34,632.34
Increased by:		
Cash Receipts		\$ 16,706.25
		<u>\$ 51,338.59</u>
Decreased by:		
Cash Disbursements:		
2017 Assistance		<u>24,782.00</u>
Balance, December 31, 2017	E	<u>\$ 26,556.59</u>

RECONCILIATION - DECEMBER 31, 2017	<u>P.A.T.F. II</u>	<u>ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of:			
Investors Saving:			
AC # 500449902847	\$ 26,556.59	\$ 26,556.59	<u>\$ 26,556.59</u>
Balance, December 31, 2017	<u>\$ 26,556.59</u>	<u>\$ 26,556.59</u>	<u>\$ 26,556.59</u>

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE REVENUES
YEAR ENDED DECEMBER 31, 2017

	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
State Aid Payments	\$ 1,200.00	\$ 1,200.00
Supplemental Security Income	15,296.25	15,296.25
Other	210.00	210.00
 Total Revenues (P.A.T.F.)	 <u>\$ 16,706.25</u>	 <u>\$ 16,706.25</u>

REF.

E-1

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES
YEAR ENDED DECEMBER 31, 2017

	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
Payments for Current Year		
Assistance (Reported):		
Maintenance Payments	\$ 22,350.00	\$ 22,350.00
Other:		
Emergency Assistance	732.00	732.00
Temporary Rental Assistance	<u>1,700.00</u>	<u>1,700.00</u>
Total Disbursements (P.A.T.F.)	\$ <u>24,782.00</u>	\$ <u>24,782.00</u>

REF.

E-1

PART II

TOWNSHIP OF MIDDLETOWN

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

**COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - CURRENT FUND**

	YEAR 2017		YEAR 2016	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 5,565,000.00	2.11%	\$ 5,932,000.00	2.36%
Miscellaneous - From Other Than Local Property Tax Levies	26,811,801.87	10.18%	19,678,477.44	7.84%
Collection of Delinquent Taxes and Tax Title Liens	68,635.43	0.03%	52,360.61	0.02%
Collection of Current Tax Levy	<u>230,987,006.99</u>	<u>87.68%</u>	<u>225,394,458.67</u>	<u>89.78%</u>
<u>TOTAL INCOME</u>	\$ 263,432,444.29	100.00%	\$ 251,057,296.72	100.00%
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 71,354,667.43	28.37%	\$ 70,855,726.47	28.93%
County Taxes	29,154,031.97	11.59%	28,765,773.28	11.75%
Local School Taxes	144,713,907.00	57.55%	139,618,772.00	57.01%
Special Improvement District Tax	3,390,300.00	1.35%	3,390,300.00	1.38%
Municipal Open Space Tax	2,144,733.64	0.85%	2,086,707.17	0.85%
Other Expenditures	<u>718,275.74</u>	<u>0.29%</u>	<u>193,365.16</u>	<u>0.08%</u>
<u>TOTAL EXPENDITURES</u>	\$ 251,475,915.78	100.00%	\$ 244,910,644.08	100.00%
Excess in Revenue	\$ 11,956,528.51		\$ 6,146,652.64	
Fund Balance, January 1	<u>10,153,961.94</u>		<u>9,939,309.30</u>	
	\$ 22,110,490.45		\$ 16,085,961.94	
Less: Utilization as Anticipated Revenue	<u>5,565,000.00</u>		<u>5,932,000.00</u>	
Fund Balance, December 31	\$ 16,545,490.45		\$ 10,153,961.94	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - SOLID WASTE COLLECTION DISTRICT FUND

	YEAR 2017		YEAR 2016	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 455,000.00	9.96%	\$ 305,000.00	6.82%
Receipts from Current Taxes	3,390,300.00	74.21%	3,390,300.00	75.82%
Miscellaneous	<u>723,069.66</u>	<u>15.83%</u>	<u>776,214.31</u>	<u>17.36%</u>
<u>TOTAL INCOME</u>	<u>\$ 4,568,369.66</u>	<u>100.00%</u>	<u>\$ 4,471,514.31</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Operating	\$ 3,391,900.59	98.85%	\$ 3,656,000.00	98.94%
Statutory Expenditures	<u>39,300.00</u>	<u>1.15%</u>	<u>39,300.00</u>	<u>1.06%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 3,431,200.59</u>	<u>100.00%</u>	<u>\$ 3,695,300.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 1,137,169.07		\$ 776,214.31	
Fund Balance, January 1	<u>2,020,947.52</u>		<u>1,549,733.21</u>	
Decreased by:	\$ 3,158,116.59		\$ 2,325,947.52	
Dissolution of Solid Waste District	2,703,116.59			
Fund Balance Utilized	<u>455,000.00</u>		<u>305,000.00</u>	
Fund Balance, December 31	\$ <u>0.00</u>		\$ <u>2,020,947.52</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Apportionment of Tax Rate:			
Local Municipal	0.445	0.459	0.457
Municipal Open Space	0.020	0.020	0.020
Municipal Library	0.033	0.033	0.034
County	0.272	0.276	0.292
Local School	1.354	1.343	1.333
Sub-Total General Tax Rate	2.124	2.131	2.136
Solid Waste Collection District	0.065	0.070	0.071
 Total Tax Rate	 2.189	 2.201	 2.207

ASSESSED VALUATIONS:

2017	\$10,685,555,553.00
2016	\$10,395,803,041.00
2015	\$10,275,240,953.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTION</u>	<u>PERCENTAGE OF COLLECTIONS</u>
2017	\$231,213,691.27	\$230,987,006.99	99.90%
2016	225,771,707.86	225,394,458.67	99.83%
2015	223,670,619.61	223,281,009.51	99.82%

DELINQUENT TAXES AND TAX TITLE LIENS

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

YEAR	AMOUNT OF TAX		TOTAL <u>DELINQUENT</u>	PERCENTAGE <u>OF TAX LEVY</u>
	<u>TITLE LIENS</u>	<u>TAXES</u>		
2017	\$520,779.42	\$14,792.61	\$535,572.03	0.23%
2016	462,545.96	13,177.89	475,723.85	0.21%
2015	415,618.30	12,223.94	427,842.24	0.19%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

2017	\$206,000.00
2016	\$206,000.00
2015	\$206,000.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Current Fund</u>	BALANCE		UTILILIZED IN BUDGET OF <u>SUCCEEDING YEAR</u>	DEFERRED <u>SCHOOL TAX</u>
YEAR	<u>DECEMBER 31</u>			
2017	\$16,545,490.45		\$6,763,500.00	\$61,820,000.00
2016	10,153,961.94		\$5,565,000.00	61,820,000.00
2015	9,939,309.30		5,932,000.00	61,820,000.00
2014	9,223,091.97		4,750,000.00	61,820,000.00
2013	9,649,550.45		4,185,000.00	61,820,000.00

EQUALIZED VALUATIONS - REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2017	\$10,836,667,814.00
2016	\$10,655,321,246.00
2015	\$10,340,959,558.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT</u>
Gerard P. Scharfenberger	Mayor	*
Stephanie C. Murray	Deputy Mayor	*
Stephen G. Massell	Committeeman to 10/16/17	*
Anthony S. Perry	Committeeman from 11/13/17	*
Kevin M. Setembrino	Committeeman	*
Anthony P. Fiore	Committeeman	*
Anthony Mercantante	Township Administrator	*
Colleen Lapp	Chief Financial Officer	*
Heidi R. Brunt	Township Clerk	*
Judith Vassallo	Tax Collector	*
Robert Craig Weber	Chief of Police	*
Joseph J. Kachinsky	Construction Code Official	*
Brian Nelson	Township Attorney	*
Alex J. Worth	Tax Assessor	*
Kathleen Chieffo	Court Administrator	*
James Berube, Esq.	Municipal Judge	*

All of the bonds were examined and were properly executed.

*All Employees are covered under a \$1,000,000.00 Employees Dishonesty Blanket Coverage Bond through the Monmouth Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund.

COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

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

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The Township has a Qualified Purchasing Agent and has elected to increase its bid threshold to \$36,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

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

- Club Way Retaining Wall Replacement
- Up-Fit Work to an Existing KME Custom Pumper
- Police Uniforms
- Stevenson Park Bridge Replacement
- Drainage Repair Work at Various Locations
- HVAC Upgrade at Middletown Art Center
- Supply and Installation of FEMA Backup Emergency Generators

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.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40:11-14:

Auditor
Engineering Services
Architectural Services
Labor Counsel
Township Attorney
Legal Services
Planning Services

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 1, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, NJ.S.A. 54:4-67 permits the Governing Body to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for late payment of taxes or assessments as provided by law; and

WHEREAS, any unpaid taxes and municipal charges constitute an unfair burden on those taxpayers who pay their taxes and municipal charges in a timely manner and delinquent taxpayers should be required to carry their share of the tax burden; and

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Township of Middletown, County of Monmouth, State of New Jersey, that the property taxes shall be due and payable quarterly on February 1st, May 1st, August 1st and November 1st for the year 2017, with a ten day grace period, after which dates, if unpaid, shall become delinquent, with interest charges as set for below and reverting back to the due date on any quarterly installment of taxes. The Tax Collector is hereby authorized and directed to charge, subject to any abatement or discount for the late payment of taxes as provided by law:

1. Eight percent (8%) per annum on the first \$1,500.00 of taxes delinquent after due date and
2. Eighteen percent (18%) per annum on any amount in excess of \$1,500.00 of taxes delinquent after due date; and

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (CONTINUED)

3. Any 2017 municipal charges remaining unpaid on the 11th day of the 11th month of the fiscal year will be subject to Tax Sale

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payments of 2017 Taxes	50

TAX TITLE LIENS

The last tax sale was held on December 27, 2017 and was complete.

An examination of the tax sale certificates revealed all certificates were on file and available for audit.

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

<u>YEAR</u>	NUMBER OF <u>LIENS</u>
2017	104
2016	85
2015	117

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

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Township's policy to review and liquidate all interfund balances on a periodic basis.

RECOMMENDATIONS

None



