



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

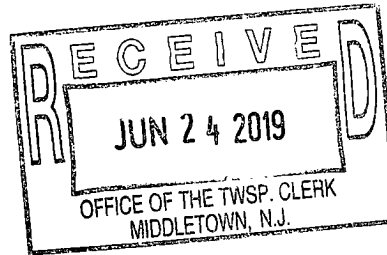
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Ms. Heidi R. Brunt
Township Clerk
Township of Middletown
Municipal Building
1 Kings Highway
Middletown, New Jersey 07748



RE: TOWNSHIP OF MIDDLETOWN
MONMOUTH COUNTY, NEW JERSEY
AUDIT REPORT - YEAR 2018

Dear Ms. Brunt:

Enclosed please find ten (10) bound copies and an unbound copy of the report of audit for the year ended December 31, 2018.

It is a requirement of the Local Finance Board that every member of the governing body receive a copy of the audit report.

An exact copy of this report will be filed with the Director of the Division of Local Government Services, Trenton, New Jersey.

May we suggest that the members of the governing body review the audit report and if there are any questions relative to the 2018 audit, please do not hesitate to call upon us.

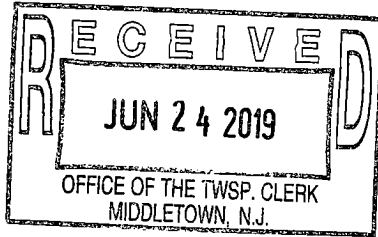
Yours very truly,

SUPLEE, CLOONEY & COMPANY

Robert W. Swisher, Partner

June 19, 2019

RWS:tc
Encls.



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, 2018*

TOWNSHIP OF MIDDLETOWN

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TOWNSHIP OF MIDDLETOWN

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TOWNSHIP OF MIDDLETOWN

PART I

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



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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, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the 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, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2018.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2018 and 2017, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 June 18, 2019 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

June 18, 2019



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated June 18, 2019. 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

June 18, 2019

CURRENT FUND

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>ASSETS</u>			
Current Fund:			
Cash-Treasurer	A-4	\$ 40,203,119.38	\$ 44,743,692.27
Cash-Tax Collector	A-5	187,682.10	3,703,677.63
Cash-Change Funds	A-6	3,100.00	3,050.00
Due From State of New Jersey:			
Chapter 20, P.L.1971	A-8	7,724.13	
		<u>\$ 40,401,625.61</u>	<u>\$ 48,450,419.90</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 11,505.93	\$ 14,792.61
Tax Title Liens Receivable	A-10	564,532.01	520,779.42
Property Acquired for Taxes-Assessed Valuation	A-11	206,000.00	206,000.00
Revenue Accounts Receivable	A-12	54,042.22	
	A	<u>\$ 836,080.16</u>	<u>\$ 741,572.03</u>
Total Current Fund		<u>\$ 41,237,705.77</u>	<u>\$ 49,191,991.93</u>
Grant Fund:			
Grants Receivable	A-25	\$ 790,996.38	\$ 1,094,727.31
Interfunds Receivable	A-28	212,811.32	450,991.75
Total Grant Fund		<u>\$ 1,003,807.70</u>	<u>\$ 1,545,719.06</u>
Total Assets		<u>\$ 42,241,513.47</u>	<u>\$ 50,737,710.99</u>

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>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 4,166,396.66	\$ 4,267,470.95
Due To State of New Jersey:			
Chapter 20, P.L.1971	A-8		7,268.30
Interfunds Payable	A-14	212,811.32	450,991.75
Encumbrances Payable	A-15	2,935,424.57	2,608,769.19
Accounts Payable	A-16	259,491.67	250,899.03
Prepaid Taxes	A-17	1,600,380.16	13,239,383.74
Tax Overpayments	A-18	96,383.17	16,919.23
Reserve for:			
Various Reserves	A-19	395,860.96	1,620,532.28
Tax Appeals	A-20	1,997,609.50	2,071,656.13
County Taxes Payable	A-22	242,570.06	103,792.32
Local School Taxes Payable	A-23	8,103,562.00	7,259,624.00
Municipal Open Space Tax Payable	A-24		7,622.53
		\$ 20,010,490.07	\$ 31,904,929.45
Reserve for Receivables and Other Assets	A	836,080.16	741,572.03
Fund Balance	A-1	20,391,135.54	16,545,490.45
Total Current Fund		\$ 41,237,705.77	\$ 49,191,991.93
Grant Fund:			
Reserve for Grants Appropriated	A-26	\$ 975,832.70	\$ 1,182,182.60
Encumbrances Payable	A-27	27,975.00	363,536.46
Total Grant Fund		\$ 1,003,807.70	\$ 1,545,719.06
Total Liabilities, Reserves and Fund Balance		\$ 42,241,513.47	\$ 50,737,710.99

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

"A-1"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE-REGULATORY BASIS

		YEAR ENDED DECEMBER 31, 2018	YEAR ENDED DECEMBER 31, 2017
<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>		
Fund Balance Utilized	A-1:A-2	\$ 6,763,500.00	\$ 5,565,000.00
Miscellaneous Revenue Anticipated	A-2	15,841,176.08	18,921,610.39
Receipts From Delinquent Taxes	A-2	50,050.38	68,635.43
Receipts From Current Taxes	A-2	237,165,388.77	230,987,006.99
Non-Budget Revenues	A-2	927,982.78	3,350,271.38
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	2,821,257.78	3,025,665.29
Appropriated Grant Reserves Cancelled - Net	A-14:A-28	396.74	1,374,797.50
Sanitation District Encumbrances Cancelled	A-15	259,150.96	
County Added/Omitted Taxes Cancelled			319.77
Accounts Payable Cancelled	A-16	123,682.37	139,135.29
Various Reserves Cancelled	A-19	1,184,067.92	
Tax Overpayments Cancelled			2.25
<u>TOTAL REVENUE AND OTHER INCOME</u>		\$ <u>265,136,653.78</u>	\$ <u>263,432,444.29</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations Within "CAPS":	A-3	\$ 56,340,135.46	\$ 49,700,815.71
Deferred Charges and Statutory Expenditures-Municipal	A-3	6,083,732.00	5,469,447.84
Other Operations Excluded From "CAPS"	A-3	5,500,210.08	5,859,591.75
Capital Improvements-Excluded From "CAPS"	A-3	1,092,000.00	1,076,500.00
Municipal Debt Service	A-3	6,443,349.23	5,620,052.79
Deferred Charges-Municipal	A-3		3,490,446.84
Judgments	A-3	110,044.00	137,812.50
County Taxes	A-21	30,067,430.44	29,050,239.65
Due County for Added Taxes	A-22	242,570.06	103,792.32
Local District School Taxes	A-23	146,436,252.00	144,713,907.00
Solid Waste Collection District Taxes			3,390,300.00
Municipal Open Space Tax	A-24	2,190,502.94	2,144,733.64
Prior Year Senior Citizens Disallowed	A-8	4,930.88	7,765.54
Reserve for Tax Appeals			700,000.00
Refund of Prior Year Revenue	A-4	16,351.60	10,510.20
<u>TOTAL EXPENDITURES</u>		\$ <u>254,527,508.69</u>	\$ <u>251,475,915.78</u>
Excess in Revenue		\$ 10,609,145.09	\$ 11,956,528.51
Fund Balance, January 1	A	16,545,490.45	10,153,961.94
		\$ <u>27,154,635.54</u>	\$ <u>22,110,490.45</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	6,763,500.00	5,565,000.00
Fund Balance, December 31	A	\$ <u>20,391,135.54</u>	\$ <u>16,545,490.45</u>

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, 2018

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S 40A: 4-87		
Fund Balance Anticipated	A-1	\$ 6,763,500.00	\$ 6,763,500.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	55,000.00	68,983.00	13,983.00
Other	A-12	54,000.00	56,273.50	2,273.50
Fees and Permits:				
Construction Code Official	A-12	1,850,000.00	2,041,765.00	191,765.00
Other	A-2:A-12	475,000.00	507,512.37	32,512.37
Fines and Costs:				
Municipal Court	A-12	750,000.00	793,258.18	43,258.18
Interest and Costs on Taxes	A-12	225,000.00	283,725.64	58,725.64
Interest on Investments and Deposits	A-12	450,000.00	1,184,929.31	734,929.31
Railroad Parking Lot Receipts	A-12	600,000.00	631,192.25	31,192.25
Cable TV Franchise Fees	A-12	377,000.00	377,254.62	254.62
Verizon Fios Franchise Fees	A-12	563,000.00	563,399.38	399.38
Senior Citizen Housing PILOT	A-12	305,000.00	398,688.00	93,688.00
Edgewater Park PILOT	A-12	90,000.00	97,691.36	7,691.36
Chapel Hill Associates PILOT	A-12	40,000.00	37,924.00	(2,076.00)
Sloan Kettering PILOT	A-12	165,000.00	127,614.67	(37,385.33)
Vanderbilt LLC (E&N)	A-12	15,000.00	7,148.08	(7,851.92)
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	150,000.00	252,449.77	102,449.77
Fair Haven Tax Collector Shared Service	A-12	18,000.00	18,000.00	
Fair Haven CFO Shared Service	A-12	60,000.00	60,000.00	
Fair Haven QPA Shared Service	A-12	4,000.00	2,687.50	(1,312.50)
Senior Citizens Grant Title III B	A-25		32,500.00	
Police DDEF	A-25		40,765.83	
Clean Communities Program	A-25		143,355.25	
Hazard Mitigation - Port Monmouth	A-25		153,000.00	
Child Passenger Safety Grant	A-25		14,400.00	
Drive Sober or Get Pulled Over Year End Crackdown	A-25		5,500.00	
Bayshore Saturation DWI Enforcement	A-25	16,500.00	16,500.00	
Municipal Alliance DEDR Grant	A-25		30,000.00	
U Text, U Drive, U Pay	A-25		6,600.00	
Homeland Security - Explosion Detection Dog	A-25		7,500.00	
Uniform Fire Safety Act	A-12	85,000.00	95,313.44	10,313.44
Capital Fund - Surplus	A-12	400,000.00	400,000.00	
Rental Income	A-12	30,000.00	19,415.91	(10,584.09)
Rental Income - Middletown EMS	A-12	9,000.00	8,000.00	
Hotel Occupancy Tax	A-12	230,000.00	265,834.54	35,834.54
Sewage Authority Surplus Contribution	A-12	457,700.00	457,728.00	28.00
Field User Fees	A-12	180,000.00	177,563.00	(2,437.00)
Capital Reserve - Note Premium	A-12	16,515.48	16,515.48	
Reserve for Police Outside Admin Fee	A-12	370,000.00	370,000.00	
	A-1	\$ 14,093,403.48	\$ 450,121.08	\$ 15,841,176.08
Receipts From Delinquent Taxes	A-1	\$ 25,000.00	\$ 50,050.38	\$ 25,050.38
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2:A-9	\$ 53,102,650.98	\$ 55,812,001.33	\$ 2,709,350.35
Minimum Library Tax	A-2:A-9	\$ 3,616,632.00	\$ 3,616,632.00	
		\$ 56,719,282.98	\$ 59,428,633.33	\$ 2,709,350.35
BUDGET TOTALS		\$ 77,801,186.46	\$ 450,121.08	\$ 82,083,359.79
Non-Budget Revenues	A-1:A-2		927,982.78	927,982.78
		\$ 77,801,186.46	\$ 450,121.08	\$ 83,011,342.57
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, 2018

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:			
Revenue from Collections	A-1;A-9	\$	237,165,388.77
Allocated to:			
Local School Taxes	A-23	\$	146,436,252.00
County Taxes	A-21;A-22		30,310,000.50
Municipal Open Space Taxes	A-24		<u>2,190,502.94</u>
			<u>178,936,755.44</u>
Balance for Support of Municipal Budget Appropriations		\$	58,228,633.33
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>1,200,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u><u>59,428,633.33</u></u>
Other Fees and Permits:			
Planning and Zoning Board Fees	A-12		27,060.18
Miscellaneous Fees	A-12		3,364.60
Tax Sale Ad Fees	A-12		49,569.44
Health Fees	A-12		64,943.00
Registrar Fees	A-12		8,972.00
Registrar EDRS Fees	A-12		21,451.00
Middletown Arts Center	A-12		5,062.00
Gun Permit Fees	A-12		2,429.00
ABC Permits	A-12		2,120.00
Youth Week	A-12		2.46
Police Accident Reports	A-12		3,494.45
Fire Prevention Fees	A-12		85,752.00
Fire Academy User Fees	A-12		<u>8,550.00</u>
		\$	<u><u>507,512.37</u></u>

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, 2018

REF.

Miscellaneous Revenue Not Anticipated

Treasurer:

FEMA Proceeds		\$	720,705.04
First Aid/Fire Interlocal			12,669.38
Trust Fund Reserve Balances Canceled			38,385.00
DMV Inspection Fines			13,799.50
Unclaimed Redemption Fund Monies			31,939.18
Senior Citizens/Veterans Administrative Fee			9,859.90
Monmouth County JIF Dividend			13,852.00
Fuel Adjustment Refunds			9,785.57
LOSAP Refunds			4,383.26
Auction Proceeds			40,900.64
Miscellaneous			24,673.31
	A-4	\$	<u>920,952.78</u>
Collector - Miscellaneous	A-5		<u>7,030.00</u>
	A-2	\$	<u><u>927,982.78</u></u>

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

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		CANCELED
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>GENERAL ADMINISTRATION:</u>					
Administrative and Executive:					
Salaries and Wages	\$ 714,739.00	\$ 714,739.00	\$ 682,976.13	\$ 31,762.87	\$
Other Expenses	99,000.00	99,000.00	90,546.28	8,453.72	
Purchasing:					
Salaries and Wages	154,461.00	154,461.00	151,122.97	3,338.03	
Other Expenses	3,550.00	3,550.00	1,796.34	1,753.66	
Township Committee:					
Salaries and Wages	16,000.00	16,000.00	15,230.28	769.72	
Other Expenses	7,000.00	7,000.00	6,566.63	433.37	
Township Clerk:					
Salaries and Wages	376,349.00	376,349.00	351,295.68	25,053.32	
Other Expenses	101,400.00	101,400.00	97,192.95	4,207.05	
Elections:					
Salaries and Wages	5,000.00	5,000.00	2,921.88	2,078.12	
Other Expenses	25,000.00	25,000.00	21,728.57	3,271.43	
Financial Administration:					
Salaries and Wages	540,543.00	540,543.00	532,482.05	8,060.95	
Other Expenses	83,000.00	83,000.00	53,527.40	29,472.60	
Audit Services	98,000.00	98,000.00	84,350.00	13,650.00	
Data Processing Center:					
Salaries and Wages	335,727.00	338,727.00	335,876.50	2,850.50	
Other Expenses	163,150.00	163,150.00	134,204.68	28,945.32	
Collection of Taxes:					
Salaries and Wages	347,339.00	347,339.00	332,698.04	14,640.96	
Other Expenses	56,925.00	41,925.00	29,173.33	12,751.67	
Tax Title Liens and Foreclosed Property	40,000.00	55,000.00	52,726.23	2,273.77	
Assessment of Taxes:					
Salaries and Wages	319,049.00	319,049.00	201,943.62	117,105.38	
Other Expenses	156,350.00	156,350.00	128,302.51	28,047.49	
Maintenance of Tax Maps	25,000.00	25,000.00	25,000.00		

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

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
Legal Services and Costs:					
Other Expenses	\$ 535,000.00	\$ 535,000.00	\$ 494,587.47	\$ 40,412.53	\$
Engineering:					
Other Expenses	75,000.00	75,000.00	26,111.61	48,888.39	
Planning and Development:					
Salaries and Wages	274,689.00	274,689.00	268,394.59	6,294.41	
Other Expenses	32,350.00	32,350.00	9,680.52	22,669.48	
Planning Board:					
Salaries and Wages	31,428.00	31,428.00	27,158.17	4,269.83	
Other Expenses	76,000.00	76,000.00	36,133.44	39,866.56	
Zoning Board of Adjustment:					
Salaries and Wages	31,128.00	31,128.00	25,941.03	5,186.97	
Other Expenses	46,000.00	46,000.00	24,111.00	21,889.00	
Insurance:					
General Liability	776,618.00	776,618.00	713,461.39	63,156.61	
Workers Compensation Insurance	1,131,035.00	1,131,035.00	939,035.00	192,000.00	
Employees Group Health	10,035,000.00	10,035,000.00	9,940,640.13	94,359.87	
<u>PUBLIC SAFETY:</u>					
Police:					
Salaries and Wages	14,047,584.00	14,041,584.00	13,674,561.58	367,022.42	
Other Expenses	608,800.00	608,800.00	529,965.45	78,834.55	
Emergency Management:					
Salaries and Wages	38,544.00	38,544.00	30,586.88	7,957.12	
Other Expenses	37,062.00	37,062.00	30,942.38	6,119.62	
First Aid:					
Other Expenses	80,500.00	80,500.00	69,255.04	11,244.96	
Subsidy to First Aid Companies	200,000.00	200,000.00	200,000.00		

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

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
Fire:					
Subsidy to Volunteer Fire Company	\$ 247,500.00	\$ 247,500.00	\$ 247,500.00	\$	
Salaries and Wages	84,900.00	84,900.00	43,331.65	41,568.35	
Other Expenses:	401,800.00	401,800.00	400,041.95	1,758.05	
Fire Hydrant Service	775,000.00	775,000.00	775,000.00		
Uniform Fire Safety Bureau:					
Salaries and Wages	144,325.00	144,325.00	129,174.75	15,150.25	
Other Expenses	13,000.00	13,000.00	12,462.80	537.20	
Uniform Fire Safety Act (Ch. 383, PL1983)	85,000.00	85,000.00	85,000.00		
Prosecutor:					
Salaries and Wages	75,000.00	75,000.00	74,999.86	0.14	
Other Expenses	18,000.00	18,000.00	3,600.00	14,400.00	
<u>DEPARTMENT OF PUBLIC WORKS AND ENGINEERING:</u>					
Public Works					
Salaries and Wages	2,504,872.00	2,504,872.00	2,133,327.53	371,544.47	
Other Expenses	755,700.00	755,700.00	705,341.39	50,358.61	
Snow Removal	575,000.00	575,000.00	562,675.70	12,324.30	
Parks:					
Salaries and Wages	1,138,719.00	1,138,719.00	1,001,253.33	137,465.67	
Other Expenses	465,300.00	465,300.00	322,110.86	143,189.14	
Beach Maintenance	5,000.00	5,000.00	74.58	4,925.42	
DPW Administration:					
Salaries and Wages	540,195.00	543,195.00	540,841.73	2,353.27	
Other Expenses	26,200.00	26,200.00	21,389.36	4,810.64	
Solid Waste and Recycling:					
Salaries and Wages	229,795.46	229,795.46	215,455.56	14,339.90	
Other Expenses	7,016,000.00	7,016,000.00	6,835,667.99	180,332.01	
Maintenance of Public Property:					
Salaries and Wages	686,996.00	686,996.00	658,966.50	28,029.50	
Other Expenses	478,000.00	478,000.00	403,900.21	74,099.79	

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

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
Fleet Maintenance:					
Salaries and Wages	\$ 613,917.00	\$ 613,917.00	\$ 555,320.66	\$ 58,596.34	\$
Other Expenses	867,600.00	867,600.00	851,540.88	16,059.12	
Condominium Maintenance:					
Other Expenses	150,000.00	150,000.00	15,266.59	134,733.41	
<u>HEALTH AND HUMAN SERVICES</u>					
Health and Welfare:					
Salaries and Wages	252,846.00	252,846.00	235,114.46	17,731.54	
Other Expenses	34,850.00	34,850.00	25,783.86	9,066.14	
Alliance:					
Salaries and Wages	94,408.00	94,408.00	47,834.70	46,573.30	
Other Expenses	34,750.00	34,750.00	8,948.50	25,801.50	
Animal Control:					
Salaries and Wages	15,000.00	15,000.00		15,000.00	
Other Expenses	76,750.00	76,750.00	49,723.08	27,026.92	
<u>RECREATION:</u>					
Recreation:					
Salaries and Wages	457,274.00	457,274.00	383,120.17	74,153.83	
Other Expenses	74,345.00	74,345.00	72,110.50	2,234.50	
<u>OTHER COMMON OPERATING FUNCTIONS:</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	13,132.35	486,867.65	
Sick Time Buy Back	250,000.00	250,000.00	195,763.19	54,236.81	
<u>UTILITIES:</u>					
Electric	470,000.00	470,000.00	464,786.35	5,213.65	
Street Lighting	750,000.00	750,000.00	676,000.00	74,000.00	
Telephone	603,000.00	603,000.00	534,282.18	68,717.82	
Water	175,000.00	175,000.00	175,000.00		
Natural Gas	245,000.00	245,000.00	231,073.56	13,926.44	
Heating Oil	15,000.00	15,000.00	14,694.45	305.55	
Sewage Processing and Disposal	16,600.00	16,600.00	16,300.00	300.00	
Fuel	615,000.00	615,000.00	593,167.44	21,832.56	

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

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>STATE UNIFORM CONSTRUCTION CODE:</u>					
Construction Official:					
Salaries and Wages	\$ 1,291,817.00	\$ 1,291,817.00	\$ 1,218,697.03	\$ 73,119.97	\$
Other Expenses	46,300.00	46,300.00	16,262.91	30,037.09	
Municipal Court:					
Salaries and Wages	507,581.00	507,581.00	493,694.12	13,886.88	
Other Expenses	42,475.00	42,475.00	21,397.65	21,077.35	
Public Defender:					
Salaries and Wages	30,000.00	30,000.00		30,000.00	
	<u>\$ 56,340,135.46</u>	<u>\$ 56,340,135.46</u>	<u>\$ 52,569,458.13</u>	<u>3,770,677.33</u>	
<u>CONTINGENT</u>	<u>20,000.00</u>	<u>20,000.00</u>			<u>20,000.00</u>
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	<u>56,360,135.46</u>	<u>56,360,135.46</u>	<u>52,569,458.13</u>	<u>3,770,677.33</u>	<u>20,000.00</u>
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL-WITHIN "CAPS"</u>					
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System (P.E.R.S.)	1,430,699.00	1,430,699.00	1,430,699.00		
Social Security System (O.A.S.I.)	1,229,283.00	1,229,283.00	1,056,632.93	172,650.07	
Police and Firemen's Retire System of N.J.	3,192,945.00	3,192,945.00	3,192,945.00		
State Unemployment Insurance (S.U.I.)	150,805.00	150,805.00	123,077.21	27,727.79	
Defined Contribution Retirement Program(DCRP)	80,000.00	80,000.00	65,069.44	14,930.56	
<u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u>	<u>6,083,732.00</u>	<u>6,083,732.00</u>	<u>5,868,423.58</u>	<u>215,308.42</u>	
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u>	<u>62,443,867.46</u>	<u>62,443,867.46</u>	<u>58,437,881.71</u>	<u>3,985,985.75</u>	<u>20,000.00</u>

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

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>OPERATIONS- EXCLUDED FROM "CAPS":</u>					
Maintenance of Free Public Library	\$ 3,616,632.00	\$ 3,616,632.00	\$ 3,442,894.72	\$ 173,737.28	\$
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>TOTAL OPERATIONS- EXCLUDED FROM "CAPS":</u>	<u>4,141,632.00</u>	<u>4,141,632.00</u>	<u>3,967,894.72</u>	<u>173,737.28</u>	
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</u>					
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	23,445.00	1,055.00	
Monmouth Regional Health Services	154,757.00	154,757.00	154,757.00		
Fair Haven CFO	60,000.00	60,000.00	60,000.00		
Fair Haven Tax Collector	18,000.00	18,000.00	18,000.00		
Fair Haven QPA	5,000.00	5,000.00	4,000.00	1,000.00	
Monmouth County Dispatch Services	492,200.00	492,200.00	492,200.00		
<u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u>	<u>884,457.00</u>	<u>884,457.00</u>	<u>882,402.00</u>	<u>2,055.00</u>	

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

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>PUBLIC AND PRIVATE PROGRAMS</u>					
<u>OFFSET BY REVENUES:</u>					
Police - U Text, U Drive, U Pay	\$	\$ 6,600.00	\$ 6,600.00	\$	\$
Clean Communities Program		143,355.25	143,355.25		
Police - Bayshore Saturation DWI Enforcement	16,500.00	16,500.00	16,500.00		
Municipal Alliance DEDR Grant		30,000.00	30,000.00		
Senior Citizen Grant		32,500.00	32,500.00		
FEMA Hazard Mitigation Port Monmouth		153,000.00	153,000.00		
Drunk Driving Enforcement Fund		40,765.83	40,765.83		
Police Child Passenger Safety Grant		14,400.00	14,400.00		
Homeland Security - Explosion Detection Dog		7,500.00	7,500.00		
Year End Holiday Crackdown		5,500.00	5,500.00		
Bayshore Saturation DWI Enforcement		16,500.00	16,500.00		
Matching Funds for Grants	20,000.00	20,000.00	7,500.00		12,500.00
<u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:</u>	\$ 36,500.00	\$ 486,621.08	\$ 474,121.08	\$	\$ 12,500.00
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	5,062,589.00	5,512,710.08	5,324,417.80	175,792.28	12,500.00
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	500,000.00	500,000.00	500,000.00		
Computer Technology Equipment	120,000.00	120,000.00	117,646.59	2,353.41	
Turnout Gear	202,000.00	202,000.00	199,734.78	2,265.22	
Police Vehicles	270,000.00	270,000.00	270,000.00		
<u>TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>	1,092,000.00	1,092,000.00	1,087,381.37	4,618.63	

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

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>MUNICIPAL DEBT SERVICE -EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 4,500,000.00	\$ 4,500,000.00	\$ 4,491,279.50	\$	\$ 8,720.50
Payment of Bond Anticipation Notes	900,000.00	900,000.00			900,000.00
Interest on Bonds	1,687,880.00	1,687,880.00	1,687,879.96		0.04
Interest on Notes	250,000.00	250,000.00			250,000.00
Green Trust Loan Program:					
Payment of Principal and Interest	95,850.00	95,850.00	95,814.40		35.60
Monmouth County Improvement Authority Lease Payments	169,000.00	169,000.00	168,375.37		624.63
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	<u>7,602,730.00</u>	<u>7,602,730.00</u>	<u>6,443,349.23</u>		<u>1,159,380.77</u>

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

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2018

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>JUDGMENTS</u>	\$ 200,000.00	\$ 200,000.00	\$ 110,044.00	\$	\$ 89,956.00
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL <u>MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	13,957,319.00	14,407,440.08	12,965,192.40	180,410.91	1,261,836.77
SUB-TOTAL GENERAL APPROPRIATIONS	76,401,186.46	76,851,307.54	71,403,074.11	4,166,396.66	1,281,836.77
<u>RESERVE FOR UNCOLLECTED TAXES</u>	1,200,000.00	1,200,000.00	1,200,000.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 77,601,186.46</u>	<u>\$ 78,051,307.54</u>	<u>\$ 72,603,074.11</u>	<u>\$ 4,166,396.66</u>	<u>1,281,836.77</u>
	REF.	A-2		A	
Budget	A-3	\$ 77,601,186.46			
Appropriation by 40A:4-87	A-2	450,121.08			
		<u>\$ 78,051,307.54</u>			
Encumbrances Payable	A-15		\$ 2,935,424.57		
Reserve for Grants - Appropriated	A-26		474,121.08		
Reserve for Uncollected Taxes	A-2		1,200,000.00		
Reserve for Tax Appeals	A-20		200,000.00		
Disbursed	A-4	\$ 67,993,488.78			
Less: Refunds	A-4	199,960.32			
			<u>67,793,528.46</u>		
			<u>\$ 72,603,074.11</u>		

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

TRUST FUND

"B"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER <u>31, 2018</u>	BALANCE DECEMBER <u>31, 2017</u>
Animal Control Fund:			
Cash	B-1	\$ 11,057.87	\$ 5,063.44
		<u>\$ 11,057.87</u>	<u>\$ 5,063.44</u>
Other Funds:			
Cash	B-1	\$ 25,606,525.10	\$ 22,435,872.32
Community Development Block Grant Receivable	B-4	345,382.58	213,269.70
Municipal Open Space Tax Receivable	B-11		7,622.53
		<u>\$ 25,951,907.68</u>	<u>\$ 22,656,764.55</u>
		<u>\$ 25,962,965.55</u>	<u>\$ 22,661,827.99</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due State of New Jersey	B-2	\$ 70.20	\$ 48.60
Reserve for Animal Control Fund Expenditures	B-3	10,987.67	5,014.84
		<u>\$ 11,057.87</u>	<u>\$ 5,063.44</u>
Other Funds:			
Encumbrances Payable	B-10	\$ 851,344.40	\$ 1,000,945.00
Reserve For:			
Miscellaneous Deposits	B-5	23,262,734.77	20,525,774.49
Open Space Trust	B-6	1,272,882.35	614,691.11
Community Development Block Grant	B-7	314,529.27	271,265.97
Self-Insurance Fund	B-8		3,749.98
Payroll Fund	B-9	250,416.89	240,338.00
		<u>\$ 25,951,907.68</u>	<u>\$ 22,656,764.55</u>
		<u>\$ 25,962,965.55</u>	<u>\$ 22,661,827.99</u>

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>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 5,715,655.55	\$ 5,737,460.50
Grants Receivable	C-4	1,218,312.50	941,000.00
Deferred Capital Lease Obligation	Memo	161,000.00	316,000.00
Deferred Charges to Future Taxation:			
Funded	C-5	39,549,790.21	45,265,787.42
Unfunded	C-6	<u>10,190,922.14</u>	<u>5,381,209.64</u>
		\$ <u><u>56,835,680.40</u></u>	\$ <u><u>57,641,457.56</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-8	\$ 1,919,939.27	\$ 1,926,355.56
Unfunded	C-8	5,242,738.74	1,416,251.57
Serial Bonds Payable	C-9	38,969,000.00	44,602,000.00
Green Acres Loan Payable	C-10	580,790.21	663,787.42
Bond Anticipation Note Payable	C-11	3,650,000.00	
Lease Payable	Memo	161,000.00	316,000.00
Various Reserves	C-12	420,440.07	906,729.55
Capital Improvement Fund	C-13	1,463,407.00	1,443,432.00
Contracts Payable	C-7	2,875,728.55	4,414,264.90
Fund Balance	C-1	<u>1,552,636.56</u>	<u>1,952,636.56</u>
		\$ <u><u>56,835,680.40</u></u>	\$ <u><u>57,641,457.56</u></u>

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, 2017	C	\$ 1,952,636.56
Decreased by:		
2018 Current Budget Revenue	C-2	<u>400,000.00</u>
Balance, December 31, 2018	C	\$ <u><u>1,552,636.56</u></u>

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

PUBLIC ASSISTANCE TRUST FUND

"D"

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>
<u>ASSETS</u>			
Cash:			
Treasurer	D-1	\$ <u>26,556.59</u>	\$ <u>26,556.59</u>
		\$ <u><u>26,556.59</u></u>	\$ <u><u>26,556.59</u></u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance-P.A.T.F. II		\$ <u>26,556.59</u>	\$ <u>26,556.59</u>
		\$ <u><u>26,556.59</u></u>	\$ <u><u>26,556.59</u></u>

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

GENERAL FIXED ASSET ACCOUNT GROUP

"E"

TOWNSHIP OF MIDDLETOWN

GENERAL FIXED ASSET ACCOUNT GROUP

BALANCE SHEET-REGULATORY BASIS

	BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2017
<u>FIXED ASSETS</u>		
Land and Buildings	\$ 77,984,000.00	\$ 77,984,000.00
Machinery and Equipment	<u>29,536,996.84</u>	<u>29,266,524.08</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 107,520,996.84</u>	<u>\$ 107,250,524.08</u>
<u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 107,520,996.84</u>	<u>\$ 107,250,524.08</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, 2018 AND 2017

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.

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.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Township of Middletown had the following cash and cash equivalents at December 31, 2018:

<u>Fund</u>	Cash in	<u>Reconciling Items</u>		Change	<u>Total</u>
	<u>Bank</u>	<u>Increases</u>	<u>Decreases</u>	<u>Funds</u>	
Checking Accounts	\$73,827,883.69	\$312,246.33	\$2,389,533.43		\$71,750,596.59
Change Funds				\$3,100.00	3,100.00
	<u>\$73,827,883.69</u>	<u>\$312,246.33</u>	<u>\$2,389,533.43</u>	<u>\$3,100.00</u>	<u>\$71,753,696.59</u>

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, 2018, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$73,827,883.69, \$675,860.25 was covered by Federal Depository Insurance; \$73,152,023.44 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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for Investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

The Township of Middletown had no investments outstanding at December 31, 2018.

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 2018</u>	<u>YEAR 2017</u>	<u>YEAR 2016</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	<u>\$43,199,790.21</u>	<u>\$45,265,787.42</u>	<u>\$48,850,199.58</u>
	\$43,199,790.21	\$45,265,787.42	\$48,850,199.58
Less: Cash on Hands to Pay Notes	<u>24,676.00</u>	<u>16,515.48</u>	<u>46,535.69</u>
Net Debt Issued	<u>\$43,175,114.21</u>	<u>\$45,249,271.94</u>	<u>\$48,803,663.89</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>\$6,540,922.14</u>	<u>\$5,381,209.64</u>	<u>\$6,654,355.95</u>
Total Authorized But Not Issued	<u>\$6,540,922.14</u>	<u>\$5,381,209.64</u>	<u>\$6,654,355.95</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$49,716,036.35</u>	<u>\$50,630,481.58</u>	<u>\$55,458,019.84</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 .458%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
School District Debt	\$55,485,000.00	\$55,485,000.00	-0-
General Debt	<u>49,740,712.35</u>	<u>24,676.00</u>	<u>\$49,716,036.35</u>
	<u>\$105,225,712.35</u>	<u>\$55,509,676.00</u>	<u>\$49,716,036.35</u>

NET DEBT \$49,716,036.35 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$10,862,897,297.67 EQUALS .458%.

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

Equalized Valuation Basis* - December 31, 2018	\$10,862,897,297.67
3-1/2 of Equalized Valuation Basis	380,201,405.42
Net Debt	<u>49,716,036.35</u>
Remaining Borrowing Power	<u>\$330,485,369.07</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, 2018

CALENDAR YEAR	<u>GENERAL IMPROVEMENT BONDS</u>		<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	
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	3,130,000.00	868,850.00	3,998,850.00
2024-2028	7,920,000.00	2,724,325.00	10,644,325.00
2029-2032	<u>7,035,000.00</u>	<u>720,375.00</u>	<u>7,755,375.00</u>
	<u>\$38,969,000.00</u>	<u>\$10,019,145.00</u>	<u>\$48,988,145.00</u>

The General Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2018</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, 2019 and ending December 1, 2020 with interest at 5.000%.	\$4,000.00
\$10,031,000.00 in Governmental Loan Revenue Bonds dated December 1, 2002, due in one remaining annual installment of \$4,000.00 on December 1, 2019 with interest at 5.000%.	4,000.00
\$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, 2019 and ending December 1, 2022 with interest ranging from 4.000% to 5.000%.	4,673,000.00

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2018</u>
\$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 one remaining annual installment of \$425,000.00 on December 1, 2019 with an interest rate of 4.000%.	425,000.00
\$16,145,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated May 22, 2012, due in remaining annual installments ranging between \$575,000.00 and \$1,830,000.00 beginning December 1, 2018 and ending December 1, 2024 with interest ranging from 4.000% to 5.000%.	8,475,000.00
\$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, 2019 and ending December 1, 2022 with interest ranging from 4.000% to 5.000%.	1,653,000.00
\$2,705,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated March 24, 2016 due in remaining annual installments ranging between \$285,000.00 and \$580,000.00 beginning December 1, 2019 and ending December 1, 2022 with interest ranging from 4.000% to 5.000%.	2,430,000.00
\$2,505,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated October 5, 2016 due in remaining annual installments ranging between \$15,000.00 and \$530,000.00 beginning August 1, 2019 and ending December 1, 2022 with interest ranging from 3.000% to 4.000%.	2,470,000.00
\$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, 2019 and ending February 15, 2032 with an interest rate of 5.00%	<u>18,835,000.00</u>
Total	<u><u>\$38,969,000.00</u></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>
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>\$580,790.21</u>	<u>\$47,677.42</u>	<u>\$628,467.63</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>
2019	<u>\$161,000.00</u>	<u>\$6,842.50</u>	<u>\$167,842.50</u>
	<u>\$161,000.00</u>	<u>\$6,842.50</u>	<u>\$167,842.50</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

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

General Capital Fund	<u>\$6,540,922.14</u>
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SHORT TERM DEBT

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
3204	6/27/2018	6/27/2018	6/26/2019	2.75%	\$1,064,903.00
3188/3219	6/27/2018	6/27/2018	6/26/2019	2.75%	<u>2,585,097.00</u>
					<u>\$3,650,000.00</u>

NOTE 4: FUND BALANCES APPROPRIATED

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

Current Fund	<u>\$7,000,000.00*</u>
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*Per Introduced budget

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, 2018</u>	Balance December <u>31, 2017</u>
Prepaid Taxes	<u>\$1,600,360.16</u>	<u>\$13,239,383.74</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/annrpts.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, 2018 PERS, provides for employee contributions of 7.50% 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 2018, 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:

<u>Year Ended</u> <u>December 31,</u>	<u>Public Employees</u> <u>Retirement System</u>	<u>Police & Firemen's</u> <u>Retirement System</u>	<u>Defined Contribution</u> <u>Retirement System</u>	<u>Total</u>
2018	\$1,616,458.00	\$3,192,945.00	\$65,069.44	\$4,874,472.44
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

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 2018 is as follows:

<u>Retirement System</u>	<u>Original Amount Deferred</u>	<u>Balance December 31, 2017</u>	<u>2018 Payments</u>	<u>Balance December 31, 2018</u>
PFRS	\$ 1,080,551.00	\$ 709,034.00	\$ 85,469.00	\$ 623,565.00
PERS	<u>455,410.00</u>	<u>296,502.00</u>	<u>36,863.00</u>	<u>259,639.00</u>
Total	\$ <u>1,535,961.00</u>	\$ <u>1,005,536.00</u>	\$ <u>122,332.00</u>	\$ <u>883,204.00</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" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2018. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2018.

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$31,699,962.00 for the Township of Middletown's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The 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, 2018, the Township's proportion was 0.1609993100 percent, which was an increase of 0.0008894346 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$1,926,797.00 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, 2018 billing was \$1,483,247.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 163,455.00	\$ 604,523.00
Changes of assumptions	10,135,962.00	5,223,629.00
Net difference between projected and actual earnings on pension plan investments	297,347.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions	<u>889,567.00</u>	<u>1,402,302.00</u>
	<u>\$ 11,486,331.00</u>	<u>\$ 7,230,454.00</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 June 30,</u>	<u>Amount</u>
2019	\$322,561.00
2020	(\$202,066.00)
2021	(\$2,081,772.00)
2022	(\$1,790,855.00)
2023	<u>(\$503,745.00)</u>
	<u><u>(\$4,255,877.00)</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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.00 percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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 (7.00% at June 30, 2018 and 7.00 at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

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 5.66% and 5.00 as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 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, 2018		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.66%</u>	<u>5.66%</u>	<u>6.66%</u>
Township's proportionate share of the pension liability	\$46,494,084.00	\$31,699,962.00	\$29,966,605.00

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, 2018, the State reported a net pension liability of \$47,470,775.00 for the Township of Middletown's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The 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, 2018, the Township's proportion was 0.3508129490 percent, which was an increase of 0.0087849413 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$4,242,162.00. The pension expense recognized in the Township's financial statement based on the April 1, 2017 billing was \$3,027,011.00.

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

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 196,445.00	\$ 482,953.00
Changes of assumptions	12,165,940.00	4,074,727.00
Net difference between projected and actual earnings on pension plan investments	259,708.00	
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>1,403,139.00</u>	<u>4,321,082.00</u>
	<u>14,025,232.00</u>	<u>8,878,762.00</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>
2018	\$	991,842.60
2019		(792,615.40)
2020		(3,266,524.40)
2021		(1,887,919.40)
2022		<u>(191,253.40)</u>
	\$	<u><u>(5,146,470.00)</u></u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

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

	<u>2018</u>	<u>2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Through 2026	2.10-8.98 Percent Based on Age	2.10-8.98 Percent Based on Age
Thereafter	3.10-9.98 Percent Based on Age	3.10-9.98 Percent Based on Age
Investment Rate of Return	7.00 Percent	7.00 Percent

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2018 and June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate (Continued)

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 non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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, 2018 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, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Township's proportionate share of the PFRS pension liability	\$63,533,742.00	\$47,470,775.00	\$34,221,754.00

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 non-employer 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 Town related to this legislation.

At June 30, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$6,448,111.00 and \$5,914,326.00 respectively.

At June 30, 2018, 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 \$47,470,775.00

State of New Jersey Proportionate Share of
Net Pension Liability Associated with the Township 6,448,111.00

\$53,918,886.00

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 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, 2018</u>	<u>31, 2017</u>
Balance of Tax	\$69,923,562.00	\$69,079,624.00
Deferred	<u>61,820,000.00</u>	<u>61,820,000.00</u>
Tax Payable	<u><u>\$8,103,562.00</u></u>	<u><u>\$7,259,624.00</u></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 s time off or paid at a later date as outlined in Township personnel policies. It is estimated that, at December 31, 2018, the current cost of such unpaid compensation would approximate \$5,200,000. 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 \$2,054,013.35 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 2018 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 \$1,997,609.50 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.

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. Below is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Township's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Interest</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$6,048.57	\$30,456.74	\$39,503.31		\$539,878.89
2017			39,570.51	58,850.54	463,870.27
2016			42,516.16		483,150.30

NOTE 13: DEFERRED CHARGES:

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$	\$ 212,811.32
Grant Fund	<u>212,811.32</u>	<u> </u>
	<u>\$ 212,811.32</u>	<u>\$ 212,811.32</u>

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 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township's defined benefit OPEB plan, Township of Middletown Retiree Medical Plan (the Plan), provides OPEB for all eligible employees of the Township in accordance with the terms of their various labor agreements. The Plan is a single-employer defined benefit OPEB plan administered by the Township. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Summary of Benefits

The Plan provides retirees and their eligible dependents medical and prescription benefits provided that they have meet the eligibility requirements contained in the Township' various labor agreements.

Employees Covered by Benefits Terms

Inactive employees or beneficiaries currently receiving benefits payments	116
Inactive employees entitled to but not currently receiving benefits payments	-0-
Active employees	<u>128</u>
	<u>244</u>

NOTE 17: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)

Contributions

The contribution requirements of the Township and Plan members are established and may be amended by the Township's governing body.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postemployment medical and prescription coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Net OPEB Liability

The Township's total OPEB liability of \$194,911,726 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary Increases	3.0%

Healthcare cost trend rates 8.0 percent decreasing to an ultimate rate of 5.0 percent.

Mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male / Female Mortality Projected with Scale MP-2016.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018 to December 31, 2018.

NOTE 17: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)

Discount Rate

The discount rate under GASB 75 should be the single rate that reflects (a) the long-term expected rate of return on plan investments that are expected to be used to finance the benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the assets are expected to be invested using a strategy to achieve that return and (b) a yield or index rate for 20-year, tax exempt general obligations municipal bonds with an average rating of AA/AAa or higher (or an equivalent quality on another scale) to the extent that the conditions in (a) are not met. The discount rates used for determining the Total OPEB liabilities at January 1, 2018 and December 31, 2018, based on the "The S&P Municipal Bond 20-year High Grade Index", are 3.64% and 3.64%, respectively.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/17	\$184,961,913
Changes for the year:	
Service cost	5,386,076
Interest Cost	6,620,292
Differences between expected and actual experience	3,314,982
Benefit payments	(6,171,537)
Net change in OPEB Liability	<u>9,149,813</u>
Balance at 12/31/18	<u>\$194,111,726</u>

Sensitivity of the Total OPEB liability to changes in the discount rate and healthcare cost trend rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage point higher (4.64 percent) than the current discount rate:

	December 31, 2018		
	1.00% <u>Decrease (2.64%)</u>	At Discount <u>Rate (3.64)</u>	1.00% <u>Increase (4.64%)</u>
Net OPEB Liability	\$226,828,638	\$194,111,726	\$161,394,814

NOTE 17: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	December 31, 2018		
	1.00% <u>Decrease</u> (7.0% decreasing to 4.0%)	Healthcare Cost Trend Rate (8.0% decreasing to 5.0%)	1.00% Increase (9.0% decreasing to 6.0%)
Net OPEB Liability	\$160,901,028	\$194,111,726	\$233,719,490

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018 the actuarially determined OPEB expense reflected in the Plan report was \$12,558,865.00. The OPEB expense recognized in the Township's financial statements based on actual billing was \$6,171,537.

At December 31, 2018, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflow of Resources	Deferred Outflow of Resources
Changes of assumptions	\$ -	\$ -
Net difference between projected and actual earnings on OPEB plan investments	2,762,485.00	-
Changes in proportion	-	-
Township contributions subsequent to the measurement date	-	-
	<u>\$ 2,762,485.00</u>	<u>\$ -</u>

NOTE 17: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)

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

Year Ended <u>June 30,</u>	<u>Amount</u>
2019	(\$552,497)
2020	(\$552,497)
2021	(\$552,497)
2022	(\$552,497)
2023	(\$552,497)
	<u>(\$2,762,485)</u>

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 2018, the Township had an accelerated tax sale, which resulted in a majority of delinquent taxes being sold to outside lien holders.

NOTE 19: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through June 18, 2019 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.

TOWNSHIP OF MIDDLETOWN
SUPPLEMENTARY SCHEDULES - ALL FUNDS
YEAR ENDED DECEMBER 31, 2018

TOWNSHIP OF MIDDLETOWN
SCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>CURRENT FUND</u>	
Balance, December 31, 2017	A		\$ 44,743,692.27
Increased by Receipts:			
Collector	A-5	\$ 228,945,796.34	
Miscellaneous Revenue Not Anticipated	A-2	920,952.78	
Appropriation Refunds	A-3	199,960.32	
Petty Cash	A-7	975.00	
State of New Jersey-Senior Citizens and Veterans Deductions-Chapter 20, P.L.1971	A-8	481,362.28	
Revenue Accounts Receivable	A-12	15,041,259.92	
Various Reserves	A-19	229,379.59	
Grants Receivable	A-25	630,737.64	
			<u>246,450,423.87</u>
			\$ 291,194,116.14
Decreased by Disbursements:			
2018 Appropriations	A-3	\$ 67,993,488.78	
2017 Appropriation Reserves	A-13	3,559,175.87	
Change Fund	A-6	50.00	
Petty Cash	A-7	975.00	
Sanitation District Encumbrances Payable	A-15	101,276.37	
Accounts Payable	A-16	3,104.15	
Refund of Tax Overpayments	A-18	208,908.44	
Reserve for:			
Various Reserves	A-19	269,982.99	
Appropriated Grants	A-26	876,021.33	
County Taxes	A-21	30,067,430.44	
Due County-Added Taxes	A-22	103,792.32	
Local District School Tax	A-23	145,592,314.00	
Municipal Open Space Tax Payable	A-24	2,198,125.47	
Refund of Prior Year Revenue	A-1	16,351.60	
			<u>250,990,996.76</u>
Balance, December 31, 2018	A		\$ <u>40,203,119.38</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	3,703,677.63
Received:			
Taxes Receivable	A-9	\$	223,436,436.62
Tax Title Liens	A-10		38,333.20
Revenue Accounts Receivable	A-12		333,295.08
2019 Taxes Prepaid	A-17		1,469,263.52
Tax Overpayments	A-18		145,442.39
Miscellaneous Revenue Not Anticipated	A-2		<u>7,030.00</u>
			<u>225,429,800.81</u>
		\$	<u>229,133,478.44</u>
Decreased by Disbursements:			
Payments to Treasurer	A-4		<u>228,945,796.34</u>
Balance, December 31, 2018	A	\$	<u><u>187,682.10</u></u>

"A-6"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2017	A	\$	3,050.00
Increased by:			
Cash Disbursements	A-4		<u>50.00</u>
Balance, December 31, 2018	A	\$	<u><u>3,100.00</u></u>

OFFICE

Tax Collector		\$	1,200.00
Town Clerk			150.00
Library			25.00
Tax Assessor			25.00
Municipal Court			1,050.00
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><u>3,100.00</u></u>

"A-7"

SCHEDULE OF PETTY CASH FUNDS

OFFICE	RECEIVED FROM <u>TREASURER</u>	RETURNED TO <u>TREASURER</u>
Town Administrator	\$ 275.00	\$ 275.00
Library	200.00	200.00
Public Works	300.00	300.00
Recreation	<u>200.00</u>	<u>200.00</u>
	\$ <u><u>975.00</u></u>	\$ <u><u>975.00</u></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, 2017 (Due to)	A	\$	(7,268.30)
Increased by:			
Senior Citizens and Veterans Deductions:			
Per Tax Duplicate		\$	491,432.03
Allowed by Collector			<u>15,250.00</u>
			506,682.03
		\$	<u>499,413.73</u>
Decreased by:			
Received From State	A-4	\$	481,362.28
Disallowed by Collector - Prior Year	A-1		4,930.88
Disallowed by Collector - Current Year			<u>5,396.44</u>
			491,689.60
Balance, December 31, 2018 Due From	A	\$	<u><u>7,724.13</u></u>

CALCULATION OF STATE'S SHARE OF
2018 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans Deductions:		
Per Tax Duplicate		\$ 491,432.03
Allowed by Collector		<u>15,250.00</u>
		506,682.03
Less: Disallowed by Collector - Current Year		<u>5,396.44</u>
	A-9	\$ <u><u>501,285.59</u></u>

"A-9"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2017	2018 LEVY	ADDED	COLLECTIONS		CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2018
				2017	2018			
2015	\$ 7,430.80	\$	\$	\$	\$ 3,482.66	\$	\$	\$ 3,948.14
2016	22.72				2.72	20.00		
2017	7,339.09		4,930.88		8,231.80			4,038.17
	14,792.61		4,930.88		11,717.18	20.00		7,986.31
2018		237,337,126.75		13,239,383.74	223,926,005.03	87,920.20	80,298.16	3,519.62
	\$ 14,792.61	\$ 237,337,126.75	\$ 4,930.88	\$ 13,239,383.74	\$ 223,937,722.21	\$ 87,940.20	\$ 80,298.16	\$ 11,505.93
REF.	A			A-2:A-17	A-2		A-10	A
Collector		REF.						
Senior Citizens Deductions		A-5			\$ 223,436,436.62			
Overpayments Applied		A-8			501,285.59			
		A-18						
					\$ 223,937,722.21			
<u>ANALYSIS OF 2018 PROPERTY TAX LEVY</u>								
<u>TAX YIELD</u>								
General Purpose Tax					\$ 235,442,693.87			
Added Taxes					1,894,432.88			
						\$ 237,337,126.75		
<u>TAX LEVY</u>								
Local District School Tax (Abstract)		A-23			\$ 146,436,252.00			
Municipal Open Space Tax		A-25			2,190,502.94			
County Taxes:								
County Tax (Abstract)		A-21	\$ 30,067,430.44					
Due County for Added Taxes (54:4-63.1 et.seq.)		A-22	242,570.06					
<u>TOTAL COUNTY TAXES</u>					30,310,000.50			
Local Tax for Municipal Purposes (Abstract)		A-2	\$ 53,102,650.98					
Minimum Library Tax		A-2	3,616,632.00					
Add: Additional Tax Levied			1,681,088.33					
Local Tax for Municipal Purposes Levied					58,400,371.31			
						\$ 237,337,126.75		

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	520,779.42
Increased by:			
Transfers From Taxes Receivable	A-9	\$	80,298.16
Interest and Cost on Sale			654.79
Added Liens			<u>1,132.84</u>
			82,085.79
		\$	<u>602,865.21</u>
Decreased by:			
Cash Receipts	A-5		<u>38,333.20</u>
Balance, December 31, 2018	A	\$	<u><u>564,532.01</u></u>

"A-11"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

REF.

Balance, December 31, 2017 and
December 31, 2018

A

\$ 206,000.00

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	ACCRUED IN 2018	COLLECTED BY		Balance Dec. 31, 2018
		COLLECTOR	TREASURER	
Licenses:				
Alcoholic Beverages	A-2	\$ 68,983.00	\$ 68,983.00	
Other	A-2	56,273.50	56,273.50	
Fees and Permits:				
Construction Code Official	A-2	2,041,765.00	2,041,765.00	
Other:				
Assessment Search Fees	A-2	1,570.00	1,570.00	
Environmental Disturbance Fees	A-2	14,468.79	14,468.79	
Street Opening Permits	A-2	122,959.71	122,959.71	
DPW Recycling and Garbage Cans	A-2	20,335.00	20,335.00	
Variance Fees	A-2	65,408.74	65,408.74	
Planning and Zoning Board Fees	A-2	27,060.18	27,060.18	
Miscellaneous Fees	A-2	3,364.60	3,364.60	
Tax Sale Ad Fees	A-2	49,569.44	49,569.44	
Health Fees	A-2	64,943.00	64,943.00	
Registrar Fees	A-2	8,972.00	8,972.00	
Registrar EDRS Fees	A-2	21,451.00	21,451.00	
Middletown Arts Center	A-2	5,062.00	5,062.00	
Gun Permit Fees	A-2	2,429.00	2,429.00	
ABC Permits	A-2	2,120.00	2,120.00	
Youth Week	A-2	2.46	2.46	
Police Accident Reports	A-2	3,494.45	3,494.45	
Fire Prevention Fees	A-2	85,752.00	85,752.00	
Fire Academy User Fees	A-2	8,550.00	8,550.00	
Fines and Costs:				
Municipal Court	A-2	847,300.40	793,258.18	54,042.22
Interest and Costs on Taxes	A-2	283,725.64	283,725.64	
Interest on Investments and Deposits	A-2	1,184,929.31	1,184,929.31	
Railroad Parking Lot Receipts	A-2	631,192.25	631,192.25	
Cable TV Franchise Fees	A-2	377,254.62	377,254.62	

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	ACCRUED IN 2018	COLLECTED BY		Balance Dec. 31, 2018
		COLLECTOR	TREASURER	
Verizon Fios Franchise Fees	A-2	\$ 563,399.38	\$ 563,399.38	\$
Senior Citizen Housing PILOT	A-2	398,688.00	398,688.00	
Edgewater Park PILOT	A-2	97,691.36	97,691.36	
Chapel Hill Associates PILOT	A-2	37,924.00	37,924.00	
Sloan Kettering PILOT	A-2	127,614.67	127,614.67	
Vanderbilt LLC (E&N)	A-2	7,148.08	7,148.08	
Energy Receipts Tax	A-2	6,044,933.00	6,044,933.00	
Watershed Moratorium Offset	A-2	7,755.00	7,755.00	
Middletown Board of Education	A-2	252,449.77	252,449.77	
Fair Haven Tax Collector Shared Service	A-2	18,000.00	18,000.00	
Fair Haven CFO Shared Service	A-2	60,000.00	60,000.00	
Fair Haven QPA Shared Service	A-2	2,687.50	2,687.50	
Uniform Fire Safety Act	A-2	95,313.44	95,313.44	
Capital Fund - Surplus	A-2	400,000.00	400,000.00	
Rental Income	A-2	19,415.91	19,415.91	
Rental Income - Middletown EMS	A-2	9,000.00	9,000.00	
Hotel Occupancy Tax	A-2	265,834.54	265,834.54	
Sewage Authority Surplus Contribution	A-2	457,728.00	457,728.00	
Field User Fees	A-2	177,563.00	177,563.00	
Capital Reserve - Note Premium	A-2	16,515.48	16,515.48	
Reserve for Police Outside Admin Fee	A-2	370,000.00	370,000.00	
		<u>\$ 15,428,597.22</u>	<u>\$ 15,041,259.92</u>	<u>\$ 54,042.22</u>
REF.		A-5	A-4	A

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>GENERAL GOVERNMENT:</u>				
Administrative and Executive:				
Salaries and Wages	\$ 27,873.90	\$ 27,873.90	\$	27,873.90
Other Expenses	2,509.97	5,290.77	5,290.77	
Purchasing:				
Salaries and Wages	3,798.15	3,798.15		3,798.15
Other Expenses	1,307.23	1,318.54	2.19	1,316.35
Township Committee:				
Salaries and Wages	769.84	769.84		769.84
Other Expenses	42.29	42.29		42.29
Township Clerk:				
Salaries and Wages	16,414.23	16,414.23		16,414.23
Other Expenses	5,027.42	24,205.42	17,363.83	6,841.59
Elections:				
Salaries and Wages	3,726.52	3,726.52		3,726.52
Other Expenses	7,580.31	7,580.31		7,580.31
Financial Administration:				
Salaries and Wages	7,654.97	7,654.97		7,654.97
Other Expenses	24,906.13	28,083.19	3,942.28	24,140.91
Audit Services	7,125.00	8,625.00	2,350.00	6,275.00
Data Processing Center:				
Salaries and Wages	4,151.51	4,151.51		4,151.51
Other Expenses	48,881.24	74,658.69	18,149.01	56,509.68
Collection of Taxes:				
Salaries and Wages	7,449.07	7,449.07	375.00	7,074.07
Other Expenses	8,369.83	12,079.92	3,064.77	9,015.15
Liquidation of Tax Title Liens and Foreclosed Property:				
Other Expenses		36,000.00	24,369.52	11,630.48
Assessment of Taxes:				
Salaries and Wages	4,882.68	4,882.68		4,882.68
Other Expenses	8,629.29	25,697.58	2.19	25,695.39
Maintenance of Tax Map	10,694.14	10,694.14	3,709.99	6,984.15
Legal Services and Costs:				
Other Expenses	181,701.70	225,391.96	20,728.64	204,663.32
Municipal Prosecutor:				
Salaries and Wages	0.14	0.14		0.14
Other Expenses	16,200.00	16,200.00		16,200.00
Engineering Service and Costs:				
Other Expenses	59,739.87	59,739.87	16,498.69	43,241.18
Planning:				
Salaries and Wages	16,453.16	16,453.16	7,500.00	8,953.16
Other Expenses	22,781.04	23,742.88	8.85	23,734.03
Planning Board:				
Salaries and Wages	603.65	603.65		603.65
Other Expenses	55,216.50	57,622.60	6,906.60	50,716.00
Zoning Board of Adjustment:				
Salaries and Wages	603.62	603.62		603.62
Other Expenses	27,194.40	27,779.40	1,000.00	26,779.40
Insurance:				
General Liability	41,796.14	44,254.70	44,254.70	
Workers Compensation Insurance		72,259.12	72,259.12	
Employees Group Health	988,010.10	1,263,426.39	1,263,426.39	
<u>PUBLIC SAFETY:</u>				
Fire:				
Subsidy to Volunteer Fire Company				
Salaries and Wages	33,297.07	33,297.07		33,297.07
Other Expenses:				
Fire Hydrant Service		69,123.94	62,956.78	6,167.16
Miscellaneous Other Expenses	20,065.09	64,721.83	40,932.53	23,789.30
Uniform Fire Safety Act (Ch. 383, PL1983)				
Uniform Fire Safety Bureau:				
Salaries and Wages	17,357.28	17,357.28		17,357.28
Other Expenses	2,068.37	5,047.87	2,870.03	2,177.84

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Police:				
Salaries and Wages	\$ 273,322.08	\$ 273,322.08	\$	273,322.08
Other Expenses	56,145.24	205,749.14	145,440.30	60,308.84
Emergency Management Services:				
Salaries and Wages	20,945.61	20,945.61		20,945.61
Other Expenses	2,168.37	10,034.39	5,879.98	4,154.41
First Aid:				
Other Expenses	15,095.51	53,148.25	30,486.09	22,662.16
<u>STREETS AND ROADS:</u>				
Department of Public Works:				
Salaries and Wages	238,259.16	238,259.16	83,963.91	154,295.25
Other Expenses	59,493.90	150,083.76	56,657.33	93,426.43
Snow Removal:				
Other Expenses	162,614.36	184,975.23	180,948.32	4,026.91
Parks:				
Salaries and Wages	52,845.42	52,845.42		52,845.42
Other Expenses	39,564.32	84,403.20	14,111.38	70,291.82
Beach Operations	5,000.00	5,000.00		5,000.00
Recycling:				
Salaries and Wages	20,267.12	20,267.12		20,267.12
Other Expenses	11,695.83	69,597.83	17,520.43	52,077.40
<u>DEPARTMENT OF PUBLIC WORKS AND ENGINEERING:</u>				
DPW Administration:				
Salaries and Wages	8,259.79	8,259.79		8,259.79
Other Expenses	5,050.18	7,406.50	54.80	7,351.70
Maintenance of Public Property:				
Salaries and Wages	8,571.74	8,571.74		8,571.74
Other Expenses	56,246.06	151,912.12	41,665.57	110,246.55
Vehicle Maintenance:				
Salaries and Wages	34,517.03	34,517.03		34,517.03
Other Expenses	2,671.14	128,076.80	79,126.44	48,950.36
Condo Maintenance:				
Other Expenses	66,123.18	67,527.58	35,834.52	31,693.06
<u>HEALTH AND WELFARE:</u>				
Board of Health:				
Salaries and Wages	31,840.44	31,840.44		31,840.44
Other Expenses	11,524.30	15,791.05	1,580.36	14,210.69
Animal Control Regulation:				
Other Expenses	22,653.61	28,091.90	5,441.22	22,650.68
<u>RECREATION:</u>				
Recreation Department:				
Salaries and Wages	45,531.65	45,531.65		45,531.65
Other Expenses	11,399.92	36,597.65	14,860.11	21,737.54
<u>ALLIANCE FOR ALCOHOL AND DRUG ABUSE:</u>				
Salaries and Wages	26,687.84	26,687.84		26,687.84
Other Expenses	22,492.19	24,553.19	1,848.00	22,705.19
<u>STATE UNIFORM CONSTRUCTION CODE:</u>				
Construction Official:				
Salaries and Wages	35,961.53	35,961.53		35,961.53
Other Expenses	7,738.19	15,610.91	7,467.85	8,143.06
<u>UNCLASSIFIED:</u>				
Railroad Parking Lot Lease	3,900.00	3,900.00		3,900.00
Employee Accumulated Leave	500,000.00	500,000.00	500,000.00	
Sick Time Buy Back	68,282.86	68,282.86	68,282.86	
Utilities	5,526.57	75,184.44	75,114.80	69.64
Street Lighting	26,125.00	94,737.38	13,287.48	81,449.90
Telephone	46,093.64	68,966.41	25,957.60	43,008.81
Water	12,403.40	63,065.80	14,187.26	48,878.54
Natural Gas	9,334.11	101,297.01	29,798.71	71,498.30
Heating Oil	4,480.44	9,935.90	1,849.21	8,086.69
Sewage Processing	1,100.00	5,950.00	1,225.00	4,725.00
Fuel	68,976.04	227,814.78	68,327.86	159,486.92

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2017 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2017	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Municipal Court:				
Salaries and Wages	\$ 24,182.39	\$ 24,182.39	\$	24,182.39
Other Expenses	15,950.08	18,077.83	1,777.28	16,300.55
Public Defender:				
Salaries and Wages	17,692.31	17,692.31		17,692.31
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL-WITHIN "CAPS":</u>				
<u>STATUTORY EXPENDITURES:</u>				
Contribution to:				
Public Employees Retirement System	24,557.00	24,557.00		24,557.00
Social Security System (O.A.S.I.)	210,401.88	210,401.88	214.89	210,186.99
Police and Firemen's Retire System of N.J.	938.00	938.00		938.00
State Unemployment Insurance	11,110.09	40,606.70	40,606.70	
Defined Contribution Retirement Program(DCRP)	1.00	3,512.82	1,343.74	2,169.08
<u>OPERATIONS- EXCLUDED FROM "CAPS":</u>				
Maintenance of Free Public Library:				
Salaries and Wages	76,088.49	76,088.49	76,088.49	
Other Expenses	715.75	37,403.67	37,403.67	
LOSAP: Volunteer Deferred Compensation		325,000.00	325,000.00	
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</u>				
Fair Haven QPA	1,000.00	1,000.00		1,000.00
Monmouth County Shuttle Bus	1,365.00	7,365.00	5,460.00	1,905.00
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>				
Computer Technology Equipment	158.02	68,139.71	67,780.99	358.72
Turnout Gear	97,521.32	97,521.32		97,521.32
	<u>\$ 4,267,470.95</u>	<u>\$ 6,515,812.81</u>	<u>\$ 3,694,555.03</u>	<u>\$ 2,821,257.78</u>
<u>REF.</u>	<u>A</u>			<u>A-1</u>
Appropriation Reserves	A-13	\$ 4,267,470.95		
Transfer from Encumbrances Payable	A-15	<u>2,248,341.86</u>		
		<u>\$ 6,515,812.81</u>		
Disbursed	A-4		\$ 3,559,175.87	
Accounts Payable	A-16		<u>135,379.16</u>	
			<u>\$ 3,694,555.03</u>	

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>
Balance, December 31, 2017			
Interfunds Payable	A	\$ 450,991.75 \$	450,991.75
Increased by:			
Deposited in Current Fund:			
Grants Receivable	A-4:A-25	630,737.64	630,737.64
2018 Budget Appropriations	A-3	474,121.08	474,121.08
	\$	<u>1,555,850.47 \$</u>	<u>1,555,850.47</u>
Decreased by:			
Disbursed by Current Fund:			
Appropriated Reserves	A-4:A-26	876,021.33	876,021.33
2018 Anticipated Revenue	A-25	466,621.08	466,621.08
Grant Reserves Cancelled - Net	A-1	396.74	396.74
	\$	<u>1,343,039.15 \$</u>	<u>1,343,039.15</u>
Balance, December 31, 2018			
Interfunds Payable	A	<u>212,811.32 \$</u>	<u>212,811.32</u>

"A-15"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	2,608,769.19
Increased by:			
2018 Appropriations	A-3		<u>2,935,424.57</u>
		\$	<u>5,544,193.76</u>
Decreased by:			
Transferred to Appropriation Reserves	A-13	\$	2,248,341.86
Prior Year Sanitation District Encumbrances Paid	A-4		101,276.37
Prior Year Sanitation District Encumbrances Cancelled	A-1		<u>259,150.96</u>
			<u>2,608,769.19</u>
Balance, December 31, 2018	A	\$	<u><u>2,935,424.57</u></u>

"A-16"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2017	A	\$	250,899.03
Increased by:			
Transferred From Appropriation Reserves	A-13		<u>135,379.16</u>
		\$	<u>386,278.19</u>
Decreased by:			
Cash Disbursements	A-4	\$	3,104.15
Canceled to Operations	A-1		<u>123,682.37</u>
			<u>126,786.52</u>
Balance, December 31, 2018	A	\$	<u><u>259,491.67</u></u>

"A-17"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2017	A	\$	13,239,383.74
Increased by:			
Collection of 2019 Taxes	A-5	\$	1,469,263.52
Tax Overpayments Applied	A-18		<u>131,116.64</u>
			1,600,380.16
		\$	<u>14,839,763.90</u>
Decreased by:			
Applied to 2018 Taxes	A-9		<u>13,239,383.74</u>
Balance, December 31, 2018	A	\$	<u><u>1,600,380.16</u></u>

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2017	A	\$	16,919.23
Increased by:			
Overpayments in 2018	A-5	\$	145,442.39
Charges to Reserve for Tax Appeals	A-20		<u>274,046.63</u>
			419,489.02
		\$	<u>436,408.25</u>
Decreased by:			
Refunds	A-4	\$	208,908.44
Applied to Prepaid Taxes	A-17		<u>131,116.64</u>
			<u>340,025.08</u>
Balance, December 31, 2018	A	\$	<u><u>96,383.17</u></u>

"A-19"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

<u>PROGRAM</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2017</u>	<u>INCREASED</u>	<u>EXPENDED</u>	<u>CANCELLED</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2018</u>
Library Reserves	\$ 131,355.34	\$ 222,004.59	\$ 131,355.34	\$	\$ 222,004.59
Due State - Marriage Licenses	1,600.00	7,375.00	7,450.00		1,525.00
Hurricane Sandy	1,315,245.57		131,177.65	1,184,067.92	
Interlocal BOE Field Improvements	1,574.00				1,574.00
Building Repair/Removal - FEMA	170,757.37				170,757.37
	<u>\$ 1,620,532.28</u>	<u>\$ 229,379.59</u>	<u>\$ 269,982.99</u>	<u>\$ 1,184,067.92</u>	<u>\$ 395,860.96</u>
<u>REF.</u>	A	A-4	A-4	A-1	A

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAX APPEALS

REF.

Balance, December 31, 2017	A	\$	2,071,656.13
Increased by:			
Transferred from 2018 Appropriations	A-3		200,000.00
		\$	<u>2,271,656.13</u>
Decreased by:			
Transfer to Overpayments	A-18		<u>274,046.63</u>
Balance, December 31, 2018	A	\$	<u><u>1,997,609.50</u></u>

"A-21"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

REF.

2018 Levy	A-1:A-9	\$ <u>30,067,430.44</u>
Decreased by: Payment	A-4	\$ <u><u>30,067,430.44</u></u>

"A-22"

SCHEDULE OF DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2017	A	\$ 103,792.32
Increased by:		
County Share of 2018 Levy:		
Added Taxes (R.S.54:4-63.1 et.seq.)		
2018	A-1:A-9	<u>242,570.06</u>
		\$ <u>346,362.38</u>
Decreased by:		
Cash Disbursements	A-4	<u>103,792.32</u>
Balance, December 31, 2018	A	\$ <u><u>242,570.06</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017			
Deferred		\$ 61,820,000.00	
Payable	A	<u>7,259,624.00</u>	
			69,079,624.00
Increased by:			
Levy	A-2:A-9		<u>146,436,252.00</u>
			\$ <u>215,515,876.00</u>
Decreased by:			
Disbursements	A-4		<u>145,592,314.00</u>
Balance, December 31, 2018			\$ <u><u>69,923,562.00</u></u>
Analysis of Balance			
Payable	A	\$ 8,103,562.00	
Deferred		<u>61,820,000.00</u>	
			\$ <u><u>69,923,562.00</u></u>
2018 Liability for Local District School Tax:			
Tax Paid			\$ 145,592,314.00
Less: School Tax Payable, December 31, 2017			<u>7,259,624.00</u>
			\$ <u>138,332,690.00</u>
Add: School Tax Payable, December 31, 2018			<u>8,103,562.00</u>
Amount Charged to 2018 Operations	A-1		\$ <u><u>146,436,252.00</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Balance December 31, 2017	A	\$	7,622.53
Increased by:			
2018 Levy		\$	2,172,982.76
Added Taxes			<u>17,520.18</u>
	A-1:A-9		<u>2,190,502.94</u>
		\$	<u>2,198,125.47</u>
Decreased by:			
Cash Disbursements	A-4		<u>2,198,125.47</u>
Balance December 31, 2018	A	\$	<u><u>-</u></u>

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>ANTICIPATED IN 2018 BUDGET</u>	<u>RECEIVED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2018</u>
Federal Grants:					
Superstorm Sandy CDBG Disaster Recovery	\$ 19,116.00	\$	\$	19,116.00	\$
FEMA Hazard Mitigation Grant	250,000.00		237,681.62		12,318.38
Hazard Mitigation - Port Monmouth		153,000.00			153,000.00
Senior Center Grant Title III B 2017	32,500.00		32,500.00		
Senior Center Grant Title III B 2018		32,500.00			32,500.00
Bayshore DWI - 2016	16,500.00		16,060.00	440.00	
Bayshore DWI - 2017	16,500.00		16,500.00		
Bayshore DWI - 2018		33,000.00		16,500.00	16,500.00
Child Passenger Safety Grant		14,400.00			14,400.00
Drive Sober or Get Pulled Over - Year End Holiday					
Crackdown - 2017	5,500.00		5,500.00		
Drive Sober or Get Pulled Over - Year End Holiday					
Crackdown - 2018		5,500.00			5,500.00
U Text, U Drive, U Pay - 2018		6,600.00	6,600.00		
Superstorm Sandy CDBG Disaster Recovery					
Assistance - 2016	97,258.31			97,258.31	
Recreational Trail Program Grant	24,000.00				24,000.00
Emergency Management Grant - 2017	9,400.00		9,400.00		
Emergency Management Assistance	10,000.00				10,000.00
Staffing for Adequate Fire and Emergency Response	136,675.00		50,789.00		85,886.00
Homeland Security - Explosion Detection Dog 2018		7,500.00	7,500.00		
State Grants					
Clean Communities Program - 2018		143,355.25	143,355.25		
Pedestrian Safety - 2016	5,400.00			5,400.00	
ROID Grant - 2017	20,000.00		20,000.00		
Police DDEF Grant		40,765.83	40,765.83		
Police Pedestrian Safety	10,000.00		9,515.00	485.00	
Municipal Alliance - DEDR Grant - 2017	26,878.00		26,873.72	4.28	
Municipal Alliance - DEDR Grant - 2018		30,000.00	3,108.00		26,892.00

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>ANTICIPATED IN 2018 BUDGET</u>	<u>RECEIVED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2018</u>
Other Grants:						
	Discover NJ History Grant - 2017	\$ 5,000.00	\$	\$ 4,589.22	\$ 410.78	
	TC Der Microgrid Phase 1	150,000.00				150,000.00
	Sustainable Jersey Grant	10,000.00				10,000.00
County Grants:						
	Conifer Tract BB Field - 2011	250,000.00				250,000.00
		<u>\$ 1,094,727.31</u>	<u>\$ 466,621.08</u>	<u>\$ 630,737.64</u>	<u>\$ 139,614.37</u>	<u>\$ 790,996.38</u>
<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, 2017</u>	<u>MODIFIED BALANCE</u>	<u>2018 APPROPRIATION</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2018</u>
Federal Grants:						
Superstorm Sandy CDBG Disaster Recovery	\$ 19,116.00	\$ 19,116.00		\$	\$ 19,116.00	\$
FEMA Hazard Mitigation Grant	3.72	174,653.72		174,650.00		3.72
Hazard Mit Port Monmouth 2018			153,000.00			153,000.00
Bullet Proof Vest Program	2,182.97	2,182.97				2,182.97
Senior Citizen Grant Title III-B - 2017		6,798.20		5,961.46	836.74	
Senior Center Grant Title III-B 2018			32,500.00	32,500.00		
Bayshore Saturation DWI - 2017	15,400.00	15,400.00		15,400.00		
Bayshore Saturation DWI - 2018			33,000.00		16,500.00	16,500.00
Child Passenger Safety Seat 2018			14,400.00			14,400.00
Drive Sober or Get Pulled Over Year End Holiday Crackdown - 2017	2,640.00	2,640.00		2,640.00		
Drive Sober or Get Pulled Over Year End Holiday Crackdown - 2018			5,500.00	3,520.00		1,980.00
U Text, U Drive, U Pay			6,600.00	6,600.00		
Superstorm Sandy CDBG Disaster Recovery Assistance - 2016	97,258.31	97,258.31			97,258.31	
Recreational Trail Program Grant	15,997.49	16,267.49		1,753.25		14,514.24
Emergency Management Grant	6,932.97	6,932.97		6,932.97		
Staffing for Adequate Fire and Emergency Response	136,675.00	136,675.00		57,661.30		79,013.70
Homeland Security - Explosion Detection Dog 2018			7,500.00	7,500.00		
State Grants:						
Body Armor Grant 2016	6,848.49	6,848.49				6,848.49
Body Armor Grant 2017	9,498.65	9,498.65				9,498.65
Clean Communities Program - 2017	149,431.54	149,431.54		145,735.80		3,695.74
Clean Communities Program - 2018			143,355.25			143,355.25
Drunk Driving Enforcement Fund Training - 2015	76.40	76.40		76.40		
DDEF 2018			40,765.83	3,523.60		37,242.23
Pedestrian Safety 2016	3,640.00	3,640.00		-1,760.00	5,400.00	
Police Pedestrian Safety Grant	10,000.00	10,000.00		9,515.00	485.00	
Recycling Tonnage Grant - 2012	23.95	23.95		23.95		
Recycling Tonnage Grant - 2013		325.90		325.90		
Recycling Tonnage Grant - 2015	198,376.81	198,376.81		190,147.49		8,229.32
Recycling Tonnage Grant - 2016	118,584.34	118,584.34				118,584.34

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2017</u>	<u>MODIFIED BALANCE</u>	<u>2018 APPROPRIATION</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2018</u>
Recycling Tonnage Grant - 2017	\$ 115,672.34	\$ 115,672.34		\$	\$	\$ 115,672.34
Recycling Tonnage Grant - 2015	114,379.22	114,379.22				114,379.22
DCA - ROID Grant	5,893.87	12,836.87		12,836.87		
DCA - ROID Grant - Match	1,605.00	1,605.00		1,605.00		
Municipal Alliance - DEDR Muni Share - 2017	16,994.96	24,921.72		24,917.44	4.28	
Municipal Alliance - DEDR Muni Share - 2017 Match	2,500.00	5,432.00		5,432.00		
Municipal Alliance - DEDR Muni Share - 2018			30,000.00	7,483.03		22,516.97
Municipal Alliance - DEDR Muni Share - 2018 Match			7,500.00	3,469.27		4,030.73
Other Grants:						
Discover NJ History Grant	410.78	410.78			410.78	
TC Der Microgrid Phase 1		150,000.00		150,000.00		
Hope for Children Foundation	2,915.00	4,035.00		200.00		3,835.00
Comcast Technology Grant	107,054.40	119,625.00		13,445.60		106,179.40
Sustainable New Jersey	20,000.00	20,000.00		20,000.00		
DPW - NJAW- Poricy Park Rain Garden - 2013	2,070.39	2,070.39		1,900.00		170.39
	<u>\$ 1,182,182.60</u>	<u>\$ 1,545,719.06</u>	<u>\$ 474,121.08</u>	<u>\$ 903,996.33</u>	<u>\$ 140,011.11</u>	<u>\$ 975,832.70</u>
<u>REF.</u>	<u>A</u>		<u>A-3</u>			<u>A</u>
Appropriated Reserve	A-26	\$ 1,182,182.60				
Transferred from Encumbrances Payable	A-27	363,536.46				
		<u>\$ 1,545,719.06</u>				
Disbursed	A-4			\$ 876,021.33		
Less: Refunds	A-4			876,021.33		
				<u>27,975.00</u>		
Transferred to Encumbrances Payable	A-27					
				<u>\$ 903,996.33</u>		

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2017	A	\$ 363,536.46
Increased by:		
Charged to Appropriated Grant Reserve	A-26	27,975.00
		\$ <u>391,511.46</u>
Decreased by:		
Transferred to Appropriated Grant Reserve	A-26	<u>363,536.46</u>
Balance, December 31, 2018	A	\$ <u><u>27,975.00</u></u>

"A-28"

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>		<u>DUE CURRENT FUND</u>
Balance, December 31, 2017 - Receivable	A		\$ 450,991.75
Increased by			
Cash Received in Current Fund	A-4	\$ 630,737.64	
2018 Budget Appropriations	A-26	<u>474,121.08</u>	
			<u>1,104,858.72</u>
			1,555,850.47
Decreased by:			
Cash Disbursed by Current Fund	A-4	\$ 876,021.33	
2018 Anticipated Revenue	A-25	466,621.08	
Grants Reserves Cancelled - Net	A-1	<u>396.74</u>	
			<u>1,343,039.15</u>
Balance, December 31, 2018 - Receivable	A		\$ <u><u>212,811.32</u></u>

"B-1"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL FEES</u>	<u>OTHER</u>
Balance, December 31, 2017	B	\$ 5,063.44	\$ 22,435,872.32
Increased by Receipts:			
Due State of New Jersey	B-2	\$ 7,183.20	
Animal Control Fees	B-3	196,767.75	
Municipal Open Space Tax Receivable	B-11		\$ 7,622.53
Reserve for:			
Community Development Block Grant Receivable	B-4		119,058.12
Miscellaneous Deposits and Reserves	B-5		12,044,164.58
Open Space	B-6		2,201,783.42
Community Development Block Grant Reserve	B-7		51,550.66
Self Insurance	B-8		8,010,204.78
Payroll Deductions	B-9		34,804,669.21
		<u>203,950.95</u>	<u>57,239,053.30</u>
		\$ 209,014.39	\$ 79,674,925.62
Decreased by Disbursements:			
Due State of New Jersey	B-2	\$ 7,161.60	
Expenditures Under R.S.4:19-15.11	B-3	190,794.92	
Reserve for:			
Miscellaneous Deposits and Reserves	B-5		\$ 9,518,710.21
Open Space	B-6		1,545,622.90
Community Development Block Grant Reserve	B-7		195,522.33
Self Insurance	B-8		8,013,954.76
Payroll Deductions	B-9		34,794,590.32
		<u>197,956.52</u>	<u>54,068,400.52</u>
Balance, December 31, 2018	B	\$ <u>11,057.87</u>	\$ <u>25,606,525.10</u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF ANIMAL LICENSE FEES DUE STATE OF NEW JERSEY

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	48.60
Increased by:			
Cash Receipts	B-1		7,183.20
		\$	<u>7,231.80</u>
Decreased by:			
Cash Disbursements	B-1		7,161.60
			<u>7,161.60</u>
Balance, December 31, 2018	B	\$	<u><u>70.20</u></u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	5,014.84
Increased by:			
Dog License Fees		\$	89,766.80
Other Fees			<u>107,000.95</u>
	B-1		<u>196,767.75</u>
		\$	<u>201,782.59</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-1	\$	<u>190,794.92</u>
			<u>190,794.92</u>
Balance, December 31, 2018	B	\$	<u><u>10,987.67</u></u>

<u>LICENSE FEES COLLECTED</u>		
<u>YEAR</u>		<u>AMOUNT</u>
2017	\$	81,990.40
2016		<u>93,783.20</u>
	\$	<u><u>175,773.60</u></u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	213,269.70
Increase by:			
Grant Awards	B-7		251,171.00
		\$	<u>464,440.70</u>
Decreased by:			
Cash Receipts	B-1		<u>119,058.12</u>
Balance, December 31, 2018	B	\$	<u><u>345,382.58</u></u>

"B-5"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS AND RESERVES

	BALANCE DECEMBER 31, 2017	PRIOR YEAR ENCUMBRANCES	MODIFIED	CASH RECEIPTS	CASH DISBURSEMENTS	ENCUMBRANCES	BALANCE DECEMBER 31, 2018
Accumulated Leave	\$ 1,579,986.77	\$	\$ 1,579,986.77	\$ 568,282.86	\$ 94,256.28	\$	2,054,013.35
Alliance for Drug Abuse	1,884.68	443.38	2,328.06		304.89	284.65	1,738.52
Cash Surety Bonds	4,156,130.39	2,008.59	4,158,138.98	80,509.15	456,327.07		3,782,321.06
C/O's Cash Bonds	49,085.29		49,085.29				49,085.29
Redevelopment Escrows				190,000.00	119,776.25	32,864.25	37,359.50
CCO - DCA Fees	43,867.00		43,867.00	96,035.00	91,224.00		48,678.00
Rude Awakening	3,782.48		3,782.48	50.00			3,832.48
Police Explorer's Acct	2,710.26		2,710.26	44.41			2,754.67
Norma Jean Halverson	1,855.13		1,855.13	30.40			1,885.53
Police Crime Prevention	7,898.73		7,898.73	129.43			8,028.16
Tonya Keller Center Donations	100.00		100.00	22.80			122.80
Engineering and Inspection	1,267,429.78		1,267,429.78	537,013.12	478,850.21		1,325,592.69
Grading Plan Review	53,289.12		53,289.12	41,250.00	35,944.25		58,594.87
Recreation	207,242.78	24,848.56	232,091.34	529,667.11	479,736.30	25,989.45	256,032.70
Interest on Cash Surety Bond	201,740.75		201,740.75	8,488.09	1,989.21		208,239.63
JCP&L Power Line Defense		10,063.00	10,063.00	22,500.00	23,520.54	7,506.00	1,536.46
Law Enforcement	35,802.01		35,802.01	13,093.26	11,570.55		37,324.72
Planning Board Legal Fees	6,827.19		6,827.19				6,827.19
Middletown Shopping Center DPW							
Site Plan Escrows	33,640.00		33,640.00	7,800.00	15,345.69		26,094.31
Mount Laurel Fees	1,146,319.33	80,678.36	1,226,997.69	680,385.05	33,849.77	92,100.34	1,781,432.63
NJ Sales Tax	425.72		425.72	987.53	1,086.84		326.41
Outside Liens	97,860.11		97,860.11	1,946,768.31	1,968,813.11		75,815.31
POAA	6,359.23		6,359.23	604.00			6,963.23
Police Donations	11,770.72	947.60	12,718.32	1,636.00	947.60		13,408.72
Police Donation - K9 Unit	22,096.25		22,096.25	10,998.09	5,178.77		27,915.57
Emergency Vehicle Donations				119,937.00		119,937.00	
Police off Duty	453,962.36		453,962.36	1,471,590.00	1,476,598.56		448,953.80
Police Leso Program	6,285.90	3,451.39	9,737.29		1,680.00	7,750.00	307.29
Federal Justice Forfeiture Fund	19,778.59		19,778.59	32,216.81	17,475.91		34,519.49
Premiums Received at Tax Sale	2,765,485.00		2,765,485.00	1,214,600.00	1,714,985.00		2,265,100.00
Public Defender	4,624.27	1,400.00	6,024.27	25,249.00	21,799.98	1,000.00	8,473.29
Recycling Rider	96,720.57	57,597.76	154,318.33	136,375.99	190,881.45	13,029.27	86,783.60
Self Insurance	6,591,105.43	442,464.78	7,033,570.21	3,895,023.71	1,996,106.40	210,321.99	8,722,165.53
Self Insurance - Unemployment Compensation	430,948.66	32,921.61	463,870.27	76,008.62			539,878.89
Shade Tree Commission	16,380.00		16,380.00				16,380.00
Sidewalk Contribution	500.00		500.00		500.00		
Site Plans/GIS	115,759.61	3,480.00	119,239.61	38,996.10	36,988.60	3,574.40	117,672.71
Storm Recovery	946,689.71	288,600.00	1,235,289.71	248,505.24	206,900.54	223,041.77	1,053,852.64
Special Trust - Fire Prevention	41,425.75		41,425.75	11,085.00	5,779.38		46,731.37
Street Openings	98,004.92		98,004.92	38,282.50	30,293.06		105,994.36
	\$ 20,525,774.49	\$ 948,905.03	\$ 21,474,679.52	\$ 12,044,164.58	\$ 9,518,710.21	\$ 737,399.12	\$ 23,262,734.77
REF.	B	B-10		B-1	B-1	B-10	B

"B-6"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE FUND

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	614,691.11
Increased by:			
Cash Receipts:			
2018 Tax Levy		\$	2,172,982.76
2018 Added/Omitted Levy			17,520.18
Interest on Investments and Deposits			11,280.48
	B-1		<u>2,201,783.42</u>
Transfer from Encumbrances Payable	B-10		<u>3,041.44</u>
			<u>2,204,824.86</u>
		\$	<u>2,819,515.97</u>
Decreased by:			
Cash Disbursements:			
Bond Principal		\$	1,141,720.50
Bond Interest			346,598.85
Other Expenses			57,303.55
	B-1		<u>1,545,622.90</u>
Transfer to Encumbrances Payable	B-10		<u>1,010.72</u>
			<u>1,546,633.62</u>
Balance, December 31, 2018	B	\$	<u><u>1,272,882.35</u></u>

"B-7"

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

Balance, December 31, 2017	B	\$	271,265.97
Increased by:			
Program Income	B-1	\$	51,550.66
Grant Awards	B-4		251,171.00
Transferred from Encumbrances Payable	B-10		<u>48,998.53</u>
			<u>351,720.19</u>
		\$	<u>622,986.16</u>
Decreased by:			
Cash Disbursements	B-1	\$	195,522.33
Transferred to Encumbrances Payable	B-10		<u>112,934.56</u>
			<u>308,456.89</u>
Balance, December 31, 2018	B	\$	<u><u>314,529.27</u></u>

"B-8"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR SELF-INSURANCE FUND

	<u>REF.</u>	
Balance, December 31, 2017	B	\$ 3,749.98
Increased by:		
Cash Receipts	B-1	8,010,204.78
		\$ <u>8,013,954.76</u>
Decreased by:		
Cash Disbursements	B-1	<u>8,013,954.76</u>
Balance, December 31, 2018	B	\$ <u><u> </u></u>

"B-9"

SCHEDULE OF RESERVE FOR PAYROLL FUND

Balance, December 31, 2017	B	\$ 240,338.00
Increased by:		
Cash Receipts	B-1	34,804,669.21
		\$ <u>35,045,007.21</u>
Decreased by:		
Cash Disbursements	B-1	<u>34,794,590.32</u>
Balance, December 31, 2018	B	\$ <u><u>250,416.89</u></u>

"B-10"

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, 2017	B	\$ 1,000,945.00	\$ 948,905.03	\$ 3,041.44	\$ 48,998.53
Increased by:					
Transferred from Reserves	B-5:B-6:B-7	<u>71,461.71</u>	<u>948,905.03</u>	<u>3,041.44</u>	<u>71,461.71</u>
		1,072,406.71		\$	120,460.24
Decreased by:					
Transferred to Reserves	B-5:B-6:B-7	<u>221,062.31</u>	<u>211,505.91</u>	<u>2,030.72</u>	<u>7,525.68</u>
Balance, December 31, 2018	B	\$ <u>851,344.40</u>	\$ <u>737,399.12</u>	\$ <u>1,010.72</u>	\$ <u>112,934.56</u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAX RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2017	B	\$	7,622.53
Decreased by:			
Cash Receipts	B-1		<u>7,622.53</u>
Balance, December 31, 2018	B	\$	<u><u> </u></u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2017	C	\$	5,737,460.50
Increased by Receipts:			
Grants Receivable	C-4	\$	315,000.00
Bond Anticipation Note	C-11		3,650,000.00
Various Reserves	C-12		26,926.00
Capital Improvement Fund	C-13		<u>500,000.00</u>
			4,491,926.00
		\$	<u>10,229,386.50</u>
Decreased by Disbursements:			
Capital Surplus to Current Fund	C-1	\$	400,000.00
Various Reserves	C-12		16,515.48
Contracts Payable	C-14		<u>4,097,215.47</u>
			4,513,730.95
Balance, December 31, 2018	C	\$	<u><u>5,715,655.55</u></u>

"C-3"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

ANALYSIS OF CASH AND INVESTMENTS

		BALANCE DECEMBER <u>31, 2018</u>
Fund Balance	\$	1,552,636.56
Capital Improvement Fund		1,463,407.00
Improvement Authorizations Funded (Listed on Exhibit "C-8")		1,919,939.27
Improvement Authorization Expenditures (Listed on Exhibit "C-6")		(2,061,091.94)
Contracts Payable		2,875,728.55
Various Reserves		420,440.07
Grants Receivable		<u>(1,218,312.50)</u>
	\$	<u><u>5,715,655.55</u></u>
<u>REF.</u>		C

"C-4"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2017	C	\$ 941,000.00
Increased by:		
Improvement Authorization	C-8	<u>592,312.50</u>
		1,533,312.50
Decreased by:		
Cash Receipts	C-2	<u>315,000.00</u>
Balance, December 31, 2018	C	\$ <u><u>1,218,312.50</u></u>
Analysis of Balance		
Department of Transportation:		
3227/3233 - Thompson Avenue		\$ 240,000.00
3227/3233 - Tindall Road Phase I		185,000.00
3227/3233 - Tindall Road Phase II		350,000.00
County of Monmouth:		
3178-Open Space - Croydon Hall		201,000.00
3227/3233 - Various Park and Recreational Improvements		150,000.00
Department of Environmental Protection:		
3224 - Various Park Acquisitions		<u>92,312.50</u>
		\$ <u><u>1,218,312.50</u></u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2017	C	\$	45,265,787.42
Decreased by:			
Serial Bonds Paid by Budget	C-9	\$	5,633,000.00
Loan Paid by Budget	C-10		<u>82,997.21</u>
			<u>5,715,997.21</u>
Balance, December 31, 2018	C	\$	<u><u>39,549,790.21</u></u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2017	INCREASED BY: 2018 AUTHORIZATIONS	DECREASED BY RESERVE APPLIED	BALANCE DECEMBER 31, 2018	ANALYSIS OF BALANCE DECEMBER 31, 2018		
						BOND ANTICIPATION NOTES	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	124,783.69			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	1.62			1.62		1.62	
3032	Tax Appeals	0.30			0.30		0.30	
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	
3070	Acquisition of Portable/Vehicle Radios	1,357.00			1,357.00		1,357.00	
3113	Refunding Bonds	9,769.66			9,769.66		9,769.66	
3141	Various Capital Improvements	60,000.00		60,000.00				
3188/3219	Various Capital Improvements	3,013,447.00			3,013,447.00	2,585,097.00	428,350.00	
3204	Various Capital Improvements	1,064,903.00			1,064,903.00	1,064,903.00		
3224	Various Park Acquisitions And Improvements		276,937.50		276,937.50			276,937.50
3227/3233	Various Capital Improvements		4,212,775.00		4,212,775.00		384,882.30	3,827,892.70
3229	Various Capital Improvements		380,000.00		380,000.00		5,000.00	375,000.00
		<u>\$ 5,381,209.64</u>	<u>\$ 4,869,712.50</u>	<u>\$ 60,000.00</u>	<u>\$ 10,190,922.14</u>	<u>\$ 3,650,000.00</u>	<u>\$ 2,061,091.94</u>	<u>\$ 4,479,830.20</u>
REF.	C		C-8	C-12	C	C-11	C-3	

Unexpended Balances of Unfunded Improvement Authorizations C-8
Less: Unexpended Proceeds of Bond Anticipation Notes C-3

\$ 5,242,738.74
762,908.54
\$ 4,479,830.20

"C-7"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2017	C	\$	4,414,264.90
Increased by:			
Improvement Authorizations	C-8	\$	<u>6,972,944.02</u>
			<u>6,972,944.02</u>
		\$	11,387,208.92
Decreased by:			
Cash Disbursements	C-2	\$	4,097,215.47
Transfer to Improvement Authorizations	C-8		<u>4,414,264.90</u>
			<u>8,511,480.37</u>
Balance, December 31, 2018	C	\$	<u><u>2,875,728.55</u></u>

"C-8"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE											
		ORDINANCE		DECEMBER 31, 2017		2018		INCREASED BY:		DECREASED BY:		BALANCE	
		DATE	AMOUNT	FUNDED	UNFUNDED	AUTHORIZATIONS	TRANSFER FROM CONTRACTS PAYABLE	TRANSFER TO CONTRACTS PAYABLE	AUTHORIZATIONS REAPPROPRIATED	DECEMBER 31, 2018	FUNDED	UNFUNDED	
2986	Park Improvements	08/17/09	\$ 1,405,000.00	\$ 71.50	\$	\$	\$	\$	\$	\$	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				14,342.96	14,342.96					
3031	Road Improvements	04/18/11	3,000,000.00				46,398.81	46,398.81					
3034	Various Capital Improvements	06/20/11	607,000.00				14,631.58		14,631.58				
3045	Various Capital Improvements	10/17/11	2,075,000.00	55.27			57,112.90	57,042.02			126.15		
3050	Drainage Improvements	01/17/12	800,000.00	156,978.75			8,626.24		165,604.99				
3065/3072	Various Road Improvements	06/18/12; 11/19/12	2,700,000.00	2,508.07			248,344.02	239,439.30			11,412.79		
3070	Acquisition of Portable/Vehicle Radios	08/20/12	750,000.00				16,224.45		16,224.45				
3087	Various Field Improvements	04/15/13	1,500,000.00				25,908.10		25,908.10				
3091	Various Capital Improvements	05/20/13	2,678,500.00	186,279.15			182,939.38	75,602.77	135,983.59		157,632.17		
3111/3119	Various Capital Improvements	10/20/14	4,700,000.00	549,481.06			122,829.79	188,706.85			483,604.00		
3141/3230	Various Capital Improvements	06/01/15	5,200,000.00	292,665.27	60,000.00		200,929.18	371,288.05			182,228.40		
3178	Various Capital Improvements	07/18/16	5,314,530.00	689,594.50			880,656.64	993,354.57			576,896.57		
3188/3219/3231	Various Capital Improvements	02/06/17	3,172,050.00		572,064.85		2,273,427.57	2,543,701.60				301,790.82	
3203	Construction of Poncy Park Pavilion	08/21/17	36,000.00	35,525.00				35,525.00					
3204	Various Capital Improvements	09/05/17	1,120,950.00		784,186.72		321,893.28	644,962.28				461,117.72	
3220	Preliminary Expenses - Municipal Complex	05/21/18	250,000.00			250,000.00		475.00			249,525.00		
3224	Various Park Acquisitions and Improvements	06/18/18	369,250.00			369,250.00		75,000.00			17,312.50	276,937.50	
3227/3233	Various Capital Improvements	7/16/2018; 9/4/18	5,359,500.00			5,359,500.00		1,531,607.30				3,827,892.70	
3228	Various Capital Improvements	07/16/18	358,352.71			358,352.71		130,517.51			227,835.20		
3229	Acquisition of Property	07/16/18	400,000.00			400,000.00		25,000.00				375,000.00	
				\$ 1,926,355.56	\$ 1,416,251.57	\$ 6,737,102.71	\$ 4,414,264.90	\$ 6,972,944.02	\$ 358,352.71	\$ 1,919,939.27	\$ 5,242,738.74		
REF.				C	C		C-7	C-7	C-8	C-C-3	C-C-6		
Bonds and Notes		C-6; C-14				\$ 4,869,712.50							
Grants Receivable		C-4				592,312.50							
Capital Improvement Fund		C-13				491,725.00							
Reserves Utilized		C-12				425,000.00							
Reappropriation Ordinance		C-8				358,352.71							
						\$ 6,737,102.71							

TOWNSHIP OF MIDDLETOWN
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2018		INTEREST RATE	BALANCE DECEMBER 31, 2017	DECREASED	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT				
General Obligation	12/13/2001	\$ 6,413,000.00	12/1/2019 12/1/2020	\$ 3,000.00 1,000.00	5.000% 5.000%	\$ 5,000.00	\$ 1,000.00	\$ 4,000.00
General Obligation	12/1/2002	10,031,000.00	12/1/2019	4,000.00	5.000%	5,000.00	1,000.00	4,000.00
General Refunding	4/12/2007	16,723,221.00	12/1/2019 12/1/2020 12/1/2021 12/1/2022	1,359,411.00 1,075,180.00 1,097,350.00 666,485.00	5.000% 4.000% 4.000% 4.000%	5,504,696.00	1,306,270.00	4,198,426.00
Open Space Refunding	4/12/2007	1,205,348.00	12/1/2019 12/1/2020 12/1/2021 12/1/2022	131,589.00 130,820.00 135,650.00 76,515.00	5.000% 4.000% 4.000% 4.000%	598,304.00	123,730.00	474,574.00
General Obligation	12/4/2008	3,341,000.00				238,000.00	238,000.00	
General Obligation	12/30/2009	5,966,000.00	12/1/2019	335,750.00	4.000%	658,860.00	323,110.00	335,750.00
Open Space	12/30/2009	5,966,000.00	12/1/2019	89,250.00	4.000%	175,140.00	85,890.00	89,250.00

TOWNSHIP OF MIDDLETOWN
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2018		INTEREST RATE	BALANCE DECEMBER 31, 2017	DECREASED	BALANCE DECEMBER 31, 2018
			DATE	AMOUNT				
Refunding Bonds	5/22/2012	\$ 8,870,000.00	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%	\$ 4,650,000.00	\$ 900,000.00	\$ 3,750,000.00
Refunding Bonds (Open Space Trust)	5/22/2012	7,275,000.00	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%			
			12/1/2024	575,000.00	5.000%	5,460,000.00	735,000.00	4,725,000.00
Refunding Bonds (General Obligation)	12/4/2014	1,495,000.00	12/1/2019	379,000.00	5.000%			
			12/1/2020	398,000.00	5.000%	1,141,000.00	364,000.00	777,000.00
Refunding Bonds (Open Space Trust)	12/4/2014	1,260,000.00	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%	1,071,000.00	195,000.00	876,000.00
Refunding Bonds (General Obligation)	3/24/2016	1,385,000.00	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	250,000.00	1,125,000.00

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2018		INTEREST RATE	BALANCE	DECREASED	BALANCE			
			DATE	AMOUNT		DECEMBER 31, 2017		DECEMBER 31, 2018			
Refunding Bonds (General Obligation)	3/24/2016	\$ 1,320,000.00	12/1/2019	\$ 240,000.00	4.000%	\$ 1,305,000.00		\$ 1,305,000.00			
			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%						
Refunding Bonds (General Obligation)	10/5/2016	1,978,950.00	8/1/2019	11,850.00	3.000%	1,959,200.00	7,900.00	1,951,300.00			
			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%						
Refunding Bonds (open Space)	10/5/2016	526,050.00	8/1/2019	3,150.00	3.000%	520,800.00	2,100.00	518,700.00			
			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%						
General Obligation	02/23/17	19,935,000.00	2/15/2019	1,100,000.00	5.000%	19,935,000.00	1,100,000.00	18,835,000.00			
			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	1,100,000.00	18,835,000.00
									\$ 44,602,000.00	\$ 5,633,000.00	\$ 38,969,000.00
			REF.	C	C-5	C					

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>REF.</u>	
Balance December 31, 2017	C	\$ 663,787.42
Decreased by:		
Loans Paid by Budget	C-5	<u>82,997.21</u>
Balance December 31, 2018	C	<u>\$ 580,790.21</u>

"C-11"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE 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 31, 2017</u>	<u>INCREASED</u>	<u>BALANCE DECEMBER 31, 2018</u>
3204	Various Capital Improvements	06/27/18	06/27/18	06/26/19	2.75%	\$	\$ 1,064,903.00	\$ 1,064,903.00
3188/3219	Various Capital Improvements	06/27/18	06/27/18	06/26/19	2.75%		2,585,097.00	2,585,097.00
						\$	\$ 3,650,000.00	\$ 3,650,000.00
					<u>REF.</u>	C	C-2	C

"C-12"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

		BALANCE DECEMBER 31, 2017	INCREASED	DECREASED	BALANCE DECEMBER 31, 2018
Reserve for:					
Debt Service		\$ 16,515.48	\$ 24,676.00	\$ 16,515.48	\$ 24,676.00
Grants		485,000.00		485,000.00	
Preliminary Expenses		11,700.00		11,700.00	
Future Sidewalk Construction		393,514.07	2,250.00		395,764.07
		<u>\$ 906,729.55</u>	<u>\$ 26,926.00</u>	<u>\$ 513,215.48</u>	<u>\$ 420,440.07</u>
	<u>REF.</u>	C			C
Cash Receipts	C-2		\$ 26,926.00		
Cash Disbursed	C-2			16,515.48	
Deferred Charges to Future Taxation					
Unfunded	C-6			60,000.00	
Capital Improvement Fund	C-12			11,700.00	
Improvement Authorizations	C-8			425,000.00	
			<u>\$ 26,926.00</u>	<u>\$ 513,215.48</u>	

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2017	C	\$	1,443,432.00
Increased by:			
2018 Budget Appropriation	C-2	\$	500,000.00
Reserve for Preliminary Expenses Cancelled	C-12		<u>11,700.00</u>
			511,700.00
		\$	<u>1,955,132.00</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations:	C-8		<u>491,725.00</u>
Balance, December 31, 2018	C	\$	<u><u>1,463,407.00</u></u>

"C-14"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORDINANCE NUMBER	IMPROVEMENT AUTHORIZATION	BALANCE DECEMBER 31, 2017	INCREASED BY 2018 AUTHORIZATIONS	DECREASED BY		BALANCE DECEMBER 31, 2018
				BOND ANTICIPATION NOTES ISSUED	RESERVE APPLIED	
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	124,783.69				124,783.69
2946	Penelope Lane	7,082.00				7,082.00
3020	Street & 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
3141	Various Capital Improvements	60,000.00			60,000.00	
3178	Various Capital Improvements					
3188/3219	Various Capital Improvements	3,013,447.00		2,585,097.00		428,350.00
3204	Various Capital Improvements	1,064,903.00		1,064,903.00		
3224	Various Park Acquisitions and Improvements		276,937.50			276,937.50
3227/3233	Various Capital Improvements		4,212,775.00			4,212,775.00
3229	Acquisition of Property		380,000.00			380,000.00
		<u>\$ 5,381,209.64</u>	<u>\$ 4,869,712.50</u>	<u>3,650,000.00</u>	<u>\$ 60,000.00</u>	<u>\$ 6,540,922.14</u>
	Ref		C-8	C-11	C-6	

"D-1"

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

	<u>REF.</u>	<u>P.A.T.F. II</u>
Balance December 31, 2018 and 2017	D	\$ <u><u>26,556.59</u></u>

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5

	<u>REF.</u>		
Balance, December 31, 2018	D	\$	26,556.59
Increased by:			
Cash Receipts		\$	<u>26,556.59</u>
Decreased by:			
2019 Assistance			<u> </u>
Balance, March 31, 2019		\$	<u><u>26,556.59</u></u>

	<u>P.A.T.F. II</u>		<u>TOTAL</u>
	<u>ACCOUNT</u>		
RECONCILIATION - March 31, 2019			
Balance on Deposit per Statement of:			
Investors Saving:			
AC # 500449902847	\$ <u>26,556.59</u>	\$	<u>26,556.59</u>
Balance, March 31, 2019	\$ <u><u>26,556.59</u></u>	\$	<u><u>26,556.59</u></u>

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH AND RECONCILIATION
AS OF DECEMBER 31, 2018

	<u>REF.</u>		
Balance, December 31, 2018 and 2017	D	\$	<u>26,556.59</u>
RECONCILIATION - DECEMBER 31, 2018			
		<u>P.A.T.F. II</u>	<u>TOTAL</u>
		<u>ACCOUNT</u>	
Balance on Deposit per Statement of:			
Investors Saving:			
AC # 500449902847		\$ <u>26,556.59</u>	\$ <u>26,556.59</u>
Balance, December 31, 2018		\$ <u>26,556.59</u>	\$ <u>26,556.59</u>

PART II
TOWNSHIP OF MIDDLETOWN
STATISTICAL DATA
LIST OF OFFICIALS
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

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

	YEAR 2018		YEAR 2017	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 6,763,500.00	2.55%	\$ 5,565,000.00	2.11%
Miscellaneous - From Other Than Local				
Property Tax Levies	21,157,714.63	7.98%	26,811,801.87	10.18%
Collection of Delinquent Taxes and				
Tax Title Liens	50,050.38	0.02%	68,635.43	0.03%
Collection of Current Tax Levy	<u>237,165,388.77</u>	<u>89.45%</u>	<u>230,987,006.99</u>	<u>87.68%</u>
<u>TOTAL INCOME</u>	<u>\$ 265,136,653.78</u>	<u>100.00%</u>	<u>\$ 263,432,444.29</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 75,569,470.77	29.69%	\$ 71,354,667.43	28.37%
County Taxes	30,310,000.50	11.91%	29,154,031.97	11.59%
Local School Taxes	146,436,252.00	57.53%	144,713,907.00	57.55%
Special Improvement District Tax			3,390,300.00	1.35%
Municipal Open Space Tax	2,190,502.94	0.86%	2,144,733.64	0.85%
Other Expenditures	<u>21,282.48</u>	<u>0.01%</u>	<u>718,275.74</u>	<u>0.29%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 254,527,508.69</u>	<u>100.00%</u>	<u>\$ 251,475,915.78</u>	<u>100.00%</u>
Excess in Revenue	\$ 10,609,145.09		\$ 11,956,528.51	
Fund Balance, January 1	<u>16,545,490.45</u>		<u>10,153,961.94</u>	
	\$ 27,154,635.54		\$ 22,110,490.45	
Less: Utilization as Anticipated Revenue	<u>6,763,500.00</u>		<u>5,565,000.00</u>	
Fund Balance, December 31	<u>\$ 20,391,135.54</u>		<u>\$ 16,545,490.45</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Apportionment of Tax Rate:			
Local Municipal	0.489	0.445	0.459
Municipal Open Space	0.020	0.020	0.020
Municipal Library	0.033	0.033	0.033
County	0.277	0.272	0.276
Local School	1.348	1.354	1.343
Sub-Total General Tax Rate	2.167	2.124	2.131
Solid Waste Collection District	0.000 A	0.065	0.070
Total Tax Rate	2.167	2.189	2.201

A – The Solid Waste District was dissolved by the Township at 12/31/17

ASSESSED VALUATIONS:

2018	\$10,864,913,784.00		
2017		\$10,685,555,553.00	
2016			\$10,395,803,041.00

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>
2018	\$237,337,126.75	\$237,165,388.77	99.92%
2017	231,213,691.27	230,987,006.89	99.90%
2016	225,771,707.86	225,394,458.67	99.83%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2018	\$564,532.01	\$11,505.93	\$576,037.94	0.24%
2017	520,779.42	14,792.61	535,572.03	0.23%
2016	462,545.96	13,177.89	475,723.85	0.21%

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:

<u>YEAR</u>	<u>AMOUNT</u>
2018	\$206,000.00
2017	\$206,000.00
2016	\$206,000.00

COMPARATIVE SCHEDULE OF FUND BALANCES

Current Fund

<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>	<u>DEFERRED SCHOOL TAX</u>
2018	\$20,391,135.54	\$7,150,000.00 *	\$61,820,000.00
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

*Per introduced budget

EQUALIZED VALUATIONS - REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2018	\$11,096,702,833.00
2017	\$10,836,667,814.00
2016	\$10,655,321,246.00

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>
Stephanie C. Murray	Mayor to 6/22/18	*
Kevin M. Settembrino	Deputy Mayor to 7/16/18	*
Kevin M. Settembrino	Mayor from 7/16/18	*
Anthony P. Fiore	Deputy Mayor from 7/16/18	*
Anthony S. Perry	Committeeman	*
Gerard P. Scharfenberger	Committeeman to 2/3/18	*
Rick Hibell	Committeeman from 2/20/18	*
Patricia Snell	Committeewoman from 7/16/18	*
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 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.

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COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only 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:

- Program Instructors for Recreation
- Pavilions Structure at Porcay Park
- Tree Trimming and Related Services
- Gordon & Greeley Park Basketball Court Improvements
- Electrical Repair and Maintenance
- Plumbing Repair and Maintenance
- Grind and Mulch Operations
- Thompson Ave Improvements
- Ford 450 Series Adult Mini Bus
- Alterations to the Animal Shelter

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

Our 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.

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

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, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, N.J.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 2018, 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
3. Any 2018 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>	<u>NUMBER</u>
Payments of 2018 Taxes	25

TAX TITLE LIENS

The last tax sale was held on December 27, 2018 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>	<u>NUMBER OF LIENS</u>
2018	97
2017	104
2016	85

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