

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, 2019

TOWNSHIP OF MIDDLETOWN

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TOWNSHIP OF MIDDLETOWN

PART I

INDEPENDENT AUDITOR'S REPORT ON
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2019 AND 2018



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Middletown, as of December 31, 2019 and 2018, 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, 2019, 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, 2019 and 2018, 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, 2019.

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, 2019 and 2018, 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, 2019 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

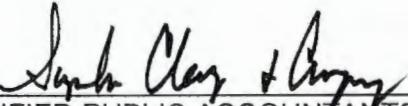
Other Information

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 accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by State of New Jersey Circular 15-08-OMB; *Single Audit Policy for Recipients of Federal Grants, state Grants and State Aid*, and is also not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents and the schedule of expenditures of state financial assistance 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 24, 2020 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 24, 2020

CURRENT FUND

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER 31, 2019 | BALANCE DECEMBER 31, 2018 |
|--|-------------|---------------------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| Current Fund: | | | |
| Cash-Treasurer | A-4 | \$ 44,179,200.64 | \$ 40,203,119.38 |
| Cash-Tax Collector | A-5 | 240,383.49 | 187,682.10 |
| Cash-Change Funds | A-6 | 3,100.00 | 3,100.00 |
| Due From State of New Jersey: | | | |
| Chapter 20, P.L.1971 | A-8 | 6,141.06 | 7,724.13 |
| | | \$ 44,428,825.19 | \$ 40,401,625.61 |
| Receivables and Other Assets With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-9 | \$ 25,167.85 | \$ 11,505.93 |
| Tax Title Liens Receivable | A-10 | 160,282.95 | 564,532.01 |
| Property Acquired for Taxes-Assessed Valuation | A-11 | 2,131,800.00 | 206,000.00 |
| Revenue Accounts Receivable | A-12 | 42,440.66 | 54,042.22 |
| | A | \$ 2,359,691.46 | \$ 836,080.16 |
| Total Current Fund | | \$ 46,788,516.65 | \$ 41,237,705.77 |
| Grant Fund: | | | |
| Grants Receivable | A-25 | \$ 513,017.62 | \$ 790,996.38 |
| Interfunds Receivable | A-28 | 666,091.52 | 212,811.32 |
| Total Grant Fund | | \$ 1,179,109.14 | \$ 1,003,807.70 |
| Total Assets | | \$ 47,967,625.79 | \$ 42,241,513.47 |

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

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER 31, 2019 | BALANCE DECEMBER 31, 2018 |
|---|-------------|---------------------------------|---------------------------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Current Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3:A-13 | \$ 3,970,215.96 | \$ 4,166,396.66 |
| Due To State of New Jersey: | | | |
| Chapter 20, P.L.1971 | A-8 | 666,091.52 | 212,811.32 |
| Interfunds Payable | A-14 | 3,716,654.37 | 2,935,424.57 |
| Encumbrances Payable | A-15 | 256,051.03 | 259,491.67 |
| Accounts Payable | A-16 | 1,430,392.10 | 1,600,380.16 |
| Prepaid Taxes | A-17 | 54,554.78 | 96,383.17 |
| Tax Overpayments | A-18 | | |
| Reserve for: | | | |
| Various Reserves | A-19 | 447,427.74 | 395,860.96 |
| Tax Appeals | A-20 | 2,098,409.19 | 1,997,609.50 |
| County Taxes Payable | A-22 | 228,253.76 | 242,570.06 |
| Local School Taxes Payable | A-23 | 9,483,424.00 | 8,103,562.00 |
| | | \$ 22,351,474.45 | \$ 20,010,490.07 |
| Reserve for Receivables and Other Assets | A | 2,359,691.46 | 836,080.16 |
| Fund Balance | A-1 | 22,077,350.74 | 20,391,135.54 |
| Total Current Fund | | \$ 46,788,516.65 | \$ 41,237,705.77 |
| Grant Fund: | | | |
| Reserve for Grants Appropriated | A-26 | \$ 1,089,643.09 | \$ 975,832.70 |
| Encumbrances Payable | A-27 | 89,466.05 | 27,975.00 |
| Total Grant Fund | | \$ 1,179,109.14 | \$ 1,003,807.70 |
| Total Liabilities, Reserves and Fund Balance | | \$ 47,967,625.79 | \$ 42,241,513.47 |

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

TOWNSHIP OF MIDDLETOWNCURRENT FUNDSTATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE-REGULATORY BASIS

| | REF. | YEAR ENDED DECEMBER 31, 2019 | YEAR ENDED DECEMBER 31, 2018 |
|---|-----------|------------------------------------|------------------------------------|
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | |
| Fund Balance Utilized | A-1:A-2 | \$ 7,150,000.00 | \$ 6,763,500.00 |
| Miscellaneous Revenue Anticipated | A-2 | 16,913,372.92 | 15,841,176.08 |
| Receipts From Delinquent Taxes | A-2 | 47,495.79 | 50,050.38 |
| Receipts From Current Taxes | A-2 | 240,875,172.74 | 237,165,388.77 |
| Non-Budget Revenues | A-2 | 227,947.97 | 927,982.78 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-13 | 3,469,768.08 | 2,821,257.78 |
| Appropriated Grant Reserves Cancelled | A-14:A-28 | 15,819.97 | 396.74 |
| Sanitation District Encumbrances Cancelled | A-15 | | 259,150.96 |
| Accounts Payable Cancelled | A-16 | 166,141.67 | 123,682.37 |
| Various Reserves Cancelled | A-19 | 172,331.37 | 1,184,067.92 |
| Tax Overpayments Cancelled | A-18 | 11.58 | |
| <u>TOTAL REVENUE AND OTHER INCOME</u> | | <u>\$ 269,038,062.09</u> | <u>\$ 265,136,653.78</u> |
| <u>EXPENDITURES</u> | | | |
| Budget and Emergency Appropriations: | | | |
| Operations Within "CAPS": | A-3 | \$ 56,981,842.46 | \$ 56,340,135.46 |
| Deferred Charges and Statutory Expenditures-Municipal | A-3 | 6,576,413.35 | 6,083,732.00 |
| Other Operations Excluded From "CAPS" | A-3 | 5,852,817.26 | 5,500,210.08 |
| Capital Improvements-Excluded From "CAPS" | A-3 | 1,629,000.00 | 1,092,000.00 |
| Municipal Debt Service | A-3 | 7,520,270.52 | 6,443,349.23 |
| Judgments | | | 110,044.00 |
| County Taxes | A-21 | 29,846,012.98 | 30,067,430.44 |
| Due County for Added Taxes | A-22 | 228,253.49 | 242,570.06 |
| Local District School Taxes | A-23 | 149,247,782.00 | 146,436,252.00 |
| Municipal Open Space Tax | A-24 | 2,283,508.33 | 2,190,502.94 |
| Prior Year Senior Citizens Disallowed | A-8 | 6,357.00 | 4,930.88 |
| Refund of Prior Year Revenue | A-4 | 8,621.60 | 16,351.60 |
| Grants Receivable Cancelled | A-25;A-28 | 20,967.90 | |
| <u>TOTAL EXPENDITURES</u> | | <u>\$ 260,201,846.89</u> | <u>\$ 254,527,508.69</u> |
| Excess in Revenue | | \$ 8,836,215.20 | \$ 10,609,145.09 |
| Fund Balance, January 1 | A | <u>\$ 20,391,135.54</u> | <u>\$ 16,545,490.45</u> |
| | | <u>\$ 29,227,350.74</u> | <u>\$ 27,154,635.54</u> |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | A-1:A-2 | 7,150,000.00 | 6,763,500.00 |
| Fund Balance, December 31 | A | <u>\$ 22,077,350.74</u> | <u>\$ 20,391,135.54</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, 2019

| | REF. | ANTICIPATED | | REALIZED | EXCESS OR (DEFICIT) |
|---|----------|------------------|----------------------------|------------------|---------------------------|
| | | BUDGET | SPECIAL N.J.S 40A: 4-87 | | |
| Fund Balance Anticipated | A-1 | \$ 7,150,000.00 | \$ | \$ 7,150,000.00 | \$ |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | A-12 | 65,000.00 | | 69,376.00 | 4,376.00 |
| Other | A-2;A-12 | 50,000.00 | | 56,968.00 | 6,968.00 |
| Fees and Permits: | | | | | |
| Construction Code Official | A-12 | 1,850,000.00 | | 2,246,989.00 | 396,989.00 |
| Other | A-2;A-12 | 475,000.00 | | 615,604.03 | 140,604.03 |
| Fines and Costs: | | | | | |
| Municipal Court | A-12 | 750,000.00 | | 722,573.14 | (27,426.86) |
| Interest and Costs on Taxes | A-12 | 225,000.00 | | 298,199.32 | 73,199.32 |
| Interest on Investments and Deposits | A-12 | 800,000.00 | | 1,594,790.44 | 794,790.44 |
| Railroad Parking Lot Receipts | A-12 | 600,000.00 | | 621,539.15 | 21,539.15 |
| Cable TV Franchise Fees | A-12 | 458,000.00 | | 458,857.93 | 857.93 |
| Verizon Fios Franchise Fees | A-12 | 563,000.00 | | 563,088.54 | 88.54 |
| Senior Citizen Housing PILOT | A-12 | 325,000.00 | | 401,313.00 | 76,313.00 |
| Edgewater Park PILOT | A-12 | 90,000.00 | | 108,400.36 | 18,400.36 |
| Chapel Hill Associates PILOT | A-12 | 35,000.00 | | 37,924.00 | 2,924.00 |
| Sloan Kettering PILOT | A-12 | 165,000.00 | | 220,940.11 | 55,940.11 |
| Vanderbilt LLC (E&N) | A-12 | 5,000.00 | | 9,083.70 | 4,083.70 |
| 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 | 175,000.00 | | 226,461.17 | 51,461.17 |
| Fair Haven Tax Collector Shared Service | A-12 | 18,000.00 | | 18,360.00 | 360.00 |
| Fair Haven CFO Shared Service | A-12 | 60,000.00 | | 61,200.00 | 1,200.00 |
| Fair Haven QPA Shared Service | A-12 | 4,800.00 | | 5,300.00 | 500.00 |
| Borough of Highlands Building Department Shared Service | A-12 | 192,500.00 | | 192,500.00 | |
| Senior Citizens Grant Title III B | A-25 | 32,500.00 | | 32,500.00 | |
| Recycling Tonnage Grant | A-25 | 75,840.62 | 122,861.89 | 198,702.51 | |
| Police State Body Armor Grant | A-25 | 10,691.85 | | 10,691.85 | |
| Police Distracted Driving Grant | A-25 | 5,500.00 | | 5,500.00 | |
| Clean Communities Program | A-25 | | 160,009.92 | 160,009.92 | |
| DCA - Recreation for Individuals with Disabilities | A-25 | | 20,000.00 | 20,000.00 | |
| Body Armor Fund | A-25 | | 9,816.73 | 9,816.73 | |
| Child Passenger Safety Grant | A-25 | | 16,500.00 | 16,500.00 | |
| Drive Sober or Get Pulled Over Year End Crackdown | A-25 | | 5,500.00 | 5,500.00 | |
| Bulletproof Vest Partnership Grant | A-25 | | 29,053.25 | 29,053.25 | |
| Municipal Alliance DEDR Grant | A-25 | | 30,000.00 | 30,000.00 | |
| Drive Sober or Get Pulled Over - Labor Day Crackdown | A-25 | | 5,500.00 | 5,500.00 | |
| Emergency Management Assistance Grant | A-25 | | 10,000.00 | 10,000.00 | |
| Uniform Fire Safety Act | A-12 | 90,000.00 | | 95,010.14 | 5,010.14 |
| Capital Fund - Note Premium | A-12 | 24,676.00 | | 24,676.00 | |
| Rental Income | A-12 | 15,000.00 | | 1.00 | (14,999.00) |
| Rental Income - Middletown EMS | A-12 | 9,000.00 | | 9,000.00 | |
| Hotel Occupancy Tax | A-12 | 250,000.00 | | 269,192.63 | 19,192.63 |
| Sewage Authority Surplus Contribution | A-12 | 481,342.00 | | 481,342.00 | |
| Field User Fees | A-12 | 175,000.00 | | 156,221.00 | (18,779.00) |
| Capital Fund - Surplus | A-12 | 400,000.00 | | 400,000.00 | |
| Reserve for Police Outside Admin Fee | A-12 | 362,000.00 | | 362,000.00 | |
| | A-1 | \$ 14,890,538.47 | \$ 409,241.79 | \$ 16,913,372.92 | \$ 1,613,592.66 |
| Receipts From Delinquent Taxes | A-1 | \$ 25,000.00 | \$ | \$ 47,495.79 | \$ 22,495.79 |
| Amount to be Raised by Taxes for Support of Municipal Budget: | | | | | |
| Local Tax for Municipal Purposes | A-2; A-9 | \$ 54,149,054.81 | \$ | \$ 56,866,235.94 | \$ 2,717,181.13 |
| Minimum Library Tax | A-2; A-9 | \$ 3,703,380.00 | | \$ 3,703,380.00 | |
| | | \$ 57,852,434.81 | | \$ 60,569,615.94 | \$ 2,717,181.13 |
| BUDGET TOTALS | | \$ 79,917,973.28 | \$ 409,241.79 | \$ 84,680,484.65 | \$ 4,353,269.58 |
| Non-Budget Revenues | A-1;A-2 | | | \$ 227,947.97 | \$ 227,947.97 |
| | | \$ 79,917,973.28 | \$ 409,241.79 | \$ 84,908,432.62 | \$ 4,581,217.55 |

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, 2019

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:

| | | |
|--------------------------|---------|-------------------|
| Revenue from Collections | A-1;A-9 | \$ 240,875,172.74 |
|--------------------------|---------|-------------------|

Allocated to:

| | | |
|----------------------------|-----------|-----------------------|
| Local School Taxes | A-23 | \$ 149,247,782.00 |
| County Taxes | A-21;A-22 | 30,074,266.47 |
| Municipal Open Space Taxes | A-24 | <u>2,283,508.33</u> |
| | | <u>181,605,556.80</u> |

| | |
|--|------------------|
| Balance for Support of Municipal Budget Appropriations | \$ 59,269,615.94 |
|--|------------------|

| | | |
|--|-----|---------------------|
| Add: Appropriation "Reserve for Uncollected Taxes" | A-3 | <u>1,300,000.00</u> |
|--|-----|---------------------|

| | | |
|---|-----|-------------------------|
| Amount for Support of Municipal Budget Appropriations | A-2 | \$ <u>60,569,615.94</u> |
|---|-----|-------------------------|

Other Licenses:

| | | |
|--------|------|---------------------|
| Clerk | A-12 | \$ 55,943.00 |
| Police | A-12 | <u>1,025.00</u> |
| | A-2 | \$ <u>56,968.00</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

REF.

Other Fees and Permits:

| | | |
|--------------------------------|------|----------------------|
| Assessment Search Fees | A-12 | \$ 1,520.00 |
| Environmental Disturbance Fees | A-12 | 11,844.19 |
| Street Opening Permits | A-12 | 93,847.49 |
| Filing Fees - DPW | A-12 | 3,945.15 |
| DPW Recycling and Garbage Cans | A-12 | 7,400.00 |
| Variance Fees | A-12 | 188,411.71 |
| Planning and Zoning Board Fees | A-12 | 39,741.95 |
| Miscellaneous Fees | A-12 | 12,644.30 |
| Tax Sale Ad Fees | A-12 | 52,230.49 |
| Health Fees | A-12 | 59,717.00 |
| Registrar Fees | A-12 | 13,203.00 |
| Registrar EDRS Fees | A-12 | 19,776.00 |
| Middletown Arts Center | A-12 | 3,300.00 |
| Gun Permit Fees | A-12 | 2,203.40 |
| ABC Permits | A-12 | 2,400.00 |
| Youth Week | A-12 | 154.45 |
| Police Accident Reports | A-12 | 3,174.90 |
| Fire Prevention Fees | A-12 | 86,700.00 |
| Fire Academy User Fees | A-12 | 13,390.00 |
| | | <u>\$ 615,604.03</u> |

Miscellaneous Revenue Not Anticipated

| | | |
|---|------|----------------------|
| Treasurer: | | |
| JCP&L Rebate | | \$ 14,377.67 |
| DMV Inspection Fines | | 27,717.50 |
| Senior Citizens/Veterans Administrative Fee | | 9,372.86 |
| Close Out Public Assistance | | 26,556.59 |
| Auction Proceeds | | 20,063.35 |
| Sale of Foreclosed Property | A-11 | 100,000.00 |
| Miscellaneous | A-4 | 23,365.13 |
| Collector - Miscellaneous | A-5 | <u>\$ 221,453.10</u> |
| | | <u>6,494.87</u> |
| | A-2 | <u>\$ 227,947.97</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, 2019

| | APPROPRIATIONS | | EXPENDED | | |
|---|----------------|------------------------------|--------------------|--------------|----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | CANCELED |
| GENERAL ADMINISTRATION: | | | | | |
| Administrative and Executive: | | | | | |
| Salaries and Wages | \$ 750,790.00 | \$ 750,790.00 | \$ 722,793.45 | \$ 27,996.55 | \$ |
| Other Expenses | 167,750.00 | 167,750.00 | 154,426.21 | 13,323.79 | |
| Purchasing: | | | | | |
| Salaries and Wages | 158,675.00 | 161,675.00 | 158,191.34 | 3,483.66 | |
| Other Expenses | 3,550.00 | 3,550.00 | 2,529.86 | 1,020.14 | |
| Township Committee: | | | | | |
| Salaries and Wages | 20,000.00 | 20,000.00 | 19,999.72 | 0.28 | |
| Other Expenses | 11,500.00 | 11,500.00 | 11,326.79 | 173.21 | |
| Township Clerk: | | | | | |
| Salaries and Wages | 374,199.00 | 374,199.00 | 352,385.24 | 21,813.76 | |
| Other Expenses | 119,000.00 | 119,000.00 | 106,412.55 | 12,587.45 | |
| Elections: | | | | | |
| Salaries and Wages | 5,000.00 | 5,000.00 | 3,713.14 | 1,286.86 | |
| Other Expenses | 25,000.00 | 25,000.00 | 22,043.43 | 2,956.57 | |
| Financial Administration: | | | | | |
| Salaries and Wages | 560,027.00 | 560,027.00 | 542,538.55 | 17,488.45 | |
| Other Expenses | 82,700.00 | 82,700.00 | 46,623.21 | 36,076.79 | |
| Audit Services | 98,000.00 | 98,000.00 | 90,015.00 | 7,985.00 | |
| Data Processing Center: | | | | | |
| Salaries and Wages | 379,337.00 | 379,337.00 | 353,641.08 | 25,695.92 | |
| Other Expenses | 187,850.00 | 187,850.00 | 135,516.89 | 52,333.11 | |
| Collection of Taxes: | | | | | |
| Salaries and Wages | 354,390.00 | 355,390.00 | 352,555.71 | 2,834.29 | |
| Other Expenses | 58,415.00 | 57,415.00 | 27,312.22 | 30,102.78 | |
| Tax Title Liens and Foreclosed Property | 40,000.00 | 50,000.00 | 49,770.07 | 229.93 | |

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, 2019

| | <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> | | |
| Assessment of Taxes: | | | | | | |
| Salaries and Wages | \$ 320,072.00 | \$ 290,072.00 | \$ 241,315.98 | \$ 48,756.02 | \$ | |
| Other Expenses | 185,245.00 | 185,245.00 | 134,585.91 | 50,659.09 | | |
| Maintenance of Tax Maps | 25,000.00 | 25,000.00 | 25,000.00 | | | |
| Legal Services and Costs: | | | | | | |
| Other Expenses | 525,000.00 | 545,000.00 | 535,372.55 | 9,627.45 | | |
| Engineering: | | | | | | |
| Other Expenses | 65,000.00 | 65,000.00 | 61,385.73 | 3,614.27 | | |
| Planning and Development: | | | | | | |
| Salaries and Wages | 280,354.00 | 280,354.00 | 258,235.32 | 22,118.68 | | |
| Other Expenses | 87,470.00 | 87,470.00 | 57,422.65 | 30,047.35 | | |
| Planning Board: | | | | | | |
| Salaries and Wages | 25,000.00 | 25,000.00 | 23,688.46 | 1,311.54 | | |
| Other Expenses | 51,000.00 | 51,000.00 | 41,502.00 | 9,498.00 | | |
| Zoning Board of Adjustment: | | | | | | |
| Salaries and Wages | 24,500.00 | 24,500.00 | 21,183.08 | 3,316.92 | | |
| Other Expenses | 31,000.00 | 31,000.00 | 22,125.00 | 8,875.00 | | |
| Insurance: | | | | | | |
| General Liability | 767,017.00 | 767,017.00 | 766,522.30 | 494.70 | | |
| Workers Compensation Insurance | 830,524.00 | 830,524.00 | 830,524.00 | | | |
| Employees Group Health | 10,110,000.00 | 10,110,000.00 | 9,881,907.30 | 228,092.70 | | |
| <u>PUBLIC SAFETY:</u> | | | | | | |
| Police: | | | | | | |
| Salaries and Wages | 14,558,857.00 | 14,557,857.00 | 14,029,669.04 | 528,187.96 | | |
| Other Expenses | 626,500.00 | 626,500.00 | 595,687.79 | 30,812.21 | | |
| Emergency Management: | | | | | | |
| Salaries and Wages | 39,327.00 | 39,327.00 | 28,422.19 | 10,904.81 | | |
| Other Expenses | 38,007.00 | 38,007.00 | 35,965.88 | 2,041.12 | | |

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, 2019

| | <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> | | |
| First Aid: | | | | | | |
| Salaries and Wages | \$ 6,000.00 | \$ 6,000.00 | \$ 6,000.00 | \$ 6,000.00 | \$ 6,000.00 | |
| Other Expenses | 80,500.00 | 80,500.00 | 69,908.72 | | 10,591.28 | |
| Subsidy to First Aid Companies | 200,000.00 | 200,000.00 | 200,000.00 | | | |
| Fire: | | | | | | |
| Subsidy to Volunteer Fire Company | 247,500.00 | 247,500.00 | 247,500.00 | | | |
| Salaries and Wages | 77,900.00 | 77,900.00 | 57,145.40 | | 20,754.60 | |
| Other Expenses: | 404,800.00 | 404,800.00 | 399,436.48 | | 5,363.52 | |
| Fire Hydrant Service | 810,000.00 | 810,000.00 | 803,437.50 | | 6,562.50 | |
| Uniform Fire Safety Bureau: | | | | | | |
| Salaries and Wages | 144,220.00 | 144,220.00 | 128,830.43 | | 15,389.57 | |
| Other Expenses | 14,500.00 | 14,500.00 | 11,678.36 | | 2,821.64 | |
| Uniform Fire Safety Act (Ch. 383, PL1983) | 90,000.00 | 90,000.00 | 90,000.00 | | | |
| Prosecuter: | | | | | | |
| Salaries and Wages | 75,000.00 | 76,000.00 | 74,999.86 | | 1,000.14 | |
| Other Expenses | 10,000.00 | 10,000.00 | 4,200.00 | | 5,800.00 | |
| <u>DEPARTMENT OF PUBLIC WORKS AND ENGINEERING:</u> | | | | | | |
| Public Works | | | | | | |
| Salaries and Wages | 2,252,238.00 | 2,352,238.00 | 1,984,596.70 | | 367,641.30 | |
| Other Expenses | 1,122,700.00 | 1,022,700.00 | 731,508.69 | | 291,191.31 | |
| Snow Removal | 375,000.00 | 375,000.00 | 320,969.51 | | 54,030.49 | |
| Parks: | | | | | | |
| Salaries and Wages | 1,124,081.00 | 1,124,081.00 | 990,364.71 | | 133,716.29 | |
| Other Expenses | 452,000.00 | 452,000.00 | 395,630.57 | | 56,369.43 | |
| Beach Maintenance | 5,000.00 | 5,000.00 | | | 5,000.00 | |
| DPW Administration: | | | | | | |
| Salaries and Wages | 575,366.00 | 575,366.00 | 532,808.53 | | 42,557.47 | |
| Other Expenses | 26,500.00 | 26,500.00 | 23,404.26 | | 3,095.74 | |

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, 2019

| | APPROPRIATIONS | | EXPENDED | | | <u>CANCELED</u> |
|--|----------------|--------------------------------------|----------------------------|-----------------|----|-----------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | | |
| Solid Waste and Recycling: | | | | | | |
| Salaries and Wages | \$ 277,348.46 | \$ 277,348.46 | \$ 220,404.11 | \$ 56,944.35 | \$ | |
| Other Expenses | 7,378,500.00 | 7,378,500.00 | 7,171,488.35 | 207,011.65 | | |
| Maintenance of Public Property: | | | | | | |
| Salaries and Wages | 711,329.00 | 711,329.00 | 625,074.97 | 86,254.03 | | |
| Other Expenses | 510,500.00 | 510,500.00 | 459,569.53 | 50,930.47 | | |
| Fleet Maintenance: | | | | | | |
| Salaries and Wages | 631,564.00 | 631,564.00 | 557,449.64 | 74,114.36 | | |
| Other Expenses | 887,500.00 | 887,500.00 | 864,383.69 | 23,116.31 | | |
| Condominium Maintenance: | | | | | | |
| Other Expenses | 150,000.00 | 150,000.00 | | 150,000.00 | | |
| <u>HEALTH AND HUMAN SERVICES</u> | | | | | | |
| Health and Welfare: | | | | | | |
| Salaries and Wages | 266,667.00 | 263,667.00 | 242,815.44 | 20,851.56 | | |
| Other Expenses | 34,960.00 | 34,960.00 | 24,939.50 | 10,020.50 | | |
| Alliance: | | | | | | |
| Salaries and Wages | 84,748.00 | 84,748.00 | 66,142.23 | 18,605.77 | | |
| Other Expenses | 30,275.00 | 30,275.00 | 17,806.65 | 12,468.35 | | |
| Animal Control: | | | | | | |
| Salaries and Wages | 30,000.00 | 30,000.00 | | 30,000.00 | | |
| Other Expenses | 76,750.00 | 76,750.00 | 65,409.60 | 11,340.40 | | |
| <u>RECREATION:</u> | | | | | | |
| Recreation: | | | | | | |
| Salaries and Wages | 463,374.00 | 463,374.00 | 395,367.83 | 68,006.17 | | |
| Other Expenses | 83,450.00 | 83,450.00 | 81,305.45 | 2,144.55 | | |
| <u>OTHER COMMON OPERATING FUNCTIONS:</u> | | | | | | |
| Railroad Parking Lot Lease | 25,000.00 | 25,000.00 | 25,000.00 | | | |
| Employee Accumulated Leave | 250,000.00 | 250,000.00 | 250,000.00 | | | |
| Sick Time Buy Back | 250,000.00 | 250,000.00 | 203,460.13 | 46,539.87 | | |

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, 2019

| | APPROPRIATIONS | | EXPENDED | | <u>CANCELED</u> |
|---|-------------------------|--------------------------------------|----------------------------|------------------------|---------------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | |
| UTILITIES: | | | | | |
| Electric | \$ 470,000.00 | \$ 470,000.00 | \$ 468,592.85 | \$ 1,407.15 | |
| Street Lighting | 750,000.00 | 750,000.00 | 725,875.00 | 24,125.00 | |
| Telephone | 618,000.00 | 618,000.00 | 577,673.87 | 40,326.13 | |
| Water | 175,000.00 | 175,000.00 | 175,000.00 | | |
| Natural Gas | 240,000.00 | 240,000.00 | 231,459.27 | 8,540.73 | |
| Heating Oil | 15,000.00 | 15,000.00 | 14,818.34 | 181.66 | |
| Sewage Processing and Disposal | 16,600.00 | 16,600.00 | 14,320.00 | 2,280.00 | |
| Fuel | 615,000.00 | 615,000.00 | 574,193.68 | 40,806.32 | |
| STATE UNIFORM CONSTRUCTION CODE: | | | | | |
| Construction Official: | | | | | |
| Salaries and Wages | 1,239,348.00 | 1,239,348.00 | 1,117,862.76 | 121,485.24 | |
| Other Expenses | 23,300.00 | 23,300.00 | 13,218.37 | 10,081.63 | |
| Municipal Court: | | | | | |
| Salaries and Wages | 531,908.00 | 531,908.00 | 478,981.82 | 52,926.18 | |
| Other Expenses | 36,360.00 | 36,360.00 | 25,236.22 | 11,123.78 | |
| Public Defender: | | | | | |
| Salaries and Wages | 30,000.00 | 30,000.00 | 3,858.91 | 26,141.09 | |
| CONTINGENT | <u>\$ 56,981,842.46</u> | <u>\$ 56,981,842.46</u> | <u>\$ 53,500,437.57</u> | <u>\$ 3,481,404.89</u> | <u>\$ 20,000.00</u> |
| TOTAL OPERATIONS WITHIN "CAPS" | <u>\$ 57,001,842.46</u> | <u>\$ 57,001,842.46</u> | <u>\$ 53,500,437.57</u> | <u>\$ 3,481,404.89</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, 2019

| | APPROPRIATIONS | | EXPENDED | | |
|--|------------------------|--------------------------------------|----------------------------|----------------------|-----------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | <u>CANCELED</u> |
| <u>DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL-WITHIN "CAPS"</u> | | | | | |
| <u>DEFERRED CHARGES:</u> | | | | | |
| Prior Year Bill - 2018 Interface | \$ 1,241.35 | \$ 1,241.35 | \$ 1,241.35 | \$ | \$ |
| <u>STATUTORY EXPENDITURES:</u> | | | | | |
| Contribution to: | | | | | |
| Public Employees Retirement System (P.E.R.S.) | 1,523,825.00 | 1,523,825.00 | 1,523,825.00 | | |
| Social Security System (O.A.S.I.) | 1,231,425.00 | 1,231,425.00 | 1,094,668.79 | 136,756.21 | |
| Police and Firemen's Retire System of N.J. | 3,596,388.00 | 3,596,388.00 | 3,596,388.00 | | |
| State Unemployment Insurance (S.U.I.) | 150,736.00 | 150,736.00 | 150,629.28 | 106.72 | |
| Defined Contribution Retirement Program(DCRP) | 72,798.00 | 72,798.00 | 57,762.96 | 15,035.04 | |
| <u>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"</u> | <u>\$ 6,576,413.35</u> | <u>\$ 6,576,413.35</u> | <u>\$ 6,424,515.38</u> | <u>\$ 151,897.97</u> | <u>\$</u> |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</u> | | | | | |
| | \$ 63,578,255.81 | \$ 63,578,255.81 | \$ 59,924,952.95 | \$ 3,633,302.86 | \$ 20,000.00 |
| <u>OPERATIONS- EXCLUDED FROM "CAPS":</u> | | | | | |
| Maintenance of Free Public Library | 3,703,380.00 | 3,703,380.00 | 3,387,417.99 | 315,962.01 | |
| 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>\$ 4,228,380.00</u> | <u>\$ 4,228,380.00</u> | <u>\$ 3,912,417.99</u> | <u>\$ 315,962.01</u> | <u>\$</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2019

| | <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>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</u> | | | | | | |
| Middletown Board of Education and First Aid Squads | \$ 130,000.00 | \$ 130,000.00 | \$ 130,000.00 | \$ 130,000.00 | \$ 1,210.00 | \$ |
| Monmouth County Shuttle Bus | 24,500.00 | 24,500.00 | 23,290.00 | | | |
| Monmouth Regional Health Services | 161,163.00 | 161,163.00 | 161,163.00 | | | |
| 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 | 4,800.00 | 4,800.00 | 4,800.00 | | | |
| Monmouth County Dispatch Services | 492,200.00 | 492,200.00 | 492,200.00 | | | |
| Boro of Highlands Bldg. Dept. | 192,500.00 | 192,500.00 | 192,500.00 | | | |
| <u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</u> | <u>\$ 1,083,163.00</u> | <u>\$ 1,083,163.00</u> | <u>\$ 1,081,953.00</u> | <u>\$ 1,210.00</u> | <u>\$</u> | |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

| | <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>PUBLIC AND PRIVATE PROGRAMS</u> | | | | | | | |
| <u>OFFSET BY REVENUES:</u> | | | | | | | |
| Emergency Management Assistance (40A 4-87 \$10,000.00) | \$ 10,691.85 | \$ 10,691.85 | \$ 10,691.85 | | | \$ | |
| Body Armor Grant | | 9,816.73 | 9,816.73 | | | | |
| Body Armor Grant (40A 4-87 \$9,816.73) | | 75,840.62 | 75,840.62 | 75,840.62 | | | |
| Recycling Tonage Grant | | | 122,861.89 | 122,861.89 | | | |
| Recycling Tonage Grant (40A 4-87 \$122,861.89) | | | 20,000.00 | 20,000.00 | | | |
| Recreation for Individuals With Disabilities (40A 4-87 \$20,000.00) | | | 160,009.92 | 160,009.92 | | | |
| Clean Communities Program (40A 4-87 \$160,009.92) | | | 29,053.25 | 29,053.25 | | | |
| Bulletproof Vest Program (40A 4-87 \$29,053.25) | | | 5,500.00 | 5,500.00 | | | |
| Police - Distracted Driving Crackdown | | | 30,000.00 | 30,000.00 | | | |
| Municipal Alliance DEDR Grant (40A 4-87 \$30,000.00) | | | 32,500.00 | 32,500.00 | | | |
| Senior Citizen Grant | | | 16,500.00 | 16,500.00 | | | |
| Police Child Passenger Safety Grant (40A 4-87 \$16,500.00) | | | 5,500.00 | 5,500.00 | | | |
| Homeland Security - Explosion Detection Dog (40A 4-87 \$5,500.00) | | | 5,500.00 | 5,500.00 | | | |
| Year End Holiday Crackdown (40A 4-87 \$5,500.00) | | | 20,000.00 | 7,500.00 | | 12,500.00 | |
| Matching Funds for Grants | | | | | | | |
| <u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET</u> | <u>\$ 144,532.47</u> | <u>\$ 553,774.26</u> | <u>\$ 541,274.26</u> | <u>\$ 317,172.01</u> | <u>\$ 12,500.00</u> | | |
| <u>BY REVENUES:</u> | | | | | | | |
| <u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u> | <u>\$ 5,456,075.47</u> | <u>\$ 5,865,317.26</u> | <u>\$ 5,535,645.25</u> | <u>\$ 317,172.01</u> | <u>\$ 12,500.00</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, 2019

| | APPROPRIATIONS | | EXPENDED | | |
|--|------------------------|------------------------------|------------------------|---------------------|-----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | CANCELED |
| <u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u> | | | | | |
| Capital Improvement Fund | \$ 970,000.00 | \$ 970,000.00 | \$ 970,000.00 | \$ 18,718.10 | \$ |
| Computer Technology Equipment | 130,000.00 | 130,000.00 | 111,281.90 | | |
| Health Department Equipment | 30,000.00 | 30,000.00 | 29,799.00 | 201.00 | |
| Turnout Gear | 227,000.00 | 227,000.00 | 226,178.01 | 821.99 | |
| Police Vehicles | 272,000.00 | 272,000.00 | 272,000.00 | | |
| <u>TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u> | <u>\$ 1,629,000.00</u> | <u>\$ 1,629,000.00</u> | <u>\$ 1,609,258.91</u> | <u>\$ 19,741.09</u> | <u>\$</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS

YEAR ENDED DECEMBER 31, 2019

| | APPROPRIATIONS | | EXPENDED | | |
|---|------------------------|--------------------------------------|----------------------------|-----------------|----------------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | <u>CANCELED</u> |
| <u>MUNICIPAL DEBT SERVICE -EXCLUDED FROM "CAPS"</u> | | | | | |
| Payment of Bond Principal | \$ 4,625,000.00 | \$ 4,625,000.00 | \$ 4,623,011.00 | \$ | \$ 1,989.00 |
| Payment of Bond Anticipation Notes | 1,050,000.00 | 1,050,000.00 | 1,050,000.00 | | |
| Interest on Bonds | 1,500,000.00 | 1,500,000.00 | 1,497,677.53 | | 2,322.47 |
| Interest on Notes | 325,000.00 | 325,000.00 | 100,096.18 | | 224,903.82 |
| Green Trust Loan Program: | | | | | |
| Payment of Principal and Interest | 86,642.00 | 86,642.00 | 86,642.00 | | |
| Monmouth County Improvement Authority Lease Payments | 168,000.00 | 168,000.00 | 162,843.81 | | 5,156.19 |
| <u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u> | <u>\$ 7,754,642.00</u> | <u>\$ 7,754,642.00</u> | <u>\$ 7,520,270.52</u> | <u>\$</u> | <u>\$ 234,371.48</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2019

| | APPROPRIATIONS | | EXPENDED | | |
|---|----------------------------------|----------------------------------|----------------------------------|-----------------|---------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | CANCELED |
| <u>JUDGMENTS</u> | \$ 200,000.00 | \$ 200,000.00 | \$ _____ | \$ _____ | \$ 200,000.00 |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u> | \$ 15,039,717.47 | \$ 15,448,959.26 | \$ 14,665,174.68 | \$ 336,913.10 | \$ 446,871.48 |
| <u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u> | \$ 78,617,973.28 1,300,000.00 | \$ 79,027,215.07 1,300,000.00 | \$ 74,590,127.63 1,300,000.00 | \$ 3,970,215.96 | \$ 466,871.48 |
| <u>TOTAL GENERAL APPROPRIATIONS</u> | \$ 79,917,973.28 | \$ 80,327,215.07 | \$ 75,890,127.63 | \$ 3,970,215.96 | \$ 466,871.48 |
| | REF. | A-2 | | A | |
| Budget Appropriation by 40A:4-87 | A-3 A-2 | \$ 79,917,973.28 409,241.79 | | | |
| | | \$ 80,327,215.07 | | | |
| Encumbrances Payable | A-15 | | \$ 3,716,654.37 | | |
| Reserve for Grants - Appropriated | A-26 | | 541,274.26 | | |
| Reserve for Uncollected Taxes | A-2 | | 1,300,000.00 | | |
| Reserve for Tax Appeals | A-20 | | 200,000.00 | | |
| Disbursed | A-4 | \$ 70,338,529.13 | | | |
| Less: Refunds | A-4 | (206,330.13) | | | |
| | | | 70,132,199.00 | | |
| | | | 75,890,127.63 | | |

TRUST FUND

TOWNSHIP OF MIDDLETOWN

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

| <u>ASSETS</u> | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2019</u> | <u>BALANCE DECEMBER 31, 2018</u> |
|---|-------------|--|--|
| Animal Control Fund: | | | |
| Cash | B-1 | \$ 11,210.55 | \$ 11,057.87 |
| | | \$ 11,210.55 | \$ 11,057.87 |
| Other Funds: | | | |
| Cash | B-1 | \$ 27,369,917.44 | \$ 25,606,525.10 |
| Community Development Block Grant Receivable | B-4 | 316,253.75 | 345,382.58 |
| | | \$ 27,686,171.19 | \$ 25,951,907.68 |
| | | \$ 27,697,381.74 | \$ 25,962,965.55 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Animal Control Fund: | | | |
| Due State of New Jersey | B-2 | \$ 70.20 | |
| Reserve for Animal Control Fund Expenditures | B-3 | 11,210.55 | 10,987.67 |
| | | \$ 11,210.55 | \$ 11,057.87 |
| Other Funds: | | | |
| Encumbrances Payable | B-10 | \$ 3,002,179.51 | \$ 851,344.40 |
| Reserve For: | | | |
| Miscellaneous Deposits | B-5 | 22,026,648.28 | 23,262,734.77 |
| Open Space Trust | B-6 | 2,037,427.07 | 1,272,882.35 |
| Community Development Block Grant | B-7 | 355,957.34 | 314,529.27 |
| Self-Insurance Fund | B-8 | 5,989.16 | |
| Payroll Fund | B-9 | 257,969.83 | 250,416.89 |
| | | \$ 27,686,171.19 | \$ 25,951,907.68 |
| | | \$ 27,697,381.74 | \$ 25,962,965.55 |

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

GENERAL CAPITAL FUND

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

BALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER 31, 2019 | BALANCE DECEMBER 31, 2018 |
|--------------------------------------|-------------|---------------------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| Cash | C-2:C-3 | \$ 18,869,171.75 | \$ 5,715,655.55 |
| Grants Receivable | C-4 | 637,062.50 | 1,218,312.50 |
| Deferred Capital Lease Obligation | Memo | | 161,000.00 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-5 | 41,789,388.53 | 39,549,790.21 |
| Unfunded | C-6 | 9,264,712.14 | 10,190,922.14 |
| | | \$ 70,560,334.92 | \$ 56,835,680.40 |

LIABILITIES, RESERVES AND FUND BALANCE

| | | | |
|--------------------------------|------|------------------|------------------|
| Improvement Authorizations: | | | |
| Funded | C-8 | \$ 2,851,504.63 | \$ 1,919,939.27 |
| Unfunded | C-8 | 7,755,108.11 | 5,242,738.74 |
| Serial Bonds Payable | C-9 | 41,284,000.00 | 38,969,000.00 |
| Green Acres Loan Payable | C-10 | 505,388.53 | 580,790.21 |
| Bond Anticipation Note Payable | C-11 | 9,725,000.00 | 3,650,000.00 |
| Lease Payable | Memo | | 161,000.00 |
| Various Reserves | C-12 | 189,783.66 | 420,440.07 |
| Capital Improvement Fund | C-13 | 1,927,997.00 | 1,463,407.00 |
| Contracts Payable | C-7 | 3,578,916.43 | 2,875,728.55 |
| Fund Balance | C-1 | 2,742,636.56 | 1,552,636.56 |
| | | \$ 70,560,334.92 | \$ 56,835,680.40 |

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, 2018 | C | \$ 1,552,636.56 |
| Increased by: | | |
| Premium on Bond Sale | C-2 | \$ 1,590,000.00 |
| | | \$ 3,142,636.56 |
| Decreased by: | | |
| 2019 Current Budget Revenue | C-2 | <u>400,000.00</u> |
| Balance, December 31, 2019 | C | \$ <u>2,742,636.56</u> |

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

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PUBLIC ASSISTANCE TRUST FUND

"D"

TOWNSHIP OF MIDDLETOWN

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

| | | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2019</u> | <u>BALANCE DECEMBER 31, 2018</u> |
|---|--|-------------|--|--|
| <u>ASSETS</u> | | | | |
| Cash: | | | | |
| Treasurer | | D-1 | \$ _____ - | \$ 26,556.59 |
| | | | \$ _____ - | \$ 26,556.59 |
| <u>LIABILITIES AND RESERVES</u> | | | | |
| Reserve for Public Assistance-P.A.T.F. II | | | \$ _____ - | \$ 26,556.59 |
| | | | \$ _____ - | \$ 26,556.59 |

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

GENERAL FIXED ASSET ACCOUNT GROUP

"E"

TOWNSHIP OF MIDDLETON

GENERAL FIXED ASSET ACCOUNT GROUP

BALANCE SHEET-REGULATORY BASIS

| | BALANCE DECEMBER <u>31, 2019</u> | BALANCE DECEMBER <u>31, 2018</u> |
|-------------------------------------|--|--|
| <u>FIXED ASSETS</u> | | |
| Land and Buildings | \$ 77,984,000.00 | \$ 77,984,000.00 |
| Machinery and Equipment | <u>31,320,883.12</u> | <u>29,536,996.84</u> |
| <u>TOTAL FIXED ASSETS</u> | | |
| | \$ <u>109,304,883.12</u> | \$ <u>107,520,996.84</u> |
| <u>RESERVE</u> | | |
| Investments in General Fixed Assets | \$ <u>109,304,883.12</u> | \$ <u>107,520,996.84</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, 2019 AND 2018

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

Under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (an amendment of GASB Statement No. 68), local government employers (or non-employer contributing entity in a special funding situation) are required to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

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 non-employer contributing entity that arise from other types of events.

Under GAAP, municipalities are required to recognize their proportionate share of net pension liability, deferred outflows of resources, deferred inflows of resources on the Statement of Net Position and the proportionate share of the pension related expense on the Statement of Activities.

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.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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 OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Middletown had the following cash and cash equivalents at December 31, 2019:

| <u>Fund</u> | <u>Cash in</u> | <u>Reconciling Items</u> | | <u>Change</u> | <u>Total</u> |
|-------------------|------------------------|--------------------------|-----------------------|-------------------|------------------------|
| | <u>Bank</u> | <u>Increases</u> | <u>Decreases</u> | <u>Funds</u> | |
| Checking Accounts | \$93,009,052.94 | \$467,393.71 | \$2,806,562.78 | \$3,100.00 | \$90,669,883.87 |
| Change Funds | | | | | 3,100.00 |
| | <u>\$93,009,052.94</u> | <u>\$467,393.71</u> | <u>\$2,806,562.78</u> | <u>\$3,100.00</u> | <u>\$90,672,983.87</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, 2019, 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 \$93,009,052.94, \$676,575.71 was covered by Federal Depository Insurance; \$92,332,477.23 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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Agreements for the repurchase of fully collateralized securities if:

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

The Township of Middletown had no investments outstanding at December 31, 2019.

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.

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

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

| | <u>YEAR 2019</u> | <u>YEAR 2018</u> | <u>YEAR 2017</u> |
|--|------------------------|------------------------|------------------------|
| <u>Issued:</u> | | | |
| General: | | | |
| Bonds, Notes and Loans | \$51,514,388.53 | \$43,199,790.21 | \$45,265,787.42 |
| Net Debt Issued | <u>\$51,514,388.53</u> | <u>\$43,199,790.21</u> | <u>\$45,265,787.42</u> |
| Less: Cash on Hands to Pay Notes | 8,203,687.09 | 24,676.00 | 16,515.48 |
| | <u>\$43,310,701.44</u> | <u>\$43,175,114.21</u> | <u>\$45,249,271.94</u> |
| <u>Authorized But Not Issued</u> | | | |
| General: | | | |
| Bonds and Notes | \$7,674,712.14 | \$6,540,922.14 | \$5,381,209.64 |
| Total Authorized But Not Issued | <u>\$7,674,712.14</u> | <u>\$6,540,922.14</u> | <u>\$5,381,209.64</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$50,985,413.58</u> | <u>\$49,716,036.35</u> | <u>\$50,630,481.58</u> |

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 | \$50,625,000.00 | \$50,625,000.00 | -0- |
| General Debt | <u>59,189,100.67</u> | <u>8,203,687.09</u> | <u>\$50,985,413.58</u> |
| | <u>\$109,814,100.67</u> | <u>\$58,828,687.09</u> | <u>\$50,985,413.58</u> |

NET DEBT \$50,985,413.58 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$11,139,909,688.67 EQUALS .458%.

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

| | |
|--|-------------------------|
| Equalized Valuation Basis* - December 31, 2019 | \$11,139,909,688.67 |
| 3-1/2 of Equalized Valuation Basis | 389,896,839.10 |
| Net Debt | <u>50,985,413.58</u> |
| Remaining Borrowing Power | <u>\$338,911,425.52</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, 2019

| CALANDAR YEAR | GENERAL IMPROVEMENT BONDS | | |
|------------------|---------------------------|------------------------|------------------------|
| | PRINCIPAL | INTEREST | TOTAL |
| 2020 | \$5,933,000.00 | \$1,891,884.17 | \$7,824,884.17 |
| 2021 | 5,622,000.00 | 1,662,490.00 | 7,284,490.00 |
| 2022 | 4,709,000.00 | 1,414,845.00 | 6,123,845.00 |
| 2023 | 3,530,000.00 | 1,191,600.00 | 4,721,600.00 |
| 2024 | 2,505,000.00 | 1,020,200.00 | 3,525,200.00 |
| 2025-2029 | 9,620,000.00 | 3,525,500.00 | 13,145,500.00 |
| 2030-2034 | 8,565,000.00 | 1,017,750.00 | 9,582,750.00 |
| 2035 | 800,000.00 | 32,000.00 | 832,000.00 |
| | <u>\$41,284,000.00</u> | <u>\$11,756,269.17</u> | <u>\$53,040,269.17</u> |

The General Capital Bonds are comprised of the following issues:

| ISSUE | OUTSTANDING BALANCE DECEMBER 31, 2019 |
|--|--|
| \$6,413,000.00 in Governmental Loan Revenue Bonds dated December 13, 2001, due in one remaining annual installment of \$1,000.00 on December 1, 2020 with interest at 5.000%. | \$1,000.00 |
| \$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 \$1,233,000.00 beginning December 1, 2020 and ending December 1, 2022 with interest at 4.000% . | 3,182,000.00 |
| \$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, 2020 and ending December 1, 2024 with interest ranging from 4.000% to 5.000%. | 6,775,000.00 |

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

| <u>ISSUE</u> | OUTSTANDING BALANCE DECEMBER <u>31, 2019</u> |
|---|---|
| \$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, 2020 and ending December 1, 2022 with interest at 5.000%. | \$1,071,000.00 |
| \$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, 2020 and ending December 1, 2022 with interest at 5.000%. | 1,930,000.00 |
| \$2,505,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated October 5, 2016 due in remaining annual installments ranging between \$455,000.00 and \$530,000.00 beginning August 1, 2020 and ending December 1, 2022 with interest ranging from 3.000% to 4.000%. | 2,455,000.00 |
| \$19,935,000.00 in Governmental Pooled Loan Revenue Bonds dated February 23, 2017 due in remaining annual installments ranging between \$970,000.00 and \$1,840,000.00 beginning February 15, 2020 and ending February 15, 2032 with an interest rate of 5.00% | 17,735,000.00 |
| \$8,135,000.00 in Governmental Pooled Loan Revenue Bonds dated December 23, 2019 due in remaining annual installments ranging between \$400,000.00 and \$800,000.00 beginning June 30, 2020 and ending June 30, 2035 with interest ranging from 4.00% to 5.00% | <u>8,135,000.00</u> |
| Total | <u>\$41,284,000.00</u> |

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

STATE OF NEW JERSEY GREEN TRUST LOANS

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

| <u>Year</u> | <u>Loan Number</u> | <u>Loan Amount</u> |
|-------------|--------------------|--------------------|
| 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> |
| 2020 | \$76,917.26 | \$9,725.10 | \$86,642.36 |
| 2021 | 78,463.28 | 8,179.07 | 86,642.35 |
| 2022 | 80,040.41 | 6,601.94 | 86,642.35 |
| 2023 | 81,649.22 | 4,993.12 | 86,642.34 |
| 2024 | 83,290.36 | 3,351.98 | 86,642.34 |
| 2025 | 50,970.81 | 1,677.85 | 52,648.66 |
| 2026 | 17,661.69 | 993.27 | 18,654.96 |
| 2027 | 18,016.68 | 638.27 | 18,654.95 |
| 2028 | 18,378.82 | 276.14 | 18,654.96 |
| | <u><u>\$505,388.53</u></u> | <u><u>\$36,436.74</u></u> | <u><u>\$541,825.27</u></u> |

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2019, the Township has authorized but not issued bonds and notes as follows:

| | |
|----------------------|-----------------------|
| General Capital Fund | <u>\$7,674,712.14</u> |
|----------------------|-----------------------|

SHORT TERM DEBT

At December 31, 2019, the Township has the following Bond Anticipation Note outstanding:

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 | 3/12/2020 | 2.50% | \$14,903.00 |
| 3188/3219 | 6/27/2018 | 6/25/2019 | 3/12/2020 | 2.50% | 2,585,097.00 |
| 3188/3219 | 6/25/2019 | 6/25/2019 | 3/12/2020 | 2.50% | 428,350.00 |
| 3051 | 6/25/2019 | 6/25/2019 | 3/12/2020 | 2.50% | 207,200.00 |
| 3224 | 6/25/2019 | 6/25/2019 | 3/12/2020 | 2.50% | 276,937.00 |
| 3227/3233 | 6/25/2019 | 6/25/2019 | 3/12/2020 | 2.50% | 4,210,578.00 |
| 3229 | 6/25/2019 | 6/25/2019 | 3/12/2020 | 2.50% | 380,000.00 |
| 3254 | 6/25/2019 | 6/25/2019 | 3/12/2020 | 2.50% | <u>1,621,935.00</u> |
| | | | | | <u>\$9,725,000.00</u> |

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2019, which was appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2020 were as follows:

| | |
|--------------|------------------------|
| Current Fund | <u>\$8,500,000.00*</u> |
|--------------|------------------------|

* - 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, 2019</u> | Balance December <u>31, 2018</u> |
|---------------|--|--|
| Prepaid Taxes | <u>\$1,430,392.10</u> | <u>\$1,600,360.16</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, 2019 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 2019, members contributed at a uniform rate of 10.00% of base salary.

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

| Year Ended December 31, | Public Employees Retirement System | Police & Firemen's Retirement System | Defined Contribution Retirement System | Total |
|----------------------------|---------------------------------------|---|---|----------------|
| 2019 | \$1,736,732.00 | \$3,596,388.00 | \$57,762.96 | \$5,390,882.96 |
| 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 |

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 2019 is as follows:

| <u>Retirement System</u> | <u>Original Amount Deferred</u> | <u>Balance December 31, 2018</u> | <u>2019 Payments</u> | <u>Balance December 31, 2019</u> |
|--------------------------|---------------------------------|----------------------------------|----------------------|----------------------------------|
| PFRS | \$ 1,080,551.00 | \$ 623,565.00 | \$ 93,457.00 | \$ 530,108.00 |
| PERS | <u>455,410.00</u> | <u>259,639.00</u> | <u>40,352.00</u> | <u>219,287.00</u> |
| Total | <u>\$ 1,535,961.00</u> | <u>\$ 883,204.00</u> | <u>\$ 133,809.00</u> | <u>\$ 749,395.00</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, 2019. 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, 2019.

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$27,308,936.00 for the Township's proportionate share of the total net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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, 2019, the Township's proportion was 0.1515606828 percent, which was a decrease of 0.0094386272. percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$1,025,237.00 for the Township's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statements based on the April 1, 2019 billing was \$1,601,423.00.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflow of <u>Resources</u> | Deferred Inflow of <u>Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 490,160.00 | \$ 120,639.00 |
| Changes of assumptions | 2,726,898.00 | 9,478,845.00 |
| Net difference between projected and actual earnings on pension plan investments | | 431,082.00 |
| Changes in proportion and differences between Township contributions and proportionate share of contributions | <u>886,662.00</u> | <u>2,271,051.00</u> |
| | <u><u>\$ 4,103,720.00</u></u> | <u><u>\$ 12,301,617.00</u></u> |

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

| <u>Year Ended</u> <u>June 30,</u> | <u>Amount</u> |
|--------------------------------------|--------------------------------|
| 2020 | (\$1,065,434.80) |
| 2021 | (2,834,943.80) |
| 2022 | (2,561,081.80) |
| 2023 | (1,349,428.80) |
| 2024 | <u>(387,007.80)</u> |
| | <u><u>(\$8,197,897.00)</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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

| | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|------------------------------|----------------------|----------------------|
| Inflation | 2.75% | 2.25% |
| Salary Increases | | |
| Through 2026 | 2.00-6.00% | 1.65-4.15% |
| Thereafter | 3.00-7.00% | 2.65-5.15% |
| Based on Years of Service | Based on Age | |
| Investment Rate of Return | 7.00% | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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 both June 30, 2019 and June 30, 2018) 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, 2019 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 | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| U.S. Equity | 28.00% | 8.26% |
| Non-U.S. Developed Market Equity | 12.50% | 9.00% |
| Emerging Market Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of net pension liability to changes in the discount rate

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2019 | | |
|--|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>5.28%</u> | At Current Discount Rate <u>6.28%</u> | 1% Increase <u>7.28%</u> |
| Township's proportionate share of the pension liability | \$34,735,599.00 | \$27,308,936.00 | \$21,400,985.00 |

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>

Police and Firemen's Retirement System (PFRS)

At June 30, 2019, the State reported a net pension liability of \$42,563,586.00 for the Township's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

At June 30, 2019, the Township's proportion was 0.3478036973 percent, which was a decrease of 0.0030092517 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$4,282,453.00. The pension expense recognized in the Township's financial statements based on the April 1, 2019 billing was \$3,429,709.00.

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|--|-------------------------------------|------------------------------------|
| Differences between expected and actual experience | \$ 359,291.00 | \$ 269,478.00 |
| Changes of assumptions | 1,458,460.00 | 13,756,161.00 |
| Net difference between projected and actual earnings on pension plan investments | | 576,723.00 |
| Changes in proportion and differences between the Township's contributions and proportionate share of contributions | <u>3,181,612.00</u> | <u>1,219,840.00</u> |
| | <u><u>\$ 4,999,363.00</u></u> | <u><u>\$ 15,822,202.00</u></u> |

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 | | Amount |
|------------|----------------------------------|--------|
| June 30 | | |
| 2020 | \$ (1,839,067.60) | |
| 2021 | (4,291,755.60) | |
| 2022 | (2,924,976.60) | |
| 2023 | (1,242,864.60) | |
| 2024 | <u>(524,174.60)</u> | |
| | <u><u>\$ (10,822,839.00)</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, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

| | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|---------------------------|---------------------------|----------------------|
| Inflation | 2.75% | 2.25% |
| Salary Increases | | |
| Through all future years | 3.25-15.25% | 2.10-9.98% |
| | Based on years of Service | Based on Age |
| Investment Rate of Return | 7.00% | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2019 and June 30, 2018) 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, 2019 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 | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| US Equity | 28.00% | 8.26% |
| Non-U.S. Developed Market Equity | 12.50% | 9.00% |
| Emerging Market Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

Discount Rate

The discount rate used to measure the total pension liability was 6.85% and 6.51% as of June 30, 2019 and June 30, 2018, 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, 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and June 30, 2018 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 nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% 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 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate

The following presents the Township's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2019 | | |
|---|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>5.85%</u> | At Current Discount Rate <u>6.85%</u> | 1% Increase <u>7.85%</u> |
| Township's proportionate share of the PFRS pension liability | \$57,530,458.00 | \$42,563,586.00 | \$30,176,343.00 |

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At June 30, 2019 and 2018, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$6,720,871.00 and \$6,448,111.00, respectively.

At June 30, 2019, 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 | \$42,563,586.00 |
| State of New Jersey Proportionate Share of Net Pension Liability Associated with the Township | <u>6,720,871.00</u> |
| | <u><u>\$49,284,457.00</u></u> |

Pension plan fiduciary net position

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

NOTE 7: LITIGATION

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

NOTE 8: SCHOOL TAXES

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

| | | LOCAL DISTRICT SCHOOL TAX | |
|-----------------|---------------------------|---------------------------|---------------------------|
| | BALANCE | | BALANCE |
| | DECEMBER | | DECEMBER |
| | <u>31, 2019</u> | | <u>31, 2018</u> |
| Balance of Tax | \$71,303,424.00 | | \$69,923,562.00 |
| Deferred | <u>61,820,000.00</u> | | <u>61,820,000.00</u> |
| Tax Payable | <u>\$9,483,424.00</u> | | <u>\$8,103,562.00</u> |

NOTE 9: COMPENSATED ABSENCES

Under the existing policy of the Township, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken at a time off or paid at a later date as outlined in Township personnel policies. It is estimated that, at December 31, 2019, the current cost of such unpaid compensation would approximate \$4,900,057.23 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 \$2,318,538.42 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 2019 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has made provision, from tax revenues, in the amount of \$2,098,409.19 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> |
|-------------|-----------------|-------------------------------|-------------------------------|--------------------------|-----------------------|
| 2019 | \$10,383.19 | \$23,648.88 | \$42,306.48 | \$23,000.00 | \$593,217.44 |
| 2018 | 6,048.57 | 30,456.74 | 39,503.31 | - | 539,878.89 |
| 2017 | - | - | 39,570.51 | 58,850.54 | 463,870.27 |

NOTE 13: DEFERRED CHARGES:

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, 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, 2019:

| | <u>Interfund</u> <u>Receivable</u> | <u>Interfund</u> <u>Payable</u> |
|--------------|---------------------------------------|------------------------------------|
| Current Fund | \$ | \$ 666,091.52 |
| Grant Fund | <u>666,091.52</u> | <u> </u> |
| | <u> </u> | <u> </u> |
| | <u>\$ 666,091.52</u> | <u>\$ 666,091.52</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, Lincoln National, 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

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 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 benefits provided that they have meet the eligibility requirement contained in the Township' various labor agreements.

Employees Covered by Benefits Terms

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits payments | 231 |
| Inactive employees entitled to but not currently receiving benefits payments | -0- |
| Active Employees | 253 |
| | 484 |

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

Contributions

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

Retirees and their dependents are required to contribute toward the cost of the postretirement medical, prescription drug, dental and vision coverage in accordance with the provisions set forth under Chapter 78. An employee who retires after satisfying the eligibility requirements who had less than 20 years of PERS or PFRS service as of June 28, 2011, shall be required to contribute toward the cost of postretirement healthcare benefits. The retirement contributions are based on a percentage of the postretirement healthcare cost and vary based on coverage tier and amount of PERS or PFRS pension amounts based on tables presented in the Township's plan document, ranging from 3.5% to 35%.

Net OPEB Liability

The Township's total OPEB liability of \$206,998,107 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2018–January 1, 2019.

NOTE 17: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (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, 2019 and December 31, 2019, based on the "The S&P Municipal Bond 20-year High Grade Index", are 3.64% and 3.26%, respectively.

Changes in the Total OPEB Liability

| | <u>Net OPEB Liability</u> |
|---|-------------------------------|
| Balance at 12/31/18 | \$194,111,726 |
| <u>Changes for the year:</u> | |
| Service cost | 4,990,224 |
| Interest Cost | 6,950,716 |
| Differences between expected and actual experience | (5,626,902) |
| Changes in assumptions or other inputs | 12,888,343 |
| Benefit payments | <u>(6,318,000)</u> |
| Net change in OPEB Liability | <u>12,884,381</u> |
| Balance at 12/31/19 | <u>\$206,996,107</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 (3.1 percent) or 1-percentage point higher (5.1 percent) than the current discount rate:

| | December 31, 2019 | | |
|--------------------|-------------------|----------------------------|---------------------------|
| | 1.00% | At Discount Rate (3.26) | 1.00% Increase (4.26%) |
| Net OPEB Liability | \$240,903,108 | \$206,996,107 | \$173,093,106 |

NOTE 17: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (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, 2019 | | |
|--------------------|--|--|--|
| | 1.00% <u>Decrease</u> <u>(7.0% decreasing to 4.0%)</u> | Healthcare Cost <u>Trend Rate</u> <u>(8.0% decreasing to 5.0%)</u> | 1.00% <u>Increase</u> <u>(9.0% decreasing to 6.0%)</u> |
| Net OPEB Liability | \$170,651,805 | \$206,996,107 | \$250,587,826 |

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

For the year ended December 31, 2019 the actuarially determined OPEB expense reflected in the MTRMP report was \$13,703,677 The OPEB expense recognized in the Township's financial statement based on actual billing was \$6,316,000.00.

At December 31, 2019, 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 |
|---|------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 4,689,085.00 | \$ 2,209,988.00 |
| Changes of assumptions | - | 10,740,286.00 |
| | <u>\$ 4,689,085.00</u> | <u>\$ 12,950,274.00</u> |

NOTE 17: GASB 75: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (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> |
|------------------------------|---------------------------|
| 2020 | \$1,762,737 |
| 2021 | 1,762,737 |
| 2022 | 1,762,737 |
| 2023 | 1,762,737 |
| 2024 | <u>1,210,241</u> |
| | <u><u>\$8,261,189</u></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 2019, 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 24, 2020 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that the following subsequent event needed to be disclosed.

Subsequent to the date of these Financial Statements the COVID-19 Corona Virus spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the Township's operations in 2020 cannot reasonably be estimated at this time but is expected to negatively affect revenues.

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TOWNSHIP OF MIDDLETOWN

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2019

TOWNSHIP OF MIDDLETOWN
SCHEDULE OF CASH-TREASURER

| | <u>REF.</u> | | <u>CURRENT FUND</u> |
|---|-------------|-------------------|-------------------------|
| Balance, December 31, 2018 | A | | \$ 40,203,119.38 |
| Increased by Receipts: | | | |
| Collector | A-5 | \$ 240,799,996.51 | |
| Miscellaneous Revenue Not Anticipated | A-2 | 221,453.10 | |
| Appropriation Refunds | A-3 | 206,330.13 | |
| Petty Cash | A-7 | 975.00 | |
| State of New Jersey-Senior Citizens and Veterans Deductions-Chapter 20, P.L.1971 | A-8 | 468,643.00 | |
| Revenue Accounts Receivable | A-12 | 16,029,168.85 | |
| Various Reserves | A-19 | 231,413.15 | |
| Grants Receivable | A-25 | 790,785.12 | |
| | | | <u>258,748,764.86</u> |
| | | | \$ 298,951,884.24 |
| Decreased by Disbursements: | | | |
| 2019 Appropriations | A-3 | \$ 70,338,529.13 | |
| 2018 Appropriation Reserves | A-13 | 3,418,252.12 | |
| Petty Cash | A-7 | 975.00 | |
| Accounts Payable | A-16 | 51,100.00 | |
| Refund of Tax Overpayments | A-18 | 357,526.80 | |
| Reserve for: | | | |
| Various Reserves | A-19 | 7,515.00 | |
| Appropriated Grants | A-26 | 350,152.85 | |
| County Taxes | A-21 | 29,846,012.98 | |
| Due County-Added Taxes | A-22 | 242,569.79 | |
| Local District School Tax | A-23 | 147,867,920.00 | |
| Municipal Open Space Tax Payable | A-24 | 2,283,508.33 | |
| Refund of Prior Year Revenue | A-1 | 8,621.60 | |
| | | | <u>254,772,683.60</u> |
| Balance, December 31, 2019 | A | | <u>\$ 44,179,200.64</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

| | <u>REF.</u> | | |
|---------------------------------------|-------------|----|-----------------------|
| Balance, December 31, 2018 | A | \$ | 187,682.10 |
| Received: | | | |
| Taxes Receivable | A-9 | \$ | 238,811,850.98 |
| Tax Title Liens | A-10 | | 37,020.46 |
| Revenue Accounts Receivable | A-12 | | 350,429.81 |
| 2020 Taxes Prepaid | A-17 | | 1,380,582.29 |
| Tax Overpayments | A-18 | | 266,319.49 |
| Miscellaneous Revenue Not Anticipated | A-2 | | <u>6,494.87</u> |
| | | | <u>240,852,697.90</u> |
| | | \$ | <u>241,040,380.00</u> |
| Decreased by Disbursements: | | | |
| Payments to Treasurer | A-4 | | <u>240,799,996.51</u> |
| Balance, December 31, 2019 | A | \$ | <u>240,383.49</u> |

"A-6"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2018 and
December 31, 2019

A

\$ 3,100.00

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 | | 50.00 |
| | \$ | <u>3,100.00</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 | 200.00 | 200.00 |
| | \$ <u>975.00</u> | \$ <u>975.00</u> |

REF.

A-4

A-4

"A-8"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

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

| | REF. | | |
|--|------|-------------------|-------------------|
| Balance, December 31, 2018 | A | \$ | 7,724.13 |
| Increased by: | | | |
| Senior Citizens and Veterans Deductions: | | | |
| Per Tax Duplicate | | \$ 465,427.41 | |
| Allowed by Collector | | <u>13,000.00</u> | |
| | | <u>478,427.41</u> | |
| | | \$ | <u>486,151.54</u> |
| Decreased by: | | | |
| Received From State | A-4 | \$ 468,643.00 | |
| Disalloweed by Collector - Prior Year | A-1 | 6,357.00 | |
| Disalloweed by Collector - Current Year | | <u>5,010.48</u> | |
| | | <u>480,010.48</u> | |
| Balance, December 31, 2019 | A | \$ | <u>6,141.06</u> |

CALCULATION OF STATE'S SHARE OF
2019 SENIOR CITIZENS AND VETERANS DEDUCTIONS

| | | |
|---|-----|-------------------|
| Senior Citizens and Veterans Deductions: | | |
| Per Tax Duplicate | | \$ 465,427.41 |
| Allowed by Collector | | <u>13,000.00</u> |
| | | <u>478,427.41</u> |
| Less: Disalloweed by Collector - Current Year | | <u>5,010.48</u> |
| | A-9 | \$ |
| | | <u>473,416.93</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

REF. A A-2:A-17 A-2 A-10 A-11 A

| | | |
|----------------------------|-----|-------------------|
| Collector | A-5 | \$ 238,811,850.98 |
| Senior Citizens Deductions | A-8 | <u>473,416.93</u> |
| | | \$ 239,285,267.91 |

ANALYSIS OF 2019 PROPERTY TAX LEVY

| | |
|---------------------|---------------------|
| TAX YIELD | |
| General Purpose Tax | \$ 239,319,775.08 |
| Added Taxes | <u>1,822,386.43</u> |
| | \$ 241,142,161.51 |

TAX LEVY
Local District School Tax (Abstract) A-23 \$ 149,247,782.00
Municipal Open Space Tax A-24 2,283,508.33

| | | | |
|--|------|----|-------------------|
| County Taxes: | | | |
| County Tax (Abstract) | A-21 | \$ | 29,846,012.98 |
| Due County for Adced Taxes (54:4-63.1 et.seq.) | A-22 | | <u>228,253.49</u> |
| TOTAL COUNTY TAXES | | | 30,074,266.47 |

| | | |
|---|-----|----------------------|
| Local Tax for Municipal Purposes (Abstract) | A-2 | \$ 54,149,054.81 |
| Minimum Library Tax | A-2 | 3,703,380.00 |
| Add: Additional Tax Levied | | <u>1,684,169.90</u> |
| Local Tax for Municipal Purposes Levied | | <u>59,536,604.71</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

| | | <u>REF.</u> | |
|---------------------------------|------|--------------|----------------------|
| Balance, December 31, 2018 | | A | \$ 564,532.01 |
| Increased by: | | | |
| Transfers From Taxes Receivable | A-9 | \$ 23,707.92 | |
| Interest and Cost on Sale | | 510.00 | |
| | | | 24,217.92 |
| | | | \$ 588,749.93 |
| Decreased by: | | | |
| Cash Receipts | A-5 | \$ 37,020.46 | |
| Transfer to Foreclosed Property | A-11 | 391,446.52 | |
| | | | 428,466.98 |
| Balance, December 31, 2019 | | A | \$ <u>160,282.95</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

| | | <u>REF.</u> | |
|--------------------------------|------|---------------------|---------------------|
| Balance, December 31, 2018 | A | | \$ 206,000.00 |
| Increased by: | | | |
| Transfer from Taxes Receivable | A-9 | \$ 31,734.78 | |
| Transfer from Tax Title Liens | A-10 | 391,446.52 | |
| Gain on Sales | | 20,000.00 | |
| Adjustment to Assessed Value | | <u>1,582,618.70</u> | |
| | | | <u>2,025,800.00</u> |
| | | | <u>2,231,800.00</u> |
| Decreased by: | | | |
| Sales | A-2 | | <u>100,000.00</u> |
| Balance, December 31, 2019 | | \$ | <u>2,131,800.00</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| REF. | BALANCE DECEMBER 31, 2018 | | ACCRUED IN 2019 | COLLECTED BY | | BALANCE DECEMBER 31, 2019 |
|--------------------------------------|---------------------------------|-----------|--------------------|--------------|------------|---------------------------------|
| | COLLECTOR | TREASURER | | | | |
| Licenses: | | | | | | |
| Alcoholic Beverages | A-2 | \$ | \$ | 69,376.00 | \$ | 69,376.00 |
| Other | A-2 | | | 56,968.00 | | 56,968.00 |
| Fees and Permits: | | | | | | |
| Construction Code Official | A-2 | | | 2,246,989.00 | | 2,246,989.00 |
| Other: | | | | | | |
| Assessment Search Fees | A-2 | | | 1,520.00 | | 1,520.00 |
| Environmental Disturbance Fees | A-2 | | | 11,844.19 | | 11,844.19 |
| Street Opening Permits | A-2 | | | 93,847.49 | | 93,847.49 |
| Filing Fees - DPW | A-2 | | | 3,945.15 | | 3,945.15 |
| DPW Recycling and Garbage Cans | A-2 | | | 7,400.00 | | 7,400.00 |
| Variance Fees | A-2 | | | 188,411.71 | | 188,411.71 |
| Planning and Zoning Board Fees | A-2 | | | 39,741.95 | | 39,741.95 |
| Miscellaneous Fees | A-2 | | | 12,644.30 | | 12,644.30 |
| Tax Sale Ad Fees | A-2 | | | 52,230.49 | 52,230.49 | |
| Health Fees | A-2 | | | 59,717.00 | | 59,717.00 |
| Registrar Fees | A-2 | | | 13,203.00 | | 13,203.00 |
| Registrar EDRS Fees | A-2 | | | 19,776.00 | | 19,776.00 |
| Middletown Arts Center | A-2 | | | 3,300.00 | | 3,300.00 |
| Gun Permit Fees | A-2 | | | 2,203.40 | | 2,203.40 |
| ABC Permits | A-2 | | | 2,400.00 | | 2,400.00 |
| Youth Week | A-2 | | | 154.45 | | 154.45 |
| Police Accident Reports | A-2 | | | 3,174.90 | | 3,174.90 |
| Fire Prevention Fees | A-2 | | | 86,700.00 | | 86,700.00 |
| Fire Acadamy User Fees | A-2 | | | 13,390.00 | | 13,390.00 |
| Fines and Costs: | | | | | | |
| Municipal Court | A-2 | | 54,042.22 | 710,971.58 | | 722,573.14 |
| Interest and Costs on Taxes | A-2 | | | 298,199.32 | 298,199.32 | 42,440.66 |
| Interest on Investments and Deposits | A-2 | | | 1,594,790.44 | | 1,594,790.44 |
| Railroad Parking Lot Receipts | A-2 | | | 621,539.15 | | 621,539.15 |
| Cable TV Franchise Fees | A-2 | | | 458,857.93 | | 458,857.93 |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| <u>REF.</u> | <u>BALANCE DECEMBER 31, 2013</u> | <u>ACCRUED IN 2019</u> | <u>COLLECTED BY</u> | | <u>BALANCE DECEMBER 31, 2019</u> |
|---|--|----------------------------|---------------------|------------------|--|
| | | | <u>COLLECTOR</u> | <u>TREASURER</u> | |
| Verizon Fios Franchise Fees | A-2 | \$ 563,088.54 | \$ 563,088.54 | \$ 563,088.54 | \$ 563,088.54 |
| Senior Citizen Housing PILOT | A-2 | 401,313.00 | | | 401,313.00 |
| Edgewater Park PILOT | A-2 | 108,400.36 | | | 108,400.36 |
| Chapel Hill Associates PILOT | A-2 | 37,924.00 | | | 37,924.00 |
| Sloan Kettering PILOT | A-2 | 220,940.11 | | | 220,940.11 |
| Vanderbilt LLC (E&N) | A-2 | 9,083.70 | | | 9,083.70 |
| 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 | 226,461.17 | | | 226,461.17 |
| Fair Haven Tax Collector Shared Service | A-2 | 18,360.00 | | | 18,360.00 |
| Fair Haven CFO Shared Service | A-2 | 61,200.00 | | | 61,200.00 |
| Fair Haven QPA Shared Service | A-2 | 5,300.00 | | | 5,300.00 |
| Borough of Highlands Building Department Shared Service | A-2 | 192,500.00 | | | 192,500.00 |
| Uniform Fire Safety Act | A-2 | 95,010.14 | | | 95,010.14 |
| Capital Fund - Surplus | A-2 | 24,676.00 | | | 24,676.00 |
| Rental Income | A-2 | 1.00 | | | 1.00 |
| Rental Income - Middletown EMS | A-2 | 9,000.00 | | | 9,000.00 |
| Hotel Occupancy Tax | A-2 | 269,192.63 | | | 269,192.63 |
| Sewage Authority Surplus Contribution | A-2 | 481,342.00 | | | 481,342.00 |
| Field User Fees | A-2 | 156,221.00 | | | 156,221.00 |
| Capital Reserve - Note Premium | A-2 | 400,000.00 | | | 400,000.00 |
| Reserve for Police Outside Admin Fee | A-2 | 362,000.00 | | | 362,000.00 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | \$ 54,042.22 | \$ 16,367,997.10 | \$ 350,429.81 | \$ 16,029,168.85 | \$ 42,440.66 |

REF.

A

A-5

A-4

A

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2018 | BALANCE AFTER TRANSFERS | PAID OR CHARGED | BALANCE LAPSED |
|---|---------------------------------|-------------------------------|--------------------|-------------------|
| GENERAL GOVERNMENT: | | | | |
| Administrative and Executive: | | | | |
| Salaries and Wages | \$ 31,762.87 | \$ 31,762.87 | \$ 2,618.57 | \$ 29,144.30 |
| Other Expenses | 8,453.72 | 9,599.62 | 817.44 | 8,782.18 |
| Purchasing: | | | | |
| Salaries and Wages | 3,338.03 | 3,338.03 | 1,312.50 | 2,025.53 |
| Other Expenses | 1,753.66 | 1,766.47 | 12.81 | 1,753.66 |
| Township Committee: | | | | |
| Salaries and Wages | 769.72 | 769.72 | | 769.72 |
| Other Expenses | 433.37 | 1,246.37 | 330.00 | 916.37 |
| Township Clerk: | | | | |
| Salaries and Wages | 25,053.32 | 25,053.32 | | 25,053.32 |
| Other Expenses | 4,207.05 | 5,844.51 | 522.75 | 5,321.76 |
| Elections: | | | | |
| Salaries and Wages | 2,078.12 | 2,078.12 | | 2,078.12 |
| Other Expenses | 3,271.43 | 3,271.43 | 1,200.00 | 2,071.43 |
| Financial Administration: | | | | |
| Salaries and Wages | 8,060.95 | 8,060.95 | | 8,060.95 |
| Other Expenses | 29,472.60 | 34,032.91 | -7,567.50 | 41,600.41 |
| Audit Services | 13,650.00 | 14,500.00 | 900.00 | 13,600.00 |
| Data Processing Center: | | | | |
| Salaries and Wages | 2,850.50 | 2,850.50 | | 2,850.50 |
| Other Expenses | 28,945.32 | 33,576.14 | 4,880.08 | 28,696.06 |
| Collection of Taxes: | | | | |
| Salaries and Wages | 14,640.96 | 14,640.96 | | 14,640.96 |
| Other Expenses | 12,751.67 | 15,829.65 | 3,752.45 | 12,077.20 |
| Liquidation of Tax Title Liens and Foreclosed Property: | | | | |
| Other Expenses | 2,273.77 | 23,823.42 | 18,083.61 | 5,739.81 |
| Assessment of Taxes: | | | | |
| Salaries and Wages | 117,105.38 | 117,105.38 | | 117,105.38 |
| Other Expenses | 28,047.49 | 38,247.30 | 12.81 | 38,234.49 |
| Maintenance of Tax Map | | | | |
| Legal Services and Costs: | | | | |
| Other Expenses | 40,412.53 | 96,210.84 | 15,930.20 | 80,280.64 |
| Municipal Prosecutor: | | | | |
| Salaries and Wages | 0.14 | 0.14 | | 0.14 |
| Other Expenses | 14,400.00 | 14,400.00 | | 14,400.00 |
| Engineering Service and Costs: | | | | |
| Other Expenses | 48,888.39 | 53,893.41 | 15,257.28 | 38,636.13 |
| Planning: | | | | |
| Salaries and Wages | 6,294.41 | 6,294.41 | | 6,294.41 |
| Other Expenses | 22,669.48 | 23,744.21 | 45.09 | 23,699.12 |
| Planning Board: | | | | |
| Salaries and Wages | 4,269.83 | 4,269.83 | | 4,269.83 |
| Other Expenses | 39,866.56 | 44,850.16 | 7,892.50 | 36,957.66 |
| Zoning Board of Adjustment: | | | | |
| Salaries and Wages | 5,186.97 | 5,186.97 | | 5,186.97 |
| Other Expenses | 21,889.00 | 26,241.00 | 2,000.00 | 24,241.00 |
| Insurance: | | | | |
| General Liability | 63,156.61 | 64,153.09 | 64,153.09 | |
| Workers Compensation Insurance | 192,000.00 | 407,532.77 | 407,532.77 | |
| Employees Group Health | 94,359.87 | 476,833.42 | 476,833.42 | |
| PUBLIC SAFETY: | | | | |
| Fire: | | | | |
| Salaries and Wages | 41,568.35 | 41,568.35 | | 41,568.35 |
| Other Expenses: | 1,758.05 | 92,774.14 | 89,937.57 | 2,836.57 |
| Fire Hydrant Service | | 84,802.48 | 64,524.92 | 20,277.56 |
| Uniform Fire Safety Act (Ch. 383, PL1983) | | | | |
| Uniform Fire Safety Bureau: | | | | |
| Salaries and Wages | 15,150.25 | 15,150.25 | | 15,150.25 |
| Other Expenses | 537.20 | 2,071.92 | 1,524.99 | 546.93 |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2018 | BALANCE AFTER TRANSFERS | PAID OR CHARGED | BALANCE LAPSED |
|--|---------------------------------|-------------------------------|--------------------|-------------------|
| Police: | | | | |
| Salaries and Wages | \$ 367,022.42 | \$ 367,022.42 | \$ 100,098.37 | \$ 367,022.42 |
| Other Expenses | 78,834.55 | 192,633.37 | | 92,537.00 |
| Emergency Management Services: | | | | |
| Salaries and Wages | 7,957.12 | 7,957.12 | | 7,957.12 |
| Other Expenses | 8,119.62 | 13,352.15 | 5,333.05 | 8,019.10 |
| First Aid: | | | | |
| Other Expenses | 11,244.96 | 30,033.01 | 9,362.61 | 20,670.40 |
| STREETS AND ROADS: | | | | |
| Department of Public Works: | | | | |
| Salaries and Wages | 371,544.47 | 371,544.47 | 73,445.34 | 298,099.13 |
| Other Expenses | 50,358.61 | 146,393.59 | 56,882.30 | 89,511.29 |
| Snow Removal: | | | | |
| Other Expenses | 12,324.30 | 26,819.75 | 24,337.74 | 2,482.01 |
| Parks: | | | | |
| Salaries and Wages | 137,465.67 | 137,465.67 | | 137,465.67 |
| Other Expenses | 143,189.14 | 248,573.14 | 79,756.51 | 168,816.63 |
| Beach Operations | 4,925.42 | 5,000.00 | 74.58 | 4,925.42 |
| Recycling: | | | | |
| Salaries and Wages | 14,339.90 | 14,339.90 | | 14,339.90 |
| Other Expenses | 180,332.01 | 466,031.20 | 293,315.51 | 172,715.69 |
| DEPARTMENT OF PUBLIC WORKS AND ENGINEERING: | | | | |
| DPW Administration: | | | | |
| Salaries and Wages | 2,353.27 | 2,353.27 | | 2,353.27 |
| Other Expenses | 4,810.64 | 7,617.01 | 1,178.84 | 6,438.17 |
| Maintenance of Public Property: | | | | |
| Salaries and Wages | 28,029.50 | 28,029.50 | | 28,029.50 |
| Other Expenses | 74,099.79 | 191,291.21 | 77,226.22 | 114,064.99 |
| Vehicle Maintenance: | | | | |
| Salaries and Wages | 58,596.34 | 58,596.34 | | 58,596.34 |
| Other Expenses | 16,059.12 | 258,975.95 | 198,218.32 | 60,757.63 |
| Condo Maintenance: | | | | |
| Other Expenses | 134,733.41 | 147,243.96 | 147,243.96 | |
| HEALTH AND WELFARE: | | | | |
| Board of Health: | | | | |
| Salaries and Wages | 17,731.54 | 17,731.54 | | 17,731.54 |
| Other Expenses | 9,066.14 | 10,601.01 | 327.23 | 10,273.78 |
| Animal Control Regulation: | | | | |
| Salaries and Wages | 15,000.00 | 15,000.00 | | 15,000.00 |
| Other Expenses | 27,026.92 | 34,347.57 | 2,475.46 | 31,872.11 |
| RECREATION: | | | | |
| Recreation Department: | | | | |
| Salaries and Wages | 74,153.83 | 74,153.83 | | 74,153.83 |
| Other Expenses | 2,234.50 | 14,669.28 | 7,288.39 | 7,380.89 |
| ALLIANCE FOR ALCOHOL AND DRUG ABUSE: | | | | |
| Salaries and Wages | 46,573.30 | 46,573.30 | | 46,573.30 |
| Other Expenses | 25,801.50 | 25,855.50 | | 25,855.50 |
| STATE UNIFORM CONSTRUCTION CODE: | | | | |
| Construction Official: | | | | |
| Salaries and Wages | 73,119.97 | 73,119.97 | | 73,119.97 |
| Other Expenses | 30,037.09 | 31,205.54 | 725.99 | 30,479.55 |
| UNCLASSIFIED: | | | | |
| Railroad Parking Lot Lease | 3,900.00 | 3,900.00 | | 3,900.00 |
| Employee Accumulated Leave | 486,867.65 | 486,867.65 | 486,867.65 | |
| Sick Time Buy Back | 54,236.81 | 54,236.81 | 54,236.81 | |
| Utilities | 5,213.65 | 85,149.07 | 76,005.61 | 9,143.46 |
| Street Lighting | 74,000.00 | 125,785.52 | 11,139.08 | 114,646.44 |
| Telephone | 68,717.82 | 97,798.76 | 33,554.46 | 64,244.30 |
| Water | | 84,065.64 | 10,489.31 | 53,576.33 |
| Natural Gas | 13,926.44 | 100,770.56 | 23,756.08 | 77,014.48 |
| Heating Oil | 305.55 | 6,089.95 | 3,285.16 | 2,784.79 |
| Sewage Processing | 300.00 | 5,240.00 | 1,325.00 | 3,915.00 |
| Fuel | 21,832.56 | 128,020.18 | 56,124.72 | 71,695.46 |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2018 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2018 | BALANCE AFTER TRANSFERS | PAID OR CHARGED | BALANCE LAPSED |
|--------------------|---------------------------------|-------------------------------|--------------------|-------------------|
| Municipal Court: | | | | |
| Salaries and Wages | \$ 13,886.88 | \$ 13,886.88 | \$ 711.49 | \$ 13,886.88 |
| Other Expenses | 21,077.35 | 22,897.12 | | 22,185.63 |
| Public Defender: | | | | |
| Salaries and Wages | 30,000.00 | 30,000.00 | | 30,000.00 |

DEFERRED CHARGES AND STATUTORY
EXPENDITURES MUNICIPAL-WITHIN "CAPS"

STATUTORY EXPENDITURES:

| | | | | |
|---|------------|------------|-----------|------------|
| Contribution to: | | | | |
| Social Security System (O.A.S.I.) | 172,650.07 | 172,650.07 | 84.31 | 172,565.76 |
| State Unemployment Insurance | 27,727.79 | 36,858.77 | 36,858.77 | |
| Defined Contribution Retirement Program(DCRP) | 14,930.56 | 22,896.12 | | 22,896.12 |

OPERATIONS- EXCLUDED FROM "CAPS":

| | | | | |
|--|------------|------------|------------|------------|
| Maintenance of Free Public Library: | | | | |
| Other Expenses | 173,737.28 | 321,069.61 | 321,069.61 | |
| LOSAP: Volunteer Deferred Compensation | | 325,000.00 | 202,500.00 | 122,500.00 |

INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:

| | | | | |
|-----------------------------|----------|----------|-----------|----------|
| Fair Haven QPA | 1,000.00 | 1,000.00 | -1,312.50 | 2,312.50 |
| Monmouth County Shuttle Bus | 1,055.00 | 7,055.00 | 5,305.00 | 1,750.00 |

CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"

| | | | | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| Computer Technology Equipment | 2,353.41 | 43,729.51 | 37,355.22 | 6,374.29 |
| Turnout Gear | 2,265.22 | 2,265.22 | | 2,265.22 |
| Police Vehicles | | 9,724.00 | 9,724.00 | |
| | <u>4,166,396.66</u> | <u>7,101,821.23</u> | <u>3,632,053.15</u> | <u>3,469,768.08</u> |

| REF. | A | A-1 |
|------|---|-----|
|------|---|-----|

| | | |
|------------------------------------|------|---------------------|
| Appropriation Reserves | A-13 | \$ 4,166,396.66 |
| Transfer from Encumbrances Payable | A-15 | <u>2,935,424.57</u> |

\$ 7,101,821.23

| | | |
|------------------|------|-------------------|
| Disbursed | A-4 | \$ 3,418,252.12 |
| Accounts Payable | A-16 | <u>213,801.03</u> |

\$ 3,632,053.15

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF INTERFUND

| | <u>REF.</u> | | <u>TOTAL</u> | <u>GRANT FUND</u> |
|--------------------------------|-------------|----|---------------------|------------------------|
| Balance, December 31, 2018 | | | | |
| Interfunds Payable | A | \$ | 212,811.32 | \$ 212,811.32 |
| Increased by: | | | | |
| Deposited in Current Fund: | | | | |
| Grants Receivable | A-4:A-25 | | 790,785.12 | 790,785.12 |
| 2019 Budget Appropriations | A-3 | | 541,274.26 | 541,274.26 |
| Grants Receivable Cancelled | A-25 | | 20,967.90 | 20,967.90 |
| | | \$ | <u>1,565,838.60</u> | <u>\$ 1,565,838.60</u> |
| Decreased by: | | | | |
| Disbursed by Current Fund: | | | | |
| Appropriated Reserves | A-4; A-26 | | 350,152.85 | 350,152.85 |
| 2019 Anticipated Revenue | A-25 | | 533,774.26 | 533,774.26 |
| Grant Reserves Cancelled - Net | A-1 | | 15,819.97 | 15,819.97 |
| | | \$ | <u>899,747.08</u> | <u>\$ 899,747.08</u> |
| Balance, December 31, 2019 | | | | |
| Interfunds Payable | A | \$ | <u>666,091.52</u> | <u>\$ 666,091.52</u> |

"A-15"

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

| | <u>REF.</u> | | |
|---------------------------------------|-------------|----|---------------------|
| Balance, December 31, 2018 | A | \$ | 2,935,424.57 |
| Increased by: | | | |
| 2019 Appropriations | A-3 | \$ | <u>3,716,654.37</u> |
| | | \$ | <u>6,652,078.94</u> |
| Decreased by: | | | |
| Transferred to Appropriation Reserves | A-13 | \$ | <u>2,935,424.57</u> |
| Balance, December 31, 2019 | A | \$ | <u>3,716,654.37</u> |

"A-16"

| | <u>REF.</u> | | |
|--|-------------|----|-------------------|
| Balance, December 31, 2018 | A | \$ | 259,491.67 |
| Increased by: | | | |
| Transferred From Appropriation Reserves | A-13 | \$ | <u>213,801.03</u> |
| | | \$ | <u>473,292.70</u> |
| Decreased by: | | | |
| Cash Disbursements | A-4 | \$ | 51,100.00 |
| Canceled to Operations | A-1 | \$ | <u>166,141.67</u> |
| | | \$ | <u>217,241.67</u> |
| Balance, December 31, 2019 | A | \$ | <u>256,051.03</u> |

"A-17"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF PREPAID TAXES

REF.

| | | | |
|----------------------------|------|----|---------------------|
| Balance, December 31, 2018 | A | \$ | 1,600,380.16 |
| Increased by: | | | |
| Collection of 2020 Taxes | A-5 | \$ | 1,380,582.29 |
| Tax Overpayments Applied | A-18 | | <u>49,809.81</u> |
| | | | <u>1,430,392.10</u> |
| | | \$ | <u>3,030,772.26</u> |
| Decreased by: | | | |
| Applied to 2019 Taxes | A-9 | | <u>1,600,380.16</u> |
| Balance, December 31, 2019 | A | \$ | <u>1,430,392.10</u> |

"A-18"

SCHEDULE OF TAX OVERPAYMENTS

| | | | |
|------------------------------------|------|----|-------------------|
| Balance, December 31, 2018 | A | \$ | 96,383.17 |
| Increased by: | | | |
| Overpayments in 2019 | A-5 | \$ | 266,319.49 |
| Charges to Reserve for Tax Appeals | A-20 | | <u>99,200.31</u> |
| | | | <u>365,519.80</u> |
| | | \$ | <u>461,902.97</u> |
| Decreased by: | | | |
| Refunds | A-4 | \$ | 357,526.80 |
| Applied to Prepaid Taxes | A-17 | | <u>49,809.81</u> |
| Canceled | A-1 | | <u>11.58</u> |
| | | | <u>407,348.19</u> |
| Balance, December 31, 2019 | A | \$ | <u>54,554.78</u> |

TOWNSHIP OF MIDDLETOWNCURRENT FUNDSCHEDULE OF VARIOUS RESERVES

| <u>PROGRAM</u> | <u>BALANCE DECEMBER 31, 2018</u> | <u>INCREASED</u> | <u>EXPENDED</u> | <u>CANCELLED</u> | <u>BALANCE DECEMBER 31, 2019</u> |
|-----------------------------------|--|----------------------|--------------------|----------------------|--|
| Library Reserves | \$ 222,004.59 | \$ 223,498.15 | \$ 7,515.00 | \$ 1,574.00 | \$ 445,502.74 |
| Due State - Marriage Licenses | 1,525.00 | 7,915.00 | | | 1,925.00 |
| Interlocal BOE Field Improvements | 1,574.00 | | | | |
| Building Repair/Removal - FEMA | 170,757.37 | | | 170,757.37 | |
| | <u>\$ 395,860.96</u> | <u>\$ 231,413.15</u> | <u>\$ 7,515.00</u> | <u>\$ 172,331.37</u> | <u>\$ 447,427.74</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, 2018 | A | \$ 1,997,609.50 |
| Increased by: | | |
| Transferred from 2019 Appropriations | A-3 | \$ <u>200,000.00</u> |
| \$ <u>2,197,609.50</u> | | |
| Decreased by: | | |
| Transfer to Overpayments | A-18 | \$ <u>99,200.31</u> |
| Balance, December 31, 2019 | A | \$ <u><u>2,098,409.19</u></u> |

"A-21"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

REF.

| | | |
|---------------|---------|-------------------------|
| 2019 Levy | A-1:A-9 | \$ 29,846,012.98 |
| Decreased by: | | |
| Payment | A-4 | \$ <u>29,846,012.98</u> |

"A-22"

SCHEDULE OF DUE COUNTY FOR ADDED TAXES

| | | |
|-------------------------------------|---------|----------------------|
| Balance, December 31, 2018 | A | \$ 242,570.06 |
| Increased by: | | |
| County Share of 2018 Levy: | | |
| Added Taxes (R.S.54:4-63.1 et.seq.) | | |
| 2019 | A-1:A-9 | \$ <u>228,253.49</u> |
| | | \$ <u>470,823.55</u> |
| Decreased by: | | |
| Cash Disbursements | A-4 | <u>242,569.79</u> |
| Balance, December 31, 2019 | A | \$ <u>228,253.76</u> |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

REF.

| | | |
|---|---------|---|
| Balance, December 31, 2018 | | |
| Deferred Payable | A | \$ 61,820,000.00 8,103,562.00 _____ 69,923,562.00 |
| Increased by: | | |
| Levy | A-2:A-9 | \$ 149,247,782.00 \$ 219,171,344.00 _____ 147,867,920.00 |
| Decreased by: | | |
| Disbursements | A-4 | 147,867,920.00 |
| Balance, December 31, 2019 | | \$ 71,303,424.00 |
| Analysis of Balance | | |
| Payable | A | \$ 9,483,424.00 |
| Deferred | | \$ 61,820,000.00 _____ 71,303,424.00 |
| 2019 Liability for Local District School Tax: | | |
| Tax Paid | | \$ 147,867,920.00 |
| Less: School Tax Payable, December 31, 2018 | | \$ 8,103,562.00 \$ 139,764,358.00 |
| Add: School Tax Payable, December 31, 2019 | | 9,483,424.00 |
| Amount Charged to 2019 Operations | A-1 | \$ 149,247,782.00 |

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:

2019 Levy
Added Taxes

| | | |
|---------|----|---------------------|
| | \$ | 2,266,285.75 |
| | | <u>17,222.58</u> |
| A-1:A-9 | | <u>2,283,508.33</u> |
| | \$ | 2,283,508.33 |

Decreased by:

Cash Disbursements

| | |
|-----|---------------------|
| A-4 | <u>2,283,508.33</u> |
|-----|---------------------|

TOWNSHIP OF MIDDLETOWNGRANT FUNDSCHEDULE OF GRANTS RECEIVABLE

| <u>PROGRAM</u> | <u>BALANCE DECEMBER 31, 2018</u> | <u>ANTICIPATED IN 2019 BUDGET</u> | <u>RECEIVED</u> | <u>CANCELLED</u> | <u>BALANCE DECEMBER 31, 2019</u> |
|---|--|---|----------------------|---------------------|--|
| Federal Grants: | | | | | |
| FEMA Hazard Mitigation Grant | \$ 12,318.38 | \$ 12,318.38 | \$ | \$ | 153,000.00 |
| Hazard Mitigation - Port Monmouth | 153,000.00 | | | | 153,000.00 |
| Bulletproof Vest Partnership Grant | | 29,053.25 | | | 29,053.25 |
| Senior Center Grant Title III B 2018 | 32,500.00 | | 32,500.00 | | |
| Senior Center Grant Title III B 2019 | | 32,500.00 | | | 32,500.00 |
| Bayshore DWI - 2018 | 16,500.00 | | 16,500.00 | | |
| Child Passenger Safety Grant | 14,400.00 | | 13,172.50 | 1,227.50 | |
| Child Passenger Safety Grant - 2019 | | 16,500.00 | | | 16,500.00 |
| Drive Sober or Get Pulled Over - Labor Day Crackdown - 2019 | | 5,500.00 | 5,280.00 | 220.00 | |
| Drive Sober or Get Pulled Over - Year End Holiday Crackdown - 2018 | 5,500.00 | | 5,500.00 | | |
| Drive Sober or Get Pulled Over - Year End Holiday Crackdown - 2019 | | 5,500.00 | | | 5,500.00 |
| Distracted Driving Grant - 2019 | | 5,500.00 | 5,500.00 | | |
| Recreational Trail Program Grant | 24,000.00 | | | 14,364.25 | 9,635.75 |
| Emergency Management Assistance | 10,000.00 | | 4,848.65 | 5,151.35 | |
| Emergency Management Assistance - 2019 | | 10,000.00 | 10,000.00 | | |
| Staffing for Adequate Fire and Emergency Response | 85,886.00 | | | | 85,886.00 |
| State Grants: | | | | | |
| Body Armor Grant - 2019 | | 10,691.85 | 10,691.85 | | |
| Body Armor Grant - 2019 | | 9,816.73 | | | 9,816.73 |
| Clean Communities Program - 2019 | | 160,009.92 | 160,009.42 | 0.50 | |
| Recycling Tonnage Grant - 2019 | | 198,702.51 | 75,840.62 | | 122,861.89 |
| ROID Grant - 2019 | | 20,000.00 | | | 20,000.00 |
| Municipal Alliance - DEDR Grant - 2018 | 26,892.00 | | 26,887.70 | 4.30 | |
| Municipal Alliance - DEDR Grant - 2019 | | 30,000.00 | 1,736.00 | | 28,264.00 |
| Other Grants: | | | | | |
| 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>\$ 790,996.38</u> | <u>\$ 533,774.26</u> | <u>\$ 790,785.12</u> | <u>\$ 20,967.90</u> | <u>\$ 513,017.62</u> |

REF.

A

A-2

A-4

A-28

A

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

| <u>PROGRAM</u> | <u>BALANCE DECEMBER 31, 2018</u> | <u>MODIFIED BALANCE</u> | <u>2019 APPROPRIATION</u> | <u>EXPENDED</u> | <u>CANCELED</u> | <u>BALANCE DECEMBER 31, 2019</u> |
|--|--|-----------------------------|-------------------------------|-----------------|-----------------|--|
| Federal Grants: | | | | | | |
| FEMA Hazard Mitigation Grant | \$ 3.72 \$ | 3.72 \$ | | | | 3.72 \$ |
| Hazard Mit Port Monmouth 2018 | 153,000.00 | 153,000.00 | | | | 153,000.00 |
| Bullet Proof Vest Program | 2,182.97 | 2,182.97 | | 2,016.00 | | 166.97 |
| Bullet Proof Vest Program | | | 29,053.25 | | | 29,053.25 |
| Senior Citizen Grant Title III-B - 2019 | | | 32,500.00 | 14,708.00 | | 17,792.00 |
| Senior Center Grant Title III-B 2018 | | 24,949.00 | | 24,949.00 | | |
| Bayshore Saturation DWI - 2018 | 16,500.00 | 16,500.00 | | 16,500.00 | | |
| Child Passenger Safety Seat 2018 | 14,400.00 | 14,400.00 | | 13,172.50 | 1,227.50 | |
| Child Passenger Safety Seat 2019 | | | 16,500.00 | 2,640.00 | | 13,860.00 |
| Drive Sober or Get Pulled Over Year End Holiday Crackdown - 2019 | | | 5,500.00 | | | 5,500.00 |
| Drive Sober or Get Pulled Over Year End Holiday Crackdown - 2018 | 1,980.00 | 1,980.00 | | 1,980.00 | | |
| Drive Sober or Get Pulled Over - Labor Day Crackdown - 2019 | | | 5,500.00 | 5,280.00 | 220.00 | |
| Distracted Driving Grant - 2019 | | | 5,500.00 | 5,500.00 | | |
| Recreational Trail Program Grant | 14,514.24 | 14,634.24 | | 269.99 | 14,364.25 | |
| Emergency Management Grant | | | 10,000.00 | 10,000.00 | | |
| Staffing for Adequate Fire and Emergency Response | 79,013.70 | 79,013.70 | | 16,549.69 | | 62,464.01 |
| State Grants: | | | | | | |
| Body Armor Grant 2016 | 6,848.49 | 6,848.49 | | 2,688.00 | | 4,160.49 |
| Body Armor Grant 2017 | 9,498.65 | 9,498.65 | | | | 9,498.65 |
| Body Armor Grant 2019 | | | 10,691.85 | 5,651.80 | | 5,040.05 |
| Body Armor Grant 2019 | | | 9,816.73 | 3,300.00 | | 6,516.73 |
| Clean Communities Program - 2017 | 3,695.74 | 4,281.74 | | 4,281.74 | | |
| Clean Communities Program - 2018 | 143,355.25 | 143,355.25 | | 142,758.94 | | 596.31 |
| Clean Communities Program - 2019 | | | 160,009.92 | | 0.50 | 160,009.42 |
| DDEF 2018 | 37,242.23 | 37,242.23 | | 5,400.00 | | 31,842.23 |
| Recycling Tonnage Grant - 2018 | | | 75,840.62 | | | 75,840.62 |
| Recycling Tonnage Grant - 2019 | | | 122,861.89 | | | 122,861.89 |
| Recycling Tonnage Grant - 2015 | 8,229.32 | 8,229.32 | | 8,229.32 | | |
| Recycling Tonnage Grant - 2016 | 118,584.34 | 118,584.34 | | 104,712.68 | | 13,871.66 |
| 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 |

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

| <u>PROGRAM</u> | <u>BALANCE DECEMBER 31, 2018</u> | <u>MODIFIED BALANCE</u> | <u>2019 APPROPRIATION</u> | <u>EXPENDED</u> | <u>CANCELED</u> | <u>BALANCE DECEMBER 31, 2019</u> |
|---|--|-----------------------------|-------------------------------|----------------------|---------------------|--|
| DCA - ROID Grant | \$ 975,832.70 | \$ 1,003,807.70 | \$ 20,000.00 | \$ 14,196.37 | \$ 4,00 | \$ 20,000.00 |
| Municipal Alliance - DEDR Muni Share - 2019 | | | 30,000.00 | | | 15,803.63 |
| Municipal Alliance - DEDR Muni Share - 2018 Match | | | 7,500.00 | | | 2,920.00 |
| Municipal Alliance - DEDR Muni Share - 2018 | 22,516.97 | 22,936.97 | | 22,932.97 | | |
| Municipal Alliance - DEDR Muni Share - 2018 Match | 4,030.73 | 4,030.73 | | 4,030.73 | | |
| Other Grants: | | | | | | |
| Hope for Children Foundation | 3,835.00 | 3,835.00 | | 640.00 | | 3,195.00 |
| Comcast Technology Grant | 106,179.40 | 106,179.40 | | 580.78 | | 105,598.62 |
| DPW - NJAW- PORICY RAIN GARDEN - 2013 | 170.39 | 2,070.39 | | 2,070.39 | | |
| | <u>\$ 975,832.70</u> | <u>\$ 1,003,807.70</u> | <u>\$ 541,274.26</u> | <u>\$ 439,618.90</u> | <u>\$ 15,819.97</u> | <u>\$ 1,089,643.09</u> |

REF. A A-3 A-28 A

| | | |
|--|------|------------------|
| Appropriated Reserve | A-26 | \$ 975,832.70 |
| Transferred from Encumbrances Payable | A-27 | <u>27,975.00</u> |
| | | \$ 1,003,807.70 |

| | | |
|-------------------------------------|------|---------------------|
| Disbursed | A-4 | \$ 350,152.85 |
| Transferred to Encumbrances Payable | A-27 | <u>\$ 89,466.05</u> |
| | | \$ 439,618.90 |

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

| | <u>REF.</u> | |
|---|-------------|---------------------|
| Balance, December 31, 2018 | A | \$ 27,975.00 |
| Increased by: | | |
| Charged to Appropriated Grant Reserve | A-26 | \$ 89,466.05 |
| | | \$ 117,441.05 |
| Decreased by: | | |
| Transferred to Appropriated Grant Reserve | A-26 | <u>27,975.00</u> |
| Balance, December 31, 2019 | A | \$ <u>89,466.05</u> |

TOWNSHIP OF MIDDLETOWNGRANT FUNDSCHEDULE OF INTERFUND

| | <u>REF.</u> | | <u>DUE CURRENT FUND</u> |
|---|-------------|---------------|-------------------------|
| Balance, December 31, 2018 - Receivable | A | | \$ 212,811.32 |
| Increased by | | | |
| Cash Received in Current Fund | A-4 | \$ 790,785.12 | |
| 2019 Budget Appropriations | A-26 | 541,274.26 | |
| Grants Receivable Cancelled | A-1;A-25 | 20,967.90 | |
| | | | <u>1,353,027.28</u> |
| | | | <u>1,565,838.60</u> |
| Decreased by: | | | |
| Cash Disbursed by Current Fund | A-4 | \$ 350,152.85 | |
| 2019 Anticipated Revenue | A-25 | 533,774.26 | |
| Grants Reserves Cancelled | A-1;A-26 | 15,819.97 | |
| | | | <u>899,747.08</u> |
| Balance, December 31, 2019 - Receivable | A | | \$ <u>666,091.52</u> |

TOWNSHIP OF MIDDLETOWNTRUST FUNDSCHEDULE OF TRUST CASH - TREASURER

| | <u>REF.</u> | <u>ANIMAL CONTROL FEES</u> | <u>OTHER</u> |
|--|-------------|----------------------------|-------------------------|
| Balance, December 31, 2018 | B | \$ 11,057.87 | \$ 25,606,525.10 |
| Increased by Receipts: | | | |
| Due State of New Jersey | B-2 | \$ 7,474.80 | |
| Animal Control Fees | B-3 | 201,554.70 | |
| Municipal Open Space Tax Receivable | B-11 | | \$ |
| Reserve for: | | | |
| Community Development Block Grant Receivable | B-4 | | 295,551.83 |
| Miscellaneous Deposits and Reserves | B-5 | | 13,133,610.02 |
| Open Space | B-6 | | 2,640,082.85 |
| Community Development Block Grant Reserve | B-7 | | 48,317.03 |
| Self Insurance | B-8 | | 8,347,762.19 |
| Payroll Deductions | B-9 | | <u>37,623,780.10</u> |
| | | <u>209,029.50</u> | <u>62,089,104.02</u> |
| | | \$ <u>220,087.37</u> | \$ <u>87,695,629.12</u> |
| Decreased by Disbursements: | | | |
| Due State of New Jersey | B-2 | \$ 7,545.00 | |
| Expenditures Under R.S.4:19-15.11 | B-3 | 201,331.82 | |
| Reserve for: | | | |
| Miscellaneous Deposits and Reserves | B-5 | | \$ 12,196,603.76 |
| Open Space | B-6 | | 1,875,801.51 |
| Community Development Block Grant Reserve | B-7 | | 295,306.22 |
| Self Insurance | B-8 | | 8,341,773.03 |
| Payroll Deductions | B-9 | | <u>37,616,227.16</u> |
| | | <u>208,876.82</u> | <u>60,325,711.68</u> |
| Balance, December 31, 2019 | B | \$ <u>11,210.55</u> | \$ <u>27,369,917.44</u> |

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF ANIMAL LICENSE FEES DUE STATE OF NEW JERSEY

| | <u>REF.</u> | |
|----------------------------|-------------|-------------|
| Balance, December 31, 2018 | B | \$ 70.20 |
| Increased by: | | |
| Cash Receipts | B-1 | \$ 7,474.80 |
| | | \$ 7,545.00 |
| Decreased by: | | |
| Cash Disbursements | B-1 | \$ 7,545.00 |

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>REF.</u> | | |
|-----------------------------------|-------------|----|-------------------|
| Balance, December 31, 2018 | B | \$ | 10,987.67 |
| Increased by: | | | |
| Dog License Fees | | \$ | 92,895.20 |
| Other Fees | | | <u>108,659.50</u> |
| | B-1 | | <u>201,554.70</u> |
| | | \$ | <u>212,542.37</u> |
| Decreased by: | | | |
| Expenditures Under R.S.4:19-15.11 | B-1 | \$ | <u>201,331.82</u> |
| | | | <u>201,331.82</u> |
| Balance, December 31, 2019 | B | \$ | <u>11,210.55</u> |

| <u>LICENSE FEES COLLECTED</u> | | |
|-------------------------------|-------------|----------------------|
| | <u>YEAR</u> | <u>AMOUNT</u> |
| | 2018 | \$ 98,436.80 |
| | 2017 | <u>91,925.40</u> |
| | | \$ <u>190,362.20</u> |

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

| | <u>REF.</u> | |
|----------------------------|-------------|----------------------|
| Balance, December 31, 2018 | B | \$ 345,382.58 |
| Increase by: | | |
| Grant Awards | B-7 | \$ 266,423.00 |
| | | \$ 611,805.58 |
| Decreased by: | | |
| Cash Receipts | B-1 | <u>295,551.83</u> |
| Balance, December 31, 2019 | B | \$ <u>316,253.75</u> |

TOWNSHIP OF MIDDLETOWNTRUST FUNDSCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS AND RESERVES

| | BALANCE DECEMBER 31, 2018 | PRIOR YEAR ENCUMBRANCES | CASH RECEIPTS | CASH DISBURSEMENTS | ENCUMBRANCES | BALANCE DECEMBER 31, 2019 |
|--|---------------------------------|----------------------------|------------------|-----------------------|------------------|---------------------------------|
| Accumulated Leave | \$ 2,054,013.35 | \$ 284.65 | \$ 541,104.46 | \$ 276,579.39 | \$ 3.99 | \$ 2,318,538.42 |
| Alliance for Drug Abuse | 1,738.52 | | 2,023.17 | | 3.99 | 2,019.18 |
| Cash Surety Bonds | 3,782,321.06 | | 3,782,321.06 | | | 3,248,523.99 |
| C/O's Cash Bonds | 49,085.29 | | 49,085.29 | | | 49,085.29 |
| Redevelopment and Middletown Shopping Center Site Plan | 37,359.50 | 32,864.25 | 70,223.75 | 191,891.61 | 139,861.14 | 89,124.13 |
| CCO - DCA Fees | 48,678.00 | | 48,678.00 | 115,302.00 | 120,066.00 | 43,914.00 |
| Rude Awakening | 3,832.48 | | 3,832.48 | | | 3,832.48 |
| Police Explorer's Acct | 2,754.67 | | 2,754.67 | 56.77 | | 2,811.44 |
| Norma Jean Halverson | 1,885.53 | | 1,885.53 | 38.85 | | 1,924.38 |
| Police Crime Prevention | 8,028.16 | | 8,028.16 | 165.41 | | 8,193.57 |
| Tonya Keller Donations | 122.80 | | 122.80 | | | 122.80 |
| Engineering and Inspection | 1,325,592.69 | | 1,325,592.69 | 771,992.51 | 842,603.48 | 1,253,291.83 |
| Grading Plan Review | 58,594.87 | | 58,594.87 | 63,175.00 | 41,231.75 | 80,538.12 |
| Recreation | 256,032.70 | 25,989.45 | 282,022.15 | 573,036.66 | 536,879.31 | 295,080.62 |
| Middletown EMS Cadet Explorers | | | | 1,133.66 | 1,066.83 | 66.83 |
| Interest on Cash Surety Bond | 208,239.63 | | 208,239.63 | 7,299.66 | 6,662.86 | 208,876.43 |
| JCP&L Line Defense | 1,536.46 | 7,506.00 | 9,042.46 | | | 9,042.46 |
| Law Enforcement | 37,324.72 | | 37,324.72 | 6,991.95 | | 44,316.67 |
| Legal Fees | 6,827.19 | | 6,827.19 | 250.00 | | 7,077.19 |
| Mount Laurel Fees | 1,781,432.63 | 92,100.34 | 1,873,532.97 | 538,537.40 | 58,561.34 | 65,168.66 |
| NJ Sales Tax | 326.41 | | 326.41 | 902.14 | 873.18 | 355.37 |
| Outside Liens | 75,815.31 | | 75,815.31 | 2,010,851.35 | 2,006,953.93 | 79,712.73 |
| POAA | 6,963.23 | | 6,963.23 | 394.00 | | 7,357.23 |
| Police Donations | 13,406.72 | | 13,406.72 | | 426.18 | 12,980.54 |
| Police Donation - K9 Unit | 27,915.57 | | 27,915.57 | 4,900.00 | 2,674.92 | 2,802.69 |
| Emergency Vehicle Donations | | 119,937.00 | 119,937.00 | | 119,937.00 | |
| Emergency Services Donations | | | | 1,500.00 | | 1,500.00 |
| Donations for Signage | | | | 3,000.00 | | 3,000.00 |
| Police off Duty | 448,953.80 | | 448,953.80 | 2,489,450.25 | 2,246,132.03 | 692,272.02 |
| Police Leso Program | 307.29 | 7,750.00 | 8,057.29 | | 7,750.00 | 307.29 |
| Federal Justice Forfeiture Fund | 34,519.49 | | 34,519.49 | 10,250.26 | 16,718.71 | 28,051.49 |
| Premiums Received at Tax Sale | 2,265,100.00 | | 2,265,100.00 | 1,446,000.00 | 1,449,900.00 | 2,261,200.00 |
| Public Defender | 8,473.29 | 1,000.00 | 9,473.29 | 17,633.50 | 26,141.19 | 965.60 |
| Recycling Rider | 86,783.60 | 13,029.27 | 99,812.87 | 90,446.02 | 66,275.94 | 90,853.00 |
| Self Insurance | 8,722,165.53 | 210,321.99 | 8,932,487.52 | 3,702,633.31 | 3,243,932.96 | 2,688,369.56 |
| Self Insurance - Unemployment Compensation | 539,878.89 | | 539,878.89 | 76,338.55 | 7,448.56 | 593,217.44 |
| Shade Tree Commission | 16,380.00 | | 16,380.00 | | | 16,380.00 |
| Site Plans/GIS | 117,672.71 | 3,574.40 | 121,247.11 | 50,407.49 | 16,727.00 | 785.50 |
| Storm Recovery | 1,053,852.64 | 223,041.77 | 1,276,894.41 | 83,287.63 | 89,358.94 | 46,356.65 |
| Special Trust - Fire Prevention | 46,731.37 | | 46,731.37 | 11,754.00 | 9,210.91 | 408.56 |
| Middletown Shopping Center Site Plan | 26,094.31 | | 26,094.31 | | 26,094.31 | 48,865.90 |
| Street Openings | 105,994.36 | | 105,994.36 | 48,650.00 | 28,499.26 | |
| | \$ 23,262,734.77 | \$ 737,399.12 | \$ 24,000,133.89 | \$ 13,133,610.02 | \$ 12,196,603.76 | \$ 2,910,491.87 |
| | | | | | | \$ 22,026,648.28 |

REF.

B

B-10

B-1

B-1

B-10

B

TOWNSHIP OF MIDDLETOWNTRUST FUNDSCHEDULE OF RESERVE FOR OPEN SPACE FUND

| | <u>REF.</u> | |
|--------------------------------------|-------------|-----------------|
| Balance, December 31, 2018 | B | \$ 1,272,882.35 |
| Increased by: | | |
| Cash Receipts: | | |
| 2019 Tax Levy | | \$ 2,266,285.75 |
| 2019 Added/Omitted Levy | | 17,222.58 |
| Smith Property - Green Acres Funding | | 330,000.00 |
| Interest on Investments and Deposits | | 26,574.52 |
| | B-1 | 2,640,082.85 |
| Transfer from Encumbrances Payable | B-10 | 1,010.72 |
| | | 2,641,093.57 |
| | | \$ 3,913,975.92 |
| Decreased by: | | |
| Cash Disbursements: | | |
| Bond Principal | | \$ 1,196,989.00 |
| Bond Interest | | 299,727.51 |
| Fund Capital Ordinances | | 375,000.00 |
| Other Expenses | | 4,085.00 |
| | B-1 | 1,875,801.51 |
| Transfer to Encumbrances Payable | B-10 | 747.34 |
| | | 1,876,548.85 |
| Balance, December 31, 2019 | B | \$ 2,037,427.07 |

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

| | | |
|---------------------------------------|------|---------------|
| Balance, December 31, 2018 | B | \$ 314,529.27 |
| Increased by: | | |
| Program Income | B-1 | \$ 48,317.03 |
| Grant Awards | B-4 | 266,423.00 |
| Transferred from Encumbrances Payable | B-10 | 112,934.56 |
| | | 427,674.59 |
| | | \$ 742,203.86 |
| Decreased by: | | |
| Cash Disbursements | B-1 | \$ 295,306.22 |
| Transferred to Encumbrances Payable | B-10 | 90,940.30 |
| | | 386,246.52 |
| Balance, December 31, 2019 | B | \$ 355,957.34 |

"B-8"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR SELF-INSURANCE FUND

REF.

| | | |
|----------------------------|-----|---------------------|
| Increased by: | | |
| Cash Receipts | B-1 | |
| | | \$ 8,347,762.19 |
| | | <u>8,347,762.19</u> |
| Decreased by: | | |
| Cash Disbursements | B-1 | |
| | | <u>8,341,773.03</u> |
| Balance, December 31, 2019 | B | \$ <u>5,989.16</u> |

"B-9"

SCHEDULE OF RESERVE FOR PAYROLL FUND

| | | |
|----------------------------|-----|----------------------|
| Balance, December 31, 2018 | B | \$ 250,416.89 |
| Increased by: | | |
| Cash Receipts | B-1 | |
| | | \$ 37,623,780.10 |
| | | <u>37,623,780.10</u> |
| Decreased by: | | |
| Cash Disbursements | B-1 | |
| | | <u>37,616,227.16</u> |
| Balance, December 31, 2019 | B | \$ <u>257,969.83</u> |

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

| | <u>REF.</u> | | <u>TOTAL</u> | <u>OTHER TRUST FUNDS</u> | <u>OPEN SPACE TRUST FUND</u> | <u>COMMUNITY DEVELOPMENT BLOCK GRANT</u> |
|----------------------------|-------------|----|---------------------|--------------------------|------------------------------|--|
| Balance, December 31, 2018 | B | \$ | 851,344.40 | \$ 737,399.12 | \$ 1,010.72 | \$ 112,934.56 |
| Increased by: | | | | | | |
| Transferred from Reserves | B-5:B-6:B-7 | | 2,214,063.01 | 2,173,092.75 | | 40,970.26 |
| | | | 3,065,407.41 | 2,910,491.87 | 1,010.72 | 153,904.82 |
| Decreased by: | | | | | | |
| Transferred to Reserves | B-5:B-6:B-7 | | 63,227.90 | | 263.38 | 62,964.52 |
| Balance, December 31, 2019 | B | \$ | <u>3,002,179.51</u> | <u>\$ 2,910,491.87</u> | <u>\$ 747.34</u> | <u>\$ 90,940.30</u> |

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

REF.

| | | | |
|----------------------------|---|----|--------------|
| Balance, December 31, 2018 | C | \$ | 5,715,655.55 |
|----------------------------|---|----|--------------|

Increased by Receipts:

| | | | |
|---------------------------|------|----|----------------------|
| Capital Fund Balance | C-1 | \$ | 1,590,000.00 |
| Deferred Charges Unfunded | C-6 | | 375,000.00 |
| Grants Receivable | C-4 | | 581,250.00 |
| Bond Anticipation Note | C-11 | | 9,725,000.00 |
| Various Reserves | C-12 | | 189,019.59 |
| Bond Proceeds | C-9 | | 8,135,000.00 |
| Capital Improvement Fund | C-13 | | 970,000.00 |
| | | | <u>21,565,269.59</u> |
| | | \$ | <u>27,280,925.14</u> |

Decreased by Disbursements:

| | | | |
|---------------------------------|------|----|---------------------|
| Capital Surplus to Current Fund | C-1 | \$ | 400,000.00 |
| Bond Anticipation Note | C-11 | | 2,600,000.00 |
| Various Reserves | C-12 | | 24,676.00 |
| Contracts Payable | C-14 | | <u>5,387,077.39</u> |
| | | | <u>8,411,753.39</u> |

| | | | |
|----------------------------|---|----|----------------------|
| Balance, December 31, 2019 | C | \$ | <u>18,869,171.75</u> |
|----------------------------|---|----|----------------------|

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

| | BALANCE DECEMBER 31, 2019 |
|--|---------------------------------|
| Fund Balance | \$ 2,742,636.56 |
| Capital Improvement Fund | 1,927,997.00 |
| Improvement Authorizations Funded (Listed on Exhibit "C-8") | 2,851,504.63 |
| Improvement Authorization Expenditures (Listed on Exhibit "C-6") | (995,951.64) |
| Cash on Hand (Listed on Exhibit "C-6") | 8,135,000.00 |
| Unexpended Proceeds of Bond Anticipation Notes (Exhibit "C-6") | 1,076,347.61 |
| Contracts Payable | 3,578,916.43 |
| Various Reserves | 189,783.66 |
| Grants Receivable | <u>(637,062.50)</u> |
| | <u><u>\$ 18,869,171.75</u></u> |

REF.

C

TOWNSHIP OF MIDDLETOWN
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

| | <u>REF.</u> | |
|--|-------------|----------------------|
| Balance, December 31, 2018 | C | \$ 1,218,312.50 |
| Decreased by: | | |
| Cash Receipts | C-2 | <u>581,250.00</u> |
| Balance, December 31, 2019 | C | \$ <u>637,062.50</u> |
| Analysis of Balance | | |
| Department of Transportation: | | |
| 3227/3233 - Thompson Avenue | | \$ 60,000.00 |
| 3227/3233 - Tindall Road Phase I | | 46,250.00 |
| 3227/3233 - Tindall Road Phase II | | 87,500.00 |
| 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>637,062.50</u> |

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

| | <u>REF.</u> | |
|-----------------------------|-------------|-------------------------|
| Balance, December 31, 2018 | C | \$ 39,549,790.21 |
| Increased by: | | |
| Bond Proceeds | C-9 | \$ 8,135,000.00 |
| | | \$ 47,684,790.21 |
| Decreased by: | | |
| Serial Bonds Paid by Budget | C-9 | \$ 5,820,000.00 |
| Loan Paid by Budget | C-10 | <u>75,401.68</u> |
| | | <u>5,895,401.68</u> |
| Balance, December 31, 2019 | C | \$ <u>41,789,388.53</u> |

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

| | <u>REF.</u> | |
|--|-------------|-------------------------|
| Balance, December 31, 2018 | C | \$ 2,875,728.55 |
| Increased by: | | |
| Improvement Authorizations | C-8 | <u>\$ 8,965,993.82</u> |
| | | <u>\$ 8,965,993.82</u> |
| | | <u>\$ 11,841,722.37</u> |
| Decreased by: | | |
| Cash Disbursements | C-2 | <u>\$ 5,387,077.39</u> |
| Transfer to Improvement Authorizations | C-8 | <u>\$ 2,875,728.55</u> |
| | | <u>\$ 8,262,805.94</u> |
| Balance, December 31, 2019 | C | <u>\$ 3,578,916.43</u> |

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | ORDINANCE DATE | AMOUNT | BALANCE | | 2019 AUTHORIZATIONS | INCREASED BY: | | DECREASED BY: | | BALANCE | |
|---------------------|--|-------------------|--------------|-----------------|-----------------|------------------------|--|--|-----------------|-----------------|-------------------|-------------------|
| | | | | FUNDED | UNFUNDED | | TRANSFER FROM CONTRACTS PAYABLE | TRANSFER TO CONTRACTS PAYABLE | FUNDED | UNFUNDED | DECEMBER 31, 2019 | DECEMBER 31, 2019 |
| 2986 | Park Improvements | 08/17/09 | 1,405,000.00 | \$ 71.50 | \$ 13,296.99 | \$ | \$ | \$ | \$ | \$ | 71.50 | \$ |
| 2993 | Storm/Flood Water Drainage Improvements | 11/16/09 | 200,000.00 | | | | | | | | | 13,296.99 |
| 3045 | Various Capital Improvements | 10/17/11 | 2,075,000.00 | | 126.15 | | | | | | | 126.15 |
| 3065;3072 | Various Road Improvements | 06/18/12,11/19/12 | 2,700,000.00 | | 11,412.79 | | | | | | | 163,910.80 |
| 3091 | Various Capital Improvements | 05/20/13 | 2,678,500.00 | | 157,632.17 | | | | | | | 30,142.95 |
| 3111/3119 | Various Capital Improvements | 10/20/14 | 4,700,000.00 | | 483,604.00 | | | | | | | 73,805.59 |
| 3141/3230 | Various Capital Improvements | 06/01/15 | 5,200,000.00 | | 182,226.40 | | | | | | | 332,062.91 |
| 3178 | Various Capital Improvements | 07/18/16 | 5,314,530.00 | | 576,896.57 | | | | | | | 272,595.94 |
| 3188/3219/3231 | Various Capital Improvements | 02/06/17 | 3,172,050.00 | | | 301,790.82 | | | | | | 524,937.87 |
| 3203 | Construction of Poricy Park Pavilion | 08/21/17 | 36,000.00 | | | | | | | | | 9,900.00 |
| 3204 | Vanous Capital Improvements | 09/05/17 | 1,120,950.00 | | | 461,117.72 | | | | | | 100,000.00 |
| 3220 | Preliminary Expenses - Municipal Complex | 05/21/18 | 250,000.00 | | 249,525.00 | | | | | | | |
| 3224 | Various Park Acquisitions and Improvements | 06/18/18 | 369,250.00 | | 17,312.50 | 276,937.50 | | | | | | 74,833.93 |
| 3227/3233 | Various Capital Improvements | 7/16/2018,9/4/18 | 5,359,500.00 | | | 3,827,892.70 | | | | | | 920,189.92 |
| 3228 | Various Capital Improvements | 07/16/18 | 358,352.71 | | 227,835.20 | | | | | | | 130,356.35 |
| 3229 | Acquisition of Property | 07/16/18 | 400,000.00 | | | 375,000.00 | | | | | | 24,820.11 |
| 3246 | Funding for Sidewalk Improvements | 02/19/19 | 395,000.00 | | | | 395,000.00 | | | | | |
| 3252/3254 | Various Capital Improvements | 04/01/19 | 1,707,300.00 | | | | 1,707,300.00 | | | | | |
| 3262 | Acquisition of a Video Pipe Inspection Camera | 08/19/19 | 30,600.00 | | | | 30,600.00 | | | | | 600.00 |
| 3263 | Acquisition of Easements for The Port Monmouth Flood Control Project | 08/19/19 | 357,000.00 | | | | 357,000.00 | | | | | 182,000.00 |
| 3264 | Improvements to Grand Tour Road | 08/19/19 | 178,500.00 | | | | 178,500.00 | | | | | 152,357.00 |
| 3265 | Various Capital Improvements | 08/19/19 | 397,800.00 | | | | 397,800.00 | | | | | 47,600.00 |
| 3268 | Acquisition of a Sport Utility Vehicle | 10/21/19 | 51,000.00 | | | | 51,000.00 | | | | | 49,385.39 |
| 3275 | Various Capital Improvements | 12/02/19 | 119,000.00 | | | | 119,000.00 | | | | | 5,950.00 |
| 3276 | Various Capital Improvements | 12/02/19 | 1,153,000.00 | | | | 1,153,000.00 | | | | | 57,650.00 |
| 3277 | Improvements To Normandy Park Turf Fields | 12/02/19 | 5,145,000.00 | | | | 5,145,000.00 | | | | | 257,250.00 |
| | | | | | | | | | | | | 4,887,750.00 |
| | | | | \$ 1,919,939.27 | \$ 5,242,738.74 | \$ 9,534,200.00 | \$ 2,875,728.55 | \$ 8,965,993.82 | \$ 2,851,504.63 | \$ 7,755,108.11 | | |

REF. C C C-7 C-7 C.C-3 C.C-6

| | | |
|--------------------------|----------|-----------------|
| Bonds and Notes | C-6;C-14 | \$ 8,633,790.00 |
| Capital Improvement Fund | C-13 | 505,410.00 |
| Reserves Utilized | C-12 | 395,000.00 |
| | | \$ 9,534,200.00 |

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

| PURPOSE | DATE OF ISSUE | ORIGINAL ISSUE | MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2019 | | | INTEREST RATE | BALANCE DECEMBER 31, 2018 | INCREASED | DECREASED | BALANCE DECEMBER 31, 2019 |
|--------------------------------------|---------------|-----------------|---|---------------|--------|---------------|---------------------------|---------------|--------------|---------------------------|
| | | | DATE | AMOUNT | | | | | | |
| Refunding Bonds (Open Space Trust) | 12/4/2014 | \$ 1,260,000.00 | 12/1/2020 | \$ 213,000.00 | 5.000% | \$ | \$ 876,000.00 | \$ 203,000.00 | \$ | \$ 673,000.00 |
| | | | 12/1/2021 | 224,000.00 | 5.000% | | | | | |
| | | | 12/1/2022 | 236,000.00 | 5.000% | | | | | |
| Refunding Bonds (General Obligation) | 3/24/2016 | 1,385,000.00 | 12/1/2020 | 275,000.00 | 5.000% | | | | | |
| | | | 12/1/2021 | 285,000.00 | 5.000% | | | | | |
| | | | 12/1/2022 | 305,000.00 | 5.000% | | 1,125,000.00 | | 260,000.00 | 865,000.00 |
| Refunding Bonds (Open Space) | 3/24/2016 | 1,320,000.00 | 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% | | 1,305,000.00 | | 240,000.00 | 1,065,000.00 |
| Refunding Bonds (General Obligation) | 10/5/2016 | 1,978,950.00 | 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% | | 1,951,300.00 | | 11,850.00 | 1,939,450.00 |
| Refunding Bonds (open Space) | 10/5/2016 | 526,050.00 | 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% | | 518,700.00 | | 3,150.00 | 515,550.00 |
| General Obligation | 02/23/17 | 19,935,000.00 | 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% | | 18,835,000.00 | | 1,100,000.00 | 17,735,000.00 |

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

| <u>PURPOSE</u> | <u>DATE OF ISSUE</u> | <u>ORIGINAL ISSUE</u> | <u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2019</u> | | | | <u>BALANCE DECEMBER 31, 2018</u> | <u>INCREASED</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2019</u> |
|--------------------|----------------------|-----------------------|--|---------------|----------------------|--|----------------------------------|------------------|------------------|----------------------------------|
| | | | <u>DATE</u> | <u>AMOUNT</u> | <u>INTEREST RATE</u> | | | | | |
| General Obligation | 12/23/2019 | \$ 8,135,000.00 | 6/30/2020 | \$ 400,000.00 | 4.000% | | \$ | \$ | \$ | \$ |
| | | | 6/30/2021 | 400,000.00 | 5.000% | | | | | |
| | | | 6/30/2022 | 400,000.00 | 5.000% | | | | | |
| | | | 6/30/2023 | 400,000.00 | 5.000% | | | | | |
| | | | 6/30/2024 | 400,000.00 | 5.000% | | | | | |
| | | | 6/30/2025 | 400,000.00 | 5.000% | | | | | |
| | | | 6/30/2026 | 400,000.00 | 5.000% | | | | | |
| | | | 6/30/2027 | 430,000.00 | 5.000% | | | | | |
| | | | 6/30/2028 | 455,000.00 | 5.000% | | | | | |
| | | | 6/30/2029 | 475,000.00 | 5.000% | | | | | |
| | | | 6/30/2030 | 500,000.00 | 5.000% | | | | | |
| | | | 6/30/2031 | 525,000.00 | 5.000% | | | | | |
| | | | 6/30/2032 | 550,000.00 | 5.000% | | | | | |
| | | | 6/30/2033 | 800,000.00 | 4.000% | | | | | |
| | | | 6/30/2034 | 800,000.00 | 4.000% | | | | | |
| | | | 6/30/2035 | 300,000.00 | 4.000% | | | | | |
| | | | | | | | | 8,135,000.00 | | |
| | | | | | | | \$ 38,969,000.00 | \$ 8,135,000.00 | \$ 5,820,000.00 | \$ 41,284,000.00 |

REF.

C

C-2;C-5;C-6

C-5

C

"C-10"

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN PAYABLE

REF.

| | | |
|---------------------------|-----|----------------------|
| Balance December 31, 2018 | C | \$ 580,790.21 |
| Decreased by: | | |
| Loans Paid by Budget | C-5 | <u>75,401.68</u> |
| Balance December 31, 2019 | C | \$ <u>505,388.53</u> |

TOWNSHIP OF MIDDLETOWNGENERAL CAPITAL FUNDSCHEDULE OF BOND ANTICIPATION NOTES

| ORDINANCE | IMPROVEMENT DESCRIPTION | DATE OF ISSUE OF ORIGINAL NOTE | DATE OF ISSUE | DATE OF MATURITY | INTEREST RATE | BALANCE DECEMBER 31, 2018 | INCREASED | DECREASED | BALANCE DECEMBER 31, 2019 |
|-----------|---|---|------------------|---------------------|------------------|---------------------------------|-----------------|-----------------|---------------------------------|
| | | | | | | | | | |
| 3204 | Various Capital Improvements | 06/27/18 | 06/27/18 | 06/26/19 | 2.75% | \$ 1,064,903.00 | \$ 14,903.00 | \$ 1,064,903.00 | \$ 14,903.00 |
| 3204 | Various Capital Improvements | 06/27/18 | 06/25/19 | 03/12/20 | 2.50% | | | | |
| 3188/3219 | Various Capital Improvements | 06/27/18 | 08/27/18 | 06/26/19 | 2.75% | 2,585,097.00 | | 2,585,097.00 | |
| 3188/3219 | Various Capital Improvements | 06/27/18 | 06/25/19 | 03/12/20 | 2.50% | | 2,585,097.00 | | 2,585,097.00 |
| 3188/3219 | Various Capital Improvements | 06/25/19 | 06/25/19 | 03/12/20 | 2.50% | | 428,350.00 | | 428,350.00 |
| 3051 | Shadow Lake Dredging | 06/25/19 | 06/25/19 | 03/12/20 | 2.50% | | 207,200.00 | | 207,200.00 |
| 3224 | Various Park Acquisitions and Improvements | 06/25/19 | 06/25/19 | 03/12/20 | 2.50% | | 276,937.00 | | 276,937.00 |
| 3227/3233 | Various Capital Improvements | 06/25/19 | 06/25/19 | 03/12/20 | 2.50% | | 4,210,578.00 | | 4,210,578.00 |
| 3229 | Acquisition of Property | 06/25/19 | 06/25/19 | 03/12/20 | 2.50% | | 380,000.00 | | 380,000.00 |
| 3254 | Various Capital Improvements | 06/25/19 | 06/25/19 | 03/12/20 | 2.50% | | 1,621,935.00 | | 1,621,935.00 |
| | | | | | | \$ 3,650,000.00 | \$ 9,725,000.00 | \$ 3,650,000.00 | \$ 9,725,000.00 |

REF. C C-2 C C

| | | |
|----------------------|-----|-----------------|
| Cash Disbursements | C-2 | \$ 2,600,000.00 |
| Notes Paid by Budget | C-6 | \$ 1,050,000.00 |
| | | \$ 3,650,000.00 |

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

| Reserve for: | | BALANCE DECEMBER 31, 2018 | INCREASED | DECREASED | BALANCE DECEMBER 31, 2019 |
|------------------------------|------|---------------------------------|----------------------|----------------------|---------------------------------|
| Debt Service | | \$ 24,676.00 | \$ 68,687.09 | \$ 24,676.00 | \$ 68,687.09 |
| Ideal Beach Dune Project | | | 45,000.00 | | 45,000.00 |
| Future Sidewalk Construction | | 395,764.07 | 75,332.50 | 395,000.00 | 76,096.57 |
| | | <u>\$ 420,440.07</u> | <u>\$ 189,019.59</u> | <u>\$ 419,676.00</u> | <u>\$ 189,783.66</u> |
| | REF. | C | | | C |
| Cash Receipts | C-2 | | \$ 189,019.59 | \$ | |
| Cash Disbursed | C-2 | | | 24,676.00 | |
| Improvement Authorizations | C-8 | | | 395,000.00 | |
| | | | <u>\$ 189,019.59</u> | <u>\$ 419,676.00</u> | |

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>REF.</u> | | |
|--|-------------|----|---------------------|
| Balance, December 31, 2018 | C | \$ | 1,463,407.00 |
| Increased by: | | | |
| 2019 Budget Appropriation | C-2 | \$ | 970,000.00 |
| | | \$ | 2,433,407.00 |
| Decreased by: | | | |
| Appropriation to Finance Improvement Authorizations: | C-8 | | 505,410.00 |
| Balance, December 31, 2019 | C | \$ | <u>1,927,997.00</u> |

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

| ORDINANCE NUMBER | IMPROVEMENT AUTHORIZATION | BALANCE DECEMBER 31, 2018 | INCREASED BY 2019 AUTHORIZATIONS | DECREASED BY | | BALANCE DECEMBER 31, 2019 |
|---------------------|--|---------------------------------|--|---------------------|--|---------------------------------|
| | | | | BOND ANTICPATION | FUNDED BY OPEN SPACE TRUST FUND | |
| 2779 | Acquisition of Real Property | \$ 757,876.00 | \$ | \$ 257,875.75 | \$ 500,000.25 | |
| 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 | | 207,200.00 | | 0.13 |
| 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 | |
| 3188/3219 | Various Capital Improvements | 428,350.00 | | 428,350.00 | | |
| 3224 | Various Park Acquisitions and Improvements | 276,937.50 | | 276,937.00 | | 0.50 |
| 3227/3233 | Various Capital Improvements | 4,212,775.00 | | 4,210,578.00 | | 2,197.00 |
| 3229 | Acquisition of Property | 380,000.00 | | 380,000.00 | | |
| 3252/3254 | Various Capital Improvements | | 1,621,935.00 | 1,621,935.00 | | |
| 3262 | Acquisition of a Video Pipe Inspection Camera | | 29,070.00 | | | 29,070.00 |
| 3263 | Acquisition of Easements for The Port Monmouth Flood Control Project | | 339,150.00 | | | 339,150.00 |
| 3264 | Improvements to Grand Tour Road | | 169,575.00 | | | 169,575.00 |
| 3265 | Various Capital Improvements | | 377,910.00 | | | 377,910.00 |
| 3275 | Various Capital Improvements | | 113,050.00 | | | 113,050.00 |
| 3276 | Various Capital Improvements | | 1,095,350.00 | | | 1,095,350.00 |
| 3277 | Improvements To Normandy Park Turf Fields | | 4,887,750.00 | | | 4,887,750.00 |
| | | \$ 6,540,922.14 | \$ 8,633,790.00 | \$ 7,125,000.00 | \$ 375,000.00 | \$ 7,674,712.14 |

TOWNSHIP OF MIDDLETOWN

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

| | <u>REF.</u> | <u>P.A.T.F. II</u> |
|-----------------------------|-------------|--------------------|
| Balance December 31, 2018 | D | \$ 26,556.59 |
| Decreased by: | | |
| Transferred to Current Fund | D-2 | <u>26,556.59</u> |
| Balance December 31, 2019 | D | \$ <u>-</u> |

"D-2"

TOWNSHIP OF MIDDLETOWN

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION

AS OF DECEMBER 31, 2019

| | <u>REF.</u> | | |
|-----------------------------|-------------|----|------------------|
| Balance, December 31, 2018 | D | \$ | 26,556.59 |
| Decreased by: | | | |
| Cash Disbursements: | | | |
| Transferred to Current Fund | D-1 | | <u>26,556.59</u> |
| Balance, December 31, 2019 | D | \$ | <u> -</u> |

| RECONCILIATION - DECEMBER 31, 2019 | <u>P.A.T.F. II</u> | |
|--------------------------------------|--------------------|----------------|
| | <u>ACCOUNT</u> | <u>TOTAL</u> |
| Balance on Deposit per Statement of: | | |
| Investors Saving: | | |
| AC # 500449902847 | \$ | <u> -</u> |
| Less: Outstanding Checks | \$ | <u> -</u> |
| Balance, December 31, 2019 | <u> -</u> | <u> -</u> |

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TOWNSHIP OF MIDDLETOWN

PART II

SINGLE AUDIT SECTION

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

REPORT ON COMPLIANCE WITH REQUIREMENTS
FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE STATE OF
NEW JERSEY OMB CIRCULAR 15-08

SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**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, 2019, 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 24, 2020. 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.

SUPLEE, CLOONEY & COMPANY

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

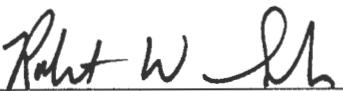
As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 24, 2020



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300 Fax 908-789-8535

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF NEW JERSEY OMB CIRCULAR 15-08

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

Report on Compliance for Each Major State Program

We have audited the Township of Middletown's compliance with the types of compliance requirements described in the New Jersey OMB *Compliance Supplement* that could have a direct and material effect on each of the Township of Middletown's major state programs for the year ended December 31, 2019. The Township's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Middletown's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and State of New Jersey Circular OMB 15-08. Those standards and New Jersey OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Middletown's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Township of Middletown's compliance.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major State Program

In our opinion, the Township of Middletown complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Township of Middletown is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Middletown's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with State of New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Middletown's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

June 24, 2020

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2019

| STATE GRANTOR/PROGRAM TITLE | STATE ACCOUNT NUMBER | GRANT PERIOD | | GRANT AWARD AMOUNT | RECEIVED FISCAL YEAR 2019 | EXPENDITURES FISCAL YEAR 2019 | CUMULATIVE EXPENDITURES 2019 | | | | | |
|--|--------------------------|--------------|------------|--------------------|---------------------------|-------------------------------|------------------------------|--|--|--|--|--|
| | | FROM | TO | | | | | | | | | |
| Governor's Council on Alcoholism and Drug Abuse | | | | | | | | | | | | |
| <u>Pass Through From County of Monmouth</u> | | | | | | | | | | | | |
| Alliance to Prevent Alcoholism and Drug Abuse - 2018 | 14A-19 | 7/1/2018 | 06/30/2019 | \$ 30,000.00 | \$ 26,887.70 | \$ 22,932.97 | \$ 29,996.00 | | | | | |
| Alliance to Prevent Alcoholism and Drug Abuse - 2019 | 14A-20 | 7/1/2019 | 06/30/2020 | \$ 30,000.00 | \$ 1,736.00 | \$ 12,172.37 | \$ 12,172.37 | | | | | |
| Total Governor's Council on Alcoholism and Drug Abuse | | | | | \$ 28,623.70 | \$ 35,105.34 | \$ 42,168.37 | | | | | |
| Department of Environmental Protection | | | | | | | | | | | | |
| Clean Communities Program - 2017 | 4900-765-042-004 | 1/1/2017 | Completion | \$ 149,431.54 | \$ 4,281.74 | \$ 149,431.54 | | | | | | |
| Clean Communities Program - 2018 | 4900-765-042-004 | 1/1/2018 | Completion | \$ 143,355.25 | | \$ 142,758.94 | \$ 142,758.94 | | | | | |
| Clean Communities Program - 2019 | 4900-765-042-004 | 1/1/2018 | Completion | \$ 160,009.42 | \$ 160,009.42 | | | | | | | |
| Recycling Tonnage Grant - 2014 | 4910-100-042-224 | 1/1/2015 | Completion | \$ 204,361.81 | | \$ 8,229.32 | \$ 204,361.81 | | | | | |
| Recycling Tonnage Grant - 2015 | 4910-100-042-224 | 1/1/2016 | Completion | \$ 114,379.22 | | | | | | | | |
| Recycling Tonnage Grant - 2016 | 4910-100-042-224 | 1/1/2017 | Completion | \$ 118,916.82 | | \$ 28,112.68 | \$ 28,112.68 | | | | | |
| Recycling Tonnage Grant - 2017 | 4910-100-042-224 | 1/1/2019 | Completion | \$ 75,840.62 | \$ 75,840.62 | | | | | | | |
| Green Acres Program | 1332-17-029 | 5/30/2018 | Completion | \$ 369,250.00 | | \$ 274.14 | \$ 274.14 | | | | | |
| Total Department of Environmental Protection | | | | | \$ 235,850.04 | \$ 183,656.82 | \$ 524,939.11 | | | | | |
| Department of Law and Public Safety | | | | | | | | | | | | |
| Drunk Driving Enforcement Fund - 2015 | 100-078-6400-XXX | 1/1/15 | Completion | \$ 32,365.16 | \$ | \$ | \$ 32,288.76 | | | | | |
| Drunk Driving Enforcement Fund - 2018 | 100-078-6400-XXX | 1/1/18 | Completion | \$ 40,765.83 | | \$ 5,400.00 | \$ 8,923.60 | | | | | |
| Body Armor Replacement Fund - 2016 | 1020-718-066-001 | 1/1/16 | Completion | \$ 9,562.44 | | \$ 1,848.00 | \$ 4,561.95 | | | | | |
| Body Armor Replacement Fund - 2017 | 1020-718-066-001 | 1/1/17 | Completion | \$ 9,498.65 | | | | | | | | |
| Body Armor Replacement Fund - 2019 | 1020-718-066-001 | 1/1/19 | Completion | \$ 10,691.85 | \$ 10,691.85 | \$ 3,803.80 | \$ 3,803.80 | | | | | |
| Body Armor Replacement Fund - 2019 | 1020-718-066-001 | 1/1/19 | Completion | \$ 9,816.73 | | \$ 3,300.00 | \$ 3,300.00 | | | | | |
| Total Department of Law and Public Safety | | | | | \$ 10,691.85 | \$ 14,351.80 | \$ 52,878.11 | | | | | |
| Department of Transportation | | | | | | | | | | | | |
| Thompson Avenue | 16-480-078-6320-AMF-6010 | 3/28/2016 | Completion | \$ 240,000.00 | \$ 180,000.00 | \$ 240,000.00 | \$ 240,000.00 | | | | | |
| Tindall Avenue Phase I | 17-480-6320-AMO-6010 | 5/1/2017 | Completion | \$ 185,000.00 | \$ 138,750.00 | \$ 185,000.00 | \$ 185,000.00 | | | | | |
| Tindall Avenue Phase II | 18-480-078-6320-AM2-6010 | 5/4/2018 | Completion | \$ 350,000.00 | \$ 262,500.00 | \$ 350,000.00 | \$ 350,000.00 | | | | | |
| | | | | | \$ 581,250.00 | \$ 775,000.00 | \$ 775,000.00 | | | | | |
| | | | | | | \$ 856,415.59 | \$ 1,008,113.96 | | | | | |
| | | | | | | | \$ 1,394,985.59 | | | | | |

TOWNSHIP OF MIDDLETOWN

NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2019 AND 2018

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the Township of Middletown, County of Monmouth, New Jersey. All state financial assistance received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the Schedule of Expenditures of State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than generally accepted accounting principles. The basis of accounting, with exceptions, is described in Note 1 to the Township's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule agrees with the amounts reported in the related state financial reports. In addition, the Township has not elected to use the de minimus cost rate as covered in 2 CFR 200.414 (F&AS) costs.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's regulatory basis financial statements. These amounts are reported in the Grant Fund, Trust Other Fund and General Capital Fund .

Revenues:

| | <u>Federal</u> | <u>State</u> | <u>Other</u> | <u>Total</u> |
|----------------------|----------------|-------------------|---------------|-------------------|
| Grant Fund: | | | | |
| Appropriated | \$ 105,619.53 | \$ 275,165.59 | \$ 410,000.00 | \$ 790,785.12 |
| Trust Other Fund | 308,288.85 | | | 308,288.85 |
| General Capital Fund | | <u>581,250.00</u> | | <u>581,250.00</u> |
| | \$ 413,908.38 | \$ 856,415.59 | \$ 410,000.00 | \$ 1,680,323.97 |

Expenditures:

| | <u>Federal</u> | <u>State</u> | <u>Other</u> | <u>Total</u> |
|----------------------|----------------|-----------------|--------------|-----------------|
| Grant Fund | \$ 106,821.52 | \$ 232,839.82 | \$ 10,491.51 | \$ 350,152.85 |
| Trust Other Fund | 312,024.93 | | | 312,024.93 |
| General Capital Fund | | 775,274.14 | | 775,274.14 |
| | \$ 418,846.45 | \$ 1,008,113.96 | \$ 10,491.51 | \$ 1,437,451.92 |

NOTE 5. OTHER

Matching contributions expended by the Township in accordance with terms of the various grants are not reported in the accompanying schedules.

PART III

TOWNSHIP OF MIDDLETOWN

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019

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

| | YEAR 2019 | | YEAR 2018 | |
|---|--------------------------|----------------|--------------------------|----------------|
| | <u>AMOUNT</u> | <u>%</u> | <u>AMOUNT</u> | <u>%</u> |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | | |
| Fund Balance Utilized | \$ 7,150,000.00 | 2.66% | \$ 6,763,500.00 | 2.55% |
| Miscellaneous - From Other Than Local Property Tax Levies | 20,969,393.56 | 7.79% | 21,157,714.63 | 7.98% |
| Collection of Delinquent Taxes and Tax Title Liens | 47,495.79 | 0.02% | 50,050.38 | 0.02% |
| Collection of Current Tax Levy | <u>240,875,172.74</u> | <u>89.53%</u> | <u>237,165,388.77</u> | <u>89.45%</u> |
| <u>TOTAL INCOME</u> | \$ 269,042,062.09 | 100.00% | \$ 265,136,653.78 | 100.00% |
| <u>EXPENDITURES</u> | | | | |
| Budget Expenditures | \$ 78,564,343.59 | 30.19% | \$ 75,569,470.77 | 29.69% |
| County Taxes | 30,074,266.47 | 11.56% | 30,310,000.50 | 11.91% |
| Local School Taxes | 149,247,782.00 | 57.36% | 146,436,252.00 | 57.53% |
| Municipal Open Space Tax | 2,283,508.33 | 0.88% | 2,190,502.94 | 0.86% |
| Other Expenditures | <u>35,946.50</u> | <u>0.01%</u> | <u>21,282.48</u> | <u>0.01%</u> |
| <u>TOTAL EXPENDITURES</u> | \$ 260,205,846.89 | 100.00% | \$ 254,527,508.69 | 100.00% |
| Excess in Revenue | \$ 8,836,215.20 | | \$ 10,609,145.09 | |
| Fund Balance, January 1 | <u>20,391,135.54</u> | | <u>16,545,490.45</u> | |
| | \$ 29,227,350.74 | | \$ 27,154,635.54 | |
| Less: Utilization as Anticipated Revenue | <u>7,150,000.00</u> | | <u>6,763,500.00</u> | |
| Fund Balance, December 31 | \$ 22,077,350.74 | | \$ 20,391,135.54 | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---------------------------------|------------------|------------------|------------------|
| Apportionment of Tax Rate: | | | |
| Local Municipal | 0.478 | 0.489 | 0.445 |
| Municipal Open Space | 0.020 | 0.020 | 0.020 |
| Municipal Library | 0.033 | 0.033 | 0.033 |
| County | 0.264 | 0.277 | 0.272 |
| Local School | 1.317 | 1.348 | 1.354 |
| Sub-Total General Tax Rate | 2.112 | 2.167 | 2.124 |
| Solid Waste Collection District | 0.000 | 0.000 | A 0.065 |
| Total Tax Rate | <u>2.112</u> | <u>2.167</u> | <u>2.189</u> |

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

ASSESSED VALUATIONS:

| | |
|------|---------------------|
| 2019 | \$11,331,428,725.00 |
| 2018 | \$10,864,913,784.00 |
| 2017 | \$10,685,555,553.00 |

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> |
|-------------|------------------|------------------------|----------------------------------|
| 2019 | \$241,142,161.51 | \$240,875,172.74 | 99.88% |
| 2018 | 237,337,126.75 | 237,165,388.77 | 99.92% |
| 2017 | 231,213,691.27 | 230,987,006.89 | 99.90% |

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> | AMOUNT OF TAX | | <u>TOTAL DELINQUENT</u> | <u>PERCENTAGE OF TAX LEVY</u> |
|-------------|--------------------|--------------|-----------------------------|-----------------------------------|
| | <u>TITLE LIENS</u> | <u>TAXES</u> | | |
| 2019 | \$160,282.95 | \$25,167.85 | \$185,450.80 | 0.08% |
| 2018 | 564,532.01 | 11,505.93 | 576,037.94 | 0.24% |
| 2017 | 520,779.42 | 14,792.61 | 535,572.03 | 0.23% |

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> |
|-------------|----------------|
| 2019 | \$2,131,800.00 |
| 2018 | \$206,000.00 |
| 2017 | \$206,000.00 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| <u>YEAR</u> | Current Fund | | <u>UTILILIZED IN BUDGET OF SUCCEEDING YEAR</u> | <u>DEFERRED SCHOOL TAX</u> |
|-------------|--------------------------------|--|--|--------------------------------|
| | <u>BALANCE DECEMBER 31</u> | | | |
| 2019 | \$22,077,350.74 | | \$8,500,000.00 | \$61,820,000.00 |
| 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 |

EQUALIZED VALUATIONS - REAL PROPERTY

| <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------------|
| 2019 | \$11,486,358,419.00 |
| 2018 | \$11,096,702,833.00 |
| 2017 | \$10,836,667,814.00 |

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> |
|----------------------|-----------------------------|---------------|
| Anthony S. Perry | Mayor | * |
| Anthony P. Fiore | Deputy Mayor | * |
| Kevin M. Settembrino | Committeeman | * |
| Rick Hibell | Committeeman | * |
| Patricia Snell | Committeewoman | * |
| Anthony Mercantante | Township Administrator | * |
| Colleen Lapp | Chief Financial Officer | * |
| Heidi R. Brunt | Township Clerk | * |
| Judith Vassallo | Tax Collector to 06/30/19 | * |
| Debra Marchetti | Tax Collector from 07/01/19 | * |
| 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:

- Roadway and Drainage Improvements
- Traffic Line Striping and Lettering
- Adult Mini Bus
- Foam Recycling System and Metal Bins
- Tree Trimming and Related Services

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
Appraisal 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 6, 2019 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 2019 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 2019 Taxes | 10 |

TAX TITLE LIENS

The last tax sale was held on December 27, 2019 and was complete.

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

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

| <u>YEAR</u> | NUMBER OF |
|-------------|--------------|
| | <u>LIENS</u> |
| 2019 | 57 |
| 2018 | 97 |
| 2017 | 104 |

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