

TOWNSHIP OF MIDDLE

CAPE MAY COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

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TOWNSHIP OF MIDDLE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2018

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Township Committee
Township of Middle, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Middle, as of December 31, 2018, the related statement of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents. The financial statements of the Township of Middle as of December 31, 2017 were audited by other auditors whose report dated June 22, 2018 expressed an adverse opinion on those statements in accordance with Generally Accepted Accounting Principles and an unmodified opinion on those statements in conformity with the Regulatory Basis of Accounting as described in Note 1.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Middle 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 each fund of the Township of Middle as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Middle’s basic financial statements. The supplementary information listed in the table of and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The letter of comments and recommendations section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2019 on our consideration of the Township of Middles 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 Middle's internal control over financial reporting and compliance.

Very truly yours,

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

August 2, 2019

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EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 8,201,170.03	9,695,340.74
Cash - Change	1,400.00	1,400.00
Total Cash	<u>8,202,570.03</u>	<u>9,696,740.74</u>
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	131.27	-
Total Other Receivables	<u>131.27</u>	<u>-</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	23,334.62	32,436.75
Tax Title and Other Liens	792,721.01	834,785.49
Property Acquired for Taxes - at Assessed Valuation	2,521,900.00	2,521,900.00
Other Liens	12,108.01	395.75
Revenue Accounts Receivable	13,020.58	15,274.87
Due from Water District	348.73	-
Interfund Receivable:		
State and Federal Grant Fund	-	64,540.45
Animal Control Fund	22,914.85	8,980.46
Due from Payroll Trust	1,692.46	-
MAC Trust	10,000.00	-
Total Receivables and Other Assets	<u>3,398,040.26</u>	<u>3,478,313.77</u>
Deferred Charges:		
Overexpenditure of Appropriation	1,661.89	-
Total Deferred Charges	<u>1,661.89</u>	<u>-</u>
Total Regular Fund	<u>11,602,403.45</u>	<u>13,175,054.51</u>
Federal and State Grant Fund:		
Cash	280,959.69	-
Federal and State Grants Receivable	2,580,135.79	2,546,046.79
Due from Current Fund	41,896.55	-
Total Federal and State Grant Fund	<u>2,902,992.03</u>	<u>2,546,046.79</u>
Total Current Fund	<u>\$ 14,505,395.48</u>	<u>15,721,101.30</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 424,992.51	670,627.10
Reserve for Encumbrances	578,383.14	792,955.62
Accounts Payable	74,906.27	19,396.33
Prepaid Taxes	1,071,779.11	1,941,109.04
Prepaid Licenses and Fees	19,936.00	15,266.00
Overpaid Taxes	2,972.19	186.96
Local School Tax Payable	3,124,529.91	3,586,021.77
Reserve for Election Funds	2,697.90	-
Deposits on Land Sales	3,000.00	3,000.00
County Added Tax Payable	46,713.78	35,439.07
UCC Third Party Fees Payable	-	137,794.30
Reserve for Sale of Municipal Assets	96,100.00	-
Due to State of NJ - Vital Statistics	2,955.00	-
Interfund Payable:		
Other Trust Funds	132,999.00	82,201.54
Assessment Fund	158.16	28,562.60
Sewer Operating Fund	186,306.61	186,306.61
General Capital Fund	122,000.00	-
State and Federal Grant Fund	41,896.55	-
	5,932,326.13	7,498,866.94
Reserve for Receivables and Other Assets	3,398,040.26	3,478,313.77
Fund Balance	2,272,037.06	2,197,873.80
Total Regular Fund	11,602,403.45	13,175,054.51
Federal and State Grant Fund:		
Unappropriated Reserves	133,058.62	130,328.62
Appropriated Reserves	2,715,381.29	2,351,177.72
Encumbrances Payable	54,552.12	-
Due to Current Fund	-	64,540.45
	2,902,992.03	2,546,046.79
Total Federal and State Grant Fund	2,902,992.03	2,546,046.79
Total Current Fund	\$ 14,505,395.48	15,721,101.30

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2018	2017
Revenue and Other Income Realized		
Fund Balance	\$ 1,779,000.00	1,641,000.00
Miscellaneous Revenue Anticipated	7,465,487.58	8,878,095.53
Receipts from Delinquent Taxes	302,251.97	196,227.94
Receipts from Current Taxes	50,811,556.27	49,489,786.49
Non Budget Revenue	315,302.18	559,253.21
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	442,019.37	558,070.91
Interfund Returned	52,499.26	45,529.91
Reserve for JIF Refunds and Incentives/Dredging Project	-	15,561.67
Excess Reserve Animal Control Fund	-	4,875.85
Total Income	61,168,116.63	61,388,401.51
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	8,644,970.00	8,599,864.00
Other Expenses	8,804,751.89	8,344,260.00
Deferred Charges & Statutory Expenditures	2,209,217.54	2,061,610.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	143,467.98	134,284.00
Other Expenses	797,070.23	2,378,032.31
Capital Improvements	90,000.00	210,000.00
Debt Service	1,077,050.11	1,085,148.12
Local District School Tax	27,859,301.00	27,337,343.00
Special District Taxes	2,526,470.00	2,485,871.00
County Tax	7,113,102.73	6,909,659.08
County Share of Added Tax	46,713.78	
Interfund Created	-	4,970.92
Refund of Prior Year's Revenue	-	96,634.29
Other:		
Senior Citizen Deduction Disallowed Prior Year	4,500.00	3,750.00
Total Expenditures	59,316,615.26	59,651,426.72
Excess/(Deficit) in Revenue	1,851,501.37	1,736,974.79

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2018	2017
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
Overexpenditure of Appropriation	1,661.89	-
Total Adjustments	1,661.89	-
Statutory Excess to Fund Balance	1,853,163.26	1,736,974.79
Fund Balance January 1	2,197,873.80	2,101,899.01
	4,051,037.06	3,838,873.80
Decreased by:		
Utilization as Anticipated Revenue	1,779,000.00	1,641,000.00
Fund Balance December 31	\$ 2,272,037.06	2,197,873.80

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,779,000.00		1,779,000.00	-
Total Fund Balance Anticipated	<u>1,779,000.00</u>	<u>-</u>	<u>1,779,000.00</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	5,700.00		5,792.00	92.00
Other	60,000.00		54,214.00	(5,786.00)
Fees and Permits	106,300.00		296,729.62	190,429.62
Fines and Costs:				
Municipal Court	225,000.00		239,817.16	14,817.16
Interest and Costs on Taxes	220,000.00		271,077.54	51,077.54
Interest Earned on Investments	20,000.00		30,632.56	10,632.56
Registrar of Vital Statistics - Fees	54,400.00		54,501.00	101.00
Trailer Tax	136,500.00		140,370.00	3,870.00
Hotel/Motel Tax	55,000.00		71,924.46	16,924.46
Ambulance Fees	800,000.00		768,601.78	(31,398.22)
Host Community Benefits	25,000.00		35,761.16	10,761.16
Cable TV and Franchise Fee	211,229.00		286,013.99	74,784.99
Total Section A: Local Revenues	<u>1,919,129.00</u>	<u>-</u>	<u>2,255,435.27</u>	<u>336,306.27</u>
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	3,519,743.00		3,519,743.00	-
Garden State Preservation Trust Fund	47,481.00		47,481.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>3,567,224.00</u>	<u>-</u>	<u>3,567,224.00</u>	<u>-</u>

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	300,000.00		51,875.20
Total Section C: Uniform Construction Code Fees	<u>300,000.00</u>	<u>-</u>	<u>51,875.20</u>
Section D: Special Items of General Revenue Anticipated with Prior Written Consent of the Director of Local Government Services - Shared Service Agreements Offset with Appropriations			
Police Officer - Cape May County Technical School	74,284.00		10,729.50
Middle Township Fire District #3 - JIF Insurance	19,650.00		-
Total Section D: Special Items of General Revenue Anticipated with Prior Written Consent of the Director of Local Government Services - Shared Service Agreements Offset with Appropriations	<u>93,934.00</u>	<u>-</u>	<u>10,729.50</u>
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Drunk Driving Enforcement Fund		9,183.98	-
Safe and Secure Communities Program	60,000.00		-
Clean Communities Program		51,583.36	-
Municipal Court Alcohol Education		1,391.42	-
Bullet Proof Vest Partnership		4,680.00	-
Emergency Management Assistance	10,000.00		-
Body Armor Grant		4,290.00	-
NJDOT	190,000.00		-
Small Cities - CDBG Avalon Manor Recreation Pier ADA			-
Cape May County Open Space - MLK Tennis Courts	257,388.00	120,565.00	-
Cape May County MUA - Recycling Rebate		42,986.45	-
Total Section F: Special Items - Public and Private Programs	<u>517,388.00</u>	<u>234,680.21</u>	<u>-</u>
Off-Set with Appropriations			
		<u>752,068.21</u>	<u>10,729.50</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Anticipated		
	Budget	N.J.S. 40A:4-87	Excess or (Deficit)
Section G: Other Special Items			
Borough of Woodbine - Municipal Court - Interlocal	70,000.00		2,828.00
Sewer Utility - Indirect Costs	150,000.00		-
Payment in Lieu of Taxes - Conifer	105,000.00		(7,760.60)
General Capital Fund Surplus	114,154.00		-
Total Section G: Other Special Items	439,154.00	-	(4,932.60)
Total Miscellaneous Revenues:	6,836,829.00	234,680.21	393,978.37
Receipts from Delinquent Taxes	100,000.00		202,251.97
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	13,243,005.44		450,807.22
Total Amount to be Raised by Taxes for Support of Municipal Budget	13,243,005.44	-	450,807.22
Budget Totals	21,958,834.44	234,680.21	1,047,037.56
Non- Budget Revenues:			
Other Non- Budget Revenues:		315,302.18	315,302.18
	21,958,834.44	234,680.21	1,362,339.74

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries and Wages	\$ 190,500.00	191,000.00	190,848.74		151.26	
Other Expenses	56,500.00	56,800.00	39,217.27	17,334.75	247.98	
Human Resources - Personnel						
Salaries and Wages	127,000.00	127,120.00	127,116.19		3.81	
Other Expenses	24,000.00	22,900.00	19,641.23	652.63	2,606.14	
Mayor and Committee						
Salaries and Wages	52,500.00	52,500.00	52,320.06		179.94	
Other Expenses	5,500.00	5,200.00	5,030.23	87.46	82.31	
Township Clerk						
Salaries and Wages	136,000.00	136,000.00	133,922.35		2,077.65	
Other Expenses						
Codification of Ordinances	8,600.00	6,600.00	2,826.24	426.26	3,347.50	
Miscellaneous Other Expenses	36,000.00	36,000.00	29,891.34	2,339.53	3,769.13	
Financial Administration						
Salaries and Wages	159,000.00	157,500.00	156,992.96		507.04	
Other Expenses	56,000.00	52,000.00	45,809.49	2,710.62	3,479.89	
Information Technology						
Salaries and Wages	65,500.00	65,500.00	65,491.46		8.54	
Other Expenses	13,000.00	15,635.00	15,255.56	189.45	189.99	
Audit Services						
Other Expenses	31,000.00	31,000.00	31,000.00		-	
Collection of Taxes						
Salaries and Wages	163,000.00	163,000.00	162,946.12		53.88	
Other Expenses	37,000.00	37,000.00	28,555.61	3,234.59	5,209.80	
Assessment of Taxes						
Salaries and Wages	136,000.00	136,700.00	136,686.59		13.41	
Other Expenses	40,000.00	40,000.00	35,061.11	3,647.80	1,291.09	
Revaluation/Reassessment - Spec. Emergency Appr.						
Liquidation of Tax Title Liens and Foreclosed Property						
Other Expenses	30,000.00	30,000.00	15,252.72	12,753.43	1,993.85	
Legal Services						
Salaries and Wages						
Other Expenses	280,000.00	329,000.00	265,991.67	61,858.71	1,149.62	
Engineering Services						
Other Expenses	100,000.00	75,000.00	46,062.15	21,937.85	7,000.00	

The Accompanying Notes to the Financial Statements are an intergral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Grants Administration						
Salaries and Wages	35,000.00	37,200.00	37,122.80		77.20	
Other Expenses	26,000.00	25,800.00	14,739.80	9,548.83	1,511.37	
Public Affairs						
Other Expenses	750.00	750.00	319.77	225.00	205.23	
LAND USE ADMINISTRATION						
Planning Board						
Smart Growth Expense	10,000.00	10,000.00	-	10,000.00	-	
Zoning Board of Adjustment						
Salaries and Wages	97,000.00	97,000.00	96,053.78		946.22	
Other Expenses	35,000.00	35,000.00	9,033.76	23,040.42	2,925.82	
Municipal Court						
Salaries and Wages	200,000.00	200,000.00	198,729.08		1,270.92	
Other Expenses	40,400.00	41,900.00	39,372.26	1,931.45	596.29	
Public Defender						
Other Expenses	17,500.00	17,500.00	16,041.63	1,458.37	-	
INSURANCE						
General Liability Insurance	166,000.00	166,000.00	166,000.00		-	
Workers Compensation Insurance	510,000.00	479,000.00	478,136.64		863.36	
Group Insurance Plan for Employees	3,757,630.00	3,695,710.00	3,444,871.29	92,384.59	158,454.12	
Health Benefit Waivers						
Salaries and Wages	133,000.00	146,000.00	143,335.09		2,664.91	
PUBLIC SAFETY						
Police						
Salaries and Wages	4,850,000.00	4,892,500.00	4,876,953.33	1,725.00	13,821.67	
Other Expenses	357,430.00	357,430.00	318,452.15	30,499.23	8,478.62	
Police and Radio Communications						
Salaries and Wages	440,000.00	415,000.00	401,924.35		13,075.65	
Other Expenses	7,000.00	7,000.00	6,542.37	456.31	1.32	
Contribution to First Aid Squads	80,000.00	80,000.00	80,000.00		-	
Rescue Squad						
Salaries and Wages	505,000.00	490,000.00	483,054.29		6,945.71	
Other Expenses	30,000.00	45,000.00	20,127.55	13,597.49	11,274.96	
Emergency Management Services						
Other Expenses	1,000.00	1,000.00			1,000.00	
Municipal Prosecutor						
Other Expenses	34,000.00	35,600.00	32,678.02	2,833.37	88.61	

The Accompanying Notes to the Financial Statements are an intergral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
PUBLIC WORKS							
Road Repair and Maintenance							
Salaries and Wages	910,000.00	910,000.00		863,851.75		46,148.25	
Other Expenses	145,000.00	145,000.00		116,952.27	27,564.06	483.67	
Motor Pool	-	-		-			
BackHoe Repair (Emergency +12,000)	-	-		-			
Vehicle Maintenance (Motor Pool)	210,000.00	240,000.00		213,157.34	21,512.32	5,330.34	
Storm Recovery							
Other Expenses	10,000.00	10,000.00		10,000.00		-	
Shade Tree Commission							
Other Expenses	750.00	750.00		-		750.00	
Other Public Works Functions (Gypsy Moth)							
Other Expenses	3,000.00	-		-		-	
Garbage and Trash Removal - Contractual	333,400.00	333,400.00		222,232.00	111,168.00	-	
Recycling Contractual	334,000.00	334,000.00		333,348.00	652.00	-	
Public Buildings and Grounds							
Other Expenses	415,000.00	405,000.00		334,566.59	68,529.20	1,904.21	
HEALTH AND WELFARE							
Board of Health							
Salaries and Wages	850.00	850.00		850.00		-	
Other Expenses	850.00	850.00		-		850.00	
Animal Control							
Salaries and Wages	68,000.00	69,600.00		69,028.30		571.70	
Other Expenses	8,000.00	6,500.00		3,765.95	190.00	2,544.05	
Animal Control - Animal Shelter							
Contractual	133,500.00	133,500.00		133,485.00		15.00	
CODE ENFORCEMENT ADMINISTRATION							
Code Enforcement Officer							
Salaries and Wages	47,500.00	47,500.00		47,498.30		1.70	
Other Expenses	5,000.00	5,000.00		4,129.80	870.20	-	
Demolition of Substandard Buildings							
Other Expenses	10,000.00	10,000.00		10,000.00		-	
RECREATION AND EDUCATION							
Recreation							
Salaries and Wages	225,000.00	237,000.00		236,911.80		88.20	
Other Expenses	52,300.00	56,300.00		42,458.93	7,838.62	6,002.45	
Senior Center							
Salaries and Wages	55,000.00	55,000.00		54,070.28		929.72	
Other Expenses	20,000.00	18,000.00		15,502.22	1,060.77	1,437.01	

The Accompanying Notes to the Financial Statements are an intergral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
Beach Restoration	100.00	100.00	-	-	100.00		
Other Expenses							
UNIFORM CONSTRUCTION CODE							
State Uniform Construction Code							
Construction Official							
Salaries and Wages	125,000.00	80,500.00	80,077.20	422.80			
Other Expenses	14,000.00	14,000.00	9,009.91	396.70	4,593.39		
Fire Protection							
Other Expenses	5,000.00	3,000.00	-	3,000.00			
UNCLASSIFIED							
Terminal Leave	15,000.00	15,000.00	15,000.00	-			
Hurricane/Superstorm Sandy-Emergency Approp							
UTILITY EXPENSES AND BULK PURCHASES							
Water	19,000.00	19,000.00	16,667.92	2,332.08			
Electricity	380,000.00	380,000.00	313,766.49	66,233.51			
Postage							
Telephone	90,000.00	97,865.00	98,030.19	1,309.56			(165.19)
Internet	18,000.00	16,000.00	14,690.44	532.43			
Natural Gas	55,000.00	70,000.00	69,301.31	166.26			
Gasoline	220,000.00	220,000.00	184,568.62	21,316.20	14,115.18		
Street Lighting	15,000.00	8,000.00	7,321.56	678.44			
SANITARY LANDFILL DISPOSAL COSTS:							
Sanitary Landfill - Contractual	440,000.00	464,500.00	465,996.70	-			(1,496.70)
TOTAL OPERATIONS WITHIN "CAPS"	<u>17,463,060.00</u>	<u>17,448,060.00</u>	<u>16,455,645.92</u>	<u>573,133.14</u>	<u>420,942.83</u>	<u>(1,661.89)</u>	
Contingent	-	-	-	-	-	-	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	<u>17,463,060.00</u>	<u>17,448,060.00</u>	<u>16,455,645.92</u>	<u>573,133.14</u>	<u>420,942.83</u>	<u>(1,661.89)</u>	
Detail:							
Salaries and Wages	8,735,850.00	8,644,970.00	8,550,293.36	1,725.00	92,951.64	-	
Other Expenses	8,727,210.00	8,803,090.00	7,905,352.56	571,408.14	327,991.19	(1,661.89)	

The Accompanying Notes to the Financial Statements are an intergral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	413,675.54	413,675.54	413,675.54	-	-	
Social Security System (O.A.S.I.)	630,000.00	652,000.00	649,428.38	2,571.62		
Police and Firemen's Retirement System	1,125,542.00	1,125,542.00	1,125,542.00	-		
Defined Contribution Retirement Program	20,000.00	13,000.00	12,517.59	482.41		
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00	-		
	<u>2,194,217.54</u>	<u>2,209,217.54</u>	<u>2,206,163.51</u>	<u>-</u>	<u>3,054.03</u>	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	19,657,277.54	19,657,277.54	18,661,809.43	573,133.14	423,996.86	(1,661.89)
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"						
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
SFSP Appropriation	6,437.00	6,437.00	6,437.00	-	-	
Cape May County Share PILOT	5,250.00	5,250.00	-	5,250.00	-	
Local School District Share PILOT	58,149.00	58,149.00	58,149.00	-	-	
Fire District #1 Share PILOT	2,730.00	2,730.00	2,730.00	-	-	
Fire District #2 Share PILOT	1,218.00	1,218.00	1,218.00	-	-	
Interlocal - Cape May County Technical School Police						
Salaries and Wages	74,284.00	74,284.00	74,284.00	-	-	
Interlocal - Middle Township Fire District #2 JIF Insurance	20,752.00	20,752.00	20,752.00	-	-	
Interlocal - Middle Township Fire District #3 JIF Insurance	19,650.00	19,650.00	19,650.00	-	-	
	<u>188,470.00</u>	<u>188,470.00</u>	<u>183,220.00</u>	<u>5,250.00</u>	<u>-</u>	<u>-</u>

The Accompanying Notes to the Financial Statements are an intergral part of this statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues							
Clean Communities Program		51,583.36	51,583.36				
Safe and Secure Communities Program	60,000.00	60,000.00	60,000.00				
Small Cities CDBG Avalon Manor Pier Improvements	257,388.00	257,388.00	257,388.00				
NJ DOT	190,000.00	190,000.00	190,000.00				
Body Armor Grant		4,290.00	4,290.00				
Drunk Driving Enforcement Fund		9,183.98	9,183.98				
Bullet Proof Vest Partnership-Federal		4,680.00	4,680.00				
Emergency Management Assist.	10,000.00	10,000.00	10,000.00				
Cape May County Open Space - MLK Tennis Courts		120,565.00	120,565.00				
Cape May County MUA - Recycling Rebate		42,986.45	42,986.45				
Municipal Court Alcohol Education		1,391.42	1,391.42				
Total Public and Private Programs Off-Set by Revenues	517,388.00	752,068.21	752,068.21				
Total Operations - Excluded from "CAPS" Detail:							
Salaries and Wages	134,284.00	143,467.98	143,467.98				
Other Expenses	571,574.00	797,070.23	791,820.23		5,250.00		
(C) Capital Improvements							
Capital Improvement Fund	50,000.00	50,000.00	50,000.00				
Improvements to Municipal Buildings and Grounds	40,000.00	40,000.00	39,004.35			995.65	
Total Capital Improvements	90,000.00	90,000.00	89,004.35			995.65	
(D) Debt Service							
Payment of Bond Principal	710,000.00	710,000.00	710,000.00				
Interest on Bonds	247,775.00	247,775.00	247,768.76				6.24
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	98,200.00	98,200.00	98,132.10				67.90
New Jersey Environmental Infrastructure Trust Loan:							
Principal	18,400.00	18,400.00	17,986.42				413.58
Interest	3,480.00	3,480.00	3,162.83				317.17
Total Debt Service	1,077,855.00	1,077,855.00	1,077,050.11				804.89

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended			
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
						(Over expended) Unexpended Balance Cancelled
(E) Deferred Charges						
None	-	-	-	-	-	-
Total Deferred Charges	-	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,873,713.00	2,108,393.21	2,101,342.67	5,250.00	995.65	804.89
SUBTOTAL GENERAL APPROPRIATIONS	21,530,990.54	21,765,670.75	20,763,152.10	578,383.14	424,992.51	(857.00)
(M) Reserve for Uncollected Taxes	427,843.90	427,843.90	427,843.90	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 21,958,834.44	22,193,514.65	21,190,996.00	578,383.14	424,992.51	(857.00)
Budget		\$ 21,958,834.44			Cancelled	\$ 804.89
Appropriations by 40A:4-87		234,680.21			Overexpended	(1,661.89)
Emergency Appropriations		22,193,514.65				(857.00)
Reserve for Uncollected Taxes		\$ 427,843.90				
Federal and State Grants		758,505.21				
Disbursements		20,004,646.89				
		21,190,996.00				

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

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EXHIBIT B - TRUST FUND

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TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
<u>Animal Control Fund</u>		
Cash	\$ 39,052.25	33,618.81
Due from State of New Jersey Board of Health	-	153.80
	<u>39,052.25</u>	<u>33,772.61</u>
<u>Assessment Fund</u>		
Cash	162,321.63	121,598.48
Due from Current Fund	158.16	28,562.60
Assessments Receivable	823,936.78	911,463.92
	<u>986,416.57</u>	<u>1,061,625.00</u>
<u>Other Funds</u>		
Cash - Treasurer	2,432,066.91	2,562,158.36
Cash - Collector	117,561.85	267,166.14
Grant Receivable	5,109.90	2,480.07
Loans Receivable - UDAG	312,812.81	372,228.44
Due from Current Fund	132,999.00	82,201.54
Due from Utility Operations	5,564.85	-
Accounts Receivable	46,929.46	-
	<u>3,053,044.78</u>	<u>3,286,234.55</u>
	<u>\$ 4,078,513.60</u>	<u>4,381,632.16</u>

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2018</u>	<u>2017</u>
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 13,209.00	21,684.15
Due to State of New Jersey	2.40	-
Prepaid Licenses	2,926.00	3,108.00
Interfunds:		
Due to Current Fund	22,914.85	8,980.46
	<u>39,052.25</u>	<u>33,772.61</u>
<u>Assessment Fund</u>		
Assessment Serial Bonds	930,000.00	1,005,000.00
Reserve for Assessments	56,416.57	56,625.00
	<u>986,416.57</u>	<u>1,061,625.00</u>
<u>Other Funds</u>		
Reserve for:		
Community Development Block Grant	2,676.80	2,676.80
Deposits for Redemption of Tax Liens	44,661.85	79,266.14
Tax Sale Premiums	222,900.00	253,900.00
Unemployment Compensation	165,802.44	172,906.08
Escrow Deposits	831,660.60	979,135.73
Street Openings	11,270.00	11,020.00
Sewer Escrows	142,398.81	136,833.96
Smart Growth Plan	33,013.31	33,013.31
Housing Rehabilitation	52,703.46	59,262.46
Parking Offense Adjudication Act	311.00	297.00
Urban Aid	434,049.88	362,029.13
Recreation Dedicated Trust	115,765.71	83,149.84
Police Forfeiture	42,070.78	33,093.46
Special Police Detail	37,356.92	47,135.16
Snow Removal	59,031.50	69,229.90
Subdivisions - Map Changes	13,007.50	6,157.50
Accumulated Absences	143,920.47	227,983.25
Donations - Bus Shelters	836.08	836.08
Council on Affordable Housing - Fees	314,823.54	313,870.52
Animal Advisory Awareness	87.82	-
Payroll	5,532.04	22,390.79
Loans Receivable - UDAG	312,812.81	372,228.44
Due to Current Fund	11,692.46	-
Due to State of New Jersey:		
Construction Code Fees	54,659.00	19,219.00
Marriage Licenses/Burial Permits	-	600.00
	<u>3,053,044.78</u>	<u>3,286,234.55</u>
	<u>\$ 4,078,513.60</u>	<u>4,381,632.16</u>

EXHIBIT C - CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash and Investments	\$ 1,309,782.68	2,862,261.29
Due from the Current Fund	122,000.00	-
Deferred Charges to Future Taxation -		
Funded	8,095,748.42	8,908,441.07
Unfunded	200,500.86	200,500.86
	<u>9,728,031.96</u>	<u>11,971,203.22</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	242,184.71	256,599.69
Serial Bonds Payable	7,410,000.00	8,120,000.00
Improvement Authorizations:		
Funded	939,273.02	2,015,881.70
Unfunded	200,500.00	200,500.86
Green Trust Loan Payable	601,660.61	686,485.04
New Jersey Environmental Infrastructure Trust		
Fund Loan Payable	84,087.81	101,956.03
Capital Improvement Fund	35,014.35	260,314.44
Fund Balance	215,311.46	329,465.46
	<u>\$ 9,728,031.96</u>	<u>11,971,203.22</u>

There were bonds and notes authorized but not issued at December 31,

2017	200,500.86
2018	200,500.86

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 329,465.46	451,465.46
Increased by:		
None	-	-
Decreased by:		
Surplus budgeted in Current Fund	114,154.00	122,000.00
Ending Balance December 31	<u>\$ 215,311.46</u>	<u>329,465.46</u>

EXHIBIT D - SEWER UTILITY FUND

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**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Operating Fund:		
Cash and Investments	\$ 1,018,460.70	1,200,199.13
Due from Sewer Capital Fund	211.83	-
Due from Current Fund	<u>186,306.61</u>	<u>186,306.61</u>
	<u>1,204,979.14</u>	<u>1,386,505.74</u>
Receivables With Full Reserves		
Consumer Accounts Receivable	16,819.38	10,500.03
Sewer Liens Receivable	<u>21,796.01</u>	<u>28,000.39</u>
	<u>38,615.39</u>	<u>38,500.42</u>
Deferred Charges:		
Emergency Authorization	<u>56,000.00</u>	<u>170,200.00</u>
	<u>56,000.00</u>	<u>170,200.00</u>
Total Operating Fund	<u>1,299,594.53</u>	<u>1,595,206.16</u>
Capital Fund:		
Cash and Investments	401,576.04	342,770.10
Fixed Capital:		
Completed	30,557,713.51	30,557,713.51
Authorized and Uncompleted	<u>17,694,979.73</u>	<u>17,694,979.73</u>
Total Capital Fund	<u>48,654,269.28</u>	<u>48,595,463.34</u>
	<u>\$ 49,953,863.81</u>	<u>50,190,669.50</u>

The Accompanying Notes to the Financial Statements are an intergral part of this statement

**SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2018	2017
<u>Liabilities, Reserves and Fund Balance</u>		
Operating Fund:		
Appropriation Reserves	\$ 27,120.19	41,019.60
Encumbrances Payable	47,810.80	32,357.00
Prepaid Rents	500,109.22	454,975.73
Accrued Interest on Bonds and Notes	209,816.29	213,906.14
Due to Sewer Escrow Fund	5,564.85	-
	790,421.35	742,258.47
Reserve for Receivables	38,615.39	38,500.42
Fund Balance	470,557.79	814,447.27
Total Operating Fund	1,299,594.53	1,595,206.16
Capital Fund:		
Serial Bonds Payable	11,440,000.00	11,925,000.00
Loans Payable	11,737,209.81	9,709,179.44
Contracts Payable	312,321.98	2,587,911.66
Due to Sewer Operating Fund	211.83	-
Reserve to Pay Bonds	623,643.81	248,155.02
Improvement Authorizations		
Funded	380,519.31	380,519.31
Unfunded	1,130,772.46	1,273,077.46
Reserve for Amortization	22,241,645.76	21,599,524.28
Deferred Reserve for Amortization	773,087.67	757,239.52
Fund Balance	14,856.65	114,856.65
Total Capital Fund	48,654,269.28	48,595,463.34
	\$ 49,953,863.81	50,190,669.50

There were bond and notes authorized but not issued at December 31,

2018	2,060,750.00
2017	4,261,750.00

The Accompanying Notes to the Financial Statements are an intergral part of this statement

**SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Revenue and Other Income Realized		
Fund Balance Utilized	\$ 400,000.00	243,962.00
Sewer Rents	4,426,264.56	4,273,407.86
Miscellaneous	245,470.85	155,142.48
Utility Capital Surplus	100,000.00	-
Other Credits to Income:		
Unexpended Balance of Appropriation		
Reserves	17,634.30	114,325.25
Total Income	<u>5,189,369.71</u>	<u>4,786,837.59</u>
 Expenditures:		
Operations:		
Salaries and Wages	180,000.00	180,000.00
Other Expenses	299,300.00	232,000.00
Insurance	20,000.00	134,000.00
CMCMUA User Charges	2,850,000.00	2,289,200.00
Capital Improvements	27,000.00	-
Debt Service	1,463,759.19	1,427,048.75
Deferred Charges and Statutory Expenditures	349,200.00	346,461.15
Total Expenditures	<u>5,189,259.19</u>	<u>4,608,709.90</u>
Excess in Revenue	110.52	178,127.69
 Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by		
Statute Deferred Charges to Budgets of		
Succeeding Years	56,000.00	170,200.00
	<u>56,110.52</u>	<u>348,327.69</u>
Fund Balance January 1	814,447.27	710,081.58
	870,557.79	1,058,409.27
 Decreased By:		
Utilization as Anticipated Revenue	400,000.00	243,962.00
Balance December 31	<u>\$ 470,557.79</u>	<u>814,447.27</u>

The Accompanying Notes to the Financial Statements are an intergral part of this statement

**SEWER UTILITY FUND
COMPARATIVE STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS
AS OF DECEMBER 31,**

	2018	2017
Balance December 31,	\$ 114,856.65	114,856.65
Increased By:		
None	-	-
	114,856.65	114,856.65
Decreased By:		
Appropriated to Budget Revenue	100,000.00	-
Balance December 31,	\$ 14,856.65	114,856.65

The Accompanying Notes to the Financial Statements are an intergral part of this statement

SEWER UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Anticipated Budget	Realized	Excess or (Deficit)
Operating Fund Balance Anticipated	\$ 400,000.00	400,000.00	-
Anticipated Revenue:			
Sewer Rents	4,250,000.00	4,188,764.56	(61,235.44)
Utility Capital Surplus	100,000.00	100,000.00	-
Miscellaneous	150,000.00	245,470.85	95,470.85
Additional Sewer Rents	237,500.00	237,500.00	-
	<u>4,737,500.00</u>	<u>4,771,735.41</u>	<u>34,235.41</u>
Total Revenue	\$ <u>5,137,500.00</u>	<u>5,171,735.41</u>	<u>34,235.41</u>

Analysis of Realized Revenue:

Sewer Rents			
Accounts Receivable	\$ 3,945,054.42		
Liens Receivable	26,234.41		
Sewer Overpayments Applied	454,975.73		
Total Sewer Rents		\$ <u>4,426,264.56</u>	
Miscellaneous Revenue			
Interest on Investments	5,776.68		
Miscellaneous	-		
Penalties on Delinquent Accounts	35,953.72		
Connection/Disconnection Fee	194,940.45		
Application Fees	8,800.00		
Total Miscellaneous		<u>245,470.85</u>	

The Accompanying Notes to the Financial Statements are an intergral part of this statement

**SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 200,000.00	180,000.00	178,764.04	1,235.96	
Other Expenses	200,000.00	299,300.00	274,384.29	24,915.71	
Insurance	50,000.00	20,000.00	20,000.00	-	
CMC/MJA User Charges	2,840,000.00	2,850,000.00	2,849,484.00	516.00	
	<u>3,290,000.00</u>	<u>3,349,300.00</u>	<u>3,322,632.33</u>	<u>26,667.67</u>	<u>-</u>
Capital Improvements:					
Capital Outlay	50,000.00	27,000.00	26,908.16	91.84	
	<u>50,000.00</u>	<u>27,000.00</u>	<u>26,908.16</u>	<u>91.84</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	640,000.00	640,000.00	639,875.63	-	124.37
Interest on Bonds	787,870.00	809,570.00	805,453.56	-	4,116.44
Grassy Sounds Loan	18,430.00	18,430.00	18,430.00	-	-
	<u>1,446,300.00</u>	<u>1,468,000.00</u>	<u>1,463,759.19</u>	<u>-</u>	<u>4,240.81</u>
Deferred Charges and Statutory Expenditures					
Emergency Authorizations	170,200.00	170,200.00	170,200.00	-	
Township of Middle Indirect Costs	150,000.00	150,000.00	150,000.00	-	
PERS	15,000.00	15,000.00	15,000.00	-	
Social Security System (O.A.S.I.)	16,000.00	14,000.00	13,639.32	360.68	
	<u>351,200.00</u>	<u>349,200.00</u>	<u>348,839.32</u>	<u>360.68</u>	<u>-</u>
	<u>\$ 5,137,500.00</u>	<u>5,193,500.00</u>	<u>5,162,139.00</u>	<u>27,120.19</u>	<u>4,240.81</u>
Adopted Budget	\$	\$ 5,137,500.00			
Emergency Authorization		<u>56,000.00</u>			
		<u>5,193,500.00</u>			
Cash Disbursed			\$ 4,138,674.64		
Accrued Interest on Bonds and Notes			805,453.56		
Encumbered			<u>47,810.80</u>		
			<u>5,162,139.00</u>		

See Accompanying Notes to Financial Statements-Regulatory Basis

EXHIBIT F - GENERAL FIXED ASSET GROUP OF ACCOUNTS

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**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Land	\$ 978,885.00	1,052,705.00
Land Improvements	3,216,028.89	1,989,269.43
Building and Building Improvements	7,587,550.00	7,897,280.00
Machinery, Equipment and Vehicles	6,015,188.80	7,521,768.25
	<u>17,797,652.69</u>	<u>18,461,022.68</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Investment in General Fixed Assets	\$ <u>17,797,652.69</u>	<u>18,461,022.68</u>

The Accompanying Notes to the Financial Statements are an intergral part of this statement

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NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Middle include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township of Middle, as required by N.J.S. 40A:5-5.

The Township of Middle is an inland community located in the County of Cape May, State of New Jersey. The population according to the 2010 census is 18,911. The Township was incorporated in 1798 and operates under a Committee form of government.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the entity in that the entity approves the budget, the issuance of debt or the levying of taxes. The Township has no component units.

B. Description of Funds

The accounting policies of the Township of Middle 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 the respect to public funds. Under this method of accounting, the Township of Middle accounts for its financial transactions through the following separate funds:

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

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

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

Sewer Operating and Capital Funds -- account for the operations of the sewer utility and acquisition of sewer capital facilities other than those acquired in the Current and General Capital Funds.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in 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 policies in New Jersey follow.

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

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

Revenues -- are recorded as received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance 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. Appropriation reserves covering unencumbered 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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property & Property Deeded to Township -- Foreclosed Property and Property Deeded to Township are recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The Township has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

No depreciation has been provided for 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.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

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

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Township of Middle to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The Township operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed semi-annually and due semi-annual installments on March 20 and September 20.

Interest on Delinquent Utility Charges -- It is the policy of the Township to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the Township of Middle to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Township's financial

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Township's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Township's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the Township's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Township's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred before the End of a Construction Period". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the Township's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Township's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the Township's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$427,843.90 and \$416,999.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$1,779,000 and \$1,641,000. In addition, the Township operates a self liquidating sewer utility. Under New Jersey Statutes, a separate budget for the utility must be adopted concurrently with the operating budget of the Township. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$400,000 and \$243,962. The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Council. The following significant budget transfers were approved in the 2018 and 2017 calendar years:

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
<u>Current Fund:</u>		
General Administration		
Other Expenses	\$ -	\$ 32,000.00
Legal Services		
Other Expenses	49,000.00	
Engineering Services		
Other Expenses	(25,000.00)	
Police		
Salaries and Wages	42,500.00	
Police & Radio Communications		
Salaries and Wages	(25,000.00)	
Vehicle Maintenance	30,000.00	25,000.00
Workers Compensation Insurance	(31,000.00)	(40,000.00)
Group Insurance Plan	(61,920.00)	(144,170.00)
Rescue Squad		
Salaries and Wages		20,000.00
Construction Official		
Salaries and Wages	(44,500.00)	
Sanitary Landfill- Contractual	24,500.00	
Social Security System (O.A.S.I.)	22,000.00	
Road Repairs and Maintenance		
Salaries and Wages		72,000.00
Gasoline		(20,000.00)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2018 and 2017, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2018</u>	<u>2017</u>
Bulletproof Vest Partnership	\$ 4,680.00	\$ 6,852.30
Clean Communities Program	51,583.36	53,732.80
Cape May County Open Space- MLK Tennis Courts	120,565.00	-
Cape May County MUA- Recycling Rebate	42,986.45	-
Bike Path Middle/ Lower Connector	-	2,000,753.00
Rotary Club	-	3,000.00
Cape Express	-	63,000.00
Drunk Driving Enforcement Fund	9,183.98	-
Body Armor	4,290.00	4,677.95
COPS in Shops	-	1,200.00
Municipal Court Alcohol Education	1,391.42	-

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

The entity may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. The Township approved an emergency appropriation in 2018 for \$56,000. The emergency was for additional unanticipated costs in the Utility Fund. This amount is included in the 2019 budget.

Note 3: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2018 and 2017, \$579,833.58 and \$935,203.16 of the municipality’s bank balance of \$13,053,484.01 and \$16,735,908.89 respectively was exposed to custodial credit risk.

Note 4: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2018 and 2017:

	Balance 12/31/2016	Additions	Retirements	Balance 12/31/2017
Land	\$ 1,052,705.00	\$ -	\$ -	\$ 1,052,705.00
Land Improvements	1,907,773.85	81,495.58		1,989,269.43
Building	7,897,279.09	0.91		7,897,280.00
Equipment and Machinery	6,713,022.07	1,354,930.78	(546,184.60)	7,521,768.25
	<u>\$17,570,780.01</u>	<u>\$ 1,436,427.27</u>	<u>\$(546,184.60)</u>	<u>\$ 18,461,022.68</u>

	Balance 12/31/2017	Additions	Retirements/ Adjustments	Balance 12/31/2018
Land	\$ 1,052,705.00	\$ -	\$ (73,820.00)	\$ 978,885.00
Land Improvements	1,989,269.43	155,151.16	1,071,608.30	3,216,028.89
Building	7,897,280.00	-	(309,730.00)	7,587,550.00
Equipment and Machinery	7,521,768.25	182,627.54	(1,689,206.99)	6,015,188.80
	<u>\$18,461,022.68</u>	<u>\$337,778.70</u>	<u>\$(1,001,148.69)</u>	<u>\$ 17,797,652.69</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

	Balance 12/31/16	Issued	Retired	Balance 12/31/17	Amounts Due Within One Year
Bonds payable:					
General	\$ 8,820,000.00		\$ 700,000.00	\$ 8,120,000.00	\$ 710,000.00
Utility	12,400,000.00		475,000.00	11,925,000.00	485,000.00
Total	21,220,000.00	-	1,175,000.00	20,045,000.00	1,195,000.00
Other liabilities:					
Loans Payable	123,545.98		21,589.95	101,956.03	17,868.22
Utility Loans	9,858,859.20		149,679.60	9,709,179.60	172,969.63
Compensated Absences Payable	1,048,924.67		81,058.81	967,865.86	-
Total long-term liabilities	\$ 32,251,329.85	\$ -	\$ 1,427,328.36	\$30,824,001.49	\$ 1,385,837.85
	Balance 12/31/17	Issued	Retired	Balance 12/31/18	Amounts Due Within One Year
Bonds payable:					
General	\$ 8,120,000.00	\$ -	\$ 710,000.00	\$ 7,410,000.00	\$ 715,000.00
Utility	11,925,000.00	-	485,000.00	11,440,000.00	505,000.00
Total	20,045,000.00	-	1,195,000.00	18,850,000.00	1,220,000.00
Other liabilities:					
Loans Payable	101,956.03		17,868.22	84,087.81	17,546.00
Utility Loans	9,709,179.60	2,201,000.00	172,969.63	11,737,209.97	393,984.00
Compensated Absences Payable	967,865.86	311,487.07	-	1,279,352.93	-
Total long-term liabilities	\$ 30,824,001.49	\$2,512,487.07	\$ 1,385,837.85	\$31,950,650.71	\$ 1,631,530.00

Outstanding bonds whose principal and interest are paid from the Current Fund & Sewer Operating Budgets:

At December 31, 2018 bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$8,820,000 Various Capital Improvements Bonds dated November 1, 2016, due in annual installments through November 1, 2028 bearing interest rates from 2.125% to 4.00% per annum. The balance remaining as of December 31, 2018 is \$7,410,000.

\$215,345 Green Acres Loan dated November 16, 1999, due in semi-annual installments through August 19, 2019, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2018 is \$13,193.

\$340,000 Green Acres Loan dated November 3, 2004, due in semi-annual installments through August 24, 2024, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2018 is \$118,979.

\$455,700 Green Acres Loan, \$250,000 drawn down on December 21, 2004 and \$205,700 drawn down on December 24, 2006, due in semi-annual installments through July 5, 2024, and December 24, 2025, bearing

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

an interest rate of 2.00%. The balances remaining as of December 31, 2018 are \$93,457 and \$40,253 respectively.

\$150,000 Green Acres Loan dated December 31, 2004, due in semi-annual installments through September 17, 2024, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2018, is \$42,776.

\$400,000 Green Acres Loan dated June 28, 2012, due in semi-annual installments through April 3, 2032, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2018, is \$293,002.

\$170,000 New Jersey Environmental Infrastructure Trust Fund Loan dated December 7, 2004, due in semi-annual installments through August 1, 2022, bearing an interest rate of 0%. The balance remaining as of December 31, 2018, is \$47,5844.

\$177,597 New Jersey Environmental Infrastructure Trust Fund Loan dated December 7, 2004, due in semi-annual installments through August 1, 2022, bearing interest at variable rates ranging from 3% to 5%. The balance remaining as of December 31, 2018, is \$36,504.

At December 31, 2018, bonds payable in the Sewer Utility Fund consisted of the following individual issues:

\$4,365,000 Sewer Refunding Bonds dated February 3, 2010, due in annual installments on December 15 through December 15, 2031, bearing interest at various rates from 1.125%-2.75% through 2015 and 3%-4.375% thereafter. The balance remaining as of December 31, 2018 was \$2,790,000.

The Township issued \$10,350,000 Sewer Refunding Bonds dated April 30, 2013, due in annual installments on August 15 through August 15, 2042, bearing interest at varying rates from 2.00%-4.00%. The bonds were used to refinance the Rural Development Administration Bonds noted below. The balance remaining as of December 31, 2018 was \$8,650,000.

\$3,039,000 Rural Development Loan dated July 15, 2010, due in semi-annual installments through July 15, 2050, bearing an interest rate of 4.00%. The balance remaining as of December 31, 2018, is \$2,746,140.

\$1,150,000 Rural Development Loan dated July 15, 2010, due in semi-annual installments through July 15, 2050, bearing an interest rate of 4.00%. The balance remaining as of December 31, 2018, is \$1,039,171.

\$1,815,000 Rural Development Loan dated December 15, 2011, due in semi-annual installments through December 15, 2051, bearing an interest rate of 2.25%. The balance remaining as of December 31, 2018, is \$1,602,175.

\$3,663,000 Rural Development Loan dated December 15, 2011, due in semi-annual installments through December 15, 2051, bearing an interest rate of 3.75%. The balance remaining as of December 31, 2018, is \$3,344,424.

\$100,000 Rural Development Loan dated April 24, 2013, due in semi-annual installments through April 24, 2053, bearing an interest rate of 3.50%. The balance remaining as of December 31, 2018, is \$92,995.

\$794,400 Rural Development Loan dated April 24, 2013, due in semi-annual installments through April 24, 2053, bearing an interest rate of 2.75%. The balance remaining as of December 31, 2018, is \$729,399.

\$755,000 Rural Development Loan dated June 22, 2018, due in semi-annual installments through April 24, 2058, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2018, is \$748,793.

\$1,446,000 Rural Development Loan dated June 22, 2018, due in semi-annual installments through April 24, 2058, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2018, is \$1,434,113.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds and Loans Issued and Outstanding

Year Ending December 31	General Capital Fund		Utility Capital Fund	
	Principal	Interest	Principal	Interest
2019	\$ 715,000.00	\$ 199,668.75	\$ 505,000.00	430,165.06
2020	720,000.00	171,068.75	520,000.00	409,765.06
2021	725,000.00	142,268.75	550,000.00	388,965.06
2022	730,000.00	113,268.75	560,000.00	366,965.06
2023	735,000.00	91,368.75	600,000.00	344,565.06
2024-2028	3,785,000.00	233,643.75	3,305,000.00	1,357,120.30
2029 - 2033	-	-	3,125,000.00	718,581.48
2034-2038	-	-	1,455,000.00	301,181.40
2039-2043	-	-	820,000.00	75,562.56
	<u>\$ 7,410,000.00</u>	<u>\$ 951,287.50</u>	<u>\$ 11,440,000.00</u>	<u>\$ 4,392,871.04</u>

As of December 31, 2018, the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$247,768.76 and to the utility budget was \$805,453.56.

<u>Summary of Municipal Debt</u>	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 8,095,748.42	\$ 8,908,441.07	\$ 9,713,184.07
Sewer Utility - Bonds and Notes	23,177,209.81	21,634,179.44	22,258,859.20
Trust Assessment- Bonds and Notes	930,000.00	1,005,000.00	1,080,000.00
Total Issued	<u>32,202,958.23</u>	<u>31,547,620.51</u>	<u>33,052,043.27</u>
<u>Less:</u>			
Funds Temporarily Held to Pay Bonds and Notes:			
General			
Self-Liquidating Debt	25,237,959.81	25,895,929.44	24,425,609.20
Total Deductions	<u>25,237,959.81</u>	<u>25,895,929.44</u>	<u>24,425,609.20</u>
Net Debt Issued	<u>6,964,998.42</u>	<u>5,651,691.07</u>	<u>8,626,434.07</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	200,500.86	200,500.86	200,500.86
Sewer Utility - Bonds and Notes	2,060,750.00	4,261,750.00	2,166,750.00
Total Authorized But Not Issued	<u>2,261,250.86</u>	<u>4,462,250.86</u>	<u>2,367,250.86</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 9,226,249.28</u>	<u>\$ 10,113,941.93</u>	<u>\$ 10,993,684.93</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .386%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 23,745,000.00	\$ 23,745,000.00	\$ -
Sewer Utility Debt	25,237,959.81	25,237,959.81	-
General Debt	9,226,249.28	-	9,226,249.28
	<u>\$ 58,209,209.09</u>	<u>\$ 48,982,959.81</u>	<u>\$ 9,226,249.28</u>

Net Debt \$9,226,249.28 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,621,708,908.33 = 0.347%.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 92,958,840.35
Net Debt	9,226,249.28
Remaining Borrowing Power	<u>\$ 83,732,591.07</u>

The Township of Middle School District, as a K-12 school district, is permitted to borrow up to 4% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 6: FUND BALANCES APPROPRIATED

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

	<u>2019</u>	<u>2018</u>
Current Fund	\$ 1,764,776.00	1,779,000.00
Sewer Utility	400,000.00	400,000.00

Note 7: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2018	2019 Budget Appropriation	Balance to Succeeding
Utility fund:			
Emergency Appropriation	\$ 56,000	56,000	-
	<u>\$ 56,000</u>	<u>56,000</u>	<u>-</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 8: SCHOOL TAXES

The Township is responsible for levying, collecting and remitting school taxes for the Middle Township School District.

Local District School Tax in the amounts of \$27,859,301.00 and \$27,337,343.00 have been raised for the 2018 and 2017 calendar years and remitted or due to the school district. The school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Fund balance is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31, and for the regional high school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, decreased by the amount deferred at December 31, 2017, and decreased by the amount deferred at December 31, 2018. GAAP would require the recording of a deferred revenue. The following schedule illustrates school taxes payable and school taxes deferred at December 31st for the last two years.

	12/31/2018	12/31/2017	
Balance of Tax	\$ 12,800,794.91	\$ 13,262,286.77	
Deferred	9,676,265.00	9,676,265.00	
Local School Tax Payable	\$ 3,124,529.91	\$ 3,586,021.77	

Note 9: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/18	Balance 12/31/17	
Prepaid Taxes	\$ 1,071,779.11	\$1,941,109.04	
Cash Liability for Taxes Collected in Advance	\$ 1,071,779.11	\$1,941,109.04	

Note 10: PENSION FUNDS

Description of Plans

Substantially all of the Township's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 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 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.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.36% through June 30, 2018 and 7.50% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2018, 2017, and 2016 were \$428,676, \$395,159, and \$353,420.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The Township's contributions to PFRS for the years ended December 31, 2018, 2017, and 2016 were \$1,125,542, \$1,017,751, \$991,577.

The total payroll for the year ended December 31, 2018, 2017 and 2016 was \$9,569,288.67, \$9,510,257.59, and \$9,391,781.21. Payroll covered by PFRS was \$4,451,024.00, \$4,116,688.00, and \$3,989,724.00. Payroll covered by PERS was \$3,116,746.00, \$2,987,356.00, and \$2,917,500.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 11: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the Township's pension liabilities. However, due to the fact that the Township reports on the regulatory basis of accounting, no financial statement impact will be recognized.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

The following represents the municipality's pension liabilities as June 30, 2018:

Public Employees' Retirement System

The Township has a liability of \$8,154,992.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Township's proportion is 0.04141797120%, which was a decrease of 5.97% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Township would have recognized pension expense of \$378,375.00. At December 31, 2018, the Township would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,343,808.00	2,607,533.00
Difference between Expected & Actual Experience	155,517.00	42,050.00
Net difference between projected and actual earnings on pension plan investments		76,494.00
Changes in proportion and differences between Twp. contributions and proportionate share of contributions	446,956.00	703,241.00
Total	\$ 1,946,281.00	3,429,318.00

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 59,840.00
2020	(102,556.00)
2021	(657,789.00)
2022	(589,335.00)
2023	(193,197.00)
Total	\$ (1,483,037.00)

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Township's proportionate share of the net pension liability calculated using the discount rate of 5.66%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.66%) or 1-percentage point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Township's proportionate share of the net pension liability	\$ 9,804,363.19	8,154,992.00	6,772,106.61

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Police and Firemen's Retirement System

The Township has a liability of \$16,800,993.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Township's proportion is .12460723300%, which is a decrease of 2.02% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Township would have recognized pension expense of \$1,285,603.00. At December 31, 2018, the Township would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,442,139.00	4,305,804.00
Difference in Experience		69,526.00
Net difference between projected and actual earnings on pension plan investments	170,928.00	91,917.00
Changes in proportion and differences between City contributions and proportionate share of contributions	805,756.00	773,696.00
Total	\$ 2,418,823.00	5,240,943.00

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,	
2019	\$ 124,402.00
2020	(489,582.00)
2021	(1,323,864.00)
2022	(858,435.00)
2023	(274,641.00)
Total	\$ (2,822,120.00)

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.00%

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

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

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, 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 collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Townships's proportionate share of the net pension liability	\$ 21,885,669.37	16,800,993.00	12,607,902.75

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2018 State special funding situation net pension liability amount of \$1,838,050,687.00, is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2018 State special funding situation pension expense of \$217,714,180.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Township of Middle was 0.12460723300% for 2018. The net pension liability amounts allocated to the Township was \$2,282,137.00. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$270,316.00 is allocated to the Township.

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

Note 12: POST-RETIREMENT BENEFITS

Plan Description The Township of Middle provides health insurance coverage for eligible retirees through a private insurance policy.

The Regulatory Basis of Accounting does not permit the accrual of Actuarially determined OPEB Expenses or Liabilities. The Township reports all OPEB related costs on the "pay as you go" basis. The following information is for disclosure purposes only and has not been accrued in the Financial Statements of the Township.

The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

The actuarial valuation report was based on 213 total participants including 125 retirees.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Annual OPEB Cost and Net OPEB Liability

The Township's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 75. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the December 31, 2018 actuarial valuation, the "Entry-Age-Normal as a Percentage of Salary" method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 4.10% and annual health insurance cost trend rate of 5.8%. In addition, the unfunded actuarial accrued liability is being amortized period of 20 years.

Other Post-employment Benefit Costs and Obligations

In the December 31, 2018 actuarial valuation, the Actuarily Determined Contribution for the year's ending December 31, 2018 and 2017 were projected as follows:

	<u>12/31/2018</u>
Service Cost	\$ 477,233.00
20 Year Amortization of NOL at 4.10	2,107,473.00
Actuarily Determined Contribution	<u>2,584,706.00</u>
Actual Contribution	-
Contribution deficiency	<u>\$ (2,584,706.00)</u>
Covered Payroll	\$ 7,567,770.00
Actuarily Determined Contribution as a % of Covered Payroll	34.15%

The following reflects the change in the Total OPEB Liability as of the December 31, 2018 valuation date for the year ended December 31, 2018.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>12/31/2018</u>
OPEB Liability, Beginning of Year	\$ 51,622,254
Changes for the Year:	
Service Cost	477,233
Interest	2,107,473
Benefit Payments	(1,395,400)
OPEB Liability, End of Year	<u>\$ 52,811,560</u>
Covered payroll (for Covered Participants)	\$ 7,567,770
Total OPEB liability as a percentage of covered payroll	697.85%

Sensitivity of the total OPEB liability to changes in the discount rate.

The December 31, 2018 valuation was prepared using a discount rate of 4.10%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$47,863,033 or by 9.37%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$58,877,407 or by 11.49%.

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline 4.10%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>58,877,407</u>	\$ <u>52,811,560</u>	\$ <u>47,863,033</u>

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

The December 31, 2018 valuation was prepared using an initial trend rate of 5.80%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$58,363,423 or by 10.51%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$48,262,876 or by 8.61%.

	<u>Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Baseline 5.80%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u>48,262,876</u>	\$ <u>52,811,560</u>	\$ <u>58,363,423</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

For the year ended December 31, 2018, the Township's Actuarially determined OPEB expense was \$2,584,706. At December 31, 2018, the Township would have reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in December 31, 2018 OPEB Liability due to Actuarial experience different from expected and actuarial assumption changes	\$ -	\$ -
Total	\$ -	\$ -

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

For the Year Ending December 31,

2019	\$	-
2020		-
2021		-
2022		-
2023		-
Thereafter		-
	\$	-

Note 13: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$1,279,352.90 in 2018 and \$967,865.86 in 2017. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Township employees are entitled to fifteen sick leave days each year. Vacation days are earned based on years of service. Employees are entitled to 12 vacation days for the first year of employment, 14 days for 2 through 5 years of service, 17 days for 6 through 10 years of service, 20 days for 11 through 15 years of service, and 25 days for 16 through 20 years or more of service. Over 20 years is 30 days a year. Sick and vacation days accumulated through December 31, 1986 have been credited to the employees and will be reimbursed at 100% of the employees' daily rate of pay upon retirement. Beginning January 1, 1987, unused sick leave may be accumulated and carried forward to subsequent years, and at retirement the employee will be reimbursed for days not used, not to exceed the amount of \$12,000 (PBA \$12,500). Vacation days earned may be carried over for one year only, unless extended by the Township Administrator with the recommendation of the department head.

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. The balance of the fund was \$143,920.47 at December 31, 2018, and \$227,983.25 at December 31, 2017.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2018 AND 2017

The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002, the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The Township does not record the liability.

Note 14: ECONOMIC DEPENDENCY

The Township of Middle is not economically dependent on any one business or industry as a major source of tax revenue.

Note 15: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Township maintains commercial insurance coverage for property and liability. During the year ended December 31, 2018 and 2017, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Joint Insurance Fund

The Township of Middle is a member of the Atlantic County Municipal Joint Insurance Fund. The Fund provides its members with the following coverages:

Workers' Compensation
General Liability, Law Enforcement Liability
Employee Benefits Liability
Public Official Liability
Property, Real and Personal
Automobile Liability
Boiler and Machinery
Crime, Fidelity

Contributions to the Fund, including a reserve for contingencies, are payable in two installments, and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

Note 16: DEFERRED COMPENSATION

Employees of the Township of Middle may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the Township. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

Three unrelated financial institutions administer the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institutions until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrators. In the opinion of the Township's legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 17: CONTINGENT LIABILITIES

From time to time, the Township is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Township's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

Note 18: INTERFUND BALANCES

During the most current calendar year ended December 31, 201, the following interfunds were included on the balance sheets of the various funds of the Township of Middle and are expected to be returned within one year:

	Due From		Due To
Current Fund:			
General Capital Fund	\$ -	\$	122,000.00
Utility Operating			186,306.61
Animal Control Fund	22,915.85		
Grant Fund			41,896.55
Trust Fund	11,692.46		133,157.16
 Grant Fund			
Current Fund	41,896.55		
 Trust Fund:			
Utility Operating	5,564.85		
Animal Control Fund			22,915.85
Current Fund	133,157.16		11,692.46
 General Capital Fund:			
Current Fund	122,000.00		
 Sewer Operating:			
Current Fund	186,306.61		
Trust Fund-Utility Escrow			5,564.85
Sewer Capital	211.83		
 Sewer Capital Fund:			
Sewer Operating			211.83
	\$ 523,745.31	\$	523,745.31

The amounts due to the various funds relate to year end activity from the tax office not transferred over to the appropriate fund as of year end and statutory excess in the Animal Control Fund due to Current Fund.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

Note 19: LEASE OBLIGATIONS

At December 31, 2018, the Township had an operating lease agreement for copiers. The following is an analysis of operating lease.

Operating Leases – Future minimum rental payments under operating lease agreements are as follows:

<u>Year</u>	<u>Total</u>	<u>Copiers</u>
2019	\$ 19,136.76	19,136.76
2020	16,040.84	16,040.84
2021	6,564.11	6,564.11
2022	5,148.96	5,148.96
2023	<u>152.33</u>	<u>152.33</u>
Total	<u>\$ 47,043.00</u>	<u>47,043.00</u>

Rental payments under the operating leases for the year 2018 were	\$ 18,984.43
----------------------------------------------------------------------	--------------

Note 20: SUBSEQUENT EVENTS

The Township has evaluated subsequent events through August 2, 2019, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY DATA

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Township Committee
Township of Middle, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 2, 2019, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the 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 the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

August 2, 2019

Schedule of Financial Statement Findings

NONE

Status of Prior Year Recommendations

Finding 2017-007

Condition

Construction Code Office Receipts were not always deposited within 48 hours of collection.

Current Status

This recommendation was corrected during 2018.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Regular Fund	Grant Fund
Balance December 31, 2017	\$	9,695,340.74	-
Increased by Receipts:			
Tax Collector		49,793,716.53	
Revenue Accounts Receivable		6,742,378.01	
Homestead Rebates		535,503.32	
Prepaid Licenses and Fees		19,936.00	
Due from State - Senior and Veterans		184,489.96	
Reserve for Sale of Municipal Assets		96,710.00	
Reserve for Net Election Funds		2,697.90	
Due to State of NJ - Vital Statistics		2,955.00	
Due to Trust Other Fund		150,000.00	
Due to General Capital Fund		122,000.00	
Due from Federal and State Grant Fund		100,000.00	
Federal and State Grant Receivables			717,979.21
Federal and State Grants Unappropriated			2,730.00
		57,750,386.72	720,709.21
		67,445,727.46	720,709.21
Decreased by Disbursements:			
Current Year Appropriation		20,004,646.89	
Prior Year Appropriations		965,662.28	
Accounts Payable		391.13	
County Taxes		7,113,102.73	
Due County - Added Taxes		35,439.07	
Local District School Taxes		28,320,792.86	
Special District Levy		2,526,470.00	
UCC Third Party Fees Payable		137,794.30	
Due to Water District		348.73	
Due from Payroll Trust Fund		1,692.46	
Due to Trust Other Fund		99,202.54	
Due to Trust Assessment Fund		28,404.44	
MAC Trust		10,000.00	
Reserve for Sale of Municipal Assets		610.00	
Due to Federal and State Grant Fund		-	100,000.00
Federal and State Disbursements			339,749.52
		59,244,557.43	439,749.52
Balance December 31, 2018	\$	8,201,170.03	280,959.69

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2017		\$	-
Increased by Receipts:			
Prepaid Taxes	\$	1,071,779.11	
Taxes Receivable		48,163,982.91	
Revenue Accounts Receivable		271,077.54	
Tax Title and Other Liens		284,091.74	
Tax Overpayments		2,785.23	
			49,793,716.53
			49,793,716.53
Payments to Treasurer			49,793,716.53
Balance December 31, 2018		\$	-

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2017	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2018
				2017	2018			
Arrears \$								
2012	585.12			585.12				-
2013	3,705.74			3,705.74				-
2014	4,161.90			4,161.90	(1,500.00)			1,500.00
2015	5,119.71			4,989.77	(2,916.74)			3,046.68
2016	5,506.25			2,689.87	473.98			2,342.40
2017	13,358.03			2,027.83	8,242.55			3,087.65
	<u>32,436.75</u>	<u>-</u>	<u>-</u>	<u>18,160.23</u>	<u>4,299.79</u>	<u>-</u>	<u>-</u>	<u>9,976.73</u>
2018		50,821,400.70	314,990.37	1,941,109.04	48,870,447.23	114,646.53	196,830.38	13,357.89
\$	<u>32,436.75</u>	<u>50,821,400.70</u>	<u>314,990.37</u>	<u>1,941,109.04</u>	<u>48,888,607.46</u>	<u>118,946.32</u>	<u>196,830.38</u>	<u>23,334.62</u>
Analysis of Current Year Tax Levy								
Tax Yield:								
General Property Tax								
Added Taxes (54:4-63.1 et. Seq.)								
				50,821,400.70				
				<u>314,990.37</u>				
					<u>51,136,391.07</u>			
Tax Levy:								
County Taxes								
County Added and Omitted Taxes								
				7,113,102.73				
				<u>46,713.78</u>				
					<u>7,159,816.51</u>			
Local School District Tax								
Fire Districts								
				27,859,301.00				
				<u>2,526,470.00</u>				
					<u>13,590,803.56</u>			
Local Tax for Municipal Purposes								
Add: Additional Tax Levied								
				13,243,005.44				
				<u>347,798.12</u>				
					<u>51,136,391.07</u>			
See Accompanying Auditor's Report								

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2017		\$	834,785.49
Increased by:			
Transfers from Taxes Receivable	\$		196,830.38
Interest and Costs Accrued by Tax Sale			14,777.27
Other			30,419.61
			242,027.26
			1,076,812.75
Decreased by:			
Collections			284,091.74
			284,091.74
Balance December 31, 2018		\$	792,721.01

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2017	Accrued in 2018	Collected by		Balance Dec. 31, 2018
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages		5,792.00		5,792.00	-
Other		54,214.00		54,214.00	-
Fees and Permits		296,729.62		296,729.62	-
Fines and Costs:					-
Municipal Court	15,274.87	237,562.87		239,817.16	13,020.58
Interest and Costs on Taxes		271,077.54	271,077.54		-
Interest on Investments		30,632.56		30,632.56	-
Registrar of Vital Statistics - Fees		54,501.00		54,501.00	-
Trailer Tax		140,370.00		140,370.00	-
Hotel/Motel Tax		71,924.46		71,924.46	-
Ambulance Fees		768,601.78		768,601.78	-
Host Community Benefits		35,761.16		35,761.16	-
Payment in Lieu of Taxes		97,239.40		97,239.40	-
Energy Receipts Tax		3,347,016.00		3,347,016.00	-
Supplemental Energy Receipts Tax		172,727.00		172,727.00	-
Garden State Trust		47,481.00		47,481.00	-
Uniform Construction Code Fees		351,875.20		351,875.20	-
Police Officer - Cape May County Technical School		85,013.50		85,013.50	-
Middle Township Fire District #3 - JIF Insurance		19,650.00		19,650.00	-
Borough of Woodbine - Municipal Court - Interlocal		72,828.00		72,828.00	-
Sewer Utility - Indirect Costs		150,000.00		150,000.00	-
General Capital Surplus		114,154.00		114,154.00	-
Cable TV and Franchise Fee		286,013.99		286,013.99	-
Miscellaneous Revenue Not Anticipated		315,302.18		315,302.18	-
	<u>\$ 15,274.87</u>	<u>7,026,467.26</u>	<u>271,077.54</u>	<u>6,757,644.01</u>	<u>13,020.58</u>
		Cash Receipts		\$ 6,742,378.01	
		Prepaid Licenses and Fees Applied		15,266.00	
				<u>\$ 6,757,644.01</u>	

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:				
General Administration				
Salaries and Wages	\$ 10,079.27	10,079.27		10,079.27
Other Expenses	31,029.91	31,029.91	29,498.90	1,531.01
Human Resources - Personnel				
Salaries and Wages	8,424.86	8,424.86		8,424.86
Other Expenses	6,267.18	6,267.18	1,734.31	4,532.87
Mayor and Committee				
Salaries and Wages	179.94	179.94		179.94
Other Expenses	2,744.39	2,744.39	375.00	2,369.39
Township Clerk				
Salaries and Wages	6,910.57	6,910.57		6,910.57
Other Expenses:				
Codification of Ordinances	5,102.83	5,102.83		5,102.83
Miscellaneous Other Expenses	13,651.40	13,651.40	2,880.18	10,771.22
Financial Administration				
Salaries and Wages	15,611.94	15,611.94	10,000.00	5,611.94
Other Expenses	24,407.70	24,407.70	13,158.21	11,249.49
Information Technology				
Salaries and Wages	2,654.66	2,654.66		2,654.66
Other Expenses	6,153.39	6,153.39	694.20	5,459.19
Collection of Taxes				
Salaries and Wages	4,289.12	4,289.12		4,289.12
Other Expenses	4,339.06	4,339.06	1,573.40	2,765.66
Assessment of Taxes				
Salaries and Wages	198.74	198.74	-	198.74
Other Expenses	14,399.47	14,399.47	7,435.67	6,963.80
Liquidation of Tax Title Liens and Foreclosed Property				
Other Expenses	13,003.78	13,003.78	12,863.78	140.00

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
Legal Services				
Other Expenses	104,800.61	104,800.61	48,153.34	56,647.27
Engineering Services				
Other Expenses	29,988.60	39,988.60	32,421.12	7,567.48
Grants Administration				
Other Expenses	14,887.39	14,887.39	5,602.09	9,285.30
Public Affairs				
Other Expenses	716.10	716.10		716.10
LAND USE ADMINISTRATION				
Planning Board				
Smart Growth Expense	5,000.00	5,000.00		5,000.00
Zoning Board of Adjustment				
Salaries and Wages	9,634.76	9,634.76		9,634.76
Other Expenses	26,105.26	26,105.26	26,022.89	82.37
Municipal Court				
Salaries and Wages	14,378.09	14,378.09		14,378.09
Other Expenses	6,861.39	7,861.39	5,299.53	2,561.86
Public Defender				
Other Expenses	1,458.37	1,458.37	1,458.33	0.04
INSURANCE				
General Liability Insurance	3,215.75	3,215.75	3,000.00	215.75
Workers Compensation Insurance	759.96	759.96		759.96
Group Insurance Plan for Employees	504,911.63	492,311.63	492,311.63	-
Health Benefit Waivers				
Salaries and Wages	271.66	271.66		271.66
PUBLIC SAFETY				
Police				
Salaries and Wages	28,662.90	28,662.90	(330.00)	28,992.90
Other Expenses	48,072.72	48,072.72	29,187.48	18,885.24
Police and Radio Communications				
Salaries and Wages	28,548.11	28,548.11		28,548.11
Other Expenses	149.66	149.66		149.66

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
Rescue Squad				
Salaries and Wages	4,756.00	4,756.00	(8,412.56)	13,168.56
Other Expenses	3,365.86	4,965.86	4,468.58	497.28
Emergency Management Services				
Other Expenses	65.00	65.00		65.00
Municipal Prosecutor				
Other Expenses	3,183.37	3,183.37	2,833.33	350.04
PUBLIC WORKS				
Road Repair and Maintenance				
Salaries and Wages	558.29	558.29	(811.05)	1,369.34
Other Expenses	38,382.37	38,382.37	30,407.76	7,974.61
Vehicle Maintenance Motor Pool	60,208.10	60,208.10	54,899.86	5,308.24
Shade Tree Commission				
Other Expenses	750.00	750.00		750.00
Other Public Works Functions (Gypsy Moth)				
Other Expenses	6,000.00	6,000.00		6,000.00
Garbage and Trash Removal - Contractual	55,610.00	55,610.00	55,558.00	52.00
Recycling Contractual	652.00	652.00		652.00
Public Buildings and Grounds				
Other Expenses	18,379.05	18,379.05	10,944.57	7,434.48
HEALTH AND WELFARE				
Board of Health				
Other Expenses	850.00	850.00		850.00
Animal Control				
Salaries and Wages	1,132.21	1,132.21		1,132.21
Other Expenses	4,192.85	4,192.85	697.10	3,495.75
Animal Control - Animal Shelter				
Contractual	8,349.00	8,349.00		8,349.00
CODE ENFORCEMENT ADMINISTRATION				
Code Enforcement Officer				
Salaries and Wages	3,693.28	3,693.28		3,693.28
Other Expenses	2,938.35	2,938.35		2,938.35

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
RECREATION AND EDUCATION				
Recreation				
Salaries and Wages	19,274.60	19,274.60		19,274.60
Other Expenses	23,998.54	23,998.54	15,962.76	8,035.78
Senior Center				
Salaries and Wages	7,931.30	7,931.30		7,931.30
Other Expenses	12,978.49	12,978.49	1,881.74	11,096.75
Beach Restoration				
Other Expenses	100.00	100.00		100.00
UNIFORM CONSTRUCTION CODE				
State Uniform Construction Code				
Construction Official				
Salaries and Wages	6,238.75	6,238.75	-	6,238.75
Other Expenses	5,503.48	5,503.48	2,603.72	2,899.76
Fire Protection				
Salaries and Wages	5,000.00	5,000.00		5,000.00
UTILITY EXPENSES AND BULK PURCHASES				
Water				
Electricity	2,448.96	2,448.96		2,448.96
Telephone	52,387.28	52,387.28	25,733.36	26,653.92
Intrenet	2,015.93	2,015.93	1,686.89	329.04
Natural Gas	881.70	881.70	412.47	469.23
Gasoline	10,585.70	1,685.70		1,685.70
Street Lighting	40,082.98	30,182.98	25,358.97	4,824.01
	1,019.70	19.70		19.70

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Balance Lapsed
SANITARY LANDFILL DISPOSAL COSTS				
Sanitary Landfill - Contractual	50,525.29	70,325.29	70,256.42	68.87
Contribution to:				
Public Employees' Retirement System	28.56	28.56		28.56
Social Security	2,273.37	2,273.37		2,273.37
Police and Firemen's Retirement System	1.08	1.08		1.08
Defined Contribution Retirement Plan	866.11	866.11	437.37	428.74
OPERATIONS - EXCLUDED FROM "CAPS"				
(A) Operations - Excluded from "CAPS"	5,200.00	5,200.00		5,200.00
Cape May County Share PILOT	3,304.00	3,304.00	3,304.00	-
CAPITAL IMPROVEMENTS				
Improvements to Municipal Buildings and Grounds	\$ 1,463,582.72	1,463,582.72	1,021,563.35	442,019.37
		Cash Disbursed	965,662.28	
		Accounts Payable	55,901.07	
			<u>1,021,563.35</u>	

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2017			
School Tax Payable	\$	3,586,021.77	
School Tax Deferred		<u>9,676,265.00</u>	
			\$ 13,262,286.77
Increased by:			
Levy - School Year July 1 to June 30			<u>27,859,301.00</u>
			41,121,587.77
Decreased by:			
Payments			<u>28,320,792.86</u>
Balance December 31, 2018			
School Tax Payable		3,124,529.91	
School Tax Deferred		<u>9,676,265.00</u>	
			<u>12,800,794.91</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			28,320,792.86
Tax Payable Ending			<u>3,124,529.91</u>
			31,445,322.77
Less: Tax Payable Beginning			<u>3,586,021.77</u>
Amount charged to Current Year Operations			<u>\$ 27,859,301.00</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2017</u>	<u>Transferred From 2018 Revenues</u>	<u>Received</u>	<u>Cancellation Adjustments</u>	<u>Balance Dec. 31, 2018</u>
FEDERAL GRANTS:					
Small Cities - CDBG					
Avalon Manor Recreation Pier ADA	\$	257,388.00			257,388.00
Bullet Proof Vest Partnership					
2013	300.00				300.00
2015	1,334.25				1,334.25
2017	6,852.30				6,852.30
2018		4,680.00			4,680.00
Body Armor Grant		4,290.00	4,290.00		-
Drive Sober or Get Pulled Over - 2015	4,087.60				4,087.60
FEMA					
Emergency Management Assistance		10,000.00			10,000.00
2013 Bennys Landing Road	132,281.75				132,281.75
FEMA Hazard Mitigation - Generator	100,000.00		100,000.00		-
Total Federal	<u>244,855.90</u>	<u>276,358.00</u>	<u>104,290.00</u>	<u>-</u>	<u>416,923.90</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2017</u>	<u>Transferred From 2018 Revenues</u>	<u>Received</u>	<u>Cancellation Adjustments</u>	<u>Balance Dec. 31, 2018</u>
STATE GRANTS:					
Transportation Trust Fund:					
2013 - Bike Path - Phase 4	43,156.39		29,124.50		14,031.89
2014 - Bike Path - Phase 5	153,150.00		68,762.00		84,388.00
2018		190,000.00			190,000.00
Safe & Secure Communities Grant		60,000.00	60,000.00		-
Drunk Driving Enforcement Fund		9,183.98	9,183.98		-
Municipal Court Alcohol Grant		1,391.42	1,391.42		-
2018					
Clean Communities Grant		51,583.36	51,583.36		-
2018	1,200.00				1,200.00
Cops in Shops	98,700.00		98,700.00		-
No Net Loss Reforestation Grant - 2015					
Total State	<u>296,206.39</u>	<u>312,158.76</u>	<u>318,745.26</u>	<u>-</u>	<u>289,619.89</u>
OTHER GRANTS:					
Bike Path Middle/Lower	373,992.00		251,957.50		122,034.50
Bike Path Northern Extension	1,626,761.00				1,626,761.00
Cape May County Open Space - MLK Tennis Courts		120,565.00			120,565.00
Cape May County MUA - Recycling Rebate		42,986.45	42,986.45		-
Health & Wellness - 2016	4,231.50				4,231.50
Total Other	<u>2,004,984.50</u>	<u>163,551.45</u>	<u>294,943.95</u>	<u>-</u>	<u>1,873,592.00</u>
	<u>\$ 2,546,046.79</u>	<u>752,068.21</u>	<u>717,979.21</u>	<u>-</u>	<u>2,580,135.79</u>

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance Dec. 31, 2017	2018 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2018
FEDERAL GRANTS:					
Small Cities - CDBG					
Avalon Manor Recreation Pier ADA	\$ 1,879.00	257,388.00	1,476.00		257,388.00
Emergency Management Assistance 2012	5,000.00		2,623.00	1,241.69	403.00
Emergency Management Assistance 2013	4,357.00		1,345.24	1,907.95	1,135.31
Emergency Management Assistance 2014	5,000.00		5,000.00		1,103.81
Emergency Management Assistance 2015	490.12		490.12		-
Bullet Proof Vest Partnership 2013	2,102.82		2,102.82		-
Bullet Proof Vest Partnership 2015	6,852.30		3,676.28		3,176.02
Bullet Proof Vest Partnership 2017		4,680.00			4,680.00
Bullet Proof Vest Partnership 2018					4,087.60
Drive Sober or Get Pulled Over 2015	4,087.60				4,290.00
Body Armor Grant		4,290.00			-
Emergency Management Assistance		10,000.00	10,000.00		1,700.28
Click It or Ticket	1,700.28				119,003.31
FEMA - Bennys Landing Road 2013	119,003.31				21.36
FEMA Hazard Mitigation - Generator	21.36				-
Total Federal	<u>150,493.79</u>	<u>276,358.00</u>	<u>26,713.46</u>	<u>3,149.64</u>	<u>396,988.69</u>
STATE GRANTS:					
Drunk Driving Enforcement Fund 2014	2,103.22		718.00	179.00	1,206.22
Drunk Driving Enforcement Fund 2015	8,130.50				8,130.50
Drunk Driving Enforcement Fund 2016	8,361.91				8,361.91
Drunk Driving Enforcement Fund 2017	8,107.42				8,107.42
Drunk Driving Enforcement Fund 2018		9,183.98			9,183.98
Safe & Secure Communities Grant		60,000.00	60,000.00		-
Clean Communities 2015	6,145.39		5,842.57		302.82
Clean Communities 2016	7,701.14		7,682.29		18.85
Clean Communities 2017	53,732.80		38,599.08	506.25	14,627.47
Clean Communities 2018		51,583.36			51,583.36

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance Dec. 31, 2017	2018 Appropriations	Disbursed	Encumbrances	Balance Dec. 31, 2018
Recycling Tonnage 2011	31,811.06		2,518.00		29,293.06
Recycling Tonnage 2013	330.16		330.16		-
Recycling Tonnage 2014	42,145.11		12,632.37	100.80	29,411.94
Recycling Tonnage 2016	37,691.18				37,691.18
Recycling Tonnage 2017	40,192.90				40,192.90
Recycling Tonnage 2018	41,085.95				41,085.95
New Jersey Transportation Trust Fund					
2013 - Bike Path - Phase 4	7,550.05		2,228.16		5,321.89
2014 - Bike Path Phase 5	32,620.65		5,613.84	18,807.89	8,198.92
DOT - 2018		190,000.00			190,000.00
Alcohol Education & Rehabilitation 2011	2,157.39				2,157.39
Alcohol Education & Rehabilitation 2012	2,559.79		500.00		2,059.79
Alcohol Education & Rehabilitation 2013	3,602.45				3,602.45
Alcohol Education & Rehabilitation 2014	372.52				372.52
Alcohol Education & Rehabilitation 2015	707.20				707.20
Alcohol Education & Rehabilitation 2016	1,148.26				1,148.26
Alcohol Education & Rehabilitation 2017	644.60				644.60
Alcohol Education & Rehabilitation 2018		1,391.42			1,391.42
Supplemental Fire Services Program		6,437.00			6,437.00
Police Body Armor Grant 2014	2.50		2.50		-
Police Body Armor Grant 2016	3,890.33		3,890.33		-
Police Body Armor Grant 2017	4,677.95		4,677.95		-
No Net Loss Reforestation Grant 2015	100,171.85		99,166.17	1,005.68	0.00
Total State	447,644.28	318,595.76	244,401.42	20,599.62	501,239.00

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	<u>Balance</u> Dec. 31, 2017	<u>2018</u> <u>Appropriations</u>	<u>Disbursed</u>	<u>Encumbrances</u>	<u>Balance</u> Dec. 31, 2018
LOCAL GRANTS:					
Cape May County Open Space - MLK Tennis Courts		120,565.00			120,565.00
Cape May County MUA - Recycling Rebate		42,986.45			42,986.45
Bike Path Middle/Lower	122,654.50		620.00		122,034.50
Bike Path Northern Extension	1,626,078.50		68,014.64	30,802.86	1,527,261.00
Walmart 2016	75.15				75.15
Health & Wellness 2016	4,231.50				4,231.50
	<u>1,753,039.65</u>	<u>163,551.45</u>	<u>68,634.64</u>	<u>30,802.86</u>	<u>1,817,153.60</u>
	<u>\$ 2,351,177.72</u>	<u>758,505.21</u>	<u>339,749.52</u>	<u>54,552.12</u>	<u>2,715,381.29</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

Purpose	Balance Dec. 31, 2017	Transferred To 2018 Appropriations	Received	Balance Dec. 31, 2018
FEDERAL GRANTS:				
Police Body Armor Grant	\$ -	-	2,730.00	2,730.00
Total Federal	<u>-</u>	<u>-</u>	<u>2,730.00</u>	<u>2,730.00</u>
STATE GRANTS:				
NJ Department of Transportation Grant	130,328.62			130,328.62
Total State	<u>130,328.62</u>	<u>-</u>	<u>-</u>	<u>130,328.62</u>
LOCAL GRANTS:				
None	-			-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 130,328.62</u>	<u>-</u>	<u>2,730.00</u>	<u>133,058.62</u>

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2017		\$	33,618.81
Increased By Receipts:			
Dog Licenses Fees	\$	5,229.00	
Other		239.84	
State License Fees		1,249.20	
			6,718.04
			40,336.85
Decreased By Disbursements:			
Due to State of New Jersey		1,284.60	
			1,284.60
Balance December 31, 2018		\$	39,052.25

TRUST FUND
SCHEDULE OF ASSESSMENT CASH - TREASURER

Balance December 31, 2017		\$	121,598.48
Increased By Receipts:			
Assessments Receivable	\$	87,527.14	
Due from Current Fund		<u>28,877.99</u>	
			<u>116,405.13</u>
			238,003.61
Decreased By Disbursements:			
Payment of Bond Principal		75,000.00	
Due to Current Fund		<u>681.98</u>	
			<u>75,681.98</u>
Balance December 31, 2018		\$	<u><u>162,321.63</u></u>

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2017 - Treasurer	\$	2,562,158.36
Balance December 31, 2017 - Collector		<u>267,166.14</u>
		2,829,324.50
Increased By Receipts:		
Escrow Deposits	\$	317,770.96
Unemployment		20,828.40
Housing Rehabilitation		104,562.00
Forfeited Funds		13,924.19
Municipal Alliance Grant Receipts		15,909.36
Dedicated Recreation Receipts		178,096.69
Street Openings		250.00
Urban Aid		72,020.75
Animal Advisory Awareness		150.87
Payroll Trust	10,317,830.20	
UDAG - Loan Repayments and Interest Earned		59,415.63
COAH Funds Received & Interest Earned		953.02
Tax Title Lien Redemptions		28,000.00
Police Special Detail		66,731.08
Subdivisions - Map Changes		6,850.00
Parking Offenses		14.00
Snow Removal		10,000.00
State of New Jersey - Marriage Licenses/Burial Permits		2,135.00
State Training Fees		77,510.00
Accumulated Absences and Interest Earned		15,662.53
Due from Current Fund - TTL		<u>38,000.00</u>
		<u>11,346,614.68</u>
		14,175,939.18

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Decreased By Disbursements:		
Escrow Disbursements	465,246.09	
Housing Rehabilitation	111,121.00	
Municipal Alliance Expenses	13,279.53	
Dedicated Recreation Expenditures	145,480.82	
Animal Advisory Awareness	63.05	
Payroll Trust	10,334,688.95	
Snow Removal Expenditures	20,198.40	
Tax Title Lien Premiums	153,000.00	
Tax Title Lien Redemptions	62,604.29	
Forfeited Funds	4,946.87	
Police Special Detail	143,219.07	
State of New Jersey - Marriage Licenses/Burial Permits	2,735.00	
State Training Fees	42,070.00	
Accumulated Absences	99,725.31	
Unemployment	27,932.04	
		11,626,310.42
Balance December 31, 2018		\$ <u>2,549,628.76</u>
Balance December 31, 2018 - Treasurer		\$ 2,432,066.91
Balance December 31, 2018 - Collector		117,561.85
		\$ <u>2,549,628.76</u>

TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>Improvements</u>	<u>Balance Dec. 31, 2017</u>	<u>Assessments Confirmed</u>	<u>Collections</u>	<u>Transferred to Assessment Liens</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2018</u>	<u>Balance Pledged to Bonds</u>	<u>Balance Pledged to Reserve</u>
1470-14 Sterback Harbor Dredge Project \$	911,463.92		87,527.14			823,936.78	767,520.21	56,416.57

**TRUST FUND
SCHEDULE OF RESERVE FOR ASSESSMENTS AND LIENS**

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	Assessments Confirmed	Interest and Cost of Assessment	Collections	Adjustment	Transfers		Balance Dec. 31, 2018 Pledged to Reserve
							From	To	
Assessments Receivable: 1470-14	Sterback Harbor Dredge project	\$ 56,625.00				208.43			56,416.57
		\$ 56,625.00	-		-	208.43		-	56,416.57

ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENT SERIAL BONDS

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
Sterback Harbor Dredge Project	2/17/2016	1,080,000	11/1/2019	\$ 75,000.00	4.000%	1,005,000.00		75,000.00	930,000.00
			11/1/2020	75,000.00	4.000%				
			11/1/2021	75,000.00	4.000%				
			11/1/2022	75,000.00	3.000%				
			11/1/2023	70,000.00	2.000%				
			11/1/2024	70,000.00	2.000%				
			11/1/2025	70,000.00	2.000%				
			11/1/2026	70,000.00	2.000%				
			11/1/2027	70,000.00	2.000%				
			11/1/2028	70,000.00	2.125%				
			11/1/2029	70,000.00	2.125%				
		11/1/2030	70,000.00	2.250%					
		11/1/2031	70,000.00	2.500%					
					\$	1,005,000.00		75,000.00	930,000.00

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2017	\$	21,684.15
Increased By:		
Dog Licenses Fees Collected	\$	<u>5,229.00</u>
		<u>5,229.00</u>
		26,913.15
Decreased By Disbursements:		
Animal Control Expenditures		-
Statutory Excess Due to Current Fund		<u>13,704.15</u>
		<u>13,704.15</u>
Balance December 31, 2018		<u><u>13,209.00</u></u>

License Fees Collected	<u>Year</u>	
	2016	\$ 6,820.85
	2017	<u>6,388.15</u>
		<u><u>13,209.00</u></u>

TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2017		\$	8,980.46
Increased By:			
Statutory Excess in Reserves for Expenditures	\$	13,704.15	
Adjustment		<u>230.24</u>	
			<u>13,934.39</u>
			<u>22,914.85</u>
Decreased By:			
Cash Disbursements		<u>-</u>	
			<u>-</u>
Balance December 31, 2018			<u><u>22,914.85</u></u>

SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY

Balance December 31, 2017		\$	(153.80)
Increased By:			
Collected	\$	1,249.20	
Adjustment		<u>191.60</u>	
			<u>1,440.80</u>
			<u>1,287.00</u>
Decreased By:			
Paid to State of New Jersey		<u>1,284.60</u>	
			<u>1,284.60</u>
Balance December 31, 2018			<u><u>2.40</u></u>

TRUST FUND
OTHER TRUST FUND
SCHEDULE OF MISCELLANEOUS TRUST RESERVES

	Balance Dec. 31, 2017	Budget Appropriation	Fees, Refunds, Interest and Donations	Disbursed	Balance Dec. 31, 2018
Reserve for Community Development Block Grant	\$ 2,676.80				2,676.80
Reserve for Deposits for Redemption of Tax Liens	79,266.14		28,000.00	62,604.29	44,661.85
Reserve for Tax Sale Premiums	253,900.00		125,000.00	156,000.00	222,900.00
Reserve for Unemployment Compensation	172,906.08	5,000.00	15,828.40	27,932.04	165,802.44
Reserve for Escrow Deposits	979,135.73		317,770.96	465,246.09	831,660.60
Reserve for Street Openings	11,020.00		250.00		11,270.00
Reserve for Sewer Escrows	136,833.96		5,564.85		142,398.81
Reserve for Smart Growth Plan	33,013.31				33,013.31
Reserve for Housing Rehabilitation	59,262.46				52,703.46
Reserve for Parking Offenses Adjudication Act	297.00		104,562.00	111,121.00	311.00
Reserve for Urban Aid	362,029.13		14.00		434,049.88
Reserve for Recreation Dedicated Trust	83,149.84		72,020.75	145,480.82	115,765.71
Reserve for Police Forfeiture	33,093.46		178,096.69	4,946.87	42,070.78
Reserve for Special Police Detail	47,135.16		13,924.19	140,440.24	37,356.92
Reserve for Snow Removal	69,229.90	10,000.00	130,662.00	20,198.40	59,031.50
Reserve for Subdivisions - Map Changes	6,157.50		6,850.00		13,007.50
Reserve for Accumulated Absences	227,983.25		15,662.53	99,725.31	143,920.47
Reserve for Donations - Bus Shelters	836.08				836.08
Reserve for Council on Affordable Housing - Fees	313,870.52		953.02		314,823.54
Reserve for Animal Advisory Awareness	-		150.87	63.05	87.82
Reserve for Payroll Trust	22,390.79		10,317,830.20	10,334,688.95	5,532.04
Reserve for Loans Receivable - UDAG	372,228.44			59,415.63	312,812.81
	<u>\$ 3,266,415.55</u>	<u>15,000.00</u>	<u>11,333,140.46</u>	<u>11,627,862.69</u>	<u>2,986,693.32</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2017		\$ 2,862,261.29
Increased by:		
Capital Improvement Fund	\$ 50,000.00	
		50,000.00
		2,912,261.29
Decreased by:		
Improvement Authorizations	1,366,324.61	
Due to Current Fund	236,154.00	
		1,602,478.61
Balance December 31, 2018		1,309,782.68

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 329,465.46							215,311.46
Capital Improvement Fund	260,314.44	50,000.00			114,154.00	275,300.09		35,014.35
Contracts Payable							242,184.71	242,184.71
Due from the Current Fund					122,000.00			(122,000.00)
Improvement Authorizations:								
Ord. Number								
1169-04 Various Capital Improvements	25,544.31					25,544.30		0.01
1180-05 Various Improvements at Fort Apache Recreation Area	20,945.76			20,945.76				-
1359-10 Road and Drainage Improvements	20,899.24			20,900.10				(0.86)
1374-11 Various Capital Improvements	6,809.93					6,809.93		-
1409-12 Various Capital Improvements	34,760.76					34,760.76		-
1461-13 Demolition of Unsafe Structures	167,746.00			39,900.00				127,846.00
1466-14 Various Capital Improvements	31,845.91			5,471.64		26,366.92		7.35
1478-14 Road Drainage and Improvements	1,516,353.46			1,105,204.60		82,450.39		328,698.47
1485-14 Various Capital Improvements	47,673.42					47,673.42		-
1503-15 Police Radio System	4,910.80			4,910.80				-
1532-16 Various Capital Improvements	139,991.80			26,676.71		11,649.90		101,665.19
1549-17 Various Capital Improvements	255,000.00			142,315.00		43,929.00		68,756.00
1575-18 Various Capital Improvements	-					107,200.00	419,500.00	312,300.00
	\$ 2,862,261.29	50,000.00	-	1,366,324.61	236,154.00	661,684.71	661,684.71	1,309,782.68

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2017		\$	260,314.44
Increased by:			
Current Fund Budget Appropriation	\$	50,000.00	
			50,000.00
			310,314.44
Decreased by:			
Financed Improvement Authorization		275,300.09	
			275,300.09
Balance December 31, 2018			35,014.35

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2017		\$ 8,908,441.07
Increased by:		
None	\$ <u> -</u>	<u> -</u>
		8,908,441.07
Decreased by:		
Budget Appropriation to Pay Bonds/Loans:		
Municipal Bonds	710,000.00	
Green Trust Loans	84,824.43	
New Jersey Environmental Infrastructure Trust Fund Loan	<u>17,868.22</u>	
		<u>812,692.65</u>
Balance December 31, 2018		\$ <u><u>8,095,748.42</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord #	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Raised in 2018 Budget	Debt Issued	Balance Dec. 31, 2018	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1359-10	Road and Drainage Improvements	\$ 0.86	-	-	-	0.86	-	0.86	-
1532-16	Various Capital Improvements	200,500.00	-	-	-	200,500.00	-	-	200,500.00
		<u>200,500.86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,500.86</u>	<u>-</u>	<u>0.86</u>	<u>200,500.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
General Improvement Bonds of 2016	11/1/2016	8,820,000	11/1/2019	\$ 715,000.00	4.000%	8,120,000.00		710,000.00	7,410,000.00
			11/1/2020	720,000.00	4.000%				
			11/1/2021	725,000.00	4.000%				
			11/1/2022	730,000.00	3.000%				
			11/1/2023	735,000.00	2.000%				
			11/1/2024	740,000.00	2.000%				
			11/1/2025	750,000.00	2.000%				
			11/1/2026	755,000.00	2.000%				
			11/1/2027	765,000.00	2.000%				
			11/1/2028	775,000.00	2.125%				
						\$ 8,120,000.00		710,000.00	7,410,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
987-97 & 1029-98 Goshen Sports Complex	11/16/1999	215,345	2/19/2019	\$ 6,563.49	2.00%	26,125.30		12,932.68	13,192.62
			8/19/2019	6,629.13					
1070-00 Davies Complex	11/3/2004	340,000	2/8/2019	9,381.35	2.00%	137,464.05		18,484.97	118,979.08
			8/8/2019	9,475.16					
			2/8/2020	9,569.91					
			8/8/2020	9,665.61					
			2/8/2021	9,762.27					
			8/8/2021	9,859.89					
			2/8/2022	9,958.49					
			8/8/2022	10,058.08					
			2/8/2023	10,158.66					
			8/8/2023	10,260.24					
1107-02 Park Acquisition Fort Apache I	12/21/2004	250,000	1/5/2019	7,369.01	2.00%	107,977.21		14,519.85	93,457.36
			7/5/2019	7,442.70					
1094-01 Shellbay Avenue Park	12/31/2004	150,000	1/5/2020	7,517.12					
			7/5/2020	7,592.29					
			1/5/2021	7,668.22					
			7/5/2021	7,744.90					
			1/5/2022	7,822.35					
			7/5/2022	7,900.57					
			1/5/2023	7,979.58					
			7/5/2023	8,059.37					
			1/5/2024	8,139.97					
			7/5/2024	8,221.28					
3/17/2019	4,235.98	2.00%	51,122.84		8,346.55	42,776.29			
9/17/2019	4,278.34								
3/17/2020	4,321.12								
9/17/2020	4,364.33								
3/17/2021	4,407.97								
9/17/2021	4,452.05								
3/17/2022	4,496.58								
9/17/2022	4,541.53								
3/17/2023	4,586.96								
9/17/2023	3,091.43								

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
1107-02 Park Acquisition Fort Apache II	12/24/2005	205,700	6/24/2019	5,993.01	2.00%	52,061.54		11,808.59	40,252.95
			12/24/2019	6,052.94					
			6/24/2020	6,113.47					
			12/24/2020	6,174.60					
			6/24/2021	6,236.35					
12/24/2021	6,298.71								
6/24/2022	3,383.87								
1299-08 Goshen Rd Complex Ph II	6/28/2012	400,000.00	4/3/2019	9,506.61	2.000%	311,734.10		18,731.79	293,002.31
			10/3/2019	9,601.68					
			4/3/2020	9,697.70					
			10/3/2020	9,794.68					
			4/3/2021	9,892.62					
			10/3/2021	9,991.55					
			4/3/2022	10,091.46					
			10/3/2022	10,192.38					
			4/3/2023	10,294.30					
			10/3/2023	10,397.24					
			4/3/2024	10,501.22					
			10/3/2024	10,606.23					
			04/03/25-32	172,434.64					
\$						686,485.04	-	84,824.43	601,660.61

**GENERAL CAPITAL FUND
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
11107-02 and 1139-03 Land Acquisition - Fort Apache Recreation Area	12/7/2004	177,597	8/1/2019	\$ 9,507.05	5.000%	57,092.50		9,508.24	47,584.26
			8/1/2020	9,508.50	5.000%				
			8/1/2021	14,281.46	5.000%				
			8/1/2022	14,287.25	4.750%				
Land Acquisition - Fort Apache Recreation Area	12/7/2004	177,597	2/1/2019	794.07	None	44,863.53		8,359.98	36,503.55
			8/1/2019	7,243.44					
			2/1/2020	632.84					
			8/1/2020	7,082.21					
			2/1/2021	471.60					
			8/1/2021	10,145.65					
		2/1/2022	229.75						
		8/1/2022	9,903.99						
						\$ 101,956.03	-	17,868.22	84,087.81
								-	
								17,868.22	
								17,868.22	

Cancelled
Funded by Budget Appropriation

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Debt Issued	Other	Balance Dec. 31, 2018
1359-10	Road and Drainage Improvements	\$ 0.86				0.86
1532-16	Various Capital Improvements	200,500.00				200,500.00
		<u>\$ 200,500.86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,500.86</u>

**SEWER UTILITY FUND
SCHEDULE OF CASH**

	Operating	Capital
Balance December 31, 2017	\$ 1,768,791.87	342,770.10
Increased by Receipts:		
Sewer Rent Collected	\$ 3,945,054.42	
Sewer Liens Collected	26,234.41	
Utility Capital Surplus	100,000.00	
Miscellaneous Revenue Anticipated	245,470.85	
Due from Sewer Operating Fund-Interest Earned		211.83
USDA		2,201,000.00
Grants Receivable		375,488.79
	<u>4,316,759.68</u>	<u>2,576,700.62</u>
	6,085,551.55	2,919,470.72
Decreased by Disbursements:		
Current Appropriations	4,138,674.64	
Appropriation Reserves	55,742.30	
Due to Current Fund	44,700.50	
Due to Sewer Operating Fund		100,000.00
Improvement Authorizations		2,417,894.68
Accrued Interest on Bonds and Notes	827,973.41	
	<u>5,067,090.85</u>	<u>2,517,894.68</u>
Balance December 31, 2018	\$ <u>1,018,460.70</u>	<u>401,576.04</u>

See Accompanying Auditor's Report

**SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2017	Receipts			Disbursements			Transfers		Balance Dec. 31, 2018
		Bonds/Loans Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To		
Capital Fund Balance	\$ 114,856.65									14,856.65
Due to Sewer Operating Fund			211.83							211.83
Contracts Payable								312,321.98		312,321.98
Reserve to Pay Bonds and Notes	248,155.02		375,488.79							623,643.81
<u>Improvement Authorizations</u>										
Ord.										
Number										
1137-03 Whitesboro/Edgewood Sewer Project - Phase I	89,597.69						89,597.69			-
1223-06/ Various Sewer Improvements: 1267-07	287,883.94						136,251.54			151,632.40
1294-08 Satt Blvd. Sanitary Sewer	3,037.68						3,037.68			-
1364-10 Various Sewer Improvements:	(177,117.83)									(177,117.83)
1417-12/ Grassy Sound Connection to Sewer 1543-17	(190,687.29)		2,201,000.00		2,417,894.68		312,321.98			(719,903.95)
1453-13 Various Sewer Improvements:	(32,955.76)									(32,955.76)
1579-18 Various Sewer Improvements:								228,886.91		228,886.91
	\$ 342,770.10	-	2,201,000.00	375,700.62	2,417,894.68	100,000.00	541,208.89	541,208.89	228,886.91	401,576.04

**SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2017	\$	10,500.03
Increased By:		
Sewer Rents and Other Charges Levied	\$	4,474,259.69
		4,474,259.69
		4,484,759.72
Decreased By:		
Collections - Sewer Fund		3,945,054.42
Collections - Current Fund		-
Prepayments/Overpayments Applied		454,975.73
Cancellations		50,326.52
Transfer to Lien		17,583.67
		4,467,940.34
Balance December 31, 2018		16,819.38

SCHEDULE OF UTILITY LIENS

Balance December 31, 2017	\$	28,000.39
Increased By:		
Transfer from Sewer Accounts Receivable	\$	17,583.67
Interest and Costs		2,446.36
		20,030.03
		48,030.42
Decreased By:		
Collections		26,234.41
		26,234.41
Balance December 31, 2018		21,796.01

**SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	<u>Balance Dec. 31, 2017</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>	<u>Overexpended</u>
Operating:					
Salaries and Wages	\$ 11,154.36	11,154.36		11,154.36	
Other Expenses	34,737.43	34,737.43	32,742.30	1,995.13	
Insurance	23,000.00	23,000.00	23,000.00	-	
CMCMJA User Charges	93.00	93.00	-	93.00	
Capital Outlay		-	-	-	
Social Security System	4,391.81	4,391.81		4,391.81	
TOTALS	<u>\$ 73,376.60</u>	<u>73,376.60</u>	<u>55,742.30</u>	<u>17,634.30</u>	<u>-</u>
Appropriation Reserves	\$ 41,019.60				
Reserve for Encumbrances	<u>32,357.00</u>				
	<u>\$ 73,376.60</u>				

See Accompanying Auditor's Report

**SEWER OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES AND ANALYSIS OF BALANCE**

Balance December 31, 2017		\$ 213,906.14
Increased By:		
Budget Appropriation:		
Interest on Bonds	\$ 805,453.56	
		<u>823,883.56</u>
		<u>1,037,789.70</u>
Decreased By:		
Payments of Interest	827,973.41	
		<u>827,973.41</u>
Balance December 31, 2018		<u><u>\$ 209,816.29</u></u>

Analysis of Accrued Interest December 31, 2015

Principal Outstanding Dec. 31, 2014	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>					
\$ 2,790,000.00	Variable	12/15/18	12/31/18	16	\$ 5,202.89
8,650,000.00	Variable	08/16/18	12/31/18	137	120,021.69
<u>Rural Development Bonds</u>					
2,746,139.56	4.00%	07/13/18	12/31/18	172	52,176.65
1,039,170.81	4.00%	07/13/18	12/31/18	172	19,744.25
1,602,174.75	2.25%	12/15/18	12/31/18	15	1,602.18
3,344,424.17	3.75%	12/15/18	12/31/18	15	5,574.04
92,995.33	3.500%	10/25/18	12/31/18	67	605.76
729,399.19	2.75%	10/25/18	12/31/18	67	3,797.37
748,793.00	2.00%	12/22/18	12/31/18	9	374.40
1,434,113.00	2.00%	12/22/18	12/31/18	9	717.06
<u>23,177,209.81</u>					<u>\$ 209,816.29</u>

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	2018 Authorizations		Funding Sources	Deferred Charges to Future Revenue	Paid or Charged	Transfers	Prior Year Encumbrances Canceled	Balance December 31, 2018	
				Funded	Unfunded						Funded	Unfunded
1137-03	Whitesboro/Edgewood Sewer Project - Phase I	7/7/03	\$ 4,355,000	\$ 89,597.69					(89,597.69)		-	
1223-06/ 1267-07	Various Sewer Improvements (amend 8/6/07)	5/15/06	4,646,000	287,883.94					(136,251.54)		151,632.40	
1294-08	Satt Blvd. Sanitary Sewer	4/7/2009	1,074,255	3,037.68					(3,037.68)		-	
1364-10	Various Sewer Improvements		1,176,400	119,482.17								119,482.17
1417-12/ 1543-17	Grassy Sound Connection to Sewer System	8/20/2012	3,800,150	1,063,595.29				184,349.24				879,246.05
1453-13	Various Sewer Improvements (a) Bennet Rd. Pkwy Sewer	12/2/2013	165,000	90,000.00						42,044.24		132,044.24
1579-18	Various Capital Improvements	11/19/2018	228,887					228,886.91			228,886.91	
				<u>\$ 380,519.31</u>	<u>1,273,077.46</u>	<u>-</u>	<u>-</u>	<u>184,349.24</u>	<u>\$ -</u>	<u>\$ 42,044.24</u>	<u>380,519.31</u>	<u>1,130,772.46</u>

Cash Disbursed	\$ 2,417,894.68
Contracts Payable Canceled	(2,545,867.42)
Contracts Payable	312,321.98
	<u>\$ 184,349.24</u>

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Dec. 31, 2018	Amount	Various					
Refunding Issue of 2009	12/15/2009	\$ 4,365,000	12/15/2019	\$ 185,000.00	Various	\$ 2,960,000.00		170,000.00		2,790,000.00	
			12/15/2020	185,000.00							
			12/15/2021	190,000.00							
			12/15/2022	200,000.00							
			12/15/2023	210,000.00							
			12/15/2024	215,000.00							
			12/15/2025	230,000.00							
			12/15/2026	230,000.00							
			12/15/2027	245,000.00							
			12/15/2028	260,000.00							
			12/15/2029	265,000.00							
			12/15/2030	185,000.00							
			12/15/2031	190,000.00							
Refunding Bonds of 2013	4/30/2013	10,350,000	8/15/2019	320,000.00	4.000%	8,965,000.00		315,000.00		8,650,000.00	
			8/15/2020	335,000.00	4.000%						
			8/15/2021-22	360,000.00	4.000%						
			8/15/2023-24	390,000.00	4.000%						
			8/15/2025	410,000.00	4.000%						
			8/15/2026-27	435,000.00	3.000%						
			8/15/2028	455,000.00	3.125%						
			8/15/2029	465,000.00	3.250%						
			8/15/2030	480,000.00	3.375%						
			8/15/2031	495,000.00	3.375%						
			8/15/2032	515,000.00	3.375%						
			8/15/2033	530,000.00	3.625%						
			8/15/2034	420,000.00	3.625%						
		8/15/2035	365,000.00	3.625%							
		8/15/2036	250,000.00	3.625%							
		8/15/2037	205,000.00	3.875%							
		8/15/2038-39	215,000.00	3.875%							
		8/15/2040	225,000.00	3.875%							
		8/15/2041	235,000.00	3.875%							
		8/15/2042	145,000.00	3.875%							
						\$ 11,925,000.00		485,000.00		11,440,000.00	

See Accompanying Auditor's Report

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF RURAL DEVELOPMENT ADMINISTRATION BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2018			Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount	Dec. 31, 2018					
1137-03 Whitesboro Phase I Sewerline	7/15/2010	3,039,000	2019	43,569.80	4.00% \$	2,788,017.49		41,877.93	2,746,139.56	
			2020	45,330.02						
			2021	47,161.36						
			2022-2050	2,610,078.38						
1156-04 Whitesboro Phase II Sewerline	7/15/2010	1,150,000	2019	16,488.42	4.00%	1,055,018.96		15,848.15	1,039,170.81	
			2020	17,154.55						
			2021	17,847.60						
			2022-2050	987,680.24						
1308-08 Whitesboro Phase I Sewerline Supplement	12/15/2011	1,815,000	2019	33,216.87	2.25%	1,634,656.66		32,481.91	1,602,174.75	
			2020	33,968.45						
			2021	34,737.05						
			2022-2050	1,500,252.38						
1223-06(a) Shellbay, Shunpike, Crest Haven, Goshen Sewerline	12/15/2011	3,663,000	2019	52,657.17	3.75%	3,395,160.87		50,736.70	3,344,424.17	
			2020	54,650.33						
			2021	56,718.92						
			2022-2050	3,180,397.75						
1223-06 (b) Water Reuse	4/24/2013	100,000	2019	1,423.51	3.50%	94,370.30		1,374.97	92,995.33	
			2020	1,473.77						
			2021	1,525.81						
			2022-2050	88,572.24						
1364-10 SSGC Phase II	4/24/2013	794,400	2019	12,903.63	2.75%	741,955.16		12,555.97	729,399.19	
			2020	13,260.92						
			2021	13,628.10						
			2022-2050	689,606.54						
1417-12 / 1543-17 Grassy Sound Connection to Sewer System	6/22/2018	755,000	2019	12,600.83	2.00%	755,000.00		6,207.00	748,793.00	
			2020	12,894.11						
			2021	13,112.48						
			2022-2058	710,225.58						
1417-12 / 1543-17 Grassy Sound Connection to Sewer System	6/22/2018	1,446,000	2019	24,131.80	2.00%	1,446,000.00		11,887.00	1,434,113.00	
			2020	24,616.85						
			2021	25,111.65						
			2022-2058	1,360,252.70						
						\$	9,709,179.44	172,969.63	2,201,000.00	11,737,209.81

See Accompanying Auditor's Report

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Bond, Notes or Grants Issued	Balance Dec. 31, 2018
1364-10	Various Sewer Improvements: a. Shellbay, Shunpike, Crest Haven and Goshen Sewer Project - Supplement	\$ 296,600.00			296,600.00
1417-12					
/1543-17	Grassy Sound Connection to Sewer System	3,800,150.00		2,201,000.00	1,599,150.00
1453-13	Various Sewer Improvements	165,000.00			165,000.00
		<u>\$ 4,261,750.00</u>	<u>-</u>	<u>2,201,000.00</u>	<u>2,060,750.00</u>

See Accompanying Auditor's Report

TOWNSHIP OF MIDDLE

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2018

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GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." The Township's bid threshold was \$40,000.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

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

Home Rehabilitation Projects
Landscape Services
Roadway Improvements

Police Uniforms
Janitorial Services

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

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

BE IT RESOLVED by the Township Committee of the Township of Middle, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Township of Middle, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

This Resolution shall take effect January 1, 2018.

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

Delinquent Taxes and Tax Title Liens

The tax sale was held on December 19, 2018 and was complete.

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

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

<u>Year</u>	<u>Number</u>
2018	680
2017	680
2016	631

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges, as well as 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 Mailed</u>
Payments of 2018 and 2019 Taxes	5
Delinquent Taxes	3
Payment of Sewer Rents	5

Comparison of Tax Levies and Collections 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>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2018	\$ 51,136,391.07	50,811,556.27	99.36%
2017	49,910,504.79	49,489,786.49	99.16%
2016	48,209,195.86	47,855,595.34	99.27%
2015	47,811,188.18	47,440,826.93	99.23%
2014	47,327,251.00	47,006,721.00	99.32%

Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ 1.759	1.722	1.676	1.663	1.651
Apportionment of Tax Rate:					
Municipal	0.483	0.472	0.452	0.452	0.455
County	0.261	0.252	0.248	0.251	0.248
Local School	1.015	0.998	0.976	0.96	0.948
Assessed Valuation	2,745,517,626	2,739,976,123	2,727,116,105	2,725,641,739	2,688,271,256

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>		<u>Liens</u>	<u>Taxes</u>	<u>Delinquent</u>	<u>Levy</u>
2018	\$	793,721.01	23,334.62	817,055.63	1.60%
2017		834,785.49	32,436.75	867,222.24	1.74%
2016		751,003.17	46,343.48	797,346.65	1.65%
2015		628,401.23	103,949.96	732,351.19	1.53%
2014		571,431.00	23,817.00	595,248.00	1.26%

RECOMMENDATIONS

None

In accordance with *Audits of States, Local Governments and Non-Profit Organizations*, and Division of Local Government Services Regulations, a Corrective Action Plan must be prepared and filed by the Township in response to my recommendations.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

August 2, 2019