

**BOROUGH OF MIDDLESEX  
COUNTY OF MIDDLESEX**

**AUDIT REPORT FOR THE  
THE YEAR ENDED DECEMBER 31, 2019**



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COUNTY OF MIDDLESEX, NEW JERSEY  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Middlesex  
County of Middlesex  
Middlesex, New Jersey

### Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Borough of Middlesex as of December 31, 2019, and the related statement of operations and changes in fund balance - regulatory basis for the year then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough'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.

## **Opinions**

### **Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

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

The effects on the financial statements of the variances between 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 Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough, as of December 31, 2019, or the results of its operations and changes in fund balance for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough, as of December 31, 2019, and the results of its operations and changes in fund balance - regulatory basis of such funds for the year then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2019 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the basic financial statements. The schedule of expenditures and state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB’s Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedules presented for the various funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

**Prior Period Financial Statements**

The financial statements as of December 31, 2018, were audited by other auditors whose report dated August 27, 2019, expressed an unmodified opinion on the regulatory basis of accounting.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2020 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**



Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 483

Toms River, New Jersey  
September 27, 2020

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Middlesex  
County of Middlesex  
Middlesex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Borough of Middlesex, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated September 27, 2020. Our report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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. We consider the deficiencies described in the accompanying schedule of financial statement findings schedule findings and questioned costs to be significant deficiencies as Finding No.'s 2019-001.

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 Borough'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 one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of financial statement findings schedule of findings and questioned costs as Finding No.'s 2019-001.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

**HOLMAN FRENIA ALLISON, P.C.**



Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 483

Toms River, New Jersey  
September 27, 2020

**BOROUGH OF MIDDLESEX  
COUNTY OF MIDDLESEX**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**BOROUGH OF MIDDLESEX**  
**CURRENT FUND**  
**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2019 AND 2018**

	REFERENCE	<u>2019</u>	<u>2018</u>
ASSETS			
Current Fund:			
Cash and Investments - Treasurer	A-4	\$ 4,409,188.51	\$ 4,783,515.43
Cash - Change Funds	A-5	500.00	500.00
Due from State of N.J. per Ch. 129 P.L. 1976	A-11	49,191.31	40,256.25
Total		<u>4,458,879.82</u>	<u>4,824,271.68</u>
Receivables With Offsetting Reserves:			
Taxes Receivable	A-6	633,345.83	650,184.50
Tax Title Liens	A-12	419,307.69	360,646.06
Property Acquired for Taxes	A	1,423,139.00	1,423,139.00
Revenue Accounts Receivable	A-7	15,678.42	22,335.90
Sewer Flow Charges Receivable	A-10	49,458.18	58,862.74
Interfunds Receivable	A-8	411,033.05	396,399.21
Total Receivables & Other Assets With Full Reserves		<u>2,951,962.17</u>	<u>2,911,567.41</u>
Deferred Charges:			
Special Emergency	A-16	-	150,000.00
Total Deferred Charges		<u>-</u>	<u>150,000.00</u>
Total Current Fund		<u>7,410,841.99</u>	<u>7,885,839.09</u>
State and Federal Grant Fund:			
Cash	A-4	61,644.18	-
Grants Receivable	A-17	834,134.30	1,539,229.11
Due From General Capital Fund	A	23,775.00	23,775.00
Total State and Federal Grant Fund		<u>919,553.48</u>	<u>1,563,004.11</u>
Total Assets		<u>\$ 8,330,395.47</u>	<u>\$ 9,448,843.20</u>

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

**BOROUGH OF MIDDLESEX**  
**CURRENT FUND**  
**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2019 AND 2018**

	REFERENCE	<u>2019</u>	<u>2018</u>
<b>LIABILITIES RESERVES &amp; FUND BALANCE</b>			
<b>Current Fund:</b>			
<b>Liabilities:</b>			
Appropriation Reserves	A-3, A-9	\$ 1,015,316.75	\$ 640,857.36
Reserve for Encumbrances	A-3, A-9	233,034.69	384,902.74
Prepaid Taxes	A-4	245,302.70	207,074.40
Tax Overpayments	A	47,089.74	31,653.24
County - Added & Omitted Payable	A-13	-	15,067.38
School Taxes Payable	A-15	555,868.00	-
Various Payables	A-14	113,836.47	103,950.96
Various Reserves	A-14	653,267.32	860,113.62
Interfunds Payable	A-8	97,248.68	144,565.09
		<u>2,960,964.35</u>	<u>2,388,184.79</u>
Subtotal Current Fund			
Reserve for Receivables & Other Assets	A	2,951,962.17	2,911,567.41
Fund Balance	A-1	1,497,915.47	2,586,086.89
		<u>7,410,841.99</u>	<u>7,885,839.09</u>
Total Current Fund			
<b>State and Federal Grant Fund:</b>			
Unappropriated	A-19	6,493.53	590,060.23
Appropriated	A-18	690,462.85	33,615.23
Reserve for Encumbrance	A-18	222,597.10	889,329.59
Due to Current Fund	A-20	-	49,999.06
		<u>919,553.48</u>	<u>1,563,004.11</u>
Total State and Federal Grant Fund			
Total Liabilities, Reserves & Fund Balance		<u>\$ 8,330,395.47</u>	<u>\$ 9,448,843.20</u>

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

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENTS OF OPERATIONS  
AND CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	REFERENCE	2019	2018
Revenue & Other Income Realized:			
Fund Balance Utilized	A-1, A-2	\$ 2,200,000.00	\$ 2,211,000.00
Miscellaneous Revenue Anticipated	A-2	4,933,827.68	4,727,182.71
Receipts From Delinquent Taxes	A-2	561,026.18	490,906.74
Receipts From Current Taxes	A-2	44,609,463.47	43,420,174.67
Nonbudget Revenue	A-2	232,694.93	242,162.84
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	508,638.47	410,078.81
Grants Cancelled (Net)	A-17,A-18, A-19	48,787.67	-
Interfunds Advanced/Returned	A-10	-	6,936.16
<b>Total Income</b>		<b>53,094,438.40</b>	<b>51,508,441.93</b>
Expenditures:			
Budget Appropriations:			
Operating			
Salaries & Wages	A-3	6,843,098.00	6,670,156.00
Other Expenses	A-3	10,411,945.00	8,532,529.00
State and Federal Programs Off-Set by Revenue	A-3	276,920.53	137,880.88
Municipal Debt Service	A-3	2,211,183.54	2,432,283.45
Capital Improvements	A-3	65,000.00	65,000.00
Deferred Charges and Statutory Expend.-Mun.	A-3	150,000.00	1,411,635.00
County Tax	A-13	6,040,553.83	5,919,779.82
Local District School Taxes	A-13	25,948,909.00	24,777,077.00
Interfunds Advanced	A-10	34,999.92	105,658.49
<b>Total Expenditures</b>		<b>51,982,609.82</b>	<b>50,051,999.64</b>
<b>Excess/(Deficit) in Revenue</b>		<b>1,111,828.58</b>	<b>1,456,442.29</b>
Adjustment to Income Before Fund Balance:			
Expenditures Included Above which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	-	150,000.00
Statutory Excess to Fund Balance		1,111,828.58	1,606,442.29
Fund Balance January 1	A	2,586,086.89	3,190,644.60
<b>Total</b>		<b>3,697,915.47</b>	<b>4,797,086.89</b>
Decreased by: Utilization as Anticipated Revenue	A-2	2,200,000.00	2,211,000.00
<b>Fund Balance December 31</b>	A	<b>\$ 1,497,915.47</b>	<b>\$ 2,586,086.89</b>

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

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$ 2,200,000.00	\$ -	\$ 2,200,000.00	\$ -
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	13,450.00	-	13,510.00	60.00
Other	36,200.00	-	39,350.25	3,150.25
Fees & Permits - Other	5,000.00	-	5,477.56	477.56
Fines & Costs - Municipal Court	324,600.00	-	261,410.08	(63,189.92)
Interest & Costs on Taxes	131,500.00	-	135,026.49	3,526.49
Interest on Investments & Deposits	93,200.00	-	82,853.19	(10,346.81)
Cable Franchise Fees	95,533.76	-	95,533.76	-
Sewer Rents Receivable	1,144,500.00	-	1,038,750.51	(105,749.49)
Payments in Lieu of Taxes-Presbyterian Homes	58,400.00	-	58,980.42	580.42
Payments in Lieu of Taxes- 150 Lofts, LLC	334,000.00	-	325,000.00	(9,000.00)
Payments in Lieu of Taxes, Midmarket Urban Renewal	89,000.00	-	33,527.39	(55,472.61)
Host Community Benefit Funds	86,300.00	-	78,120.75	(8,179.25)
Consolidated Municipal Property Tax Relief Aid	58,620.00	-	58,620.00	-
Energy Receipts Taxes	1,721,194.00	-	1,721,194.00	-
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17)				
Uniform Construction Code Fees	269,000.00	-	475,122.00	206,122.00
Hazardous Waste Facilities Sitting Act (N.J.S.A. 13-15-80)	20,000.00	-	20,000.00	-
Public and Private Revenues Offset with Approps.:				
Recycling Tonnage Grant	26,050.98	-	26,050.98	-
Drunk Driving Enforcement Fund	6,156.73	-	6,156.73	-
Drunk Driving Enforcement Fund- Unappropriated	1,744.50	-	1,744.50	-
Clean Communities Program	23,307.90	29,194.76	52,502.66	-
Municipal Alliance on Alcoholism and Drug Abuse	24,965.00	-	24,965.00	-
Body Armor Replacement Grant - CY	3,320.96	-	3,320.96	-
Body Armor Replacement Grant - Unappropriated	5,367.83	-	5,367.83	-
Information Assistance - Older American Act	6,500.00	8,500.00	15,000.00	-
Transportation Assistance- Older American Act	10,000.00	-	10,000.00	-
DMV Inspection Fines	-	6,022.00	6,022.00	-
N.J. Alcohol Education & Rehabilitation - Municipal Court	-	562.62	562.62	-
Safe Driving & Awareness Grants	-	5,500.00	5,500.00	-
CDBG - County HUD Funds	63,486.00	-	63,486.00	-
CDBG - County HUD Funds Adjustment	50,000.00	-	50,000.00	-
Other Special Items:				
Reserve for Sale of Municipal Assets - Cell Tower	200,000.00	-	200,000.00	-
Reserve for Payment of Debt Service	20,672.00	-	20,672.00	-
Total Miscellaneous Revenues	4,922,069.66	49,779.38	4,933,827.68	(38,021.36)
Receipts From Delinquent Taxes	451,000.00	-	561,026.18	110,026.18
Subtotal General Revenues	7,573,069.66	49,779.38	7,694,853.86	72,004.82
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	12,696,627.41	-	12,902,873.65	206,246.24
Minimum Library Tax	518,786.26	-	518,786.26	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	13,215,413.67	-	13,421,659.91	206,246.24
Budget Totals	20,788,483.33	49,779.38	21,116,513.77	278,251.06
Nonbudget Revenues	-	-	232,694.93	232,694.93
Total	\$ 20,788,483.33	\$ 49,779.38	\$ 21,349,208.70	\$ 510,945.99

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

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
ANALYSIS OF REALIZED REVENUES**

Revenue From Collections		\$ 44,609,463.47
Allocation of Current Tax Collections:		
School District	\$ 25,948,909.00	
County Taxes	<u>6,059,662.26</u>	
		<u>32,008,571.26</u>
Balance for Support of Municipal Budget Appropriations		12,600,892.21
Add: Budget Appropriation - Reserve for Uncollected Taxes		<u>820,767.70</u>
Total Amount for Support of Municipal Budget Appropriation		<u>\$ 13,421,659.91</u>
Receipts From Delinquent Taxes:		
Delinquent Tax Collections		<u>\$ 561,026.18</u>
Total Receipts From Delinquent Taxes		<u>\$ 561,026.18</u>

**ANALYSIS OF NON-BUDGET REVENUE**

Miscellaneous Revenue Not Anticipated:		
Receipts:		
Duplicate Tax Bill Fees	\$	510.00
Library Health Contributions		43,142.40
Sale of Municipal Assets		250.00
Property Tax Listing		530.00
Easement -Silverline		1,625.00
Outside Police Admin		44,362.50
Property Maintenance Admin Fee		8,107.00
Abandoned Property Registration		74,900.00
Landlord Registration		19,450.00
Containers		2,988.00
Other Miscellaneous Revenue		11,299.68
Lien Settlement		10,000.00
BOE Invoices		9,859.00
GOV Bid Settlement		4,671.35
JIF Reimbursement		<u>1,000.00</u>
Total	<u>\$</u>	<u>232,694.93</u>

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATIONS	APPROPRIATIONS				UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	PAID OR CHARGED ENCUMBERED	
<b>OPERATIONS WITHIN "CAPS"</b>					
<u>GENERAL GOVERNMENT</u>					
General Administration:					
Salaries and Wages	\$ 100,000.00	70,000.00	\$ 69,230.70	\$ -	769.30
Other Expenses	8,950.00	3,950.00	1,744.90	231.72	1,973.38
Mayor & Council					
Salaries and Wages	12,000.00	12,000.00	11,999.76	-	0.24
Other Expenses	5,100.00	5,300.00	4,864.79	200.00	235.21
Municipal Clerk:					
Salaries and Wages	230,000.00	235,000.00	228,281.15	-	6,718.85
Other Expenses	11,450.00	11,450.00	6,685.75	829.67	3,934.58
Postage for All Departments					
Other Expenses	28,000.00	23,000.00	17,084.57	-	5,915.43
Printing and Advertising					
Other Expenses	6,000.00	8,500.00	8,354.57	-	145.43
Financial Administration (Treasury):					
Salaries and Wages	108,000.00	108,000.00	96,959.29	-	11,040.71
Other Expenses	45,650.00	45,650.00	38,258.69	2,094.72	5,296.59
Elections					
Other Expenses	6,000.00	6,000.00	6,000.00	-	-
Annual Audit					
Other Expenses	45,000.00	72,000.00	36,630.00	-	35,370.00
Tax Assessment Administration:					
Salaries and Wages	21,100.00	26,100.00	23,144.21	-	2,955.79
Other Expenses	3,750.00	3,750.00	3,297.39	252.00	200.61
Revenue Administration (Tax Collection):					
Salaries and Wages	61,500.00	61,500.00	61,499.97	-	0.03
Other Expenses	7,770.00	7,770.00	5,123.02	164.54	2,482.44
Legal Services					
Other Expenses	108,500.00	128,500.00	115,346.16	-	13,153.84
Engineering Services:					
Other Expenses	76,000.00	81,000.00	67,973.71	3,302.66	9,723.63
Animal Control & Board of Health:					
Other Expenses	69,850.00	69,850.00	69,016.14	25.00	808.86

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	APPROPRIATIONS			EXPENDED	PAID OR CHARGED		RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	BUDGET AFTER MODIFICATION		ENCUMBERED			
<b>OPERATIONS</b>								
Computer Data Services								
Salaries and Wages								
Other Expenses	250,500.00	238,000.00		220,362.06	14,441.80		3,196.14	-
Environmental Legal & Engineering Services and Costs								
Other Expenses	8,500.00	8,500.00		3,456.75	-		5,043.25	-
<b>LAND USE ADMINISTRATION</b>								
Planning Board								
Salaries and Wages	4,800.00	4,800.00	-	3,650.00	-		1,150.00	-
Other Expenses	38,550.00	33,550.00		20,924.80	640.00		11,985.20	-
Zoning Board of Adjustment								
Salaries and Wages	4,800.00	4,800.00		2,900.00	-		1,900.00	-
Other Expenses	5,000.00	7,000.00		3,653.86	140.00		3,206.14	-
Code Enforcement								
Salaries and Wages	66,000.00	66,000.00		58,281.01	-		7,718.99	-
Other Expenses	11,950.00	11,950.00		8,582.92	376.39		2,990.69	-
Purchasing Agent								
Other Expenses	2,150.00	2,150.00		671.56	67.72		1,410.72	-
<b>INSURANCE</b>								
Temporary Disability Insurance	30,000.00	30,000.00		27,053.16	-		2,946.84	-
Long-Term Disability Insurance	20,000.00	20,000.00		18,263.89	-		1,736.11	-
Liability Insurance	245,000.00	245,000.00		245,000.00	-		-	-
Workmen's Compensation	180,000.00	180,000.00		179,657.49	-		342.51	-
Employee Group Insurance	2,400,000.00	2,350,800.00		2,017,307.43	420.00		333,072.57	-
<b>PUBLIC SAFETY</b>								
Police Department								
Salaries and Wages	3,840,000.00	3,787,500.00		3,655,793.76	-		131,706.24	-
Other Expenses	154,600.00	149,600.00		112,762.19	7,941.22		28,896.59	-
Juvenile Conference Committee								
Salaries and Wages	2,135.00	2,135.00		2,134.92	-		0.08	-
Other Expenses	250.00	250.00		-	-		250.00	-
Office of Emergency Management								
Salaries and Wages	5,000.00	5,000.00		5,000.00	-		-	-
Other Expenses	16,150.00	12,150.00		3,222.95	1,056.00		7,871.05	-
Aid to Volunteer Ambulance Companies	20,000.00	20,000.00		20,000.00	-		-	-
Fire Department								
Other Expenses	126,050.00	126,050.00		100,740.66	22,247.30		3,062.04	-
Hazardous Waste Facilities Tax -								
Other Expenses	2,000.00	2,000.00		-	-		2,000.00	-
Fire Hydrant Fees								
Other Expenses	222,000.00	222,000.00		191,996.39	-		30,003.61	-

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

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATIONS	APPROPRIATIONS			PAID OR CHARGED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			
Municipal Prosecutor's Office	24,400.00	24,400.00	22,366.63	2,033.37	-	-
Other Expenses						
Municipal Court	161,500.00	165,000.00	163,563.45	545.00	891.55	-
Salaries and Wages				300.00	5,742.57	-
Other Expenses						
<u>PUBLIC WORKS</u>						
Road Repairs and Maintenance	811,000.00	836,000.00	813,779.97	-	22,220.03	-
Salaries and Wages				5,901.70	30,534.70	-
Other Expenses	130,525.00	135,525.00	99,088.60			
Shade Tree Commission	2,688.00	2,688.00	2,557.88	-	130.12	-
Salaries and Wages				14,550.00	191.16	-
Other Expenses	25,000.00	35,000.00	20,258.84			
Solid Waste Collection	155,000.00	155,000.00	146,078.00	-	8,922.00	-
Salaries and Wages						
Garbage and Trash Removal	390,000.00	390,000.00	379,155.63	-	10,844.37	-
Salaries and Wages				2,647.90	6,839.20	-
Other Expenses	46,600.00	46,600.00	37,112.90			
Community Services Act (Condominium Costs)	44,000.00	44,000.00	43,584.61	-	415.39	-
Other Expenses						
Buildings and Grounds	23,000.00	23,000.00	22,946.56	-	53.44	-
Salaries and Wages						
Other Expenses	95,000.00	108,000.00	69,157.95	11,577.78	27,264.27	-
Rental of Rescue Squad Building	7,200.00	7,200.00	6,000.00	1,200.00	-	-
Other Expenses						
<u>HEALTH AND HUMAN SERVICES</u>						
Animal Control	30,000.00	30,000.00	18,400.00	-	11,600.00	-
Other Expenses						
Senior Nutrition - Program Costs	7,500.00	7,500.00	7,500.00	-	-	-
Salaries and Wages						
Title III Senior Medical Transportation - Program Costs	29,300.00	29,300.00	17,797.83	-	11,502.17	-
Salaries and Wages						
Title III Information & Assistance - Program Costs	37,500.00	37,500.00	28,349.80	-	9,150.20	-
Salaries and Wages						
<u>PARKS AND RECREATION</u>						
Recreation Services and Programs	120,000.00	120,000.00	110,550.37	-	9,449.63	-
Salaries and Wages				1,679.01	2,560.20	-
Other Expenses	24,360.00	24,360.00	20,120.79			

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

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATIONS	APPROPRIATIONS			PAID OR CHARGED			UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED		
Parks and Playgrounds							
Salaries and Wages	355,000.00	360,000.00	349,629.59			10,370.41	-
Other Expenses	62,450.00	65,450.00	51,867.05	5,133.52		8,449.43	-
Celebration of Public Events							
Other Expenses	55,000.00	55,000.00	50,169.81	1,152.39		3,677.80	-
Senior Citizens Bus Transportation							
Salaries and Wages	23,400.00	8,400.00	3,071.00			5,329.00	-
Other Expenses	5,000.00	6,500.00	4,740.22	252.58		1,507.20	-
Senior Citizens Coordinator							
Salaries and Wages	50,500.00	50,500.00	50,424.97			75.03	-
Other Expenses	6,000.00	11,000.00	6,220.23	188.23		4,591.54	-
<b>OTHER COMMON OPERATING FUNCTIONS - UNCLASSIFIED</b>							
Accumulated Sick Leave Compensation							
Salaries and Wages	35,000.00	35,000.00	28,299.12			6,700.88	-
Housing and Community Advisory Board							
Salaries and Wages	375.00	375.00	-			375.00	-
Other Expenses	100.00	100.00				100.00	-
Beautification Committee							
Other Expenses	1,000.00	1,000.00	880.00			120.00	-
Construction Dept							
Salaries and Wages	160,000.00	160,000.00	158,983.82			1,016.18	-
Other Expenses	7,200.00	7,200.00	3,083.42	607.15		3,509.43	-
Multi-Family Solid Waste Collection							
Other Expenses	35,000.00	35,000.00	33,963.85			1,036.15	-
<b>UTILITY EXPENSES AND BULK PURCHASES</b>							
Electricity	175,000.00	175,000.00	165,000.07			9,999.93	-
Street Lighting	171,000.00	171,000.00	144,513.79			26,486.21	-
Telephone (Excluding Equipment Acquis.)	70,000.00	70,000.00	58,545.30			11,454.70	-
Water	30,000.00	30,000.00	22,271.61			7,728.39	-
Gas (Natural or Propane)	30,000.00	30,000.00	17,754.93			12,245.07	-
Fuel Oil (Diesel Fuel)	75,000.00	75,000.00	64,208.06			10,791.94	-
Gasoline	80,000.00	80,000.00	80,000.00			-	-
Sewer Processing and Disposal							
Salaries and Wages	80,000.00	80,000.00	75,708.97			4,291.03	-
Other Expenses	40,200.00	40,200.00	36,394.32	2,257.05		1,548.63	-

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

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATIONS	APPROPRIATIONS			PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS</u>						
Sanitary Landfill Fees	375,000.00	400,000.00	374,423.09	10,633.23	14,943.68	-
Other Expenses						
Total Operation Within "CAPS"	12,708,603.00	12,688,103.00	11,587,141.03	115,089.65	985,872.32	-
Contingent	25,000.00	25,000.00	21,531.87	-	3,468.13	-
Detail:						
Salaries and Wages	6,897,098.00	6,843,098.00	6,577,271.73	545.00	265,281.27	-
Other Expenses (including Contingent)	5,836,505.00	5,870,005.00	5,031,401.17	114,544.65	724,059.18	-
<b>Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"</b>						
Statutory Expenditures:						
Social Security System(O.A.S.I.)	315,000.00	315,000.00	309,897.57	-	5,102.43	-
Public Employees' Retirement System of NJ	411,444.00	411,444.00	411,444.00	-	-	-
Police & Fire Retirement System of NJ	849,046.00	849,046.00	849,046.00	-	-	-
Pension and Firemen's Widow	5,000.00	5,000.00	5,000.00	-	-	-
Deficit- Swim Pool Utility- Current Year	56,802.00	56,802.00	-	-	-	56,802.00
Defined Contribution Plan (DCRP)	12,000.00	12,500.00	11,081.88	-	1,418.12	-
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,649,292.00	1,649,792.00	1,586,469.45	-	6,520.55	56,802.00
Total General Appropriations for Municipal Purposes Within "CAPS"	14,382,895.00	14,362,895.00	13,195,142.35	115,089.65	995,861.00	56,802.00
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>						
Maintenance of Free Public Library (NJSA-40:54-8)						
Other Expenses	518,786.00	518,786.00	518,786.00	-	-	-
Middlesex County Utilities Authority Sewerage Treatment Contractual	1,500,000.00	1,520,000.00	1,409,695.76	108,154.67	2,149.57	-
Piscataway Sewerage Authority - Share of Costs	500,000.00	500,000.00	497,482.66	-	2,517.34	-
Middlesex County Improvement Authority - County Curbside Collection Program						
Other Expenses	117,500.00	117,500.00	95,920.79	9,790.37	11,788.84	-
Stormwater Pollution Programs: NJDES/Stormwater Permit						
Salaries and Wages	286,664.00	286,664.00	286,664.00	-	-	-
Other Expenses	6,000.00	6,000.00	3,000.00	-	3,000.00	-

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

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATIONS	APPROPRIATIONS		PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION			
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Body Armor Replacement Grant - CY	8,688.79	8,688.79	-	-	-
Recycling Tonnage Grant	26,050.98	26,050.98	-	-	-
Drunk Driving Enforcement Fund	7,901.23	7,901.23	-	-	-
Clean Communities Grant	23,307.90	52,502.66	-	-	-
CDBG	113,486.00	113,486.00	-	-	-
DMV Inspection Fines	-	6,022.00	-	-	-
Safe Driving & Awareness Grants	-	5,500.00	-	-	-
Municipal Alliance on Alcohol & Drug Abuse	31,206.25	31,206.25	-	-	-
N.J. Alcohol Education & Rehabilitation - Municipal Court	-	562.62	-	-	-
Older Americans Act - Information Assist	16,500.00	25,000.00	-	-	-
<b>Total Public and Private Programs Offset By Revenues:</b>	<b>227,141.15</b>	<b>276,920.53</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operations Excluded from "CAPS"</b>	<b>3,156,091.15</b>	<b>3,225,870.53</b>	<b>117,945.04</b>	<b>19,455.75</b>	<b>-</b>
<b>Detail:</b>					
Salaries and Wages	303,164.00	311,664.00	-	-	-
Other Expenses	2,852,927.15	2,914,206.53	117,945.04	19,455.75	-
<b>Capital Improvements - Excluded from "CAPS":</b>					
Down Payments on Improvements					
Capital Improvement Fund	65,000.00	65,000.00	-	-	-
<b>Total Capital Improvements Excluded from "CAPS"</b>	<b>65,000.00</b>	<b>65,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Municipal Debt Service - Excluded from "CAPS":</b>					
Payment of Bond Principal	973,000.00	973,000.00	-	-	-
Interest on Bonds	222,001.26	222,001.26	-	-	1,072.50
Loan Payment for Principal and Interest	93,240.27	93,240.27	-	-	-
Loan Payment for Principal and Interest	12,997.00	12,997.00	-	-	0.71
MCI/A Loan	671,112.69	671,112.69	-	-	-
Loan Payment for Principal and Interest					
Fire Truck	145,373.01	145,373.01	-	-	-
Loan Payment for Principal and Interest					
Environmental Infrastructure Loan	96,205.25	96,205.25	-	-	-
<b>Total Municipal Debt Service Excluded from "CAPS"</b>	<b>2,213,929.48</b>	<b>2,213,929.48</b>	<b>-</b>	<b>2,211,183.54</b>	<b>2,745.94</b>

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

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATIONS	APPROPRIATIONS			PAID OR CHARGED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Deferred Charges						
Special Emergency Authorizations - 5 Years	150,000.00	150,000.00	150,000.00	-	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	150,000.00	150,000.00	150,000.00	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,585,020.63	5,654,800.01	5,514,653.28	117,945.04	19,455.75	2,745.94
Subtotal General Appropriations	19,967,915.63	20,017,695.01	18,709,795.63	233,034.69	1,015,316.75	59,547.94
Reserve For Uncollected Taxes	820,767.70	820,767.70	820,767.70	-	-	-
Total General Appropriations	\$ 20,788,683.33	\$ 20,838,462.71	\$ 19,530,563.33	\$ 233,034.69	\$ 1,015,316.75	\$ 59,547.94

Budget	\$ 20,788,683.33
Appropriation by 40A:4-87	49,779.38
Total	<u>\$ 20,838,462.71</u>

Reserve for Uncollected Taxes	\$ 820,767.70
Appropriated Reserves for Federal & State Grants	276,920.53
Deferred Charges	150,000.00
Cash Disbursements	18,282,875.10
Total	<u>\$ 19,530,563.33</u>

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

**BOROUGH OF MIDDLESEX  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

ASSETS		2019	2018
Assessment Trust Fund:			
Cash and Investments - Treasurer	B-2	\$ 25,990.14	\$ 25,990.14
Assessment Liens Receivable	B-3	1,470.00	1,470.00
Total Assessment Trust Fund		<u>27,460.14</u>	<u>27,460.14</u>
Animal Control Fund:			
Cash	B-2	54,617.00	49,504.42
Total Animal Control Fund		<u>54,617.00</u>	<u>49,504.42</u>
Trust-Other Fund:			
Cash and Investments - Treasurer	B-2	426,981.86	327,994.29
Due from Current Fund	A	97,248.68	144,565.09
Due from General Capital Fund	C	522,787.01	522,787.01
Total Trust-Other Fund		<u>1,047,017.55</u>	<u>995,346.39</u>
Escrow Trust Fund:			
Cash and Investments - Treasurer	B-2	624,722.97	645,658.76
Total Escrow Trust Fund		<u>624,722.97</u>	<u>645,658.76</u>
Payroll Fund:			
Cash and Investments - Treasurer	B-2	142,587.88	183,725.95
Total Payroll Trust Fund		<u>142,587.88</u>	<u>183,725.95</u>
Public Assistance Trust Fund			
Cash and Investments - Treasurer	B-2	9,841.71	9,841.34
Total Public Assistance Trust Fund		<u>9,841.71</u>	<u>9,841.34</u>
Community Development Block Grant Fund			
Due from Midd. City CDBG	B-9	-	74,594.91
Total Community Develop. Block Grant Fund		<u>-</u>	<u>74,594.91</u>
Total Assets		<u><u>\$ 1,906,247.25</u></u>	<u><u>\$ 1,986,131.91</u></u>

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

**BOROUGH OF MIDDLESEX  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

		2019	2018
<b>LIABILITIES, RESERVES &amp; FUND BALANCE</b>			
Assessment Trust Fund			
Due to General Capital Fund	B-6	\$ 7,164.08	\$ 7,164.08
Due to Current Fund	B-7	14,730.29	14,730.29
Fund Balance	B-1	5,565.77	5,565.77
Total Assessment Trust Fund		27,460.14	27,460.14
Animal Control Fund:			
Due to State of New Jersey		1.20	1.20
Due to Current Fund	B	41,351.22	34,592.82
Reserve for Animal Control Expenditures		13,264.58	14,910.40
Total Animal Control Fund		54,617.00	49,504.42
Trust-Other Fund:			
Reserve for Unemployment Insurance	B-8	194,846.61	200,793.89
Reserve for Various Deposits	B-8	852,170.94	794,552.50
Total Trust-Other Fund		1,047,017.55	995,346.39
Escrow Trust Fund:			
Developers' Escrow - Water & Soil	B-10	20,062.00	20,062.00
Developers' Escrow Funds	B-10	604,660.97	625,596.76
Total Escrow Trust Fund		624,722.97	645,658.76
Payroll Fund:			
Payroll Deductions Payable	B-12	142,587.88	183,725.95
Total Payroll Trust Fund		142,587.88	183,725.95
Public Assistance Trust Fund			
Reserve for Public Assistance	B-11	9,841.71	9,841.34
Total Public Assistance Trust Fund		9,841.71	9,841.34
Community Development Block Grant			
Reserve for Community Develop. Block	B-9	-	74,594.91
Total Community Develop Block Grant		-	74,594.91
Total Liabilities, Reserves & Fund Balance		\$ 1,906,247.25	\$ 1,986,131.91

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

**BOROUGH OF MIDDLESEX  
TRUST ASSESSMENT FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	<u>\$ 5,565.77</u>
Balance, December 31, 2019	<u><u>\$ 5,565.77</u></u>

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

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	2019	2018
Cash and Investments - Treasurer	C-2	\$ 2,194,983.85	\$ 1,512,647.34
Grants - In - Aid, Loans and Other Receivable	C-7	2,610,587.02	2,296,591.68
Interfunds Receivable	C-10	7,164.08	7,164.08
Deferred Charges to Future Taxation:			
Funded	C-4	8,027,076.47	9,698,288.15
Unfunded	C-5	9,379,247.14	7,968,881.79
		<u>\$ 22,219,058.56</u>	<u>\$ 21,483,573.04</u>
Total Assets			
		<u>\$ 22,219,058.56</u>	<u>\$ 21,483,573.04</u>
 LIABILITIES, RESERVES & FUND BALANCE			
General Serial Bonds	C-12	6,493,000.00	7,466,000.00
Capital Leases Payable	C-11	1,083,822.55	1,689,177.24
NJ Infrastructure Trust Loan	C-14	898,891.00	-
Loans Payable - N.J. Green Trust Fund - 1989	C-16	43,720.79	55,663.23
Loans Payable - N.J. Infrastructure	C-13	406,533.13	487,447.68
Bond Anticipation Notes	C-15	5,282,106.00	3,400,000.00
Reserve for Encumbrances Payable	C-8	1,897,315.68	2,739,089.59
Interfunds Payable	C-10	786,987.42	786,987.42
Improvement Authorizations			
Funded	C-8	2,220,084.56	1,287,754.56
Unfunded	C-8	2,306,892.44	1,849,391.86
Reserve For:			
Capital Improvement Fund	C-6	7,347.93	7,775.58
Grants and Loans Receivable	C-9	688,348.49	1,623,923.15
Insurance Refund	C-9	4,838.08	4,838.08
To Pay Debt Service	C-9	98,634.92	84,989.08
Fund Balance	C-1	535.57	535.57
		<u>\$ 22,219,058.56</u>	<u>\$ 21,483,573.04</u>
Total Liabilities, Reserves & Fund Balance			
		<u>\$ 22,219,058.56</u>	<u>\$ 21,483,573.04</u>

There were bonds authorized but not issued on December 31, 2019 in the amount of \$3,340,196.90 and on December 31, 2018 of \$4,568,881.79.

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

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	<u>\$ 535.57</u>
Balance, December 31, 2019	<u><u>\$ 535.57</u></u>

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

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

ASSETS	REFERENCE	2019	2018
Operating Fund:			
Cash and Investments - Treasurer	D-5	\$ 266,176.85	\$ 192,586.82
Cash - Snack Bar Fund	D-5	3,013.15	3,008.51
Due from Swimming Pool Capital Fund	D-11	94,320.11	160,774.90
		<u>363,510.11</u>	<u>356,370.23</u>
Total Operating Fund			
Capital Fund:			
Cash and Investments - Treasurer	D-5	-	66,454.79
Fixed Capital	D-7	666,291.56	666,291.56
Fixed Capital Authorized and Uncompleted	D-8	1,650,000.00	1,650,000.00
		<u>2,316,291.56</u>	<u>2,382,746.35</u>
Total Capital Fund			
		<u>\$ 2,679,801.67</u>	<u>\$ 2,739,116.58</u>
Total Assets			

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

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2019	2018
Operating Fund:			
Appropriation Reserves	D-4	\$ 42,710.98	\$ 54,017.98
Reserve for Encumbrances	D-4	12,065.58	15,581.68
Accounts Payable	D-9	34,693.93	34,693.93
Due to Current Fund	D-11	114,526.13	56,651.63
Accrued Interest on Bonds	D-17	7,820.31	8,892.81
		<hr/>	<hr/>
Subtotal Swimming Pool Fund		211,816.93	169,838.03
		<hr/>	<hr/>
Fund Balance	D-1	151,693.18	186,532.20
		<hr/>	<hr/>
Total Operating Fund		363,510.11	356,370.23
		<hr/>	<hr/>
Capital Fund:			
General Serial Bonds	D-18	785,000.00	902,000.00
Improvement Authorizations:			
Funded	D-16	51,660.79	51,660.79
Unfunded	D-16	93,670.00	93,670.00
Capital Improvement Fund	D-13	7,730.10	7,730.10
Due to Swimming Pool Operating Fund	D-15	94,320.11	160,774.90
Reserve for:			
Amortization	D-12	1,116,291.56	999,291.56
Deferred Amortization	D-14	165,000.00	165,000.00
Fund Balance	D-2	2,619.00	2,619.00
		<hr/>	<hr/>
Total Capital Fund		2,316,291.56	2,382,746.35
		<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance		\$ 2,679,801.67	\$ 2,739,116.58
		<hr/> <hr/>	<hr/> <hr/>

There were bonds and notes authorized but not issued on December 31, 2019 and 2018 of \$250,000.00.

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

**BOROUGH OF MIDDLESEX**  
**SWIMMING POOL UTILITY FUND**  
**STATEMENTS OF OPERATIONS AND CHANGE IN**  
**OPERATING FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Reference	<u>2019</u>	<u>2018</u>
Revenue & Other Income Realized:			
Fund Balance Utilized	D-1, D-3	\$ 78,628.00	\$ 128,060.00
Fees - Membership	D-3	273,291.00	264,155.90
Miscellaneous	D-3	128,035.26	109,647.41
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	<u>68,264.72</u>	<u>65,500.08</u>
 Total Revenue		<u>548,218.98</u>	<u>567,363.39</u>
 Expenditures:			
Budget and Emergency Appropriations			
Operating	D-4	<u>504,430.00</u>	<u>503,058.75</u>
 Total Expenditures		<u>504,430.00</u>	<u>503,058.75</u>
 Excess/(Deficit) in Revenue		<u>43,788.98</u>	<u>64,304.64</u>
 Fund Balance January 1		186,532.20	250,287.56
 Decreased by: Utilization as Anticipated Revenue	D-4	<u>78,628.00</u>	<u>128,060.00</u>
	D-4		
Balance December 31	D	<u>\$ 151,693.18</u>	<u>\$ 186,532.20</u>

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

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	<u>\$ 2,619.00</u>
Balance, December 31, 2019	<u><u>\$ 2,619.00</u></u>

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

**BOROUGH OF MIDDLESEX  
 SWIMMING POOL UTILITY OPERATING FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	\$ 78,628.00	\$ 78,628.00	\$ -
Fees - Membership	264,000.00	273,291.00	9,291.00
Miscellaneous	105,000.00	128,035.26	23,035.26
Deficit (General Budget)	56,802.00	-	(56,802.00)
Total Revenues	\$ 504,430.00	\$ 479,954.26	\$ 32,326.26

**ANALYSIS OF MISCELLANEOUS REVENUES**

Miscellaneous Receipts:	
Interest	\$ 4,822.55
Miscellaneous Revenues	123,212.71
	\$ 128,035.26

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

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	APPROPRIATIONS		PAID OR CHARGED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID	ENCUMBRANCES	RESERVED
Operating:					
Salaries & Wages	\$ 203,500.00	\$ 203,500.00	\$ 179,597.46	\$ -	\$ 23,902.54
Other Expenses	150,000.00	150,000.00	121,218.62	12,065.58	16,715.80
<b>Total Operating</b>	<b>353,500.00</b>	<b>353,500.00</b>	<b>300,816.08</b>	<b>12,065.58</b>	<b>40,618.34</b>
Debt Service:					
Payment of Bond Principal	117,000.00	117,000.00	117,000.00	-	-
Interest on Bonds	18,330.00	18,330.00	18,330.00	-	-
<b>Total Debt Service</b>	<b>135,330.00</b>	<b>135,330.00</b>	<b>135,330.00</b>	<b>-</b>	<b>-</b>
Statutory Expenditures:					
Social Security System (O.A.S.I.)	13,600.00	\$ 13,600.00	13,507.36	-	92.64
Unemployment Compensation Insurance	2,000.00	2,000.00	-	-	2,000.00
<b>Total Statutory Expenditures</b>	<b>15,600.00</b>	<b>15,600.00</b>	<b>13,507.36</b>	<b>-</b>	<b>2,092.64</b>
<b>Total Expenditures</b>	<b>\$ 504,430.00</b>	<b>\$ 504,430.00</b>	<b>\$ 449,653.44</b>	<b>\$ 12,065.58</b>	<b>\$ 42,710.98</b>
Accrued Interest on Bonds			\$ 18,330.00		
Cash Disbursed			<u>431,323.44</u>		
<b>Total</b>			<u><u>\$ 449,653.44</u></u>		

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

**BOROUGH OF MIDDLESEX  
MIDDLESEX COUNTY, NEW JERSEY  
STATEMENT OF GOVERNMENTAL FIXED ASSETS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
General Fixed Assets:		
Land	\$ 5,864,700.00	\$ 5,864,700.00
Buildings	6,533,000.00	6,533,000.00
Machinery and Equipment	<u>9,444,013.00</u>	<u>9,371,724.00</u>
Total Assets	<u>\$ 21,841,713.00</u>	<u>\$ 21,769,424.00</u>
Investment in Governmental Fixed Assets	<u>\$ 21,841,713.00</u>	<u>\$ 21,769,424.00</u>

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

**BOROUGH OF MIDDLESEX  
COUNTY OF MIDDLESEX**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 1. Summary of Significant Accounting Policies**

**Description of Financial Reporting Entity**

The Borough of Middlesex, County of Middlesex, New Jersey (hereafter referred to as the "Borough") operates under the legislative Borough of N.J.S.A. 40A:60-1 et seq., which provides for the election of a mayor to serve a term of four years and a council of six members serving three-year terms. At its annual meeting, the council elects a president of the council who shall preside at all its meetings when the mayor is not present. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

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

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

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

**General Capital Fund** – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**Swimming Pool Operating and Capital Funds** – This fund accounts for the operations and acquisition of capital facilities of the municipally owned Swimming Pool.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Borough.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**Budgets and Budgetary Accounting** - The Borough must adopt an annual budget for its Current and Swimming Pool Operating Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

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

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

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

**Utility Fixed Assets** – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets. the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Foreclosed property** – Foreclosed Property or “Property Acquired for Taxes” is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

**Sale of Municipal Assets** – Cash proceeds from the sale of Borough owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year-end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

**Fund Balance** – Fund Balance included in the Current and Swimming Pool Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

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

**Swimming Pool Revenues** – Swimming pool utility revenues are for charges to residents for membership fees. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's utility operating fund.

**Property Tax Revenues** – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Middlesex, and School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Middlesex. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Middlesex School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district July 1 to June 30.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July I to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**Reserve for Uncollected Taxes** – The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**BOROUGH OF MIDDLESEX**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided on the accrual basis.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

**Long-Term Debt** - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General and Utility Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Borough’s financial statements.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. In accordance with GASB Statement 95 noted below the requirements of this Statement will be effective for reporting periods subsequent to the date of this report. Management does not expect this Statement to have a material impact to the Municipality’s financial statements.

Statement No. 95, *Postponement of The Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 2. Deposits and Investments**

The Borough is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough 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 Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2019, the Borough's bank balance of \$8,435,629.31 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 7,838,601.97
NJ Cash Management Fund	212,113.19
Uninsured and Uncollateralized	<u>384,914.15</u>
	<u><u>\$ 8,435,629.31</u></u>

**Investments**

The Borough had no investments as of December 31, 2019.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 3. Property Taxes**

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

**Comparison Schedule of Tax Rates**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$ 9.167</u>	<u>\$ 8.889</u>	<u>\$ 8.644</u>
Apportionment of Tax Rate:			
Municipal	2.575	2.503	2.463
Municipal Library	0.105	0.099	0.097
County General	1.129	1.103	1.086
County Open Space	0.095	0.091	0.089
Local School	5.263	5.093	4.909

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2019	\$ 493,000,675.00
2018	495,020,711.00
2017	496,055,584.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2019	\$45,326,701.46	\$44,609,463.47	98.41%
2018	44,114,362.11	43,420,174.67	98.42%
2017	42,939,795.47	42,363,346.31	98.65%

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 3. Property Taxes (Continued):**

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2019	\$ 419,307.69	\$ 650,184.50	\$ 1,069,492.19	2.36%
2018	360,646.06	650,184.50	1,010,830.56	2.29%
2017	360,646.06	498,985.48	859,631.54	2.00%

**Note 4: Property Acquired By Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2019	\$ 1,423,139.00
2018	1,423,139.00
2017	1,423,139.00

**Note 5. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the current year and two previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2019	\$ 1,497,915.47	\$ 1,100,000.00	73.44%
2018	2,586,086.89	2,200,000.00	85.07%
2017	3,190,644.60	2,211,000.00	69.30%
<b>Swimming Pool Operating Fund:</b>			
2019	\$ 151,693.18	\$ 75,028.00	49.46%
2018	186,532.20	78,628.00	42.15%
2017	250,287.56	128,060.00	51.17%

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 6 Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 7. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2019:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ 411,033.05	\$ 97,248.68
State and Federal Grant Fund	23,775.00	-
Animal Control Trust	-	41,351.22
Trust Other Fund	620,035.69	-
Assessment Trust	-	21,894.37
Capital Fund	7,164.08	786,987.42
Swim Utility Operating Fund	94320.11	114,526.13
Swim Utility Capital Fund	-	94,320.11
	<u>\$ 1,156,327.93</u>	<u>\$ 1,156,327.93</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Current Fund	\$ 104,808.73	\$ 117,454.16
State and Federal Grant Fund	12,263.25	104,808.73
Trust Other Fund	47,316.41	-
Swim Utility Operating Fund	57874.5	66,454.79
Swim Utility Capital Fund	66,454.79	-
	<u>\$ 288,717.68</u>	<u>\$ 288,717.68</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2019.

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
Land	\$ 5,864,700.00	\$ -	\$ -	\$ 5,864,700.00
Buildings and Improvements	6,533,000.00	-	-	6,533,000.00
Machinery & Equipment	9,371,724.00	72,289.00	-	9,444,013.00
	<u>\$ 21,769,424.00</u>	<u>\$ 72,289.00</u>	<u>\$ -</u>	<u>\$ 21,841,713.00</u>

**Note 9. Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Borough's contractually required contribution to PERS plan was \$391,686.

**Components of Net Pension Liability** - At December 31, 2019, the Borough's proportionate share of the PERS net pension liability was \$7,255,627. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Borough's proportion measured as of June 30, 2019, was 0.040267680% which was an increase of 0.0398749374% from its proportion measured as of June 30, 2018.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

**Balances at December 31, 2019 and December 31, 2018**

	<u>12/31/2019</u>	<u>12/30/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 1,810,814	\$ 2,485,607
Deferred Inflows of Resources	2,664,990	2,585,040
Net Pension Liability	7,255,627	7,733,084
 Borough's portion of the Plan's total Net Pension Liability	 0.04027%	 0.00039%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2019, the Borough's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is \$671,876. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$391,686 to the plan in 2019.

At December 31, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 130,229	\$ 32,052
Changes of Assumptions	724,501	2,518,405
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	114,533
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>956,084</u>	<u>-</u>
	<u>\$ 1,810,814</u>	<u>\$ 2,664,990</u>

The Borough will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<u>Year Ending</u> <u>Dec 31,</u>	<u>Amount</u>
2020	\$ (1,043,298)
2021	(1,163,517)
2022	2,908,793
2023	(1,272,618)
2024	<u>(283,536)</u>
	<u>\$ (854,176)</u>

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2026		2.00 - 6.00% Based on Years of Service
Thereafter		3.00 - 7.00% Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019	
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019	
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based		July 1, 2014 - June 30, 2018

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

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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 PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

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

**Sensitivity of the Borough's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	<b>1% Decrease <u>(5.28%)</u></b>	<b>Current Discount Rate <u>(6.28%)</u></b>	<b>1% Increase <u>(7.28%)</u></b>
Borough's Proportionate Share of the Net Pension Liability	\$ 92,287,939	\$ 7,255,627	\$ 56,859,615

**B. Police and Firemen's Retirement System (PFRS)**

**Plan Description** – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

**Basis of Presentation** - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2019, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2019, the Borough's contractually required contributions to PFRS plan was \$907,123.

**Net Pension Liability and Pension Expense** - At December 31, 2019 the Borough's proportionate share of the PFRS net pension liability was \$10,990,091. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The Borough's proportion measured as of June 30, 2019, was 0.0898043248%, which was an increase of 0.0077106114% from its proportion measured as of June 30, 2018.

**Balances at December 31, 2019 and December 31, 2018**

	<u>12/31/2019</u>	<u>12/31/2018</u>
	June 30, 2019	June 30, 2018
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 2,061,435	\$ 1,875,809
Deferred Inflows of Resources	3,914,130	3,190,447
Net Pension Liability	10,990,091	11,108,633
Borough's portion of the Plan's total net pension Liability	0.08980%	0.08209%

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2019, the Borough’s proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2019 measurement date was \$1,336,857. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$907,123 to the plan in 2019.

At December 31, 2019, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 92,770	\$ 69,580
Changes of Assumptions	376,580	3,551,897
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	148,912
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contribution:	1,592,085	143,741
	\$ 2,061,435	\$ 3,914,130

The Borough will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

<u>Year Ending</u>		
<u>Dec 31,</u>	<u>Amount</u>	
2020	\$	(417,906)
2021		(524,032)
2022		(516,756)
2023		(365,878)
2024		<u>(28,123)</u>
	<u>\$</u>	<u>(1,852,695)</u>

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

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the Borough is \$1,735,356 as of December 31, 2019. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The State’s proportion of the net pension liability associated with the Borough was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2019 was 0.0898043248%, which was an increase of 0.0077106114% from its proportion measured as of June 30, 2018, which is the same proportion as the Borough’s. At December 31, 2019, the Borough’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 10,990,091
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,735,356</u>
	<u>\$ 12,725,447</u>

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

At December 31, 2019, the State’s proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2019 measurement date was \$201,634.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through all future years		3.25 - 15.25%
		Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
	PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
	PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based		July 1, 2013 - June 30, 2018

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

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

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Borough’s proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Borough’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
Borough's Proportionate Share of the Net Pension Liability	\$ 14,854,598	\$ 10,990,091	\$ 7,791,655
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>2,345,569</u>	<u>1,735,356</u>	<u>1,230,317</u>
	<u>\$ 17,200,167</u>	<u>\$ 12,725,447</u>	<u>\$ 9,021,972</u>

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

**Note 10. Postemployment Benefits Other Than Pensions**

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Postemployment Benefits Other Than Pensions (continued):**

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775.00 and \$8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Net OPEB Liability**

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:



**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Postemployment Benefits Other Than Pensions (continued):**

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years.

*Discount Rate*

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

***Sensitivity of Net OPEB Liability to Changes in the Discount Rate***

The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB 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:

	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Borough	\$ 18,487,472.80	\$ 15,989,105.00	\$ 13,958,850.94
State of New Jersey's Total Nonemployer OPEB Liability	15,662,704,137.00	13,546,071,100.00	11,826,026,995.00

***Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:***

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Borough	\$ 13,492,834.19	\$ 15,989,105.00	\$ 19,173,518.65
State of New Jersey's Total Nonemployer OPEB Liability	11,431,214,644.00	13,546,071,100.00	16,243,926,531.00

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Postemployment Benefits Other Than Pensions (continued):**

**Additional Information** – The following is a summary of the collective balances of the local group at June 30, 2019:

**Collective Balances at December 31, 2019 and December 31, 2018**

	12/31/2019	12/31/2018
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Collective Deferred Outflows of Resources	\$ 11,158,226.00	\$ 8,279,239.00
Collective Deferred Inflows of Resources	8,761,825,481.00	7,154,925,195.00
Collective Net OPEB Liability	13,546,071,100.00	15,666,618,141.00
Borough's Portion	0.118035%	0.130355%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2020	\$ (1,425,201,517.00)
2021	(1,425,201,517.00)
2022	(1,426,076,187.00)
2023	(1,427,489,995.00)
2024	(1,428,781,861.00)
Thereafter	(1,617,916,178.00)
	\$ (8,750,667,255.00)

*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for the 2019, 2018 and 2017 amounts, respectively.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Postemployment Benefits Other Than Pensions (continued):**

**Plan Membership**

At June 30, 2018, the Program membership consisted of the following:

	June 30, 2018
Active Plan Members	63,032
Retirees Currently Receiving Benefits	27,871
Total Plan Members	90,903

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

Service Cost	\$ 666,574,660.00
Interest on the Total OPEB Liability	636,082,461.00
Change of Benefit Terms	(1,903,958.00)
Differences Between Expected and Actual Experience	(1,399,921,930.00)
Changes of Assumptions	(1,635,760,217.00)
Contributions From the Employer	(346,415,056.00)
Contributions From Non-Employer Contributing Entity	(43,854,500.00)
Net Investment Income	(4,826,936.00)
Administrative Expense	9,478,435.00
Net Change in Total OPEB Liability	(2,120,547,041.00)
Total OPEB Liability (Beginning)	15,666,618,141.00
Total OPEB Liability (Ending)	\$ 13,546,071,100.00

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Municipal Debt**

The following schedule represents the Borough's summary of debt, as filed in the Borough's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 14,208,073.47	\$ 13,098,288.15	\$ 11,645,938.37
Utility:			
Bonds, Notes and Loans	785,000.00	902,000.00	1,016,000.00
	<hr/>	<hr/>	<hr/>
Total Debt Issued	14,993,073.47	14,000,288.15	12,661,938.37
	<hr/>	<hr/>	<hr/>
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	3,340,196.90	4,568,881.79	6,228,722.55
Utility:			
Bonds, Notes and Loans	250,000.00	250,000.00	250,000.00
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	3,590,196.90	4,818,881.79	6,478,722.55
	<hr/>	<hr/>	<hr/>
<b>Total Gross Debt</b>	<u>\$ 18,583,270.37</u>	<u>\$ 18,819,169.94</u>	<u>\$ 19,140,660.92</u>
<b>Deductions:</b>			
Utility:			
Self Liquidating Debt	\$ 1,035,000.00	\$ 1,128,091.20	\$ 1,266,000.00
	<hr/>	<hr/>	<hr/>
Total Deductions	1,035,000.00	1,128,091.20	1,266,000.00
	<hr/>	<hr/>	<hr/>
<b>Total Net Debt</b>	<u>\$ 17,548,270.37</u>	<u>\$ 17,691,078.74</u>	<u>\$ 17,874,660.92</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 1,330,000.00	\$ 1,330,000.00	\$ -
General Debt	17,548,270.37	-	17,548,270.37
Utility Debt	1,035,000.00	1,035,000.00	-
	<hr/>	<hr/>	<hr/>
	<u>\$ 19,913,270.37</u>	<u>\$ 2,365,000.00</u>	<u>\$ 17,548,270.37</u>

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Municipal Debt (continued)**

Net Debt \$35,858,318.01 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$1,525,902,525, equals 1.15%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2019 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	53,406,588.38
Net Debt		17,548,270.37
Remaining Borrowing Power	\$	35,858,318.01

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$	479,954.26
Deductions:		
Operating and Maintenance Costs	\$	312,881.66
Debt Service		135,330.00
Total Deductions		448,211.66
Excess/(Deficit) in Revenue	\$	31,742.60

\*If Excess in Revenues all Utility Debt is Deducted

**General Debt**

**A. Serial Bonds Payable**

On February 15, 2010, the Borough issued \$9,865,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 4.00% and mature on February 15, 2025.

On September 15, 2010, the Borough issued \$2,878,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 4.00% and mature on September 15, 2025.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Municipal Debt (continued)**

On December 5, 2019, the Borough issued \$3,700,000 of Refunding Bonds to refund the callable portion of the outstanding 2010 Bond Issue. The Refunding Bonds were issued at interest rates varying from 4.00% to 5.00% and mature on February 15, 2025.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	1,248,500.00	232,531.26	1,481,031.26
2021	1,000,500.00	202,075.00	1,202,575.00
2022	1,041,000.00	167,230.00	1,208,230.00
2023	1,053,000.00	125,750.00	1,178,750.00
2024	1,073,500.00	79,450.00	1,152,950.00
2025	1,076,500.00	30,450.00	1,106,950.00
	<u>\$ 6,493,000.00</u>	<u>\$ 837,486.26</u>	<u>\$ 7,330,486.26</u>

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2019:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2019</u>
Series 2019 A	6/26/2019	6/25/2020	2.250%	<u>\$ 5,282,106.00</u>
				<u>\$ 5,282,106.00</u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2018, the Borough had \$3,340,196.90 in various General Capital bonds and notes authorized but not issued.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Municipal Debt (continued)**

**D. Loans Payable**

New Jersey 1989 Green Trust Fund

The Borough has contracted with Department of Environmental Protection to fund costs related to Mountainview Phase II Project. The Borough has been awarded a loan amount of \$209,000. Pursuant to the provisions of N.J.S.A 40A:2-1 et seq. the loan principal in the amount of \$43,720.79 and \$55,663.23 at December 31, 2019 and 2018 has been included in the calculation of the Borough's statutory debt condition. Terms of the above loans are included in their respective supplemental schedules (Exhibit C-16).

New Jersey Environmental Infrastructure Trust

The Borough has contracted with the New Jersey Environmental Infrastructure Trust to fund cost related to sewer system. Information on these loans and as included in their respective supplemental schedule is as followed:

**Infrastructure Trust Loan:**

Dated Date	Oct. 15, 2004
Draw Down Date- Expected	Nov. 4, 2004
Loan Amount	\$ 895,000.00
Principal Due Dates	Sept. 1
Interest Rates	2.110%-5.160%
Interest Due Dates	Mar. 1 & Sept. 1
Number of Payments	19
Final Payments	Sept. 1 2024

**Infrastructure Fund Loan (Principal Only):**

Dated Date	Oct. 15, 2004
Draw Down Date- Expected	Nov. 4, 2004
Loan Amount	\$ 844,827.50
Principal Due Dates	Feb. 1 & Aug. 1
Non-Interest Loan	
Number of Payments	38
Final Payments	Aug. 1, 2024

New Jersey Infrastructure Bank Loan

On September 16, 2019 the Borough was issued a note from the New Jersey Infrastructure Trust Act in the amount of \$898,891.00. The note matures on June 30, 2022. No payments of principal or interest on this short-term loan will be required until construction completion. This note does not yet have a repayment schedule available nor has the interest been determined.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Municipal Debt (continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	86,841.92	14,106.26	100,948.18
2021	84,438.34	11,356.26	95,794.60
2022	90,167.01	8,606.26	98,773.27
2023	90,044.84	5,606.26	95,651.10
2024	55,041.02	2,843.76	57,884.78
	<u>\$ 406,533.13</u>	<u>\$ 42,518.80</u>	<u>\$ 449,051.93</u>

MCIA Loan Agreements

Capital Equipment and Improvement Revenue Bonds, Series 2013

The Borough entered into a capital equipment loan agreement with Middlesex County Improvement Authority – Capital Equipment and Improvement Revenue Bonds, Series 2013 in the amount of \$2,900,567.38 acquisition of 10-year capital equipment. The loan obligation is due in ten annual installment commencing with principal payment of \$360,260.22 for 2014 and remaining principal payments spread over a nine year period with amounts ranging from \$360,034.60 through \$220,000 and bearing interest rates between 2% for calendar year 2015 and 4% for calendar year 2023.

Capital Equipment and Improvement Revenue Bonds, Series 2015

The Borough entered into a capital equipment loan agreement with Middlesex County Improvement Authority – Capital Equipment and Improvement Revenue Bonds, Series 2013 in the amount of \$1,146,063.89 acquisition of 5-year capital equipment. The loan obligation is due in ten annual installment commencing with principal payment of \$219,193.63 for 2016 and remaining principal payments spread over a four-year period with amounts ranging from \$220,986.67 through \$243,822.55 and bearing interest rates between 1.5% for calendar year 2016 and 4% for calendar year 2020.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	443,822.55	4,335.29	448,157.84
2021	205,000.00	2,560.00	207,560.00
2022	215,000.00	1,740.00	216,740.00
2023	220,000.00	880.00	220,880.00
	<u>\$ 1,083,822.55</u>	<u>\$ 9,515.29</u>	<u>\$ 1,093,337.84</u>

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Municipal Debt (continued)**

**Swimming Pool Utility Debt**

**A. Serial Bonds Payable**

In 2015 the Borough issued \$1,235,000 of Utility Revenue Bonds. The Bonds were issued at interest rates varying from 2.00% to 2.50% and mature on July 15, 2025.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 121,500.00	\$ 17,062.50	\$ 138,562.50
2021	124,500.00	14,632.50	139,132.50
2022	129,000.00	12,142.50	141,142.50
2023	132,000.00	9,562.50	141,562.50
2024	136,500.00	6,922.50	143,422.50
2025	141,000.00	3,643.55	144,643.55
	<u>\$ 784,500.00</u>	<u>\$ 63,966.05</u>	<u>\$ 848,466.05</u>

**B. Bond Anticipation Notes Payable – Short Term Debt**

The Borough had no bond anticipation notes outstanding in the Utility Capital Fund at December 31, 2019.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2018 the Borough had \$250,000.00 in various Utility bonds and notes authorized but not issued.

**Summary of Principal Debt**

A summary of the changes in long-term and short term debt of the Borough is as follows:

	Balance December 31, <u>2018</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2019</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 7,466,000.00	\$ -	\$ 973,000.00	\$ 6,493,000.00	\$ 1,248,500.00
Bond Anticipation Notes	3,400,000.00	6,180,997.00	3,400,000.00	6,180,997.00	6,180,997.00
Loans	2,232,288.15	-	698,211.68	1,534,076.47	456,005.04
	<u>\$ 13,098,288.15</u>	<u>\$ 6,180,997.00</u>	<u>\$ 5,071,211.68</u>	<u>\$ 14,208,073.47</u>	<u>\$ 7,885,502.04</u>
Utility Capital:					
Utility Bonds	\$ 902,000.00	\$ -	\$ 117,000.00	\$ 785,000.00	\$ 121,500.00
	<u>\$ 902,000.00</u>	<u>\$ -</u>	<u>\$ 117,000.00</u>	<u>\$ 785,000.00</u>	<u>\$ 121,500.00</u>

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12. Deferred School Taxes**

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	Balance, December 31,	
	<u>2019</u>	<u>2018</u>
Total Balance of Local Tax	\$ 13,124,360.00	\$ 12,568,492.00
Deferred Taxes	12,568,492.00	12,568,492.00
Local Tax Payable	\$ 555,868.00	\$ -

**Note 13. Accrued Sick, Vacation and Compensation Time**

The Borough has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost of such unpaid sick and vacation pay would approximate \$139,813.43 for 2019. This amount represents the current value of all accumulations and is not intended to portray amounts that would be recorded under GAAP. Expenditures for payments of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriation. In addition, the Police are entitled to compensation hours capped at a maximum of 480 hours per officer. The estimated cost of such would approximate \$430,786.55 for 2019.

**Note 14. Risk Management**

The Borough 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.

**Joint Insurance Pool**

The Borough is a member of the Garden State Municipal Joint Insurance Fund (the Fund). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductible. The Fund's governing board based upon actuarial and budgetary requirements calculates payments to the Fund. Each participant in the Fund is jointly and several obligated for any deficiency in the amount available to pay all claims. Lines of coverage provided by the fund include property; boiler and machinery; equipment floater; auto physical; blanket bond; auto liability; general liability; law enforcement liability; public official liability and worker compensation and employer liability.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 14. Risk Management (Continued):**

**New Jersey Unemployment Compensation Insurance**

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

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 2,688.95	\$ 8,636.23	\$ 194,846.61
2018	2,771.43	9,961.37	200,793.89
2017	2,113.43	6,250.37	207,983.83

**Note 15. Contingencies**

**Grantor Agencies**

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2019 the Borough estimates that no material liabilities will result from such audits.

**Litigation**

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

**Tax Appeals**

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2019.

**BOROUGH OF MIDDLESEX  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 16: Long Term Tax Exemptions**

The Borough provides for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes, N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemption provided by the Borough are predominately for affordable housing projects. Taxes are abated include municipal, local, school and county taxes. The Borough is required to remit five percent (5.00%) to the County for any payments received in lieu of taxes (PILOT payments). The Borough PILOT billing in 2019 were \$423,000.00 and taxes in 2019 that otherwise would have been due on these long-term tax exemptions amount to \$71,110.46, based upon the assessed valuations of the long-term tax exemption properties.

**Note 17. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and September 27, 2020, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged in Wuhan, China. Within weeks, the number of those infected grew significantly, and beyond China's borders. As of the date of this report, the coronavirus has spread globally and its effects remain unknown. The Borough is unable to predict how changing global economic conditions such as the COVID-19 coronavirus will affect the Borough's operations.

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**SUPPLEMENTARY EXHIBITS**

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**CURRENT FUND**

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**BOROUGH OF MIDDLESEX  
CURRENT/GRANT FUND  
SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	CURRENT FUND	GRANT FUND
Balance, December 31, 2018	\$ 4,783,515.43	\$ -
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 232,694.93	\$ -
Due NJ Sr Citizens and Veterans Deductions	107,327.27	-
Taxes Receivable	44,802,178.61	-
Miscellaneous Anticipated Revenue	3,431,055.37	-
Sewer Rents Collections	1,038,750.51	-
Interfunds	102,720.98	12,263.25
Various Accounts Payable & Reserves	28,971.00	-
Prepaid Taxes	245,302.70	-
Tax Overpayments	21,358.30	-
Grants Accounts Receivable	-	1,002,123.96
Grants Unappropriated	-	6,493.53
	50,010,359.67	1,020,880.74
Subtotal	54,793,875.10	1,020,880.74
Decreased by Disbursements:		
Budget Appropriations	18,282,875.10	-
Interfunds	117,454.16	104,808.73
Appropriation Reserves	517,121.63	-
County Taxes Payable	6,055,621.21	-
School Taxes Payable	25,393,041.00	-
Various A/P, & Reserves	18,573.49	-
Grant Appropriated	-	854,427.83
	50,384,686.59	959,236.56
Total Cash Disbursements	50,384,686.59	959,236.56
Balance, December 31, 2019	\$ 4,409,188.51	\$ 61,644.18

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
SCHEDULE OF CHANGE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

OFFICE	BALANCE DECEMBER 31, 2018	INCREASE	DECREASE	BALANCE DECEMBER 31, 2019
Collector - Treasurer	\$ 200.00	\$ -	\$ -	\$ 200.00
Municipal Court	150.00	-	-	150.00
Construction	50.00	-	-	50.00
Borough Clerk	50.00	-	-	50.00
Swim Pool Utility	50.00	-	-	50.00
	<hr/>			
Total	\$ 500.00	\$ -	\$ -	\$ 500.00
	<hr/> <hr/>			

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

YEAR	BALANCE DECEMBER 31, 2018	2019 LEVY	ADDED TAXES	2018	2019	COLLECTED 2018	2019	DUE FROM STATE OF NEW JERSEY	OVERPAYMENTS	TRANSFER TO TAX TITLE LIENS	CANCELED	BALANCE DECEMBER 31, 2019
2016	\$ 250.00	\$ -	\$ -	\$ -	\$ 250.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	8,298.24	-	-	-	8,298.24	-	-	-	-	-	-	-
2018	641,636.26	-	-	-	552,477.94	-	-	-	-	28,043.94	32,373.60	28,740.78
Total	650,184.50	-	-	-	561,026.18	-	-	-	-	28,043.94	32,373.60	28,740.78
2019	-	45,235,070.39	73,631.07	207,074.40	44,241,152.43	139,878.34	21,358.30	30,617.69	64,015.25	604,605.05		
Total	\$ 650,184.50	\$ 45,235,070.39	\$ 73,631.07	\$ 207,074.40	\$ 44,802,178.61	\$ 139,878.34	\$ 21,358.30	\$ 58,661.63	\$ 96,388.85	\$ 633,345.83		

**ANALYSIS OF 2019 PROPERTY TAX LEVY**

General Purpose Tax	\$ 45,235,070.39
Added & Omitted Taxes (54:4-6 et seq)	73,631.07
<b>Total</b>	<b>\$ 45,308,701.46</b>
<b>TAX LEVY:</b>	
Local District School Tax	\$ 25,948,909.00
County Taxes:	
County Tax	\$ 5,562,016.82
County Open Space Preservation	467,027.75
Due County for Added & Omitted Taxes	58,661.63
Local Tax for Municipal Purposes	12,874,829.71
Local Library Taxes	518,786.26
Add: Additional Taxes Levied	(121,529.71)
<b>Total</b>	<b>\$ 45,308,701.46</b>

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
SCHEDULE OF NONBUDGET REVENUES & REVENUE ACCOUNTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	ACCRUED IN 2019	COLLECTED	BALANCE DECEMBER 31, 2019
Non-Budget Revenue				
Licenses:				
Alcoholic Beverages	\$ -	\$ 13,510.00	\$ 13,510.00	\$ -
Other	-	39,350.25	39,350.25	-
Fees & Permits - Other		5,477.56	5,477.56	
Fines & Costs - Municipal Court	22,335.90	261,410.08	268,067.56	15,678.42
Interest & Costs on Taxes	-	135,026.49	135,026.49	-
Interest on Investments & Deposits	-	82,853.19	82,853.19	-
Cable Franchise Fees	-	95,533.76	95,533.76	-
Payments in Lieu of Taxes-Presbyterian Homes	-	58,980.42	58,980.42	-
Payments in Lieu of Taxes- 150 Lofts, LLC	-	325,000.00	325,000.00	-
Payments in Lieu of Taxes, Midmarket Urban Renewal	-	33,527.39	33,527.39	-
Host Community Benefit Funds	-	78,120.75	78,120.75	-
Consolidated Municipal Property Tax Relief Aid	-	58,620.00	58,620.00	-
Energy Receipts Taxes	-	1,721,194.00	1,721,194.00	-
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17)				
Uniform Construction Code Fees	-	475,122.00	475,122.00	-
Hazardous Waste Facilities Sitting Act (N.J.S.A. 13-15-80)	-	20,000.00	20,000.00	-
Reserve for Payment of Debt Service	-	20,672.00	20,672.00	-
Total Anticipated Revenues	<u>\$ 22,335.90</u>	<u>\$ 3,424,397.89</u>	<u>\$ 3,431,055.37</u>	<u>\$ 15,678.42</u>

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
STATEMENT OF INTERFUNDS RECEIVABLE/PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	CASH RECEIPTS	CASH DISBURSEMENTS	BUDGET REVENUES	BUDGET APPROPRIATIONS	BALANCE DECEMBER 31, 2019
<b>Interfunds</b>						
Animal Control Fund	\$ 34,592.82	\$ -	\$ -	6,758.40	-	41,351.22
Trust Assessment Fund	14,730.29	-	-	-	-	14,730.29
Trust - Other Fund	(144,565.09)	-	47,316.41	-	-	(97,248.68)
General Capital Fund	240,425.41	-	-	-	-	240,425.41
Swimming Pool Utility Operating Fund	56,651.63	-	57,874.50	-	-	-
Grant Fund	49,999.06	104,808.73	12,263.25	319,466.95	276,920.53	-
<b>Total Federal and State Grants Receivable</b>	<b>\$ 251,834.12</b>	<b>\$ 104,808.73</b>	<b>\$ 117,454.16</b>	<b>\$ 326,225.35</b>	<b>\$ 276,920.53</b>	<b>\$ 313,784.37</b>
Receivables	\$ 396,399.21					\$ 411,033.05
Payables	(144,565.09)					(97,248.68)
<b>Total</b>	<b>\$ 251,834.12</b>					<b>\$ 313,784.37</b>

**BOROUGH OF MIDDLESEX**  
**SCHEDULE OF 2018 APPROPRIATION RESERVES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>OPERATIONS</u>	<u>ENCUMBERED</u>	<u>RESERVE</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
<b>Administrative &amp; Executive:</b>					
General Administration:					
Salaries and Wages	\$ -	\$ 52.11	\$ 52.11	\$ -	\$ 52.11
Other Expenses	2,670.00	2,076.10	4,746.10	2,705.83	2,040.27
Mayor & Council:					
Salaries and Wages	-	133.57	133.57	-	133.57
Other Expenses	400.22	749.17	1,149.39	348.92	800.47
Municipal Clerk:					
Salaries and Wages	-	34.86	34.86	-	34.86
Other Expenses	410.00	6,398.57	6,808.57	2,811.24	3,997.33
Postage for All Departments					
Other Expenses	-	1,256.14	1,256.14	500.00	756.14
Printing and Advertising					
Other Expenses	-	2,244.95	2,244.95	296.00	1,948.95
Financial Administration (Treasury):					
Salaries and Wages	-	-	-	-	-
Other Expenses	233.82	189.23	423.05	-	423.05
Elections					
Other Expenses	-	250.78	250.78	-	250.78
Annual Audit					
Other Expenses	-	45,000.00	45,000.00	-	45,000.00
Tax Assessment Administration:					
Salaries and Wages	-	0.01	0.01	-	0.01
Other Expenses	950.00	1,033.44	1,983.44	1,927.85	55.59
Tax Appeals					
Revenue Administration (Tax Collection):					
Salaries and Wages	-	6,442.14	6,442.14	-	6,442.14
Other Expenses	161.91	1,966.10	2,128.01	166.07	1,961.94
Legal Services (Legal Department):					
Other Expenses	10,655.00	12,243.06	22,898.06	18,160.40	4,737.66
Engineering Services:					
Other Expenses	10,656.21	5,970.34	16,626.55	13,961.55	2,665.00
Computer Data Services					
Salaries and Wages	-	2.28	2.28	-	2.28
Other Expenses	2,037.88	43,227.03	45,264.91	5,207.95	40,056.96
Purchasing Agent					
Other Expenses	101.36	857.42	958.78	79.01	879.77
<b>LAND USE ADMINISTRATION</b>					
Environmental Legal & Engineering Services and Costs					
Other Expenses	4,140.25	4,774.25	8,914.50	5,111.25	3,803.25
Planning Board					
Salaries and Wages	-	3,000.00	3,000.00	-	3,000.00
Other Expenses	-	13,726.89	13,726.89	2,014.00	11,712.89
Zoning Board of Adjustment					
Salaries and Wages	-	600.00	600.00	-	600.00
Other Expenses	-	1,432.65	1,432.65	750.00	682.65
Code Enforcement					
Salaries and Wages	-	7,819.00	7,819.00	-	7,819.00
Other Expenses	962.00	4,181.50	5,143.50	1,001.48	4,142.02

**BOROUGH OF MIDDLESEX**  
**SCHEDULE OF 2018 APPROPRIATION RESERVES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>OPERATIONS</u>	<u>ENCUMBERED</u>	<u>RESERVE</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
<b>INSURANCE</b>					
Temporary Disability Insurance	-	3,192.26	3,192.26	-	3,192.26
Long-Term Disability Insurance	-	1,694.22	1,694.22	-	1,694.22
Liability Insurance	-	493.73	493.73	-	493.73
Workmen's Compensation					
Employees Group Insurance	-	91,964.51	91,964.51	-	91,964.51
<b>PUBLIC SAFETY</b>					
Police Department					
Salaries and Wages	-	40,149.00	40,149.00	6,007.61	34,141.39
Other Expenses	12,699.14	20,133.15	32,832.29	12,186.22	20,646.07
Juvenile Conference Committee					
Salaries and Wages	-	0.08	0.08	-	0.08
Other Expenses	-	250.00	250.00	-	250.00
Office of Emergency Management					
Salaries and Wages					
Other Expenses	2,533.00	5,634.60	8,167.60	3,277.22	4,890.38
Fire Department					
Other Expenses	9,124.29	4,330.65	13,454.94	7,081.60	6,373.34
Hazardous Waste Facilities Tax-					
Fire Hydrant Fees	-	818.30	818.30	-	818.30
Other Expenses	-	37,396.70	37,396.70	32,935.03	4,461.67
Municipal Prosecutor's Office					
Salaries and Wages	-	1.60	1.60	-	1.60
Municipal Court					
Salaries and Wages	350.00	2,651.84	3,001.84	350.00	2,651.84
Other Expenses	23.10	4,949.10	4,972.20	438.14	4,534.06
<b>PUBLIC WORKS</b>					
Road Repairs and Maintenance					
Salaries and Wages	-	23,308.25	23,308.25	-	23,308.25
Other Expenses	9,350.66	22,675.43	32,026.09	9,763.09	22,263.00
Shade Tree Commission					
Salaries and Wages	-	64.12	64.12	-	64.12
Other Expenses	7,910.00	50.00	7,960.00	7,910.00	50.00
Solid Waste Collection					
Salaries and Wages	-	12,682.59	12,682.59	-	12,682.59
Garbage and Trash Removal					
Salaries and Wages	-	7,514.77	7,514.77	-	7,514.77
Other Expenses	-	2,524.42	2,524.42	2,517.03	7.39
Community Services Act (Condominium Community Costs)					
Other Expenses	-	77.48	77.48	-	77.48
Building and Grounds					
Salaries and Wages	-	75.96	75.96	-	75.96
Other Expenses	12,663.82	12,421.75	25,085.57	13,855.60	11,229.97
Rental of Rescue Squad Building					
Other Expenses	600.00	-	600.00	600.00	-
<b>HEALTH AND HUMAN SERVICES</b>					
Public Health Services (Board of Health)					
Other Expenses	-	1,720.55	1,720.55	-	1,720.55
Animal Control					
Other Expenses	-	10,300.00	10,300.00	10,300.00	-
Senior Nutrition -Program Costs					
Salaries and Wages	-	2,655.00	2,655.00	-	2,655.00
Title III Senior Medical Transportation-Program Costs					
Salaries and Wages	-	6,965.92	6,965.92	-	6,965.92
Title III Information & Assistance-Program Costs					
Salaries and Wages	-	1,658.82	1,658.82	-	1,658.82

**BOROUGH OF MIDDLESEX  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>OPERATIONS</u>	<u>ENCUMBERED</u>	<u>RESERVE</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
<b>PARKS AND RECREATION</b>					
Recreation Services and Programs					
Salaries and Wages	-	1,392.26	1,392.26	-	1,392.26
Other Expenses	224.47	10,589.43	10,813.90	2,675.56	8,138.34
Parks and Playgrounds					
Salaries and Wages	-	1,450.47	1,450.47	-	1,450.47
Other Expenses	2,979.65	1,439.64	4,419.29	1,932.62	2,486.67
Celebration of Public Events					
Other Expenses	141.25	5,931.49	6,072.74	1,119.14	4,953.60
Senior Citizens Bus Transportation					
Other Expenses	316.52	505.62	822.14	-	822.14
Senior Citizen Coordinator					
Salaries and Wages	-	3,884.62	3,884.62	-	3,884.62
Other Expenses	-	660.50	660.50	331.00	329.50
<b>OTHER COMMON OPERATING FUNCTIONS- UNCLASSIFIED</b>					
Accumulated Sick Leave Compensation					
Salaries and Wages	-	2,786.19	2,786.19	-	2,786.19
Housing and Community Advisory Board					
Salaries and Wages	-	125.00	125.00	-	125.00
Other Expenses	-	100.00	100.00	-	100.00
Maintenance of Tax Map					
Other Expenses	-	1.00	1.00	-	1.00
Beautification Committee					
Other Expenses	-	325.24	325.24	-	325.24
Multi Family Solid Waste Collection					
Other Expenses	-	1,462.40	1,462.40	-	1,462.40
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	-	27,972.33	27,972.33	17,331.64	10,640.69
Street Lighting	-	20,710.77	20,710.77	13,548.58	7,162.19
Telephone (Excluding Equipment Acquis.)	-	10,295.09	10,295.09	5,658.27	4,636.82
Water	-	9,753.46	9,753.46	3,045.80	6,707.66
Gas (Natural or Propane)	-	957.20	957.20	957.20	-
Sewer Processing and Disposal					
Other Expenses	8,019.76	197.71	8,217.47	7,791.88	425.59
<b>LANDFILL/SOLID WASTE DISPOSAL COSTS</b>					
Landfill Fees					
Other Expenses	732.00	23,315.79	24,047.79	24,047.79	-
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Construction Inspector, Plumbing Inspector and Code Enforcer					
Salaries and Wages	-	201.97	201.97	-	201.97
Other Expenses	31.14	2,636.36	2,667.50	48.00	2,619.50
Total Operations Within "CAPS"	101,077.45	610,710.93	711,788.38	240,750.57	471,037.81
Contingent	427.50	5,386.50	5,814.00	792.51	5,021.49
Total Operations Including Contingent Within "CAPS"	101,504.95	616,097.43	717,602.38	241,543.08	476,059.30
<b>Statutory Expenditures:</b>					
Public Employees Retirement System	-	0.38	0.38	-	0.38
Social Security System (O.A.S.I.)	-	1,569.97	1,569.97	-	1,569.97
Defined Contribution Retirement Program (DCRP)	-	306.90	306.90	-	306.90
Total General Appropriations for Municipal Purposes Within "CAPS"	101,504.95	617,974.68	719,479.63	241,543.08	477,936.55

**BOROUGH OF MIDDLESEX**  
**SCHEDULE OF 2018 APPROPRIATION RESERVES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>OPERATIONS</u>	<u>ENCUMBERED</u>	<u>RESERVE</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
<b>OPERATIONS EXCLUDED FROM "CAPS":</b>					
Middlesex County Utilities Authority Sewerage Treatment	-	222.75	222.75	-	222.75
Piscataway Sewerage Authority - Share of Costs	283,397.79	63.73	283,461.52	255,997.79	27,463.73
Stormwater Pollution Programs: NJDES/Stormwater Permit			-		
Other Expenses	-	3,000.00	3,000.00	-	3,000.00
Middlesex County Improvement Authority			-		
County Curbside Collection Program	-	19,596.20	19,596.20	19,580.76	15.44
			-		
Total Operations - Excluded from "CAPS"	283,397.79	22,882.68	306,280.47	275,578.55	30,701.92
Total General Appropriations	\$ 384,902.74	\$ 640,857.36	\$ 1,025,760.10	\$ 517,121.63	\$ 508,638.47

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
SCHEDULE OF SEWER FLOW CHARGES RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance - December 31, 2018	\$ 58,862.74
Increased by:	
Sewer Flow Charges:	
User Charges	<u>\$ 1,029,345.95</u>
	<u>1,029,345.95</u>
	1,088,208.69
Decreased by:	
Collected - Current Year	<u>1,038,750.51</u>
Balance - December 31, 2019	<u><u>\$ 49,458.18</u></u>

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY  
SENIOR CITIZENS & VETERANS DEDUCTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 40,256.25
Increased by:		
Allowable Deductions per		
Tax Billings	\$ 114,750.00	
2019 Sr. Citizens and Vet.	2,000.00	
Ded. Allowed by Collector	<u>                    </u>	<u>116,750.00</u>
Subtotal		157,006.25
Decreased by:		
Deductions Disallowed By Collector - 2019	487.67	
Cash Received	<u>107,327.27</u>	
		<u>107,814.94</u>
Balance, December 31, 2019		<u><u>\$ 49,191.31</u></u>

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 360,646.06
Increased by:		
Transfer from Current Year Taxes	\$ 30,617.69	
Transfer from PY Taxes	28,043.94	58,661.63
		<hr/>
Balance, December 31, 2019		<u><u>\$ 419,307.69</u></u>

**SCHEDULE OF DUE COUNTY TAXES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 15,067.38
Increased by:		
County Share of 2019 Levy:		
County Tax	\$ 5,562,016.82	
County Open Space Fund Tax	467,027.75	
County Portion of Added & Omitted Taxes	11,509.26	6,040,553.83
		<hr/>
Subtotal		6,055,621.21
Decreased by:		
Payments		<hr/> <u>6,055,621.21</u>
Balance December 31, 2019		<u><u>\$ -</u></u>

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLES & RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	TRANSFER FROM/(TO) BUDGET	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE DECEMBER 31, 2019
<b>Accounts Payable:</b>					
Vendor Accounts Payable	\$ 103,559.96	\$ -	\$ -	\$ 3,306.49	\$ 100,253.47
Marriage License Filing Fees	550.00	-	2,100.00	2,100.00	550.00
State Training Fees	(159.00)	-	26,359.00	13,167.00	13,033.00
Subtotal	<u>103,950.96</u>	<u>-</u>	<u>28,459.00</u>	<u>18,573.49</u>	<u>113,836.47</u>
<b>Reserve for:</b>					
Codification of Ordinances	6,389.15	-	-	-	6,389.15
FEMA/NJDEP Buyout	171.76	-	-	-	171.76
Master Plan	1,161.96	-	-	-	1,161.96
Tax Appeals	30,000.00	-	-	-	30,000.00
Sewer Overpayment	7,530.79	(7,358.30)	-	-	172.49
Farmers Market	215.00	-	-	-	215.00
RAB Payments	-	-	500.00	-	500.00
Other Liens	-	-	12.00	-	12.00
Sale of Assets - Cell Tower	814,644.96	(200,000.00)	-	-	614,644.96
Subtotal	<u>860,113.62</u>	<u>(207,358.30)</u>	<u>512.00</u>	<u>-</u>	<u>653,267.32</u>
<b>Total</b>	<u>\$ 964,064.58</u>	<u>\$ (207,358.30)</u>	<u>\$ 28,971.00</u>	<u>\$ 18,573.49</u>	<u>\$ 767,103.79</u>

**BOROUGH OF MIDDLESEX**  
**CURRENT FUND**  
**SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE - DEFERRED SCHOOL TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		
Deferred School Taxes	\$	12,568,492.00
Increased by:		
Levy School Year July 1, 2018 to June 30, 2019		25,948,909.00
Subtotal		38,517,401.00
Decreased by:		
School Taxes Requirement - Calendar Year Taxes Payable		25,393,041.00
Balance December 31, 2019		
School Taxes Payable	\$	555,868.00
Deferred School Taxes		12,568,492.00
		\$ 13,124,360.00
<b><u>2019 Liability for Local School District Tax</u></b>		
Levy for School Year July 1, 2019 to June 30, 2020	\$	25,948,909.00
Add:		
School Tax Deferred - December 31, 2018		12,568,492.00
		38,517,401.00
Less:		
School Tax Deferred - December 31, 2019		12,568,492.00
Amount Charged to 2019 Operations	\$	25,948,909.00

**BOROUGH OF MIDDLESEX  
CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

DESCRIPTION	BALANCE DECEMBER 31, 2018	RAISED IN CY 2019 BUDGET	BALANCE DECEMBER 31, 2019
Emergency Appropriation	\$ 150,000.00	\$ 150,000.00	\$ -
	<u>\$ 150,000.00</u>	<u>\$ 150,000.00</u>	<u>\$ -</u>

**BOROUGH OF MIDDLESEX  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

PROGRAM	BALANCE DECEMBER 31, 2018	2019 BUDGET REVENUE REALIZED	TRANSFER FROM TRUST	COLLECTED 2019	TRANSFER FROM UNAPPROPRIATED RESERVE	CANCELLED	BALANCE DECEMBER 31, 2019
Alcohol Ed & Rehab Fund - Municipal Court	\$ 362.59	\$ 562.62	-	\$ 562.59	-	\$ 362.62	\$ -
Middlesex County - Info. Assis & Transp. Assist - Older American Act of 1965	9,154.00	25,000.00	-	26,244.00	-	-	7,910.00
Middlesex County Open Space	1,497,227.00	-	-	829,595.21	-	-	667,631.79
Municipal Alliance on Alcoholism and Drug Abuse-2018	18,392.48	-	-	13,112.23	-	-	5,280.25
Municipal Alliance on Alcoholism and Drug Abuse-2019	-	24,965.00	-	8,181.85	-	-	16,783.15
N.J. Div of Highway Traffic Safety - 2018 Udrive, Utext, Upay	6,600.00	-	-	-	-	-	6,600.00
Body Armor Replacement Grant - CY	-	8,688.79	-	3,320.96	5,367.83	-	-
Clean Communities Program	-	52,502.66	-	29,194.76	23,307.90	-	-
Community Development Block Grant	-	-	-	-	-	-	-
CDBG- County HUD Funds (2012/2013-2016/2017)	7,146.00	-	8,450.15	-	-	-	8,450.15
CDBG- County HUD Funds (2017/2018)	-	-	48,921.00	33,575.00	-	7,146.00	15,346.00
CDBG- County HUD Funds -Adjustment	-	-	15,346.00	-	-	-	15,346.00
CDBG- County HUD Funds (2018/2019)	-	50,000.00	-	48,750.02	-	-	1,249.98
CDBG- County HUD Funds (2019/2020)	-	63,486.00	-	-	-	-	63,486.00
DMV Inspection Fines	-	6,022.00	-	-	-	6,022.00	-
Drunk Driving Enforcement Fund	347.04	7,901.23	-	6,156.73	1,744.50	347.04	-
Recycling Tonnage Grant	-	26,050.98	-	-	-	-	26,050.98
Drive Sober or Get Pulled Over	-	5,500.00	-	3,430.61	-	2,069.39	-
<b>Total Federal and State Grants Receivable</b>	<b>\$ 1,539,229.11</b>	<b>\$ 270,679.28</b>	<b>\$ 72,717.15</b>	<b>\$ 1,002,123.96</b>	<b>\$ 30,420.23</b>	<b>\$ 15,947.05</b>	<b>\$ 834,134.30</b>

Original Budget \$ 220,899.90  
Chapter 159 49,779.38

Total \$ 270,679.28

**BOROUGH OF MIDDLESEX  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVES FOR STATE AND FEDERAL GRANTS  
AND MATCHING FUNDS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	TRANSFERRED FROM 2019 BUDGET APPROPRIATION	TRANSFER FROM RESERVE FOR ENCUMBRANCES	EXPENDED	RESERVE FOR ENCUMBRANCES	TRANSFER/ CANCELED	BALANCE DECEMBER 31, 2019
<u>Year 2005</u>							
N.J. Hepatitis "B" Grant	\$ 2,549.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,549.00
Subtotal	2,549.00	-	-	-	-	-	2,549.00
<u>Year 2006</u>							
Livable Communities Grant	24.43	-	-	-	-	-	24.43
County of Middlesex - Victor Crowell Park	198,625.66	-	-	-	-	-	198,625.66
Subtotal	198,650.09	-	-	-	-	-	198,650.09
<u>Year 2008</u>							
County of Middlesex - Mountain View Park	3,745.75	-	-	-	-	-	3,745.75
Subtotal	3,745.75	-	-	-	-	-	3,745.75
<u>Year 2010</u>							
Municipal Alliance Alcohol and Drug Abuse	47.40	-	-	-	-	47.40	-
Subtotal	47.40	-	-	-	-	47.40	-
<u>Year 2011</u>							
N.J. Clean Communities Grant	419.35	-	-	284.99	-	-	134.36
Drunk Driving Enforcement Fund	6,973.32	-	22.90	6,996.22	-	-	-
Alcohol Education & Rehab	1,385.07	-	-	-	-	263.53	1,121.54
Subtotal	8,777.74	-	22.90	7,281.21	-	263.53	1,255.90
<u>Year 2012</u>							
Drunk Driving Enforcement Fund	926.14	-	-	926.14	-	-	-
Haz-Mat Grant	136.44	-	-	-	-	-	136.44
CDBG- Manhole Retrofit	-	-	-	-	-	(139.00)	139.00
Middlesex County - Mountainview Park	119,386.51	-	-	-	-	-	119,386.51
N.J. Alcohol Education & Rehabilitation - Municipal Court	161.80	-	-	-	-	-	161.80
N.J. Clean Communities Grant	10,694.23	-	-	2,792.74	4,333.30	-	3,568.19
Older Americans Act - Information Assist	167.44	-	-	-	-	-	167.44
Subtotal	131,472.56	-	-	3,718.88	4,333.30	(139.00)	123,559.38
<u>Year 2013</u>							
Drunk Driving Enforcement Fund	4,699.42	-	-	4,699.42	-	-	-
CDBG- Lincoln Fire House Doors	-	-	-	-	-	(800.00)	800.00
CDBG- Passive Improvements	-	-	-	-	-	(365.15)	365.15
N.J. Alcohol Education & Rehabilitation - Municipal Court	53.96	-	-	-	-	-	53.96
Subtotal	4,753.38	-	-	4,699.42	-	(1,165.15)	1,219.11
<u>Year 2014</u>							
N.J. Alcohol Education & Rehabilitation - Municipal Court	52.77	-	-	-	-	-	52.77
Forestry Grant Match	875.00	-	-	-	-	-	875.00
N.J. Clean Communities Grant	1,726.90	-	-	-	-	-	1,726.90
Subtotal	2,654.67	-	-	-	-	-	2,654.67
<u>Year 2015</u>							
Body Armor Replacement Fund - CY	2,107.67	-	-	2,107.67	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse	575.26	-	-	-	-	-	575.26
Subtotal	2,682.93	-	-	2,107.67	-	-	575.26
<u>Year 2016</u>							
Alcohol Education & Rehabilitation	362.59	-	-	-	-	-	362.59
N.J. Clean Communities Grant	39,795.19	-	-	-	-	-	39,795.19
Municipal Alliance on Alcoholism and Drug Abuse	20,965.00	-	-	-	-	-	20,965.00
Drunk Driving Enforcement Fund	271.20	-	-	271.20	-	-	-
CDBG- Senior Center Improvements	-	-	-	-	-	(7,146.00)	7,146.00
DWI - Municipal Court	58.93	-	-	-	-	-	58.93
Body Armor Replacement Fund	5,518.56	-	-	3,822.43	-	-	1,696.13
Middlesex County Open Space	-	-	887,934.54	647,978.17	213,868.57	-	26,087.80
Subtotal	66,971.47	-	887,934.54	652,071.80	213,868.57	(7,146.00)	96,111.64
<u>Year 2017</u>							
Body Armor Replacement Fund	2,990.70	-	-	-	-	-	2,990.70
Drunk Driving Enforcement Fund	3,821.85	-	-	2,059.39	42.84	-	1,719.62
Clean Communities Grant	3,568.42	-	-	-	-	-	3,568.42
DMV Inspection Fines	2,635.00	-	-	-	-	2,635.00	-
Municipal Alliance on Alcoholism and Drug Abuse	41,930.00	-	-	-	-	-	41,930.00
N.J. Alcohol Education & Rehabilitation - Municipal Court	64.34	-	-	-	-	-	64.34
Older Americans Act - Information Assist	20,950.00	-	-	-	-	-	20,950.00
Subtotal	75,960.31	-	-	2,059.39	42.84	2,635.00	71,223.08

**BOROUGH OF MIDDLESEX  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVES FOR STATE AND FEDERAL GRANTS  
AND MATCHING FUNDS - APPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	TRANSFERRED FROM 2019 BUDGET APPROPRIATION	TRANSFER FROM RESERVE FOR ENCUMBRANCES	EXPENDED	RESERVE FOR ENCUMBRANCES	TRANSFER/ CANCELED	BALANCE DECEMBER 31, 2019
<u>Year 2018</u>							
Body Armor Replacement Fund	-	3,320.96	-	-	-	-	3,320.96
Clean Communities Grant	26,175.56	-	-	25,920.00	-	-	255.56
CDBG	48,921.00	-	-	36,683.06	-	-	12,237.94
DMV Inspection Fines	1,581.40	-	-	-	-	1,581.40	-
Drunk Driving Enforcement Fund	-	-	-	-	-	-	-
Drunk Driving Enforcement	-	6,156.73	-	-	-	-	6,156.73
Municipal Alliance on Alcoholism and Drug Abuse	12,167.45	-	1,125.00	13,292.45	-	-	-
N.J. Alcohol Education & Rehabilitation - Municipal Court	2,196.67	-	-	-	-	-	2,196.67
Older Americans Act - Information Assist	752.85	-	247.15	447.15	-	-	552.85
Subtotal	<u>91,794.93</u>	<u>9,477.69</u>	<u>1,372.15</u>	<u>76,342.66</u>	<u>-</u>	<u>1,581.40</u>	<u>24,720.71</u>
<u>Year 2019</u>							
Body Armor Replacement Fund	-	5,367.83	-	-	-	-	5,367.83
CDBG	-	50,000.00	-	65,346.00	-	(15,346.00)	-
CDBG	-	-	-	-	-	-	-
Senior Nutrition	-	7,500.00	-	-	-	-	7,500.00
Senior Van Driver	-	7,500.00	-	-	-	-	7,500.00
Code Enforcement	-	7,500.00	-	-	-	-	7,500.00
Senior Coordinator	-	11,075.00	-	-	-	-	11,075.00
Senior Center Improvements	-	29,911.00	-	-	-	-	29,911.00
Clean Communities Grant	-	23,307.90	-	-	-	-	23,307.90
Clean Communities Grant-ch 159	-	29,194.76	-	-	-	-	29,194.76
Drive Sober or Get Pulled Over	-	5,500.00	-	3,430.61	-	2,069.39	-
DDEF	-	1,744.50	-	-	-	-	1,744.50
DMV	-	6,022.00	-	-	-	6,022.00	-
Municipal Alliance on Alcoholism and Drug Abuse	-	24,965.00	-	12,370.19	2,310.00	-	10,284.81
Municipal Alliance Match Grant	-	6,241.25	-	-	-	-	6,241.25
N.J. Alcohol Education & Rehabilitation - Municipal Court	-	562.62	-	-	-	-	562.62
Older Americans Act - Information Assist	-	15,000.00	-	15,000.00	-	-	-
Older Americans Act - Transportation Assist	-	10,000.00	-	10,000.00	-	-	-
Recycling Tonnage Grant	-	26,050.98	-	-	2,042.39	-	24,008.59
Subtotal	<u>-</u>	<u>267,442.84</u>	<u>-</u>	<u>106,146.80</u>	<u>4,352.39</u>	<u>(7,254.61)</u>	<u>164,198.26</u>
Total Federal and State Grants	<u>\$ 590,060.23</u>	<u>\$ 276,920.53</u>	<u>\$ 889,329.59</u>	<u>\$ 854,427.83</u>	<u>\$ 222,597.10</u>	<u>\$ (11,177.43)</u>	<u>\$ 690,462.85</u>
Budget		\$ 227,141.15			Transfer from Trust	\$ (72,717.15)	
CH 159		49,779.38			Cancelled	61,539.72	
		<u>\$ 276,920.53</u>				<u>\$ (11,177.43)</u>	

**BOROUGH OF MIDDLESEX  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF RESERVES FOR STATE GRANTS - UNAPPROPRIATED  
FOR THE YEAR ENDED DECEMBER 31, 2019**

GRANT	BALANCE DECEMBER 31, 2018	RECEIVED	ANTICIPATED AS REVENUE	CANCELLED	BALANCE DECEMBER 31, 2019
State Grants:					
Body Armor Replacement Grant	\$ 5,367.83	\$ -	\$ 5,367.83	\$ -	\$ -
Clean Communities Program	23,307.90	-	23,307.90	-	-
Drunk Driving Enforcement Fund	1,744.50	6,493.53	1,744.50	-	6,493.53
DMV Inspection Fines	3,195.00	-	-	3,195.00	-
Total Grants	<u>\$ 33,615.23</u>	<u>\$ 6,493.53</u>	<u>\$ 30,420.23</u>	<u>\$ 3,195.00</u>	<u>\$ 6,493.53</u>

**BOROUGH OF MIDDLESEX  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF DUE FROM CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance - December 31, 2018		\$ 49,999.06
Increased by:		
Interfund Current	\$ 319,466.95	
Grants appropriated - Current Fund budget	<u>12,263.25</u>	
		<u>331,730.20</u>
		381,729.26
Decreased by:		
Budget Appropriations	276,920.53	
Interfund Current	<u>104,808.73</u>	
		<u>381,729.26</u>
Balance - December 31, 2019		<u><u>\$ -</u></u>

**TRUST FUND**

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**BOROUGH OF MIDDLESEX  
TRUST FUND  
ANALYSIS OF CASH AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Trust Assessment	Animal Control	Trust- Other	Escrow Trust	Payroll Fund	Public Assistance Fund
Balance, December 31, 2018	\$ 25,990.14	\$ 49,504.42	\$ 327,994.29	\$ 645,658.76	\$ 183,725.95	\$ 9,841.34
Increased by Receipts:						
Due to State of New Jersey	-	876.60	-	-	-	-
Animal License Fees	-	5,700.28	-	-	-	-
Payroll	-	-	-	-	9,466,625.59	-
Various Receipts	-	-	624,918.03	167,459.98	-	131.79
Interfund Receipts	-	-	47,316.41	-	-	-
Total Receipts	<u>-</u>	<u>6,576.88</u>	<u>672,234.44</u>	<u>167,459.98</u>	<u>9,466,625.59</u>	<u>131.79</u>
Decreased by Disbursements:						
Animal Control Expenditures	-	587.70	-	-	-	-
Due to State of New Jersey	-	876.60	-	-	-	-
Payroll	-	-	-	-	9,507,763.66	-
Various Disbursements	-	-	573,246.87	188,395.77	-	131.42
Total Disbursements	<u>-</u>	<u>1,464.30</u>	<u>573,246.87</u>	<u>188,395.77</u>	<u>9,507,763.66</u>	<u>131.42</u>
Balance, December 31, 2019	<u>\$ 25,990.14</u>	<u>\$ 54,617.00</u>	<u>\$ 426,981.86</u>	<u>\$ 624,722.97</u>	<u>\$ 142,587.88</u>	<u>\$ 9,841.71</u>

**BOROUGH OF MIDDLESEX  
SCHEDULE OF ASSESSMENT LIENS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>ORD NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2019</u>	<u>BALANCE PLEGDED TO GENERAL CAPITAL</u>
1106	Curbs and Gutters	<u>\$ 1,470.00</u>	<u>\$ 1,470.00</u>	<u>\$ 1,470.00</u>

**BOROUGH OF MIDDLESEX  
 COUNTY OF MIDDLESEX, NEW JERSEY  
 ANIMAL CONTROL TRUST FUND  
 SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018		\$ 14,910.40
Increased By:		
Fees Collected	<u>\$ 5,700.28</u>	<u>5,700.28</u>
		20,610.68
Decreased By:		
Statutory Excess due to Current Fund	6,758.40	
Expenditures Under R.S. 4:19-15.11	<u>587.70</u>	
		<u>7,346.10</u>
Balance, December 31, 2019		<u><u>\$ 13,264.58</u></u>

2017 Fees	\$	6,916.40
2018 Fees		<u>6,348.18</u>
	<u>\$</u>	<u>13,264.58</u>

**BOROUGH OF MIDDLESEX  
 COUNTY OF MIDDLESEX, NEW JERSEY  
 ANIMAL CONTROL FUND  
 SCHEDULE OF DUE TO STATE OF NEW JERSEY DEPARTMENT OF HEALTH  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$	1.20
Increased By:		
2019 License Fees		876.60
		877.80
Decreased By:		
Payments		876.60
Balance, December 31, 2019	\$	1.20

**BOROUGH OF MIDDLESEX  
ASSESSMENT TRUST FUND  
SCHEDULE OF DUE TO GENERAL CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	<u>\$ 7,164.08</u>
Balance December 31, 2019	<u><u>\$ 7,164.08</u></u>

**SCHEDULE OF DUE TO CURRENT FUND  
ASSESSMENT TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	<u>\$ 14,730.29</u>
Balance December 31, 2019	<u><u>\$ 14,730.29</u></u>

**BOROUGH OF MIDDLESEX  
TRUST FUND - OTHER  
SCHEDULE OF RESERVES ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2019
Other Trust Funds:				
Reserve for Unemployment Insurance	\$ 200,793.89	\$ 2,688.95	\$ 8,636.23	\$ 194,846.61
Miscellaneous Reserves:				
Affordable Housing	100,000.00	333.69	-	100,333.69
Commodity Resale Program				
Gasoline - Borough of Dunellen	99,941.95	53,350.89	59,687.89	93,604.95
Developers Escrow Unclaimed Funds	15,812.00	-	-	15,812.00
Development	52,233.24	-	23,367.00	28,866.24
Federal Asset Forfeitures	4,772.54	64.37	-	4,836.91
Municipal Law Enforcement Trust	12,308.72	10,991.93	4,785.35	18,515.30
Older Americans Act	5,304.04	14,990.00	17,623.86	2,670.18
Outside Police Services	8,438.23	282,187.51	275,069.38	15,556.36
Police Found Money	3,164.49	1,193.75	400.00	3,958.24
Parking Offense Adjudication Act	3,682.50	248.00	-	3,930.50
Police Application Fees	318.85	-	-	318.85
Public Defender Fees	922.50	5,565.00	5,980.00	507.50
Police Communities Education	3,579.42	1,200.00	48.78	4,730.64
Premium on Tax Sale	109,000.00	107,700.00	82,800.00	133,900.00
Police Memorial Fund	50.00	-	-	50.00
Police Donations	6,258.21	40.00	-	6,298.21
Police - DARE	1,635.00	-	-	1,635.00
Police 911 Fund	19.84	-	-	19.84
Recreation Fund	95,723.89	80,699.88	57,187.73	119,236.04
Recycling Trust	10,326.81	43,049.52	29,095.39	24,280.94
Restitution	4,135.56	1,595.54	-	5,731.10
Sanitary Sewer	880.00	-	-	880.00
Senior Assisted Transportation	9,891.02	1,544.00	2,270.26	9,164.76
Special Inspection	3,672.28	-	-	3,672.28
Street Opening Deposits	128,240.81	14,875.00	4,270.00	138,845.81
Third Party Outside Lien Redemption	97,602.44	-	-	97,602.44
Tree Replacement Fund	1,185.50	2,600.00	2,025.00	1,760.50
UFC Dedicated Penalties	53.86	-	-	53.86
Uniform Fire Safety Penalties	12,405.53	-	-	12,405.53
100th Anniversary	2,993.27	-	-	2,993.27
<b>Total</b>	<b>995,346.39</b>	<b>624,918.03</b>	<b>573,246.87</b>	<b>1,047,017.55</b>

**BOROUGH OF MIDDLESEX  
TRUST FUND - OTHER  
SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RESERVES ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	RECEIPTS	DISBURSEMENTS	ADJUSTMENTS	BALANCE DECEMBER 31, 2019
Year 2012/2013 Reserves					
Senior Center Improvements	\$ 1,877.76	\$ -	\$ -	\$ (1,877.76)	\$ -
Manhole Retrofit	139.00	-	-	(139.00)	-
Year 2013/2014 Reserves					
Lincoln Fire House Doors	800.00	-	-	(800.00)	-
Passive Improvements	365.15	-	-	(365.15)	-
Year 2016/2017 Reserves					
Senior Center Improvements	7,146.00	-	-	(7,146.00)	-
Year 2017/2018 Reserves					
Senior Center Improvements	15,346.00	-	-	(15,346.00)	-
Year 2018/2019 Reserves					
Senior Center Improvements	15,346.00	-	-	(15,346.00)	-
Senior Nutrition Program	7,500.00	-	-	(7,500.00)	-
Senior Van Driver	7,500.00	-	-	(7,500.00)	-
Code Enforcement	7,500.00	-	-	(7,500.00)	-
Senior Center Coordinator	11,075.00	-	-	(11,075.00)	-
Total	<u>\$ 74,594.91</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74,594.91)</u>	<u>\$ -</u>
				Transfer to Grant Fund \$ 72,717.15	
				Cancelled <u>1,877.76</u>	
				<u>\$ 74,594.91</u>	

**BOROUGH OF MIDDLESEX  
TRUST FUND - OTHER  
SCHEDULE OF DEVELOPERS ESCROW  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2019
Developers' Escrow - Water & Soil	\$ 20,062.00	\$ -	\$ -	\$ 20,062.00
Reserve for Various Deposits	625,596.76	167,459.98	188,395.77	604,660.97
Total	\$ 645,658.76	\$ 167,459.98	\$ 188,395.77	\$ 624,722.97

**BOROUGH OF MIDDLESEX  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 9,841.34
Increased by:	
Cash Receipts-Interest	<u>131.79</u>
Subtotal	9,973.13
Decreased by:	
Cash Disbursements	<u>131.42</u>
Balance December 31, 2019	<u><u>\$ 9,841.71</u></u>

**BOROUGH OF MIDDLESEX  
PAYROLL TRUST FUND  
SCHEDULE OF PAYROLL RESERVE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 183,725.95
Increased by:	
Cash Receipts	<u>9,466,625.59</u>
Subtotal	9,650,351.54
Decreased by:	
Cash Disbursements	<u>9,507,763.66</u>
Balance December 31, 2019	<u><u>\$ 142,587.88</u></u>

**GENERAL CAPITAL FUND**

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**BOROUGH OF MIDDLESEX  
SCHEDULE OF GENERAL CAPITAL FUND  
CASH AND INVESTMENTS - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018		\$ 1,512,647.34
Increased by Receipts:		
Grants, Loans and Other Receivables	\$ 1,273,764.66	
Bond Anticipation Note	1,882,106.00	
NJ Infrastructure Trust Loan	898,891.00	
Interfunds Received	65,000.00	
Various Reserves	164,234.00	
		4,283,995.66
Subtotal		5,796,643.00
Decreased by Disbursements:		
Various Reserves	1,086,162.82	
Improvement Authorizations	2,515,496.33	
		3,601,659.15
Balance December 31, 2019		\$ 2,194,983.85

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2019
Grants Receivable	\$ (2,610,587.02)
Due from Assessment Trust	(7,164.08)
Due to Current Fund	240,425.41
Due to Grant Fund	23,775.00
Due to Trust Fund	522,787.01
Encumbrance Payable	1,897,315.68
Capital Improvement Fund	7,347.93
Fund Balance	535.57
Various Reserves	791,821.49
Excess Financing	141,946.76

Ordinance Number	<u>Improvement Description</u>	
1611-04	Improvement to the Sanitary Sewer System (Infrastructure Trust \$1,689,655)	176,527.28
1687-06	Various Capital Improvements (NJDOT - \$200,000)	3,075.53
1808-12	Acq and Demolition of Certain Flood Prone Properties	(78,131.56)
1818-12	Various Capital Improvements	40,026.91
1842-13	Reconstruction of Fairview Ave (NJDOT - \$300,000)	64,062.83
1857-14	Improvements to Marlborough Ave (NJDOT - \$300,000)	(4,823.27)
1879-15	Various Capital Improvements (MCIA)	231,479.30
1893-16	Various Capital Improvements	51,300.87
1899-16	Various Capital Improvements	82,932.49
1900-16	Milling and Paving of Various Roads	98,968.74
1907-17	Sanitary Sewer Improvements	(620,923.40)
1909-17	South Ave Improvements	(100,000.00)
1920-17	2017 Capital Improvements	50,667.19
1922-17	Warrenville Rd Improvements	(51,438.87)
1924-17	George Ave Improvements	48,729.32
1947-18	Various Capital Improvements	166,697.16
1961-19	Various Capital Improvements	501,347.30
1962-19	Bound Brook	935,492.50
1968-19	2019 Library HVAC & Tax Revaluation	86,171.68
1975-19	Sewer Study and Improvements	(47,500.00)
1979-19	Tax Maps, Various Capital Improvements	(447,881.90)
		\$ 2,194,983.85

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	9,698,288.15
Decreased by:		
2019 Budget Appropriations:		
Bonds Payable	\$	973,000.00
MCIA Leases		605,354.69
NJEIT		80,914.55
Green Acres Loan		11,942.44
		1,671,211.68
Balance December 31, 2019	\$	8,027,076.47



**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 7,775.58
Increased by:	
2019 Budget Appropriation - Current Fund	<u>65,000.00</u>
Subtotal	7,775.58
Decreased by:	
Appropriated to Finance Improvements	<u>65,427.65</u>
Balance December 31, 2019	<u><u>\$ 7,347.93</u></u>

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	2,296,591.68
Increased by:		
Grant Award		1,587,760.00
Subtotal		3,884,351.68
Decreased by:		
Grant Received		1,273,764.66
Balance, December 31, 2019	\$	2,610,587.02

**ANALYSIS OF BALANCE**

New Jersey Environmental Infrastructure Trust	1611-04	\$	140,593.00
Federal Homeland Security	1643-05		24,000.00
Middlesex County	1643-05		35,966.00
Recycling Trust	1676-05		2,350.00
State of NJ DCA - Livable Communities	1688-06		130.00
Federal Homeland Security	1688-06		8,805.00
State of NJ DOT - Beechwood Ave.	1715-07		69,476.44
State of NJ DOT - Greenbrook Rd	1736-08		56,250.00
State of NJ DOT - Beechwood Ave.	1772-10		16,361.77
State of NJ DOT - Parker Street	1797-11		15,238.34
State of NJ OEM	1808-12		140,250.00
Federal Emergency Management Agency (FEMA)	1808-12		26,297.55
State of NJ DOT - Howard Avenue	1818-12		1,441.57
State of NJ DOT - Fairview Avenue	1842-13		10,638.30
Various Capital Improvements (MCIA)	1855-14		125,000.00
State of NJ DOT - Marlborough Avenue	1857-14		22,708.56
State of NJ DOT - Warrenville Road	1893-16		83,478.74
State of NJ DOT - South Avenue	1909-17		100,000.00
Due from Township of Piscataway - South Avenue	1909-17		95,470.54
State of NJ DOT - Runyon Avenue	1947-18		48,371.21
State of NJ DOT - Harris Avenue, Ashland Road, Fischer /	1961-19		557,200.00
State of NJ DOT - Bound Brook Road	1962-19		1,030,560.00
			2,610,587.02

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT		BALANCE DECEMBER 31, 2018		IMPROVEMENT AUTHORIZATION	REAPPROPRIATED	2018		2019		BALANCE DECEMBER 31, 2019
			FUNDED	UNFUNDED	RESERVE FOR ENCUMBRANCES	EXPENDED			RESERVE FOR ENCUMBRANCES	FUNDED	UNFUNDED		
1611-04	Improvement to the Sanitary Sewer System (Infrastructure Trust \$1,689,655)	7/13/2004	\$	\$	\$	\$							
1687-06	Various Capital Improvements (NJDOT - \$200,000)	10/20/2006	1,627,000.00	-	1,627,000.00	-							
1808-12	Asq and Demolition of Certain Flood Prone Properties	3/27/2012	1,358,900.00	-	1,358,900.00	-							
1818-12	Various Capital Improvements	8/28/2012	2,540,000.00	88,415.99	2,628,415.99	-							88,415.99
1842-13	Various Capital Improvements (MICA)	7/26/2013	1,116,450.00	-	1,116,450.00	-			22,321.00	79.00			
1842-13	Reconstruction of Fairview Ave (NJDOT - \$300,000)	8/27/2013	3,081,700.00	-	3,081,700.00	-	(139,110.74)		25,511.75	68,490.92			
1855-14	Various Capital Improvements (MICA)	9/9/2014	888,325.00	-	888,325.00	-	(205,705.94)		27,000.00	27,000.00			
1879-15	Improvements to Marlborough Ave (NJDOT - \$300,000)	9/9/2014	332,000.00	25,576.73	357,576.73	-							25,576.73
1893-16	Various Capital Improvements (MICA)	7/19/2015	1,176,500.00	-	1,176,500.00	-							
1899-16	Various Capital Improvements	8/9/2016	1,393,000.00	94,542.51	1,487,542.51	-			18,465.31	5,883.46			189,837.10
1900-16	Milling and Paving of Various Roads	10/11/2016	614,202.14	-	614,202.14	-			26,000.00	53,929.61			51,300.87
1907-17	Sanitary Sewer Improvements	2/14/2017	300,000.00	54,375.81	354,375.81	-			44,592.93				
1920-17	2017 Capital Improvements	5/23/2017	2,450,000.00	984,133.55	3,434,133.55	-			1,164,071.59	825,600.00			807,685.60
1922-17	Warrenville Rd Improvements	7/25/2017	1,837,500.00	179,237.37	2,016,737.37	-			3,964,852.93	432,776.84			50,667.19
1924-17	George Ave Improvements	9/19/2017	400,000.00	152,836.13	552,836.13	-							152,836.13
1947-18	Various Capital Improvements	8/14/2018	1,981,165.00	48,729.32	2,029,894.32	-			1,014,274.08	998,997.15			48,729.32
1961-19	Various Capital Improvements	6/11/2019	620,000.00	275,920.26	895,920.26	-							166,697.16
1962-19	Bourne Brook	9/10/2019	1,135,000.00	-	1,135,000.00	-							62,800.00
1968-19	2019 Library HVAC & Tax Revolution	8/13/2019	344,816.68	-	344,816.68	-	344,816.68						104,440.00
1975-19	Sewer Study and Improvements	9/10/2019	50,000.00	-	50,000.00	-							
1979-19	Tax Maps, Various Capital Improvements	10/22/2019	1,258,553.00	-	1,258,553.00	-							747,743.45
<b>Total</b>			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
			1,287,754.56	1,840,391.86	3,063,553.00	3,063,553.00			2,739,089.59	2,515,496.33			2,220,084.56
													2,306,892.44

Capital Improvement Fund \$ 68,427.65  
 Deferred Changes to Future Taxation - Unfunded 1,410,365.35  
 Grants 1,587,600.00  
 \$ 3,063,553.00

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF VARIOUS RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Ordinance Number	Balance December 31, 2018	Increases	Decreases	Balance December 31, 2019
Reserve for:					
Cash or Appropriated Reserves:					
Insurance Refund - Landfill (Payment of Bonds)		\$ 4,838.08	-	-	\$ 4,838.08
Payment of Debt Service		84,989.08	34,317.84	20,672.00	98,634.92
Subtotal		89,827.16	34,317.84	20,672.00	103,473.00
Grants, Loans & Other Receivables					
New Jersey Environmental Infrastructure Trust	1611-04	58,305.00	-	-	58,305.00
Middlesex County - Cedar Ave	1643-05	56.00	-	-	56.00
State of NJ OEM	1808-12	98,598.63	-	-	98,598.63
Federal Emergency Management Agency (FEMA)	1808-12	67,948.92	-	-	67,948.92
State of NJ DOT - South Avenue	1909-17	100,000.00	-	-	100,000.00
Township of Piscataway - South Avenue	1909-17	1,160,961.36	-	1,065,490.82	95,470.54
State of NJ DOT - Runyon Avenue	1947-18	138,053.24	-	-	138,053.24
2014 Loan Reimbursement		-	129,916.16	-	129,916.16
Subtotal		1,623,923.15	129,916.16	1,065,490.82	688,348.49
		\$ 1,713,750.31	\$ 164,234.00	\$ 1,086,162.82	\$ 791,821.49

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF INTERFUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>TOTAL</u>	<u>CURRENT</u>	<u>ASSESSMENT TRUST</u>	<u>TRUST - OTHER</u>	<u>GRANT FUND</u>
Balance December 31, 2018					
Due From	\$ 7,164.08	\$ -	\$ 7,164.08	\$ -	\$ -
Due To	786,987.42	240,425.41	-	522,787.01	23,775.00
Balance December 31, 2019					
Due From	\$ 7,164.08	\$ -	\$ 7,164.08	\$ -	\$ -
Due To	<u>786,987.42</u>	<u>240,425.41</u>	<u>-</u>	<u>522,787.01</u>	<u>23,775.00</u>

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL LEASES PAYABLE  
MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2019**

PROJECT DESCRIPTION	AMOUNT OF LOAN	FEE PAYABLE	MATURITIES OF LOAN PRINCIPAL AND INTEREST			INTEREST RATE	BALANCE DECEMBER 31, 2018	PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2019
			DATE	AMOUNT	DECEMBER 31, 2019				
Capital Equipment - 2013	\$ 2,900,567.38	\$ 56,064.13	8/15/2020	\$ 200,000.00	4.000%	\$ 1,030,000.00	\$ 190,000.00	\$ 840,000.00	
			8/15/2021	205,000.00	4.000%				
			8/15/2022	215,000.00	4.000%				
			8/15/2023	220,000.00	4.000%				
Capital Equipment - 2014 (Lease)	120,994.00	910.59				25,456.61	25,456.61	-	
Capital Equipment - 2014 (Loan)	738,861.92	5,560.58				155,453.32	155,453.32	-	
Capital Equipment - 2015	1,146,063.89	6,123.76	9/15/20	243,822.55	4.000%	478,267.31	234,444.76	243,822.55	
Total							\$ 1,689,177.24	\$ 605,354.69	\$ 1,083,822.55

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DECEMBER 31, 2018	DECREASED	DECREASED BY REFUNDING OF DEBT	BALANCE DECEMBER 31, 2019
			OUTSTANDING DECEMBER 31, 2019	AMOUNT					
General Improvement Bonds of 2010	02/15/10	\$ 9,865,000.00	\$ 965,000.00	\$ 3.200%	\$ 5,365,000.00	\$ 700,000.00	\$ (3,700,000.00)	\$ 965,000.00	
Refunding Bonds 2019	12/5/2019	3,700,000.00	710,000.00	4.000%	-	-	3,700,000.00	3,700,000.00	
	02/15/21		740,000.00	4.000%					
	02/15/23		745,000.00	5.000%					
	02/15/24		755,000.00	5.000%					
	02/15/25		750,000.00	5.000%					
General Obligation Bonds of 2015	07/16/15	2,878,000.00	283,500.00	2.000%	2,101,000.00	273,000.00	-	1,828,000.00	
	7/15/21		290,500.00	2.000%					
	7/15/22		301,000.00	2.000%					
	7/15/23		308,000.00	2.000%					
	7/15/24		318,500.00	2.500%					
			326,500.00	2.500%					
<b>Total</b>						<b>\$ 7,466,000.00</b>	<b>\$ 973,000.00</b>	<b>\$ -</b>	<b>\$ 6,493,000.00</b>

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST AND FUND LOAN PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

DESCRIPTION	DATE ISSUE	AMOUNT ISSUE	BALANCE		BALANCE DECEMBER 31, <u>2019</u>
			DECEMBER 31, <u>2018</u>	<u>DECREASED</u>	
New Jersey Environmental-Trust Loan Infrastructure Trust Series 2004 A	8/1/2005	\$ 850,000.00	\$ 276,776.30	\$ 37,654.48	\$ 239,121.82
New Jersey Environmental-Fund Loan Infrastructure Trust 2004 A	8/1/2005	844,828.00	210,671.38	43,260.07	167,411.31
		Total	\$ 487,447.68	\$ 80,914.55	\$ 406,533.13

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF NEW JERSEY INFRASTRUCTURE BANK LOAN  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$	-
Increased By:		
Loan Issued		<u>898,891.00</u>
Balance, December 31, 2019	\$	<u><u>898,891.00</u></u>



**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
NEW JERSEY GREEN TRUST FUND-1989  
FOR THE YEAR ENDED DECEMBER 31, 2019**

PAYMENT NUMBER	PAYMENT DATE	INTEREST PAYMENTS	PRINCIPAL PAYMENTS	BALANCE LOANS PAYABLE
				\$ 43,720.79
33	January 15, 2020	\$ 437.21	\$ 6,060.94	37,659.85
34	July 15, 2020	376.60	6,121.55	31,538.30
35	January 15, 2021	315.38	6,182.76	25,355.54
36	July 15, 2021	253.56	6,244.59	19,110.95
37	January 15, 2022	191.11	6,307.03	12,803.92
38	July 15, 2022	128.04	6,370.10	6,433.82
39	January 15, 2023	64.30	6,433.82	-
Total Balance Due				
Principal and Interest		\$ 1,766.20	\$ 43,720.79	

**BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
AT DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2018	2019 AUTHORIZATIONS	NOTES ISSUED	BALANCE DECEMBER 31, 2019
1808-12	Acq and Demolition of Certain Flood Prone Properties	\$ 166,547.55	\$ -	\$ -	\$ 166,547.55
1857-14	Improvements to Marlborough Ave	30,400.00	-	-	30,400.00
1907-17	Sanitary Sewer Improvements	2,327,500.00	-	898,891.00	1,428,609.00
1909-17	South Ave Improvements	100,000.00	-	-	100,000.00
1922-17	Warrenville Road Improvements	204,275.00	-	-	204,275.00
1947-18	Various Capital Improvements	1,740,159.24	-	1,740,159.24	-
1961-19	Various Capital Improvements	-	62,800.00	-	62,800.00
1962-19	Bound Brook	-	104,440.00	-	104,440.00
1975-19	Sewer Study and Improvements	-	47,500.00	-	47,500.00
1979-19	Tax Maps, Various Capital Improvements	-	1,195,625.35	-	1,195,625.35
	Total	<u>\$ 4,568,881.79</u>	<u>\$ 1,410,365.35</u>	<u>\$ 2,639,050.24</u>	<u>\$ 3,340,196.90</u>

**SWIM POOL UTILITY FUND**

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**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY  
SCHEDULE OF CASH AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	OPERATING FUND	CAPITAL FUND	SNACK BAR ACCOUNT
Balance, December 31, 2018	\$ 192,586.82	\$ 66,454.79	\$ 3,008.51
Increased by Receipts:			
Membership Fees	\$ 273,291.00	-	-
Miscellaneous Revenues	115,005.19	-	-
Snack Bar Operation	-	-	31,886.57
Due from Swimming Pool Capital	66,454.79	-	-
Due to Current Fund	66,498.61	-	-
Transfer from Snack Bar Account	13,030.07	-	-
Total Receipts	<u>534,279.66</u>	<u>-</u>	<u>31,886.57</u>
Total	<u>726,866.48</u>	<u>66,454.79</u>	<u>34,895.08</u>
Decreased by Disbursements:			
2019 Budget Appropriations	431,323.44	-	-
2018 Appropriation Reserves	1,334.94	-	-
Snack Bar Operations	-	-	18,851.86
Due To Current Fund	8,628.75	-	-
Due to Swimming Pool Capital	-	66,454.79	-
Accrued Interest	19,402.50	-	-
Transfer to Operating Fund	-	-	13,030.07
Total Disbursements	<u>460,689.63</u>	<u>66,454.79</u>	<u>31,881.93</u>
Balance, December 31, 2019	<u>\$ 266,176.85</u>	<u>\$ -</u>	<u>\$ 3,013.15</u>

**BOROUGH OF MIDDLESEX  
SWIMMING POOL CAPITAL FUND  
ANALYSIS OF CASH AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

		BALANCE DECEMBER 31, 2019
Capital Improvement Fund		\$ 7,730.10
Due (from)/to Swimming Pool Operating Fund		94,320.11
Fund Balance		2,619.00
Improvement Authorizations		
Ordinance		
<u>Number</u>	<u>Improvement Description</u>	
1771-10	Swim Pool Improvements	(156,330.00)
1852-14	Swim Pool Improvements	51,660.79
		-
		-

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2019
Swimming Pool and Grounds Improvement - 1987	\$ 234,000.00	\$ 234,000.00
Improvement - 1991	217,721.56	217,721.56
Improvement - 1997	65,300.00	65,300.00
	149,270.00	149,270.00
Total	\$ 666,291.56	\$ 666,291.56

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	AMOUNT	BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2019
1771-10	Swim Pool Improvements	\$ 350,000.00	\$ 350,000.00	\$ 350,000.00
1852-14	Swim Pool Improvements	1,300,000.00	1,300,000.00	1,300,000.00
	Total		\$ 1,650,000.00	\$ 1,650,000.00

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY FUND  
SCHEDULE OF ACCOUNTS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$ 34,693.93
Balance, December 31, 2019	<u>\$ 34,693.93</u>

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY OPERATING FUND  
SCHEDULE OF 2018 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	BALANCE DECEMBER 31, 2018		BALANCE	PAID OR CHARGED	BALANCE
	ENCUMBERED	RESERVED	AFTER TRANSFERS		LAPSED
Operations:					
Salaries & Wages	\$ -	\$ 20,600.72	\$ 20,600.72	\$ -	\$ 20,600.72
Other Expenses	15,581.68	31,782.17	47,363.85	1,334.94	46,028.91
Statutory Expenditures:				-	
Contribution to:					
State Unemployment Insurance	-	1,635.09	1,635.09	-	1,635.09
Total	\$ 15,581.68	\$ 54,017.98	\$ 69,599.66	\$ 1,334.94	\$ 68,264.72

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY OPERATING FUND  
SCHEDULE OF INTERFUNDS RECEIVABLE/PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>TOTAL</u>	<u>SWIMMING POOL CAPITAL</u>	<u>CURRENT FUND</u>
Balance December 31, 2018			
Due From	\$ 160,774.90	\$ 160,774.90	\$ -
Due To	56,651.63	-	56,651.63
Increased by:			
Disbursements	8,628.75	-	8,628.75
Subtotal	8,628.75	-	8,628.75
Decreased by:			
Return of Interfund	132,958.04	66,454.79	66,503.25
Subtotal	132,958.04	66,454.79	66,503.25
Balance December 31, 2019			
Due From	\$ 94,320.11	\$ 94,320.11	\$ -
Due To	114,526.13	-	114,526.13

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2018	\$	999,291.56
Increased by:		
Bonds Paid by Budget Appropriation		117,000.00
		117,000.00
Balance, December 31, 2019	\$	1,116,291.56

**SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance, December 31, 2019 & 2018	\$	7,730.10
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**BOROUGH OF MIDDLESEX  
 SWIMMING POOL UTILITY CAPITAL FUND  
 SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ORD.	BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2019
1771-10	Swim Pool Improvements	7/27/2010	\$ 100,000.00	\$ 100,000.00
1852-14	Swim Pool Improvements	6/24/2014	65,000.00	65,000.00
			<u>\$ 165,000.00</u>	<u>\$ 165,000.00</u>

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF INTERFUNDS RECEIVABLE/PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	TOTAL	SWIMMING POOL OPERATING
Balance December 31, 2018		
Due From	\$ -	\$ -
Due To	160,774.90	160,774.90
Increased by:		
Receipts	-	-
Subtotal	160,774.90	160,774.90
Decreased by:		
Return of Interfund	66,454.79	66,454.79
Balance, December 31, 2019		
Due From	\$ -	\$ -
Due To	94,320.11	94,320.11

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	AMOUNT	BALANCE DECEMBER 31, 2018		BALANCE DECEMBER 31, 2019	
				FUNDED	UNFUNDED	FUNDED	UNFUNDED
1771-10	Swim Pool Improvements	7/27/2010	\$ 350,000.00	\$ -	\$ 93,670.00	\$ -	\$ 93,670.00
1852-14	Swim Pool Improvements	6/24/2014	1,300,000.00	51,660.79	-	51,660.79	-
Total				\$ 51,660.79	\$ 93,670.00	\$ 51,660.79	\$ 93,670.00

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY FUND  
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Balance December 31, 2018	\$	8,892.81
Increased by:		
Accrued Interest Charged to:		
2019 Budget Appropriations		18,330.00
Subtotal		27,222.81
Decreased by:		
Disbursements		19,402.50
Balance December 31, 2019	\$	7,820.31

**Analysis of Balance**

Principal Outstanding 12/31/2019	Interest Rate	From	To	Period	Amount
\$ 785,000.00	2.00%	7/15/2019	12/15/2020	5.5	7,820.31
					\$ 7,820.31

**BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY FUND  
SCHEDULE OF SERIAL BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2019		INTEREST RATE	BALANCE DECEMBER 31,		BALANCE DECEMBER 31,
			DATE	AMOUNT		2018	DECREASED	
General Improvement Bonds of 2015	7/16/15	\$ 1,235,000.00	7/15/20	\$ 121,500.00	2.000%	\$ 902,000.00	\$ 117,000.00	\$ 785,000.00
			7/15/21	124,500.00	2.000%			
			7/15/22	129,000.00	2.000%			
			7/15/23	132,000.00	2.000%			
			7/15/24	136,500.00	2.000%			
			7/15/25	141,500.00	2.000%			
Total						\$ 902,000.00	\$ 117,000.00	\$ 785,000.00

**BOROUGH OF MIDDLESEX  
 SWIMMING POOL UTILITY OPERATING FUND  
 SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2018	BALANCE DECEMBER 31, 2019
1771-10	Swim Pool Improvements	\$ 250,000.00	\$ 250,000.00
Total		\$ 250,000.00	\$ 250,000.00

**BOROUGH OF MIDDLESEX**

**PART II**

**SINGLE AUDIT SECTION**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Middlesex  
County of Middlesex  
Middlesex, New Jersey

**Report on Compliance for Each Major State Program**

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## **Opinion on Each Major State Program**

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

## **Report on Internal Control Over Compliance**

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "R. Allison", written over a horizontal line.

Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 483

Toms River, New Jersey  
September 27, 2020

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**BOROUGH OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR YEAR ENDED DECEMBER 31, 2019**

State Grantor/ Pass-Through Grantor/ Program Title	State Account Number	GRANT PERIOD	Program Expenditures	Passed to Subrecipient	Total Assistance Expended	Cumulative Expenditures
<b>Department of Transportation:</b>						
NJ-DOT Municipal Aid-Warrenville Road	2019-2016-078-6320-480-AMF	Open	\$ 118,593.55	-	\$ 118,593.55	\$ 118,593.55
NJ-DOT Municipal Aid- Runyon Avenue	2020-2017-078-6320-480-AMQ	Open	89,680.29	-	89,680.29	89,680.29
Total Department of Transportation:						
			208,273.84	-	208,273.84	208,273.84
<b>Department of Environmental Protection:</b>						
Direct Program						
Sanitary Sewer Improvements: I-Bank Loan	S340698-02	Open	898,891.00	-	898,891.00	898,891.00
Total Department of Environmental Protection:						
			898,891.00	-	898,891.00	898,891.00
<b>Other Grants</b>						
Body Armor Replacement Grant	1020-718-066-1020-001-YCJF-6120	Various	5,930.10	-	5,930.10	5,930.10
Clean Communities	4900-765-042-4900-004-V42Y-6020	Various	28,997.73	-	28,997.73	28,997.73
Municipal Alliance	MAC-01-19	Various	25,662.64	-	25,662.64	25,662.64
Total Other Grants:						
			60,590.47	-	60,590.47	60,590.47
Total Expenditures:						
			\$ 1,167,755.31	\$ -	\$ 1,167,755.31	\$ 1,167,755.31

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**BOROUGH OF MIDDLESEX**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of state financial assistance present the activity of all state financial assistance programs of the Borough of Middlesex. The Borough is defined in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedule of state financial assistance is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

The amounts shown as current year expenditures represent only the state grant portion of the program costs. Such expenditures are recognized following the cost principles contained in State of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedule agree with amounts reported in the Borough's financial statements. Expenditures from awards are reported in the Borough’s financial statements as follows:

	<b>State</b>	<b>Total</b>
State & Federal Grant Fund	\$ 60,590.47	\$ 60,590.47
General Capital Fund	<u>1,107,164.84</u>	<u>1,107,164.84</u>
 Total	 <u><u>\$ 1,167,755.31</u></u>	 <u><u>\$ 1,167,755.31</u></u>

**BOROUGH OF MIDDLESEX**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 4. Relationship to State Financial Reports**

The regulations and guidelines governing the preparation of state financial reports vary by state agency and among programs administered by the same agencies. Accordingly, the amounts reported in the state financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the modified accrual basis of accounting as explained in Note 2.

**Note 5. State Loans Outstanding**

The Borough had no loan balances outstanding at December 31, 2019.

**BOROUGH OF MIDDLESEX  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section I - Summary of Auditor's Results**

**Financial Statements**

	Adverse -GAAP Unmodified- Regulatory Basis
Type of auditor's report issued	
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u>  X  </u> no
2) Significant deficiency(ies) identified?	_____ yes <u>  X  </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u>  X  </u> no

**State Financial Assistance**

Dollar threshold used to determine Type A programs	\$750,000.00
Auditee qualified as low-risk auditee?	_____ yes <u>  X  </u> no
Internal control over major programs:	
1) Material weakness(es) identified?	_____ yes <u>  X  </u> no
2) Significant deficiency(ies) identified?	_____ yes <u>  X  </u> no
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB's Circular 15-08?	_____ yes <u>  X  </u> no
Identification of major programs:	

**State Grant/Project Number(s)**

**Name of State Program**

S340698-02	Sanitary Sewer Improvements- I-Bank Loan
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**BOROUGH OF MIDDLESEX  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Finding No. 2019-001:**

Criteria of Specific Requirement:

N.J.S.A. 40A:11-4 states “No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the bid threshold, except by contract or agreement.”

Condition:

Payments in the aggregate to one vendor exceeded the bid threshold during the year ended December 31, 2019.

Cause:

The Borough did not properly receive bids for a project that exceeded bid threshold.

Effect or Potential Effect:

Non-compliance with N.J.S.A. 40A:11-4

Recommendation:

That the Borough should implement controls to ensure payments to vendors are monitored for compliance with N.J.S.A. 40A:11-4.

View of Responsible Officials and Corrective Action Plan:

The responsible officials agree with this finding and will address the matter as part of their corrective action plan.

**BOROUGH OF MIDDLESEX  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Section III – State Financial Assistance Findings & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by New Jersey OMB's Circular 15-08.

None.

**BOROUGH OF MIDDLESEX  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2019**

This section identifies the status of prior year findings related to the financial statements and state financial assistance that are required to be reported in accordance with *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

**FINANCIAL STATEMENT FINDINGS**

None.

**STATE FINANCIAL ASSISTANCE**

N/A – No State Single Audit in prior year.

**BOROUGH OF MIDDLESEX**

**PART III**

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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## OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2019:

<u>Name</u>	<u>Title</u>
John Madden	Council President (Acting Mayor)
Kevin Dotey	Councilmember
Jack Mikolajczyk	Councilmember
Douglas Rex	Councilmember
Dan Parenti	Councilmember
Jason Carr	Councilmember
Marcia Karrow	Business Administrator
Caroline Benson	Acting CFO/Treasurer
Darcy Delvecchio	Tax Collector
Linda Chismar	Deputy Clerk
Merari Gaud	Court Administrator

All officials and employees handling and collecting Borough Funds are covered by Public Employees Blanket Bond of \$1,000,000.00 under the Joint Insurance Fund.

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Honorable Mayor and Members  
of the Borough Council  
Borough of Middlesex  
County of Middlesex  
Middlesex, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2019.

#### **GENERAL COMMENTS:**

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

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500 for the year ended December 31, 2019.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

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

## Collection of Interest on Delinquent Taxes and Assessments

*N.J.S.54:4-67*, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 1, 2019 adopted the following resolution authorizing interest to be charged on delinquent taxes:

*NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and*

*BE IT FURTHER RESOLVED, by the Borough Council of the Borough of Council, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and*

*BE IT FURTHER RESOLVED, by the Borough Council of the Borough of Middlesex, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.*

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

### **OTHER COMMENTS (FINDINGS):**

#### **Finding 2019-01** (*Finding 2019-001 in the Schedule of Findings and Recommendations section*)

Payments in the aggregate to one vendor exceeded the bid threshold during the year ended December 31, 2019.

#### **Finding 2019-02**

Interfunds receivable and payable are reflected on the various balance sheets of the funds at December 31, 2019.

#### **Finding 2019-03**

At December 31 2019, there exists 2 ordinances in the Borough's General Capital fund and 1 ordinance in the Borough's Swimming Pool Operating Fund with cash deficits in excess of five years old.

### **RECOMMENDATIONS:**

#### **Finding 2019-01**

That the Borough should implement controls to ensure payments to vendors are monitored for compliance with N.J.S.A. 40A:11-4.

#### **Finding 2019-02**

That all interfunds be liquidated prior to year-end.

#### **Finding 2019-03**

That the Borough seek the necessary funding, either through the issuance of bonds, notes, or budget appropriation, for capital ordinances with cash deficits in excess of five years old.

## Appreciation

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read 'R. Allison', written in a cursive style.

Robert W. Allison  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 483

Toms River, New Jersey  
September 27, 2020