

Report of Audit

on the

*Financial Statements
and Supplementary Schedules*

of the

Township of Freehold

in the

*County of Monmouth
New Jersey*

for the

*Year Ended
December 31, 2020*

TOWNSHIP OF FREEHOLD

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TOWNSHIP OF FREEHOLD

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TOWNSHIP OF FREEHOLD

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TOWNSHIP OF FREEHOLD

PART I

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

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2020 AND 2019



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Freehold
County of Monmouth
Freehold, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Freehold, as of December 31, 2020 and 2019, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

SUPLEE, CLOONEY & COMPANY

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township of Freehold as of December 31, 2020 and 2019, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2020.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets of the various individual funds and account groups as of December 31, 2020 and 2019, the regulatory basis statements of operations and changes in fund balance for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2020 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2021 on our consideration of the Township of Freehold's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Freehold's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

September 2, 2021

CURRENT FUND

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

<u>Assets</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Regular Funds</u>			
Cash and Cash Equivalents - Treasurer	A-4	\$ 39,090,936.49	\$ 24,706,601.17
Investments	A-4	4,346,210.39	16,602,747.27
Change Funds		1,325.00	1,325.00
Due from State of New Jersey: (Chapter 20, P.L. 1971)		3,371.64	1,306.17
		<u>43,441,843.52</u>	<u>41,311,979.61</u>
Receivables with Full Reserves:			
Police Special Duty Receivable		90,419.98	87,247.54
Delinquent Property Taxes Receivable	A-5	981,182.00	1,358,493.44
Tax Title Liens Receivable	A-6	396,104.30	392,940.81
Property Acquired for Taxes at Assessed Value		584,150.00	584,150.00
Miscellaneous Receivables		30,057.10	61,912.79
Revenue Accounts Receivable	A-7	63,931.44	90,235.71
Interfunds:			
Animal Control Trust Fund	A-12	18,111.69	7,432.73
Other Trust Fund	A-12	202,300.22	349,412.81
Payroll Fund	A-12	82,163.23	
		<u>2,448,419.96</u>	<u>2,931,825.83</u>
		<u>45,890,263.48</u>	<u>44,243,805.44</u>
<u>Grant Fund</u>			
Interfund - Current Fund	A-13	430,484.29	526,186.46
Grants Receivable	A-14	69,533.80	59,719.25
		<u>500,018.09</u>	<u>585,905.71</u>
		<u>\$ 46,390,281.57</u>	<u>\$ 44,829,711.15</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Regular Funds</u>			
Liabilities:			
Appropriation Reserves	A-3,8	\$ 3,722,823.30	\$ 2,569,827.78
Reserve for Encumbrances	A-3,8	1,096,513.80	1,352,478.03
Due to State of New Jersey for Fees Collected		24,183.00	14,792.00
Tax Overpayments		209,297.05	208,470.54
Accounts Payable		500,000.00	425,000.00
Prepaid Health Benefits	A-3,4	4,797.32	14,072.09
Prepaid Fees and Permits	A-4,7	27,371.00	24,365.00
Prepaid Taxes		943,740.89	963,239.03
Due County for Added and Omitted Taxes	A-9	115,061.08	89,986.07
Local District School Tax Payable	A-10	10,785,719.02	10,045,869.54
Regional High School Tax Payable	A-11	14,103,966.40	13,329,619.40
Reserve for:			
Taxes Collected on Appeal		106,303.54	6,303.54
Historical Preservation		779.94	779.94
Interfunds:			
General Capital Fund	A-12		1,490.14
Grant Fund	A-13	430,484.29	526,186.46
		<u>32,071,040.63</u>	<u>29,572,479.56</u>
Reserve for Receivables and Other Assets		2,448,419.96	2,931,825.83
Fund Balance	A-1	11,370,802.89	11,739,500.05
		<u>45,890,263.48</u>	<u>44,243,805.44</u>
<u>Grant Fund</u>			
Reserve for Encumbrances	A-15	40,907.45	53,809.66
Appropriated Reserves	A-15	459,110.64	439,854.22
Unappropriated Reserves	A-16		92,241.83
		<u>500,018.09</u>	<u>585,905.71</u>
		<u>\$ 46,390,281.57</u>	<u>\$ 44,829,711.15</u>

There were deferred local school taxes on December 31, 2020 and 2019 of \$25,566,589 (Schedule A-10).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

Sheet 1 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31 2020 AND 2019

	<u>Ref.</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 7,539,498.00	\$ 6,928,357.00
Miscellaneous Revenue Anticipated	A-2	13,118,979.61	13,805,820.16
Receipts from Delinquent Taxes	A-2	1,375,185.57	1,112,816.96
Receipts from Current Taxes	A-2	145,474,805.71	142,874,987.01
Non-Budget Revenues	A-2	1,138,718.68	1,558,312.72
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-8	1,968,196.81	2,062,170.26
Statutory Excess in Animal Control Trust	A-12	18,111.69	7,432.73
Interfunds Liquidated		54,270.40	118,974.88
Cancel Appropriated Grant Reserve	A-13	50,734.73	10,473.81
Cancel Due to State			20,555.30
Reserve for Receivables:			
Police Special Duty Receivable			24,150.37
Accounts Payable Cancelled			350,905.34
Total Income		<u>170,738,501.20</u>	<u>168,874,956.54</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages		16,493,988.00	16,268,321.00
Other Expenses		13,775,426.00	13,555,662.72
Capital Improvements		400,000.00	400,000.00
Deferred Charges and Statutory Expenditures		4,200,715.00	3,937,405.16
Municipal Debt Service		4,488,151.96	3,963,466.61
Transferred to Board of Education		952,559.00	950,975.00
Budget Totals	A-3	<u>40,310,839.96</u>	<u>39,075,830.49</u>
Refund of Prior Year Revenue			500.00
Municipal Open Space Tax	A-4,5	2,015,229.57	1,977,735.27
Special District Taxes - Fire	A-4,5	2,505,241.00	2,530,322.00
County Taxes	A-9	18,908,041.39	18,825,330.67
Due County for Added and Omitted Taxes	A-9	115,061.08	89,986.07
Local District School Taxes	A-10	72,180,719.00	70,760,205.00
Regional School District Taxes	A-11	27,390,153.00	27,497,087.00
Cancel Grant Receivable	A-13	45,951.20	8,637.10
Tax Appeals Granted		88,791.72	74,382.90

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-1

STATEMENTS OF OPERATIONS AND

Sheet 2 of 2

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31 2020 AND 2019

	<u>Ref.</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Expenditures (Continued)</u>			
Reserve for Receivables:			
Police Special Duty Receivable		\$ 3,172.44	\$
Prior Year Deductions Disallowed		4,500.00	4,000.00
Total Expenditures		<u>163,567,700.36</u>	<u>160,844,016.50</u>
Excess in Revenue		7,170,800.84	\$ 8,030,940.04
Fund Balance January 1	A	<u>11,739,500.05</u>	<u>10,636,917.01</u>
		18,910,300.89	18,667,857.05
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>7,539,498.00</u>	<u>6,928,357.00</u>
Fund Balance December 31	A	<u>\$ 11,370,802.89</u>	<u>\$ 11,739,500.05</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-2
Sheet 1 of 4

	Ref.	Budget	Anticipated	Realized	Excess or (Deficit)
	A-1	\$	Special N.J.S. 40A:4-87	\$	\$
Fund Balance Anticipated		\$ 7,539,498.00		\$ 7,539,498.00	
<u>Miscellaneous Revenues</u>					
Licenses:					
Alcoholic Beverages	A-7	40,000.00		45,188.00	5,188.00
Other	A-7	20,000.00		44,358.00	24,358.00
Fees and Permits:					
Construction Code Official	A-7	800,000.00		1,212,651.00	412,651.00
Other	A-7	210,000.00		344,629.70	134,629.70
Fines and Costs:					
Municipal Court	A-7	450,000.00		633,205.44	183,205.44
Interest and Costs on Taxes	A-4	130,000.00		381,775.04	251,775.04
Interest on Investments and Deposits	A-7	200,000.00		562,956.83	362,956.83
Cable Television Franchise Fees	A-7	321,504.00		321,504.00	
Verizon Franchise Fees	A-7	224,765.00		224,765.64	.64
State Aid:					
Energy Receipts Tax	A-7	7,418,109.00		7,418,109.01	.01
Garden State Trust Pilot	A-7	28,084.00		18,206.00	(9,878.00)
Special Items:					
State Grants:					
Alliance to Prevent Alcoholism and Drug Abuse	A-13	37,490.00		37,490.00	
Body Armor Fund	A-13	6,039.68		6,039.68	
Certified Local Government Grant	A-13	9,000.00		9,000.00	
Clean Communities Program	A-13		75,671.08	75,671.08	
Drunk Driving Enforcement Fund	A-13	7,967.40		7,967.40	
Recycling Tonnage Grant	A-13	84,274.43		84,274.43	
Safe and Secure Communities Program	A-13	60,000.00		60,000.00	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 2 of 4

FOR THE YEAR ENDED DECEMBER 31, 2020

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
Special Items (Continued):					
Federal Grants:					
Bulletproof Vests	A-13	\$ 2,582.26	\$	2,582.26	\$
Childhood Lead Exposure	A-13		29,257.00	29,257.00	
Distracted Driving	A-13	5,500.00		5,500.00	
Other Grants:					
NJ Health Officers Association Grant	A-13	5,763.15	41,711.00	47,474.15	15,189.22
Uniform Fire Safety Act	A-7	90,000.00		105,189.22	
Other Special Items:					
Shared Services Agreements:					
Automotive Services	A-7	50,000.00		56,478.76	6,478.76
Board of Health	A-7	300,060.00		313,641.00	13,581.00
Board of Health - VNA Health Group	A-7	2,960.00	7,700.00	6,611.00	(4,049.00)
Board of Health - Lead Inspector	A-7	6,250.00		6,011.60	(238.40)
Diesel Fuel	A-7	200,000.00		104,435.61	(95,564.39)
Information Technology	A-7	164,000.00		200,691.25	36,691.25
Monmouth Regional HICMC	A-7	9,624.00		5,048.00	(4,576.00)
Municipal Court	A-7	18,000.00		10,089.00	(7,911.00)
Licensed Operational Services	A-7	79,000.00		153,362.44	74,362.44
Police - School Security Detail	A-7	109,000.00		84,269.84	(24,730.16)
Western Monmouth Active Shooter	A-7	6,584.00		6,584.00	
Other Special Items (Continued):					
Fund Balance - General Capital Fund	A-7	204,233.00		204,233.00	
Hotel/Motel Tax	A-7	50,000.00		83,374.35	33,374.35
Payments in Lieu of Taxes	A-7	75,000.00		102,150.88	27,150.88
Reserve for Detention Basin	A-7	100,000.00		100,000.00	
Reserve for Municipal Alliance	A-7	9,373.00		4,205.00	(5,168.00)
Total Miscellaneous Revenues	A-1	11,535,162.92	154,339.08	13,118,979.61	1,429,477.61

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-2
Sheet 3 of 4

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Ref.</u>	<u>Budget</u>	<u>Special N.J.S. 40A:4-87</u>		
Receipts from Delinquent Taxes	\$ 1,025,000.00	\$	\$ 1,375,185.57	\$ 350,185.57
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	22,557,619.00		24,422,360.67	1,864,741.67
Budget Totals	42,657,279.92	154,339.08	46,456,023.85	3,644,404.85
Non-Budget Revenues	\$ 42,657,279.92	\$ 154,339.08	\$ 47,594,742.53	\$ 4,783,123.53
	A-3	A-3		

Analysis of Realized Revenues

Allocation of Current Tax Collection

Revenue from Collections	\$ 145,474,805.71
Allocated to School, County and Special District Taxes	123,114,445.04
Balance for Support of Municipal Budget Appropriations	22,360,360.67
Add: Appropriation, "Reserve for Uncollected Taxes"	2,062,000.00

Amount for Support of Municipal Appropriations

Delinquent Taxes

Taxes Receivable	\$ 1,357,330.58
Tax Title Liens	17,854.99
	\$ 1,375,185.57

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-2

STATEMENT OF REVENUES - REGULATORY BASIS

Sheet 4 of 4

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
<u>Analysis of Non-Budget Revenue</u>		
Abandoned Property		\$ 8,326.44
Administrative Fees Senior Citizens and Veterans		3,821.12
Cell Phone Tower Lease		48,652.98
Division of Motor Vehicles Inspection Fees		2,050.00
Freemall Lease		2,000.00
Meeting Room Rental		100.00
Finance Department		10,633.35
Fire Bureau Fees		102,566.00
Housing Fees		276,436.11
Impound Yard Fees		20,734.10
Joint Insurance Fund Dividend		16,404.00
Landlord Tenant Fees		154,370.00
Planning Board Fees		171,613.48
Police Department Fees		37,070.06
Police Special Duty		82,438.23
Recycling Fees		45,453.10
Retirees Drug Subsidy Reimbursement		101,557.90
Sale of Municipal Assets		49,746.91
Sign Making/Repair Services		1,802.10
Tax Collector Fees		2,533.00
Tax Map Revision		180.00
Vending Machines Fees		<u>229.80</u>
	A-2,4	<u>\$ 1,138,718.68</u>
<u>Source of Miscellaneous Revenue not Anticipated</u>		
Receipts	A-4	\$ 1,054,640.45
Prepaid Revenue	A	1,640.00
Police Special Duty Township Share		<u>82,438.23</u>
	A-2	<u>\$ 1,138,718.68</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-3

Sheet 1 of 9

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
<u>OPERATIONS WITHIN CAPS</u>						
<u>General Government</u>						
Administrative and Executive						
Salaries and Wages	\$ 246,000.00	\$ 245,000.00	\$ 229,561.38	\$ 15,438.62	\$	
Other Expenses	11,500.00	11,500.00	2,470.50	9,029.50		
Public Information Office						
Salaries and Wages	40,000.00	40,000.00	16,164.69	23,835.31		
Other Expenses	7,000.00	7,000.00	878.09	6,121.91		
Purchasing Department						
Salaries and Wages	68,000.00	68,000.00	55,377.81	12,622.19		
Other Expenses	39,000.00	39,000.00	29,690.95	9,309.05		
Human Resources						
Salaries and Wages	71,000.00	71,000.00	63,149.36	7,850.64		
Other Expenses	31,800.00	31,800.00	9,296.12	22,503.88		
Mayor and Township Committee						
Salaries and Wages	51,000.00	51,000.00	49,798.40	1,201.60		
Other Expenses	30,000.00	30,000.00	22,921.12	7,078.88		
Municipal Clerk						
Salaries and Wages	187,000.00	188,000.00	187,852.19	147.81		
Other Expenses	100,600.00	100,600.00	82,043.91	18,556.09		
Elections						
Salaries and Wages	1,000.00	1,000.00		1,000.00		
Other Expenses	15,200.00	15,200.00	9,932.00	5,268.00		
Financial Administration						
Salaries and Wages	151,000.00	151,000.00	150,854.54	145.46		
Other Expenses	41,400.00	41,400.00	36,693.83	4,706.17		
Audit						
Information Technology						
Salaries and Wages	128,000.00	130,500.00	130,218.31	281.69		
Other Expenses	183,000.00	179,000.00	98,392.98	80,607.02		

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 2 of 9

FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Revenue Administration (Collection of Taxes)						
Salaries and Wages	\$ 92,000.00	\$	92,000.00	\$ 91,795.01	\$ 204.99	\$
Other Expenses	25,500.00		25,500.00	19,971.69	5,528.31	
Assessment of Taxes						
Salaries and Wages	166,000.00		166,000.00	161,249.90	4,750.10	
Other Expenses	228,725.00		294,725.00	263,833.35	30,891.65	
Cost of Tax Appeals	100,000.00		100,000.00	100,000.00		
Legal Services and Costs						
Other Expenses	350,000.00		314,000.00	245,229.47	68,770.53	
Affordable Housing Services and Costs						
Other Expenses	150,000.00		120,000.00	74,115.16	45,884.84	
Engineering Services and Costs						
Salaries and Wages	353,000.00		358,100.00	319,124.26	38,975.74	
Other Expenses	24,700.00		19,600.00	7,816.61	11,783.39	
Historical Preservation						
Other Expenses	6,200.00		6,200.00	2,747.95	3,452.05	
Municipal Land Use Law Planning Board						
Salaries and Wages	144,000.00		144,000.00	143,925.48	74.52	
Other Expenses	67,600.00		67,600.00	27,996.79	39,603.21	
Insurance						
Other Insurance	302,000.00		302,200.00	302,003.27	196.73	
Workmen's Compensation	363,600.00		363,400.00	358,654.44	4,745.56	
Group Insurance for Employees	6,557,280.00		6,557,280.00	5,939,926.50	617,353.50	
Health Benefit Waiver	180,000.00		180,000.00	138,687.50	41,312.50	
Code Enforcement - Other						
Salaries and Wages	191,000.00		191,000.00	179,029.63	11,970.37	
Other Expenses	14,550.00		14,550.00	10,750.50	3,799.50	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-3
Sheet 3 of 9

	<u>Appropriated</u>			<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>		<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<u>Public Safety</u>						
Police						
Salaries and Wages	\$ 9,367,000.00	\$ 9,367,000.00	\$	\$ 8,151,633.00	\$ 965,367.00	\$ 250,000.00
Salaries and Wages - School Security Detail	108,000.00	108,000.00		46,770.00	61,230.00	
Other Expenses	652,700.00	652,700.00		508,713.52	143,986.48	
Office of Emergency Management						
Salaries and Wages	11,000.00	11,000.00		9,395.19	1,604.81	
Other Expenses	500.00	500.00			500.00	
First Aid Organization - Contribution	35,000.00	35,000.00				
Bureau of Fire Protection						
Salaries and Wages	45,000.00	45,000.00		29,898.20	15,101.80	
Other Expenses	5,500.00	5,500.00		630.80	4,869.20	
Uniform Fire Safety Act						
Salaries and Wages	112,000.00	112,000.00		98,950.00	13,050.00	
Other Expenses	20,500.00	20,500.00		14,533.99	5,966.01	
Municipal Prosecutor						
Other Expenses	72,400.00	72,400.00		72,167.04	232.96	
<u>Public Works</u>						
Road Repairs and Maintenance						
Salaries and Wages	1,124,000.00	1,124,000.00		1,041,192.58	82,807.42	
Other Expenses	259,600.00	259,600.00		154,637.98	104,962.02	
Snow Removal						
Salaries and Wages	238,000.00	238,000.00		128,191.43	109,808.57	
Other Expenses	225,000.00	225,000.00		203,291.54	21,708.46	
Shade Tree Commission						
Salaries and Wages	87,000.00	87,000.00		86,969.56	30.44	
Other Expenses	18,000.00	18,000.00		4,000.69	13,999.31	
Recycling						
Salaries and Wages	139,000.00	139,000.00		61,643.83	77,356.17	
Other Expenses	700,000.00	700,000.00		648,398.33	51,601.67	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 4 of 9

FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriated		Budget After Modification	Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget				Reserved	Cancelled	
Public Works (Continued)							
Public Buildings and Grounds							
Salaries and Wages	\$ 406,000.00	\$	406,000.00	\$ 382,465.87	\$	23,534.13	\$
Other Expenses	152,000.00		152,000.00	139,974.74		12,025.26	
Equipment Maintenance and Repair							
Salaries and Wages	362,000.00		362,000.00	350,669.32		11,330.68	
Other Expenses	385,650.00		385,650.00	359,703.91		25,946.09	
Condominium Services Act							
Other Expenses	120,000.00		120,000.00	110,791.40		9,208.60	
Health and Welfare							
Board of Health							
Salaries and Wages	313,594.00		322,194.00	314,929.12		7,264.88	
Other Expenses	84,700.00		75,800.00	30,616.00		45,184.00	
Animal Control							
Other Expenses	80,190.00		80,190.00	80,190.00			
Environmental Commission							
Other Expenses	400.00		400.00			400.00	
Recreation and Education							
Board of Recreation Commissioners							
Salaries and Wages	461,000.00		461,000.00	410,022.86		50,977.14	
Other Expenses	128,200.00		128,200.00	127,441.80		758.20	
Senior Center							
Salaries and Wages	156,000.00		156,000.00	121,425.85		34,574.15	
Other Expenses	27,000.00		27,000.00	2,406.61		24,593.39	
Municipal Court							
Municipal Court							
Salaries and Wages	398,000.00		398,000.00	359,308.31		38,691.69	
Other Expenses	20,000.00		20,000.00	10,346.18		9,653.82	
Public Defender							
Other Expenses	30,000.00		30,000.00	30,000.00			

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 5 of 9

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>Uniform Construction Code</u>					
State Uniform Construction Code Official					
Salaries and Wages	\$ 601,000.00	\$ 601,000.00	\$ 591,145.07	\$ 9,854.93	\$
Other Expenses	27,600.00	27,600.00	19,397.58	8,202.42	
<u>Unclassified</u>					
Utilities:					
Electricity	249,000.00	249,000.00	183,897.79	65,102.21	
Street Lighting	297,000.00	297,000.00	223,517.72	73,482.28	
Telephone	100,000.00	100,000.00	95,557.95	4,442.05	
Water and Sewer	77,000.00	77,000.00	45,541.27	31,458.73	
Natural Gas	105,000.00	105,000.00	90,324.27	14,675.73	
Gasoline	310,000.00	310,000.00	150,320.81	114,679.19	45,000.00
Sick Leave Trust Account	35,000.00	35,000.00	35,000.00		
Total Operations within Caps	28,906,509.00	28,904,709.00	25,123,130.80	3,451,578.20	330,000.00
Contingent	1.00	1.00		1.00	
Total Operations (Including Contingent) within Caps	28,906,510.00	28,904,710.00	25,123,130.80	3,451,579.20	330,000.00
Detail:					
Salaries and Wages	15,997,594.00	16,013,794.00	14,101,398.65	1,662,395.35	250,000.00
Other Expenses	12,908,916.00	12,890,916.00	11,021,732.15	1,789,183.85	80,000.00
<u>STATUTORY EXPENDITURES WITHIN CAPS</u>					
Contribution to:					
Public Employees Retirement System	785,506.00	785,506.00	781,717.87	3,788.13	
Social Security System (O.A.S.I.)	1,137,400.00	1,136,400.00	1,063,338.41	73,061.59	
Police and Firemen's Retirement System of NJ	2,135,009.00	2,135,009.00	2,135,009.00		
Unemployment Compensation Insurance	101,000.00	101,000.00	51,000.00	50,000.00	
Defined Contribution Retirement Program	6,800.00	7,800.00	7,758.85	41.15	
Total Statutory Expenditures within Caps	4,165,715.00	4,165,715.00	4,038,824.13	126,890.87	
Total Appropriations within Caps	33,072,225.00	33,070,425.00	29,161,954.93	3,578,470.07	330,000.00

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 6 of 9

FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
<u>OPERATIONS EXCLUDED FROM CAPS</u>						
SFSP Fire District Payment	\$ 9,252.00	\$	9,252.00	\$		\$
Length of Service Awards Program (LOSAP)	25,000.00		25,000.00		25,000.00	
Local Matching Fund for Grants	500.00		500.00		500.00	
<u>Shared Service Agreements</u>						
Board of Health						
Salaries and Wages	266,000.00		266,000.00	261,076.57	4,923.43	
Other Expenses	34,060.00		34,060.00	16,893.81	17,166.19	
Board of Health - VNA Health Group						
Salaries and Wages	2,860.00		10,560.00	5,693.65	4,866.35	
Other Expenses	100.00		400.00	376.03	23.97	
Board of Health - Monmouth Regional HICMC						
Salaries and Wages	5,871.00		5,871.00	249.42	2,830.58	2,791.00
Other Expenses	3,753.00		3,753.00	87.30	1,880.70	1,785.00
Board of Health - Lead Inspector						
Salaries and Wages	3,250.00		3,250.00	1,386.19	1,863.81	
Other Expenses	3,000.00		3,000.00	1,827.11	1,172.89	
Information Technology						
Salaries and Wages	164,000.00		165,500.00	165,481.97	18.03	
Licensed Operational Services						
Salaries and Wages	79,000.00		79,000.00	71,655.23	7,344.77	
Dispatch Services						
County of Monmouth						
Other Expenses	384,117.00		384,117.00	384,117.00		
Road Repair and Maintenance						
Fuel Oil						
Other Expenses	200,000.00		200,000.00	87,854.51	22,145.49	90,000.00
Equipment Maintenance						
Other Expenses	50,000.00		50,000.00	46,194.08	3,805.92	

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-3

Sheet 7 of 9

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<u>Shared Service Agreements (Continued)</u>					
Police - School Security Detail					
Salaries and Wages	\$ 109,000.00	\$ 109,000.00	\$ 46,770.00	\$ 48,034.00	\$ 14,196.00
Western Monmouth Active Shooter					
Other Expenses	6,584.00	6,584.00	5,266.58	1,317.42	
Construction Code - Borough of Freehold					
Other Expenses	60,000.00	60,000.00	59,176.00	824.00	
Municipal Court - Township of Marlboro					
Salaries and Wages	18,000.00	18,000.00	17,364.32	635.68	
<u>Public and Private Programs Offset by Revenues</u>					
State Grants:					
Alliance to Prevent Alcoholism and Drug Abuse:					
State Share	37,490.00	37,490.00	37,490.00		
Local Share	9,373.00	9,373.00	9,373.00		
Body Armor Fund	6,039.68	6,039.68	6,039.68		
Certified Local Government Grant	9,000.00	9,000.00	9,000.00		
Clean Communities Program		75,671.08	75,671.08		
Drunk Driving Enforcement Fund	7,967.40	7,967.40	7,967.40		
Recycling Tonnage Grant	84,274.43	84,274.43	84,274.43		
Safe and Secure Communities Program:					
State Share	60,000.00	60,000.00	60,000.00		
Local Share	30,000.00	30,000.00	30,000.00		
Federal Grants:					
Bulletproof Vests	2,582.26	2,582.26	2,582.26		
Childhood Lead Exposure Prevention		29,257.00	29,257.00		
Distracted Driving	5,500.00	5,500.00	5,500.00		
Other Grants:					
NJ Health Officers Association Grant	5,763.15	47,474.15	47,474.15		
Total Operations excluded from Caps	<u>1,682,336.92</u>	<u>1,838,476.00</u>	<u>1,585,350.77</u>	<u>144,353.23</u>	<u>108,772.00</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 8 of 9

FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled
	Budget			Paid or Charged	Reserved	
Detail:						
Salaries and Wages	\$ 745,681.00	\$	747,181.00	\$ 659,677.35	\$ 87,503.65	\$ 16,987.00
Other Expenses	936,655.92		1,091,295.00	925,673.42	56,849.58	91,785.00
CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS						
Capital Improvement Fund	400,000.00		400,000.00	400,000.00		
MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS						
Payment of Bond Principal	2,520,000.00		2,520,000.00	2,520,000.00		
Payment of Bond Anticipation and Capital Notes	102,600.00		102,600.00	102,600.00		
Interest on Bonds	613,512.00		613,512.00	613,511.61		.39
Interest on Notes	90,748.00		90,748.00	90,748.00		
M.C.I.A. Bond Principal	325,600.00		325,600.00	325,600.00		
M.C.I.A. Bond Interest	70,300.00		70,300.00	70,293.89		6.11
M.C.I.A. Lease Principal	639,030.00		639,030.00	639,029.46		.54
M.C.I.A. Lease Interest	126,369.00		126,369.00	126,369.00		
Total Municipal Debt Service excluded from Caps	4,488,159.00		4,488,159.00	4,488,151.96		7.04
TRANSFERRED TO BOARD OF EDUCATION						
Board of Education	952,559.00		952,559.00	952,559.00		
Total General Appropriations excluded from Caps	7,523,054.92		7,679,194.00	7,426,061.73	144,353.23	108,779.04
Subtotal General Appropriations Reserve for Uncollected Taxes	40,595,279.92		40,749,619.00	36,588,016.66	3,722,823.30	438,779.04
	2,062,000.00		2,062,000.00	2,062,000.00		
Total General Appropriations	\$ 42,657,279.92	\$	42,811,619.00	\$ 38,650,016.66	\$ 3,722,823.30	\$ 438,779.04
Ref.	A-3		A-3	A-3		A

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-3

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Sheet 9 of 9

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>Appropriated Budget After Modification</u>
Budget	A-2	\$ 42,657,279.92
Added by N.J.S. 40A:4-87	A-2	154,339.08
	A-3	\$ 42,811,619.00
		<u>Expended Paid or Charged</u>
Disbursements	A-4	\$ 35,083,109.18
Reserve for:		
Encumbrances	A	1,096,513.80
Tax Appeals		100,000.00
Uncollected Taxes	A-2	2,062,000.00
Prepaid Health Premiums		(14,072.09)
Interfunds:		
Payroll Fund	A-12	(82,163.23)
Grant Fund	A-13	404,629.00
	A-3	\$ 38,650,016.66

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

TRUST FUND

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
<u>Animal Control Trust Fund</u>			
Cash	B-1	\$ 80,115.88	\$ 74,044.66
<u>Other Trust Fund</u>			
Cash	B-1	14,682,304.42	13,988,945.88
Due from State of New Jersey	B-1	20,156.23	
Grant Receivable	B-1,5	686.75	
Promissory Note Receivable		400,000.00	400,000.00
		<u>15,103,147.40</u>	<u>14,388,945.88</u>
		\$ <u>15,183,263.28</u>	\$ <u>14,462,990.54</u>
<u>Liabilities and Reserves</u>			
<u>Animal Control Trust Fund</u>			
Prepaid Licenses	B-1,3	\$ 13,171.20	\$ 13,259.40
Due State of New Jersey	B-2		2.40
Reserve for Animal Control Trust Fund	B-3	48,832.99	53,350.13
Interfund - Current Fund	B-4	18,111.69	7,432.73
		<u>80,115.88</u>	<u>74,044.66</u>
<u>Other Trust Fund</u>			
Miscellaneous Reserves	B-5	14,500,847.18	13,639,533.07
Reserve for Promissory Note Receivable		400,000.00	400,000.00
Interfund - Current Fund	B-6	202,300.22	349,412.81
		<u>15,103,147.40</u>	<u>14,388,945.88</u>
		\$ <u>15,183,263.28</u>	\$ <u>14,462,990.54</u>

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

GENERAL CAPITAL FUND

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C

STATEMENTS OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

<u>Assets</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	C-2	\$ 9,345,949.47	\$ 9,784,468.06
Grants Receivable	C-3	455,800.00	402,000.00
Interfund - Current Fund	C-2		1,490.14
Loan Receivable		334,904.81	331,914.81
Deferred Charges to Future Taxation:			
Funded	C-4	25,369,794.22	28,827,594.42
Unfunded	C-5	34,466,602.00	38,172,155.70
Capital Lease	C-12	2,132,480.00	2,771,510.00
Installment Note		2,200,000.00	
		<u>\$ 74,305,530.50</u>	<u>\$ 80,291,133.13</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-6	\$ 24,940,000.00	\$ 28,325,000.00
Green Trust Loan	C-7	429,794.22	502,594.42
Bond Anticipation Notes	C-8	11,000,000.00	5,200,000.00
Installment Note Payable		2,200,000.00	
Improvement Authorizations:			
Funded	C-9	1,296,380.75	3,295,429.62
Unfunded	C-9	27,554,024.49	37,904,570.32
Reserve for Encumbrances	C-9	1,959,807.70	
Capital Improvement Fund	C-10	514,733.41	354,633.41
Down Payments on Improvements	C-11	95,737.00	95,737.00
M.C.I.A. Lease Payable	C-12	2,132,480.00	2,771,510.00
Reserve for:			
Debt Service	C-3	237,937.81	87,937.81
Historical Preservation	C-3	9,203.20	9,203.20
Improvements	C-3	21,376.00	21,376.00
Reserve for Receivables:			
Loans Receivable	C	334,904.81	331,914.81
Grants Receivable		50,000.00	
Fund Balance	C-1	<u>1,529,151.11</u>	<u>1,391,226.54</u>
		<u>\$ 74,305,530.50</u>	<u>\$ 80,291,133.13</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$23,466,602.00 and \$32,972,155.70, respectively (Exhibit C-13).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF CHANGE IN FUND BALANCE

REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>		
Balance December 31, 2019	C		\$ 1,391,226.54
Increased by:			
Receipts:			
Premium on Sale of Notes	C-2	\$ 65,228.00	
Improvement Authorizations Cancelled	C-9	<u>276,929.57</u>	
			<u>342,157.57</u>
			1,733,384.11
Decreased by:			
Capital Fund Balance to Current Fund	C-2		<u>204,233.00</u>
Balance December 31, 2020	C		<u><u>\$ 1,529,151.11</u></u>

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

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WATER - SEWER UTILITY FUND

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 1 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Assets</u>			
Operating Fund:			
Cash and Cash Equivalents	D-6	\$ 8,997,428.59	\$ 1,954,586.77
Investments	D-6	998,587.62	7,854,509.75
Cash - Change Fund		100.00	100.00
		<u>9,996,116.21</u>	<u>9,809,196.52</u>
Receivables with Full Reserves:			
Water Charges Receivable	D-9	227,426.44	243,658.70
Sewer Charges Receivable	D-10	349,822.02	382,147.68
		<u>577,248.46</u>	<u>625,806.38</u>
Total Operating Fund		<u>10,573,364.67</u>	<u>10,435,002.90</u>
Assessment Trust Fund:			
Cash and Cash Equivalents	D-6		383,642.18
Capital Fund:			
Cash and Cash Equivalents	D-6	5,905,600.39	5,429,815.28
Connection Fees Receivable	D-11	18,576.00	18,576.00
Fixed Capital	D-12	54,815,521.54	51,460,050.21
Fixed Capital Authorized and Uncompleted	D-13	20,839,289.75	22,768,834.91
Total Capital Fund		<u>81,578,987.68</u>	<u>79,677,276.40</u>
		<u>\$ 92,152,352.35</u>	<u>\$ 90,495,921.48</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

Exhibit D

STATEMENTS OF ASSETS, LIABILITIES,

Sheet 2 of 2

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>Liabilities, Reserves and Fund Balance (Continued)</u>			
Operating Fund:			
Appropriation Reserves	D-5,14	\$ 1,067,695.67	\$ 1,087,832.34
Reserve for Encumbrances	D-5,14	334,965.70	385,932.07
Accounts Payable		5,710.50	2,855.25
Prepaid Water-Sewer Rents	D-6,9,10	29,055.56	25,123.77
Accrued Interest on Bonds and Notes	D-15	49,252.53	61,665.65
		<u>1,486,679.96</u>	<u>1,563,409.08</u>
Reserve for Receivables		577,248.46	625,806.38
Operating Fund Balance	D-3	8,509,436.25	8,245,787.44
Total Operating Fund		<u>10,573,364.67</u>	<u>10,435,002.90</u>
Assessment Trust Fund:			
Fund Balance	D-2		<u>383,642.18</u>
Capital Fund:			
Improvement Authorizations:			
Funded	D-16	1,185,217.74	1,681,693.40
Unfunded	D-16	8,633,070.42	8,532,259.02
Reserve for Encumbrances	D-16	829,303.53	
Capital Improvement Fund	D-17	429,752.57	429,752.57
Reserve for Amortization	D-18	53,298,943.70	52,112,560.21
Deferred Reserve for Amortization	D-19	5,136,907.84	4,990,038.52
Serial Bonds	D-20	6,955,000.00	8,274,000.00
Bond Anticipation Notes	D-21	3,500,000.00	2,000,000.00
M.C.I.A. Lease Payable	D-22	292,520.00	337,490.00
Reserve for Infrastructure Contribution		83,964.29	81,274.29
Reserve for Accounts Receivable		18,576.00	18,576.00
Fund Balance	D-1	1,215,731.59	1,219,632.39
Total Capital Fund		<u>81,578,987.68</u>	<u>79,677,276.40</u>
		<u>\$ 92,152,352.35</u>	<u>\$ 90,495,921.48</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$6,471,439.75 and \$6,514,796.39, respectively (Exhibit D-23).

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-1

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>		
Balance December 31, 2019	<u>D</u>		\$ 1,219,632.39
Increased by:			
Premium on Sale of Notes	D-6	\$ 20,757.00	
Funded Improvement Authorizations Cancelled	D-19	<u>27,685.20</u>	
			48,442.20
			<u>1,268,074.59</u>
Decreased by:			
Anticipated as Revenue in Utility Operating	D-6		<u>52,343.00</u>
Balance December 31, 2020	D		<u><u>\$ 1,215,731.59</u></u>

WATER-SEWER UTILITY ASSESSMENT FUND

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit D-2

	<u>Ref.</u>		
Balance December 31, 2019	<u>D</u>		\$ 383,642.18
Decreased by:			
Anticipated as Revenue in Utility Operating	D-6		<u>\$ 383,642.18</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-3

STATEMENTS OF OPERATIONS AND

CHANGE IN FUND BALANCE - REGULATORY BASIS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Ref.</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	D-4	\$ 2,804,682.00	\$ 4,021,949.00
Rents:			
Water Charges	D-4	4,162,759.48	4,038,704.84
Sewer Charges	D-4	7,493,825.35	7,477,944.60
Miscellaneous:			
Water Connection Fees	D-4	221,646.40	103,359.29
Sewer Connection Fees	D-4	168,755.77	62,190.62
Interest on Deposits	D-4	175,240.81	189,764.35
Fire Hydrant Service	D-4	210,883.33	208,989.30
Miscellaneous Revenue Anticipated	D-4	103,768.98	98,822.22
Fund Balance:			
Utility Assessment Fund	D-4	383,642.18	
Utility Capital Fund	D-4	52,343.00	54,012.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-15	1,102,329.64	606,406.17
Total Income		<u>16,879,876.94</u>	<u>16,862,142.39</u>
<u>Budget and Other Expenditures</u>			
Budget:			
Operating		11,621,990.00	12,313,740.00
Capital Improvements		225,000.00	410,000.00
Debt Service		1,620,244.88	1,595,319.99
Statutory Expenditures		341,456.00	331,901.00
	D-5	<u>13,808,690.88</u>	<u>14,650,960.99</u>
Adjustment to Prior Years Accounts Payable		2,855.25	
		<u>13,811,546.13</u>	<u>14,650,960.99</u>
Excess in Revenues		3,068,330.81	2,211,181.40
Fund Balance January 1	D	<u>8,245,787.44</u>	<u>10,056,555.04</u>
		11,314,118.25	12,267,736.44
Decreased by:			
Utilization by:			
Water-Sewer Operating Budget	D-3	<u>2,804,682.00</u>	<u>4,021,949.00</u>
Fund Balance December 31	D	<u>\$ 8,509,436.25</u>	<u>\$ 8,245,787.44</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-4

STATEMENT OF REVENUES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	D-3	\$ 2,804,682.00	\$ 2,804,682.00	\$
Water Rents	D-3,9	3,605,000.00	4,162,759.48	557,759.48
Sewer Rents	D-3,10	6,695,000.00	7,493,825.35	798,825.35
Miscellaneous:				
Water Connection Fees	D-3,6	25,000.00	221,646.40	196,646.40
Sewer Connection Fees	D-3,6	25,000.00	168,755.77	143,755.77
Interest on Deposits	D-3,6	75,000.00	175,240.81	100,240.81
Fire Hydrant Service	D-3,9	120,000.00	210,883.33	90,883.33
Miscellaneous Other	D-3,4	30,000.00	103,768.98	73,768.98
Fund Balance:				
Utility Assessment Fund	D-3,6	383,500.00	383,642.18	142.18
Utility Capital Fund	D-3,6	52,343.00	52,343.00	
		<u>\$ 13,815,525.00</u>	<u>\$ 15,777,547.30</u>	<u>\$ 1,962,022.30</u>

Ref. D-5

Analysis of Miscellaneous Other

Interest on Delinquent Accounts	\$	49,877.03
Meter Installation		18,100.34
Reconnect and Disconnect Fees		2,724.68
NSF Check Fees		2,867.00
Miscellaneous Other		<u>30,199.93</u>
	D-4,6	<u>\$ 103,768.98</u>

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-5

STATEMENT OF EXPENDITURES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriated		Expended	Unexpended Balance Cancelled
	Budget	Budget After Modification		
Operating				
Salaries and Wages	\$ 1,734,000.00	\$ 1,734,000.00	\$ 1,569,606.32	\$
Other Expenses	9,887,990.00	9,887,990.00	9,052,059.59	835,930.41
Capital Improvements				
Capital Outlay	225,000.00	225,000.00	166,980.00	58,020.00
Debt Service				
Payment of Bond Principal	1,319,000.00	1,319,000.00	1,319,000.00	
Interest on Bonds	203,957.00	203,957.00	203,956.64	.36
Interest on Notes	42,027.00	42,027.00	35,193.66	6,833.34
M.C.I.A. - Principal	44,970.00	44,970.00	44,970.00	
M.C.I.A. - Interest	17,125.00	17,125.00	17,124.58	.42
Statutory Expenditures				
Contribution to:				
Public Employees' Retirement System	208,805.00	208,805.00	208,805.00	
Social Security System (O.A.S.I.)	132,651.00	132,651.00	123,299.42	9,351.58
	<u>\$ 13,815,525.00</u>	<u>\$ 13,815,525.00</u>	<u>\$ 12,740,995.21</u>	<u>\$ 6,834.12</u>
	D-4	D-3	D	D-3
Reserve for Encumbrances			\$ 334,965.70	
Disbursements			12,166,879.21	
Accrued Interest on Bonds and Notes			239,150.30	
			<u>\$ 12,740,995.21</u>	

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit F

STATEMENTS OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 104,669,400.00	\$ 104,146,700.00
Buildings and Improvements	12,053,800.00	12,053,800.00
Equipment	4,349,840.79	4,373,434.50
Motor Vehicles and Equipment	<u>11,163,293.47</u>	<u>10,358,293.49</u>
	<u>\$ 132,236,334.26</u>	<u>\$ 130,932,227.99</u>
<u>Liabilities</u>		
Investment in General Fixed Assets	<u>\$ 132,236,334.26</u>	<u>\$ 130,932,227.99</u>

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

PAYROLL FUND

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

PAYROLL FUND

Exhibit G

STATEMENTS OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ <u>200,646.19</u>	\$ <u>129,434.41</u>
<u>Liabilities</u>		
Due to Various Agencies	\$ 118,482.96	\$ 129,434.41
Interfund - Current Fund	<u>82,163.23</u>	<u> </u>
	<u>\$ 200,646.19</u>	<u>\$ 129,434.41</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Township of Freehold, County of Monmouth, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, first aid organization or fire districts which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statements No. 39, 61 and 90, established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units during 2020.

B. Descriptions of Funds

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differs from the fund structure required by generally accepted accounting principles ("GAAP"):

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

Animal Control Trust Fund - animal license revenues and expenditures.

Other Trust Fund - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Descriptions of Funds (Continued)

Water-Sewer Utility Assessment Trust Fund - used to account for the financing of local utility improvements deemed to benefit the properties against which assessments are levied.

Water-Sewer Utility Operating Fund - revenues and expenditures necessary to operate municipally-owned water supply and sewer collection systems from user fees.

Water-Sewer Utility Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - used to account for fixed assets used in general government operations.

Payroll Fund - receipt and disbursement for payroll costs and payroll taxes.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

Property Taxes and Other Revenues - property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Deferred Charges - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2020 is set forth in Notes 4 and 5.

Compensated Absences - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The expenditures in the Water-Sewer Utility Operating Fund would be on a full accrual basis. The compensated absence liability at December 31, 2020 is set forth in Note 11.

Fund Balance - fund balances included in the current fund and utility operating funds represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Property Acquired for Taxes - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Freehold Township School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2019 and decreased by the amount deferred at December 31, 2020.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

County Taxes - The Township is responsible for levying, collecting, and remitting county taxes for the County of Ocean. 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 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 of the current year and due to be paid to the County by February 15 of the following year.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. 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.

Sale of Municipal Assets - cash proceeds from the sale of Township owned property may be 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.

Interfunds - Advances in the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Cash and Cash Equivalents - 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. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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 authorities 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 ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Cash and Cash Equivalents (Continued)

Public depositories include State or Federally chartered savings banks, or associations located in or having a branch 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 Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township 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.

General Fixed Assets - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Township has developed a fixed assets accounting and reporting system based on an inspection and historic cost analysis.

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

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation is not recorded in the General Fixed Assets Account Group.

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

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Utility Fixed Assets - Accounting for utility fund "fixed capital" remains unchanged.

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

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

During 2020 and 2019 the following changes occurred in the fixed assets of the Township:

	Balance	Expended from			Transfers/ Cancelled	Balance Dec. 31, 2020
		Current/ Capital	Utility	Less:		
		Funds	Fund	Disposals		
General Fixed Assets Account Group:	Jan. 1, 2020					
Land	\$ 104,146,700	\$ 522,700	\$	\$	\$	\$ 104,669,400
Buildings and Improvements	12,053,800					12,053,800
Equipment	4,373,435	17,455		42,291	1,242	4,349,841
Motor Vehicles and Equipment	10,358,293	965,244		160,244		11,163,293
	<u>130,932,228</u>	<u>1,505,399</u>		<u>202,535</u>	<u>1,242</u>	<u>132,236,334</u>
Water-Sewer Utility Capital Fund:						
Fixed Capital	51,460,050			9,832	3,365,303	54,815,521
Fixed Capital Authorized and Uncompleted	22,768,835		1,706,000		(3,635,545)	20,839,290
	<u>74,228,885</u>		<u>1,706,000</u>	<u>9,832</u>	<u>(270,242)</u>	<u>75,654,811</u>
	<u>\$ 205,161,113</u>	<u>\$ 1,505,399</u>	<u>\$ 1,706,000</u>	<u>\$ 212,367</u>	<u>\$ (269,000)</u>	<u>\$ 207,891,145</u>

	Balance	Expended from			Transfers/ Cancelled	Balance Dec. 31, 2019
		Current/ Capital	Utility	Less:		
		Funds	Fund	Disposals		
General Fixed Assets Account Group:	Jan. 1, 2019					
Land	\$ 110,178,500	\$	\$	\$ 6,031,800	\$	\$ 104,146,700
Buildings and Improvements	12,053,800					12,053,800
Equipment	4,372,671	26,783		26,019		4,373,435
Motor Vehicles and Equipment	10,302,982	899,619		840,627	(3,681)	10,358,293
	<u>136,907,953</u>	<u>926,402</u>		<u>6,898,446</u>	<u>(3,681)</u>	<u>130,932,228</u>
Water-Sewer Utility Capital Fund:						
Fixed Capital	51,147,663		397,635	88,929	3,681	51,460,050
Fixed Capital Authorized and Uncompleted	20,012,835	2,756,000				22,768,835
	<u>71,160,498</u>	<u>2,756,000</u>	<u>397,635</u>	<u>88,929</u>	<u>3,681</u>	<u>74,228,885</u>
	<u>\$ 208,068,451</u>	<u>\$ 3,682,402</u>	<u>\$ 397,635</u>	<u>\$ 6,987,375</u>	<u>\$</u>	<u>\$ 205,161,113</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Township presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division in accordance with applicable statutes.

F. Impact of Recently Issued Accounting Principles

Recent Accounting Pronouncements

The 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. 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. There are no recent GASB pronouncement that would have a significant impact on the Township's financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end the carrying amount of the Township's deposits was \$78,304,406 and the bank balance amount was \$78,418,550. Of this amount \$250,000 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$78,168,550.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Township may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Township:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a. (8) Agreements for the repurchase of fully collateralized securities, if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- b. Any investment instruments in which the security is not physically held by the Township shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Township and prevent unauthorized use of such investments.
- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

At year-end, the carrying value of the Township's investments and the investment balance was \$5,389,686.

Municipal Bond Anticipation Notes:

The Township is holding notes for the following municipalities at year end:

<u>Municipality</u>	<u>Date Due</u>	<u>Rate</u>	<u>Amount</u>
City of Beverly	05/28/2021	1.375%	\$933,775.00
Township of Frelinghuysen	06/02/2021	1.185%	<u>1,666,415.00</u>
Total Municipal Bond Anticipation Notes			<u>\$2,600,190.00</u>

U.S. Government Bonds

The Township has unrealized gains on investments in U.S. Government Bonds, \$25,092 and \$19,796 for the Current Fund and Water-Sewer Utility Fund, respectively, which have been caused by interest rate fluctuations.

<u>Description of Securities</u>	<u>Total Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>
Government Bonds:			
Current Fund	\$1,746,020	\$1,771,112	\$25,092
Water-Sewer Utility Fund	<u>998,588</u>	<u>1,018,834</u>	<u>19,796</u>
Total U.S. Government Bonds	<u>\$2,744,608</u>	<u>\$2,789,946</u>	<u>\$44,888</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

U.S. Government Bonds (Continued)

Guidelines established by GASB Statement No. 72 recognize a three-tiered fair value hierarchy for investments, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2020, the Township had the following recurring fair value measurements:

	<u>Dec. 31, 2020</u>	<u>Fair Value Measurements Using</u>		
		<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Debt Securities:				
U.S. Treasuries	\$ <u>2,789,496</u>	\$ <u>2,789,496</u>	\$ <u>-</u>	\$ <u>-</u>

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

Insured:	
FDIC	\$ 250,000
GUDPA	78,160,550
Investments	<u>5,389,686</u>
	\$ <u>83,800,236</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

E. Interest Rate Risk

New Jersey municipal units are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America; government money market mutual funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress; bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units; local government investment pools; deposits with the State of New Jersey Cash Management Fund; and agreements for the purchase of fully collateralized securities with certain provisions. The County has no investment policy that would further limit its investment choices.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with New Jersey statutes.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

E. Interest Rate Risk (Continued)

As of December 31, 2020, the Township's investments had the following maturities:

	<u>Cost Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
Debt Securities:					
U.S. Treasuries	\$ <u>2,789,496</u>	\$ <u>2,789,496</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2020 and 2019 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major funds, in the aggregate, are as follows:

	<u>Current Fund</u>	<u>Grant Fund</u>	<u>Other Trust Fund</u>	<u>General Capital Fund</u>	<u>Utility Operating Fund</u>	<u>Utility Capital Fund</u>	<u>Total (Memo Only)</u>
<u>December 31, 2020</u>							
State	\$	\$ 51,772	\$ 20,843	\$ 455,800	\$	\$	\$ 528,415
Federal		2,884					2,884
Taxes and User Fees	1,377,286				577,248		1,954,534
Other	184,409	14,878		334,905		18,576	552,768
	\$ <u>1,561,695</u>	\$ <u>69,534</u>	\$ <u>20,843</u>	\$ <u>790,705</u>	\$ <u>577,248</u>	\$ <u>18,576</u>	\$ <u>3,038,601</u>
<u>December 31, 2019</u>							
State	\$	\$ 57,240	\$	\$ 402,000	\$	\$	\$ 459,240
Federal		2,479					2,479
Taxes and User Fees	1,751,434				625,806		2,377,240
Other	239,396			331,915		18,576	589,887
	\$ <u>1,990,830</u>	\$ <u>59,719</u>	\$ <u></u>	\$ <u>733,915</u>	\$ <u>625,806</u>	\$ <u>18,576</u>	\$ <u>3,428,846</u>

NOTE 4. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 5. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2020:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 302,575	\$ 430,484
Grant Fund	430,484	
Animal Control Trust Fund		18,112
Other Trust Fund		202,300
Payroll Fund	_____	<u>82,163</u>
	<u>\$ 733,059</u>	<u>\$ 733,059</u>

The purpose of these interfunds is short-term borrowing.

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.

NOTE 6. SCHOOL TAXES

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

	<u>Balance December 31</u>			
	<u>Local District School Taxes</u>		<u>Regional District School Taxes</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Balance of Tax	\$ 36,352,308	\$ 35,612,459	\$ 14,103,966	\$ 13,329,619
Deferred	<u>25,566,589</u>	<u>25,566,589</u>	_____	_____
Tax Payable	<u>\$ 10,785,719</u>	<u>\$ 10,045,870</u>	<u>\$ 14,103,966</u>	<u>\$ 13,329,619</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 7. DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

A. Long-term Debt

The Township's long-term debt is summarized as follows:

General Capital Fund

3.00% to 5.00% Open Space Refunding Bonds Issued December 16, 2009, installment maturities to September 16, 2021	\$ 40,000
1.50% to 3.50% Open Space Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2014	250,000
2.00% to 3.25% General Obligation Bonds Issued December 1, 2014, installment maturities to December 1, 2026	2,845,000
1.00% to 4.00% General Obligation Refunding Bonds Issued September 10, 2015, installment maturities to July 15, 2021	490,000
1.00% to 4.00% Open Space Refunding Bonds Issued September 10, 2015, installment maturities to July 15, 2022	605,000
2.00% to 4.00% General Obligation Bonds Issued December 1, 2015, installment maturities to November 1, 2027	5,090,000
4.00% to 5.00% General Obligation Refunding Bonds Issued March 24, 2016, installment maturities to December 1, 2023	1,460,000

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 7. DEBT (CONTINUED)

A. Long-term Debt (Continued)

General Capital Fund (Continued)

1.00% to 3.00% General Obligation Refunding Bonds Issued November 8, 2017, installment maturities to September 15, 2028	\$ 5,535,000
1.00% to 4.00% General Obligation Bonds Issued November 4, 2019, installment maturities to October 15, 2031	<u>8,625,000</u>
	\$ <u>24,740,000</u>

Water-Sewer Utility Capital Fund

3.00% to 5.00% Utility Refunding Bonds Issued December 16, 2009, installment maturities to September 15, 2021	\$ 330,000
1.50% to 3.50% Utility Refunding Bonds Issued October 1, 2012, installment maturities to October 1, 2024	690,000
1.00% to 4.00% Utility Refunding Bonds Issued September 10, 2015, installment maturities to July 15, 2022	495,000
2.00% to 4.00% Utility Bonds Issued December 11, 2015, installment maturities to November 1, 2027	3,370,000
1.00% to 4.00% General Obligation Bonds Issued November 4, 2019, installment maturities to October 15, 2031	<u>2,070,000</u>
	\$ <u>6,955,000</u>

The General Capital Fund bonds mature serially in installments to the year 2031 and the Water-Sewer Utility Capital Fund bonds mature serially in installments to the year 2031. Aggregate debt service requirements are as follows:

General Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 3,430,000	\$ 653,431
2022	3,400,000	547,931
2023	3,200,000	450,331
2024	2,755,000	358,506
2025	2,755,000	297,632
2026-30	8,530,000	496,150
2031	<u>870,000</u>	<u>8,700</u>
Total	\$ <u>24,940,000</u>	\$ <u>2,812,681</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 7. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Water-Sewer Utility Capital Fund

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,325,000	\$ 174,225
2022	1,045,000	134,250
2023	820,000	108,425
2024	840,000	89,475
2025	685,000	70,125
2026-30	2,035,000	113,163
2031	<u>205,000</u>	<u>2,050</u>
Total	\$ <u>6,955,000</u>	\$ <u>691,713</u>

Green Trust Loan Program

The Township has three low interest loans (2%) under the New Jersey Department of Environmental Protection's Green Trust Loan Program. Loans of \$400,000, \$600,000 and \$300,000 for Opatut Park Development were finalized in October 2005, September 2007, and February 2008, respectively. The Township must repay each loan in semi-annual installments over twenty years. The balance December 31, 2020 was \$429,794. Loan payments are due through 2027.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 74,264	\$ 8,226
2022	75,756	6,734
2023	77,279	5,211
2024	78,832	3,658
2025	67,980	2,073
2026-27	<u>55,683</u>	<u>1,107</u>
Total	\$ <u>429,794</u>	\$ <u>27,009</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 7. DEBT (CONTINUED)

A. Long-Term Debt (Continued)

Installment Purchase Agreement

The Township has entered into an Installment Purchase Agreement in August 2020 for the preservation and conservation of agricultural land. The purchase agreement is for \$2,200,000 at 2.1% for fifteen years (through 2035). Annual payments are due August 15th of each year. The balance at December 31, 2020 is \$2,000,000.

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 126,114	\$ 44,991
2022	128,788	42,317
2023	131,519	39,586
2024	134,307	36,797
2025	137,155	33,950
2026-30	730,650	124,873
2031-35	<u>811,467</u>	<u>44,056</u>
Total	\$ <u>2,200,000</u>	\$ <u>366,570</u>

B. Short-Term Debt

On December 31, 2020, the Township's outstanding Bond Anticipation Notes were as follows:

<u>Ordinance Number</u>	<u>General Capital Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
15-10	Various Improvements	\$ 82,000	1.00%
16-12	Various Improvements	271,800	1.00%
16-12	Various Improvements	178,500	1.00%
16-12	Various Improvements	127,100	1.00%
17-06	Various Improvements	2,600	1.00%
18-07	Various Improvements	1,130,000	1.00%
18-07	Various Improvements	850,000	1.00%
19-10	Various Improvements	1,840,000	1.00%
19-10	Various Improvements	3,200,000	1.00%
20-10	Various Improvements	<u>3,318,000</u>	1.00%
		\$ <u>11,000,000</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 7. DEBT (CONTINUED)

B. Short-Term Debt (Continued)

<u>Ordinance Number</u>	<u>Water-Sewer Utility Capital Fund</u>	<u>Amount</u>	<u>Interest Rate</u>
18-08	Various Improvements to the Water-Sewer System	\$ 1,124,000	1.00%
19-11	Various Improvements to the Water-Sewer System	876,000	1.00%
20-11	Various Improvements to the Water-Sewer System	<u>1,500,000</u>	1.00%
		\$ <u>3,500,000</u>	

C. Bonds and Notes Authorized but not Issued

At December 31 the Township had authorized but not issued bonds and notes as follows:

	<u>2020</u>	<u>2019</u>
General Capital Fund	\$ 23,466,602	\$ 32,972,156
Water-Sewer Utility Capital Fund	6,471,440	6,514,796

D. Borrowing Power

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2020 was .852%. The Township's remaining borrowing power is 2.648%.

The summary of municipal debt for the last three years and the calculation of statutory net debt are presented in the statistical section of this report.

E. Summary of Debt Activity

During 2020 and 2019 the following changes occurred in the issued and outstanding debt of the Township:

	<u>Balance Jan. 1, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Dec. 31, 2020</u>	<u>Due within One Year</u>
General Capital Fund:					
Serial Bonds	\$ 28,325,000	\$	\$ 3,385,000	\$ 24,940,000	\$ 3,430,000
Bond Anticipation Notes	5,200,000	6,602,600	802,600	11,000,000	11,000,000
Green Trust Loans	502,594		72,800	429,794	74,264
Water-Sewer Utility Capital Fund:					
Serial Bonds	8,274,000		1,319,000	6,955,000	1,325,000
Bond Anticipation Notes	<u>2,000,000</u>	<u>1,500,000</u>		<u>3,500,000</u>	<u>3,500,000</u>
	\$ <u>44,301,594</u>	\$ <u>8,102,600</u>	\$ <u>5,579,400</u>	\$ <u>46,824,794</u>	\$ <u>19,329,264</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 7. DEBT (CONTINUED)

E. Summary of Debt Activity (Continued)

	<u>Balance</u> <u>Jan. 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Due within</u> <u>One Year</u>
General Capital Fund:					
Serial Bonds	\$ 22,175,000	\$ 9,060,000	\$ 2,910,000	\$ 28,325,000	\$ 3,385,000
Bond Anticipation Notes	10,847,000	2,817,100	8,464,100	5,200,000	5,200,000
Green Trust Loans	647,952		145,358	502,594	72,800
Water-Sewer Utility Capital Fund:					
Serial Bonds	7,300,000	2,174,000	1,200,000	8,274,000	1,319,000
Bond Anticipation Notes	3,000,000	876,000	1,876,000	2,000,000	2,000,000
	<u>\$ 43,969,952</u>	<u>\$ 14,927,100</u>	<u>\$ 14,595,458</u>	<u>\$ 44,301,594</u>	<u>\$ 11,976,800</u>

NOTE 8. TAXES AND WATER-SEWER CHARGES COLLECTED IN ADVANCE

Taxes and water-sewer charges collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>2020</u>	<u>2019</u>
Prepaid Taxes	\$ 943,741	\$ 963,239
Prepaid Water-Sewer Utility Charges	29,056	25,124

NOTE 9. CAPITAL LEASE

The Township in 2011, 2013, 2015, 2017 and 2019 authorized capital leases with the Monmouth County Improvement Authority. The amounts authorized for the equipment acquisition were \$582,000, \$844,200, \$1,065,000, \$1,312,000 and \$1,109,410 in the General Capital Fund. The Water-Sewer Utility Capital authorized \$73,800 in the 2013 lease and \$309,590 in the 2019 lease. As described in Note 1, the obligations under the capital lease based upon the regulatory basis of accounting is as follows:

<u>Year</u>	<u>General Capital Fund</u>		<u>Water-Sewer</u> <u>Utility Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 547,520	\$ 100,255	\$ 50,480	\$ 16,110
2022	547,070	73,855	52,930	13,370
2023	327,620	49,065	55,380	10,510
2024	264,380	34,400	50,620	7,520
2025	140,950	21,500	15,050	4,670
2026-29	<u>304,940</u>	<u>34,790</u>	<u>68,060</u>	<u>9,810</u>
Total	\$ <u>2,132,480</u>	\$ <u>313,865</u>	\$ <u>292,520</u>	\$ <u>61,990</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 10. ACCRUED SICK PAY BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits certain employees within limits to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation would approximate \$1,019,150 and \$995,274 at December 31, 2020 and 2019, respectively. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 11. FUND BALANCES

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the introduced budget for the year ending December 31 of the succeeding year is as follows:

	<u>2020</u>	<u>2019</u>
Current Fund	\$ 7,552,950	\$ 7,539,498
Water-Sewer Utility Fund	3,080,514	2,804,082

NOTE 12. ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Local and Regional School Districts and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 13. CONTINGENT LIABILITIES

State and Federal Financial Assistance

The Township 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 financial assistance 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, 2020, the Township estimates that no material liabilities will result from such audits.

Tax Appeals

The Township has reserved \$106,304 in anticipation of successful tax appeals currently pending before the State courts.

Major Tax Assessments

Taxpayers in 2020 with assessments in excess of 1% of the total assessed valuation were as follows:

<u>Owner</u>	<u>Value</u>	<u>Value</u>
Freemall Associates	\$ 359,211,700	5.35%
Eagle Rock	69,726,700	1.04%

Pending Litigation

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township.

It is the opinion of the Township officials that there is no litigation threatened or pending that would materially affect the financial position of the Township or adversely affect the Township's ability to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 14. GROUND LEASE

The Township authorized a ground lease for a parcel of land utilized for the construction of affordable senior housing. The loan amount is \$299,000 bearing an interest rate of one percent (1%) per annum. There are stipulations in the lease agreements for the repayment of the ground lease to the Township. The balance receivable at December 31, 2020 and 2019 is \$334,905 and \$331,915, respectively.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 15. UNEMPLOYMENT COMPENSATION INSURANCE

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and prior two years:

<u>Year</u>	<u>Contributions</u>		<u>Reimbursed to State</u>	<u>Balance December 31</u>
	<u>Township</u>	<u>Employee</u>		
2020	\$ 51,000	\$ 43,728	\$ 59,609	\$ 133,990
2019		3,646	16,490	98,871
2018		23,193	17,899	111,715

NOTE 16. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township is a member of the Monmouth County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Monmouth County Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan

The financial statements of the Township are not prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The following information is provided in accordance with the requirements of the Statement and has been implemented prospectively.

Freehold Township provides post-employment medical, prescription drug and dental coverage to eligible retired employees and their spouses. Non-union employees covered under the NJPERS pension plan hired after January 1st, 2010 are not eligible for retirement coverage. Blue Collar union employees hired after January 1st, 2010 are extended coverage until Medicare eligibility. For all other employees coverage is provided for the lifetime of the participant. The surviving spouse of a deceased retiree may receive continued benefits for life. The surviving spouse of an active employee who dies while employed with the Township receives no benefits. The Township Plan is a single employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. The Township Plan does not issue a separate financial report.

Freehold Township pays 100% of the insurance cost for the retiree.

Employees and Retirees Covered - At December 31, 2020, the following employees were covered by the Township plan:

<u>Participant Data</u>	<u>Amount</u>
Active Employees	175
Retired Employees:	
Retirees	118
Beneficiaries	1
Spouses	<u>85</u>
Total	<u>204</u>

Actuarial Assumptions and Other Inputs - This valuation has been conducted as of December 31, 2020 based on census, plan design and premium information provided by the Township. Census includes 204 retired participants (including spouses and beneficiaries) and 175 active participants. The Measurement Date, for each fiscal year is as of the end of the prior year. Thus, the Total OPEB Liability for fiscal year ending December 31, 2020 of \$87,214,327 is measured at December 31, 2019 as allowed under GASB 75.

The values are determined in accordance with GASB 75 including the Individual Entry Age Normal Cost method with the normal cost determined as a percentage of pay. Standard roll forward and backward techniques were used to adjust valuation dates to measurement dates. The following assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Actuarial Cost Method	Individual Entry Age Normal as a level percentage of pay
Discount Rate	Based on Government Obligation Index published by Bond Buyer 2.74% as December 31, 2019
Inflation Rate	2.30%
Salary Increases	Sample rates for employees who are covered under the New Jersey Police and Firemen's Retirement System ("NJFRS"):

Age	FY 2016-2026	FY2026+
25	8.89%	9.98%
30	5.97%	6.97%
35	4.17%	5.17%
40	3.33%	4.33%
45	2.90%	3.90%
50	2.75%	3.75%
55	2.60%	3.60%
60	2.35%	3.35%
64+	2.10%	3.10%

Sample rates for employees who are covered under the New
Jersey Public Employees Retirement System ("NJPRS"):

Age	FY 2016-2026	FY2026+
20	4.15%	5.15%
25	3.90%	4.90%
30	3.65%	4.65%
35	3.40%	4.40%
40	3.15%	4.15%
45	2.90%	3.90%
50	2.65%	3.65%
55	2.40%	3.40%
60	2.15%	3.15%
65+	1.65%	2.65%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Health Care Cost Trend

Trend was calculated assuming an implied inflation rate of 2.3% per year, and actual premiums, and reflects current provisions of the Affordable Care Act of 2010 (ACA) which impose an excise tax for the first time in 2022 for medical coverage which exceeds certain premium thresholds.

Year	Trend for Costs Prior to Age 65	Trend for Costs After Age 64
2020	4.70%	5.50%
2021	4.70%	5.40%
2022	4.70%	5.30%
2023	4.70%	5.20%
2024	4.70%	5.00%
2025	4.70%	4.90%
2026	4.70%	4.80%
2027	4.80%	4.80%
2028	4.80%	4.80%
2029	4.80%	4.80%
2030	4.80%	4.80%
2031	4.90%	4.80%
2032	5.40%	4.80%
2033	5.90%	4.80%
2034	5.90%	4.90%
2035	5.90%	4.90%
2036	5.80%	5.10%
2037	5.80%	5.10%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Per Capita Claims Costs and Premiums	Medical Claims Healthy Retirees	
	Male	Female
50	17,545	21,002
55	18,724	19,958
60	22,434	22,039
64	27,867	25,154
65	7,917	7,362
70	8,659	7,855
75	9,335	8,247

	Medical Claims Disabled Retirees	
	Male	Female
50	23,787	28,472
55	25,385	27,057
60	30,414	29,878
64	37,780	34,102

2020 Annual Premiums – Medical		
Coverage	Younger than 65	Older than 65
Single	9,470	6,777
2 Adults	19,913	14,220
Family	26,884	22,193
Parent and Child	14,872	14,307

2020 Annual Premiums – Prescription	
Coverage	
Single	5,831
2 Adults	10,463
Family	14,125
Parent and Child	7,660

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Rates of Mortality RP-2014 Total Dataset Mortality Tables (headcount weighted) projected generationally using Scale MP-2018

Rates of Turnover Sample Rates for employees who are covered under the New Jersey Police and Firemen’s Retirement System (“NJPFPS”):

Age	Years of Service		
	2	4	10+
30	2.20%	1.31%	2.40%
35	2.25%	1.31%	2.40%
40	2.25%	1.74%	2.70%
45	2.25%	2.32%	2.80%
50	2.25%	2.00%	3.00%
55	3.20%	3.20%	3.20%
60	3.20%	3.20%	3.20%
65	0.00%	0.00%	0.00%

Sample Rates for employees who are covered under the New Jersey Public Employees’ Retirement System (“NJPERs”):

Age	Years of Service		
	<1	2	3+
30	14.67%	11.10%	6.11%
35	11.74%	8.80%	3.80%
40	10.52%	7.62%	2.77%
45	10.08%	7.14%	2.46%
50	9.58%	6.60%	1.85%
55	9.40%	6.26%	1.52%
60	9.40%	6.84%	1.52%
65	16.54%	16.54%	16.54%
70	0.00%	0.00%	0.00%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Rates of Retirement	NJPFERS		NJPERS	
	Age	<25 YOS	25+ YOS Rate	
	45	52.98%	15.40%	
	46	52.98%	15.40%	
	47	52.98%	15.40%	
	48	56.77%	15.40%	
	49	56.77%	15.40%	
	50	56.77%	15.40%	
	51	56.77%	15.40%	
	52	56.77%	15.40%	
	53	59.04%	17.48%	
	54	59.04%	17.48%	
	55	59.04%	17.48%	11.70%
	56	66.42%	17.48%	11.70%
	57	77.49%	17.48%	11.70%
	58	77.49%	17.48%	11.70%
	59	77.49%	22.78%	21.00%
	60	77.49%	22.78%	7.80%
	61	77.49%	22.78%	8.40%
	62	77.49%	22.78%	13.44%
	63	77.49%	22.78%	10.50%
	64	77.49%	37.80%	10.50%
	65	100.00%	100.00%	16.54%
	66			15.75%
	67			13.65%
	68			11.55%
	69			11.55%
	70			100.00%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Rates of Disability

Sample Rates for employees who are covered under the New Jersey Police and Firemen's Retirement System ("NJPFERS"):

<u>Age</u>	<u>Rate</u>
30	0.286%
35	0.571%
40	0.718%
45	0.739%
50	0.689%
55	0.881%
60	1.441%
64	2.561%

Spouse Assumption

Marital status is assumed not to change prior to or after retirement. 55% of active participants retiring after the valuation date are assumed to be married and elect coverage for their spouse.

Retiree Participation

100% of eligible retirees are assumed to elect to participate in the plan

Funding Policy

Pay as you go basis

Investment Rate of Return

Not applicable

Asset Valuation Method

Not applicable

Discount Rate - The discount rate is the single rate that reflects (1) the actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return and (2) the actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate. For the total OPEB liability calculation as of December 31, 2020, the discount rate utilized was 2.74%.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the Total OPEB Liability - The changes to the total OPEB Liability during the year ending December 31, 2020 were as follows:

Balance, January 1, 2020	\$ <u>68,392,045</u>
Changes for the Year	
Service Cost	2,401,504
Interest Cost	2,854,662
Economic/Demographic Losses	81,599
Changes of Assumptions	15,843,548
Benefits Paid (Implicit)	<u>(2,359,031)</u>
Net Changes	<u>18,822,282</u>
Balance, December 31, 2020	\$ <u><u>87,214,327</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be, if it were calculated using a discount rate that is 1-percentage-point lower (1.74 percent) or 1-percentage pointer higher (3.74 percent) that the current discount rate:

	<u>At 1% Decrease (1.74%)</u>	<u>At Discount Rate (2.74%)</u>	<u>At 1% Increase (3.74%)</u>
Total OPEB Liability	\$ 102,888,613	\$ 87,214,327	\$ 74,901,782

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 74,286,234	\$ 87,214,327	\$ 103,852,515

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

For the year ended December 31, 2020, the Township's OPEB expense was estimated to be \$6,565,100. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 72,532	\$ 0
Changes of Assumptions	16,416,603	5,405,700
Employer Contributions after the Measurement Date	<u>2,567,178</u>	<u>0</u>
	<u>\$ 19,056,313</u>	<u>\$ 5,405,700</u>

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

2021	\$ 1,308,934
2022	1,308,934
2023	1,308,934
2024	1,308,934
2025	1,083,778
Thereafter	<u>4,763,921</u>
	<u>\$ 11,083,435</u>

\$2,567,178 reported as deferred outflows of resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Other Supplementary Information

Schedule of Changes in the Township's Total OPEB Liability and Related Ratios

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 2,401,504	\$ 1,864,737	\$ 1,633,194
Interest Cost	2,854,662	2,556,689	2,583,899
Economic/Demographic Losses	81,599		
Changes of Assumptions	15,843,548	(7,350,196)	3,868,612
Benefits Paid (Implicit)	(2,359,031)	(2,254,548)	(2,445,826)
Net Change in Total OPEB Liability	<u>18,822,282</u>	<u>(5,183,318)</u>	<u>5,639,879</u>
Total OPEB Liability, Beginning	\$ 68,392,045	\$ 73,575,363	\$ 67,935,484
Total OPEB Liability, Ending	\$ 87,214,327	\$ 68,392,045	\$ 73,575,363
Covered Payroll	\$ 15,835,032	\$ 15,082,892	\$ 15,008,482
Total OPEB Liability as a % of Covered Payroll	550.77%	453.44%	490.23%

Schedule of Funding Progress

Year Ended	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability	\$ 87,214,327	\$ 68,392,045	\$ 73,575,363
Fiduciary Net Position	<u>0</u>	<u>0</u>	<u>0</u>
Net OPEB Liability	<u>\$ 87,214,327</u>	<u>\$ 68,392,045</u>	<u>\$ 73,575,363</u>
Funded Ratio	0	0	0
Covered Payroll	\$ 15,835,032	\$ 15,082,892	\$ 15,008,482
Net OPEB Liability as a Percentage of Covered Payroll	550.77%	453.44%	490.23%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. 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 www.state.nj.us/treasury/pensions/annrprts.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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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 1/55th 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 1/60th 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 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 allocations and the schedules of pension amounts by employer (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.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

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 2020, 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, 2020, The Township's contractually required contribution to PERS plan was \$994,311.

Net Pension Liability and Pension Expense - At December 31, 2020, the Township's proportionate share of the PERS net pension liability is valued to be \$16,853,386. The net pension liability was measured as of June 30, 2020. 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 June 30, 2019, to the measurement date of June 30, 2020. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Township's proportion measured as of June 30, 2020, was .10335%, which was an increase of .00148% from its proportion measured as of June 30, 2019.

Collective Balances at December 31, 2020 and December 31, 2019

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Actuarial Valuation Date (including roll forward)	July 1, 2020	July 1, 2019
Deferred Outflows of Resources	\$ 2,503,912	\$ 3,375,168
Deferred Inflows of Resources	7,441,530	7,255,323
Net Pension Liability	16,853,386	18,355,021
Township's Portion of the Plan's Total		
Net Pension Liability	0.10335%	0.10187%

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2020, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is a credit of \$686,405. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$994,311 to the plan in 2020.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 306,872	\$ 59,601
Changes of assumptions	546,743	7,056,672
Net difference between projected and actual earnings on pension plan investments	576,062	
Changes in proportion	<u>1,074,235</u>	<u>325,257</u>
	\$ <u>2,503,912</u>	\$ <u>7,441,530</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense are as follows:

<u>Year Ending December 31</u>	<u>PERS</u>
2021	\$ (1,964,996)
2022	(1,778,252)
2023	(952,034)
2024	(295,766)
2025	<u>53,430</u>
	\$ <u>(4,937,618)</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference 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	-
June 30, 2020	5.16	-
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
June 30, 2020	-	5.16
Differences between projected and actual investment earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion and Differences between Authority 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
June 30, 2020	5.16	5.16

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:

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Age
Thereafter	3.00 - 7.00% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2014 - June 30, 2018

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the July 1, 2019 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, 2020) 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, 2020 are summarized in the following table:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on these assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Municipal bond rates of 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020 were used in the development of the blended GASB discount rate after the Plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.50% as of June 30, 2019 and the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020, the blended GASB discount rates are 6.28% as of June 30, 2019 and 7.00% as of June 30, 2020. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>Decrease</u> <u>(6.00%)</u>	<u>Discount</u> <u>(7.00%)</u>	<u>Increase</u> <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 21,215,601	\$ 16,853,386	\$ 13,151,927

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 www.state.nj.us/treasury/pensions/annrprts.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.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. 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 2020, 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. Township contributions to PFRS amounted to \$2,135,009 for 2020.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2020, the Township's proportionate share of the PFRS net pension liability is valued to be \$27,547,273. The net pension liability was measured as of June 30, 2020. 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 June 30, 2019, to the measurement date of June 30, 2020. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Township's proportion measured as of June 30, 2020, was .21340%, which was an increase of .00204% from its proportion measured as of June 30, 2019.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Collective Balances at December 31, 2020 and December 31, 2019

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Actuarial Valuation Date (including roll forward)	July 1, 2020	July 1, 2019
Deferred Outflows of Resources	\$ 3,771,548	\$ 3,124,033
Deferred Inflows of Resources	9,836,702	12,089,197
Net Pension Liability	27,574,273	25,866,329
Township's Portion of the Plan's Total Net Pension Liability	0.21340%	0.21136%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2020, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2020 measurement date was \$1,191,991. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$2,135,009 to the plan in 2020.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 277,995	\$ 98,961
Changes of assumptions	69,391	7,392,498
Net difference between projected and actual earnings on pension plan investments	1,616,809	
Changes in proportion	<u>1,807,353</u>	<u>2,345,243</u>
	\$ <u>3,771,548</u>	\$ <u>9,836,702</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

B. Police and Firemen’s Retirement System (PFRS) (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense are as follows:

<u>Year Ending December 31</u>	<u>PFRS</u>		
2021	\$ (2,686,962)		
2022	(1,848,349)		
2023	(816,258)		
2024	(375,292)		
2025	<u>(338,293)</u>		
	<u>\$ (6,065,154)</u>		
		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference 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
June 30, 2020	5.90		-
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
June 30, 2020	-		5.90

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual investment earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Authority 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
June 30, 2020	5.90	5.90

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.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Special Funding Situation (Continued)

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$4,279,401 as of December 31, 2020. The net pension liability was measured as of June 30, 2020. 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 June 30, 2019, to the measurement date of June 30, 2020. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2020 was .21340%, which was an increase of .00204% from its proportion measured as of June 30, 2019, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 27,574,273
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>4,279,401</u>
Total Net Pension Liability	\$ <u>31,853,674</u>

At December 31, 2020, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2020, measurement date was \$484,984.

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:

	<u>PERS</u>
Inflation Rate:	
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	Pub-2010
Period of Actuarial Experience Study upon which Actuarial Assumptions were based	July 1, 2013 - June 30, 2018

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Actuarial Assumptions (Continued)

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. For healthy annuitants, 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, 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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2020) 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, 2020 are summarized in the following table:

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return (Continued)

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% 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 all projected future benefit payments of current plan members. Municipal bond rates of 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020 were used in the development of the blended GASB discount rate after the Plan's fiduciary net position was no longer sufficient to make future benefit payments, when applicable. As selected by the State Treasurer, the rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index. Based on the long-term rate of return of 7.00% and the municipal bond rate of 3.50% as of June 30, 2019 and the long-term rate of return of 7.00% and the municipal bond rate of 2.21% as of June 30, 2020, the blended GASB discount rates are 6.85% as of June 30, 2019 and 7.00% as of June 30, 2020. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 18. PENSION OBLIGATIONS (CONTINUED)

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

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>Decrease</u> <u>(6.00%)</u>	<u>Discount</u> <u>(7.00%)</u>	<u>Increase</u> <u>(8.00%)</u>
Township's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 36,668,107	\$ 27,574,273	\$ 20,0021,148

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A. 43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

NOTE 19. SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through September 2, 2021, which is the date the financial statements were available to be issued. Based upon this evaluation the Township has determined the following to be disclosed:

On May 25, 2021 the Township adopted the following capital ordinances:

Ordinance O-21-6 authorized general improvements in the amount of \$15,088,000.00 to be funded with \$690,000.00 expected to be received from the New Jersey Department of Transportation, \$25,000.00 expected to be received from the Monmouth County Historic Commission, \$686,000.00 from the capital improvement fund and authorizing debt in the amount of \$13,687,000.00.

Ordinance O-21-7 authorized various water/sewer utility improvements in the amount of \$6,054,000.00 and authorizing debt to be issued in the amount of \$6,054,000.00

Ordinance O-21-8 authorized the leasing of certain capital equipment from the Monmouth County Improvement Authority in the amount of not to exceed \$1,661,000.00

TOWNSHIP OF FREEHOLD

SUPPLEMENTARY SCHEDULES – ALL FUNDS

YEAR ENDED DECEMBER 31, 2020

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-4

SCHEDULE OF CASH AND INVESTMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019:			
Cash and Cash Equivalents	\$	24,706,601.17	
Investments		<u>16,602,747.27</u>	
			\$ 41,309,348.44
Increased by Receipts:			
Taxes Receivable		145,603,667.90	
Tax Title Liens Receivable		17,854.99	
Revenue Accounts Receivable		12,349,223.57	
State of New Jersey (Ch. 20, P.L. 1971)		191,056.17	
Prepaid Taxes		943,740.89	
Tax Overpayments		53,556.23	
Interest and Costs on Taxes		381,775.04	
Prepaid Fees and Permits		27,371.00	
Interfunds:			
Other Funds		154,545.32	
Grant Fund		217,248.42	
Due to State for Fees Collected		74,342.00	
Prepaid Health Benefits		4,797.32	
Police Special Duty Service		636,677.29	
Miscellaneous Revenue not Anticipated		1,054,640.45	
Petty Cash		<u>1,050.00</u>	
			<u>161,711,546.59</u>
			<u>203,020,895.03</u>
Decreased by Disbursements:			
Budget Appropriations		35,083,109.18	
Appropriation Reserves		1,879,109.00	
Tax Overpayments Refunded		73,913.72	
Due to State for Fees Collected		64,951.00	
Special District Tax		2,505,241.00	
Municipal Open Space Tax		2,015,229.57	
County Taxes		18,998,027.46	
Local School District Taxes		71,440,869.52	
Regional School District Taxes		26,615,806.00	
Interfunds:			
Other Funds		1,490.14	
Grant Fund		347,540.06	
Police Special Duty Service		557,411.50	
Petty Cash		<u>1,050.00</u>	
			<u>159,583,748.15</u>
Balance December 31, 2020:			
Cash and Cash Equivalents		39,090,936.49	
Investments		<u>4,346,210.39</u>	
			<u>\$ 43,437,146.88</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-5

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

FOR THE YEAR ENDED DECEMBER 31, 2020

Year	Balance Dec. 31, 2019	Collected		Due from State of New Jersey	Transferred to Tax Title Liens	Cancelled	Balance Dec. 31, 2020
		2019	2020				
2013	\$ 3,394.28	\$	\$ 3,394.28				\$
2014	9,862.34		9,862.34				
2016	8,955.81		8,955.81				
2017	8,906.26		8,906.26				
2018	9,219.55		9,219.55				
2019	1,318,155.20	3,206.30	1,313,536.04	(4,250.00)	1,819.41	302.35	3,541.10
2020	1,358,493.44	3,206.30	1,353,874.28	(4,250.00)	1,819.41	302.35	3,541.10
		1,027,640.45	144,249,793.62	197,371.64	18,705.13	56,776.70	977,640.90
		\$ 1,030,846.75	\$ 145,603,667.90	\$ 193,121.64	\$ 20,524.54	\$ 57,079.05	\$ 981,182.00

Levy	\$ 146,527,928.44
Delinquent Penalty	\$ 146,502,280.68
	25,647.76
	<u>\$ 146,527,928.44</u>

Overpayments Applied	\$ 67,607.72
Prepaid Taxes	963,239.03
	<u>\$ 1,030,846.75</u>

Analysis of 2020 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 143,081,299.47
Special District Taxes	2,536,484.74
Added and Omitted Taxes	884,496.47
	<u>\$ 146,502,280.68</u>

Tax Levy:

Regional School Tax (Abstract)	\$ 27,390,153.00
Local School District Tax (Abstract)	72,180,719.00
County Tax (Abstract)	
County Library Tax (Abstract)	\$ 15,894,775.62
County Open Space Tax (Abstract)	1,156,899.35
Due County for Added and Omitted Taxes	1,856,366.42
Total County Taxes	<u>115,061.08</u>
Special District Taxes	19,023,102.47
Local Open Space Tax	2,505,241.00
Local Tax for Municipal Purposes	2,015,229.57
Add: Additional Tax Levied	23,387,835.64
	<u>\$ 146,502,280.68</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-6

SCHEDULE OF TAX TITLE LIENS

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019		\$ 392,940.81
Increased by:		
Transfers from Taxes Receivable	\$ 20,524.54	
Interest and Costs on Sale	<u>493.94</u>	
		<u>21,018.48</u>
		413,959.29
Decreased by:		
Collections		<u>17,854.99</u>
Balance December 31, 2020		<u>\$ 396,104.30</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-7

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

Sheet 1 of 2

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance Dec. 31, 2019</u>	<u>Accrued in 2020</u>	<u>Collected</u>	<u>Balance Dec. 31, 2020</u>
Licenses	\$			
Alcoholic Beverages	\$	45,188.00	45,188.00	\$
Other		44,358.00	44,358.00	
Fees and Permits		344,629.70	344,629.70	
Uniform Construction Code Fees		1,212,651.00	1,212,651.00	
Municipal Court				
Fines and Costs	90,235.71	606,901.17	633,205.44	63,931.44
State Aid				
Energy Receipts Tax		7,418,109.01	7,418,109.01	
Garden State Trust		18,206.00	18,206.00	
Other				
Cable Television Franchise Fees		321,504.00	321,504.00	
Fund Balance - General Capital Fund		204,233.00	204,233.00	
Hotel/Motel Tax		83,374.35	83,374.35	
Interest on Investments and Deposits		562,956.83	562,956.83	
Shared Services Agreements:				
Automotive Services		56,478.76	56,478.76	
Board of Health		313,641.00	313,641.00	
Board of Health - Lead Inspector		6,011.60	6,011.60	
Board of Health - Monmouth Regional HICMC		5,048.00	5,048.00	
Board of Health - Visiting Nurse		6,611.00	6,611.00	
Diesel Fuel		104,435.61	104,435.61	
Information Technology		200,691.25	200,691.25	
Licensed Operator		153,362.44	153,362.44	
Municipal Court		10,089.00	10,089.00	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-7
Sheet 2 of 2

	<u>Balance Dec. 31, 2019</u>	<u>Accrued in 2020</u>	<u>Collected</u>	<u>Balance Dec. 31, 2020</u>
Other (Continued)				
Shared Services Agreements (Continued):				
Police Services - School Security	\$	\$ 84,269.84	\$ 84,269.84	\$
Western Monmouth Active Shooter		6,584.00	6,584.00	
Payments in Lieu of Taxes		102,150.88	102,150.88	
Reserve for Detention Basin		100,000.00	100,000.00	
Reserve for Municipal Alliance		4,205.00	4,205.00	
Uniform Fire Safety Act		105,189.22	105,189.22	
Verizon Franchise Fees		224,765.64	224,765.64	
	<u>\$ 90,235.71</u>	<u>\$ 12,345,644.30</u>	<u>\$ 12,371,948.57</u>	<u>\$ 63,931.44</u>
Receipts			\$ 12,349,223.57	
Prepaid Applied			<u>22,725.00</u>	
			<u>\$ 12,371,948.57</u>	

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 1 of 6

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance</u>	<u>Reserve for</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2019</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
			<u>Transfers</u>		
<u>APPROPRIATIONS WITHIN CAPS</u>					
Administrative and Executive					
Salaries and Wages	\$ 440.43	\$	\$ 440.43	\$	\$ 440.43
Other Expenses	8,730.00	279.00	9,009.00	279.00	8,730.00
Public Information Office					
Salaries and Wages	18,680.23		18,680.23		18,680.23
Other Expenses	6,296.15		6,296.15		6,296.15
Purchasing Department					
Salaries and Wages	11,574.60		11,574.60		11,574.60
Other Expenses	5,718.24	4,547.88	10,266.12	4,699.56	5,566.56
Human Resources					
Salaries and Wages	15,768.83		15,768.83		15,768.83
Other Expenses	4,248.18	2,491.82	6,740.00	3,927.82	2,812.18
Mayor and Township Committee					
Salaries and Wages	7.33		7.33		7.33
Other Expenses	18,817.18	628.25	19,445.43	568.25	18,877.18
Municipal Clerk					
Salaries and Wages	11,579.87		11,579.87		11,579.87
Other Expenses	14,343.08	3,758.18	18,101.26	5,719.29	12,381.97
Elections					
Salaries and Wages	1,000.00		1,000.00		1,000.00
Other Expenses	2,262.71	2,400.00	4,662.71	2,400.00	2,262.71
Financial Administration					
Salaries and Wages	158.57		158.57		158.57
Other Expenses	8,486.07	1,060.60	9,546.67	1,688.11	7,858.56
Audit					
Information Technology					
Salaries and Wages	952.72		952.72		952.72
Other Expenses	83,200.12	9,051.28	92,251.40	9,051.28	83,200.12

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-8

Sheet 2 of 6

	<u>Balance Dec. 31, 2019</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Revenue Administration (Collection of Taxes)					
Salaries and Wages	\$ 2,580.11	\$	\$ 2,580.11	\$ 1,641.21	\$ 938.90
Other Expenses	8,116.18		8,116.18	165.53	7,950.65
Assessment of Taxes					
Salaries and Wages	14,886.51		14,886.51		14,886.51
Other Expenses	30,081.36	2,339.15	32,420.51	4,608.79	27,811.72
Legal Services and Costs					
Other Expenses	130,423.56		130,423.56		104,934.73
Affordable Housing Services and Costs					
Other Expenses	28,554.99	13,695.20	42,250.19	24,715.25	17,534.94
Engineering Services and Costs					
Salaries and Wages	66,265.69		66,265.69		66,265.69
Other Expenses	17,172.72	1,710.68	18,883.40	2,068.46	16,814.94
Historical Preservation					
Other Expenses	1,911.77	50.00	1,961.77	50.00	1,911.77
Municipal Land Use Law Planning Board					
Salaries and Wages	460.06		460.06		460.06
Other Expenses	10,196.24	2,247.24	12,443.48	3,783.83	8,659.65
Insurance					
Group Insurance for Employees	532,057.91	452,623.62	984,681.53	971,745.59	12,935.94
Other Insurance	278.86		278.86		278.86
Health Benefit Waiver					
Code Enforcement	13,650.00		13,650.00		13,650.00
Salaries and Wages	8,890.20		8,890.20		8,890.20
Other Expenses	4,221.65		4,221.65		4,221.65
Police					
Salaries and Wages	513,252.31		513,252.31	50,000.00	463,252.31
Other Expenses	63,858.64	335,232.57	399,091.21	337,739.13	61,352.08

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 3 of 6

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance</u>	<u>Reserve for</u>	<u>Balance</u>	<u>Paid or</u>	<u>Balance</u>
	<u>Dec. 31, 2019</u>	<u>Encumbrances</u>	<u>After</u>	<u>Charged</u>	<u>Lapsed</u>
	\$	\$	\$	\$	\$
Office of Emergency Management					
Salaries and Wages	1,080.61		1,080.61		1,080.61
Other Expenses	500.00		500.00		500.00
First Aid Organization					
Contribution	35,000.00		35,000.00		35,000.00
Bureau of Fire Protection					
Salaries and Wages	2,037.45		2,037.45		2,037.45
Other Expenses	2,511.00		2,511.00		2,511.00
Uniform Fire Safety Act					
Salaries and Wages	2,654.34		2,654.34		2,654.34
Other Expenses	1,500.00		1,500.00		1,500.00
Municipal Prosecutor					
Other Expenses	1,648.00	5,896.00	7,544.00	5,896.00	1,648.00
Road Repair and Maintenance					
Salaries and Wages	87,215.49		87,215.49		87,215.49
Other Expenses	51,500.96	63,336.62	114,837.58	6,743.50	108,094.08
Snow Removal					
Salaries and Wages	79,463.02		79,463.02		79,463.02
Other Expenses	12,986.79	99,200.77	112,187.56	90,502.41	21,685.15
Shade Tree Commission					
Salaries and Wages	1,490.33		1,490.33		1,490.33
Other Expenses	10,907.39	5,380.62	16,288.01	5,380.62	10,907.39
Recycling					
Salaries and Wages	54,009.47		54,009.47		54,009.47
Other Expenses	31,846.44	42,267.61	74,114.05	37,633.22	36,480.83
Public Building and Grounds					
Salaries and Wages	710.03		710.03		710.03
Other Expenses	28,070.27	35,966.19	64,036.46	39,759.94	24,276.52

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-8

Sheet 4 of 6

	<u>Balance Dec. 31, 2019</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Equipment Maintenance and Repair	\$ 7,815.28	\$	\$ 7,815.28	\$	\$ 7,815.28
Salaries and Wages	23,810.14	67,248.13	91,058.27	46,170.93	44,887.34
Other Expenses					
Condominium Services Act					
Other Expenses	11,263.80		11,263.80		11,263.80
Board of Health					
Salaries and Wages	8,870.55		8,870.55		8,870.55
Other Expenses	18,356.31	11,232.64	29,588.95	21,485.52	8,103.43
Environmental Commission					
Other Expenses	400.00		400.00		400.00
Board of Recreation Commissioners					
Salaries and Wages	8,799.78		8,799.78		8,799.78
Other Expenses	444.67	18,392.69	18,837.36	18,277.25	560.11
Senior Center					
Salaries and Wages	1,474.04		1,474.04		1,474.04
Other Expenses	233.97	440.38	674.35	460.65	213.70
Municipal Court					
Salaries and Wages	733.15		733.15		733.15
Other Expenses	3,186.06	949.76	4,135.82	2,012.83	2,122.99
Public Defender					
Other Expenses	12,500.00		12,500.00		12,500.00
State Uniform Construction Code Official					
Salaries and Wages	13,256.25		13,256.25		13,256.25
Other Expenses	5,671.35	923.40	6,594.75	2,476.40	4,118.35
Utilities:					
Electricity	67,114.23		67,114.23	20,984.68	46,129.55
Street Lighting	54,605.15		54,605.15	21,892.49	32,712.66
Telephone	4,178.55	2,824.95	7,003.50	4,184.13	2,819.37
Natural Gas	34,084.17	1,034.68	35,118.85	18,701.84	16,417.01

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF APPROPRIATION RESERVES

Sheet 5 of 6

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance Dec. 31, 2019</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Utilities (Continued):					
Water and Sewer	\$ 28,895.00		\$ 28,895.00		\$ 28,895.00
Fuel Oil and Gasoline	55,737.47	122,628.67	178,366.14	117,928.28	60,437.86
Contingent	1.00		1.00		1.00
Contribution to:					
Public Employees Retirement System	2,870.02		2,870.02		2,870.02
Social Security System	58,043.77		57,818.77		57,818.77
Unemployment Compensation Insurance	1,000.00		1,000.00		1,000.00
Defined Contribution Retirement Program	103.01	788.02	1,116.03	1,014.21	101.82
Total Appropriations within Caps	<u>2,488,801.98</u>	<u>1,310,626.60</u>	<u>3,799,428.58</u>	<u>1,911,844.83</u>	<u>1,887,583.75</u>
<u>APPROPRIATIONS OUTSIDE CAPS</u>					
Length of Service Awards Program (LOSAP)		25,000.00	25,000.00	25,000.00	500.00
Local Matching Fund for Grants	500.00		500.00		
Shared Services Agreements					
Board of Health					
Salaries and Wages	7,821.11		7,821.11		7,821.11
Other Expenses	1,749.96	877.50	2,627.46	1,896.87	730.59
Board of Health - VNA Health Group					
Salaries and Wages	12,325.73		12,325.73		12,325.73
Other Expenses	1,723.86	442.38	2,166.24	573.30	1,592.94
Board of Health - Lead Inspector					
Salaries and Wages	5,748.45		5,748.45		5,748.45
Other Expenses	10,910.84		10,910.84		10,910.84
Monmouth Regional HICMC					
Other Expenses	2,632.04		2,632.04		2,632.04
Information Technology					
Salaries and Wages	685.63		685.63		685.63

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

SCHEDULE OF APPROPRIATION RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance Dec. 31, 2019</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Shared Services Agreements (Continued)					
Licensed Operations Services					
Salaries and Wages	\$ 195.56	\$	\$ 195.56		\$ 195.56
Road Repairs and Maintenance					
Fuel Oil					
Other Expenses					
Police - School Resource Officer	2,500.77		2,500.77		2,500.77
Salaries and Wages	4,575.00		4,575.00		4,575.00
Police - Security Detail					
Salaries and Wages	25,342.80		25,342.80		25,342.80
Western Monmouth Active Shooter					
Other Expenses	3,464.98	737.55	4,202.53		4,202.53
Construction Code - Borough of Freehold					
Other Expenses	824.00	14,794.00	15,618.00	14,794.00	824.00
Municipal Court - Township of Marlboro					
Salaries and Wages	25.07		25.07		25.07
Total Appropriations outside Caps	<u>\$ 81,025.80</u>	<u>\$ 41,851.43</u>	<u>\$ 122,877.23</u>	<u>\$ 42,264.17</u>	<u>\$ 80,613.06</u>
Total General Appropriations	<u>\$ 2,569,827.78</u>	<u>\$ 1,352,478.03</u>	<u>\$ 3,922,305.81</u>	<u>\$ 1,954,109.00</u>	<u>\$ 1,968,196.81</u>
Disbursed				\$ 1,879,109.00	
Accounts Payable				<u>75,000.00</u>	
				<u>\$ 1,954,109.00</u>	

Exhibit A-8

Sheet 6 of 6

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF COUNTY TAXES PAYABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019		\$	89,986.07
2020 Tax Levy:			
County Tax	\$ 15,894,775.62		
County Library Tax	1,156,899.35		
County Open Space Tax	1,856,366.42		
County Share of Added and Omitted Taxes	<u>115,061.08</u>		
			<u>19,023,102.47</u>
			<u>19,113,088.54</u>
Decreased by:			
Disbursements			<u>18,998,027.46</u>
Balance December 31, 2020		\$	<u><u>115,061.08</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-10

SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019:			
School Tax Payable	\$ 10,045,869.54		
School Tax Deferred	<u>25,566,589.00</u>		
		\$	<u>35,612,458.54</u>
Increased by:			
Levy - School Year July 1, 2020 to June 30, 2021			<u>72,180,719.00</u>
			<u>107,793,177.54</u>
Decreased by:			
Disbursements			<u>71,440,869.52</u>
Balance December 31, 2020:			
School Tax Payable	10,785,719.02		
School Tax Deferred	<u>25,566,589.00</u>		
		\$	<u><u>36,352,308.02</u></u>
2020 Liability for Local District School Tax:			
Tax Paid		\$	71,440,869.52
Tax Payable December 31, 2020			<u>10,785,719.02</u>
			<u>82,226,588.54</u>
Less: Tax Payable December 31, 2019			<u>10,045,869.54</u>
Amount Charged to 2020 Operations		\$	<u><u>72,180,719.00</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-11

SCHEDULE OF REGIONAL SCHOOL DISTRICT TAX PAYABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019:	
School Tax Payable	\$ 13,329,619.40
Increased by:	
Levy - School Year July 1 2020 to June 30, 2021	27,390,153.00
	<u>40,719,772.40</u>
Decreased by:	
Disbursements	<u>26,615,806.00</u>
Balance December 31, 2020:	
School Tax Payable	\$ <u>14,103,966.40</u>
2020 Liability for Local District School Tax:	
Tax Paid	\$ 28,435,474.00
Tax Payable December 31, 2020	<u>14,103,966.40</u>
	<u>42,539,440.40</u>
Less: Tax Payable December 31, 2019	<u>13,329,619.40</u>
Amount Charged to 2020 Operations	\$ <u>29,209,821.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-12

SCHEDULE OF INTERFUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Total	Animal Control Trust Fund	Other Trust Fund	General Capital Fund	Payroll Fund
Balance December 31, 2019 - Due From/(To)	\$ 355,355.40	\$ 7,432.73	\$ 349,412.81	\$ (1,490.14)	\$
Increased by:					
Disbursements	1,490.14			1,490.14	
Budget Appropriations	82,163.23				82,163.23
Excess Statutory of Animal Control Reserve	18,111.69	18,111.69			
Total Increases	<u>101,765.06</u>	<u>18,111.69</u>		<u>1,490.14</u>	<u>82,163.23</u>
Total Increases and Balances	<u>457,120.46</u>	<u>25,544.42</u>	<u>349,412.81</u>		<u>82,163.23</u>
Decreased by:					
Receipts	<u>154,545.32</u>	<u>7,432.73</u>	<u>147,112.59</u>		
Balance December 31, 2020 - Due From/(To)	\$ 302,575.14	\$ 18,111.69	\$ 202,300.22	\$	\$ 82,163.23

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-13

SCHEDULE OF INTERFUND - GRANT FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019 - Due To		\$ 526,186.46
Increased by:		
Deposited in Current Fund:		
Grants Receivable	\$ 217,248.42	
Cancelled Grants Receivable	45,951.20	
2020 Budget Appropriations	<u>404,629.00</u>	
		<u>667,828.62</u>
		<u>1,194,015.08</u>
Decreased by:		
Cancelled Appropriated Reserves	50,734.73	
2020 Anticipated Revenue	365,256.00	
Disbursed in Current Fund	<u>347,540.06</u>	
		<u>763,530.79</u>
Balance December 31, 2020 - Due To		\$ <u><u>430,484.29</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-14

SCHEDULE OF GRANTS RECEIVABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Grant</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Anticipated Revenue</u>	<u>2020 Anticipated Realized</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2020</u>
State Grants:					
Alliance to Prevent Alcoholism and Drug Abuse	\$ 31,535.98	\$ 37,490.00	\$ 20,902.55	\$ 31,303.43	\$ 16,820.00
Body Armor Fund		6,039.68	6,039.68		
Certified Local Government Grant		9,000.00		9,000.00	
Childhood Lead Exposure	25,704.00	29,257.00	20,008.65		34,952.35
Clean Communities Program		75,671.08	75,671.08		
Drunk Driving Enforcement Fund		7,967.40	7,967.40		
Recycling Tonnage Grant		84,274.43	84,274.43		
Safe and Secure Communities Program		60,000.00	60,000.00		
Federal Grants:					
Bulletproof Vests	2,479.27	2,582.26	2,178.00		2,883.53
Distracted Driving		5,500.00		5,500.00	
Other Grants:					
NJ Health Officers Association Grant		47,474.15	32,448.46	147.77	14,877.92
	<u>\$ 59,719.25</u>	<u>\$ 365,256.00</u>	<u>\$ 309,490.25</u>	<u>\$ 45,951.20</u>	<u>\$ 69,533.80</u>
Interfund - Current Fund			\$ 217,248.42		
Unappropriated Grants			<u>92,241.83</u>		
			<u>\$ 309,490.25</u>		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GRANT FUND

Exhibit A-15

SCHEDULE OF APPROPRIATED RESERVES

Sheet 1 of 2

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Grant</u>	<u>Balance</u> Dec. 31, 2019	<u>Reserve for</u> <u>Encumbrances</u>	<u>Transferred</u> <u>from</u> <u>2020 Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
State Grants:						
Alcohol Education and Rehabilitation						
2012 Grant Award	\$ 161.89	\$	\$		\$	\$ 161.89
Alliance to Prevent Alcoholism and Drug Abuse						
2019-20 Grant Award	23,608.52	171.96	46,863.00	11,609.17	12,171.31	
2020-21 Grant Award				7,333.78	23,915.65	15,613.57
Body Armor Replacement						
2018 Grant Award	3,953.21			3,953.21		
2020 Grant Award			6,039.68	4,066.33		1,973.35
Certified Local Government Grant						
2020 Grant Award			9,000.00		9,000.00	
Childhood Lead Exposure						
2019-20 Grant Award	16,307.55	200.50	4,007.00	12,727.00		7,788.05
2020-21 Grant Award			25,250.00	5,015.21		20,234.79
Clean Communities Program						
2017 Grant Award		3,072.60		3,072.60		
2018 Grant Award	20,678.87	29,270.60		48,916.96		1,032.51
2019 Grant Award	77,831.71			42,581.26		35,250.45
2020 Grant Award			75,671.08	26,000.00		49,671.08
Drunk Driving Enforcement Fund						
2018 Grant Award	933.74	179.00		666.00		446.74
2019 Grant Award	7,040.67			1,050.00		5,990.67
2020 Grant Award			7,967.40			7,967.40
Family Health Initiatives						
2018 Grant Award		10,000.00		10,000.00		
2019 Grant Award		10,000.00		10,000.00		
Recycling Tonnage Grant						
2016 Grant Award	28.89					28.89
2017 Grant Award	97,470.84	915.00		61,951.51		36,434.33
2018 Grant Award	99,958.98					99,958.98
2019 Grant Award	91,879.35			500.00		91,379.35
2020 Grant Award			84,274.43			84,274.43

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GRANT FUND

SCHEDULE OF APPROPRIATED RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit A-15
Sheet 2 of 2

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Reserve for</u> <u>Encumbrances</u>	<u>Transferred</u> <u>from</u> <u>2020 Budget</u> <u>Appropriations</u>	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
State Grants (Continued):						
Safe and Secure Communities Program						
2020 Grant Award	\$	\$	\$ 60,000.00	\$ 60,000.00		\$
Local Match			30,000.00	30,000.00		
Federal Grants:						
Bulletproof Vests			2,582.26	2,582.26		
2020 Grant Award						
Distracted Driving					5,500.00	
2020 Grant Award						
Other Grants:						
NJ ACCHO Grants:						
Public Health Training Grant			5,763.15	5,615.38	147.77	904.16
COVID-19 Grant			41,711.00	40,806.84		
	<u>\$ 439,854.22</u>	<u>\$ 53,809.66</u>	<u>\$ 404,629.00</u>	<u>\$ 388,447.51</u>	<u>\$ 50,734.73</u>	<u>\$ 459,110.64</u>
Interfund - Current Fund				\$ 347,540.06		
Reserve for Encumbrances				<u>40,907.45</u>		
				<u>\$ 388,447.51</u>		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-16

SCHEDULE OF UNAPPROPRIATED RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Realized as</u> <u>Anticipated</u> <u>Revenue</u>
State Grants: <u>Grant</u>		
Drunk Driving Enforcement Fund	\$ 7,967.40	\$ 7,967.40
Recycling Tonnage Grant	<u>84,274.43</u>	<u>84,274.43</u>
	<u>\$ 92,241.83</u>	<u>\$ 92,241.83</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

TRUST FUND

Exhibit B-1

SCHEDULE OF CASH - TREASURER

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2019	\$ 74,044.66	\$ 13,988,945.88
Increased by Receipts:		
Due to State of New Jersey	\$ 2,899.80	
Licenses and Other Fees	13,362.35	
Prepaid Licenses	8,663.20	
Interfunds		6,320,100.00
Grant Receivable		90,634.76
Miscellaneous Reserves		<u>6,714,621.82</u>
	<u>24,925.35</u>	<u>13,125,356.58</u>
	98,970.01	27,114,302.46
Decreased by Disbursements:		
Due State of New Jersey	2,902.20	
Animal Control Trust Fund Expenditures	8,519.20	
Interfunds	7,432.73	
Due from State of New Jersey		6,467,212.59
Miscellaneous Reserves		<u>20,156.23</u>
		<u>5,944,629.22</u>
	<u>18,854.13</u>	<u>12,431,998.04</u>
Balance December 31, 2020	<u>\$ 80,115.88</u>	<u>\$ 14,682,304.42</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

ANIMAL CONTROL TRUST FUND

Exhibit B-2

SCHEDULE OF DUE TO STATE OF NEW JERSEY

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019		\$	2.40
Increased by:			
Fees Collected			<u>2,899.80</u>
			2,902.20
Decreased by:			
Payments to State of New Jersey		\$	<u><u>2,902.20</u></u>

SCHEDULE OF RESERVE FOR ANIMAL CONTROL

TRUST FUND EXPENDITURES

Exhibit B-3

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019		\$	53,350.13
Increased by:			
2020 License and Other Fees Collected	\$	13,362.35	
Prepaid Licenses Applied		<u>8,751.40</u>	
			<u>22,113.75</u>
			75,463.88
Decreased by:			
Expenditures Under R.S. 4:19-15.11		8,519.20	
Statutory Excess Due Current Fund		<u>18,111.69</u>	
			<u>26,630.89</u>
Balance December 31, 2020		\$	<u><u>48,832.99</u></u>

Dog License Fees Collected

<u>Year</u>	<u>Amount</u>
2018	\$ <u>25,667.88</u>
2019	<u>23,165.11</u>
	\$ <u><u>48,832.99</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

ANIMAL CONTROL TRUST FUND

Exhibit B-4

SCHEDULE OF INTERFUND - CURRENT FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019 - Due To	\$ 7,432.73
Increased by:	
Statutory Excess	<u>18,111.69</u>
	25,544.42
Decreased by:	
Disbursed	<u>7,432.73</u>
Balance December 31, 2020 - Due To	\$ <u><u>18,111.69</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-5

SCHEDULE OF RESERVES AND SPECIAL DEPOSITS

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Reserves</u>	<u>Balance Dec. 31, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2020</u>
Arboretum	\$ 15,507.86	\$ 2,650.00	\$ 1,195.40	\$ 16,962.46
Board of Recreation Commissioners	1,350,094.45	584,563.52	1,085,781.19	848,876.78
Construction Code Dedicated Penalties	90,448.05	3,106.32		93,554.37
Deposits for Redemption of Tax Sale Certificates	42,037.05	501,712.22	543,749.27	477,912.85
Detention Project	577,912.85		100,000.00	2,206,197.61
Escrow Deposits	2,309,379.72	714,763.82	817,945.93	846.46
Historical Preservation	806.46	40.00		1,500.00
Monument Bonds	875.00	1,500.00	875.00	881,007.04
Mount Laurel Housing Trust	957,230.58	88,006.84	164,230.38	45,309.93
Municipal Drug Alliance Fund	51,290.99	3,169.00	9,150.06	2,100,357.17
Open Space	2,128,028.21	2,281,391.63	2,309,062.67	267.82
Parking Offenses Adjudication Act	1,539.18	686.00	1,957.36	1,848,800.00
Premiums Received at Tax Sale	594,400.00	1,734,700.00	480,300.00	3,320.26
Public Defender	3,377.48	36,768.00	36,825.22	14,564.68
Public Safety Donation	14,314.68	250.00	7,502.00	402,919.26
Relocation	7,502.00			3,804,061.90
Road Projects	402,919.26			89,839.98
Self Insurance	3,134,950.59	669,111.31		289,191.57
Shade Tree Donations	89,839.98			11,502.32
Shade Tree Escrow	289,191.57			197,224.99
Sick Leave Trust	27,266.15	35,000.00	50,763.83	38,270.96
Sidewalks and Curbs	199,665.77	10,429.50	12,870.28	950,256.81
Special Law Enforcement Fund	37,502.63	768.33		41,734.77
Storm Recovery	1,181,987.44	44,237.28	275,967.91	133,990.17
Street Opening Bonds	30,234.77	18,500.00	7,000.00	1,040.29
Unemployment Trust	98,870.90	74,571.99	39,452.72	1,336.73
Uniform Fire Safety Act Penalty Monies 2:12	1,022.72	17.57		
Uniform Fire Safety Act Penalty Monies 2:12A	1,336.73			
	<u>\$ 13,639,533.07</u>	<u>\$ 6,805,943.33</u>	<u>\$ 5,944,629.22</u>	<u>\$ 14,500,847.18</u>
Receipts		<u>\$ 6,714,621.82</u>		
Grant Received		<u>91,321.51</u>		
		<u>\$ 6,805,943.33</u>		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

OTHER TRUST FUND

Exhibit B-6

SCHEDULE OF INTERFUND - CURRENT FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019 - Due To Current	\$ 349,412.81
Increased by:	
Receipts	<u>6,320,100.00</u>
	6,669,512.81
Decreased by:	
Disbursements	<u>6,467,212.59</u>
Balance December 31, 2020 - Due To Current	\$ <u><u>202,300.22</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-2

SCHEDULE OF CASH - TREASURER

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019		\$ 9,784,468.06
Increased by Receipts:		
Premium on Sale of Notes	\$ 65,228.00	
Interfunds	61,473.57	
Bond Anticipation Notes	6,602,600.00	
Grants Receivable	157,500.00	
Budget Appropriations:		
Capital Improvement Fund	<u>400,000.00</u>	
		<u>7,286,801.57</u>
		17,071,269.63
Decreased by Disbursements:		
Capital Fund Balance to Current Fund	204,233.00	
Interfunds	59,983.43	
Bond Anticipation Notes	700,000.00	
Improvement Authorizations	<u>6,761,103.73</u>	
		<u>7,725,320.16</u>
Balance December 31, 2020		\$ <u><u>9,345,949.47</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

ANALYSIS OF CASH

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit C-3

Ordinance Number	Improvement Description	Balance		Receipts		Disbursements		Transfers		Balance	
		Dec. 31, 2019	Dec. 31, 2020	Notes Issued	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2020	
	Fund Balance	\$ 1,391,226.54	\$ 1,391,226.54	\$	\$	\$	\$	\$	\$	\$	\$ 1,391,226.54
	Capital Improvement Fund	354,633.41	354,633.41	65,228.00	204,233.00			239,900.00			514,733.41
	Down Payments on Improvements	95,737.00	95,737.00	400,000.00							95,737.00
	Interfunds:										
	Current Fund	(1,490.14)	(1,490.14)	61,473.57	59,983.43						(455,800.00)
	Other Trust Fund	(402,000.00)	(402,000.00)	157,500.00					750,000.00		1,959,807.70
	Grant Receivable										21,376.00
	Reserve for:										237,937.81
	Encumbrances										9,203.20
	Improvements	21,376.00	21,376.00								21,376.00
	Debt Service	87,937.81	87,937.81								87,937.81
	Historical Preservation	9,203.20	9,203.20								9,203.20
	Grants Receivable										50,000.00
	Improvement Authorizations										
	97-01	12,857.45	12,857.45					12,857.45			12,857.45
	97-11	7,505.64	7,505.64					7,505.64			7,505.64
	98-08	3,836.88	3,836.88					3,836.88			3,836.88
	99-09	79.12	79.12					79.12			79.12
	00-10	1,544.90	1,544.90					1,544.90			1,544.90
	01-13	277.46	277.46					277.46			277.46
	02-13	228,346.63	228,346.63					228,346.63			228,346.63
	03-09	501.32	501.32					501.32			501.32
	04-11	20,565.06	20,565.06					20,565.06			20,565.06
	05-19	487.94	487.94					487.94			487.94
	05-35	559.72	559.72					559.72			559.72
	06-21	367.45	367.45					367.45			367.45
	07-14, 08-29	107,355.33	107,355.33					1,124.05			107,355.33
	09-16	217,011.24	217,011.24					97.06			215,887.19
	10-21	92,206.05	92,206.05					407,192.40			92,108.99
	11-20	292,575.09	292,575.09					4,544.40			(114,617.31)
	12-12	285,848.76	285,848.76					654.51			281,304.36
	12-19	36,206.34	36,206.34					319.69			35,551.83
	14-05	556,781.22	556,781.22			18,518.48		4,722.44			537,943.05
	15-10	259,354.55	259,354.55	82,000.00		336,416.65		319.34			215.46
	16-12	1,112,414.62	1,112,414.62			807,713.91		700,000.00			(395,618.63)
	17-06	276,947.62	276,947.62	2,600.00		275,468.43		2,900.47			1,178.72
	18-07	2,208,873.70	2,208,873.70	2,600.00		281,422.50		9,539.83			1,917,911.37
	19-05	55,000.00	55,000.00	3,200,000.00		28,770.00		1,094,323.62			26,230.00
	19-10	2,450,340.15	2,450,340.15			4,881,978.53		750,000.00			(325,962.00)
	20-04							434,069.89			3,004,314.88
	20-10			3,318,000.00		130,815.23		750,000.00			
				6,602,600.00		6,761,103.73		4,187,937.27			9,545,949.47
		\$ 9,784,468.06	\$ 9,784,468.06	\$ 684,201.57	\$ 964,216.43	\$ 6,761,103.73	\$ 4,187,937.27	\$ 4,187,937.27	\$ 4,187,937.27	\$ 4,187,937.27	\$ 9,545,949.47

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-4

SCHEDULE OF DEFERRED CHARGES TO

FUTURE TAXATION - FUNDED

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019		\$ 28,827,594.42
Decreased by:		
2020 Budget Appropriations:		
Principal on Serial Bonds	\$ 3,385,000.00	
Green Trust Loan	<u>72,800.20</u>	
		<u>3,457,800.20</u>
Balance December 31, 2020		<u><u>\$ 25,369,794.22</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit C-5

Ordinance Number	Improvement Description	Balance		2020 Authorizations	Installment Note Issued	Authorizations Cancelled	Budget Appropriations	Balance		Bond Anticipation Notes	Analysis of Balance		Unexpended Improvement Authorizations
		Dec. 31, 2019	Dec. 31, 2020					Dec. 31, 2020	Dec. 31, 2020		Expenditures	Expenditures	
97-01	Renovations to Municipal Complex	\$ 215,000.00	\$ 215,000.00	\$ 215,000.00		\$ 215,000.00		\$ 215,000.00					
97-11	Various Improvements	78,818.70	78,818.70	78,818.70		78,818.70							
98-08	Various Improvements	1,610,755.00	1,610,755.00	1,610,755.00		1,610,755.00							
99-09	Various Improvements	176,575.00	176,575.00	176,575.00		176,575.00							
00-10	Various Improvements	1,104,000.00	1,104,000.00	1,104,000.00		1,104,000.00							
01-13	Various Improvements	622,650.00	622,650.00	622,650.00		622,650.00							
02-13	Various Improvements	1,224,150.00	1,224,150.00	1,224,150.00		1,224,150.00							
03-09	Various Improvements	382,575.00	382,575.00	382,575.00		382,575.00							
04-11	Various Improvements	475,730.00	475,730.00	475,730.00		475,730.00							
05-19	Various Improvements	926,525.00	926,525.00	926,525.00		926,525.00							
05-35	Development of Park Lands	485,000.00	485,000.00	485,000.00		485,000.00							
06-21	Various Improvements	392,975.00	392,975.00	392,975.00		392,975.00							
07-14, 08-29	Various Improvements	767,915.00	767,915.00					767,915.00					767,915.00
09-16	Various Improvements	1,028,000.00	1,028,000.00					1,028,000.00					1,028,000.00
10-21	Various Improvements	1,193,000.00	1,193,000.00					1,193,000.00					1,193,000.00
11-20	Various Improvements	950,000.00	950,000.00					950,000.00			114,617.31		835,382.69
12-12	Various Improvements	1,026,555.00	1,026,555.00					1,026,555.00					1,026,555.00
14-05	Various Improvements	2,740,662.70	2,740,662.70					2,740,662.70					2,740,662.70
15-10	Various Improvements	5,115,069.30	5,115,069.30					5,115,069.30					5,033,069.30
16-12	Various Improvements	3,340,900.00	3,340,900.00					3,340,900.00			395,618.63		1,565,281.37
17-06	Various Improvements	3,928,800.00	3,928,800.00					3,928,800.00					3,928,800.00
18-07	Various Improvements	2,914,000.00	2,914,000.00					2,914,000.00					2,914,000.00
19-10	Various Improvements	7,472,500.00	7,472,500.00					7,472,500.00					7,472,500.00
20-04	Acquisition of Development Rights												
20-10	Various Improvements	2,200,000.00	2,200,000.00	2,200,000.00				2,200,000.00					2,200,000.00
		4,791,800.00	4,791,800.00	4,791,800.00				4,791,800.00					4,791,800.00
		\$ 38,172,155.70	\$ 38,172,155.70	\$ 6,991,800.00	\$ 2,200,000.00	\$ 8,394,753.70	\$ 102,600.00	\$ 34,466,602.00	\$ 11,000,000.00	\$ 836,197.94	\$ 22,630,404.06		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO

Sheet 2 of 2

FUTURE TAXATION - UNFUNDED

FOR THE YEAR ENDED DECEMBER 31, 2020

**Analysis of
Balance
Dec. 31, 2020
Unexpended
Improvement
Authorizations
\$ 27,554,024.49**

Improvement Authorizations Unfunded
Less: Unexpended Proceeds of Bond Anticipation Notes:

<u>Ordinance Number</u>	<u>Improvement Description</u>		
15-10	Various Improvements	\$ 215.46	
17-06	Various Improvements	1,178.72	
18-07	Various Improvements	1,917,911.37	
20-10	Various Improvements	<u>3,004,314.88</u>	
			<u>4,923,620.43</u>
			<u>\$ 22,630,404.06</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit C-6
Sheet 1 of 2

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2019	Decreases	Balance Dec. 31, 2020
			Outstanding Date	Amount				
Open Space Refunding Bonds	12/16/2009	\$ 475,000	9/15/2021	\$ 40,000	4.000%	\$ 85,000.00	\$ 45,000.00	\$ 40,000.00
Open Space Refunding Bonds	10/01/2012	630,000	10/1/2021-22	60,000	3.500%			
			10/1/2023-24	65,000	3.500%	310,000.00	60,000.00	250,000.00
General Obligation Bonds	12/01/2013	5,640,000	12/01/2021	440,000	3.000%			
			12/01/2022	450,000	3.000%			
			12/01/2023	465,000	3.000%			
			12/01/2024	480,000	3.000%			
			12/01/2025	495,000	3.000%			
			12/01/2026	515,000	3.250%	3,270,000.00	425,000.00	2,845,000.00
General Obligation Refunding Bonds	9/10/2015	1,970,000	7/15/2021	490,000	4.000%	985,000.00	495,000.00	490,000.00
Open Space Refunding Bonds	9/10/2015	1,560,000	7/15/2021	320,000	4.000%			
			7/15/2022	285,000	3.000%	925,000.00	320,000.00	605,000.00
General Obligation Bonds	12/11/2015	8,258,000	11/01/2021	680,000	2.000%			
			11/01/2022	690,000	2.000%			
			11/01/2023	705,000	2.000%			
			11/01/2024	725,000	2.000%			
			11/01/2025	740,000	2.125%			
			11/01/2026	765,000	2.250%			
			11/01/2027	785,000	2.375%	5,755,000.00	665,000.00	5,090,000.00
General Obligation Refunding Bonds*	3/24/2016	2,345,000	12/01/2021	465,000	5.000%			
			12/01/2022	485,000	5.000%			
			12/01/2023	510,000	5.000%	1,900,000.00	440,000.00	1,460,000.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-6

SCHEDULE OF GENERAL SERIAL BONDS

Sheet 2 of 2

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2019</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2020</u>
			<u>Outstanding Dec. 31, 2020</u>	<u>Amount</u>				
General Obligation Bonds	11/08/2017	\$ 6,910,000	9/15/2021	\$ 500,000	3.000%			
			9/15/2022	680,000	3.000%			
			9/15/2023	690,000	3.000%			
			9/15/2024	705,000	2.000%			
			9/15/2025	720,000	2.000%			
			9/15/2026	740,000	2.125%			
			9/15/2027	750,000	2.250%			
			9/15/2028	750,000	2.375%			
General Obligation Bonds	11/04/19	9,060,000	10/15/2021	435,000	1.000%	\$ 6,035,000.00	\$ 500,000.00	\$ 5,535,000.00
			10/15/2022	750,000	2.000%			
			10/15/2023	765,000	2.000%			
			10/15/2024	780,000	2.000%			
			10/15/2025	800,000	3.000%			
			10/15/2026	815,000	4.000%			
			10/15/2027	830,000	4.000%			
			10/15/2028	845,000	4.000%			
			10/15/2029	865,000	1.000%			
			10/15/2030-31	870,000	1.000%	9,060,000.00	435,000.00	8,625,000.00
						\$ 28,325,000.00	\$ 3,385,000.00	\$ 24,940,000.00

* M.C.I.A. Bonds

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 1 of 2

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loan Outstanding Dec. 31, 2020</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2019</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2020</u>
Opatut Park Development	October 2005	\$ 400,000.00	Date See Amortization Statement	2.00%	\$ 128,938.43	\$ 22,405.98	\$ 106,532.45
Opatut Park Development	September 2007	600,000.00	Date See Amortization Statement	2.00%	236,375.34	34,405.33	201,970.01
Opatut Park Development	March 2008	300,000.00	Date See Amortization Statement	2.00%	137,280.65	15,988.89	121,291.76
					<u>\$ 502,594.42</u>	<u>\$ 72,800.20</u>	<u>\$ 429,794.22</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-7

SCHEDULE OF GREEN TRUST LOAN PROGRAM PAYABLE

Sheet 2 of 2

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
February 2021	\$ 17,461.13	\$ 2,019.70
April 2021	11,371.32	1,065.32
May 2021	8,114.56	1,212.92
August 2021	17,635.74	1,845.09
October 2021	11,485.03	951.61
November 2021	8,195.71	1,131.77
February 2022	17,812.10	1,668.73
April 2022	11,599.88	836.76
May 2022	8,277.66	1,049.81
August 2022	17,990.22	1,490.61
October 2022	11,715.88	720.76
November 2022	8,360.44	967.04
February 2023	18,170.12	1,310.71
April 2023	11,833.04	603.60
May 2023	8,444.04	883.43
August 2023	18,351.82	1,129.01
October 2023	11,951.37	485.27
November 2023	8,528.49	798.99
February 2024	18,535.34	945.49
April 2024	12,070.88	365.76
May 2024	8,613.77	713.71
August 2024	18,720.69	760.14
October 2024	12,191.59	245.05
November 2024	8,699.91	627.57
February 2025	18,907.90	572.93
April 2025	12,313.46	123.14
May 2025	8,786.91	540.57
August 2025	19,096.98	383.85
November 2025	8,874.78	452.70
February 2026	19,287.97	192.88
May 2026	8,963.52	363.95
November 2026	9,053.16	274.32
May 2027	9,143.69	183.79
November 2027	9,235.12	92.35
	<u>\$ 429,794.22</u>	<u>\$ 27,009.33</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

FOR THE YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2019	Issued for Cash	Decreased by		Balance Dec. 31, 2020
								Budget Appropriations	Note not Renewed	
15-10	Various Improvements	11/02/2020	11/02/2020	11/01/2021	1.00%	\$	\$ 82,000.00			\$ 82,000.00
16-12	Various Improvements	11/18/2016	11/02/2020	11/01/2021	1.00%	352,900.00	81,100.00			271,800.00
16-12	Various Improvements	11/08/2017	11/02/2020	11/01/2021	1.00%	900,000.00	21,500.00	700,000.00		178,500.00
16-12	Various Improvements	11/04/2019	11/02/2020	11/01/2021	1.00%	127,100.00				127,100.00
17-06	Various Improvements	11/03/2020	11/02/2020	11/01/2021	1.00%		2,600.00			2,600.00
18-07	Various Improvements	11/06/2018	11/02/2020	11/01/2021	1.00%	1,130,000.00				1,130,000.00
18-07	Various Improvements	11/04/2019	11/02/2020	11/01/2021	1.00%	850,000.00				850,000.00
19-10	Various Improvements	11/04/2019	11/02/2020	11/01/2021	1.00%	1,840,000.00				1,840,000.00
19-10	Various Improvements	11/03/2020	11/02/2020	11/01/2021	1.00%		3,200,000.00			3,200,000.00
20-10	Various Improvements	11/03/2020	11/02/2020	11/01/2021	1.00%		3,318,000.00			3,318,000.00
						\$ 5,200,000.00	\$ 6,602,600.00	\$ 102,600.00	\$ 700,000.00	\$ 11,000,000.00

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-10

SCHEDULE OF CAPITAL IMPROVEMENT FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019	\$ 354,633.41
Increased by:	
2020 Budget Appropriations	<u>400,000.00</u>
	754,633.41
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>239,900.00</u>
Balance December 31, 2020	\$ <u>514,733.41</u>

SCHEDULE OF DOWN PAYMENTS ON IMPROVEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit C-11

Balance December 31, 2019 and 2020	\$ <u>95,737.00</u>
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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT AUTHORITY LEASES PAYABLE

Sheet 1 of 2

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Year of Lease</u>	<u>Lease Principal</u>	<u>Maturities of Leases Outstanding Dec. 31, 2020</u>	<u>Balance Dec. 31, 2019</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2020</u>
2011	\$ 582,000.00	See Amortization Statement	\$ 50,000.00	\$ 24,000.00	\$ 26,000.00
2013	844,200.00	See Amortization Statement	282,100.00	66,430.00	215,670.00
2015	1,065,000.00	See Amortization Statement	447,000.00	176,000.00	271,000.00
2017	1,312,000.00	See Amortization Statement	883,000.00	235,000.00	648,000.00
2019	1,109,410.00	See Amortization Statement	1,109,410.00	137,600.00	971,810.00
			<u>\$ 2,771,510.00</u>	<u>\$ 639,030.00</u>	<u>\$ 2,132,480.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-12

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT

Sheet 2 of 2

AUTHORITY LEASES PAYABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 547,520.00	\$ 100,255.00
2022	547,070.00	73,855.00
2023	327,620.00	49,065.00
2024	264,380.00	34,400.00
2025	140,950.00	21,500.00
2026	86,290.00	14,820.00
2027	90,420.00	10,610.00
2028	62,550.00	6,190.00
2029	65,680.00	3,170.00
	<u>\$ 2,132,480.00</u>	<u>\$ 313,865.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-13

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

FOR THE YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Notes not Renewed	Notes Issued	Authorization Cancelled	Balance Dec. 31, 2020
97-01	Renovations to Municipal Complex	\$ 215,000.00	\$	\$	\$	\$ 215,000.00	\$
97-11	Various Improvements	78,818.70				78,818.70	
98-08	Various Improvements	1,610,755.00				1,610,755.00	
99-09	Various Improvements	176,575.00				176,575.00	
00-10	Various Improvements	1,104,000.00				1,104,000.00	
01-13	Various Improvements	622,650.00				622,650.00	
02-13	Various Improvements	1,224,150.00				1,224,150.00	
03-09	Various Improvements	382,575.00				382,575.00	
04-11	Various Improvements	475,730.00				475,730.00	
05-19	Various Improvements	926,525.00				926,525.00	
05-35	Development of Park Lands	485,000.00				485,000.00	
06-21	Various Improvements	392,975.00				392,975.00	
07-14, 08-29	Various Improvements	767,915.00					767,915.00
09-16	Various Improvements	1,028,000.00					1,028,000.00
10-21	Various Improvements	1,193,000.00					1,193,000.00
11-20	Various Improvements	950,000.00					950,000.00
12-12	Various Improvements	1,026,555.00					1,026,555.00
14-05	Various Improvements	2,740,662.70					2,740,662.70
15-10	Various Improvements	5,115,069.30			82,000.00		5,033,069.30
16-12	Various Improvements	1,960,900.00		700,000.00			1,960,900.00
17-06	Various Improvements	3,928,800.00			2,600.00		3,926,200.00
18-07	Various Improvements	934,000.00					934,000.00
19-10	Various Improvements	5,632,500.00					2,432,500.00
20-04	Acquisition of Development Rights		2,200,000.00				
20-10	Various Improvements		4,791,800.00				
		<u>\$ 32,972,155.70</u>	<u>\$ 6,991,800.00</u>	<u>\$ 700,000.00</u>	<u>\$ 8,802,600.00</u>	<u>\$ 8,394,753.70</u>	<u>\$ 23,466,602.00</u>
	Bond Anticipation Notes				\$ 6,602,600.00		
	Installment Note				<u>2,200,000.00</u>		
					<u>\$ 8,802,600.00</u>		

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

SCHEDULE OF CASH AND INVESTMENTS- TREASURER

FOR THE YEAR ENDED DECEMBER 31, 2020

Exhibit D-6

	<u>Operating</u>	<u>Assessment</u>	<u>Capital</u>
Balance December 31, 2019:			
Cash and Cash Equivalents	\$ 1,954,586.77	\$ 383,642.18	\$ 5,429,815.28
Investments	<u>7,854,509.75</u>		<u>5,429,815.28</u>
	\$ 9,809,096.52	\$ 383,642.18	
Increased by Receipts:			
Prepaid Water-Sewer Rents	29,055.56		
Interest on Deposits	175,240.81		
Fund Balance Anticipated:			
Water-Sewer Utility Assessment Fund	383,642.18		
Water-Sewer Utility Capital Fund	52,343.00		
Interest on Delinquent Accounts	49,877.03		
Fire Hydrant Service	210,883.33		
Water Connection Fees	221,646.40		
Sewer Connection Fees	168,755.77		
Miscellaneous Other	53,891.95		
Water-Sewer Rent Overpayments	2,546.02		
Water Charges Receivable	4,144,283.41		
Sewer Charges Receivable	7,487,177.65		
Reserve for Infrastructure Contribution			
Premium on Sale of Notes			
Interfunds		1,499.13	2,690.00
Bond Anticipation Notes	12,979,343.11		20,757.00
	<u>22,788,439.63</u>	<u>1,499.13</u>	<u>38,818.43</u>
			1,562,265.43
			<u>6,992,080.71</u>
Decreased by Disbursements:			
Budget Appropriations	12,166,879.21		
Appropriation Reserves	371,434.77		
Interfunds		1,499.13	38,818.43
Accrued Interest on Bonds and Notes	251,563.42		
Water-Sewer Rent Overpayments	2,546.02		
Improvement Authorizations			995,318.89
Utilized in Operating Fund Budget:			
Fund Balance	12,792,423.42	383,642.18	52,343.00
	<u>12,792,423.42</u>	<u>385,141.31</u>	<u>1,086,480.32</u>
Balance December 31, 2020:			
Cash and Cash Equivalents	8,997,428.59		5,905,600.39
Investments	<u>998,587.62</u>		
	\$ 9,996,016.21	\$	<u>\$ 5,905,600.39</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY ASSESSMENT FUND

Exhibit D-7

ANALYSIS OF CASH

FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Receipts Miscellaneous	Disbursements Miscellaneous
Fund Balance	\$ 383,642.18	\$	\$ 383,642.18
Interfund - Water-Sewer Operating Fund		1,499.13	1,499.13
	<u>\$ 383,642.18</u>	<u>\$ 1,499.13</u>	<u>\$ 385,141.31</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-9

SCHEDULE OF WATER CHARGES RECEIVABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019		\$ 243,658.70
Increased by:		
Water Charges Levied	\$ 4,142,998.34	
Other Charges Billed	<u>485,058.18</u>	
		<u>4,628,056.52</u>
		<u>4,871,715.22</u>
Decreased by:		
Receipts	4,625,812.71	
Prepaid Applied	<u>18,476.07</u>	
		<u>4,644,288.78</u>
Balance December 31, 2020		\$ <u><u>227,426.44</u></u>
<u>Allocation of Revenue</u>		
Water Rents		\$ 4,162,759.48
Miscellaneous:		
Fire Hydrant Services		210,883.33
Water Connection Fees		221,646.40
Miscellaneous Other		<u>48,999.57</u>
		\$ <u><u>4,644,288.78</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-10

SCHEDULE OF SEWER CHARGES RECEIVABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019		\$ 382,147.68
Increased by:		
Sewer Charges Levied	\$ 7,461,499.69	
Other Charges Billed	<u>168,971.77</u>	
		<u>7,630,471.46</u>
		8,012,619.14
Decreased by:		
Receipts	7,656,149.42	
Prepaid Applied	<u>6,647.70</u>	
		<u>7,662,797.12</u>
Balance December 31, 2020		\$ <u><u>349,822.02</u></u>
<u>Allocation of Revenue</u>		
Sewer Rents		\$ 7,493,825.35
Miscellaneous:		
Sewer Connection Fees		168,755.77
Miscellaneous Other		<u>216.00</u>
		\$ <u><u>7,662,797.12</u></u>

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF CONNECTION FEES RECEIVABLE

Exhibit D-11

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019 and 2020		\$ <u><u>18,576.00</u></u>
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TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-12

SCHEDULE OF FIXED CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance Dec. 31, 2019</u>	<u>Additions and Transfer In</u>	<u>Deletions and Transfers Out</u>	<u>Balance Dec. 31, 2020</u>
Purchase and Improvement of the Freehold Water and Utility Company	\$ 1,700,000.00	\$	\$	\$ 1,700,000.00
Maintenance and Storage Facility	75,000.00			75,000.00
Purchase of Southern Gulf Water Company Treatment Plant	326,428.10			326,428.10
Distribution Mains	6,201,098.58			6,201,098.58
Meters and Meters Accessories	4,210,594.56			4,210,594.56
Standpipes and Storage Tanks	451,511.70			451,511.70
Wells	1,046,073.45			1,046,073.45
Land	4,459,335.88			4,459,335.88
	432,146.38			432,146.38
Water System and Sewer System Improvements	25,181,510.48	3,358,503.32		28,540,013.80
Sewer Collection System	5,994,055.40			5,994,055.40
Sewer Emergency Response	17,781.33			17,781.33
Sewer Equipment	18,543.46			18,543.46
Vehicles	1,223,743.84	7,804.92	676.80	1,230,871.96
Equipment	122,227.05	236.96	10,397.07	112,066.94
	<u>\$ 51,460,050.21</u>	<u>\$ 3,366,545.20</u>	<u>\$ 11,073.87</u>	<u>\$ 54,815,521.54</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-13

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

FOR THE YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvement Description	Balance	2020	Costs	Authorizations	Balance
		Dec. 31, 2019	Charges to Future Revenue	to Fixed Capital	Cancelled	Dec. 31, 2020
General Improvements:						
02-14, 04-31	Improvements to the Water System	\$ 1,679,038.52	\$	\$ 1,653,539.52	\$ 25,499.00	\$
05-20	Various Improvements to the Water-Sewer System	1,956,506.64		1,704,963.80	251,542.84	
06-22	Various Improvements to the Water-Sewer System	785,715.75				785,715.75
07-15	Various Improvements to the Water-Sewer System	300,000.00				300,000.00
09-17	Various Improvements to the Water-Sewer System	2,991,574.00				2,991,574.00
10-22	Various Improvements to the Water-Sewer System	875,000.00				875,000.00
11-21	Various Improvements to the Water-Sewer System	262,000.00				262,000.00
12-13	Various Improvements to the Water-Sewer System	700,000.00				700,000.00
14-06	Various Improvements to the Water-Sewer System	4,900,000.00				4,900,000.00
15-11	Various Improvements to the Water-Sewer System	1,023,000.00				1,023,000.00
16-09	SCADA System Upgrades	1,000,000.00				1,000,000.00
17-07	Various Improvements to the Water-Sewer System	250,000.00				250,000.00
18-08	Various Improvements to the Water-Sewer System	3,030,000.00				3,030,000.00
18-10	Improvements to Well 15	260,000.00				260,000.00
19-11	Various Improvements to the Water-Sewer System	2,676,000.00				2,676,000.00
19-13	Improvements to Pump Stations	80,000.00				80,000.00
20-11	Various Improvements to the Water-Sewer System		1,706,000.00			1,706,000.00
		<u>\$ 22,768,834.91</u>	<u>\$ 1,706,000.00</u>	<u>\$ 3,358,503.32</u>	<u>\$ 277,041.84</u>	<u>\$ 20,839,289.75</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-14

SCHEDULE OF APPROPRIATION RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance Dec. 31, 2019</u>	<u>Reserve for Encumbrances</u>	<u>Balance After Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:					
Salaries and Wages	\$ 86,777.27		\$ 86,777.27		\$ 86,777.27
Other Expenses	960,631.77	237,391.07	1,198,022.84	221,690.27	976,332.57
Capital Improvement:					
Capital Outlay	33,063.47	148,541.00	181,604.47	149,744.50	31,859.97
Statutory Expenditures:					
Contribution to:					
Social Security System	<u>7,359.83</u>		<u>7,359.83</u>		<u>7,359.83</u>
	<u>\$ 1,087,832.34</u>	<u>\$ 385,932.07</u>	<u>\$ 1,473,764.41</u>	<u>\$ 371,434.77</u>	<u>\$ 1,102,329.64</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY OPERATING FUND

Exhibit D-15

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019	\$ 61,665.65
Increased by:	
Budget Appropriations:	
Interest on Bonds and Notes	<u>239,150.30</u>
	<u>300,815.95</u>
Decreased by:	
Disbursed	<u>251,563.42</u>
Balance December 31, 2020	\$ <u><u>49,252.53</u></u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-16

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2019		2020 Ordinance Deferred Charges to Future Revenue	Paid or Charged	Cancelled	Balance Dec. 31, 2020	
		Date	Amount	Funded	Unfunded				Funded	Unfunded
General Improvements:										
02-14, 04-31	Improvements to the Water System	8/10/2004	\$ 1,719,000	\$ 25,499.00	\$	\$	\$	\$ 25,499.00	\$	\$
05-20	Various Improvements to the Water-Sewer System	7/26/2005	2,023,000	2,186.20	249,356.64					
06-22	Various Improvements to the Water-Sewer System	5/23/2006	825,000	38,495.49	84,465.75					84,465.75
07-15	Various Improvements to the Water-Sewer System	6/26/2007	300,000	147,580.00						
09-17	Various Improvements to the Water-Sewer System	5/26/2009	3,005,000	77,956.46	1,236,974.00					
10-22	Various Improvements to the Water-Sewer System	8/31/2010	875,000	175,925.92	376,000.00					1,212,680.46
11-21	Various Improvements to the Water-Sewer System	8/23/2011	262,000	22,059.48	48,000.00					376,000.00
12-13	Various Improvements to the Water-Sewer System	6/26/2012	700,000	74,278.52	391,000.00					48,000.00
14-06	Various Improvements to the Water-Sewer System	5/27/2014	4,900,000	311,685.08	637,900.00					390,700.00
15-11	Various Improvements to the Water-Sewer System	5/26/2015	2,023,000	196,162.31	261,000.00					638,200.00
16-09	SCADA System Upgrades	7/26/2016	1,000,000	48,061.48						261,000.00
17-07	Various Improvements to the Water-Sewer System	6/27/2017	250,000	109,055.83						
18-08	Various Improvements to the Water-Sewer System	6/25/2018	3,030,000		2,926,462.63					2,554,282.14
18-10	Improvements to Well 15	6/25/2018	260,000	122,774.88						
19-11	Various Improvements to the Water-Sewer System	6/25/2019	2,676,000	249,972.75	2,321,100.00					98,669.59
19-13	Improvements to Pump Stations	6/25/2019	80,000	80,000.00						
20-11	Various Improvements to the Water-Sewer System	5/26/2020	1,706,000			1,706,000.00				80,000.00
				\$ 1,681,693.40	\$ 8,532,259.02	\$ 1,706,000.00	\$ 1,824,622.42	\$ 277,041.84	\$ 1,185,217.74	\$ 8,633,070.42
Disbursements							\$ 995,318.89			
Reserve for Encumbrances							829,303.53			
							\$ 1,824,622.42			

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-17

SCHEDULE OF CAPITAL IMPROVEMENT FUND

FOR THE YEAR ENDED DECEMBER 31, 2020

Balance December 31, 2019 and 2020 \$ 429,752.57

SCHEDULE OF RESERVE FOR AMORTIZATION

Exhibit D-18

Balance December 31, 2019 \$ 52,112,560.21

Increased by:

Budget Appropriations:

Serial Bonds

\$ 775,000.00

M.C.I.A. Lease Payable

44,970.00

Assets Purchased by Budget Appropriations

8,041.88

Transfer from Deferred Reserve for

Amortization

369,445.48

1,197,457.36

53,310,017.57

Decreased by:

Fixed Assets Deleted or Transferred from Utility

11,073.87

Balance December 31, 2020

\$ 53,298,943.70

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

FOR THE YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvements Description	Balance Dec. 31, 2019	Budget Appropriation Serial Bonds	Transferred to Reserve for Amortization	Cancelled Ordinance to Fund Balance	Balance Dec. 31, 2020
	General Improvements:					
02-14, 04-31	Improvements to the Water System	\$ 271,438.52	\$ 18,542.16	\$ 264,481.68	\$ 25,499.00	\$
05-20	Various Improvements to the Water-Sewer System	107,150.00		104,963.80	2,186.20	
06-22	Various Improvements to the Water-Sewer System	41,250.00				41,250.00
07-15	Various Improvements to the Water-Sewer System	300,000.00				300,000.00
09-17	Various Improvements to the Water-Sewer System	704,737.45	121,242.00			825,979.45
10-22	Various Improvements to the Water-Sewer System	348,200.00	7,213.44			355,413.44
11-21	Various Improvements to the Water-Sewer System	27,000.00	8,946.08			35,946.08
12-13	Various Improvements to the Water-Sewer System	54,400.00	12,179.44			66,579.44
14-06	Various Improvements to the Water-Sewer System	1,201,862.55	333,114.16			1,534,976.71
15-11	Various Improvements to the Water-Sewer System	344,000.00	19,996.08			363,996.08
16-09	SCADA System Upgrades	1,000,000.00				1,000,000.00
17-07	Various Improvements to the Water-Sewer System	250,000.00	5,788.64			255,788.64
18-10	Improvements to Well 15	260,000.00	16,978.00			276,978.00
19-13	Improvements to Pump Stations	80,000.00				80,000.00
		\$ 4,990,038.52	\$ 544,000.00	\$ 369,445.48	\$ 27,685.20	\$ 5,136,907.84

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-20

SCHEDULE OF WATER-SEWER SERIAL BONDS

FOR THE YEAR ENDED DECEMBER 31, 2020

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding Dec. 31, 2020		Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			Date	Amount				
Utility Refunding Bonds	12/16/2009	\$ 6,580,000	9/15/2021	\$ 330,000	4.000%	\$ 665,000.00	\$ 335,000.00	\$ 330,000.00
Utility Refunding Bonds	10/01/2012	1,680,000	10/1/2021-22	175,000	3.500%	865,000.00	175,000.00	690,000.00
Utility Refunding Bonds	9/10/2015	1,295,000	10/1/2023-24	170,000	3.500%	865,000.00	175,000.00	690,000.00
			7/15/2021	265,000	4.000%			
			7/15/2022	230,000	3.000%			
Utility Bonds	12/11/2015	5,469,000	11/01/2021	450,000	2.000%	760,000.00	265,000.00	495,000.00
			11/01/2022	460,000	2.000%			
			11/01/2023	465,000	2.000%			
			11/01/2024	480,000	2.000%			
			11/01/2025	490,000	2.125%			
			11/01/2026	505,000	2.250%			
			11/01/2027	520,000	2.375%	3,810,000.00	440,000.00	3,370,000.00
Utility Bonds	11/04/2019	2,174,000	10/15/2021	105,000	1.000%			
			10/15/2022	180,000	2.000%			
			10/15/2023	185,000	2.000%			
			10/15/2024	190,000	2.000%			
			10/15/2025	195,000	3.000%			
			10/15/2026	195,000	4.000%			
			10/15/2027	200,000	4.000%			
			10/15/2028	205,000	4.000%			
			10/15/2029	205,000	1.000%			
			10/15/2030-31	205,000	1.000%	2,174,000.00	104,000.00	2,070,000.00
						<u>\$ 8,274,000.00</u>	<u>\$ 1,319,000.00</u>	<u>\$ 6,955,000.00</u>
							\$ 544,000.00	
							<u>775,000.00</u>	
							<u>\$ 1,319,000.00</u>	

Deferred Reserve for Amortization
Reserve for Amortization

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-21

SCHEDULE OF BOND ANTICIPATION NOTES

FOR THE YEAR ENDED DECEMBER 31, 2020

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2019	Issued for Cash	Balance Dec. 31, 2020
18-08	Various Improvements to the Water-Sewer System	11/06/2018	11/04/2019	11/01/2021	1.00%	\$ 1,124,000.00	\$	\$ 1,124,000.00
19-11	Various Improvements to the Water-Sewer System	11/04/2019	11/04/2019	11/01/2021	1.00%	876,000.00		876,000.00
20-11	Various Improvements to the Water-Sewer System	11/03/2020	11/03/2020	11/01/2021	1.00%		1,500,000.00	1,500,000.00
						<u>\$ 2,000,000.00</u>	<u>\$ 1,500,000.00</u>	<u>\$ 3,500,000.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-22

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT AUTHORITY LEASE PAYABLE

Sheet 1 of 2

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Year of Lease</u>	<u>Lease Principal</u>	<u>Maturities of Lease Outstanding Dec. 31, 2020</u>	<u>Balance Dec. 31, 2019</u>	<u>Paid by Budget Appropriation</u>	<u>Balance Dec. 31, 2020</u>
2013	\$ 73,800.00	See Amortization Statement	\$ 27,900.00	\$ 6,570.00	\$ 21,330.00
2019	309,590.00	See Amortization Statement	<u>309,590.00</u>	<u>38,400.00</u>	<u>271,190.00</u>
			<u>\$ 337,490.00</u>	<u>\$ 44,970.00</u>	<u>\$ 292,520.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-22

SCHEDULE OF MONMOUTH COUNTY IMPROVEMENT

Sheet 2 of 2

AUTHORITY LEASE PAYABLE

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 50,480.00	\$ 16,110.00
2022	52,930.00	13,370.00
2023	55,380.00	10,510.00
2024	50,620.00	7,520.00
2025	15,050.00	4,670.00
2026	15,710.00	3,830.00
2027	16,580.00	2,940.00
2028	17,450.00	2,010.00
2029	18,320.00	1,030.00
	<u>\$ 292,520.00</u>	<u>\$ 61,990.00</u>

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-23

SCHEDULE OF BONDS AND NOTES AUTHORIZED

FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Authorizations</u>	<u>Authorizations Cancelled</u>	<u>Notes Issued</u>	<u>Balance Dec. 31, 2020</u>
05-20	Various Improvements to the Water-Sewer System	\$ 249,356.64		\$ 249,356.64		\$
06-22	Various Improvements to the Water-Sewer System	84,465.75				84,465.75
09-17	Various Improvements to the Water-Sewer System	1,236,974.00				1,236,974.00
10-22	Various Improvements to the Water-Sewer System	376,000.00				376,000.00
11-21	Various Improvements to the Water-Sewer System	48,000.00				48,000.00
12-13	Various Improvements to the Water-Sewer System	391,000.00				391,000.00
14-06	Various Improvements to the Water-Sewer System	637,900.00				637,900.00
15-11	Various Improvements to the Water-Sewer System	261,000.00				261,000.00
18-08	Various Improvements to the Water-Sewer System	1,785,000.00				1,785,000.00
19-11	Various Improvements to the Water-Sewer System	1,445,100.00				1,445,100.00
20-11	Various Improvements to the Water-Sewer System		1,706,000.00		1,500,000.00	206,000.00
		<u>\$ 6,514,796.39</u>	<u>\$ 1,706,000.00</u>	<u>\$ 249,356.64</u>	<u>\$ 1,500,000.00</u>	<u>\$ 6,471,439.75</u>

TOWNSHIP OF FREEHOLD

PART II

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL
ASSISTANCE PROGRAMS AND INTERNAL CONTROL
REQUIRED BY THE UNIFORM GUIDANCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Fax 908-789-8535

E-mail info@scnco.com

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

The Honorable Mayor and Members
of the Township Committee
Township of Freehold
County of Monmouth
Freehold, New Jersey 07728

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statutory financial statements of the various individual funds and the account group of the Township of Freehold, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's statutory financial statements, and have issued our report thereon dated September 2, 2021. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Freehold prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Freehold's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Freehold's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

September 2, 2021



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAMS AND
INTERNAL CONTROL REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and Members
of the Township Committee
Township of Freehold
County of Monmouth
Freehold, New Jersey 07728

Report on Compliance for Each Major Federal Program

We have audited the Township of Freehold's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Township of Freehold's major federal programs for the year ended December 31, 2020. The Township's major federal 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Freehold's major federal 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Township of Freehold'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 federal program. However, our audit does not provide a legal determination of the Township of Freehold's compliance.

SUPLEE, CLOONEY & COMPANY

Opinion on Each Major Federal Program

In our opinion, the Township of Freehold 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 federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Township of Freehold is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Freehold's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Freehold'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 federal 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 federal 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 federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 439

September 2, 2021

TOWNSHIP OF FREEHOLD - COUNTY OF MONMOUTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Program or Award Amount	Grant Period		Cash Received	Year 2020 Expenditures	Total Expenditures
			From	To			
Department of the Treasury							
Indirect Programs - Passed through the State of New Jersey:							
Coronavirus Relief Fund	21.019	\$ 1,124,111.62	3/1/2020	12/31/2020	\$ 55,978.17	\$ 1,170,533.84	\$ 1,170,533.84
Total Department of Treasury					<u>55,978.17</u>	<u>1,170,533.84</u>	<u>1,170,533.84</u>
Department of Justice							
Indirect Programs:							
Office of Justice Programs:							
Bulletproof Vest Partnership Program:							
Bulletproof Vest Partnership Program FY 19	16.607	4,250.00	1/1/2019	12/31/2019	2,178.00	4,250.00	4,250.00
Bulletproof Vest Partnership Program FY 20	16.607	2,582.26	1/1/2020	12/31/2020		2,582.26	2,582.26
Total Department of Justice					<u>2,178.00</u>	<u>2,582.26</u>	<u>6,832.26</u>
Total Federal Assistance					<u>\$ 58,156.17</u>	<u>\$ 1,173,116.10</u>	<u>\$ 1,177,366.10</u>

See accompanying notes to schedule of federal awards.

TOWNSHIP OF FREEHOLD

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2020

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Township of Freehold, County of Monmouth, New Jersey. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

Township of Freehold
Monmouth County, New Jersey

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| (1) Type of Auditor's Report Issued: | Unmodified |
| (2) Internal Control Over Financial Reporting: | |
| (a) Material weaknesses identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) Noncompliance material to the financial statements noted during the audit? | No |

Federal Program(s)

- | | |
|---|------------|
| (1) Internal Control Over Major Federal Programs: | |
| (a) Material weaknesses identified? | No |
| (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) Type of Auditor's Report issued on compliance for major federal program(s)? | Unmodified |
| (3) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and listed in Section III of this schedule? | No |

- (4) Identification of Major Federal Program(s):

<u>Program</u>	<u>Grant Number</u>
Coronavirus Relief Fund (CARES Act)	21.019

- (5) Program Threshold Determination:

Type A Federal Program Threshold >= \$750,000.00
Type B Federal Program Threshold < \$750,000.00

- | | |
|---|----|
| (6) Auditee qualified as a low-risk auditee under the Uniform Guidance? | No |
|---|----|

Township of Freehold
Monmouth County, New Jersey

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings – None Reported

Compliance Findings – None Reported

Section III – Findings and Questioned Costs Relative to Major Federal Programs

Federal Programs - None

Township of Freehold
Monmouth County, New Jersey

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

Status of Prior Year Audit Findings

None Reported

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PART III

TOWNSHIP OF FREEHOLD

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

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

	YEAR 2020		YEAR 2019	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 7,539,498.00	4.42%	\$ 6,928,357.00	4.10%
Miscellaneous-From Other Than Local				
Property Tax Levies	16,349,011.92	9.58%	17,958,795.57	10.63%
Collection of Delinquent Taxes and Tax Title Liens	1,375,185.57	0.81%	1,112,816.96	0.66%
Collection of Current Tax Levy	<u>145,474,805.71</u>	<u>85.20%</u>	<u>142,874,987.01</u>	<u>84.60%</u>
<u>TOTAL INCOME</u>	<u>\$ 170,738,501.20</u>	<u>100.00%</u>	<u>\$ 168,874,956.54</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 40,310,839.96	24.64%	\$ 39,075,830.49	24.29%
County Taxes	19,023,102.47	11.63%	18,915,316.74	11.76%
Local School Taxes	72,180,719.00	44.13%	70,760,205.00	43.99%
Regional School Taxes	27,390,153.00	16.75%	27,497,087.00	17.10%
Municipal Open Space Taxes	2,015,229.57	1.23%	1,977,735.27	1.23%
Special District Taxes	2,505,241.00	1.53%	2,530,322.00	1.57%
Other Expenditures	<u>142,415.36</u>	<u>0.09%</u>	<u>87,520.00</u>	<u>0.05%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 163,567,700.36</u>	<u>100.00%</u>	<u>\$ 160,844,016.50</u>	<u>100.00%</u>
Excess in Revenue	\$ 7,170,800.84		\$ 8,030,940.04	
Fund Balance, January 1	<u>11,739,500.05</u>		<u>10,636,917.01</u>	
	\$ 18,910,300.89		\$ 18,667,857.05	
Less: Utilization as Anticipated Revenue	<u>7,539,498.00</u>		<u>6,928,357.00</u>	
Fund Balance, December 31	<u>\$ 11,370,802.89</u>		<u>\$ 11,739,500.05</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE-WATER/SEWER UTILITY FUND

	YEAR ENDED DECEMBER 31, 2020		YEAR ENDED DECEMBER 31, 2019	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 2,804,682.00	16.62%	\$ 4,021,949.00	9.03%
Collection of Water/Sewer Rents	11,656,584.83	69.06%	11,516,649.44	84.06%
Miscellaneous - Other Than Water/Sewer Rents	<u>2,418,610.11</u>	<u>14.33%</u>	<u>1,323,543.95</u>	<u>6.91%</u>
<u>TOTAL INCOME</u>	\$ <u>16,879,876.94</u>	<u>100.00%</u>	\$ <u>16,862,142.39</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 11,624,845.25	84.17%	\$ 12,313,740.00	84.05%
Capital Improvements	225,000.00	1.63%	410,000.00	2.80%
Debt Service	1,620,244.88	11.73%	1,595,319.99	10.89%
Statutory Expenditures	<u>341,456.00</u>	<u>2.47%</u>	<u>331,901.00</u>	<u>2.27%</u>
<u>TOTAL EXPENDITURES</u>	\$ <u>13,811,546.13</u>	<u>100.00%</u>	\$ <u>14,650,960.99</u>	<u>100.01%</u>
Excess in Revenue	3,068,330.81		\$ 2,211,181.40	
Fund Balance, January 1	\$ <u>8,245,787.44</u>		\$ <u>10,056,555.04</u>	
Decreased by:				
Utilized as Anticipated Revenue	<u>2,804,682.00</u>		<u>4,021,949.00</u>	
Miscellaneous	\$ <u>8,509,436.25</u>		\$ <u>8,245,787.44</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	\$ <u>2.130</u>	\$ <u>2.139</u>	\$ <u>2.211</u>
Apportionment of Tax Rate			
Net County Levy	.237	.241	.256
County Library Tax	.017	.017	.018
County Open Space Tax	.028	.028	.029
Municipal Open Space Tax	.030	.030	.030
District School Tax	1.074	1.074	1.097
Regional School District	.408	.417	.441
Local Municipal Purpose Tax	.336	.332	.340
Fire Districts			
Number 1	.040	.046	.023
Number 2	.035	.030	.042
Assessed Valuation			
2020	\$ 6,717,431,900		
2019		\$ 6,592,450,900	
2018			\$ 6,326,367,000

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collection</u>	<u>Percentage of Collection</u>
2020	\$ 146,502,281	\$ 145,474,806	99.29%
2019	144,253,560	142,874,987	99.04%
2018	142,437,519	141,133,020	99.08%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Year Ended December 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2020	\$ 396,104	\$ 981,182	\$ 1,377,286	.94%
2019	392,941	1,358,493	1,751,434	1.21%
2018	373,555	1,193,703	1,567,258	1.10%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2020	\$ 584,150
2019	584,150
2018	584,150

COMPARISON OF WATER-SEWER UTILITY RENTS

<u>Year</u>	<u>Rents</u>	<u>Prior Year Delinquents</u>	<u>Cash Collections</u>
2020	\$ 12,258,528	\$ 625,806	\$ 12,307,086
2019	12,011,527	557,815	11,943,535
2018	12,133,474	477,816	12,053,476

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>		
2020	\$ 11,370,803	\$ 7,552,950
2019	11,739,500	7,539,498
2018	10,636,917	6,928,357
2017	9,478,823	6,455,872
2016	8,282,107	5,835,000
<u>Water Utility Operating Fund</u>		
2020	\$ 8,509,436	\$ 3,080,514
2019	8,245,787	2,804,682
2018	10,056,555	4,021,949
2017	9,887,412	3,119,118
2016	9,448,648	3,149,024

SUMMARY OF MUNICIPAL DEBT

	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Issued</u>			
General:			
Bonds, Notes, and Loans	\$ 38,569,794	\$ 34,027,594	\$ 33,669,952
Board of Education Lease Guarantee		116,000	227,000
Water-Sewer Utility:			
Bonds and Notes	<u>10,455,000</u>	<u>10,274,000</u>	<u>10,300,000</u>
	<u>49,024,794</u>	<u>44,417,594</u>	<u>44,196,952</u>
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:			
General Capital Fund	237,938	87,938	87,938
Open Space Debt not Subject to			
Capital Fund	<u>3,904,392</u>	<u>2,316,594</u>	<u>2,992,452</u>
	<u>4,142,330</u>	<u>2,404,532</u>	<u>3,080,390</u>
	<u>44,882,464</u>	<u>42,013,062</u>	<u>41,116,562</u>
 <u>Authorized but not Issued</u>			
General:			
Bonds and Notes	23,466,602	32,972,156	28,825,056
Water-Sewer Utility:			
Bonds and Notes	<u>6,471,440</u>	<u>6,514,796</u>	<u>5,069,696</u>
Total Authorized but not Issued	<u>29,938,042</u>	<u>39,486,952</u>	<u>33,894,752</u>
 Net Bonds and Notes Issued and			
Authorized but not Issued	\$ <u>74,820,506</u>	\$ <u>81,500,014</u>	\$ <u>75,011,314</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of .852%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 32,250,000	\$ 32,250,000	\$
Water-Sewer Utility Debt	16,926,440	16,926,440	
General Debt	<u>62,036,396</u>	<u>4,142,330</u>	<u>57,894,066</u>
	<u>\$ 111,212,836</u>	<u>\$ 53,318,770</u>	<u>\$ 57,894,066</u>

Net Debt \$57,894,060 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$6,792,320,283 = .852%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 237,731,210
Net Debt	<u>57,894,066</u>
Remaining Borrowing Power	\$ <u>179,837,144</u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" WATER-SEWER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 15,777,547
Deductions:		
Operating and Maintenance Cost	\$ 11,963,446	
Debt Service per Water Account	<u>1,620,245</u>	
Total Deductions		<u>13,583,691</u>
Excess in Revenue		\$ <u>2,193,856</u>

The foregoing debt information is in agreement with a revised Annual Debt Statement as filed by the Chief Financial Officer.

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>
Lester A. Preston, Jr.	Mayor
Thomas L. Cook	Deputy Mayor
Anthony J. Ammiano	Committeeman
Maureen Fasano	Committeewoman
Alan Walker	Committeeman
Peter R. Valesi	Township Administrator
Sanabel Abouzeina	Township Clerk
Catherine M. Campbell	Chief Financial Officer, Treasurer
Elizabeth A. Kiernan	Tax and Utility Collector
Ernest Schriefer	Chief of Police to 01/27/2020
George Baumann	Chief of Police from 01/28/2020
Nicole L. Sonnenblick	Municipal Court Judge
Denise Yuhas	Municipal Court Administrator
Michael Imbriaco	Tax Assessor
Paul N. Vitale	Construction Code Official

All of the bonds were examined and were properly executed.

All Employees, are covered under a \$1,000,000 Employees Dishonesty Blanket Coverage Bond through the Monmouth County Municipal Joint Insurance Fund.

GENERAL COMMENTS

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

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

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500.00 or up to \$44,000.00 if the entity has a Qualified Purchasing Agent. The Township's bid threshold was \$44,000.00 for the year under audit.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$44,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

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

- Police Station Generator
- Rehabilitation of Well #3
- Michael Tighe Park Administration Building Bathroom Addition & Alterations
- 2020 Pavement Overlay Program
- Installation of Playground equipment at Opatut Park
- Purchase of 2 Dump Trucks
- Police Department Uniforms
- Lafayette Court Water Main Replacement
- 2020-2021 Pavement Preservation Program
- Police Shooting Range Facility Improvement

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$44,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-4.

GENERAL COMMENTS (CONTINUED)

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

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40:11-5:

Attorney
Labor Counsel
Auditor
Fee Accountant
Financial Advisor
Insurance Broker
Planning Board Attorney
Bond Counsel
Tax Appeal Attorney
Architect

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 3, 2020 adopted the following resolutions authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, the Township Committee of the Township of Freehold desires to establish the interest rate to be charged on all delinquent taxes and assessments, said interest to be waived within a ten day period after they become due; on the eleventh day of delinquency , interest shall be calculated from the date the tax was payable until the date of actual payment; and,

WHEREAS, Statutes further provide for the Township to designate an employee who would be authorized to cancel property tax refunds or delinquencies, and utilities, credits or balances which are less than \$10.00;

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Freehold that, pursuant to the provisions of N.J.S.A. 54:4-67, the rate of interest to be charged for the non-payment of taxes and assessments on or before the day when the same become delinquent is hereby fixed at eight percent per annum on the first \$1,500.00 of delinquency and eighteen percent per annum on any amount in excess of \$1,500.00 In addition, the Township will set an additional charge of six percent per annum on all delinquent accounts in excess of \$10,000.00, or the maximum allowed by Statute, whichever is greater.

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (CONTINUED)

BE IT FURTHER RESOLVED that the Township Tax Collector is hereby authorized to cancel any property tax refunds or delinquencies, and utilities credits or balances of \$10.00 or less.

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

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed value of such properties in the year of acquisition, is summarized as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2020	\$584,150.00
2019	584,150.00
2018	584,150.00

TAX TITLE LIENS

The last tax sale was held on December 9, 2020 and was complete.

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

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

<u>YEAR</u>	<u>NUMBER</u>
2020	33
2019	35
2018	35

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payments of 2020 Taxes	25
Delinquent Taxes	25

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus, creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out at year end.

RECOMMENDATIONS

NONE

