Comprehensive Annual Financial Report

of the

Borough of Freehold

County of Monmouth

Freehold, New Jersey 07728

For the Year Ended December 31, 2018

Presented by

Richard J. Gartz, CPA, RMA
Chief Financial Officer
Borough of Freehold

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
BOROUGH OF FREEHOLD

51 West Main Street
Freehold, New Jersey 07728

FOR THE YEAR ENDED DECEMBER 31, 2018

Presented by

Richard J. Gartz, CPA, RMA
Chief Financial Officer
Borough of Freehold

BOROUGH OF FREEHOLD
TABLE OF CONTENTS
DECEMBER 31, 2018

		Page
INTRODUCTORY SECTION		
	Letter of Transmittal	1-5
	Municipal Officials	6
	Consultants and Advisors	7
	Official Depositories	8
	Where the Revenue Comes From	9
	Your 2018 Tax Rate	10
	How Your 2018 Municipal Tax Dollars Were Spent	11
FINANCIAL SECTION		
	Independent Auditor's Report	12-14
	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	15-16
Exhibit Number		
	GENERAL PURPOSE FINANCIAL STATEMENTS	
A-1	Combined Statement of Assets, Liabilities, Reserves and Fund Balance - All Fund Types and Account Groups - Statutory Basis	17-18
A-2	Combined Statement of Revenues, Expenses and Changes in Fund Balance - Budget and Actual - Current and Water-Sewer Utility Operating Funds - Statutory Basis	19-21
	Notes to Financial Statements	22-68
	COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS	
	Current Fund:	
B-1	Comparative Statement of Assets, Liabilities and Fund Balance - Statutory Basis	69-70
B-2	Comparative Statement of Operations and Changes in Fund Balance - Statutory Basis	71-73
B-3	Statement of Revenues – Statutory Basis	74-75
B-4	Statement of Expenditures – Statutory Basis	76-84

BOROUGH OF FREEHOLD
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2018

Exhibit Number		Page
	COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS (CONTINUED)	
	Current Fund (Continued):	
B-5	Schedule of Taxes Receivable and Analysis of Property Tax Levy	86-86
B-6	Statement of Tax Title Liens Receivable	87
B-7	Statement of 2017 Appropriation Reserves	88-91
B-8	Statement of State and Federal Grants Receivable	92-93
B-9	Statement of Reserve for State and Federal Grants - Appropriated	94-95
B-10	Statement of Reserve for State and Federal Grants - Unappropriated	96
	Trust Funds:	
C-1	Comparative Statement of Assets, Liabilities and Reserves - Statutory Basis	97-98
C-2	Statement of Reserve for Animal Control Expenditures	99
C-3	Statement of Various Reserves	100
C-4	Statement of Reserve for New Jersey Unemployment Compensation Insurance	101
C-5	Statement of Reserve for Investment in LOSAP – Volunteer Fire Department	102
C-6	Statement of Reserve for Investment in LOSAP – Freehold First Aid & Emergency Squad	102
	General Capital Fund:	
D-1	Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Statutory Basis	103-104
D-2	Analysis of Cash and Cash Equivalents	105-107
D-3	Statement of Deferred Charges to Future Taxation, Unfunded	108-110
D-4	Statement of Bond Anticipation Notes	111-113
D-5	Statement of Improvement Authorizations	114-115
D-6	Statement of Bonds and Notes Authorized But Not Issued	116

BOROUGH OF FREEHOLD
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2018

Exhibit Number		Page
	COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS (CONTINUED)	
	Water-Sewer Utility Operating Fund:	
E-1	Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Statutory Basis	117
E-2	Comparative Statement of Operations and Change in Operating Fund Balance - Statutory Basis	118
E-3	Statement of Revenues - Statutory Basis	119
E-4	Statement of Expenditures - Statutory Basis	120
E-5	Statement of Consumer Accounts Receivable	121
E-6	Statement of Consumer Liens Receivable	121
E-7	Statement of 2017 Appropriation Reserves	122
E-8	Statement of Accrued Interest on Bonds and Notes	123
	Water-Sewer Utility Capital Fund:	
F-1	Comparative Statement of Assets, Liabilities, Reserves and Fund Balance - Statutory Basis	124-125
F-2	Analysis of Cash and Cash Equivalents	126-127
F-3	Statement of Bond Anticipation Notes	128
F-4	Statement of Improvement Authorizations	129-130
F-5	Statement of Bonds and Notes Authorized But Not Issued	131
	General Fixed Assets Account Group:	
G-1	Comparative Statement of General Fixed Assets	132
STATISTICAL SECTION		
H-1	Current Fund Expenditures by Function	133
H-2	Water-Sewer Utility Operating Fund Expenditures by Function	134
H-3	Current Fund Revenues by Source	135
H-4	Property Tax Rates Per $100 of Assessed Valuation	136

BOROUGH OF FREEHOLD
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2018

		Page
STATISTICAL SECTION (CONTINUED)		
Exhibit Number		
H-5	Municipal Property Tax Levies and Collections	137
H-6	Delinquent Taxes and Tax Title Liens	138
H-7	Assessed and Estimated Actual Value of Taxable Property	139
H-8	Schedule of Ten Largest Taxpayers	140
H-9	Computation of Legal Debt Margin	141
H-10	Ratio of Bonded Debt, Bond Anticipation Notes and Loans to Equalized Value and Debt Per Capita	142
H-11	Ratio of Annual Debt Service Expenditures for Bonded Debt, Bond Anticipation Notes and Loans	143
H-12	Calculation of "Self-Liquidating Purpose" Per N.J.S. 40A:2-45 - Water-Sewer Utility Operating Fund	144
H-13	Demographic Statistics	145
H-14	Miscellaneous Statistics	146
AUDITOR'S COMMENTS		
General:		
	Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4	147-148
	Collection of Interest on Delinquent Taxes and Assessments	148
	Tax Title Liens	148
	Verification of Delinquent Taxes and Other Charges	149
Other:		
	Interfund Balances	149
Recommendations		150

INTRODUCTORY SECTION

BOROUGH OF FREEHOLD

51 West Main Street ~ Freehold, New Jersey 07728-2195

www.freeholdboroughnj.gov

J. NOLAN HIGGINS
Mayor

TRACI L. DiBENEDETTO
Borough Clerk

JOSEPH B. BELLINA
Business Administrator

RICHARD J. GARTZ
Chief Financial Officer

August 16, 2019

TO: The Honorable Mayor and Members of the Borough Council

RE: Comprehensive Annual Financial Report for the Year Ended December 31, 2018

The Comprehensive Annual Financial Report for the Borough of Freehold, County of Monmouth, State of New Jersey, is hereby submitted herewith and includes financial statements and supplemental schedules. I believe it is accurate in all material respects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Borough of Freehold as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the Borough's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Auditor's Comments and Recommendations. The Introductory Section includes this transmittal letter and a list of principal officials. The Financial Section includes the annual financial statements and individual fund financial schedules as well as the Independent Auditors' Report. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis. Responsibility for completeness and clarity of the report, including disclosures, rests with the Chief Financial Officer and, ultimately, with the Mayor and Council.

The financial statements have been audited by Suplee, Clooney & Company, whose opinion is expressed in the Financial Section. Please note that the Independent Auditors' Report is unmodified and states that the financial statements are presented fairly in conformity with the basis of accounting as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, except for the LOSAP Fund financial statements which have not been audited.

The Single Audit Act of 1984, including all amendments thereto, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" provide the requirements for undergoing an annual single audit. The Borough did not meet the criteria for a single audit for the year ended December 31, 2018.

During 2018, the Borough of Freehold authorized engineering services for the mid block crosswalk on East Main Street, regulatory amendments to the Storm Water Management Master Plan, design of a Water Treatment Plant, Development of a Water System Asset Management Plan and the design work for Vredenburgh Avenue.

The Borough authorized the Phyllis Road and Vredenburgh Avenue road improvement projects during 2018. The Borough also authorized the town wide Sidewalk Improvement Project. This project authorized residents who had sidewalks in need of repair to pay half of the total cost of the repairs and the Borough to pay for half in order to remediate Code violations as well as improve the overall aesthetics of the town.

The Borough authorized architectural services for Fire House Improvements as well a Professional Services contract for Transit Village Planning in 2018.

In 2018 the long awaited Veteran's Park improvement project was completed. The project offers a fitness trail, walking path and new playground equipment. A $135,000 Monmouth County Open Space Fund grant was provided to assist in this project.

There was various capital equipment purchased in 2018 which included the purchase of a Fire Chiefs vehicle, a Ford F-450 dump truck for the Water-Sewer Department, the purchase of a pick-up truck with a plow for the Department of Public Works, and purchase and installation of a new Fuel Dispensing System.

The Borough continued to host annual community events such as the Memorial Day parade, St. Patrick's Day parade, Spooktacular, Town wide yard sale, July 4th fireworks and the Community Garden to mention a few.

Based upon 2018's fiscal information contained in this report and information available to me, along with my familiarity with Freehold Borough, it is not anticipated that the Borough will experience any financial distress in 2019. The Borough continues to actively pursue various cost saving avenues and revenue streams from alternative sources.

CASH MANAGEMENT

Bank balances are insured up to $250,000 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Governmental Unit Deposit Protection Act ("GUDPA") insures the remaining balance of Funds on Deposit in registered depositories.

The Borough invests all surplus funds for appropriate periods of time as determined by the Chief Financial Officer. During 2018, idle funds were invested with Amboy Bank which offered a rate of 1.74% and with Investors Bank which offered a rate of 1.25% during 2018.

ACCOUNTING AND BUDGET INFORMATION

Accounting:

The Borough maintains an on-line, real-time computerized accounting system to record all financial transactions including tax and water-sewer receipts and billing, special assessments, revenue, budget and general ledger, payroll and fixed assets.

In developing and evaluating the Borough's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits expected to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

During the calendar year, financial reports are prepared periodically and distributed to the Mayor and Council, Business Administrator and department heads. The reports detail the monthly transactions and summarize the balance in the appropriations allocated for goods and services.

Management of the Borough is responsible for establishing and maintaining an adequate internal control structure.

Budget:

The Local Budget Law for the State of New Jersey requires every local unit to adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to the final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director is required to review the adequacy of such appropriations, unless a specific amount is required by law. The review function, focusing on anticipated revenues, serves to protect the solvency of all local units.

Section 5:30-4 of the New Jersey Administrative Code provides that every local unit that proposes to spend $25,000 or more on capital equipment, construction or improvements must prepare a Capital Budget. If the Borough's population exceeds 10,000 the Capital Improvement Program shall include by title all projects anticipated for the Budget year and the five succeeding years, with the estimated costs and the anticipated financing by sources and amounts. A six year Capital Improvement Program was adopted as part of the 2018 Budget.

A Capital Budget section included with the Annual Budget does not in itself confer any authorization to raise or expend funds. Rather, it is a document used as a part of the local unit's planning and management program. Specific authorization to expend funds for purposes described in the Capital Budget must be granted separately, through the adoption of a bond ordinance, by appropriating funds from the Capital Improvement Fund, or other lawful means.

The Budget of the Borough is categorized into appropriations by function. Each appropriation represents a service program or division within the Borough. Funds are appropriated to each of the Budget lines by the Mayor and Council in accordance with procedures prescribed by the State of New Jersey Local Budget Law.

Distinct appropriations are required for "Salaries and Wages" and for "Other Expenses". The Borough delineates each appropriation into subaccounts by budget codes.

The Business Administrator and Chief Financial Officer monitor expenditures throughout the fiscal year to ensure that spending remains within the amounts of funds authorized. Budget modifications are processed in the last two months of the year to transfer funds from one area to another as needed.

DEBT ADMINISTRATION

The authorized bonded indebtedness of municipalities in the State of New Jersey is limited by statute to an amount equal to 3½% of their equalized value. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain railroad property within its boundaries as annually determined by the State Board of Taxation.

The Borough has managed its debt well and has outstanding net debt of $8,823,564 which is equal to 0.834% of its average equalized valuation basis of $1,057,953,826..

ACKNOWLEDGMENT

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Department and I would like to express my appreciation for their help and assistance in the preparation of the Borough's Comprehensive Annual Financial Report.

Respectfully submitted,

Richard J. Gartz, CPA, RMA
Chief Financial Officer

BOROUGH OF FREEHOLD

MUNICIPAL OFFICIALS

DECEMBER 31, 2018

J. Nolan Higgins	Mayor
Sharon Shutzer	Council President
Jaye Sims	Councilman
Michael DiBenedetto	Councilman
George J. Schnurr	Councilman
Kevin Kane	Councilman
Ronald Griffiths	Councilman

Joseph B. Bellina	Business Administrator
Richard J. Gartz, CPA, RMA	Chief Financial Officer
Traci L. DiBenedetto	Borough Clerk
Patricia Berg	Tax Collector
Mitchell Elias	Tax Assessor
Matthew Young	Construction Code Official
Glenn Roberts	Chief of Police
Scott J. Basen, Esq.	Municipal Judge

BOROUGH OF FREEHOLD

CONSULTANTS AND ADVISORS

DECEMBER 31, 2018

ATTORNEY

Kerry E. Higgins, Esq.
McKenna, DuPont, Higgins & Stone
229 Broad Street
PO Box 610
Red Bank, NJ 07701

BOND COUNSEL

GluckWalrath LLP
11 Wharf Avenue
Suite 4
Red Bank, NJ 07701

ENGINEER

Abbington Engineering, LLC
436 West Commodore Boulevard
Suite 2
Jackson, NJ 08527

AUDIT FIRM

Suplee, Clooney & Company
Westfield, NJ 07090

BOROUGH OF FREEHOLD

OFFICIAL DEPOSITORIES

DECEMBER 31, 2018

Wells Fargo Bank, NA NJ
72 West Main Street
Freehold, NJ 07728

Provident Bank
3585 US Highway 9
Freehold, NJ 07728

Ocean First Bank
34 East Main Street
Freehold, NJ 07728

Santander Bank
521 Park Avenue
Freehold, NJ 07728

Capital One
146 South Street
Freehold, NJ 07728

Bank of America
1 West Main Street
Freehold, NJ 07728

First Commerce Bank
118A Schanck Road
Freehold, NJ 07728

TD Bank
Route 537
Freehold, NJ 07728

Amboy National Bank
East Main Street
Freehold, NJ 07728

Investors Bank
21 West Main Street
Freehold, NJ 07728

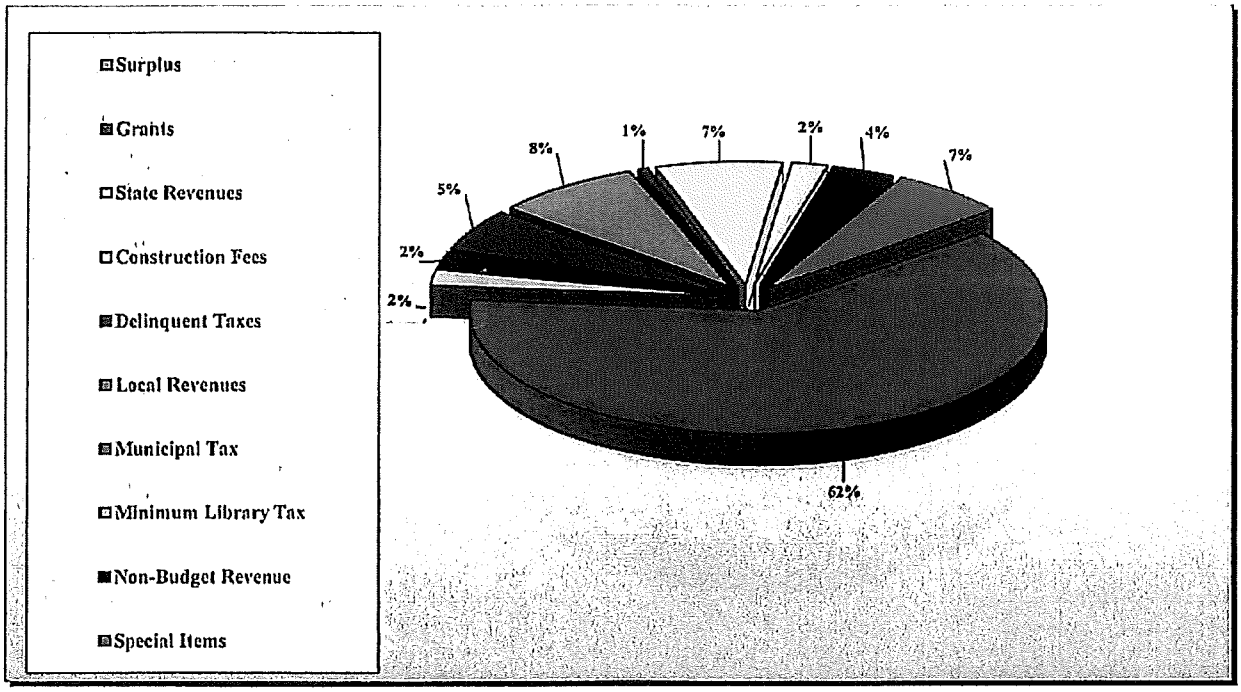
Two River Community Bank
31 East Main Street
Freehold, NJ 07728

PNC Bank
427 West Main Street
Freehold, NJ 07728

Freehold Savings Bank
68 West Main Street
Freehold, NJ 07728

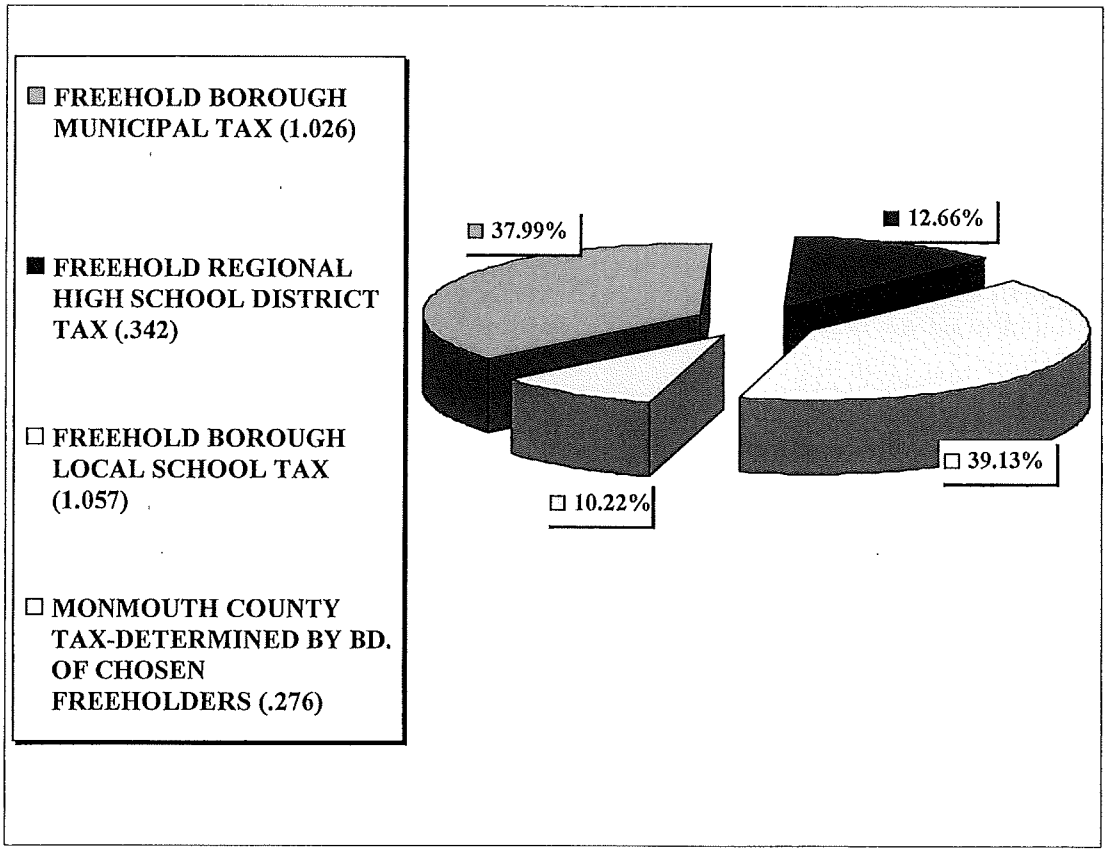
WHERE THE REVENUE COMES FROM

FREEHOLD BOROUGH
2018 REVENUES



TITLES	2018 ANTICIPATED REVENUES	2018 ACTUAL REVENUES
Surplus	$ 1,425,000.00	$ 1,425,000.00
Grants	105,111.03	105,111.03
State Revenues	1,250,916.00	1,250,916.00
Construction Fees	190,000.00	340,558.00
Delinquent Taxes	600,000.00	615,965.13
Local Revenues	1,436,637.00	1,145,594.40
Municipal Tax	10,476,331.25	10,867,740.28
Minimum Library Tax	349,976.98	349,976.98
Non-Budget Revenue	------	383,000.00
Special Items	640,357.00	956,929.33
TOTALS	$ 16,474,329.26	$ 17,440,791.15

YOUR 2018 TAX RATE
2.701

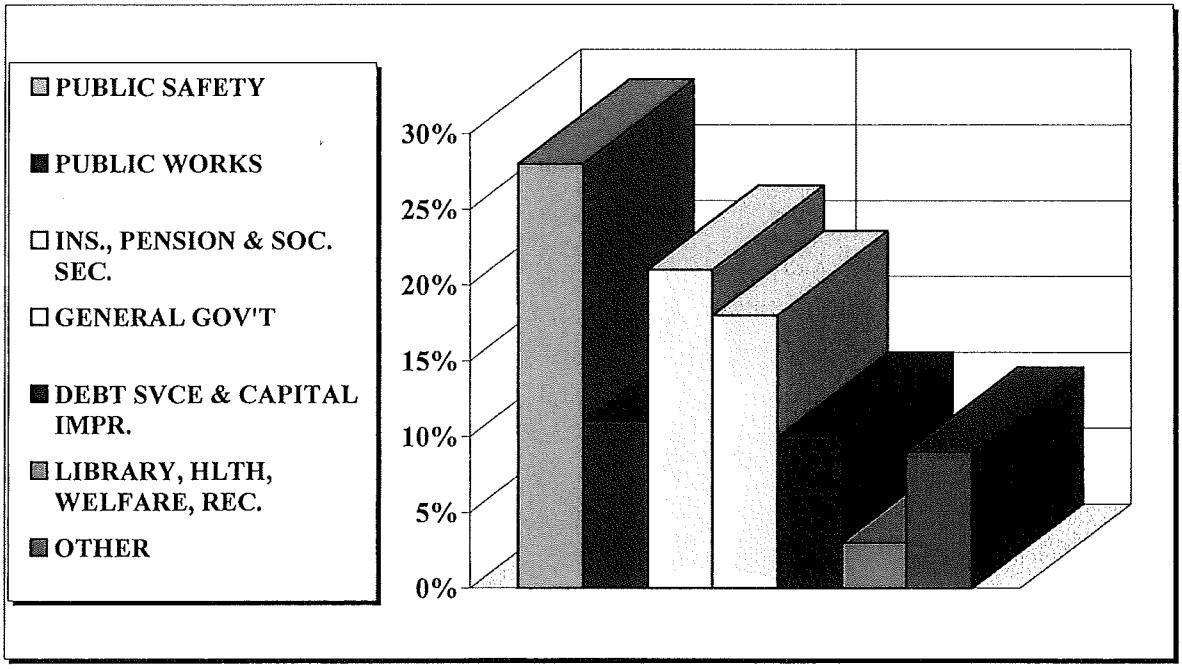


HOW YOUR 2018 MUNICIPAL TAX DOLLARS WERE SPENT

YOUR MUNICIPAL TAX DOLLARS*
$2,615.11

PUBLIC SAFETY	29%	$ 758.38
PUBLIC WORKS	11%	287.66
INS., PENSION & SOC. SEC.	22%	575.32
GENERAL GOVERNMENT**	17%	444.58
DEBT SVCE. & CAPITAL IMPR.	9%	235.36
LIBRARY, HEALTH & REC.	3%	78.45
OTHER	9%	235.36
TOTAL:	**100%**	**$2,615.11**

***BASED ON AN AVERAGE ASSESSMENT OF $254,884.**
****INCLUDES LAND USE ADMINISTRATION, CODE ENFORCEMENT, UTILITY EXPENSE & BULK PURCHASES, LANDFILL/SOLID WASTE DISPOSAL AND MUNICIPAL COURT**



FINANCIAL SECTION

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

The Honorable Mayor and Members
of the Borough Council
Borough of Freehold
County of Monmouth
Freehold, New Jersey 07728

Report on the Financial Statements

We have audited the accompanying General Purpose Financial Statements of the Borough of Freehold, as of December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Borough's statutory 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 statutory 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 statutory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory 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 statutory 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 statutory financial statements, the statutory financial statements are prepared by the Borough of Freehold on the basis of the financial reporting provisions permitted 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 statutory 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 Borough of Freehold as of December 31, 2018 and 2017, 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, 2018.

Basis for Qualified Opinion on Statutory Basis of Accounting

The financial activities of the Length of Service Award Program (LOSAP) are presented in the financial statements of the Borough's Trust Fund. These financial statements of the LOSAP have not been audited and were not required to be in accordance with the regulations of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Opinion on Statutory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, that might have been necessary had the LOSAP Fund Financial Statements been audited, the statutory financial statements referred to above present fairly, in all material respects, the statutory basis balance sheets of the various individual funds and account group as of December 31, 2018 and 2017, the statutory basis statements of operations and changes in fund balance for the years then ended and the statutory basis statements of revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

The Combining and Individual Fund and Account Group Statements, supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. Such information except for those portions marked unaudited, have been subjected to the auditing procedures applied in the audit of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory 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 in the table of contents, are fairly stated, in all material respects, in relation to the statutory 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 August 16, 2019 on our consideration of the Borough 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 Borough of Freehold's internal control over financial reporting and compliance.

Suplee Clooney & Company

CERTIFIED PUBLIC ACCOUNTANTS

Robert W. [illegible]

REGISTERED MUNICIPAL ACCOUNTANT

August 16, 2019

SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
308 East Broad Street, Westfield, New Jersey 07090-2122
Telephone 908-789-9300 Fax 908-789-8535
E-mail info@scnco.com

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

The Honorable Mayor and Members
of the Borough Council
Borough 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 Borough of Freehold, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's statutory financial statements, and have issued our report thereon dated August 16, 2019. Our report disclosed that, as described in Note 1 to the financial statements, the Borough 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 statutory financial statements, we considered the Borough's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough 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 Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Borough 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 Borough of Freehold's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Suplee Clooney & Company
CERTIFIED PUBLIC ACCOUNTANTS

Robert W. [illegible]
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 16, 2019

GENERAL PURPOSE FINANCIAL STATEMENTS

BOROUGH OF FREEHOLD

COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -

ALL FUND TYPES AND ACCOUNT GROUPS - STATUTORY BASIS

DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	Governmental Funds			Water-Sewer Utility		General Fixed Assets	Totals Memorandum Only	
	Current	General Capital	Trust Funds	Operating	Capital	Account Group	2018	2017
ASSETS AND OTHER DEBITS								
Cash and Cash Equivalents	$ 6,752,232.74	$ 3,683,524.10	$ 1,958,211.56	$ 1,824,177.83	$ 1,417,012.12		$ 15,635,158.35	$ 14,921,602.40
Investments		26,000.00	1,541,180.79				1,567,180.79	1,702,657.52
Intergovernmental Receivable		332,765.50					332,765.50	584,015.50
Receivables and Other Assets:								
Delinquent Property Taxes	540,260.66						540,260.66	612,268.65
Consumer Accounts Receivable				305,833.12			305,833.12	360,196.51
Inventory				43,151.84			43,151.84	89,263.61
Tax Title Liens Receivable	102,842.29			1,044.68			103,886.97	135,650.31
Property Acquired for Taxes - Assessed Valuation	351,700.00						351,700.00	156,300.00
Other Accounts Receivable	29,242.53						29,242.53	175,024.74
Interfunds Receivable	282.49		3,350.00				3,632.49	32,232.44
Deferred Charges	26,000.00	8,823,650.00					8,849,650.00	9,447,709.03
Fixed Capital					17,999,725.56		17,999,725.56	17,289,725.56
Fixed Assets						$ 13,956,925.91	13,956,925.91	14,857,660.86
Federal and State Grant Fund:								
Federal and State Grants Receivable	246,331.92						246,331.92	248,315.92
Interfund Receivable	131,787.40						131,787.40	150,768.76
Total Assets and Other Debits	$ 8,180,680.03	$ 12,865,939.60	$ 3,502,742.35	$ 2,174,207.47	$ 19,416,737.68	$ 13,956,925.91	$ 60,097,233.04	$ 60,763,391.81

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

BOROUGH OF FREEHOLD

COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE -

ALL FUND TYPES AND ACCOUNT GROUPS - STATUTORY BASIS

DECEMBER 31, 2018

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	Governmental Funds			Water-Sewer Utility		General Fixed Assets	Totals Memorandum Only	
	Current	General Capital	Trust Funds	Operating	Capital	Account Group	2018	2017
LIABILITIES, RESERVES AND FUND BALANCE								
Liabilities and Reserves:								
Appropriation Reserves	$ 1,364,778.33			$ 458,494.09			$ 1,823,272.42	$ 1,935,477.77
Other Liabilities and Reserves	1,954,079.15	$ 1,967,598.02	$ 3,502,459.86	208,909.87	$ 570,373.71		8,203,420.61	8,482,515.96
Improvement Authorizations		1,704,904.62			2,571,895.04		4,276,799.66	4,579,218.64
Accrued Interest on Notes				16,628.75			16,628.75	7,717.63
Reserve for Amortization					11,679,369.37		11,679,369.37	11,268,619.37
Deferred Reserve for Amortization					497,556.19		497,556.19	461,556.19
Interfunds Payable	135,137.40		282.49				135,419.89	183,001.20
Bond Anticipation Notes		8,820,000.00			4,046,000.00		12,866,000.00	13,097,000.00
Special Emergency Note Payable	26,000.00						26,000.00	99,000.00
Reserve for Receivables and Other Assets	1,024,327.97			350,029.64			1,374,357.61	1,434,548.63
Federal and State Grant Fund:								
Unappropriated/Appropriated Reserves	378,119.32						378,119.32	399,084.68
Total Liabilities and Reserves	$ 4,882,442.17	$ 12,492,502.64	$ 3,502,742.35	$ 1,034,062.35	$ 19,365,194.31		$ 41,276,943.82	$ 41,947,740.07
Equity and Other Credits:								
Investment in General Fixed Assets						$ 13,956,925.91	$ 13,956,925.91	$ 14,857,660.86
Fund Balance	$ 3,298,237.86	$ 373,436.96		$ 1,140,145.12	$ 51,543.37		4,863,363.31	3,957,990.88
Total Equity and Other Credits	$ 3,298,237.86	$ 373,436.96		$ 1,140,145.12	$ 51,543.37	$ 13,956,925.91	$ 18,820,289.22	$ 18,815,651.74
Total Liabilities, Reserves and Fund Balance	$ 8,180,680.03	$ 12,865,939.60	$ 3,502,742.35	$ 2,174,207.47	$ 19,416,737.68	$ 13,956,925.91	$ 60,097,233.04	$ 60,763,391.81

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

BOROUGH OF FREEHOLD
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CURRENT AND WATER-SEWER UTILITY OPERATING FUNDS - STATUTORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Current Fund			Water-Sewer Utility Operating Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Fund Balance Anticipated	$ 1,425,000.00	$ 1,425,000.00		$ 980,653.03	$ 980,653.03	
Water-Sewer Rents				5,700,000.00	5,581,437.07	$ (118,562.93)
Miscellaneous Revenues	2,266,994.00	2,443,081.73	$ 176,087.73	130,000.00	170,427.30	40,427.30
State Aid	1,250,916.00	1,250,916.00				
Federal and State Grants	105,111.03	105,111.03				
	$ 5,048,021.03	$ 5,224,108.76	$ 176,087.73	$ 6,810,653.03	$ 6,732,517.40	$ (78,135.63)
Receipts from Delinquent Taxes	600,000.00	615,965.13	15,965.13			
Amount to be Raised for Support of Municipal Budget:						
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	10,476,331.25	10,867,740.28	391,409.03			
Minimum Library Tax	349,976.98	349,976.98				
Budget Totals	$ 16,474,329.26	$ 17,057,791.15	$ 583,461.89	$ 6,810,653.03	$ 6,732,517.40	$ (78,135.63)
Non-budget Revenues		383,000.00	383,000.00			
Other Credits to Income		1,242,516.75	1,242,516.75		569,871.68	569,871.68
Taxes Allocated to School, County and Special District	17,922,315.73	17,922,315.73				
Total Revenues	$ 34,396,644.99	$ 36,605,623.63	$ 2,208,978.64	$ 6,810,653.03	$ 7,302,389.08	$ 491,736.05

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

BOROUGH OF FREEHOLD
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CURRENT AND WATER-SEWER UTILITY OPERATING FUNDS - STATUTORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Current Fund			Water-Sewer Utility Operating Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:						
Current:						
Within "CAPS":						
General Government	$ 1,091,167.00	$ 1,091,167.00				
Land Use Administration	19,200.00	19,200.00				
Code Enforcement/Uniform Construction Code	362,143.00	362,143.00				
Insurance	2,234,463.00	2,234,463.00				
Public Safety	4,388,522.00	4,388,522.00				
Public Works	1,635,930.00	1,635,930.00				
Health and Human Services	18,750.00	18,750.00				
Parks and Recreation	94,100.00	94,100.00				
Utility Expense and Bulk Purchases	498,500.00	498,500.00				
Landfill/Solid Waste Disposal	512,077.00	512,077.00				
Contingent	2,000.00	2,000.00				
Municipal Court	335,315.00	335,315.00				
Deferred Charges and Statutory Expenditures	1,230,009.00	1,230,009.00				
Excluded from "CAPS":						
Library	369,958.00	369,958.00				
Insurance and Pensions	135,750.00	135,750.00				
Landfill/Solid Waste Disposal	99,768.00	99,768.00				
Interlocal Service Agreements	449,664.00	449,664.00				
Due to Local and Regional School Districts - Business Personal Property Adjustment	107,262.00	107,262.00				
State and Federal Grants	403,517.03	403,517.03				
Operating				$ 5,354,895.00	$ 5,354,895.00	
Capital Improvements	110,000.00	110,000.00		50,000.00	50,000.00	
Debt Service	1,367,730.00	1,367,725.05	$ 4.95	515,200.00	515,200.00	
Deferred Charges and Statutory Expenditures	73,000.00	73,000.00		390,558.03	390,558.03	
Deficit in Operations in Prior Years						
Surplus (General Budget)				500,000.00		500,000.00
Reserve for Uncollected Taxes	935,504.23	935,504.23				
Total Budget Expenditures	$ 16,474,329.26	$ 16,474,324.31	$ 4.95	$ 6,810,653.03	$ 6,310,653.03	500,000.00

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

BOROUGH OF FREEHOLD
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CURRENT AND WATER-SEWER UTILITY OPERATING FUNDS - STATUTORY BASIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

	Current Fund			Water-Sewer Utility Operating Fund		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (Continued):						
County, School and Special District Taxes	$ 17,922,315.73	$ 17,922,315.73	$			
Other Expenses		23,988.73	(23,988.73)			
Total Expenditures	$ 34,396,644.99	$ 34,420,628.77	$ (23,983.78)	$ 6,810,653.03	$ 6,310,653.03	500,000.00
Statutory Excess to Fund Balance		$ 2,184,994.86	$ 2,184,994.86		$ 991,736.05	$ 991,736.05
Fund Balance, January 1, 2018		2,538,243.00	2,538,243.00		1,129,062.10	1,129,062.10
		$ 4,723,237.86	$ 4,723,237.86		$ 2,120,798.15	$ 2,120,798.15
Decreased by:						
Utilization as Anticipated Revenue		$ 1,425,000.00	$ 1,425,000.00		$ 980,653.03	$ 980,653.03
Fund Balance, December 31, 2018		$ 3,298,237.86	$ 3,298,237.86		$ 1,140,145.12	$ 1,140,145.12

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Financial Reporting Entity - The Borough of Freehold (the "Borough") is located in the western part of Monmouth County in the north central part of New Jersey. It is wholly surrounded by Freehold Township and its neighboring communities include Colts Neck, Marlboro and Manalapan Township.

The Borough of Freehold operates under the Borough form of government. The governing body consists of a Mayor and six Council members. All action is passed by a majority or, when required, a 2/3 vote of Council. The Mayor votes only in the event of a tie. The Mayor has veto power over all ordinances passed by the Borough Council. This veto can be overridden by a two-thirds (2/3) vote of the Council.

B. Description of Funds - The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP.)

The accounting policies of the Borough conform to the accounting principles applicable to municipalities that have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds that differ from the fund structure required by generally accepted accounting principles.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Fund - The records of receipts, disbursement and custodianship of monies in accordance with the purpose for which each reserve was created are maintained in Trust Funds. These include the Animal Control Trust Fund and Trust Other Fund.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Water-Sewer Utility Operating Fund and Capital Fund – The Water-Sewer Utility maintains an Operating Fund and Capital Fund which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Payroll Trust Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into bank accounts of the Payroll Fund. Other deductions are retained by the operating funds and paid directly therefrom. A Payroll Fund does not exist under GAAP.

Fixed Asset Group of Accounts - These accounts reflect estimated valuations of land, buildings and certain moveable fixed assets of the Borough as discussed under the caption of "Basis of Accounting".

C. Basis of Accounting - The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property Taxes and Other Revenue - Property Taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. 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 Revenue - Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures - Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been canceled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Reserve for Encumbrances - All local units are required by N.J.A.C. 5:30-5.2, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31 are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - 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.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Interfund Accounts Receivable - Interfund Accounts Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfund Accounts Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfund Accounts Receivable of one fund are offset with Interfund Accounts Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Inventories of Supplies - Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water-Sewer Utility is required, by regulation, to be prepared by Borough personnel for inclusion on the Water-Sewer Utility Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Fixed Assets

General - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP, the Borough has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Asset 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.

Acquisition of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of $5,000.00 or greater, per unit.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Assets (Continued)

General (Continued)

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities - Capital acquisitions, including utility infrastructure costs of the Water-Sewer Utility, are recorded at cost upon purchase or project completion in the Fixed Capital account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include moveable fixed assets of the Utility but are not specifically identified and are not duplicated in the Fixed Asset Group of Accounts.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utility is offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long-term obligation.

Total Columns on Combined Statements - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Accounting and Financial Reporting for Pensions - The Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued)

GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date- as an amendment to GASB No. 68. To address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Assets area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C.5:30 6.1(c)(2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

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

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

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

D. Basic Financial Statements - The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP.

Note 2. DEPOSITS AND INVESTMENTS

A. Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to $250,000.00 in aggregate by the FDIC for each bank. At December 31, 2018 and 2017, the book value of the Borough's deposits were $15,634,652.54 and $14,921,602.40, respectively and bank balances of the Borough's deposits amounted to $15,927,069.40 and $14,839,334.70, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as follows:

	Bank Balance December 31,	
Depository Account	2018	2017
Insured	$ 500,000.00	$ 500,000.00
Uninsured and Collateralized	15,427,069.40	14,339,334.70
	$ 15,927,069.40	$ 14,839,334.70

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 Borough does not have a formal policy for custodial risk. As of December 31, 2018 and 2017, the Borough's bank balance of $15,427,069.40 and $14,339,334.70, respectively was exposed to custodial credit risk as follows:

	2018	2017
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department not in the Borough's name	$ 15,427,069.40	$ 14,339,334.70
	$ 15,427,069.40	$ 14,339,334.70

Note 2. DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. LOSAP investments include interest bearing account or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed or variable life insurance contracts.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure; however, investments are matched with anticipated cash flows to minimize interest rate risk.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Borough limits its credit risk by investing in direct obligations of the United States government, its agencies or instrumentalities secured by the full faith and credit of the government of the United States. U.S. government securities carry an underlying rating of AAA by Standard and Poor's and AAA by Moody's Investors Service. The investments in federal agency discount notes carry the highest available rating by Standard & Poor's. The Borough has no policy on credit risk; however, investments are limited to securities guaranteed by the U.S. Government.

Concentration of Credit Risk: The Borough places no limit on the amount that may be invested in any one issuer. 100% of the Borough's investments are in obligations of the United States or its agencies or instrumentalities.

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and Schools purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first $1,500.00 of delinquency and 18% on any delinquency in excess of $1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of $10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance. Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed. The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Comparative Schedule of Tax Rates

	2018	2017	2016	2015	2014
Tax Rate	$ 2.701	$ 2.712	$ 2.655	$ 2.534	$ 2.419
Apportionment of Tax Rate:					
Municipal	0.993	0.974	0.944	0.913	0.875
Municipal Library	0.033	0.033	0.032	0.031	0.031
County	0.276	0.269	0.261	0.263	0.269
Local School	1.057	1.093	1.098	1.032	0.933
Regional High School	0.342	0.343	0.320	0.295	0.311

Assessed Valuations

Year	Amount
2018	$ 1,055,470,500
2017	1,044,411,520
2016	1,027,825,600
2015	1,029,213,400
2014	1,050,551,700

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2018	$ 28,789,706.83	$ 28,204,528.76	97.96%
2017	28,600,654.75	27,974,412.14	97.81%
2016	27,564,905.51	26,750,028.93	97.04%
2015	26,373,749.98	25,797,936.07	97.81%
2014	25,699,245.09	25,076,602.83	97.57%

Note 3. TAXES AND TAX TITLE LIENS RECEIVABLE (CONTINUED)

Delinquent Taxes and Tax Title Liens

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2018	$ 102,842.29	$ 540,260.66	$ 643,102.95	2.23%
2017	135,650.31	612,268.65	747,918.96	2.62%
2016	76,304.12	753,216.84	829,520.96	3.01%
2015	58,773.29	516,772.84	575,546.13	2.18%
2014	50,803.98	585,195.88	635,999.86	2.46%

Note 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

Year	Amount
2018	$ 351,700.00
2017	156,300.00
2016	156,300.00
2015	156,300.00
2014	156,300.00

Note 5 WATER-SEWER CONSUMER ACCOUNTS RECEIVABLE

The Borough of Freehold maintains a utility fund for the billing and collection of water-sewer rents. The Borough is divided into sections for the purpose of billings that are done on a quarterly basis for each section.

A comparison of Water-Sewer Utility billings and collections for the past five years are as follows:

Year	Billing	Collections (1)
2018	$ 5,528,118.36	$ 5,581,437.07
2017	5,957,103.61	5,929,572.26
2016	5,359,209.38	5,431,116.37
2015	5,483,052.67	5,409,644.77
2014	5,519,452.66	5,562,193.50

(1) Collections include prior year billings received in current year.

Note 6. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

Current Fund

Year	Balance December 31	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Utilized
2018	$ 3,298,237.86	$ 1,615,000.00 (A)	48.97%
2017	2,538,243.00	1,425,000.00	56.14%
2016	2,004,393.48	1,425,000.00	71.09%
2015	1,943,911.28	1,425,244.00	73.32%
2014	1,873,148.11	1,357,236.96	72.46%

(A) – As Adopted

Water-Sewer Utility Operating Fund

Year	Balance December 31	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Utilized
2018	$ 1,140,145.12	$ 982,724.61 (A)	86.19%
2017	1,129,062.10	980,653.03	86.86%
2016	355,457.75	350,000.00	98.46%
2015	451,169.92	450,000.00	99.74%
2014	265,069.53	255,213.00	96.28%

(A) – As Adopted

Note 7. PENSION PLANS

Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems that have been established by State statute: the Public Employees' Retirement System (PERS), the Police and Firemen's Pension Fund (PFRS), or the Defined Contribution Retirement Program (DCRP). In addition, the Borough contributes to the Consolidated Police and Firemen's Pension Fund. These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered cost sharing multiple-employer plans.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after ten years of service credit and twenty-five years of service credit for medical benefits.

Retirement benefits for age and service are available at age 65 and are generally determined to be $1/55^{th}$ of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 30 years of service credit or they may elect deferred retirement after achieving ten years of service credit in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Note 7. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after ten years of membership. A member may retire at age fifty-five with a benefit equal to two percent of average compensation for each year of creditable service up to thirty years, plus one percent for each year of creditable service in excess of thirty years.

Consolidated Police and Firemen's Pension Fund

The Consolidated Police and Firemen's Retirement System (CPFRS) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

Contributions Required to be Made

Employee contributions, effective July 1, 2018, are currently seven and one-half percent (7.50%) of their base wages for PERS and ten percent (10%) for PFRS. Employer's contributions are actuarially determined annually by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

	PERS		PFRS	
Year	Borough	Employees	Borough	Employees
2018	$ 348,051.00	$ 196,783.80	$ 860,305.00	$ 308,684.94
2017	335,904.00	174,452.00	799,920.00	289,963.31
2016	317,112.00	174,412.02	812,959.00	296,901.98

All contributions were equal to the required contributions for each of the three years, respectively.

Note 7. PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2018. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

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

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of $6,800,608.00 for the Borough of Freehold's proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0345392600 percent, which was a decrease of 0.0008337328 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of $303,060.00 for the Borough of Freehold's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2018 billing was $327,693.00.

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

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

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	$35,066.00	$129,689.00
Changes of assumptions	2,174,473.00	1,120,628.00
Net difference between projected and actual earnings on pension plan investments	63,790.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	372,469.00	137,159.00
	$2,645,798.00	$1,387,476.00

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

Year Ended June 30,	Amount
2019	$138.00
2020	(112,411.00)
2021	(515,665.00)
2022	(453,254.00)
2023	(177,130.00)
	$1,258,322.00

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members..

In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using projection scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

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

	June 30, 2018	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Emerging Market Equity	6.50%	11.64%
Debt Related Real Estate	1.00%	6.61%
Equity Related Real Estate	6.25%	9.23%
Private Real Estate	2.50%	11.83%
U.S. Equity	30.00%	8.19%
Non-U.S.Developed Market Eq.	11.50%	9.00%
Buyouts Venture Capital	8.25%	13.08%
	100.00%	

NOTE 7: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

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

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease 4.66%	At Current Discount Rate 5.66%	1% Increase 6.66%
Borough's proportionate share of the pension liability	$8,550,981.00	$6,800,608.00	$5,332,157.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295:

http://www.state.nj.us/treasury/pensions

NOTE 7: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2017, the State reported a net pension liability of $11,654,080.00 for the Borough of Freehold's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Borough's proportion was 0.0861246148 percent, which was a decrease of 0.0051812775 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of $733,140.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2018 billing was $808,074.00.

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

	Deferred Inflow of Resources	Deferred Outflow of Resources
Differences between expected and actual experience	$48,227.00	$118,565.00
Changes of assumptions	2,986,740.00	1,00,346.00
Net difference between projected and actual earnings on pension plan investments	63,758.00	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	845,269.00	46,011.00
	$3,943,994.00	$1,164,922.00

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2019	$(59,626.00)
2019	(497,709.00)
2020	(1,105,055.00)
2021	(766,607.00)
2022	(350,075.00)

Actuarial Assumptions

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

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

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

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions (Continued)

Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

Long-Term Rate of Return

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

	June 30,2018	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US Developed Market Eq.	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts Venture Capital	8.25%	13.08%
	100.00%	

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Discount Rate

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

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease 5.51%	At Current Discount Rate 6.51%	1% Increase 7.51%
Borough's proportionate share of the PFRS pension liability	$15,597,540.00	$11,654,080.00	$8,401,444.00

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Special Funding Situation

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

At June 30, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is $1,583,014.00 and $1,578,856.00 respectively.

At June 30, 2018, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	$11,654,080.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	1,583,014.00
	$13,237,094.00

Pension Plan Fiduciary Net Position

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

http://www.state.nj.us/treasury/pensions

NOTE 7: PENSION PLANS (CONTINUED)

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

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

Pension Contribution Deferral

The State of New Jersey has enacted Public Law 2009, C.19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-state contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to the Police and Fire Retirement System (PFRS) and the Public Employees Retirement System (PERS) which would have been due April 1, 2010. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April, 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pension and Benefits for a payoff amount. The Borough of Freehold elected to defer a portion of its pension contributions as follows:

Retirement System	Original Deferral Amount	Balance December 31, 2017	Amount Reduced in 2018	Balance December 31, 2018
PFRS	$ 340,121.00	$ 251,802.00	$ 19,542.00	$ 232,260.00
PERS	112,180.00	83,050.00	6,445.00	76,605.00
Total	$ 452,301.00	$ 334,852.00	$ 25,987.00	$ 308,865.00

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

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

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Contributions

The Borough of Freehold contributions to SHBP for the years ended December 31, 2018, 2017, and 2016, were $977,731.62, $1,027,208.02, and $973,603.65, respectively, which equaled the required contributions for each year. There were approximately 50, 49, and 50, retired participants eligible at December 31, 2018, 2017, and 2016, respectively.

Total OPEB Liability

At June 30, 2018, the Plan reported a liability of $14,219,963.00 for the Borough's proportionate share of the collective net OPEB liability. The total OPEB liability measured as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.
The Borough's proportion of the OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018.

At June 30, 2018, the Borough's proportion was 0.090766 percent, which was an increase of 0.001171 percent from its proportion measured as of June 30, 2017.
For the year ended June 30, 2018, the State reported OPEB expense of $553,435.00. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience		$2,887,160
Changes of assumptions		3,607,080
Net difference between projected and actual earnings on OPEB plan investments	$7,515	
Changes in proportion	232,939	2,395,384
	$240,454	$8,889,624

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

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

Year Ended June 30,	Amount
2019	($1,384,978)
2020	($1,384,978)
2021	($1,384,978)
2022	($1,385,772)
2023	($1,387,055)
Total Thereafter	($1,721,409)
	($8,649,170)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	June 30, 2018	June 30, 2017
Inflation Rate	2.50%	2.50%
Salary Increases*		
Through 2026	1.65% to 8.98%	1.65% to 8.98%
Thereafter	2.65% to 9.98%	2.65% to 9.98%

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan — the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0% The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Borough's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability associated with the Borough as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1.00% Decrease (2.87%)	At Discount Rate (3.87)	1.00% Increase (4.87%)
Borough's proportionate share of the OPEB Liability	$16,880,122	$14,219,963	$12,109,900

Sensitivity of the Borough's Proportionate Share of the OPEB Liability to Changes in Healthcare Trends

The following presents the total OPEB liability associated with the Borough as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Borough's proportionate share of the OPEB Liability	$11,694,545	$14,219,963	$17,573,688

Special Funding Situation

The Borough, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

NOTE 8: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation (Continued)

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At June 30, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the Borough for the special funding situation is $218,665.00 and $312,426.00 respectively. At June 30, 2018, the Borough's and State of New Jersey's proportionate share of the OPEB liability were as follows:

Borough's proportionate share of the OPEB Liability	$14,219,963
State of New Jersey's proportionate share of OPEB Liability associated with the Borough	6,341,539
	$20,561,502

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 http://www.state.nj.us/treasury/pensions.

Note 9. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or refunded by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	2018	2017	2016
Issued:			
General:			
Bonds and Notes	$ 8,820,000.00	$ 8,839,000.00	$ 8,310,000.00
Water and Sewer Utility:			
Bonds and Notes	4,046,000.00	4,258,000.00	4,462,000.00
Total Issued	$ 12,866,000.00	$ 13,097,000.00	$ 12,772,000.00
Less:			
Reserve for Payment of Bonds			$ 34,456.35
Reserve for Payment of Notes	$ 85.54	$ 2,906.62	3,453.43
Mortgage Sales Receivable			130,734.75
	$ 85.54	$ 2,906.62	$ 168,644.53
Net Debt Issued	$ 12,865,914.46	$ 13,094,093.38	$ 12,603,355.47
Authorized But Not Issued:			
General:			
Bonds and Notes	$ 3,650.00	$ 343,050.00	$ 878,900.00
Water and Sewer Utility:			
Bonds and Notes	1,776,800.00	1,301,550.00	1,350.00
Total Authorized but Not Issued	$ 1,780,450.00	$ 1,644,600.00	$ 880,250.00
Net Bonds and Notes Issued and Authorized But Not Issued	$ 14,646,364.46	$ 14,738,693.38	$ 13,483,605.47

Note 9. MUNICIPAL DEBT (CONTINUED)

Summary of Statutory Debt Condition, Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 0.834%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$ 18,470,000.00	$ 18,470,000.00	$ None
Regional High School Debt	328,396.74	328,396.74	None
Water-Sewer Utility Debt	5,822,800.00	5,822,800.00	None
General Debt	8,823,650.00	85.54	8,823,564.46
	$ 33,444,846.74	$ 24,621,282.28	$ 8,823,564.46

Net Debt $8,823,564.46 divided by Equalized Valuation basis per N.J.S. 40A:2-2 As Amended, $1,057,953,826 equals 0.834%.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer with the Division of Local Government Services.

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

3½% of Equalized Valuation Basis (Municipal)	$ 37,028,383.91
Net Debt	8,823,564.46
Remaining Borrowing Power	$ 28,204,819.45

School Debt Deduction

School debt is deductible up to the extent of 3.0% of the Average Equalized Assessed Valuation of real property for the Local School District.

School debt is deductible up to the extent of 3.0% of the Average Equalized Assessed Valuation of real property for the Regional High School District.

Note 9. MUNICIPAL DEBT (CONTINUED)

Calculation of "Self-Liquidating Purpose", Water-Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts for Fees, Rents or Other Charges for the Year		$ 6,682,517.40
Deductions:		
Operating and Maintenance Costs	$ 5,628,794.00	
Debt Service	515,200.00	6,143,994.00
Exces in Revenues		$ 538,523.40

Long-Term Debt

The Borough of Freehold has no outstanding Long-Term Debt as of December 31, 2018.

Special Emergency Notes

There were outstanding Special Emergency Notes at December 31, 2018 as follows:

Purpose	Date of Issue	Date of Maturity	Interest Rate	Amount Outstanding December 31, 2018
Preparation of Master Plan	12/29/18	01/05/19	0.00%	$ 26,000.00
				$ 26,000.00

Note 9. MUNICIPAL DEBT (CONTINUED)

Bond Anticipation Notes

Outstanding Bond Anticipation Notes at December 31, 2018 are as follows:

General Capital Fund

Interest Rate	Original Issue Date	Ordinance Number	Amount	Payment Required First	Payment Required Last
3.00%	12/21/10	2010/4	283,500.00	2013	2020
3.00%	12/20/11	2010/4	114,800.00	2014	2021
3.00%	12/20/11	2011/12	425,300.00	2014	2021
3.00%	12/19/12	2011/12	117,200.00	2015	2022
3.00%	12/20/11	2011/7	70,000.00	2014	2021
3.00%	12/19/12	2011/7	833,000.00	2015	2022
3.00%	12/19/12	2012/4	103,000.00	2015	2022
3.00%	12/19/12	2012/5	425,000.00	2015	2022
3.00%	12/19/12	2012/7	88,500.00	2015	2022
3.00%	12/18/13	2013/6	89,500.00	2016	2023
3.00%	12/05/14	2013/6	317,000.00	2017	2024
3.00%	11/08/18	2013/6	126,000.00	2021	2028
3.00%	12/18/13	2013/7	65,500.00	2016	2023
3.00%	12/05/14	2013/7	10,000.00	2017	2024
3.00%	12/05/14	2014/4	750,500.00	2017	2024
3.00%	12/05/14	2014/5	304,350.00	2017	2024
3.00%	12/04/15	2015/7	660,000.00	2018	2025
3.00%	12/04/15	2015/8	255,600.00	2018	2025
3.00%	12/02/16	2015/16	57,500.00	2019	2026
3.00%	12/01/17	2015/16	750,000.00	2020	2027
3.00%	12/02/16	2016/5	640,000.00	2019	2026
3.00%	12/02/16	2016/6	213,000.00	2019	2026
3.00%	12/01/17	2017/7	1,096,350.00	2020	2027
3.00%	11/08/18	2017/10	213,400.00	2021	2028
3.00%	11/08/18	2018/5	583,000.00	2021	2028
3.00%	11/08/18	2018/6	228,000.00	2021	2028
			$ 8,820,000.00		

Note 9. MUNICIPAL DEBT (CONTINUED)

Bond Anticipation Notes (continued)

Water-Sewer Utility Capital Fund

Interest Rate	Original Issue Date	Ordinance Number	Amount	Payment Required First	Payment Required Last
3.00%	12/21/10	2008/6, 2010/13	260,000.00	2013	2020
3.00%	12/19/12	2012/8	473,700.00	2015	2022
3.00%	12/18/13	2013/9	80,250.00	2016	2023
3.00%	12/05/14	2013/9	143,750.00	2017	2024
3.00%	12/05/14	2014/6, 2015/12	510,400.00	2017	2024
3.00%	12/04/15	2014/6, 2015/12	550,600.00	2018	2025
3.00%	12/04/15	2015/9	1,388,000.00	2018	2025
3.00%	12/04/15	2015/10	182,000.00	2018	2025
3.00%	12/02/16	2016/7	118,750.00	2019	2026
3.00%	12/01/17	2017/9	139,800.00	2020	2027
3.00%	11/08/18	2018/7	198,750.00	2021	2028
			$ 4,046,000.00		

Bonds and Notes Authorized but not Issued

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

General Capital Fund:	
Bonds and Notes	$ 3,650.00
Water-Sewer Utility Capital Fund:	
Bonds and Notes	1,776,800.00

Note 10. LOCAL DISTRICT AND REGIONAL HIGH SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough raises its share of Local District School Taxes on a calendar year basis, thus there is no deferral of Local District School Taxes.

The Borough raises it share of Regional High School Taxes on a school year basis and has elected to defer these taxes as follows:

	Regional High School Taxes Balance, December 31,	
	2018	2017
Balance of Tax	$ 1,748,888.07	$ 1,734,830.07
Deferred Portion	1,474,431.07	1,474,431.07
Tax Payable	$ 274,457.00	$ 260,399.00

Note 11. DEFERRED COMPENSATION PLAN

The Borough offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:3-37.

The "Small Business Job Protection Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The plan was adopted by Resolution on September 17, 1990 and amended by Resolution on December 7, 1998.

The administrator for the Borough's Deferred Compensation Plan's are The Equitable and ICMA.

Note 12. DEFERRED CHARGES

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

	Balance December 31, 2018	2019 Budget Appropriation	Balance to Succeeding Years Budgets
Current Fund:			
N.J.S.A. 40A:4-53:			
Preparation of Master Plan	$ 26,000.00	$ 13,000.00	$ 13,000.00
Total Current Fund	$ 26,000.00	$ 13,000.00	$ 13,000.00

Note 13. RISK MANAGEMENT

The Borough, together with other governmental units, are members of the New Jersey Intergovernmental Insurance Fund (the "Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles.

For the year ended December 31, 2018, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability and Workmen's Compensation. The Fund also provided public officials' surety bond coverage and public employee blanket bond coverage.

New Jersey Unemployment Compensation Insurance

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

December 31,	Earned	Contributions	Reimbursed	Balance
2018	$ 2,264.94	$ 22,229.10	$ 31,352.28	$ 175,370.44
2017	1,599.86	15,860.20	43,613.17	182,228.68
2016	547.23	19,642.89	28,079.29	208,381.79

Note 14. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at December 31, 2018 were as follows:

	Interfund Receivable	Interfund Payable
Current Fund	$ 7.74	
Animal Control Trust Fund		$ 7.74
Trust Other Fund	3,350.00	
Current Fund		3,350.00
Current Fund	274.75	
Trust Other Fund		274.75
Federal and State Grant Fund	131,787.40	
Current Fund		131,787.40
	$ 135,419.89	$ 135,419.89

The above interfund balances are created by several factors such as interest earnings in one fund that are not transferred by year end, expenditures by one-fund not reimbursed by the other fund by year end and book entries for control purposes.

Note 15. CONTINGENT LIABILITIES

A. Reserve for Compensated Absences

The Borough has a potential contingent liability for accrued unused sick days as of December 31, 2018, under the adopted policies and procedures of the Borough, of $369,272.09, for those employees who could conceivably retire within the next five years. The Borough has funded $365,970.57. An accrual has not been made for the unfunded portion of this potential liability.

B. Reserve for State Tax Appeals

The Borough has a Reserve for State Tax Appeals at December 31, 2018 of $426,695.72. This amount represents various cases pending appeal for the years 2013 through 2018. This amount is based upon a historical averages and managements estimate as of December 31, 2018. Should the appeals, when finally adjudicated, exceed the amounts provided, the excess would be a direct charge to the operations (fund balance) of the Borough.

C. Litigation

The Borough Attorney's representation has revealed that no material contingencies exist for litigation in which the Borough is involved.

Note 16. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

A. Volunteer Fire Department

The Borough of Freehold Length of Service Award Program (the Plan) was created by a Borough Ordinance adopted on August 4, 2003 pursuant to P.L. 1997, c. 388 of the State of New Jersey and Code Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The voters of the Borough of Freehold approved the adoption of the Plan at the general election held on November 4, 2003.

The first year of eligibility for entrance into the Plan was calendar year 2004. The tax deferred income benefits for the Volunteer Fire Department come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of the plan created by the governing body.

If an active member meets the year of active service requirements, a LOSAP must provide a benefit contribution of $1,150.00 per year in accordance with the Borough Ordinance adopted on August 4, 2003 as amended.

The Borough of Freehold contributed $70,150.00 and $77,050.00 during 2018 and 2017, respectively for each eligible volunteer fire department member in the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Service Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. All earnings, dividends and other distributions of the account shall be automatically reinvested.

B. Freehold First Aid and Emergency Squad

The Length of Service Award Program (the Plan) was created by a Borough Ordinance adopted on August 16, 2004 pursuant to P.L. 1997, c. 388 of the State of New Jersey and Code Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The LOSAP is administered by the Borough of Freehold as the lead agency through an interlocal service agreement with the Township of Freehold. The voters of the Borough of Freehold and Township of Freehold approved the adoption of the Plan at the general election held on November 2, 2004. The Borough of Freehold is responsible for thirty-five percent (35%) and the Township of Freehold is responsible for sixty-five (65%) of the total contribution.

Note 16. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (CONTINUED)

B. Freehold First Aid and Emergency Squad(continued)

The first year of eligibility for entrance into the Plan was calendar year 2005. The tax deferred income benefits for the Volunteer Fire Department come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of the plan created by the governing body.

If an active member meets the year of active service requirements, a LOSAP must provide a benefit contribution of $1,150.00 per year in accordance with the Borough Ordinance adopted on August 16, 2004.

The Borough of Freehold contributed $8,855.00 and $0.00 during 2018 and 2017, respectively for each eligible volunteer member in the Plan..

In accordance with the amendments to Section 457 of the Internal Revenue Service Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. All earnings, dividends and other distributions of the account shall be automatically reinvested.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the respective volunteer organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code N.J.A.C. 5:30-14.49 requires that the Borough have performed a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services.

NOTE 17: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through August 16, 2019 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

CURRENT FUND

BOROUGH OF FREEHOLD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	Balance December 31, 2018	Balance December 31, 2017
ASSETS		
Cash and Cash Equivalents	$ 6,752,232.74	$ 6,168,284.07
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes	540,260.66	612,268.65
Tax Title Liens Receivable	102,842.29	135,650.31
Property Acquired for Taxes - Assessed Valuation	351,700.00	156,300.00
Other Accounts Receivable:		
Revenue Accounts Receivable	29,242.53	32,854.24
Other Municipal Liens and Charges Receivable		15,782.87
Interfunds Receivable	282.49	32,232.44
Deferred Charges:		
Special Emergency Authorizations (N.J.S. 40A:4-53 & 4-54):		
Complete Revaluation		60,000.00
Preparation of Master Plan	26,000.00	39,000.00
Total Current Fund	$ 7,802,560.71	$ 7,252,372.58
Federal and State Grant Fund:		
Federal and State Grants Receivable	$ 246,331.92	$ 248,315.92
Interfund Receivable	131,787.40	150,768.76
Total Federal and State Grant Fund	$ 378,119.32	$ 399,084.68
Total Assets	$ 8,180,680.03	$ 7,651,457.26
LIABILITIES, RESERVES AND FUND BALANCE		
Current Fund:		
Liabilities:		
Appropriation Reserves	$ 1,364,778.33	$ 1,340,526.61
Due State of New Jersey Per Ch. 20, P.L. 1971	2,318.84	2,190.76
Prepaid Taxes	200,367.34	488,640.45
Tax Overpayments	69,611.62	84,573.79
Due County for Added Taxes	3,562.87	3,081.05

BOROUGH OF FREEHOLD
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	Balance December 31, 2018	Balance December 31, 2017
LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)		
Current Fund (Continued):		
Liabilities (Continued):		
Reserve for State Library Aid	$ 5,455.25	$ 10,553.42
Prepaid Licenses, Fees and Permits	88,246.00	88,725.00
Reserve for State Tax Appeals	426,695.72	441,543.31
Intergovernmental Payable	4,855.00	3,049.00
Reserve for Encumbrances	577,036.52	546,930.75
Accounts Payable	86,614.65	97,253.19
Contracts Payable	171,589.90	67,821.50
Reserve for Master Plan	35,750.00	35,750.00
Reserve for Supercell Storm Expenditures		77.45
Reserve for Hurricane Sandy Expenditures		639.59
Reserve for Revaluation Program	7,517.44	7,517.44
Interfunds Payable	135,137.40	150,768.76
Local School Tax Payable	1.00	
Regional High School Tax Payable	274,457.00	260,399.00
Special Emergency Note Payable	26,000.00	99,000.00
	$ 3,479,994.88	$ 3,729,041.07
Reserve for Receivables and Other Assets	1,024,327.97	985,088.51
Fund Balance	3,298,237.86	2,538,243.00
Total Current Fund	$ 7,802,560.71	$ 7,252,372.58
Federal and State Grant Fund:		
Reserve for Federal and State Grants:		
Appropriated	$ 374,831.32	$ 389,260.39
Unappropriated	3,288.00	9,824.29
Total Federal and State Grant Fund	$ 378,119.32	$ 399,084.68
Total Liabilities, Reserves and Fund Balance	$ 8,180,680.03	$ 7,651,457.26

BOROUGH OF FREEHOLD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Revenues and Other Income Realized:		
Fund Balance Utilized	$ 1,425,000.00	$ 1,425,000.00
Miscellaneous Revenues Anticipated	2,443,081.73	2,705,102.63
State Aid	1,250,916.00	1,250,916.00
Federal and State Grants	105,111.03	344,294.91
Receipts from Delinquent Taxes	615,965.13	711,117.93
Amount to be Raised by Taxation for Support of Municipal Budget:		
Local Tax for Municipal Purposes	10,867,740.28	10,185,152.14
Minimum Library Tax	349,976.98	344,033.35
Non-Budget Revenues	383,000.00	230,116.61
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves and Encumbrances	1,197,960.79	1,310,372.51
Prior Year Accounts Payable Cancelled	7,116.52	9,012.86
State Grant Appropriated Reserve Canceled	5,207.00	2,750.00
Prior Year Interfunds Liquidated	32,232.44	16.51
Taxes Allocated to School, County and Special District	17,922,315.73	18,055,099.25
Total Income	$ 36,605,623.63	$ 36,572,984.70
Expenditures:		
Budget and Emergency Appropriations:		
Within "CAPS":		
General Government	$ 1,091,167.00	$ 1,059,055.00
Land Use Administration/Historic Preservation	19,200.00	15,200.00
Code Enforcement/Uniform Construction Code	362,143.00	354,645.00
Insurance	2,234,463.00	2,220,963.00
Public Safety	4,388,522.00	4,299,381.00
Public Works	1,635,930.00	1,609,330.00
Health and Human Services	18,750.00	16,380.00
Parks and Recreation	94,100.00	94,100.00
Utility Expense and Bulk Purchases	498,500.00	489,500.00
Landfill/Solid Waste Disposal	512,077.00	465,077.00
Contingent	2,000.00	2,000.00
Municipal Court	335,315.00	325,725.00
Statutory Expenditures	1,230,009.00	1,166,683.00

BOROUGH OF FREEHOLD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Expenditures (Continued):		
Budget and Emergency Appropriations (Continued):		
Excluded from "CAPS":		
Library	$ 369,958.00	$ 356,892.00
Insurance and Pensions	135,750.00	135,750.00
Landfill/Solid Waste Disposal	99,768.00	99,768.00
Due to Local and Regional School Districts - Business Personal Property Adjustment	107,262.00	108,184.00
Interlocal Service Agreements	449,664.00	441,840.00
State and Federal Grants	403,517.03	632,425.91
Capital Improvements	110,000.00	85,000.00
Municipal Debt Service	1,367,725.05	1,529,993.13
Deferred Charges	73,000.00	93,000.00
Reserve for Uncollected Taxes	935,504.23	909,872.60
County Taxes	2,913,034.86	2,811,731.20
Due to County for Added and Omitted Taxes	3,562.87	3,081.05
Regional High School and Local District School Taxes	14,760,718.00	14,995,287.00
Special District Taxes	245,000.00	245,000.00
Interfund Advanced	3,350.00	
Federal and State Grant Receivables Canceled	4,510.00	2,750.00
Refund of Prior Year Revenue	14,628.73	44,521.29
Prior Year Senior Citizen Deductions Disallowed by Collector	1,500.00	1,000.00
Total Expenditures	$ 34,420,628.77	$ 34,614,135.18

BOROUGH OF FREEHOLD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Statutory Excess to Fund Balance	$ 2,184,994.86	$ 1,958,849.52
Fund Balance, January 1	2,538,243.00	2,004,393.48
	$ 4,723,237.86	$ 3,963,243.00
Decreased by:		
Utilized as Anticipated Revenue	1,425,000.00	1,425,000.00
Fund Balance, December 31	$ 3,298,237.86	$ 2,538,243.00

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2018

	Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Surplus Anticipated	$ 1,425,000.00		$ 1,425,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	$ 20,000.00		$ 23,252.00	$ 3,252.00
Other	46,137.00		58,933.95	12,796.95
Fees and Permits:				
Other	286,000.00		415,591.98	129,591.98
Construction Code Official Fees	190,000.00		340,558.00	150,558.00
Fines and Costs:				
Municipal Court	445,000.00		474,980.83	29,980.83
Interest and Costs on Taxes	109,500.00		145,003.64	35,503.64
Parking Meters	30,000.00		27,832.00	(2,168.00)
Anticipated Utility Operating Surplus	500,000.00			(500,000.00)
	$ 1,626,637.00		$ 1,486,152.40	$ (140,484.60)
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid	$ 144,270.00		$ 144,270.00	$
Energy Receipts Tax	1,106,646.00		1,106,646.00	
	$ 1,250,916.00		$ 1,250,916.00	$
Special Items of Revenue with Prior Consent of the Director - Interlocal Municipal Service Agreements Offset with Appropriations:				
Plan Review - Freehold Township	$ 30,500.00		$ 57,720.00	$ 27,220.00
Downtown Freehold	23,188.00		20,820.00	(2,368.00)
	$ 53,688.00		$ 78,540.00	$ 24,852.00
Special Items of Revenue Offset with Appropriations:				
Drunk Driving Enforcement Fund		$ 2,500.00	$ 2,500.00	
Clean Communities Program		18,794.74	18,794.74	
State of New Jersey:				
Safe and Secure Communities Program	$ 60,000.00		60,000.00	
HDSRF, Public Entity Grant Program				
Recycling Tonnage Grant	9,824.29		9,824.29	
United States Department of Justice:				
Click It or Ticket Program		5,500.00	5,500.00	
Bulletproof Vest Program		992.00	992.00	
Distracted Driver Grant	6,600.00		6,600.00	
Contribution from Private Sources:				
Police Department - Community Policing	900.00		900.00	
	$ 77,324.29	$ 27,786.74	$ 105,111.03	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2018

	Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Special Items of Revenue with Prior Consent of the Director:				
Uniform Fire Safety Act	$ 23,000.00		$ 39,718.76	$ 16,718.76
Reserve for Payment of Notes	2,900.00		2,900.00	
Payment in Lieu of Taxes:				
Senior Citizen Housing	220,000.00		220,524.00	524.00
Mechanic Street Urban Renewal Project	86,769.00		108,297.24	21,528.24
Rug Mill Families and Seniors Redevelopment	110,000.00		362,505.95	252,505.95
Cable Television Franchise Fees	144,000.00		144,443.38	443.38
	$ 586,669.00		$ 878,389.33	$ 291,720.33
Total Miscellaneous Revenues	$ 3,595,234.29	$ 27,786.74	$ 3,799,108.76	$ 176,087.73
Receipts from Delinquent Taxes	$ 600,000.00		$ 615,965.13	$ 15,965.13
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	$ 10,476,331.25		$ 10,867,740.28	$ 391,409.03
Minimum Library Tax	349,976.98		349,976.98	
Total Amount to be Raised by Taxes for Support of Municipal Budget	$ 10,826,308.23		$ 11,217,717.26	$ 391,409.03
Budget Totals	$ 16,446,542.52	$ 27,786.74	$ 17,057,791.15	$ 583,461.89
Non-Budget Revenue			383,000.00	383,000.00
	$ 16,446,542.52	$ 27,786.74	$ 17,440,791.15	$ 966,461.89

Analysis of Realized Revenues:		
Allocation of Current Tax Collection:		
Revenue from Collections		$ 28,204,528.76
Allocated to:		
Local District School Tax	$ 11,151,062.00	
Regional High School Tax	3,609,656.00	
County Taxes	2,916,597.73	
Special Improvement District Tax	245,000.00	
		17,922,315.73
Balance for Support of Municipal Budget		$ 10,282,213.03
Add: Appropriation "Reserve for Uncollected Taxes"		935,504.23
Amount for Support of Municipal Budget Appropriations		$ 11,217,717.26

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
GENERAL GOVERNMENT						
Office of Business Administrator:						
Salaries and Wages	$ 171,390.00	$ 171,390.00	$ 165,118.65		$ 6,271.35	
Other Expenses	71,650.00	121,650.00	12,839.49	$ 102,614.75	6,195.76	
Mayor and Council:						
Salaries and Wages	52,850.00	52,850.00	51,811.00		1,039.00	
Other Expenses	5,000.00	5,000.00	4,998.66		1.34	
Administrative and Executive (Clerk's Office):						
Salaries and Wages	118,860.00	118,860.00	105,630.58		13,229.42	
Other Expenses	24,850.00	24,850.00	14,600.58	2,156.04	8,093.38	
Central Functions:						
Other Expenses	20,000.00	30,000.00	27,141.53	696.64	2,161.83	
Financial Administration:						
Salaries and Wages	127,112.00	127,112.00	107,575.21		19,536.79	
Other Expenses	44,150.00	44,150.00	26,749.90	4,318.21	13,081.89	
Audit Services	21,400.00	21,400.00		20,400.00	1,000.00	
Collection of Taxes:						
Salaries and Wages	66,905.00	66,905.00	53,613.84		13,291.16	
Other Expenses	5,500.00	5,500.00	4,153.33	16.00	1,330.67	
Assessment of Taxes:						
Salaries and Wages	71,500.00	71,500.00	70,775.81		724.19	
Other Expenses	38,000.00	38,000.00	14,862.52	14,733.16	8,404.32	
Legal Services and Costs:						
Other Expenses	143,500.00	143,500.00	116,850.05	352.00	26,297.95	
Engineering Services and Costs:						
Other Expenses	43,500.00	48,500.00	43,750.69		4,749.31	
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	3,600.00	3,600.00	1,700.00		1,900.00	
Other Expenses	11,600.00	11,600.00	7,101.95	935.44	3,562.61	
HISTORIC PRESERVATION COMMITTEE						
Historic Preservation:						
Salaries and Wages	4,000.00	4,000.00	3,700.00		300.00	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
CODE ENFORCEMENT						
Code Enforcement Officer:						
Salaries and Wages	$ 176,358.00	$ 176,358.00	$ 156,362.21		$ 19,995.79	
Other Expenses	25,800.00	25,800.00	13,162.17	$ 2,679.79	9,958.04	
INSURANCE						
Other Insurance Premiums	135,625.00	135,625.00	127,964.80	1,430.50	6,229.70	
Worker Compensation Insurance	180,000.00	180,000.00	165,461.85		14,538.15	
Group Insurance Plan for Employees	1,928,838.00	1,888,838.00	1,673,338.43		215,499.57	
Payment in Lieu of Group Insurance Plan	30,000.00	30,000.00	26,145.10		3,854.90	
PUBLIC SAFETY						
Police:						
Salaries and Wages	3,887,180.00	3,862,180.00	3,536,331.67		325,848.33	
Other Expenses	200,620.00	225,620.00	48,566.48	150,335.57	26,717.95	
Aid to Volunteer Fire Companies	9,000.00	9,000.00	9,000.00			
First Aid Organization Contribution (R.S. 40:5-2)	14,000.00	14,000.00	14,000.00			
Fire:						
Salaries and Wages	7,050.00	7,050.00	6,428.00		622.00	
Other Expenses	147,750.00	147,750.00	104,619.94	42,627.74	502.32	
Bureau of Uniform Fire Safety:						
Fire Prevention:						
Salaries and Wages	71,000.00	71,000.00	54,904.88		16,095.12	
Other Expenses	4,900.00	4,900.00	1,115.68	2,428.65	1,355.67	
Municipal Prosecutor:						
Salaries and Wages	47,022.00	47,022.00	26,729.31		20,292.69	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
PUBLIC WORKS						
Road Repair and Maintenance:						
Salaries and Wages	$ 670,000.00	$ 670,000.00	$ 634,085.39		$ 35,914.61	
Other Expenses	100,300.00	110,300.00	78,354.15	$ 14,259.74	17,686.11	
Public Parking Lots:						
Other Expenses	25,000.00	25,000.00	11,027.95		13,972.05	
Shade Tree Commission:						
Other Expenses	75,000.00	93,000.00	16,236.91	76,651.00	112.09	
Refuse Collection:						
Salaries and Wages	17,600.00	17,600.00	17,600.00			
Other Expenses	395,150.00	407,150.00	347,519.00	43,614.00	16,017.00	
Public Buildings and Grounds:						
Other Expenses	224,750.00	224,750.00	193,431.74	16,933.12	14,385.14	
Vehicle Maintenance:						
Other Expenses	30,000.00	30,000.00	20,466.92	434.00	9,099.08	
Condo Reimbursement (Ch. 299 P.L. 1988)	83,130.00	58,130.00	55,588.67		2,541.33	
HEALTH AND HUMAN SERVICES						
Board of Health:						
Salaries and Wages	9,300.00	9,300.00	7,991.96		1,308.04	
Other Expenses	4,450.00	4,450.00	98.96		4,351.04	
Court Street School Educational Community Center, Inc.:						
Other Expenses - Contractual	5,000.00	5,000.00	5,000.00			

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
PARKS AND RECREATION						
Recreation Services and Programs:						
Salaries and Wages	$ 3,900.00	$ 3,900.00	$ 3,600.08		$ 299.92	
Other Expenses	72,000.00	72,000.00	60,542.00		11,458.00	
Maintenance of Parks:						
Other Expenses	13,000.00	13,000.00	3,495.90	$ 4,106.32	5,397.78	
Senior Citizens Program:						
Other Expenses	5,200.00	5,200.00	1,461.83	2,420.00	1,318.17	
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events, Anniversary or Holiday:						
Other Expenses	9,000.00	14,000.00	14,000.00			
Contribution to Accumulated Absences Fund	10,000.00	10,000.00			10,000.00	
Salary Adjustments	30,000.00	5,000.00			5,000.00	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	90,000.00	90,000.00	58,216.23		31,783.77	
Street Lighting	188,000.00	178,000.00	120,025.61	4,650.00	53,324.39	
Telephone	48,500.00	58,500.00	47,153.22	7,904.94	3,441.84	
Natural Gas	23,000.00	23,000.00	15,613.35		7,386.65	
Gasoline	140,000.00	120,000.00	69,568.05		50,431.95	
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Other Expenses	512,077.00	512,077.00	383,633.35	54,049.93	74,393.72	
MUNICIPAL COURT						
Salaries and Wages	290,315.00	290,315.00	231,118.64		59,196.36	
Other Expenses	45,000.00	45,000.00	29,205.08	3,773.11	12,021.81	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17)						
Uniform Construction Code - Appropriations Offset by Dedicated Revenues:						
State Uniform Construction Code:						
Salaries and Wages	$ 154,985.00	$ 154,985.00	$ 138,657.19		$ 16,327.81	
Other Expenses	5,000.00	5,000.00	2,630.10	$ 1,083.87	1,286.03	
Total Operations within "CAPS"	$ 11,190,167.00	$ 11,190,167.00	$ 9,363,426.59	$ 575,604.52	$ 1,251,135.89	
CONTINGENT	2,000.00	2,000.00		1,227.54	772.46	
Total Operations Including Contingent - within "CAPS"	$ 11,192,167.00	$ 11,192,167.00	$ 9,363,426.59	$ 576,832.06	$ 1,251,908.35	
Detail:						
Salaries and Wages	$ 5,980,927.00	$ 5,930,927.00	$ 5,373,734.42		$ 557,192.58	
Other Expenses (Including Contingent)	5,211,240.00	5,261,240.00	3,989,692.17	$ 576,832.06	694,715.77	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	$ 191,428.00	$ 191,428.00	$ 191,428.00			
Social Security System (O.A.S.I.)	220,000.00	220,000.00	210,428.67		$ 9,571.33	
Police and Firemen's Retirement System of N.J.	798,855.00	798,855.00	798,855.00			
Unemployment Compensation Insurance	19,000.00	19,000.00	820.35		18,179.65	
Defined Contribution Retirement Plan	726.00	726.00	726.00			
Total Deferred Charges and Statutory Expenditures - Municipal within "CAPS"	$ 1,230,009.00	$ 1,230,009.00	$ 1,202,258.02		$ 27,750.98	
Total General Appropriations for Municipal Purposes within "CAPS"	$ 12,422,176.00	$ 12,422,176.00	$ 10,565,684.61	$ 576,832.06	$ 1,279,659.33	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
OPERATIONS EXCLUDED FROM "CAPS":						
Other Operations Excluded from "CAPS":						
Maintenance of Free Public Library	$ 369,958.00	$ 369,958.00	$ 351,328.10	$ 9,081.39	$ 9,548.51	
Business Personal Property Adjustment:						
Due to Local School District	81,643.00	81,643.00	81,643.00			
Due to Regional School District	25,619.00	25,619.00	25,619.00			
Emergency Services Volunteer Length of Service Award Program (LOSAP):						
Fire Department	120,750.00	120,750.00		120,750.00		
First Aid Organization	15,000.00	15,000.00		15,000.00		
Landfill/Solid Waste Disposal Costs:						
Other Expenses	15,768.00	15,768.00	15,768.00			
Landfill/Solid Waste Disposal Costs - Reimbursement for Multi-Family Dwellings NJSA 40A:4-45.3kk:						
Other Expenses	84,000.00	84,000.00	59,201.15		24,798.85	
Total Other Operations - Excluded from "CAPS"	$ 712,738.00	$ 712,738.00	$ 533,559.25	$ 144,831.39	$ 34,347.36	
Interlocal Municipal Service Agreements:						
Health Services - Freehold Township	$ 90,000.00	$ 90,000.00	$ 78,140.00		$ 11,860.00	
Animal Control - Manalapan Township	22,000.00	22,000.00	10,902.00	$ 10,902.00	196.00	
Information Technology Maintenance - Freehold Township	19,596.00	19,596.00	16,330.00	3,266.00		
911/Police Dispatch Services - County of Monmouth	193,440.00	193,440.00	193,436.46		3.54	
Lake Topanemus Commission - Freehold Township	9,000.00	9,000.00	1,000.00		8,000.00	
Vehicle Maintenance - Freehold Township	52,000.00	52,000.00	31,968.67	1,705.07	18,326.26	
Total Interlocal Municipal Service Agreements	$ 386,036.00	$ 386,036.00	$ 331,777.13	$ 15,873.07	$ 38,385.80	

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
Additional Appropriations Offset by Revenues:						
Plan Review Services - Freehold Township:						
Salaries and Wages	$ 30,500.00	$ 30,500.00	$ 30,422.16		$ 77.84	
Downtown Freehold - Shared Laborer	23,128.00	23,128.00	20,820.00		2,308.00	
Electrical Inspections - Freehold Township	10,000.00	10,000.00			10,000.00	
Total Additional Appropriations Offset by Revenues	$ 63,628.00	$ 63,628.00	$ 51,242.16	$	$ 12,385.84	
Public and Private Programs Offset by Revenues:						
State of New Jersey:						
Clean Communities Program Grant:						
Other Expenses		$ 18,794.74	$ 18,794.74			
State of New Jersey:						
Division of Motor Vehicles:						
Drunk Driving Enforcement Fund Program:						
Police:						
Other Expenses		2,500.00	2,500.00			
State of New Jersey:						
Safe and Secure Program:						
Police:						
Grant Portion:						
Salaries and Wages	$ 60,000.00	60,000.00	60,000.00			
Matching Portion:						
Salaries and Wages	187,363.00	187,363.00	187,363.00			
Other Expenses	111,043.00	111,043.00	111,043.00			
State of New Jersey:						
Bulletproof Vest Program:						
Other Expenses		992.00	992.00			

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
OPERATIONS EXCLUDED FROM "CAPS" (CONTINUED):						
Public and Private Programs Offset by Revenues (Continued):						
Federal - Highway Safety:						
Distracted Driving Crackdown - U Drive,:						
U Text, U Pay - Police:						
Salaries and Wages	$ 6,600.00	$ 6,600.00	$ 6,600.00			
Click It or Ticket - Police:						
Salaries and Wages		5,500.00	5,500.00			
State of NJ - Recycling Tonnage Grant:						
Other Expenses	9,824.29	9,824.29	9,824.29			
Police Department - Community Policing						
Other Expenses	900.00	900.00	900.00			
Total Public and Private Programs Offset by Revenues	$ 375,730.29	$ 403,517.03	$ 403,517.03			
Total Operations - Excluded from "CAPS"	$ 1,538,132.29	$ 1,565,919.03	$ 1,320,095.57	$ 160,704.46	$ 85,119.00	
Detail:						
Salaries and Wages	$ 247,363.00	$ 247,363.00	$ 247,363.00			
Other Expenses	1,290,769.29	1,318,556.03	1,072,732.57	$ 160,704.46	$ 85,119.00	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	$ 110,000.00	$ 110,000.00	$ 110,000.00			
Total Capital Improvements Excluded from "CAPS"	$ 110,000.00	$ 110,000.00	$ 110,000.00			

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Anticipation Notes and Capital Notes	$ 1,169,400.00	$ 1,169,400.00	$ 1,169,400.00			
Interest on Notes	198,330.00	198,330.00	198,325.05			$ 4.95
Total Municipal Debt Service - Excluded from "CAPS"	$ 1,367,730.00	$ 1,367,730.00	$ 1,367,725.05			$ 4.95
DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS"						
Deferred Charges:						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	$ 73,000.00	$ 73,000.00	$ 73,000.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	$ 73,000.00	$ 73,000.00	$ 73,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	$ 3,088,862.29	$ 3,116,649.03	$ 2,870,820.62	$ 160,704.46	$ 85,119.00	$ 4.95
Total General Appropriations - Excluded from "CAPS"	$ 3,088,862.29	$ 3,116,649.03	$ 2,870,820.62	$ 160,704.46	$ 85,119.00	$ 4.95
Subtotal General Appropriations	$ 15,511,038.29	$ 15,538,825.03	$ 13,436,505.23	$ 737,536.52	$ 1,364,778.33	$ 4.95
RESERVE FOR UNCOLLECTED TAXES	935,504.23	935,504.23	935,504.23			
Total General Appropriations	$ 16,446,542.52	$ 16,474,329.26	$ 14,372,009.46	$ 737,536.52	$ 1,364,778.33	$ 4.95

Detail:

Adopted Budget	$ 16,446,542.52
Added by N.J.S.A. 40A:4-87	27,786.74
	$ 16,474,329.26

BOROUGH OF FREEHOLD
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance December 31, 2017	Tax Levy	Added Taxes	Collections 2017	Collections 2018	State Share Senior Citizens' and Veterans' Deductions Allowed	Remitted and Canceled	Transfer to Tax Title Liens	Balance December 31, 2018
2012	$ 153.52				$ 153.52				
2013	182.92				182.92				
2014	131.36				131.36				
2015	1,586.15				1,586.15				
2016	5,159.16				5,159.16				
2017	605,055.54		$ 1,500.00		602,642.99		$ 114.63	$ 3,797.92	
	$ 612,268.65		$ 1,500.00		$ 609,856.10		$ 114.63	$ 3,797.92	
2018		$ 28,754,274.72	35,432.11	$ 488,640.45	27,665,207.49	$ 50,680.82	12,806.35	32,111.06	$ 540,260.66
	$ 612,268.65	$ 28,754,274.72	$ 36,932.11	$ 488,640.45	$ 28,275,063.59	$ 50,680.82	$ 12,920.98	$ 35,908.98	$ 540,260.66

BOROUGH OF FREEHOLD

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

ANALSYIS OF 2018 PROPERTY TAX LEVY		
Tax Yield:		
General Purpose Tax		$ 28,508,259.87
Added Taxes (54:4-63.1 et. seq.)		35,432.11
Special Improvement District		246,014.85
		$ 28,789,706.83
TAX LEVY		
Local District School Tax		$ 11,151,062.00
Regional High School Tax		3,609,656.00
County Taxes:		
County Tax	$ 2,622,072.09	
County Open Space Fund	290,962.77	
Due County for Added Taxes	3,562.87	
Total County Taxes		2,916,597.73
Special Improvement District		245,000.00
Local Tax for Municipal Purpose	$ 10,476,331.25	
Minimum Library Tax	349,976.98	
Add: Additional Tax Levied	41,082.87	
Local Tax for Municipal Purposes Levied		10,867,391.10
		$ 28,789,706.83

Exhibit B-6

BOROUGH OF FREEHOLD

CURRENT FUND

STATEMENT OF TAX TITLE LIENS RECEIVABLE

BALANCE,DECEMBER 31, 2017		$ 135,650.31
INCREASED BY		
Transfers from Taxes Receivable	$ 35,908.98	
Interest and Costs	1,212.69	37,121.67
		$ 172,771.98
DECREASED BY		
Collections	6,109.03	
Transferred to Foreclosed Property	63,820.66	69,929.69
BALANCE, DECEMBER 31, 2018		$ 102,842.29

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance December 31, 2017		Balance after Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Encumbered			
Salaries and Wages:					
Operations - Within "CAPS":					
Office of Business Administrator	$ 20,471.21		$ 20,471.21		$ 20,471.21
Mayor and Council	1,039.00		1,039.00		1,039.00
Administrative and Executive	14,964.08		14,964.08		14,964.08
Financial Administration	19,871.38		19,871.38		19,871.38
Collection of Taxes	9,024.76		9,024.76		9,024.76
Assessment of Taxes	659.93		659.93		659.93
Planning Board	1,600.00		1,600.00		1,600.00
Historic Preservation	150.00		150.00		150.00
Code Enforcement Officer	26,605.42		26,605.42		26,605.42
Police	172,653.04		122,653.04		122,653.04
Fire	622.00		622.00		622.00
Fire Prevention	17,959.48		17,959.48		17,959.48
Municipal Prosecutor	8,764.40		8,764.40		8,764.40
Road Repair and Maintenance	21,218.28		21,218.28	$ 20,000.00	1,218.28
Board of Health	733.80		733.80		733.80
Recreation Services and Programs	399.92		399.92		399.92
State Uniform Construction Code	25,139.21		25,139.21		25,139.21
Municipal Court	52,291.87		52,291.87		52,291.87
Salary Adjustments	28,095.70		95.70		95.70
Operations - Excluded from "CAPS":					
Other Operations - Excluded from "CAPS":					
Certified Public Works Manager - Borough of Englishtown	1,620.00		1,620.00		1,620.00
Plan Review Services - Freehold Township	77.96		77.96		77.96
SID Laborer - Downtown Freehold	10,000.00		10,000.00		10,000.00
Total Salaries and Wages	$ 433,961.44		$ 355,961.44	$ 20,000.00	$ 335,961.44

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance December 31, 2017		Balance after Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Encumbered			
Other Expenses:					
Operations - Within "CAPS":					
Office of Business Administrator	$ 55,227.01	$ 10,664.13	$ 65,891.14	$ 11,691.58	$ 54,199.56
Mayor and Council	1,448.64	180.14	1,628.78	180.14	1,448.64
Administrative and Executive	9,554.22	3,749.29	13,303.51	4,330.88	8,972.63
Central Functions	3,808.73	2,291.04	6,099.77	5,580.74	519.03
Financial Administration	14,974.22	17,262.90	32,237.12	15,467.10	16,770.02
Audit Services		20,400.00	20,400.00	20,400.00	
Collection of Taxes	1,056.84	22.72	1,079.56	54.72	1,024.84
Assessment of Taxes	13,458.28	175.64	13,633.92	175.64	13,458.28
Legal Services and Costs	40,071.55	6,162.00	46,233.55	22,015.95	24,217.60
Engineering Services and Costs	5,000.00		5,000.00	5,000.00	
Planning Board	2,457.72	2,029.04	4,486.76	2,639.04	1,847.72
Code Enforcement Officer	11,001.16	4,616.06	15,617.22	5,292.62	10,324.60
Insurance:					
Other Insurance Premiums	10,419.44	350.00	10,769.44	615.00	10,154.44
Worker Compensation Insurance	16,968.60		16,968.60		16,968.60
Group Insurance Plan for Employees	159,739.05	3,116.38	162,855.43	1,844.38	161,011.05
Payment in Lieu of Group Insurance Plan	355.11		355.11		355.11
Police	20,922.48	124,509.91	145,432.39	123,985.98	21,446.41
Fire	1,080.62	54,590.56	55,671.18	50,053.31	5,617.87
Bureau of Uniform Fire Safety:					
Fire Prevention	944.28	785.65	1,729.93	785.65	944.28
Road Repair and Maintenance	25,890.51	35,392.73	111,283.24	95,818.10	15,465.14
Public Parking Lots	17,040.77		17,040.77	666.62	16,374.15
Refuse Collection	16,142.00	31,584.00	47,726.00	31,584.00	16,142.00
Shade Tree Commission	322.50	62,265.00	62,587.50	58,515.00	4,072.50
Public Buildings and Grounds	19,383.76	11,593.23	30,976.99	7,593.42	23,383.57
Vehicle Maintenance	8,529.72	7,063.80	15,593.52	8,873.26	6,720.26

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance December 31, 2017		Balance after Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Encumbered			
Other Expenses (Continued):					
Condo Reimbursement (Ch. 299 P.L. 1988)	$ 17,195.45		$ 17,195.45		$ 17,195.45
Board of Health	4,218.42		4,218.42		4,218.42
Recreation Services and Programs	7,310.00		7,310.00		7,310.00
Maintenance of Parks	2,426.93	$ 1,802.13	4,229.06	$ 1,802.13	2,426.93
Senior Citizens Program	1,090.25	200.00	1,290.25	200.00	1,090.25
Contribution to Accumulated Absences Fund	10,000.00		38,000.00	38,000.00	
Celebration of Public Events, Anniversary or Holiday	3,000.00		3,000.00		3,000.00
Electricity	36,193.31		36,193.31	7,165.09	29,028.22
Street Lighting	64,383.27	5,000.00	69,383.27	42,877.29	26,505.98
Telephone	1,460.29	424.86	1,885.15	1,885.15	
Natural Gas	6,329.19		6,329.19	3,699.00	2,630.19
Gasoline	76,983.03		76,983.03	6,074.13	70,908.90
Landfill/Solid Waste Disposal Costs	73,583.71	37,267.19	110,850.90	37,267.19	73,583.71
Municipal Court	10,178.24	4,102.44	14,280.68	4,524.70	9,755.98
State Uniform Construction Code	1,937.92	2,097.06	4,034.98	2,097.06	1,937.92
Contingent	1,278.37	721.63	2,000.00	721.63	1,278.37
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	13,956.76		13,956.76		13,956.76
Unemployment Compensation Insurance	18,114.10		18,114.10	2,155.27	15,958.83
Defined Contribution Retirement Plan	726.00		726.00	726.00	
Operations - Excluded from "CAPS":					
Other Operations - Excluded from "CAPS":					
Maintenance of Free Public Library	8,668.92	6,827.49	15,496.41	7,434.31	8,062.10

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance December 31, 2017		Balance after Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Encumbered			
Other Expenses (Continued):					
Operations - Excluded from "CAPS" (Continued):					
Emergency Services Volunteer Length of Service Award Program (LOSAP):					
Fire Department		$ 120,750.00	$ 120,750.00	$ 77,050.00	$ 43,700.00
First Aid Squad		15,000.00	15,000.00	6,440.00	8,560.00
Reimbursement Multi-Family Dwellings	$ 49,516.37		49,516.37		49,516.37
Interlocal Municipal Service Agreements:					
Health Services - Freehold Township	13,605.00		13,605.00		13,605.00
911/Police Dispatch Services - County of Monmouth	3.54		3.54		3.54
Animal Control - Manalapan Township	196.00		196.00		196.00
Vehicle Maintenance - Freehold Township	9,748.89	9,247.73	18,996.62	11,528.49	7,468.13
Information Technology Maintenance - Freehold Township	4.00	3,186.00	3,190.00	3,186.00	4.00
Lake Topanemus - Freehold Township	9,000.00		9,000.00		9,000.00
Certified Public Works Manager - Borough of Englishtown	1,000.00		1,000.00		1,000.00
SID Laborer - Downtown Freehold	8,660.00		8,660.00		8,660.00
Total Other Expenses	$ 906,565.17	$ 605,430.75	$ 1,589,995.92	$ 727,996.57	$ 861,999.35
	$ 1,340,526.61	$ 605,430.75	$ 1,945,957.36	$ 747,996.57	$ 1,197,960.79

Detail:

Transfer to Trust Other Fund - Compensated Absences	$ 38,000.00
Reserve for Storm Recovery Trust	80,000.00
Accounts Payable	53,778.68
Cash Disbursed	576,217.89
	$ 747,996.57

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF STATE AND FEDERAL GRANTS RECEIVABLE

Grant	Balance December 31, 2017	2018 Budget Revenue Realized Original Budget	2018 Budget Revenue Realized 40A:4-87	Received	Canceled	Balance December 31, 2018
State:						
Safe and Secure Communities Grant:						
2018	$ 25,000.00			$ 25,000.00		
2019		$ 60,000.00		35,000.00		$ 25,000.00
Clean Communities Program			$ 18,794.74	18,794.74		
Recycling Tonnage Grant		9,824.29		9,824.29		
Drunk Driving Enforcement Fund Program			2,500.00	2,500.00		
Community Stewardship Incentive Program:						
Tree Removal/Planting	30,000.00					30,000.00
Department of Transportation:						
Highway Safety Grant	1,941.81					1,941.81
2012 Municipal Aid Program	43,750.00					43,750.00
HDSRF - Colaner Property Remediation	144,059.00					144,059.00
Total State Grants	$ 244,750.81	$ 69,824.29	$ 21,294.74	$ 91,119.03		$ 244,750.81

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF STATE AND FEDERAL GRANTS RECEIVABLE

Grant	Balance December 31, 2017	2018 Budget Revenue Realized Original Budget	2018 Budget Revenue Realized 40A:4-87	Received	Canceled	Balance December 31, 2018
Federal:						
Distracted Driver Grant		$ 6,600.00		$ 4,125.00	$ 2,475.00	
Click It or Ticket Program			$ 5,500.00	3,465.00	2,035.00	
Bulletproof Vest Program	$ 3,565.11		992.00	2,976.00		$ 1,581.11
Total Federal Grants	$ 3,565.11	$ 6,600.00	6,492.00	$ 10,566.00	$ 4,510.00	$ 1,581.11
Local:						
Contributions from Private Sources:						
Police - Community Policing		$ 900.00		$ 900.00		
Total Local Grants		$ 900.00		$ 900.00		
Total Grants	$ 248,315.92	$ 77,324.29	$ 27,786.74	$ 102,585.03	$ 4,510.00	$ 246,331.92

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance December 31, 2017	Transferred from 2018 Budget Appropriations: Original Budget	Transferred from 2018 Budget Appropriations: 40A:4-87	Paid or Charged	Appropriated Reserve Cancelled	Balance December 31, 2018
State:						
Safe and Secure Communities Program:						
Grant - 2018		$ 60,000.00		$ 60,000.00		
Match - 2018		298,406.00		298,055.05	$ 350.95	$ 0.00
Match - 2017	$ 346.05				346.05	
Municipal Court Alcohol Education and Rehabilitation Fund:						
Grant - 2013	112.59					112.59
Grant - 2014	630.30					630.30
Grant - 2015	297.67					297.67
Drunk Driving Enforcement Fund:						
Grant - 2015	2,638.73			845.16		1,793.57
Grant - 2016	2,857.72					2,857.72
Grant - 2017	2,500.00					2,500.00
Grant - 2018			$ 2,500.00			2,500.00
Clean Communities Program:						
Grant - 2013	13,131.34			13,131.34		
Grant - 2014	17,718.70			767.78		16,950.92
Grant - 2015	36,837.91					36,837.91
Grant - 2016	23,118.11					23,118.11
Grant - 2017	19,640.29					19,640.29
Grant - 2018			18,794.74			18,794.74
Recycling Tonnage Grant:						
Grant - 2016	550.00			550.00		
Grant - 2017	7,257.63			7,257.63		
Grant - 2018		9,824.29		9,454.29		370.00
State of New Jersey:						
Body Armor Replacement Fund:						
Grant - 2017	2,910.35					2,910.35
Grant - 2016	841.76					841.76

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - APPROPRIATED

	Balance December 31, 2017	Transferred from 2018 Budget Appropriations: Original Budget	Transferred from 2018 Budget Appropriations: 40A:4-87	Paid or Charged	Appropriated Reserve Cancelled	Balance December 31, 2018
Community Stewardship Incentive Program:						
Reforestation/Tree Planting Grant	$ 4,988.00					$ 4,988.00
NJ Economic Development Authority - Hazardous Discharge Site	312.55			$ 312.55		
HDSRF - Colaner Property Remediation	144,059.00					144,059.00
Total State Grants	$ 280,748.70	$ 368,230.29	$ 21,294.74	$ 390,373.80	697.00	$ 279,202.93
Federal:						
Department of Justice:						
Click It or Ticket Program:						
Grant - 2017			$ 5,500.00	$ 3,465.00	$ 2,035.00	
Bulletproof Vest Program:						
Grant - 2018			992.00	992.00		
Grant - 2017	$ 3,765.05					$ 3,765.05
DEA Funding Grant	872.48					872.48
Distracted Driving Grant		$ 6,600.00		4,125.00	2,475.00	
Total Federal Grants	$ 4,637.53	$ 6,600.00	$ 6,492.00	$ 8,582.00	$ 4,510.00	$ 4,637.53
Local:						
Contributions from Private Sources:						
Police - Community Policing	$ 11,633.90	$ 900.00	$	$ 8,538.29		$ 3,995.61
Bike Safety Program	500.00					500.00
Library:						
Freehold Boro Education Foundation	0.49					0.49
Appleyard Garden	1,793.62					1,793.62
Private Donation	50,000.00			459.99		49,540.01
Comcast Technology	35,871.15			710.02		35,161.13
Downtown Freehold - Fireworks	4,075.00			4,075.00		
Total Local Grants	$ 103,874.16	$ 900.00	$	$ 13,783.30		$ 90,990.86
Total All Grants	$ 389,260.39	$ 375,730.29	$ 27,786.74	$ 412,739.10	$ 5,207.00	$ 374,831.32

Exhibit B-10

BOROUGH OF FREEHOLD
CURRENT FUND
STATEMENT OF RESERVE FOR STATE AND FEDERAL GRANTS - UNAPPROPRIATED

	Balance December 31, 2017	Increased by Cash Receipts by Current Fund	Decreased by Realized Revenue	Balance December 31, 2018
State:				
Recycling Tonnage Grant	$ 9,824.29		$ 9,824.29	
Total State Grants	$ 9,824.29		$ 9,824.29	
Federal:				
U.S. Department of Justice:				
Bulletproof Vest Program		$ 1,488.00		$ 1,488.00
Total Federal Grants		$ 1,488.00		$ 1,488.00
Local:				
Private Sources - Community Policing		$ 1,800.00		$ 1,800.00
Total Local Grants	$	1,800.00	$	$ 1,800.00
Total Grants	$ 9,824.29	3,288.00	$ 9,824.29	$ 3,288.00

THIS PAGE INTENTIONALLY LEFT BLANK

TRUST FUNDS

BOROUGH OF FREEHOLD
TRUST FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES - STATUTORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	(Unaudited) LOSAP Trust		Animal Control		Other	
	2018	2017	2018	2017	2018	2017
ASSETS						
Cash and Cash Equivalents			$ 5,798.54	$ 7,945.70	$ 1,874,393.07	$ 1,659,943.85
Investments	$ 1,541,180.79	$ 1,603,657.52				
Interfunds Receivable					3,350.00	
Total Assets	$ 1,541,180.79	$ 1,603,657.52	$ 5,798.54	$ 7,945.70	$ 1,877,743.07	$ 1,659,943.85
LIABILITIES AND RESERVES						
Other Liabilities and Reserves:						
Interfund Payable			$ 7.74	$ 3.40	$ 274.75	$ 97.04
Payroll Deductions Payable			4.20			
Due to State of New Jersey						
Reserve for New Jersey Unemployment Compensation Insurance					175,370.44	182,228.68
Reserves - Various			5,786.60	6,410.50	1,702,097.88	1,477,618.13
Reserve for Investment in LOSAP	$ 1,541,180.79	$ 1,603,657.52				
Reserve for Encumbrances				1,531.80		
Total Liabilities and Reserves	$ 1,541,180.79	$ 1,603,657.52	$ 5,798.54	$ 7,945.70	$ 1,877,743.07	$ 1,659,943.85

BOROUGH OF FREEHOLD
TRUST FUNDS
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES AND RESERVES - STATUTORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	Payroll		Totals	
	2018	2017	2018	2017
ASSETS				
Cash and Cash Equivalents	$ 78,019.95	$ 69,291.22	$ 1,958,211.56	$ 1,737,180.77
Investments			1,541,180.79	1,603,657.52
Interfunds Receivable			3,350.00	
Total Assets	$ 78,019.95	$ 69,291.22	$ 3,502,742.35	$ 3,340,838.29
LIABILITIES AND RESERVES				
Other Liabilities and Reserves:				
Interfund Payable			$ 282.49	$ 100.44
Payroll Deductions Payable	$ 78,019.95	$ 69,291.22	78,019.95	69,291.22
Due to State of New Jersey			4.20	
Reserve for New Jersey Unemployment Compensation Insurance			175,370.44	182,228.68
Reserves - Various			1,707,884.48	1,484,028.63
Reserve for Investment in LOSAP			1,541,180.79	1,603,657.52
Reserve for Encumbrances				1,531.80
Total Liabilities and Reserves	$ 78,019.95	$ 69,291.22	$ 3,502,742.35	$ 3,340,838.29

Exhibit C-2

BOROUGH OF FREEHOLD
TRUST FUND
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

BALANCE, DECEMBER 31, 2017		$ 6,410.50
INCREASED BY		
Dog License Fees Collected	$ 3,890.00	
Cat License Fees Collected	340.00	
Miscellaneous Dog License Receipts	862.50	5,092.50
		$ 11,503.00
DECREASED BY		
Expenditures Under R.S. 4:19-15.11		$ 5,716.40
BALANCE, DECEMBER 31, 2018		$ 5,786.60
Detail:		
Reserve for Dog Expenditures		$ 5,786.60
Reserve for Cat Expenditures		None
		$ 5,786.60

LICENSES AND PENALTY FEES COLLECTED

Year	
2016	$ 3,971.00
2017	3,781.20
	$ 7,752.20

AUDITOR'S NOTE

R.S. 4:19-15.11

"There shall be transferred from such special account to the general funds of the Municipality any amounts then in such account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

Exhibit C-3

BOROUGH OF FREEHOLD
TRUST OTHER FUND
STATEMENT OF VARIOUS RESERVES

	Balance December 31, 2017	Cash Receipts Regular	Cash Receipts Interest	Disbursed	Balance December 31, 2018
Reserves for:					
Tax Sale Premium	$ 421,500.00	$ 404,100.00		$ 187,800.00	$ 637,800.00
Contractor Escrow Deposits	274,717.67	104,987.43	$ 550.68	109,553.08	270,702.70
Redemption of Tax Title and Utility Liens	78,141.57	286,998.09		355,008.61	10,131.05
Street Opening Deposits	49,700.50	2,000.00		6,750.00	44,950.50
Parking Offenses Adjudication Act	4,484.56	1,130.00			5,614.56
Recreation Commission	56,623.26	30,750.00	566.51	30,538.19	57,401.58
Law Enforcement Trust	11,749.91	756.43	117.17	9,195.00	3,428.51
Elections	800.00	800.00		1,200.00	400.00
Library Donations	41,451.01	5,270.50	551.66	1,104.80	46,168.37
Outside Police Employment	27,207.41	197,785.03		172,432.05	52,560.39
Public Defender Fees	13,447.65	5,035.00		15,200.00	3,282.65
Accumulated Absences	317,970.57	48,000.00			365,970.57
Fire Prevention Penalties	8,013.76	1,000.00		1,940.00	7,073.76
Storm Recovery	120,626.20	80,000.00		66,155.63	134,470.57
Celebration of Community Events	45,600.37	41,298.43		30,572.12	56,326.68
Contributions to Lake Topanemus	5,359.69	6,153.62		5,707.77	5,805.54
Police Found Money	224.00	10.45		224.00	10.45
	$ 1,477,618.13	$ 1,216,074.98	$ 1,786.02	$ 993,381.25	$ 1,702,097.88

Exhibit C-4

BOROUGH OF FREEHOLD
TRUST OTHER FUND
STATEMENT OF RESERVE FOR NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

BALANCE, DECEMBER 31, 2017		$ 182,228.68
INCREASED BY		
Employee Contributions	$ 22,229.10	
Interest Earned on Investments and Deposits	2,264.94	24,494.04
		$ 206,722.72
DECREASED BY		
Unemployment Compensation Claims Paid		31,352.28
BALANCE, DECEMBER 31, 2018		$ 175,370.44

Exhibit C-5

BOROUGH OF FREEHOLD
LOSAP TRUST FUND
STATEMENT OF RESERVE FOR INVESTMENT IN LOSAP -
VOLUNTEER FIRE DEPARTMENT
(UNAUDITED)

BALANCE, DECEMBER 31, 2017		$ 1,272,337.34
INCREASED BY		
Municipal Contribution		70,150.00
		$ 1,342,487.34
DECREASED BY		
Loss on Investments	$ 41,766.17	
Administrative Charges and Withdrawals	69,701.18	111,467.35
BALANCE, DECEMBER 31, 2018		$ 1,231,019.99

Exhibit C-6

BOROUGH OF FREEHOLD
LOSAP TRUST FUND
STATEMENT OF RESERVE FOR INVESTMENT IN LOSAP -
FREEHOLD FIRST AID & EMERGENCY SQUAD
(UNAUDITED)

BALANCE, DECEMBER 31, 2017		$ 331,320.18
INCREASED BY		
Municipal Contributions		25,300.00
		$ 356,620.18
DECREASED BY		
Administrative Charges	$ 34,405.22	
Loss on Investments	12,054.16	46,459.38
BALANCE, DECEMBER 31, 2018		$ 310,160.80

THIS PAGE INTENTIONALLY LEFT BLANK

GENERAL CAPITAL FUND

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	Balance December 31, 2018	Balance December 31, 2017
ASSETS		
Cash and Cash Equivalents	$ 3,683,524.10	$ 3,716,670.49
Investments	26,000.00	99,000.00
Deferred Charges to Future Taxation:		
Unfunded	8,823,650.00	9,182,050.00
Due from County of Monmouth	135,000.00	135,000.00
D.O.T. Grant Receivable	197,765.50	449,015.50
Mortgage Sales Receivable		126,308.71
Miscellaneous Accounts Receivable		78.92
	$ 12,865,939.60	$ 13,708,123.62
LIABILITIES, RESERVES AND FUND BALANCE		
Bond Anticipation Notes	$ 8,820,000.00	$ 8,839,000.00
Other Liabilities and Reserves:		
Capital Improvement Fund	$ 239,831.19	$ 173,831.19
Reserve for Encumbrances	272,805.19	917,419.85
Contracts Payable/Retained Percentage	582,149.80	377,934.78
Reserve for Payment of Notes	85.54	2,906.62
Reserve for RCA Funds	871,026.30	787,691.30
Reserve for Mortgage Sales Receivable	-	94,176.71
Reserve for Miscellaneous Accounts Receivable	-	78.92
Reserve for Parking Improvements	1,700.00	1,700.00
Reserve for D.O.T. Grant Receivable	-	185,000.00
	$ 1,967,598.02	$ 2,540,739.37

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	Balance December 31, 2018	Balance December 31, 2017
LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)		
Improvement Authorizations:		
Funded	$ 495,489.48	$ 738,806.62
Unfunded	1,209,415.14	1,343,702.22
	$ 1,704,904.62	$ 2,082,508.84
Interfunds Payable	$ -	$ 32,132.00
Fund Balance	$ 373,436.96	$ 213,743.41
Total Liabilities, Reserves and Fund Balance	$ 12,865,939.60	$ 13,708,123.62

There were $3,650.00 of Bonds and Notes Authorized and Not Issued at December 31, 2018.

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
ANALYSIS OF CASH, CASH EQUIVALENTS AND INVESTMENTS

	Balance December 31, 2017	Receipts: Bond Anticipation Notes Issued	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfer: From	Transfer: To	Balance December 31, 2018
Fund Balance	$ 213,743.41		$ 147,805.71				$ 11,887.84	$ 373,436.96
Capital Improvement Fund	173,831.19		110,000.00			$ 44,000.00		239,831.19
Contracts Payable/Retained Percentage	377,934.78				$ 281,272.93	4,380.60	489,868.55	582,149.80
Reserve for Payment of Notes	2,906.62		78.92		2,900.00			85.54
Reserve for Regional Contribution Agreements	787,691.30		83,335.00					871,026.30
Reserve for Encumbrances	917,419.85				912,393.85	5,026.00	272,805.19	272,805.19
Due from Department of Transportation	(264,015.50)		138,750.00			185,000.00	112,500.00	(197,765.50)
Due from County of Monmouth	(135,000.00)							(135,000.00)
Reserve for Parking Improvements	1,700.00							1,700.00

Improvement Authorizations:

Ordinance Number	Description							
19-97/2-99/ 29-99	Creation, Development and Implementation of a Housing Rehabilitation Program (Marlboro)	60,732.50						60,732.50
2001/16, 2002/10, 2003/16	Creation, Development and Implementation of a Housing Rehabilitation Program (Howell)	12,907.25						12,907.25
2000/28	Improvements to Borough Hall and Fire Station	7,677.42						7,677.42
2002/6, 2003/20, 2004/13, 2005/8, 2006/31	Creation, Development and Implementation of a Housing Rehabilitation Program (Freehold Township II)	521,337.05		$ 112,307.40				409,029.65
2008/12	Various Municipal Improvements	5,142.66						5,142.66
2009/10	Purchase, Design and Installation of Flashing School Beacons and Driver Feedback Signs	120,009.74				124,387.84	4,378.10	0.00
2010/4	Various Road and Sidewalk Improvements	23,934.25		284.66				23,649.59

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
ANALYSIS OF CASH, CASH EQUIVALENTS AND INVESTMENTS

Ordinance Number	Description	Balance December 31, 2017	Receipts: Bond Anticipation Notes Issued	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfer: From	Transfer: To	Balance December 31, 2018
2011/2	Various Road and Sidewalk Improvements	$ 37,737.86							$ 37,737.86
2012/5	Various Road, Drainage and Parking Lot Improvements	132,421.20			$ 303.74				132,117.46
2013/6, 2015/5	Various Road, Parking Lot, Sidewalk and Park Improvements and Construction	6,687.16	$ 126,000.00		10,065.62		$ 82,416.32		40,205.22
2014/4	Various Road and Parking Lot Improvements	175,115.05			536.37			$ 3,330.00	177,908.68
2014/5	Acquisition of Various Equipment	25,968.70			217.52		6,133.00		19,618.18
2015/7	Road Design, Paving, Repairs and Restoration	131,946.88			471.69				131,475.19
2015/8	Acquisition of Various Equipment and Improvements to Municipal Buildings	36,799.58			1,982.67				34,816.91
2015/16	Acquisition of a Fire Truck and Police Equipment	3,626.77			802.11				2,824.66
2016/5	Road Repairs and Restoration and Repaving Schiverea Avenue	83,953.96			3,941.11				80,012.85
2016/6	Acquisition of Various Equipment and Improvements to Municipal Buildings	97,795.30			152.23		47,800.00		49,843.07
2017/7	Crosswalk Improvements, Road Design, Resurfacing, Repairs and Restoration	244,665.51			51,350.34		9,000.00	1,698.50	186,013.67

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
ANALYSIS OF CASH, CASH EQUIVALENTS AND INVESTMENTS

Ordinance Number	Description	Balance December 31, 2017	Receipts: Bond Anticipation Notes Issued	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfer: From	Transfer: To	Balance December 31, 2018
2017/10	Various Capital Improvements	$ 11,000.00	$ 213,400.00		$ 18,406.26		$ 140,555.00		$ 65,438.74
2018/5	Road Resurfacing, Storm Drainage and Crosswalk Improvements		583,000.00		311,344.77		288,682.03	$ 217,000.00	199,973.20
2018/6	Various Capital Improvements and Equipment		228,000.00		27,782.75		188,087.39	12,000.00	24,129.86
		$ 3,815,670.49	$ 1,150,400.00	$ 479,969.63	$ 539,949.24	$ 1,196,566.78	$ 1,125,468.18	$ 1,125,468.18	$ 3,709,524.10

Bracketed Amount Denotes Deficit.

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION, UNFUNDED

Ordinance Number	Improvement Description	Balance December 31, 2017	2018 Authorizations	Budget Appropriations	Balance December 31, 2018	Analysis of Balance December 31, 2018: Financed by Bond Anticipation Notes	Analysis of Balance December 31, 2018: Unfunded Improvement Authorizations
2008/7, 2008/21, 2009/2	Various Road Improvements	$ 702,900.00		$ 702,900.00			
2010/4	Various Road and Sidewalk Improvements	440,300.00		42,000.00	$ 398,300.00	$ 398,300.00	
2010/8	Acquisition of Vehicles and Equipment for the Fire Department	48,000.00		48,000.00			
2011/2	Various Road and Sidewalk Improvements	587,000.00		44,500.00	542,500.00	542,500.00	
2011/7	Acquisition of a New Ladder Truck, Equipment, and Improvements to Fire Department	969,000.00		66,000.00	903,000.00	903,000.00	
2012/4	Acquisition of Various Municipal Equipment and Improvements for the Police Department	129,000.00		26,000.00	103,000.00	103,000.00	
2012/5	Various Road, Drainage and Parking Lot Improvements	456,000.00		31,000.00	425,000.00	425,000.00	
2012/7	Acquisition of Various Municipal Equipment and Improvements to Municipal Building	111,000.00		22,500.00	88,500.00	88,500.00	

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION, UNFUNDED

Ordinance Number	Improvement Description	Balance December 31, 2017	2018 Authorizations	Budget Appropriations	Balance December 31, 2018	Analysis of Balance December 31, 2018: Financed by Bond Anticipation Notes	Analysis of Balance December 31, 2018: Unfunded Improvement Authorizations
2013/6	Various Road, Parking Lot, Sidewalk and Park Improvements and Construction	$ 547,500.00		$ 15,000.00	$ 532,500.00	$ 532,500.00	
2013/7	Acquisition of Various Equipment	89,000.00		13,500.00	75,500.00	75,500.00	
2014/4	Various Road and Parking Lot Improvements	795,000.00		44,500.00	750,500.00	750,500.00	
2014/5	Acquisition of Various Equipment	348,350.00		44,000.00	304,350.00	304,350.00	
2015/7	Road Design, Paving, Repairs and Restoration	697,000.00		37,000.00	660,000.00	660,000.00	
2015/8	Acquisition of Various Equipment and Improvements to Municipal Buildings	289,000.00		32,500.00	256,500.00	255,600.00	$ 900.00
2015/16	Acquisition of a Fire Truck and Police Equipment	807,500.00			807,500.00	807,500.00	
2016/5	Road Repairs and Restoration and Repaving Schiverea Avenue	641,250.00			641,250.00	640,000.00	1,250.00
2016/6	Acquisition of Various Equipment and Improvements to Municipal Buildings	213,750.00			213,750.00	213,000.00	750.00

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION, UNFUNDED

Ordinance Number	Improvement Description	Balance December 31, 2017	2018 Authorizations	Budget Appropriations	Balance December 31, 2018	Analysis of Balance December 31, 2018: Financed by Bond Anticipation Notes	Analysis of Balance December 31, 2018: Unfunded Improvement Authorizations
2017/7	Crosswalk Improvements and Road Design, Resurfacing, Repairs and Restoration	$ 1,097,000.00			$ 1,097,000.00	$ 1,096,350.00	$ 650.00
2017/10	Various Capital Improvements	213,500.00			213,500.00	213,400.00	100.00
2018/5	Road Resurfacing, Storm Drainage and Crosswalk Improvements		$ 583,000.00		583,000.00	583,000.00	
2018/6	Various Capital Improvements and Equipment		228,000.00		228,000.00	228,000.00	
		$ 9,182,050.00	$ 811,000.00	$ 1,169,400.00	$ 8,823,650.00	8,820,000.00	$ 3,650.00

Detail:

Improvement Authorizations - Unfunded	$ 1,209,415.14
Less: Excess Note Cash	1,205,765.14
	$ 3,650.00

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2017	Increased	Decreased	Balance December 31, 2018
2008/7, 2008/21	Various Road Improvements	12/23/08							
		12/22/09				$ 477,900.00		$ 477,900.00	
		12/21/10				225,000.00		225,000.00	
2010/4	Various Road and Sidewalk Improvements	12/21/10	11/08/18	11/07/19	3.00%	315,000.00	$ 283,500.00	315,000.00	$ 283,500.00
		12/20/11	11/08/18	11/07/19	3.00%	125,300.00	114,800.00	125,300.00	114,800.00
2010/8	Acquisition of Vehicles and Equipment for the Fire Department	12/21/10				48,000.00		48,000.00	
2011/2	Various Road and Sidewalk Improvements	12/20/11	11/08/18	11/07/19	3.00%	461,300.00	425,300.00	461,300.00	425,300.00
		12/19/12	11/08/18	11/07/19	3.00%	125,700.00	117,200.00	125,700.00	117,200.00
2011/7	Acquisition of a New Ladder Truck, Equipment, and Improvements to Fire Department	12/20/11	11/08/18	11/07/19	3.00%	76,000.00	70,000.00	76,000.00	70,000.00
		12/19/12	11/08/18	11/07/19	3.00%	893,000.00	833,000.00	893,000.00	833,000.00
2012/4	Acquisition of Various Municipal Equipment and Improvements for the Police Department	12/19/12	11/08/18	11/07/19	3.00%	129,000.00	103,000.00	129,000.00	103,000.00
2012/5	Various Road, Drainage and Parking Lot Improvements	12/19/12	11/08/18	11/07/19	3.00%	456,000.00	425,000.00	456,000.00	425,000.00
2012/7	Acquisition of Various Municipal Equipment and Improvements to Municipal Building	12/19/12	11/08/18	11/07/19	3.00%	111,000.00	88,500.00	111,000.00	88,500.00
2013/6	Various Road, Parking Lot, Sidewalk and Park Improvements and Construction	12/18/13	11/08/18	11/07/19	3.00%	93,000.00	89,500.00	93,000.00	89,500.00
		12/05/14	11/08/18	11/07/19	3.00%	328,500.00	317,000.00	328,500.00	317,000.00
		11/08/18	11/08/18	11/07/19	3.00%		126,000.00		126,000.00

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2017	Increased	Decreased	Balance December 31, 2018
2013/7	Acquisition of Various Equipment	12/18/13	11/08/18	11/07/19	3.00%	$ 77,000.00	$ 65,500.00	$ 77,000.00	$ 65,500.00
		12/05/14	11/08/18	11/07/19	3.00%	12,000.00	10,000.00	12,000.00	10,000.00
2014/4	Various Road and Parking Lot Improvements	12/05/14	11/08/18	11/07/19	3.00%	795,000.00	750,500.00	795,000.00	750,500.00
2014/5	Acquisition of Various Equipment	12/05/14	11/08/18	11/07/19	3.00%	348,350.00	304,350.00	348,350.00	304,350.00
2015/7	Road Design, Paving, Repairs and Restoration	12/04/15	11/08/18	11/07/19	3.00%	697,000.00	660,000.00	697,000.00	660,000.00
2015/8	Acquisition of Various Equipment and Improvements to Municipal Buildings	12/04/15	11/08/18	11/07/19	3.00%	288,100.00	255,600.00	288,100.00	255,600.00
2015/16	Acquisition of a Fire Truck and Police Equipment	12/02/16	11/08/18	11/07/19	3.00%	57,500.00	57,500.00	57,500.00	57,500.00
		12/01/17	11/08/18	11/07/19	3.00%	750,000.00	750,000.00	750,000.00	750,000.00
2016/5	Road Repairs and Restoration and Repaving Schiverea Avenue	12/02/16	11/08/18	11/07/19	3.00%	640,000.00	640,000.00	640,000.00	640,000.00
2016/6	Acquisition of Various Equipment and Improvements to Municipal Buildings	12/02/16	11/08/18	11/07/19	3.00%	213,000.00	213,000.00	213,000.00	213,000.00
2017/7	Crosswalk Improvements and Road Design, Resurfacing, Repairs and Restoration	12/01/17	11/08/18	11/07/19	3.00%	1,096,350.00	1,096,350.00	1,096,350.00	1,096,350.00

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2017	Increased	Decreased	Balance December 31, 2018
2017/10	Various Capital Improvements	11/08/18	11/08/18	11/07/19	3.00%		$ 213,400.00		$ 213,400.00
2018/5	Road Resurfacing, Storm Drainage and Crosswalk Improvements	11/08/18	11/08/18	11/07/19	3.00%		583,000.00		583,000.00
2018/6	Various Capital Improvements and Equipment	11/08/18	11/08/18	11/07/19	3.00%		228,000.00		228,000.00
						$ 8,839,000.00	$ 8,820,000.00	$ 8,839,000.00	$ 8,820,000.00

Detail:

Budget Appropriation	$ 1,169,400.00
Bond Anticipation Note Proceeds	7,669,600.00
	$ 8,839,000.00

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Ordinance Date	Ordinance Amount	Balance December 31, 2017 Funded	Balance December 31, 2017 Unfunded	2018 Authorizations	Contracts/ Reserve for Encumbrances Canceled	Paid or Charged	Improvement Authorizations Canceled	Balance December 31, 2018 Funded	Balance December 31, 2018 Unfunded
19-97/2-99/ 29-99	Creation, Development and Implementation of a Housing Rehabilitation Program(Marlboro)	05/05/97, 02/01/99, 12/20/99	$ 1,306,495.00	$ 60,732.50						$ 60,732.50	
30-99/20-00/ 2001-16/ 2002/10, 2003/16	Creation, Development and Implementation of a Housing Rehabilitation Program (Howell)	12/20/99, 08/7/00, 8/6/01, 7/15/02, 08/04/03	2,849,772.11	12,907.25						12,907.25	
2000/28	Improvements to Borough Hall and Fire Station	12/18/00	205,000.00	7,677.42						7,677.42	
2002/6, 2003/20, 2004/13, 2005/8, 2006/31	Creation, Development and Implementation of a Housing Rehabilitation Program (Freehold Township II)	04/15/02, 09/15/03, 06/07/04, 03/21/05, 12/04/06	3,380,000.00	521,337.05				$ 112,307.40		409,029.65	
2008/12	Various Municipal Improvements	06/02/08	75,000.00	5,142.66						5,142.66	
2009/10	Purchase, Design and Installation of Flashing School Beacons and Driver Feedback Signs	07/02/09	135,000.00	120,009.74			$ 4,378.10		$ 124,387.84		
2010/4	Various Road and Sidewalk Improvements	03/15/10	1,200,000.00		$ 23,934.25			284.66			$ 23,649.59
2011/2	Various Road and Sidewalk Improvements	04/18/11	1,000,000.00		37,737.86						37,737.86
2012/5	Various Road, Drainage and Parking Lot Improvements	04/02/12	680,000.00		132,421.20			303.74			132,117.46
2013/6, 2015/5	Various Road, Parking Lot, Sidewalk and Park Improvements and Construction	06/17/13, 03/16/15	1,225,871.11		132,687.16			92,481.94			40,205.22

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Ordinance Date	Ordinance Amount	Balance December 31, 2017 Funded	Balance December 31, 2017 Unfunded	2018 Authorizations	Contracts/ Reserve for Encumbrances Canceled	Paid or Charged	Improvement Authorizations Canceled	Balance December 31, 2018 Funded	Balance December 31, 2018 Unfunded
2014/4	Various Road and Parking Lot Improvements	05/05/14	$ 990,000.00		$ 175,115.05		$ 3,330.00	$ 536.37			$ 177,908.68
2014/5	Acquisition of Various Equipment	05/05/14	413,000.00		25,968.70			6,350.52			19,618.18
2015/7	Road Design, Paving, Repairs and Restoration	04/20/15	915,000.00		131,946.88			471.69			131,475.19
2015/8	Acquisition of Various Equipment and Improvements to Municipal Buildings	04/20/15	305,000.00		37,699.58			1,982.67			35,716.91
2015/16	Acquisition of a Fire Truck and Police Equipment	12/21/15	850,000.00		3,626.77			802.11			2,824.66
2016/5	Road Repairs and Restoration and Repaving Schiverea Avenue	06/06/16	975,000.00		85,203.96			3,941.11			81,262.85
2016/6	Acquisition of Various Equipment and Improvements to Municipal Buildings	06/06/16	225,000.00		98,545.30			47,952.23			50,593.07
2017/7	Crosswalk Improvements, Road Design, Resurfacing, Repairs and Restoration	05/01/17	1,155,000.00		245,315.51		$ 1,698.50	60,350.34			186,663.67
2017/10	Various Capital Improvements	11/20/17	225,000.00	$ 11,000.00	213,500.00			158,961.26			65,538.74
2018/5	Road Resurfacing, Storm Drainage, and Crosswalk Improvements	06/18/18	800,000.00			$ 800,000.00		600,026.80			199,973.20
2018/6	Various Capital Improvements and Equipment	06/18/18	240,000.00			240,000.00		215,870.14			24,129.86
				$ 738,806.62	$ 1,343,702.22	$ 1,040,000.00	$ 9,406.60	$ 1,302,622.98	$ 124,387.84	$ 495,489.48	$ 1,209,415.14

Capital Improvement Fund	$ 44,000.00
Deferred Charges to Future Taxation - Unfunded	811,000.00
NJDOT Grant	185,000.00
	$ 1,040,000.00

Exhibit D-6

BOROUGH OF FREEHOLD
GENERAL CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance December 31, 2017	2018 Authorizations	Bond Anticpation Notes Issued	Balance December 31, 2018
2013/6	Various Road, Parking Lot, Sidewalk and Park Improvements and Construction	$ 126,000.00		$ 126,000.00	
2015/8	Acquisition of Various Equipment and Improvements to Municipal Buildings	900.00			$ 900.00
2016/5	Road Repairs and Restoration and Repaving Schiverea Avenue	1,250.00			1,250.00
2016/6	Acquisition of Various Equipment and Improvements to Municipal Buildings	750.00			750.00
2017/7	Crosswalk Improvements and Road Design, Resurfacing, Repairs and Restoration	650.00			650.00
2017/10	Various Capital Improvements	213,500.00		213,400.00	100.00
2018/5	Road Resurfacing, Storm Drainage, and Crosswalk Improvements		$ 583,000.00	583,000.00	
2018/6	Various Capital Improvements and Equipment		228,000.00	228,000.00	
		$ 343,050.00	$ 811,000.00	$ 1,150,400.00	$ 3,650.00

THIS PAGE INTENTIONALLY LEFT BLANK

WATER-SEWER UTILITY OPERATING FUND

Exhibit E-1

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	Balance December 31, 2018	Balance December 31, 2017
ASSETS		
Operating Fund:		
Cash and Cash Equivalents	$ 1,824,177.83	$ 1,673,071.71
Consumer Accounts Receivable	305,833.12	360,196.51
Consumer Liens Receivable	1,044.68	
Inventory	43,151.84	89,263.61
Deferred Charges:		
Emergency Authorization (N.J.S.A. 40A:4-48)		166,659.03
	$ 2,174,207.47	$ 2,289,190.86
LIABILITIES, RESERVES AND FUND BALANCE		
Operating Fund:		
Liabilities:		
Appropriation Reserves	$ 458,494.09	$ 594,951.16
Other Liabilities and Reserves:		
Reserve for Encumbrances	$ 100,173.78	$ 85,362.15
Accounts Payable	9,220.24	2,489.89
Consumer Overpayments	17,015.85	20,147.81
Accrued Interest on Notes	16,628.75	7,717.63
Contract Payable	82,500.00	
	$ 225,538.62	$ 115,717.48
Reserve for Receivables and Inventory	$ 350,029.64	$ 449,460.12
Fund Balance	1,140,145.12	1,129,062.10
Total Liabilities, Reserves and Fund Balance	$ 2,174,207.47	$ 2,289,190.86

Exhibit E-2

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Revenue and Other Income Realized:		
Operating Fund Balance Appropriated	$ 980,653.03	$ 350,000.00
Rents	5,581,437.07	5,929,572.26
Miscellaneous	120,427.30	95,524.93
Water-Sewer Utility Capital Fund Balance	50,000.00	95,000.00
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	569,871.68	598,678.81
Reserve for Encumbrances Canceled		1,181.62
Accrued Interest on Notes Canceled		6,973.73
Total Income	$ 7,302,389.08	$ 7,076,931.35
Expenditures:		
Operating	$ 5,354,895.00	$ 4,897,527.03
Capital Improvements	50,000.00	50,000.00
Debt Service	515,200.00	459,976.00
Deferred Charges and Statutory Expenditures	390,558.03	211,933.00
Surplus (General Budget)		500,000.00
Refund of Prior Years Revenue		550.00
Total Expenditures	$ 6,310,653.03	$ 6,119,986.03
Excess/(Deficit) in Revenue	$ 991,736.05	$ 956,945.32
Adjustment to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years		166,659.03
Statutory Excess to Fund Balance	$ 991,736.05	$ 1,123,604.35
Fund Balance, January 1	1,129,062.10	355,457.75
	$ 2,120,798.15	$ 1,479,062.10
Decreased by:		
Utilized by Water-Sewer Utility Operating Budget	$ 980,653.03	$ 350,000.00
	$ 980,653.03	$ 350,000.00
Fund Balance, December 31	$ 1,140,145.12	$ 1,129,062.10

Exhibit E-3

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2018

	Anticipated	Realized	Excess/ (Deficit)
Fund Balance Appropriated	$ 980,653.03	$ 980,653.03	
Rents and Other Charges	5,700,000.00	5,581,437.07	$ (118,562.93)
Miscellaneous	80,000.00	120,427.30	40,427.30
Water-Sewer Utility Capital Fund Balance	50,000.00	50,000.00	
	$ 6,810,653.03	$ 6,732,517.40	$ (78,135.63)

ANALYSIS OF REALIZED REVENUES

Rents:		
Consumer Accounts Receivable:		
Receipts	$ 5,561,289.26	
Overpayments Applied	20,147.81	$ 5,581,437.07
		$ 5,581,437.07
Miscellaneous:		
Interest on Delinquent Accounts		$ 47,919.02
Repairs and Installations		3,100.00
Returned Check Fees		400.00
Temporary Water Usage Fees		4,500.00
Special Reading Fees		7,250.00
Disconnection/Reconnection Fees		16,715.00
Interest on Investments		40,543.28
		$ 120,427.30

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - STATUTORY BASIS
YEAR ENDED DECEMBER 31, 2018

	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	Canceled
OPERATING						
Salaries and Wages	$ 1,173,175.00	$ 1,173,175.00	$ 1,022,613.70		$ 150,561.30	
Other Expenses	1,481,000.00	1,481,000.00	1,031,581.11	$ 182,673.78	266,745.11	
Manasquan River Regional Sewer Authority Costs	2,691,220.00	2,691,220.00	2,683,142.77		8,077.23	
Interlocal - Freehold Township - Water Plant Services	9,500.00	9,500.00			9,500.00	
Total Operating	$ 5,354,895.00	$ 5,354,895.00	$ 4,737,337.58	$ 182,673.78	$ 434,883.64	
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	$ 50,000.00	$ 50,000.00	$ 50,000.00			
Total Capital Improvements	$ 50,000.00	$ 50,000.00	$ 50,000.00			
DEBT SERVICE						
Payment of Bond Anticipation Notes	$ 410,750.00	$ 410,750.00	$ 410,750.00			
Interest on Notes	104,450.00	104,450.00	104,450.00			
Total Debt Service	$ 515,200.00	$ 515,200.00	$ 515,200.00			
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System (P.E.R.S.)	$ 127,619.00	$ 127,619.00	$ 127,619.00			
Social Security System (O.A.S.I.)	91,280.00	91,280.00	72,669.55		$ 18,610.45	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	5,000.00	5,000.00			5,000.00	
Emergency Authorization	166,659.03	166,659.03	166,659.03			
Total Deferred Charges and Statutory Expenditures	$ 390,558.03	$ 390,558.03	$ 366,947.58		$ 23,610.45	
Surplus (General Budget)	$ 500,000.00	$ 500,000.00	$			$ 500,000.00
Total Water-Sewer Utility Appropriations	$ 6,810,653.03	$ 6,810,653.03	$ 5,669,485.16	$ 182,673.78	$ 458,494.09	$ 500,000.00

Detail:

Disbursed	$ 5,398,376.13
Emergency Authorization	166,659.03
Accrued Interest on Bonds and Notes	104,450.00
	$ 5,669,485.16

Exhibit E-5

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE

BALANCE, DECEMBER 31, 2017		$ 360,196.51
INCREASED BY		
Rents Charged in 2018		5,528,118.36
		$ 5,888,314.87
DECREASED BY		
Collections - Net	$ 5,561,289.26	
Transfer to Lien	1,044.68	
Overpayments Applied	20,147.81	5,582,481.75
BALANCE, DECEMBER 31, 2018		$ 305,833.12

Exhibit E-6

WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF CONSUMER LIENS RECEIVABLE

INCREASED BY	
Transfer from Consumer Accounts Receivable	$ 1,044.68
BALANCE, DECEMBER 31, 2018	$ 1,044.68

Exhibit E-7

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF 2017 APPROPRIATION RESERVES

	Balance December 31, 2017		Balance After Transfers	Paid or Charged	Balance Lapsed
	Appropriation Reserves	Encumbered			
OPERATING					
Salaries and Wages	$ 219,007.05		$ 219,007.05	$ 10,000.00	$ 209,007.05
Other Expenses	297,891.47	$ 85,362.15	383,253.62	99,902.81	283,350.81
Manasquan River Regional Sewer Authority Costs	46,073.73		46,073.73		46,073.73
Interlocal - Freehold Township - Water Plant Services	9,500.00		9,500.00		9,500.00
Total Operating	$ 572,472.25	$ 85,362.15	$ 657,834.40	$ 109,902.81	$ 547,931.59
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Contribution to:					
Social Security System (O.A.S.I.)	$ 17,478.91		$ 17,478.91		$ 17,478.91
Unemployment Compensation Insurance (N.J.S.A. 43:21-3 et. seq.)	5,000.00		5,000.00	$ 538.82	4,461.18
Total Deferred Charges and Statutory Expenditures	$ 22,478.91		$ 22,478.91	538.82	$ 21,940.09
Total	$ 594,951.16	$ 85,362.15	$ 680,313.31	$ 110,441.63	$ 569,871.68

Detail:

Disbursed	$ 93,711.28
Accounts Payable	6,730.35
Transfer to Reserve for Compensated Absences	10,000.00
	$ 110,441.63

Exhibit E-8

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF ACCRUED INTEREST ON NOTES

BALANCE, DECEMBER 31, 2017	$ 7,717.63
INCREASED BY	
Budget Appropriations:	
Interest on Notes	104,450.00
	$ 112,167.63
DECREASED BY	
Disbursed	95,538.88
BALANCE, DECEMBER 31, 2018	$ 16,628.75

WATER-SEWER UTILITY CAPITAL FUND

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	Balance December 31, 2018	Balance December 31, 2017
ASSETS		
Cash and Cash Equivalents	$ 1,417,012.12	$ 1,626,395.36
Fixed Capital	$ 10,338,995.35	$ 10,338,995.35
Fixed Capital Authorized and Uncompleted	7,660,730.21	6,950,730.21
	$ 17,999,725.56	$ 17,289,725.56
Total Assets	$ 19,416,737.68	$ 18,916,120.92
LIABILITIES, RESERVES AND FUND BALANCE		
Bond Anticipation Notes	$ 4,046,000.00	$ 4,258,000.00
Improvement Authorizations:		
Funded	$ 57,486.94	$ 97,327.94
Unfunded	2,514,408.10	2,399,381.86
	$ 2,571,895.04	$ 2,496,709.80
Capital Improvement Fund	$ 97,901.64	$ 83,901.64
Reserve for Encumbrances	141,741.25	41,151.25
Contracts/Retained Percentage Payable	326,650.00	225,159.48
Reserve for Manhole Rehabilitation	4,006.80	4,006.80
Reserve for Payment of Notes	74.02	74.02
	$ 570,373.71	$ 354,293.19

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - STATUTORY BASIS
AS OF DECEMBER 31, 2018 AND 2017

	Balance December 31, 2018	Balance December 31, 2017
LIABILITIES, RESERVES AND FUND BALANCE (CONTINUED)		
Reserve for Amortization	$ 11,679,369.37	$ 11,268,619.37
Deferred Reserve for Amortization	$ 497,556.19	$ 461,556.19
Fund Balance	$ 51,543.37	$ 76,942.37
Total Liabilities, Reserves and Fund Balance	$ 19,416,737.68	$ 18,916,120.92

There were Bonds and Notes Authorized and Not Issued of $1,776,800.00 at December 31, 2018.

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS

		Balance December 31, 2017	Receipts: Bond Anticipation Notes Issued	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfer: From	Transfer: To	Balance December 31, 2018
Fund Balance		$ 76,942.37		$ 24,601.00		$ 50,000.00			$ 51,543.37
Capital Improvement Fund		83,901.64		50,000.00			$ 36,000.00		97,901.64
Contracts/Retained Percentage Payable		225,159.48				226,123.98	112,385.50	$ 440,000.00	326,650.00
Reserve for Payment of Notes		74.02							74.02
Reserve for Manhole Rehabilitation		4,006.80							4,006.80
Reserve for Encumbrances		41,151.25				37,680.00		138,270.00	141,741.25
Improvement Authorizations:									
Ordinance Number	Description								
2004/11	Acquisition of Various Equipment and Roof Replacement	1,632.36							1,632.36
2006/24	Various Water-Sewer Utility Improvements and Acquisition of Vehicles and Equipment	19,891.37			$ 13,491.00				6,400.37
2007/11	Acquisition of Vehicles, Improvements to Water Plant, Well Rehabilitation and Manhole Rehabilitation	27,936.57					26,350.00		1,586.57
2008/6, 2010/13	Various Water-Sewer Utility Improvements	14,993.12			185.82				14,807.30
2012/8	Improvements to the Water-Sewer System and the Acquisition of Various Equipment	133,397.85			62,951.66		52,510.00		17,936.19

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH AND CASH EQUIVALENTS

Ordinance Number	Description	Balance December 31, 2017	Receipts: Bond Anticipation Notes Issued	Receipts: Miscellaneous	Disbursements: Improvement Authorizations	Disbursements: Miscellaneous	Transfer: From	Transfer: To	Balance December 31, 2018
2013/9	Improvements to the Water-Sewer System and the Acquisition of Various Equipment	$ 98,638.80			$ 17,110.09				$ 81,528.71
2014/6	Various Water-Sewer System Improvements and Acquisition of Equipment	508,731.94							508,731.94
2015/9	Water Meter Replacement Project	79,164.88			992.00			52,975.50	131,148.38
2015/10	Redevelopment of Well Nos. 8 & 9, Replacement of Water Filter No. 2, Design and Permitting of Well No. 3, and Utility Truck Acquisition	164,150.38			130.07				164,020.31
2016/7	Acquisition of Various Water-Sewer Utility Equipment and Redevelopment of Water Well No. 4	75,920.58			43,051.87				32,868.71
2017/3	Design and Construction of Well #10	49,500.00							49,500.00
2017/9	Preparation of a Complete Municipal Utility Geographic Information System	21,201.95				99.91			21,102.04
2018/2	Construction of a Water Treatment Plant					12,500.00	440,000.00	25,000.00	(427,500.00)
2018/7	Various Water-Sewer Improvements		198,750.00			18,417.84		11,000.00	191,332.16
		$ 1,626,395.36	$ 198,750.00	$ 74,601.00	$ 137,912.51	$ 344,821.73	$ 667,245.50	$ 667,245.50	$ 1,417,012.12

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2017	Increased	Decreased	Balance December 31, 2018
2004/11, 2005/26	Acquisition of Various Equipment and Roof Replacement	12/22/09				$ 22,850.00		$ 22,850.00	
2008/5	Various Water-Sewer Utility Improvements	12/20/11				11,300.00		11,300.00	
2008/6, 2010/13	Various Water-Sewer Utility Improvements	12/23/08				232,600.00		232,600.00	
		12/21/10	11/8/18	11/7/19	3.00%	265,500.00	$ 260,000.00	265,500.00	$ 260,000.00
2012/8	Improvements to the Water-Sewer System and the Acquisition of Various Equipment	12/19/12	11/8/18	11/7/19	3.00%	480,200.00	473,700.00	480,200.00	473,700.00
2013/9	Improvements to the Water-Sewer System and the Acquisition of Various Equipment	12/18/13	11/8/18	11/7/19	3.00%	87,250.00	80,250.00	87,250.00	80,250.00
		12/5/14	11/8/18	11/7/19	3.00%	153,750.00	143,750.00	153,750.00	143,750.00
2014/6, 2015/12	Various Water-Sewer System Improvements and Acquisition of Equipment	12/5/14	11/8/18	11/7/19	3.00%	545,400.00	510,400.00	545,400.00	510,400.00
		12/4/15	11/8/18	11/7/19	3.00%	585,600.00	550,600.00	585,600.00	550,600.00
2015/9	Water Meter Replacement Project	12/4/15	11/8/18	11/7/19	3.00%	1,425,000.00	1,388,000.00	1,425,000.00	1,388,000.00
2015/10	Redevelopment of Well Nos. 8 & 9, Replacement of Water Filter No. 2, Design and Permitting of Well No. 3, and Utility Truck Acquisition	12/4/15	11/8/18	11/7/19	3.00%	190,000.00	182,000.00	190,000.00	182,000.00
2016/7	Acquisition of Various Water-Sewer Utility Equipment and Redevelopment of Water Well No. 4	12/2/16	11/8/18	11/7/19	3.00%	118,750.00	118,750.00	118,750.00	118,750.00
2017/9	Engineering Services for GIS	12/1/17	11/8/18	11/7/19	3.00%	139,800.00	139,800.00	139,800.00	139,800.00
2018/7	Various Water-Sewer Improvements	11/8/18	11/8/18	11/7/19	3.00%		198,750.00		198,750.00
						$ 4,258,000.00	$ 4,046,000.00	$ 4,258,000.00	$ 4,046,000.00

Detail:

Reissued Bond Anticipation Note Proceeds	$ 3,847,250.00
Paid by Operating Budget Appropriation	410,750.00
	$ 4,258,000.00

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Ordinance Date	Ordinance Amount	Balance December 31, 2017 Funded	Balance December 31, 2017 Unfunded	2018 Authorizations	Contracts Payable Canceled	Paid or Charged	Balance December 31, 2018 Funded	Balance December 31, 2018 Unfunded
2004/11	Acquisition of Various Equipment and Roof Replacement	4/19/04	$ 100,000.00		$ 1,632.36					$ 1,632.36
2006/24	Various Water-Sewer Utility Improvements and Acquisition of Vehicles and Equipment	7/17/06	230,000.00	$ 19,891.37				$ 13,491.00	$ 6,400.37	
2007/11	Acquisition of Vehicles, Improvements to Water Plant, Well Rehabilitation and Manhole Rehabilitation	5/21/07	350,000.00	27,936.57				26,350.00	1,586.57	
2008/6, 2010/13	Various Water-Sewer Utility Improvements	4/7/08, 8/2/10	572,000.00		15,093.12			185.82		14,907.30
2012/8	Improvements to the Water-Sewer System and the Acquisition of Various Equipment	4/2/12	530,000.00		133,697.85			115,461.66		18,236.19
2013/9	Improvements to the Water-Sewer System and the Acquisition of Various Equipment	6/17/13	370,000.00		98,638.80			17,110.09		81,528.71
2014/6, 2015/12	Various Water-Sewer System Improvements and Acquisition of Equipment	5/5/14 7/20/15	930,000.00 280,000.00		508,731.94					508,731.94
2015/9	Water Meter Replacement Project	5/4/15	1,500,000.00		79,164.88		$ 52,975.50	992.00		131,148.38
2015/10	Redevelopment of Well Nos. 8 & 9, Replacement of Water Filter No. 2, Design and Permitting of Well No. 3, and Utility Truck Acquisition	5/4/15	200,000.00		164,150.38			130.07		164,020.31
2016/7	Acquisition of Various Water-Sewer Utility Equipment and Redevelopment of Water Well No. 4	6/6/16	126,000.00		76,870.58			43,051.87		33,818.71
2017/3	Design and Construction of Well #10	2/6/17	1,350,000.00	49,500.00	1,300,000.00				49,500.00	1,300,000.00

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Ordinance Date	Ordinance Amount	Balance December 31, 2017 Funded	Balance December 31, 2017 Unfunded	2018 Authorizations	Contracts Payable Canceled	Paid or Charged	Balance December 31, 2018 Funded	Balance December 31, 2018 Unfunded
2017/9	Preparation of a Complete Municipal Utility Geographic Information System	10/2/17	$ 150,000.00		$ 21,401.95			$ 99.91		$ 21,302.04
2018/2	Construction of a Water Treatment Plant	3/19/18	500,000.00			$ 500,000.00		452,500.00		47,500.00
2018/7	Various Water-Sewer Improvements	6/18/18	210,000.00			210,000.00		18,417.84		191,582.16
				$ 97,327.94	$ 2,399,381.86	$ 710,000.00	$ 52,975.50	$ 687,790.26	$ 57,486.94	$ 2,514,408.10
	Deferred Charges to Future Revenue					$ 674,000.00				
	Capital Improvement Fund					36,000.00				
						$ 710,000.00				

Exhibit F-5

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance December 31, 2017	2018 Authorizations	Bond Anticipation Notes Issued	Balance December 31, 2018
2008/6, 2010/13	Various Water-Sewer Utility Improvements	$ 100.00			$ 100.00
2012/8	Improvements to the Water-Sewer System and the Acquisition of Various Equipment	300.00			300.00
2016/7	Acquisition of Various Equipment and Redevelopment of Water Well #4	950.00			950.00
2017/3	Design and Construction of Well #10	1,300,000.00			1,300,000.00
2017/9	Preparation of a Complete Municipal Utility Geographic Information System	200.00			200.00
2018/2	Construction of a Water Treatment Plant		$ 475,000.00		475,000.00
2018/7	Various Water-Sewer Improvements		199,000.00	$ 198,750.00	250.00
		$ 1,301,550.00	$ 674,000.00	$ 198,750.00	$ 1,776,800.00

THIS PAGE INTENTIONALLY LEFT BLANK

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit G-1

BOROUGH OF FREEHOLD
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS

	Balance December 31, 2018	Balance December 31, 2017
General Fixed Assets:		
Land	$ 4,420,700.00	$ 4,420,700.00
Buildings	2,290,300.00	2,290,300.00
Equipment	7,245,925.91	8,146,660.86
	$ 13,956,925.91	$ 14,857,660.86
Investment in General Fixed Assets	$ 13,956,925.91	$ 14,857,660.86

STATISTICAL SECTION

Exhibit H-1

BOROUGH OF FREEHOLD
CURRENT FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

	Fiscal Year									
Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	$ 1,200,429.00	$ 1,169,239.00	$ 983,538.00	$ 984,411.00	$ 985,016.00	$ 1,286,270.00	$ 970,730.00	$ 961,071.00	$ 972,730.00	$ 1,013,409.00
Land Use Administration	19,200.00	15,200.00	17,600.00	82,600.00	15,600.00	20,000.00	59,300.00	59,586.00	58,686.00	60,300.00
Code Enforcement/Uniform Construction Code	362,143.00	354,645.00	352,520.00	366,770.00	371,970.00	349,065.00	340,900.00	337,105.00	327,605.00	332,250.00
Insurance and Pensions	3,361,222.00	3,284,396.00	3,278,532.00	3,165,977.00	3,083,813.00	3,032,820.00	3,041,649.00	3,180,382.00	2,676,882.00	2,172,365.00
Public Safety	4,388,522.00	4,299,381.00	4,225,175.00	4,080,752.00	4,060,135.00	3,900,300.00	3,795,400.00	4,119,918.00	4,091,768.00	4,419,750.00
Public Works	1,635,930.00	1,609,330.00	1,493,580.00	1,467,080.00	1,398,530.00	1,339,482.00	1,792,082.00	1,253,147.00	1,260,467.00	1,315,050.00
Health and Human Services	18,750.00	16,380.00	16,080.00	15,950.00	15,950.00	19,650.00	19,650.00	22,405.00	16,405.00	15,405.00
Parks and Recreation	94,100.00	94,100.00	94,000.00	80,000.00	80,000.00	67,400.00	66,900.00	74,400.00	66,900.00	66,900.00
Utility Expense and Bulk Purchases	498,500.00	489,500.00	489,500.00	453,210.00	475,990.00	490,990.00	484,990.00	478,990.00	449,500.00	471,500.00
Landfill/Solid Waste Disposal	611,845.00	564,845.00	557,020.00	572,420.00	544,420.00	572,420.00	563,120.00	563,120.00	541,056.00	558,556.00
Deferred Charges and Statutory Expenditures	312,000.00	332,000.00	332,000.00	354,000.00	611,000.00	340,000.00	246,000.00	256,000.00	233,000.00	233,000.00
Municipal Court	335,315.00	325,725.00	321,475.00	315,975.00	310,585.00	316,440.00	296,440.00	310,385.00	390,550.00	411,850.00
Library	369,958.00	356,892.00	348,762.00	345,062.00	324,797.00	342,503.00	379,012.00	401,710.00	392,605.00	440,100.00
Interlocal Service Agreements	449,664.00	441,840.00	414,680.00	412,560.00	381,993.00	362,150.00	332,963.00	188,000.00	175,000.00	156,000.00
State and Federal Grants	403,517.03	632,425.91	442,866.61	428,177.58	408,325.59	410,652.67	587,451.30	384,569.66	384,507.79	508,764.42
Capital Improvements	110,000.00	85,000.00	85,000.00	85,000.00	85,000.00	85,000.00	85,000.00	112,500.00	35,000.00	35,000.00
Debt Service	1,367,725.05	1,529,993.13	1,478,970.00	1,673,220.00	1,397,791.00	1,542,678.00	1,438,881.25	1,406,979.75	1,280,129.00	1,235,499.00
Judgements						45,000.00				
Reserve for Uncollected Taxes	935,504.23	909,872.60	789,547.46	804,478.98	801,377.55	803,542.79	769,811.45	725,810.24	752,702.03	717,318.56
	$ 16,474,324.31	$ 16,510,764.64	$ 15,720,846.07	$ 15,687,643.56	$ 15,352,293.14	$ 15,326,363.46	$ 15,270,280.00	$ 14,836,078.65	$ 14,105,492.82	$ 14,163,016.98

Appropriations divided between inside "CAPS" and outside "CAPS" have been combined.

Exhibit H-2

BOROUGH OF FREEHOLD
WATER-SEWER UTILITY OPERATING FUND EXPENDITURES BY FUNCTION
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

	Fiscal Year									
Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating	$ 5,354,895.00	$ 4,897,527.03	$ 4,825,368.00	$ 5,005,000.00	$ 5,245,100.00	$ 5,277,691.98	$ 5,475,850.00	$ 5,275,217.00	$ 5,015,150.00	$ 5,066,650.00
Capital Improvements	50,000.00	50,000.00	100,000.00					25,000.00	25,000.00	25,000.00
Debt Service	515,200.00	459,976.00	400,208.00	335,968.00	316,374.00	430,515.00	442,734.00	438,041.00	411,102.00	412,366.00
Deferred Charges and Statutory Expenditures	390,558.03	211,933.00	205,424.00	209,631.00	206,610.00	203,198.00	204,058.00	214,839.00	184,143.00	142,028.00
Surplus (General Budget)		500,000.00	500,000.00	500,000.00	500,000.00	500,000.00				
	$ 6,310,653.03	$ 6,119,436.03	$ 6,031,000.00	$ 6,050,599.00	$ 6,268,084.00	$ 6,411,404.98	$ 6,122,642.00	$ 5,953,097.00	$ 5,635,395.00	$ 5,646,044.00

BOROUGH OF FREEHOLD
CURRENT FUND REVENUES BY SOURCE
FOR THE LAST TEN (10) FISCAL YEARS
(ABSTRACTED FROM ANNUAL AUDIT OF BOROUGH RECORDS)

	Fiscal Year									
Source	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Taxes (1)	$ 11,217,717.26	$ 10,529,185.49	$ 10,038,457.23	$ 9,890,494.66	$ 9,514,272.81	$ 9,409,818.30	$ 9,100,945.85	$ 8,915,550.48	$ 8,603,985.40	$ 8,330,746.41
Delinquent Taxes	615,965.13	711,117.93	494,461.28	588,735.61	624,397.93	612,569.13	529,992.05	572,124.53	460,299.54	434,432.80
Fees, Permits, Fines and Licenses	2,443,081.73	2,705,102.63	2,590,652.36	2,809,177.09	2,873,250.03	2,756,837.66	2,431,300.44	2,594,196.53	2,541,773.01	2,477,800.91
State Aid	1,250,916.00	1,250,916.00	1,250,916.00	1,250,916.00	1,250,916.00	1,250,916.13	1,250,916.00	1,250,916.00	1,250,916.00	1,572,490.00
State and Federal Grants	105,111.03	344,294.91	147,726.61	155,674.58	140,385.59	158,394.67	336,336.10	124,463.36	160,292.54	305,518.42
Surplus Anticipated	1,425,000.00	1,425,000.00	1,425,244.00	1,357,236.96	1,200,963.00	1,151,000.00	1,151,000.00	1,536,617.00	1,375,000.00	1,375,000.00
Non-budget Revenues and Other Items	1,625,516.75	1,552,270.36	1,297,500.06	1,140,474.68	1,351,981.09	1,160,386.85	1,427,646.42	1,066,721.37	1,217,004.78	1,008,041.38
	$ 18,683,307.90	$ 18,517,887.32	$ 17,244,957.54	$ 17,192,709.58	$ 16,956,166.45	$ 16,499,922.74	$ 16,228,136.86	$ 16,060,589.27	$ 15,609,271.27	$ 15,504,029.92

(1) Excludes tax allocated to county, school and special improvement district.

Exhibit H-4

BOROUGH OF FREEHOLD
PROPERTY TAX RATES
PER $100 OF ASSESSED VALUATION
FOR THE LAST TEN (10) FISCAL YEARS

Year	Borough	County	Local School	Regional High School	Total	Collection Rates Current	Total Delinquent Taxes as Percent of Levy
2018	1.026	0.276	1.057	0.342	2.701	97.96%	2.23%
2017	1.007	0.269	1.093	0.343	2.712	97.81%	2.62%
2016	0.976	0.261	1.098	0.320	2.655	97.04%	3.01%
2015	0.944	0.263	1.032	0.295	2.534	97.81%	2.18%
2014	0.906	0.269	0.933	0.311	2.419	97.57%	2.46%
2013	0.883	0.277	0.862	0.321	2.343	96.93%	2.63%
2012	0.850	0.293	0.842	0.341	2.326	97.10%	2.57%
2011	0.822	0.300	0.810	0.378	2.310	97.63%	2.20%
2010	0.791	0.283	0.796	0.376	2.246	97.58%	2.39%
2009	0.756	0.289	0.780	0.382	2.207	97.93%	1.95%

Source: Tax Collector.

Exhibit H-5

BOROUGH OF FREEHOLD
MUNICIPAL PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN (10) FISCAL YEARS

Year Ended December 31,	Total Tax Levy	Current Tax Collections	Percentage of Collections
2018	$ 28,789,706.83	$ 28,204,528.76	97.96%
2017	28,600,654.75	27,974,412.14	97.81%
2016	27,564,905.51	26,750,028.93	97.04%
2015	26,373,749.98	25,797,936.07	97.81%
2014	25,699,245.09	25,076,602.83	97.57%
2013	25,187,171.19	24,415,920.83	96.93%
2012	25,088,345.58	24,363,083.32	97.10%
2011	25,178,131.04	24,582,099.92	97.63%
2010	24,511,865.07	23,918,981.80	97.58%
2009	24,069,140.26	23,572,142.84	97.93%

Exhibit H-6

BOROUGH OF FREEHOLD
DELINQUENT TAXES AND TAX TITLE LIENS
FOR THE LAST TEN (10) FISCAL YEARS

Year Ended December 31,	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2018	$ 102,842.29	$ 540,260.66	$ 643,102.95	2.23%
2017	135,650.31	612,268.65	747,918.96	2.62%
2016	76,304.12	753,216.84	829,520.96	3.01%
2015	58,773.29	516,772.84	575,546.13	2.18%
2014	50,803.98	585,195.88	635,999.86	2.46%
2013	43,178.18	622,234.37	665,412.55	2.63%
2012	35,783.65	611,242.61	647,026.26	2.57%
2011	25,865.32	529,092.01	554,957.33	2.20%
2010	25,187.62	561,462.57	586,650.19	2.39%
2009	8,850.23	460,867.97	469,718.20	1.95%

Exhibit H-7

BOROUGH OF FREEHOLD
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN (10) FISCAL YEARS

Year Ended December 31,	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2018	$ 1,055,470,500	$ 1,088,450,552	96.97%
2017	1,044,411,520	1,049,932,001	99.56%
2016	1,027,825,600	1,032,101,092	99.81%
2015	1,029,213,400	986,304,992	104.56%
2014	1,050,551,700	951,845,338	110.37%
2013	1,062,376,800	974,389,434	109.03%
2012	1,066,853,700	1,025,327,919	104.05%
2011	1,068,316,500	1,129,298,626	94.60%
2010	1,068,553,500	1,194,849,044	89.43%
2009	1,062,221,100	1,181,821,429	89.88%

Source: Table of Equalized Valuations, State of New Jersey, Division of Taxation.

Exhibit H-8

BOROUGH OF FREEHOLD
SCHEDULE OF TEN LARGEST TAXPAYERS
(UNAUDITED)

Taxpayer	Assessed Value 2018	As a Percent of Net Assessed Valuation Taxable
Nestle USA	$ 23,813,400	2.26%
Freehold Racing Association	21,237,600	2.01%
Bridge-Brookside, LLC	16,417,300	1.56%
East Coast Post and Coach LLC	8,921,800	0.85%
Freefern Associates	6,987,400	0.66%
Spring Terrace Apartments	4,993,600	0.47%
Park Plaza Shopping Center	4,876,000	0.46%
18-20 East Main Street LLC	4,149,000	0.39%
Chiu's Property Inc.	2,929,200	0.28%
Bell Atlantic	2,502,200	0.24%
	$ 96,827,500	9.17%

Exhibit H-9

BOROUGH OF FREEHOLD
COMPUTATION OF LEGAL DEBT MARGIN
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Year	Equalized Valuation Basis
2016	$ 1,032,101,092
2017	1,049,932,001
2018	1,091,828,385
	$ 3,173,861,478

Average Equalized Valuation	$ 1,057,953,826
Borrowing Margin - 3½% of Average Equalized Valuation	$ 37,028,383.90
Net Debt	8,823,564.46
Remaining Borrowing Power	$ 28,204,819.44

	Gross Debt	Deductions	Net Debt
Municipal Debt - Borough of Freehold	$ 14,646,450.00	$ 5,822,885.54	$ 8,823,564.46
Net Overlapping Debt Apportioned to the Municipality:			
County of Monmouth (1) - (0.866875755%)			4,205,369.72
			$ 13,028,934.18

Source: (1) County of Monmouth

Exhibit H-10

BOROUGH OF FREEHOLD
RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES AND LOANS TO EQUALIZED VALUE AND DEBT PER CAPITA FOR THE LAST TEN (10) FISCAL YEARS

Year Ended December 31,	Borough Population	Equalized Valuation Basis (1)	Net Debt (2)	Ratio of Net Debt to Equalized Valuation	Net Debt Per Capita
2018	12,052	$ 1,057,953,826.00	$ 8,823,564.46	0.83%	$ 732.12
2017	12,052	1,022,779,362.00	9,179,143.38	0.90%	761.63
2016	12,052	990,083,807.00	9,020,255.47	0.91%	748.44
2015	12,052	986,304,992.00	9,414,985.86	0.95%	781.20
2014	12,052	951,845,338.00	8,763,952.70	0.92%	727.18
2013	12,052	974,389,434.00	8,440,067.52	0.87%	700.30
2012	12,052	1,116,491,863.00	11,238,780.55	1.01%	932.52
2011	12,052	1,139,215,781.00	8,636,048.11	0.76%	716.57
2010	12,052	1,205,130,817.00	7,522,205.79	0.62%	624.15
2009	10,976	1,193,198,764.00	7,342,736.12	0.62%	668.98

(1) Per the State of New Jersey.
(2) Per Annual Debt Statement - Includes Self-Liquidating Net Debt.

Exhibit H-11

BOROUGH OF FREEHOLD
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR BONDED DEBT (1)
FOR THE LAST TEN (10) FISCAL YEARS

Year Ended December 31,	Principal	Interest	Total Debt Service (1)	Total Current Fund Governmental Fund Expenditures	Ratio of Debt Service to Current Fund Expenditures
2018	$ -	$ -	$ -	16,474,324.31	0.00%
2017	363,000.00	14,520.00	377,520.00	16,510,764.64	2.29%
2016	820,000.00	47,320.00	867,320.00	15,720,846.07	5.52%
2015	1,015,000.00	91,220.00	1,106,220.00	15,687,643.56	7.05%
2014	975,000.00	133,295.00	1,108,295.00	15,352,293.14	7.22%
2013	1,087,000.00	180,603.50	1,267,603.50	15,326,363.46	8.27%
2012	1,075,000.00	227,413.50	1,302,413.50	15,270,280.00	8.53%
2011	1,012,000.00	271,471.00	1,283,471.00	14,836,078.65	8.65%
2010	945,000.00	312,626.00	1,257,626.00	14,105,492.82	8.92%
2009	870,000.00	365,499.00	1,235,499.00	14,163,016.98	8.72%

(1) Excludes Water-Sewer Utility Debt.

Exhibit H-12

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

Cash Receipts from Fees, Rents or Other Charges		$ 6,682,517.40
Deductions:		
Operating and Maintenance Cost	$ 5,628,794.00	
Debt Service	515,200.00	
Total Deductions		6,143,994.00
Excess in Revenues		$ 538,523.40

Exhibit H-13

BOROUGH OF FREEHOLD
DEMOGRAPHIC STATISTICS
FOR THE LAST TEN (10) FISCAL YEARS
UNAUDITED

Year Ended December 31,	Unemployment Rate	Per Capita Income (1)
2018	3.3%	N/A
2017	3.8%	N/A
2016	4.1%	$ 71,237.00
2015	4.4%	69,410.00
2014	5.3%	66,749.00
2013	6.9%	63,625.00
2012	7.6%	61,426.00
2011	6.2%	59,669.00
2010	5.8%	57,251.00
2009	11.7%	56,827.00

N/A = Not Available.

(1) County of Monmouth Per Capita Income

Exhibit H-14

BOROUGH OF FREEHOLD
MISCELLANEOUS STATISTICS
DECEMBER 31, 2018
(UNAUDITED)

Date of Incorporation	September 15, 1919
Form of Government	Borough
Area	1.9 square miles
Employees and Volunteers:	
Administrative	33
Police	28
Public Works & Water-Sewer Department	16
Volunteer Firemen	78
Volunteer First Aid Squad	22
Other	15
Total Employees and Volunteers	192

Source: Borough Records.

THIS PAGE INTENTIONALLY LEFT BLANK

AUDITOR'S COMMENTS

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

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 is $17,500.00 or up to $40,000.00 if the entity has a Qualified Purchasing Agent. The Borough has a Qualified Purchasing Agent and has increased its bid threshold to $40,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed $40,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough 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:

Redevelopment of Well #4
Phyllis Road Improvement Project
Construction of Various Sidewalks
Vredenburgh Avenue Improvement Project

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 $40,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

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

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40:11-14:

Borough Auditor
Bond Counsel
Engineering Services
Legal Services
Municipal Prosecutor
Public Defender

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 7, 2018 adopted a resolution authorizing interest to be charged on delinquent taxes and assessments. Interest at the rate of 8% per annum shall be charged on the first $1,500.00 of the delinquency, and 18% on any amount in excess of $1,500.00. Further, an additional penalty of 6% shall be charged on any delinquency at December 31 that exceeds $10,000.00.

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

TAX TITLE LIENS

The last tax sale was held on November 17, 2018 and was complete.

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

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

YEAR	NUMBER
2018	6
2017	7
2016	4

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:

TYPE	
Payments of 2018 Taxes	25
Payments of 2017 Taxes	25
Delinquent Taxes	15
Payment of Water/Sewer Utility Charges	25
Delinquent Water/Sewer Utility Charges	15

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

RECOMMENDATIONS

None