

*Report of Audit*

*on the*

*Financial Statements*

*of the*

***Township of Middletown***

*in the*

*County of Monmouth*  
*New Jersey*

*for the*

*Year Ended*  
*December 31, 2013*



TOWNSHIP OF MIDDLETOWN

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TOWNSHIP OF MIDDLETOWN

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2013 AND 2012



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## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Township of Middletown, as of December 31, 2013 and 2012, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the provisions of U.S. Office of Management and Budget (OMB) Circular 133, "Audits of States, Local Governments and Non-Profit Organizations and State of New Jersey OMB 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions 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 regulatory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township of Middletown's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township of Middletown's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the regulatory financial statements.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Township of Middletown as of December 31, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2013.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2013, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2013 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Middletown's regulatory financial statements. The information included in the supplementary information and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditure of state financial assistance, as required by N.J. OMB 04-04, are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed and data in the table of contents, as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, schedule of expenditure of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by N.J. OMB 04-04, are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2014 on our consideration of the Township of Middletown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Middletown's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

August 19, 2014

CURRENT FUND

TOWNSHIP OF MIDDLETOWN  
CURRENT FUND  
BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>ASSETS</u>			
Current Fund:			
Cash-Treasurer	A-4	\$ 16,925,719.01	\$ 24,917,047.31
Cash-Tax Collector	A-5	1,785,228.51	177,130.18
Cash-Change Funds	A-6	2,400.00	2,450.00
Due From State of New Jersey:			
Chapter 20, P.L.1971	A-8	21,483.48	9,469.16
		<u>\$ 18,734,831.00</u>	<u>\$ 25,106,096.65</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 34,734.60	\$ 39,084.61
Tax Title Liens Receivable	A-10	243,413.90	1,108,410.50
Property Acquired for Taxes-Assessed Valuation	A-11	206,000.00	206,000.00
Prepaid School Taxes	A-23		318,783.00
	A	<u>\$ 484,148.50</u>	<u>\$ 1,672,278.10</u>
Deferred Charges:			
Special Emergency Appropriation (40A:4-53)	A-26	\$ 11,760,000.00	\$ 14,840,000.00
		<u>\$ 11,760,000.00</u>	<u>\$ 14,840,000.00</u>
Total Current Fund		<u>\$ 30,978,979.50</u>	<u>\$ 41,618,374.75</u>
Grant Fund:			
Grants Receivable	A-28	\$ 2,143,151.89	\$ 457,896.28
Interfunds Receivable	A-32	258,346.72	771,155.32
Total Grant Fund		<u>\$ 2,401,498.61</u>	<u>\$ 1,229,051.60</u>
Total Assets		<u>\$ 33,380,478.11</u>	<u>\$ 42,847,426.35</u>

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

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 2,358,686.19	\$ 6,799,098.80
Interfunds Payable	A-14	258,346.72	1,812,586.54
Encumbrances Payable	A-15	2,631,255.37	6,176,766.69
Accounts Payable	A-16	6,342.20	11,545.15
Prepaid Taxes	A-17	1,126,552.72	1,194,033.64
Tax Overpayments	A-18	104,302.79	76,790.01
Reserve for:			
Various Reserves	A-19	2,139,250.33	2,418,273.46
Tax Appeals	A-20	276,033.49	367,329.96
County Taxes Payable	A-22	63,414.25	71,915.59
Local School Taxes Payable	A-23	276,926.00	
Municipal Open Space Tax Payable	A-25	4,170.49	
Special Emergency Note Payable	A-27	11,600,000.00	14,600,000.00
		\$ 20,845,280.55	\$ 33,528,339.84
Reserve for Receivables and Other Assets	A	484,148.50	1,672,278.10
Fund Balance	A-1	9,649,550.45	6,417,756.81
 Total Current Fund		 \$ 30,978,979.50	 \$ 41,618,374.75
 Grant Fund:			
Reserve for Grants Appropriated	A-29	\$ 2,215,114.52	\$ 718,320.42
Reserve for Grants Unappropriated	A-30		7,372.50
Encumbrances Payable	A-31	186,384.09	503,358.68
Total Grant Fund		\$ 2,401,498.61	\$ 1,229,051.60
 Total Liabilities, Reserves and Fund Balance		 <u>33,380,478.11</u>	 <u>42,847,426.35</u>

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

## TOWNSHIP OF MIDDLETOWN

## CURRENT FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE-REGULATORY BASIS

	REF.	YEAR ENDED DECEMBER 31, 2013	YEAR ENDED DECEMBER 31, 2012
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 3,291,888.00	\$ 1,490,575.00
Miscellaneous Revenue Anticipated	A-2	18,585,548.61	14,667,505.32
Receipts From Delinquent Taxes	A-2	958,107.50	275,107.47
Receipts From Current Taxes	A-2	213,329,237.55	210,624,217.43
Non-Budget Revenues	A-2	130,098.27	38,020.64
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	2,952,436.91	2,606,439.11
Reserve for Prepaid School Tax		318,783.00	
Interfunds Returned			20,527.00
Appropriated Grant Reserves Cancelled - Net	A-32	33,300.36	51,234.28
Tax Overpayments Cancelled	A-18	9,915.61	43,607.90
Accounts Payable Cancelled	A-16	9,556.31	4,973.19
<u>TOTAL REVENUE AND OTHER INCOME</u>		\$ <u>239,618,872.12</u>	\$ <u>229,822,207.34</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations Within "CAPS":	A-3	\$ 44,383,073.73	\$ 56,899,553.99
Deferred Charges and Regulatory Expenditures-Municipal	A-3	5,340,419.79	5,096,295.00
Other Operations Excluded From "CAPS"	A-3	6,913,503.63	5,481,135.51
Capital Improvements-Excluded From "CAPS"	A-3	639,000.00	1,050,600.00
Municipal Debt Service	A-3	7,563,971.35	7,607,977.31
Deferred Charges-Municipal	A-3	3,080,000.00	770,000.00
Judgments	A-3	168,300.64	
County Taxes	A-21	29,635,995.47	29,378,846.53
Due County for Added Taxes	A-22	63,414.25	71,915.59
Local District School Taxes	A-23	129,932,022.00	129,109,175.00
Solid Waste Collection District Taxes	A-24	3,406,856.33	3,424,122.89
Municipal Open Space Tax	A-25	1,965,132.93	1,976,467.70
Refund of Prior Year Revenue	A-4	3,500.36	
Reserve for Prepaid School Tax			318,783.00
<u>TOTAL EXPENDITURES</u>		\$ <u>233,095,190.48</u>	\$ <u>241,184,872.52</u>
Excess/(Deficit) in Revenue		\$ 6,523,681.64	\$ (11,362,665.18)
Adjustments to Income Before Fund Balance:			
Expenditures Included above which are Deferred Charges to Budget of Succeeding Year			14,000,000.00
Statutory Excess to Fund Balance		\$ 6,523,681.64	\$ 2,637,334.82
Fund Balance, January 1	A	6,417,756.81	5,270,996.99
		\$ <u>12,941,438.45</u>	\$ <u>7,908,331.81</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>3,291,888.00</u>	<u>1,490,575.00</u>
Fund Balance, December 31	A	\$ <u><u>9,649,550.45</u></u>	\$ <u><u>6,417,756.81</u></u>

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

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF REVENUES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	REF.	BUDGET	ANTICIPATED SPECIAL N.J.S 40A: 4-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	\$ 3,291,888.00		\$ 3,291,888.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-12	57,847.00		58,228.00	381.00
Other	A-2	20,455.00		20,000.00	(455.00)
Fees and Permits:					
Construction Code Official	A-12	1,144,000.00		2,099,163.40	955,163.40
Other	A-2	550,000.00		537,297.64	(12,702.36)
Fines and Costs:					
Municipal Court	A-12	827,000.00		804,251.63	(22,748.37)
Interest and Costs on Taxes	A-12	308,000.00		547,100.55	239,100.55
Interest on Investments and Deposits	A-12	129,700.00		82,430.64	(47,269.36)
Railroad Parking Lot Receipts	A-12	793,000.00		709,886.85	(83,113.15)
Cable TV Franchise Fees	A-12	132,903.00		133,003.02	100.02
Verizon Fios Franchise Fees	A-12	378,151.12		378,151.12	
Senior Citizen Housing PILOT	A-12	326,315.00		329,963.00	3,648.00
Edgewater Park PILOT	A-12	101,300.00		105,000.00	3,700.00
Chapel Hill Associates PILOT	A-12	43,290.00		38,394.99	(4,895.01)
Energy Receipts Tax	A-12	6,044,933.00		6,044,933.00	
Watershed Moratorium Offset	A-12	7,755.00		7,755.00	
Middletown Board of Education	A-12	135,389.00		298,475.29	163,086.29
Middletown Board of Education	A-12	250,000.00		250,000.00	
Clean Communities Program	A-28	134,945.31		134,945.31	
Crossroads - Communities Based Grant	A-28	24,046.00		24,046.00	
Senior Citizens Grant Title II	A-28	32,500.00		32,500.00	
Municipal Alliance DEDR Program	A-28	27,205.00		27,205.00	
DWI Roadblock	A-28	1,080.00		1,080.00	
NJOHSP Target Hardening NY Waterways	A-28	160,000.00		160,000.00	
2012 County DWI Roadblock	A-28	720.00		720.00	
2012 Bulletproof Vest Program	A-28	6,652.50		6,652.50	
Bayshore Saturation DWI Enforcement Detail	A-28	23,500.00		23,500.00	
DPW - N.J.A.W - Poricy Park Rain Garden	A-28	10,000.00		10,000.00	
Click it or Ticket	A-28	4,000.00		4,000.00	
DWI Roadblock - 4/19/13	A-28	1,080.00		1,080.00	
DWI County Roadblock 10/18/13	A-28		360.00	360.00	
Emergency Management Assistance Program	A-28		5,000.00	5,000.00	
Recycling Tonnage Program	A-28		112,091.82	112,091.82	
Sandy Homeowner/Renter Assistance Program (SHRAP)	A-28		1,537,500.00	1,537,500.00	
2013 Sustainable Jersey Small Grant Award	A-28		5,000.00	5,000.00	
Uniform Fire Safety Act	A-12	67,987.34		127,779.29	59,791.95
Capital Fund - Surplus	A-12	680,000.00		680,000.00	
Rental Income	A-12	38,000.00		32,668.94	(5,331.06)
Hotel Occupancy Tax	A-12	203,000.00		283,380.62	80,380.62
Sewer Authority Surplus Contribution	A-12	370,000.00		372,120.00	2,120.00
Reserve for Disaster Relief	A-19	2,400,000.00		2,400,000.00	
Sale of Property	A-12	425,000.00			(425,000.00)
Field User Fees	A-12	60,000.00		159,885.00	99,885.00
	A-1	\$ 15,919,754.27	\$ 1,659,951.82	\$ 18,585,548.61	\$ 1,005,842.52
Receipts From Delinquent Taxes	A-1	\$ 200,000.00		\$ 958,107.50	\$ 758,107.50
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2: A-9	\$ 45,051,886.89		\$ 46,314,884.57	\$ 1,262,997.68
Minimum Library Tax	A-2: A-9	3,472,820.00		3,472,820.00	
		48,524,706.89		49,787,704.57	1,262,997.68
<b>BUDGET TOTALS</b>		\$ 67,936,349.16	\$ 1,659,951.82	\$ 72,623,248.68	\$ 3,026,947.70
Non-Budget Revenues	A-1;A-2			130,098.27	130,098.27
		\$ 67,936,349.16	\$ 1,659,951.82	\$ 72,753,346.95	\$ 3,157,045.97
	REF.	A-3	A-3		

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

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

REF.

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:			
Collections on a Cash Basis	A-1:A-9		\$ 213,329,237.55
Allocated To:			
Local School Taxes	A-23	\$ 129,932,022.00	
County Taxes	A-21;A-22	29,699,409.72	
Solid Waste Collection District Taxes	A-24	3,406,856.33	
Municipal Open Space Taxes	A-25	<u>1,965,132.93</u>	
			<u>165,003,420.98</u>
Balance for Support of Municipal Budget Appropriations			\$ 48,325,816.57
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>1,461,888.00</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u>\$ 49,787,704.57</u>
Other Licenses:			
Clerk	A-12		\$ 17,885.00
Police	A-12		<u>2,115.00</u>
	A-2		<u>\$ 20,000.00</u>
Other Fees and Permits:			
Township Clerk	A-12	\$	4,295.04
Board of Health	A-12		58,654.00
Vital Statistics	A-12		42,755.00
Chief of Police Department	A-12		34,816.42
Chief of Fire Department	A-12		111,233.00
Public Works	A-12		84,937.41
Planning and Zoning	A-12		155,565.08
Tax Assessor	A-12		955.00
Tax Collector	A-12		37,872.60
Treasurer	A-12		<u>6,214.09</u>
	A-2	\$	<u>537,297.64</u>

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

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	<u>REF.</u>	
<u>ANALYSIS OF NON-BUDGET REVENUES</u>		
Miscellaneous Revenue Not Anticipated:		
Treasurer:		
Senior Citizens - Administrative Fee		\$ 13,202.62
Conifer Track Ballfield Refund		25,262.41
Swim Utility Fund - Close Out		16,816.81
LOSAP Surrendered Accounts		5,239.82
Trinity Hall Lease Income		56,250.00
Miscellaneous		<u>13,326.61</u>
	A-2A-4	\$ <u><u>130,098.27</u></u>

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>GENERAL GOVERNMENT:</b>					
ADMINISTRATIVE AND EXECUTIVE:					
Salaries and Wages	\$ 486,803.31	\$ 507,803.31	\$ 506,009.62	\$ 1,793.69	
Other Expenses	71,000.00	71,000.00	50,530.48	20,469.52	
TOWNSHIP COMMITTEE:					
Salaries and Wages	16,000.00	16,500.00	15,999.62	500.38	
Other Expenses	6,000.00	6,000.00	2,870.52	3,129.48	
TOWNSHIP CLERK:					
Salaries and Wages	220,771.25	220,771.25	220,418.60	352.65	
Other Expenses	128,000.00	128,000.00	82,428.44	45,571.56	
FINANCIAL ADMINISTRATION:					
Salaries and Wages	408,667.94	408,667.94	383,215.03	25,452.91	
Other Expenses	103,060.00	103,060.00	47,180.96	55,879.04	
Audit Services	95,000.00	95,000.00	89,275.00	5,725.00	
DATA PROCESSING CENTER:					
Salaries and Wages	287,157.60	293,157.60	287,276.07	5,881.53	
Other Expenses	159,094.00	159,094.00	152,485.31	6,608.69	
ELECTIONS:					
Salaries and Wages	4,000.00	7,000.00	6,256.78	743.22	
Other Expenses	24,000.00	24,000.00	17,025.78	6,974.22	
PURCHASING:					
Salaries and Wages	120,509.91	122,709.91	121,732.84	977.07	
Other Expenses	5,525.00	5,525.00	2,785.55	2,739.45	
ASSESSMENT OF TAXES:					
Salaries and Wages	310,497.93	290,497.93	269,514.75	20,983.18	
Other Expenses:					
Maintenance of Tax Map	39,045.00	39,045.00	23,608.57	15,436.43	
Miscellaneous	10,000.00	10,000.00	5,683.93	4,316.07	

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>GENERAL GOVERNMENT:</b>					
COLLECTION OF TAXES:					
Salaries and Wages	\$ 229,804.45	\$ 235,804.45	\$ 233,779.04	\$ 2,025.41	
Other Expenses	38,360.00	38,360.00	28,535.80	9,824.20	
LIQUIDATION OF TAX TITLE LIENS AND FORECLOSED PROPERTY:					
Other Expenses	10,000.00	10,000.00		10,000.00	
LEGAL SERVICES AND COSTS:					
Other Expenses	414,000.00	414,000.00	383,668.58	30,331.42	
MUNICIPAL PROSECUTOR:					
Salaries and Wages	59,759.76	70,759.76	69,379.69	1,380.07	
INSURANCE:					
General Liability	785,540.00	785,540.00	679,449.21	106,090.79	
Workers Compensation Insurance	1,196,000.00	1,196,000.00	1,196,000.00		
Employees Group Health	8,080,800.00	8,080,800.00	8,070,367.41	10,432.59	
ENGINEERING SERVICE AND COSTS:					
Other Expenses	57,500.00	57,500.00	56,492.47	1,007.53	
PLANNING BOARD:					
Salaries and Wages	27,141.36	27,141.36	26,252.92	888.44	
Other Expenses	45,750.00	60,750.00	60,000.00	750.00	
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D.1)					
Salaries and Wages	237,095.78	217,095.78	196,117.87	20,977.91	
Other Expenses	46,400.00	41,400.00	31,384.19	10,015.81	
ZONING BOARD OF ADJUSTMENT:					
Salaries and Wages	27,141.36	27,141.36	25,929.77	1,211.59	
Other Expenses	25,750.00	15,750.00	15,000.00	750.00	

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b><u>PUBLIC SAFETY:</u></b>					
<b>FIRE:</b>					
Salaries and Wages	\$ 68,860.00	\$ 79,860.00	\$ 70,747.85	\$ 9,112.15	
Other Expenses:					
Fire Hydrant Service	352,975.00	337,975.00	321,104.02	16,870.98	
Miscellaneous Other Expenses	680,000.00	680,000.00	680,000.00		
Uniform Fire Safety Act (Ch. 383, PL1983)	67,987.34	67,987.34	67,987.34		
<b>UNIFORM FIRE SAFETY BUREAU:</b>					
Salaries and Wages	144,300.98	144,300.98	136,320.67	7,980.31	
Other Expenses	16,600.00	16,600.00	16,464.96	135.04	
AID TO VOLUNTEER FIRE COMPANIES	247,500.00	247,500.00	247,500.00		
<b>POLICE:</b>					
Salaries and Wages	13,180,009.50	13,126,009.50	13,048,124.45	77,885.05	
Other Expenses	614,112.21	614,112.21	608,390.64	5,721.57	
Jail Management	500.00	500.00		500.00	
FIRST AID ORGANIZATIONS-CONTRIBUTIONS	200,000.00	200,000.00	200,000.00		
<b>EMERGENCY MANAGEMENT SERVICES:</b>					
Salaries and Wages	31,261.49	31,261.49	27,723.82	3,537.67	
Other Expenses	34,736.00	34,736.00	31,788.85	2,947.15	
<b>FIRST AID:</b>					
Other Expenses	79,000.00	79,000.00	54,822.22	24,177.78	
<b><u>STREETS AND ROADS</u></b>					
<b>DEPARTMENT OF PUBLIC WORKS</b>					
Salaries and Wages	2,122,808.57	2,122,808.57	2,108,998.22	13,810.35	
Other Expenses	668,200.00	668,200.00	653,322.53	14,877.47	
<b>SNOW REMOVAL:</b>					
Other Expenses	338,000.00	338,000.00	233,034.58	104,965.42	

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b><u>STREETS AND ROADS</u></b>					
PARKS:					
Salaries and Wages	\$ 766,872.66	\$ 766,872.66	\$ 751,144.16	\$ 15,728.50	
Other Expenses	308,525.00	273,325.00	199,777.70	73,547.30	
BEACH OPERATIONS	13,300.00	13,300.00		13,300.00	
ENVIRONMENTAL COMMISSION:					
Other Expenses	1,000.00	1,000.00	290.00	710.00	
RECYCLING:					
Salaries and Wages	361,567.52	361,567.52	314,832.68	46,734.84	
Other Expenses	850,000.00	850,000.00	713,704.55	136,295.45	
<b><u>DEPARTMENT OF PUBLIC WORKS AND ENGINEERING:</u></b>					
DPW ADMINISTRATION:					
Salaries and Wages	351,097.71	358,097.71	355,405.35	2,692.36	
Other Expenses	24,500.00	24,500.00	16,549.37	7,950.63	
MAINTENANCE OF PUBLIC PROPERTY:					
Salaries and Wages	452,301.18	502,301.18	498,409.83	3,891.35	
Other Expenses	398,500.00	398,500.00	396,419.77	2,080.23	
VEHICLE MAINTENANCE:					
Salaries and Wages	646,118.71	652,118.71	651,276.18	842.53	
Other Expenses	392,000.00	392,000.00	381,080.62	10,919.38	
CONDO MAINTENANCE:					
Other Expenses	80,000.00	80,000.00	4,789.31	75,210.69	

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b><u>HEALTH AND WELFARE:</u></b>					
BOARD OF HEALTH:					
Salaries and Wages	\$ 334,014.53	\$ 334,014.53	\$ 315,478.83	\$ 18,535.70	
Other Expenses	25,590.00	25,590.00	22,460.94	3,129.06	
ANIMAL CONTROL REGULATION:					
Other Expenses	47,000.00	47,000.00	45,065.06	1,934.94	
Aid to Women's Resources Survival Services	1,000.00	1,000.00	1,000.00		
<b><u>RECREATION</u></b>					
RECREATION DEPARTMENT:					
Salaries and Wages	339,713.46	339,713.46	294,045.90	45,667.56	
Other Expenses	102,400.00	102,400.00	94,242.68	8,157.32	
CELEBRATION OF PUBLIC EVENTS:					
Other Expenses:	10,000.00	10,000.00			10,000.00
<b><u>ALLIANCE FOR ALCOHOL AND DRUG ABUSE:</u></b>					
Salaries and Wages	114,173.15	114,173.15	113,226.32	946.83	
Other Expenses	22,400.00	22,400.00	15,527.18	6,872.82	
<b><u>INSPECTION OF BUILDINGS:</u></b>					
Salaries and Wages	1,071,119.72	1,121,619.72	1,120,794.62	825.10	
Other Expenses	25,300.00	25,300.00	15,395.39	9,904.61	

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>UNCLASSIFIED:</b>					
RAILROAD PARKING LOT LEASE	\$ 170,000.00	\$ 170,000.00	\$ 170,000.00	\$	
EMPLOYEE ACCUMULATED LEAVE-POLICE	100,000.00	100,000.00		100,000.00	
EMPLOYEE ACCUMULATED LEAVE	580,000.00	580,000.00	184,656.88	395,343.12	
SICK TIME BUY BACK	200,000.00	200,000.00	161,323.15	38,676.85	
UTILITIES	2,600,600.00	2,600,600.00	2,299,116.99	301,483.01	
STREET LIGHTING	900,000.00	900,000.00	899,878.44	121.56	
MUNICIPAL COURT					
Salaries and Wages	404,654.35	404,654.35	389,280.68	15,373.67	
Other Expenses	31,300.00	31,300.00	26,332.85	4,967.15	
PUBLIC DEFENDER:					
Salaries and Wages	15,000.00	15,000.00		15,000.00	
	\$ 44,363,073.73	44,393,073.73	42,314,490.38	2,068,583.35	\$ 10,000.00
<b>CONTINGENT</b>	20,000.00	20,000.00			20,000.00
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	\$ 44,383,073.73	\$ 44,413,073.73	\$ 42,314,490.38	\$ 2,068,583.35	\$ 30,000.00
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL-WITHIN "CAPS"</b>					
<b>DEFERRED CHARGES:</b>					
Deficit in Swim Pool Utility Budget	\$ 57,957.35	\$ 57,957.35	\$ 57,957.35	\$	

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
STATUTORY EXPENDITURES:					
CONTRIBUTION TO:					
Public Employees Retire. System	\$ 1,235,973.00	\$ 1,235,973.00	\$ 1,231,943.44	\$	4,029.56
Social Security System (O.A.S.I.)	1,196,000.00	1,166,000.00	1,057,730.46	108,269.54	
Police and Firemen's Retire System of N.J.	2,678,719.00	2,678,719.00	2,678,719.00		
State Unemployment Insurance	180,800.00	180,800.00	123,972.78	56,827.22	
Defined Contribution Retirement Program(DCRP)	25,000.00	25,000.00	25,000.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 5,374,449.35	\$ 5,344,449.35	\$ 5,175,323.03	\$ 165,096.76	\$ 4,029.56
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 49,757,523.08	\$ 49,757,523.08	\$ 47,489,813.41	\$ 2,233,680.11	\$ 34,029.56
OPERATIONS- EXCLUDED FROM "CAPS":					
Maintenance of Free Public Library	\$ 3,472,820.00	\$ 3,472,820.00	\$ 3,367,888.40	104,931.60	\$
LOSAP: Volunteer Deferred Compensation	325,000.00	325,000.00	325,000.00		
Reserve for Tax Appeals	200,000.00	200,000.00	200,000.00		
Insurance:					
Group Insurance for Employees	319,200.00	319,200.00	319,200.00		
OPERATIONS- EXCLUDED FROM "CAPS":	\$ 4,317,020.00	\$ 4,317,020.00	\$ 4,212,088.40	\$ 104,931.60	\$

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
<b>INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:</b>					
Middletown Board of Education - Field Improvements	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00		\$
Middletown Board of Education and First Aid Squads	70,000.00	70,000.00	70,000.00		
Monmouth County Scat Program Other Expenses	25,000.00	25,000.00	17,290.00	7,710.00	
Monmouth Regional Health Services	142,990.00	142,990.00	142,990.00		
<b>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS</b>	<b>\$ 487,990.00</b>	<b>\$ 487,990.00</b>	<b>\$ 480,280.00</b>	<b>\$ 7,710.00</b>	<b>\$</b>
<b><u>PUBLIC AND PRIVATE PROGRAMS</u></b>					
<b><u>OFFSET BY REVENUES:</u></b>					
<b>Municipal Alliance - DEDR</b>					
Salaries and Wages	\$ 6,801.00	\$ 6,801.00	\$ 6,801.00		\$
Other Expenses	27,205.00	27,205.00	27,205.00		
Matches for Grants	10,000.00	10,000.00	10,000.00		
Senior Citizen Grant	32,500.00	32,500.00	32,500.00		
DPW - NJAW - Poricy Rain Garden	10,000.00	10,000.00	10,000.00		
Police - Click It Or Ticket	4,000.00	4,000.00	4,000.00		
Bayshore Saturation DWI Enforcement Detail	23,500.00	23,500.00	23,500.00		
DWI County Road Block 12/15/12, 12/28/12	1,080.00	1,080.00	1,080.00		
DWI County Road Block (Unapprop Reserves)	720.00	720.00	720.00		
DWI County Road Block 04/19/13	1,080.00	1,080.00	1,080.00		
Clean Communities Grant	134,945.31	134,945.31	134,945.31		
<b>Crossroads Community Based Grant:</b>					
Municipal Share	6,012.00	6,012.00	6,012.00		
County Share	24,046.00	24,046.00	24,046.00		
Police-Body Armor Replacement Grant	6,652.50	6,652.50	6,652.50		
NJOHSP - Target Hardening NY Waterways - Belford Terminal	160,000.00	160,000.00	160,000.00		

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>PUBLIC AND PRIVATE PROGRAMS</u>					
<u>OFFSET BY REVENUES:</u>					
Emergency Management Grant (40A:4-87 +5,000.00)	\$	\$ 5,000.00	\$ 5,000.00	\$	\$
NJLM Sustainable Jersey (40A:4-87 +5,000.00)		5,000.00	5,000.00		
Sandy Homeowner/Renter Assistance (40A:4-87 +1,537,500.00)		1,537,500.00	1,537,500.00		
Recycling Tonnage Grant (40A:4-87 +112,091.82)		112,091.82	112,091.82		
DWI City Road Block (40A:4-87 +360.00)		360.00	360.00		
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:	\$ 448,541.81	\$ 2,108,493.63	\$ 2,108,493.63	\$	\$
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	\$ 5,253,551.81	\$ 6,913,503.63	\$ 6,800,862.03	\$ 112,641.60	\$
<u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>					
Capital Improvement Fund	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$	\$
Computer Technology Equipment	42,000.00	42,000.00	42,000.00		
Turnout Gear	147,000.00	147,000.00	134,635.52	12,364.48	
Building Repair & Removal FEMA Muni Share	275,000.00	275,000.00	275,000.00		
<u>TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u>	\$ 639,000.00	\$ 639,000.00	\$ 626,635.52	\$ 12,364.48	\$

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>MUNICIPAL DEBT SERVICE -EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 3,686,357.82	\$ 3,686,357.82	\$ 3,686,357.82	\$	
Payment of Bond Anticipation Notes	693,000.00	693,000.00	693,000.00		
Interest on Bonds	1,665,585.64	1,665,585.64	1,665,585.64		
Interest on Notes	142,977.81	142,977.81	142,580.64		397.17
Green Trust Loan Program:					
Payment of Principal and Interest	111,205.00	111,205.00	111,204.77		0.23
Monmouth County Improvement Authority					
Lease Payments	<u>1,265,260.00</u>	<u>1,265,260.00</u>	<u>1,265,242.48</u>		<u>17.52</u>
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	<u>\$ 7,564,386.27</u>	<u>\$ 7,564,386.27</u>	<u>\$ 7,563,971.35</u>	<u>\$</u>	<u>414.92</u>
<u>DEFERRED CHARGES-MUNICIPAL EXCLUDED FROM "CAPS"</u>					
Deferred Charges:					
Emergency Authorizations (N.J.S.A. 40A:4-46) Hurricane Sandy	\$ 2,800,000.00	\$ 2,800,000.00	\$ 2,800,000.00	\$	
Special Emergency Authorization (40A:4-55) Severance	200,000.00	200,000.00	200,000.00		
Special Emergency Authorization (40A:4-55) Revaluation	<u>80,000.00</u>	<u>80,000.00</u>	<u>80,000.00</u>		
<u>TOTAL DEFERRED CHARGES-MUNICIPAL EXCLUDED FROM "CAPS"</u>	<u>\$ 3,080,000.00</u>	<u>\$ 3,080,000.00</u>	<u>\$ 3,080,000.00</u>	<u>\$</u>	

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

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELED
JUDGMENTS	\$ 180,000.00	\$ 180,000.00	\$ 168,300.64	\$	\$ 11,699.36
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 16,716,938.08	\$ 18,376,889.90	\$ 18,239,769.54	\$ 125,006.08	\$ 12,114.28
SUB-TOTAL GENERAL APPROPRIATIONS	\$ 66,474,461.16	\$ 68,134,412.98	\$ 65,729,582.95	\$ 2,358,686.19	\$ 46,143.84
RESERVE FOR UNCOLLECTED TAXES	1,461,888.00	1,461,888.00	1,461,888.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 67,936,349.16</u>	<u>\$ 69,596,300.98</u>	<u>\$ 67,191,470.95</u>	<u>\$ 2,358,686.19</u>	<u>\$ 46,143.84</u>
	REF.	A-2	A-1	A:A-1	
Budget	A-3	\$ 67,936,349.16			
Appropriation by 40A:4-87	A-2	1,659,951.82			
		<u>\$ 69,596,300.98</u>			
Encumbrances Payable	A-15		\$ 2,631,255.37		
Reserve for Grants - Appropriated	A-29		2,108,493.63		
Deferred Charges	A-26		3,080,000.00		
Reserve for Uncollected Taxes	A-2		1,461,888.00		
Reserve for Board of Education - Field Improvements	A-19		101,590.20		
Reserve for Building Repair/Removal - FEMA	A-19		171,986.00		
Disbursed	A-4	\$ 57,658,982.96			
Less: Refunds	A-4	22,725.21			
			<u>57,636,257.75</u>		
			\$ <u>67,191,470.95</u>		

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

TRUST FUND

TOWNSHIP OF MIDDLETOWN

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>BALANCE DECEMBER 31, 2012</u>
Animal Control Fund:			
Cash	B-1	\$ 53,352.96	\$ 52,976.15
		<u>\$ 53,352.96</u>	<u>\$ 52,976.15</u>
Other Funds:			
Cash	B-1	\$ 8,226,164.46	\$ 6,622,787.14
Investment		4,200,000.00	4,000,000.00
Community Development Block Grant Receivable	B-4	245,403.95	107,837.50
		<u>\$ 12,671,568.41</u>	<u>\$ 10,730,624.64</u>
		<u>\$ 12,724,921.37</u>	<u>\$ 10,783,600.79</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due State of New Jersey	B-2	\$ 58.80	\$ 7.80
Reserve for Animal Control Fund Expenditures	B-3	53,294.16	52,968.35
		<u>\$ 53,352.96</u>	<u>\$ 52,976.15</u>
Other Funds:			
Encumbrances Payable	B-10	\$ 433,994.32	\$ 941,861.56
Reserve For:			
Miscellaneous Deposits	B-5	10,128,687.92	7,805,268.25
Open Space Trust	B-6	714,429.15	949,688.44
Community Development Block Grant	B-7	231,664.85	284,423.62
Self-Insurance Fund	B-8	427,378.77	58,857.40
Payroll Fund	B-9	735,413.40	690,525.37
		<u>\$ 12,671,568.41</u>	<u>\$ 10,730,624.64</u>
		<u>\$ 12,724,921.37</u>	<u>\$ 10,783,600.79</u>

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

GENERAL CAPITAL FUND

TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>A S S E T S</u>			
Cash	C-2;C-3	\$ 637,454.99	\$ 1,216,892.40
Investment	C-2;C-3	7,000,000.00	10,000,000.00
Grants Receivable	C-4	351,932.56	562,500.00
Deferred Charges to Future Taxation:			
Funded	C-5	47,640,171.76	53,033,314.00
Unfunded	C-6	<u>16,234,028.42</u>	<u>19,694,498.00</u>
		\$ <u>71,863,587.73</u>	\$ <u>84,507,204.40</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-8	\$ 1,071,757.91	\$ 1,605,080.92
Unfunded	C-8	3,479,434.69	9,756,091.96
Serial Bonds Payable	C-9	46,622,436.00	51,926,073.00
Green Acres Loan Payable	C-10	1,017,735.76	1,107,241.00
Bond Anticipation Note Payable	C-11	12,282,725.00	10,838,225.00
Various Reserves	C-12	73,346.32	15,639.32
Capital Improvement Fund	C-13	94,459.00	118,384.00
Contracts Payable	C-14	3,304,384.24	4,598,359.14
Fund Balance	C-1	<u>3,917,308.81</u>	<u>4,542,110.06</u>
		\$ <u>71,863,587.73</u>	\$ <u>84,507,204.40</u>

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

TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2012	C	\$ 4,542,110.06
Increased by:		
Improvement Authorization - Cancelled	C-8	55,198.75
		\$ <u>4,597,308.81</u>
Decreased by:		
2013 Current Budget Revenue	C-2	<u>680,000.00</u>
Balance, December 31, 2013	C	\$ <u><u>3,917,308.81</u></u>

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

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SWIMMING POOL UTILITY FUND

TOWNSHIP OF MIDDLETOWN  
SWIMMING POOL UTILITY FUND  
BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>A S S E T S</u>			
Operating Fund:			
Due Current Fund	D-7	\$ _____	\$ 1,041,431.22
<u>TOTAL OPERATING FUND</u>		\$ _____	\$ 1,041,431.22
Capital Fund:			
Deferred Charges Funded		\$ _____	\$ 881,927.00
Due Swimming Pool Operating Fund	Contra	\$ _____	12,884.81
<u>TOTAL CAPITAL FUND</u>		\$ _____	\$ 894,811.81
		\$ _____	\$ 1,936,243.03
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Due Swimming Pool Capital Fund	Contra	\$ _____	\$ 12,884.81
Accrued Interest on Bonds	D-10	\$ _____	3,932.00
Fund Balance	D-1	\$ _____	1,024,614.41
<u>TOTAL OPERATING FUND</u>		\$ _____	\$ 1,041,431.22
Capital Fund:			
Serial Bonds Payable	D-14	\$ _____	\$ 881,927.00
Capital Improvement Fund	D-16	\$ _____	11,765.00
Fund Balance	D-2	\$ _____	1,119.81
<u>TOTAL CAPITAL FUND</u>		\$ _____	\$ 894,811.81
		\$ _____	\$ 1,936,243.03

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

TOWNSHIP OF MIDDLETOWNSWIMMING POOL UTILITY FUNDSTATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE-  
SWIMMING POOL UTILITY FUND-REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER <u>31, 2013</u>	YEAR ENDED DECEMBER <u>31, 2012</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	D-3	\$ 1,024,614.41	\$
Interest on Investments			0.04
Lease Payments			225,000.00
Non-Budgeted Revenues:			
Sale of Swimming Pool			1,144,938.80
Other Credit to Income:			
Unexpended Balance of Appropriation Reserves			47,883.31
<u>TOTAL INCOME</u>		\$ <u>1,024,614.41</u>	\$ <u>1,417,822.15</u>
<u>EXPENDITURES</u>			
Debt Service	D-4	\$ 1,082,571.76	\$ 306,250.87
Deferred Charges and Regulatory Expenditures			88,133.00
Refund of Prior Year Revenue			70.00
<u>TOTAL EXPENDITURES</u>		\$ <u>1,082,571.76</u>	\$ <u>394,453.87</u>
Excess/(Deficit) in Revenue		\$ (57,957.35)	\$ 1,023,368.28
Adjustment to Income Before Fund Balance:			
Realized from General Budget for Anticipated Deficit	D-3	<u>57,957.35</u>	<u>1,023,368.28</u>
Statutory Excess to Fund Balance		\$	\$
Fund Balance, January 1	D	<u>1,024,614.41</u>	<u>1,246.13</u>
Decreased by:		\$ <u>1,024,614.41</u>	\$ <u>1,024,614.41</u>
Utilized by Swimming Pool Operating Budget	D-1	<u>1,024,614.41</u>	
Fund Balance, December 31	D	\$ <u><u>1,024,614.41</u></u>	\$ <u><u>1,024,614.41</u></u>

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

TOWNSHIP OF MIDDLETOWN

SWIMMING POOL UTILITY FUND

STATEMENT OF SWIMMING POOL CAPITAL FUND BALANCE-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	<u>REF.</u>		
Balance, December 31, 2012	D	\$	1,119.81
Decreased by:			
Cancelled	D-10	\$	<u>1,119.81</u>
		\$	<u>1,119.81</u>
Balance, December 31, 2013		\$	<u><u>-0-</u></u>

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

TOWNSHIP OF MIDDLETOWN  
SWIMMING POOL UTILITY FUND  
STATEMENT OF REVENUES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Fund Balance	D-1	\$ 1,024,614.41	\$ 1,024,614.41	
Deficit (General Budget)	D-5	<u>57,957.35</u>	<u>57,957.35</u>	<u>                    </u>
	D-4	<u>\$ 1,082,571.76</u>	<u>\$ 1,082,571.76</u>	<u>                    </u>

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

TOWNSHIP OF MIDDLETOWN

SWIMMING POOL UTILITY FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
Debt Service: 2007 Bond Defeasance	\$ <u>1,082,571.76</u>	\$ <u>1,082,571.76</u>	\$ <u>1,082,571.76</u>	<u>                    </u>
	\$ <u><u>1,082,571.76</u></u>	\$ <u><u>1,082,571.76</u></u>	\$ <u><u>1,082,571.76</u></u>	<u>                    </u>
<u>REF.</u>	D-3		D-1:D-5	

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

SOLID WASTE COLLECTION DISTRICT

TOWNSHIP OF MIDDLETOWN  
SOLID WASTE COLLECTION DISTRICT FUND  
BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>ASSETS</u>			
Cash	E-4	\$ <u>1,567,972.22</u>	\$ <u>1,300,769.27</u>
		\$ <u>1,567,972.22</u>	\$ <u>1,300,769.27</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	E-3:E-6	\$ 567,553.63	\$ 355,231.27
Encumbrances Payable	E-7	289,442.50	451,298.04
Accounts Payable	E-5	52.50	
		\$ <u>857,048.63</u>	\$ <u>806,529.31</u>
Fund Balance	E-1	<u>710,923.59</u>	<u>494,239.96</u>
		\$ <u>1,567,972.22</u>	\$ <u>1,300,769.27</u>

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

TOWNSHIP OF MIDDLETOWN

SOLID WASTE COLLECTION DISTRICT FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE-  
SOLID WASTE COLLECTION DISTRICT FUND-REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2013</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2012</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	E-1;E-2	\$ 300,000.00	\$ 300,000.00
Receipts from Current Taxes	E-2	3,390,300.00	3,390,300.00
Other Credit to Income:			
Unexpended Balance of Appropriation Reserves	E-6	516,683.63	328,506.29
<u>TOTAL INCOME</u>		<u>\$ 4,206,983.63</u>	<u>\$ 4,018,806.29</u>
<u>EXPENDITURES</u>			
Operating	E-3	\$ 3,656,000.00	\$ 3,656,000.00
Debt Service	E-3	7,000.00	7,000.00
Statutory Expenditures	E-3	27,300.00	27,300.00
<u>TOTAL EXPENDITURES</u>		<u>\$ 3,690,300.00</u>	<u>\$ 3,690,300.00</u>
Excess in Revenue		\$ 516,683.63	\$ 328,506.29
Fund Balance, January 1	E	494,239.96	465,733.67
		\$ 1,010,923.59	\$ 794,239.96
Decreased by:			
Fund Balance Utilized	E-1	300,000.00	300,000.00
Fund Balance, December 31	E	<u>\$ 710,923.59</u>	<u>\$ 494,239.96</u>

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



TOWNSHIP OF MIDDLETOWN

SOLID WASTE COLLECTION DISTRICT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2013

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Operating:				
Salaries and Wages	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00	
Contractual Services	1,600,000.00	1,600,000.00	1,341,897.00	258,103.00
Disposal Fees	1,800,000.00	1,800,000.00	1,490,549.37	309,450.63
Vehicle Maintenance	4,000.00	4,000.00	4,000.00	
Utilities	2,000.00	2,000.00	2,000.00	
Health Insurance	50,000.00	50,000.00	50,000.00	
<u>TOTAL OPERATING</u>	<u>\$ 3,656,000.00</u>	<u>\$ 3,656,000.00</u>	<u>\$ 3,088,446.37</u>	<u>\$ 567,553.63</u>
Debt Service:				
Interest on Notes	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	
<u>TOTAL DEBT SERVICE</u>	<u>\$ 7,000.00</u>	<u>\$ 7,000.00</u>	<u>\$ 7,000.00</u>	
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	
Social Security (OASI)	15,300.00	15,300.00	15,300.00	
<u>TOTAL STATUTORY EXPENDITURES</u>	<u>\$ 27,300.00</u>	<u>\$ 27,300.00</u>	<u>\$ 27,300.00</u>	
	<u>\$ 3,690,300.00</u>	<u>\$ 3,690,300.00</u>	<u>\$ 3,122,746.37</u>	<u>\$ 567,553.63</u>
	REF.	E-2	E-1	E:E-1
Cash Disbursements	E-4		\$ 2,833,303.87	
Transferred to Encumbrances Payable	E-7		<u>289,442.50</u>	
			<u>\$ 3,122,746.37</u>	

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

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PUBLIC ASSISTANCE TRUST FUND

TOWNSHIP OF MIDDLETOWN  
PUBLIC ASSISTANCE TRUST FUND  
BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>ASSETS</u>			
Cash:			
Treasurer	F-1	\$ <u>118,081.25</u>	\$ <u>65,474.25</u>
		\$ <u>118,081.25</u>	\$ <u>65,474.25</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance-P.A.T.F. II		\$ <u>118,081.25</u>	\$ <u>65,474.25</u>
		\$ <u>118,081.25</u>	\$ <u>65,474.25</u>

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

GENERAL FIXED ASSET ACCOUNT GROUP

TOWNSHIP OF MIDDLETOWN  
GENERAL FIXED ASSET ACCOUNT GROUP  
BALANCE SHEET-REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2013</u>	BALANCE DECEMBER <u>31, 2012</u>
<u>FIXED ASSETS</u>		
Land and Buildings	\$ 77,984,000.00	\$ 77,984,000.00
Machinery and Equipment	<u>23,193,045.13</u>	<u>20,551,430.32</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 101,177,045.13</u>	<u>\$ 98,535,430.32</u>
<u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 101,177,045.13</u>	<u>\$ 98,535,430.32</u>

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

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF MIDDLETOWN

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013 AND 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Middletown is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Committee consists of elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of Middletown include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Middletown, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Middletown do not include the operations of the local school district and the Middletown Free Public Library, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Middletown conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Middletown are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account groups:

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

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

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

Swimming Pool Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned swimming pool. In 2013, the Swim Pool Utility Fund was disbanded.

Solid Waste Collection District Fund – accounts for the operations of the Township's Solid Waste Collection District

Public Assistance Fund -receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenue when anticipated in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues (Continued) Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under, GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property -foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - the proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Interfunds - interfunds receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets – N.J.A.C 5:30-5.7, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds.

The General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

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

Inventories of Supplies - the cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Township considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Middletown had the following cash and cash equivalents at December 31, 2013:

Fund	Cash in Bank	Reconciling Items		Change Funds	Total
		Increases	Decreases		
Checking Accounts	\$30,116,280.30	\$127,190.67	\$929,497.57		\$29,313,973.40
Investment	7,000,000.00				7,000,000.00
Change Funds				\$2,400.00	2,400.00
	<u>\$37,116,280.30</u>	<u>\$127,190.67</u>	<u>\$929,497.57</u>	<u>\$2,400.00</u>	<u>\$36,316,373.40</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Township does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2013, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$30,116,280.30, \$990,345.20 was covered by Federal Depository Insurance; \$29,125,935.10 was covered under the provisions of NJGUDPA.

B. Investments

The purchase of investments by the Township is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following types of securities:

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

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization;

Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

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

The Township of Middletown had \$7,000,000.00 in investments outstanding at December 31, 2013. These investments consisted of the Trust Other Fund and General Capital Fund purchasing the Emergency Note issued by the Current Fund which was issued to fund recovery efforts related to Superstorm Sandy.

Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

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

	<u>YEAR 2013</u>	<u>YEAR 2012</u>	<u>YEAR 2011</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$59,922,897.15	\$63,871,539.00	\$65,139,169.00
Swim Pool Utility:			
Bonds		881,927.00	1,135,629.00
Net Debt Issued	\$59,922,897.15	\$64,753,466.00	\$66,274,798.00
Less: Cash on Hands to Pay Notes	65,136.01		
	<u>\$59,857,761.14</u>	<u>\$64,753,466.00</u>	<u>\$20,681,000.00</u>
 <u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	\$4,016,439.43	\$8,856,273.00	\$3,878,173.00
Miscellaneous Bonds and Notes:			
Bonds Authorized by another public body guaranteed by the Municipality		24,529,000.00	24,529,000.00
Total Authorized But Not Issued	<u>\$4,016,439.43</u>	<u>\$33,385,273.00</u>	<u>\$28,407,173.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$63,874,200.57</u>	<u>\$98,138,739.00</u>	<u>\$94,681,971.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF REGULATORY DEBT CONDITION  
(ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .611%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
School District Debt	\$56,290,000.00	\$56,290,000.00	-0-
General Debt	<u>63,939,336.58</u>	<u>65,136.01</u>	<u>\$63,874,200.57</u>
	<u>\$120,229,336.58</u>	<u>\$56,355,136.01</u>	<u>\$63,874,200.57</u>

NET DEBT \$63,874,200.57 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$10,453,682,388.00 EQUALS .611%.

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

Equalized Valuation Basis* - December 31, 2013	\$10,453,682,388.00
3-1/2 of Equalized Valuation Basis	365,878,883.58
Net Debt	<u>63,874,200.57</u>
Remaining Borrowing Power	<u>\$302,004,683.01</u>

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township for the last three (3) preceding years.

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2013

CALANDAR YEAR	GENERAL IMPROVEMENT BONDS		TOTAL
	PRINCIPAL	INTEREST	
2014	\$5,481,588.00	\$2,095,003.79	\$7,576,591.79
2015	5,452,145.00	1,855,987.39	7,308,132.39
2016	5,673,148.00	1,602,632.61	7,275,780.61
2017	5,150,555.00	1,353,766.25	6,504,321.25
2018	4,554,000.00	1,123,608.50	5,677,608.50
2019	4,755,000.00	915,081.00	5,670,081.00
2020	4,604,000.00	702,661.00	5,306,661.00
2021	4,340,000.00	506,476.00	4,846,476.00
2022	3,350,000.00	319,341.00	3,669,341.00
2023	2,149,000.00	163,100.00	2,312,100.00
2024	1,113,000.00	55,650.00	1,168,650.00
	<u>\$46,622,436.00</u>	<u>\$10,693,307.54</u>	<u>\$57,315,743.54</u>

The General Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2013</u>
\$5,487,000.00 in Governmental Loan Revenue Bonds dated December 14, 2000, due in two remaining annual installments ranging between \$3,000.00 beginning December 1, 2015 and ending December 1, 2016 with interest ranging from 5.250% and 5.300%.	\$6,000.00
\$6,413,000.00 in Governmental Loan Revenue Bonds dated December 13, 2001, due in remaining annual installments ranging between \$1,000.00 and \$4,000.00 beginning December 1, 2014 and ending December 1, 2020 with interest at 5.000%.	12,000.00
\$10,031,000.00 in Governmental Loan Revenue Bonds dated December 1, 2002, due in remaining annual installments ranging between \$1,000.00 and \$4,000.00 beginning December 1, 2014 and ending December 1, 2019 with interest at 5.000%.	13,000.00

NOTE 3: LONG-TERM DEBT (CONTINUED)

The General Capital Bonds are comprised of the following issues:

<u>ISSUE</u>	OUTSTANDING BALANCE DECEMBER 31, 2013
\$7,134,000.00 in Governmental Loan Revenue Bonds dated December 21, 2006, due in remaining annual installments ranging from \$469,000.00 and \$629,000.00 beginning December 1, 2014 and ending December 1, 2022 with interest ranging from 4.130% to 5.000%	4,299,000.00
\$17,928,569.00 in Governmental Loan Refunding Revenue Bonds dated April 12, 2007, due in remaining annual installments ranging between \$743,000.00 and \$1,998,148.00 beginning December 1, 2014 and ending December 1, 2022 with interest ranging from 4.000% to 5.000%.	13,449,436.00
\$3,228,000.00 in Governmental Loan Revenue Bonds dated December 13, 2007, due in remaining annual installments ranging from \$221,000.00 and \$322,000.00 beginning December 1, 2014 and ending December 1, 2022 with interest ranging from 4.000% to 5.250%	2,429,000.00
\$3,341,000.00 in Governmental Loan Revenue Bonds dated December 4, 2008, due in remaining annual installments ranging from \$199,000.00 and \$302,000.00 beginning December 1, 2014 and ending December 1, 2023 with interest ranging from 4.000% to 5.250%	2,468,000.00
\$4,966,000.00 in Governmental Loan Revenue Bonds dated December 30, 2009, due in remaining annual installments ranging from \$355,000.00 and \$538,000.00 beginning December 1, 2014 and ending December 1, 2024 with interest ranging from 2.500% to 5.000%	4,769,000.00
\$979,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated March 30, 2011, due in one remaining annual installment ranging of \$250,000.00 ending December 1, 2014 with interest at 3.000%.	250,000.00
\$16,145,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated April 12, 2007, due in remaining annual installments ranging between \$480,000.00 and \$2,115,000.00 beginning December 1, 2014 and ending December 1, 2024 with interest ranging from 4.000% to 5.000%.	<u>16,145,000.00</u>
Total	<u><u>\$46,622,436.00</u></u>

\_NOTE 3: LONG-TERM DEBT (CONTINUED)

STATE OF NEW JERSEY GREEN TRUST LOANS

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

<u>Year</u>	<u>Loan Number</u>	<u>Loan Amount</u>
1994	1331-06-030	\$100,000.00
1999	1331-88-051	282,494.59
2005	1331-90-046	200,000.00
2005	1331-92-119	393,340.48
2008	1331-93-032	300,000.00
2009	1331-95-074	500,000.00

These loans require semi-annual installments that include interest at 2%

Following are the maturities and debt schedule for the outstanding principal and interest on the loans:

<u>GREEN TRUST LOANS</u>			
<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$88,195.13	\$19,900.48	\$108,095.61
2015	86,827.60	18,158.85	104,986.45
2016	88,572.84	16,413.62	104,986.46
2017	90,353.16	14,633.29	104,986.45
2018	82,997.21	12,817.19	95,814.40
2019	75,401.68	11,240.68	86,642.36
2020	76,917.26	9,725.10	86,642.36
2021	78,463.28	8,179.07	86,642.35
2022	80,040.41	6,601.94	86,642.35
2023	81,649.22	4,993.12	86,642.34
2024	83,290.36	3,351.98	86,642.34
2025	50,970.81	1,677.85	52,648.66
2026	17,661.69	993.27	18,654.96
2027	18,016.68	638.27	18,654.95
2028	18,378.82	276.14	18,654.96
	<u>\$1,017,736.15</u>	<u>\$129,600.85</u>	<u>\$1,147,337.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

LEASE PURCHASE AGREEMENTS

The Township has entered in to the following agreements with the Monmouth County Improvement Authority to lease purchase various capital items as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
Capital Equipment	August 18, 2005	\$3,302,400.00
Capital Equipment	October 4, 2007	\$2,843,900.00
Capital Equipment	November 10, 2009	\$2,258,000.00

Following are the maturities and debt schedule for the outstanding principal and interest on the leases:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2014	\$626,100.00	\$78,970.00	\$705,070.00
2015	522,100.00	50,215.00	572,315.00
2016	143,000.00	25,440.00	168,440.00
2017	148,000.00	19,720.00	167,720.00
2018	155,000.00	13,430.00	168,430.00
2019	161,000.00	6,842.50	167,842.50
	<u>\$1,755,200.00</u>	<u>\$194,617.50</u>	<u>\$1,949,817.50</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2013, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$4,016,439.43</u>
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NOTE 3: LONG-TERM DEBT (CONTINUED)

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
3016	12/23/10	09/17/13	09/16/14	1.25%	\$382,000.00
3020	12/23/10	09/17/13	09/16/14	1.25%	584,325.00
3031	09/20/11	09/17/13	09/16/14	1.25%	2,612,500.00
3032	09/20/11	09/17/13	09/16/14	1.25%	1,311,000.00
3034	09/18/12	09/17/13	09/16/14	1.25%	576,650.00
3045	09/18/12	09/17/13	09/16/14	1.25%	1,733,750.00
3050	09/18/12	09/17/13	09/16/14	1.25%	760,000.00
3065	09/18/12	09/17/13	09/16/14	1.25%	2,185,000.00
3070	09/17/13	09/17/13	09/16/14	1.25%	712,500.00
3087	09/17/13	09/17/13	09/16/14	1.25%	1,425,000.00
					<u>\$12,282,725.00</u>

SPECIAL EMERGENCY NOTE

Outstanding Special Emergency Notes outstanding at December 31, 2013 are summarized as follows:

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Employee Severance Liability	09/21/10	9/17/2013	9/16/2014	1.25%	\$400,000.00
Hurricane Sandy Clean Up	12/31/11	12/31/2013	1/1/2014	0.00%	11,200,000.00
					<u>\$11,600,000.00</u>

GUARANTEED BONDS

On October 17, 2011 the Township adopted three ordinances guaranteeing the debt on certain bonds of the Monmouth County Improvement Authority relating to their Renewable Energy Program (Middletown Project) in the aggregate amount of \$24,527,000.00. During 2013 these Ordinances were cancelled as the program was abandoned.

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013 were as follows:

Current Fund	\$4,185,000.00
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NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Township bills and collects its own property taxes and also the taxes for the County and the Local School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Township property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Township's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	Balance December 31, 2013	Balance December 31, 2012
Prepaid Taxes	<u>\$1,126,552.72</u>	<u>\$1,194,033.64</u>

NOTE 6: PENSION PLANS

Plan Descriptions

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml)

NOTE 6: PENSION PLANS (CONTINUED)

Plan Descriptions (Continued)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit. In which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2013 PERS provides for employee contributions of 6.78% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2013, members contributed at a uniform rate of 10.00% of base salary.

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

<u>Year Ended</u> <u>December 31,</u>	<u>Public</u> <u>Employees</u> <u>Retirement</u> <u>System</u>	<u>Police &amp;</u> <u>Firemen's</u> <u>Retirement</u> <u>System</u>	<u>Defined</u> <u>Contribution</u> <u>Retirement</u> <u>Program</u>	<u>Total</u>
2013	\$1,301,040.00	\$2,523,807.00	\$25,000.00	\$3,849,847.00
2012	1,514,522.00	2,303,787.00	12,407.75	3,830,716.75
2011	1,497,754.00	2,656,852.00	10,000.00	4,164,606.00

NOTE 6: PENSION PLANS (CONTINUED)

Pension Contribution Deferral

The State of New Jersey has enacted Public Law 2011, C.19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-state contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to the Police and Fire Retirement System (PFRS) and the Public Employees Retirement System (PERS) which would have been due April 1, 2011. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April, 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pension and Benefits for a payoff amount. The Pension deferral activity for 2013 is as follows:

<u>Retirement System</u>	<u>Original Amount Deferred</u>	<u>Balance December 31, 2012</u>	<u>2013 Payments</u>	<u>Balance December 31, 2013</u>
PFRS	\$ 991,686.00	\$ 944,858.00	\$ 53,085.00	\$ 891,773.00
PERS	<u>342,193.00</u>	<u>322,373.00</u>	<u>22,596.00</u>	<u>299,777.00</u>
Total	\$ <u>1,333,879.00</u>	\$ <u>1,267,231.00</u>	\$ <u>75,681.00</u>	\$ <u>1,191,550.00</u>

Certain Township employees are also covered by Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 7: LITIGATION

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

NOTE 8: SCHOOL TAXES

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

	<u>LOCAL DISTRICT SCHOOL TAX</u>	
	<u>BALANCE</u>	<u>BALANCE</u>
	<u>DECEMBER</u>	<u>DECEMBER</u>
	<u>31, 2013</u>	<u>31, 2012</u>
Balance of Tax	\$62,096,926.00	\$61,501,217.00
Deferred	<u>61,820,000.00</u>	<u>61,820,000.00</u>
Tax (Prepaid)/Payable	<u>\$276,926.00</u>	<u>(\$318,783.00)</u>

NOTE 9: COMPENSATED ABSENCES

Under the existing policy of the Township, employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken s time off or paid at a later date as outlined in Township personnel policies. It is estimated that, at December 31, 2013, the current cost of such unpaid compensation would approximate \$5,432,323.00. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented. The Township has accumulated \$268,987.83 for this purpose in the Trust Other Fund and continues to budget funds to provide for these liabilities as they arise.

NOTE 10: TAX APPEALS

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2013 and prior. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Township has made provision, from tax revenues, in the amount of \$276,033.49 for these appeals in the event that the tax reductions are granted.

NOTE 11: CONTINGENT LIABILITIES

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. During 2013 the Township received approval on grant awards from the U.S. Department of Homeland Security for Disaster Grants – Public Assistance totaling \$13,555,027.49 to provide assistance in funding the Township's expenses related to the cleanup from the effects of Superstorm Sandy. These grants are subject to an extensive review by representatives from the Federal Emergency Management Agency upon close out. The results of these procedures could result in changes to the grant awards that could be material to the financial statements.

NOTE 12: RISK MANAGEMENT

The Township utilizes a self-insured risk management program for claims relating to Workers' Compensation, general liability and automobile liability to include law enforcement liability. For 2007, the Township obtained reinsurance coverage and umbrella coverage which limited the Township risk retention to \$200,000 per occurrence and an aggregate limit of \$5,000,000 for general liability and automobile claims. The Township engaged an outside claims service to serve as Fund Administrator. Reserves are established by the Administrator for estimated benefits and expenses for reported claims. The Township charges to current fund operations all claims rendered during the year which will be paid from expendable available financial resources.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

NOTE 13: DEFERRED CHARGES:

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, 2013	2014 BUDGET APPROPRIATION	BALANCE TO SUCCEEDING YEARS
Current Fund:			
Special Emergency Authorization: N.J.S.A. 40A: 4-53	\$11,760,000.00	\$2,800,000.00	\$8,960,000.00
	<u>\$11,760,000.00</u>	<u>\$2,800,000.00</u>	<u>\$8,960,000.00</u>

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2013:

	Interfund Receivable	Interfund Payable
Current Fund	\$	\$ 258,346.72
Grant Fund	<u>258,346.72</u>	<u>258,346.72</u>
	<u>\$ 258,346.72</u>	<u>\$ 258,346.72</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 15: DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

NOTE 15: DEFERRED COMPENSATION PLAN (CONTINUED)

All assets of the plan are held by independent administrators, AXA Equitable, Nationwide Insurance and AIG-VALIC.

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities.

NOTE 16: LENGTH OF SERVICE AWARDS PROGRAM

On August 16, 1999, the Township of Middletown adopted an ordinance establishing a Length of Service Awards Program for the members of the Middletown Volunteer Fire Department pursuant to N.J.S.A. 40A:14-183 et seq.

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of up to \$1,050.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be budgeted annually in the budget of the Township and is anticipated to be \$325,000.00 per year.

The accompanying financial statements do not include the Township's Length of Service Award Program's activities.

NOTE 17: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Township provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents, in accordance with the terms of the applicable resolutions and collective bargaining agreements. The Township maintains a single-employer, defined benefit health plan with benefits provided through insurance carriers and by third party claims administrators. All active employees who retire from the Township and meet the eligibility criteria will receive these benefits. The plan does not issue a stand-alone report.

The Township currently funds for the cost to provide postemployment benefits on a pay-as-you-go basis. The Township establishes and has the power to amend benefits and contribution obligations, subject to its various collective bargaining agreements.

In 2008, the Township adopted the disclosure provisions of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are actuarially calculated based on postemployment benefits (other than pensions), which current and retired employees have accrued as a result of their respective employment contracts.

NOTE 17: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The Division of Local Government Services, Department of Community Affairs, State of New Jersey issued Local Finance Notice 2007-15, *Implementing GASB 45: Disclosure of Liabilities for Other Post-Employment Benefits for Municipalities and Counties*, to address the implementation of GASB Statement No. 45. The Notice states that local units are not required to report the long-term liability on their balance sheet, however they are required to calculate and disclose their obligation in accordance with GASB Statement No. 45.

As required by Local Finance Notice 2007-15, the Township must disclose its OPEB costs as determined by GASB Statement No. 45. In accordance with this standard, the Township's annual OPEB cost for the plan is based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, to include both the value of benefits earned during the year (Normal Cost) and an amortizing of the unfunded actuarial accrued liability over a period not to exceed thirty years. The amortization costs for the initial unfunded actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year, a level percentage of payroll, for a period of 30 years, with an assumption that payroll increases by 3% per year.

For employers with over 200 employees, which includes the Township, the valuations should be conducted at least every two years.

The Township's ARC for the year ended December 31, 2010 was \$10,828,200, of which \$2,338,700 was funded by the amount expended for these benefits.

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (NOO), which represents the difference between the amount contributed to the Plan by the Township, and the annual OPEB cost for fiscal year ended December 31, 2010 was as follows:

Fiscal Year	Annual	Percentage of	
Beginning	OPEB	Annual OPEB	Net OPEB
<u>January 1,</u>	<u>Cost</u>	<u>Cost</u>	<u>Obligation</u>
<u>2012</u>		<u>Contributed*</u>	
	\$9,499,000.00	25.00%	\$40,075,600.00

\* - Based on expected benefit payment plus retiree drug subsidy for the applicable fiscal year end.

NOTE 17: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

At January 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for postemployment benefits earned was approximately \$114,751,000. Since this liability was not funded, the unfunded actuarial accrued liability (UAAL) at January 1, 2010 was also \$114,751,000. The AAL represents 100% of the present value of all projected benefits.

For the year ended December 31, 2011, the covered payroll (annual payroll of active employees covered by the plan) was \$18,601,300 and the ratio of the UAAL to covered payroll was 617%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that reports whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. For the Township's most recent actuarial valuation, which was at January 1, 2012, the projected unit credit cost method was used. The actuarial assumptions included a 3.0% discount rate as of January 1, 2012. In addition, an annual medical cost trend rate and a prescription drug trend rate of 8.5% were utilized. Both the medical trend rate and the prescription drug trend rate grade down to an ultimate rate of 5% effective 2019 and thereafter.

NOTE 18: ACCELERATED TAX SALE

Chapter 99 of the Public Laws of 1997 of the State of New Jersey, effective May 12, 1997 authorizes any municipality to have an accelerated tax sale. An accelerated tax sale permits a municipality to have a tax sale when a property is in arrears after the 11th day of the 11th month of each fiscal year. In 2013, the Township had an accelerated tax sale, which resulted in a majority of delinquent taxes being sold to outside lien holders.

NOTE 19: SUBSEQUENT EVENTS

The Township has evaluated subsequent events occurring after the financial statement date through August 19, 2014 which is the date the financial statements were available to be issued. Based upon this evaluation, the Township has determined that there are no subsequent events needed to be disclosed with the exception of the following:

On July 7, 2014 the Township adopted Bond Ordinance 2014-3111 authorizing the issuance of Bonds or Notes of \$4,465,000.00.

On August 18, 2014 the Township adopted Refunding Bond Ordinance 2014-3113 authorizing the issuance of Bonds or Notes of \$3,200,000.00.

TOWNSHIP OF MIDDLETOWN  
SUPPLEMENTARY SCHEDULES - ALL FUNDS  
YEAR ENDED DECEMBER 31, 2013

TOWNSHIP OF MIDDLETOWN  
SCHEDULE OF CASH-TREASURER

REF.	GRANT FUND	CURRENT FUND
Balance, December 31, 2012	A	\$ -0-
Increased by Receipts:		
Collector	A-5	\$ 212,661,464.50
Miscellaneous Revenue Not Anticipated	A-2	130,098.27
Appropriation Refunds	A-3	22,725.21
Change Fund	A-6	50.00
Petty Cash	A-7	3,475.00
State of New Jersey-Senior Citizens and Veterans Deductions-Chapter 20, P.L.1971	A-8	639,380.96
Revenue Accounts Receivable	A-12	13,517,186.83
Appropriation Reserve Refunds	A-13	132,505.04
Interfunds Returned	A-14;A-32	49,379,862.90
Reserve for Various Reserves	A-19	952,149.40
Emergency Note Payable	A-27	11,600,000.00
Grants Receivable	A-28	392,723.83
		895,045.07
		\$ 895,045.07
Decreased by Disbursements:		
2013 Appropriations	A-3	\$ 57,658,982.96
2012 Appropriation Reserves	A-13	6,017,307.41
Petty Cash	A-7	3,475.00
Interfunds Advanced	A-14	50,923,615.36
Accounts Payable	A-16	151.44
Refund of Tax Overpayments	A-18	80,984.44
Reserve for:		
Various Reserves	A-19	3,238,870.14
Tax Appeals	A-20	91,296.47
Appropriated Grants	A-29	895,045.07
County Taxes	A-21	29,635,995.47
Due County-Added Taxes	A-22	71,915.59
Local District School Tax	A-23	129,336,313.00
Solid Waste Collection Tax Payable	A-24	3,406,856.33
Municipal Open Space Tax Payable	A-25	1,960,962.44
Emergency Note Payable	A-27	14,600,000.00
Refund of Prior Year Revenue	A-1	3,500.36
		895,045.07
		\$ 297,030,226.41
Balance, December 31, 2013	A	\$ -0-

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>			
Balance, December 31, 2012	A	\$		\$ 177,130.18
Received:				
Taxes Receivable	A-9	\$	211,457,509.32	
Tax Title Liens	A-10		942,121.72	
Revenue Accounts Receivable	A-12		582,681.15	
2014 Taxes Prepaid	A-17		1,126,552.72	
Tax Overpayments	A-18		<u>160,697.92</u>	
				<u>214,269,562.83</u>
		\$		\$ 214,446,693.01
Decreased by Disbursements:				
Payments to Treasurer	A-4	\$		<u>212,661,464.50</u>
Balance, December 31, 2013	A	\$		<u><u>1,785,228.51</u></u>

"A-6"

TOWNSHIP OF MIDDLETOWN  
CURRENT FUND  
SCHEDULE OF CHANGE FUNDS

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	2,450.00
Decreased by:			
Cash Receipts	A-4		50.00
Balance, December 31, 2013	A	\$	2,400.00

OFFICE

Tax Collector		\$	1,200.00
Town Clerk			50.00
Library			25.00
Tax Assessor			25.00
Municipal Court			1,000.00
Police Department			100.00
		\$	2,400.00

"A-7"

SCHEDULE OF PETTY CASH FUNDS

<u>OFFICE</u>		<u>RECEIVED FROM TREASURER</u>	<u>RETURNED TO TREASURER</u>
Town Administrator	\$	275.00	\$ 275.00
Public Assistance		2,500.00	2,500.00
Library		200.00	200.00
Public Works		300.00	300.00
Recreation		200.00	200.00
	\$	3,475.00	\$ 3,475.00
	<u>REF.</u>	A-4	A-4

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF DUE FROM STATE OF NEW JERSEY  
SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	9,469.16
Increased by:			
Senior Citizens and Veterans Deductions:			
Per Tax Duplicate		\$	644,750.00
Allowed by Collector			<u>16,250.00</u>
			661,000.00
		\$	<u>670,469.16</u>
Decreased by:			
Received From State	A-4	\$	639,380.96
Disallowed by Collector - Current Year			<u>9,604.72</u>
			<u>648,985.68</u>
Balance, December 31, 2013	A	\$	<u><u>21,483.48</u></u>

CALCULATION OF STATE'S SHARE OF  
2013 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans Deductions:			
Per Tax Duplicate		\$	644,750.00
Allowed by Collector			<u>16,250.00</u>
			661,000.00
Less: Disallowed by Collector - Current Year			<u>9,604.72</u>
	A-9	\$	<u><u>651,395.28</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE	2013 LEVY	ADDED	COLLECTIONS		CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE
	DECEMBER 31, 2012			2012	2013			DECEMBER 31, 2013
2011	\$ 21,574.20	\$	\$	\$	\$ 4,341.93	\$	\$	\$ 17,232.27
2012	17,510.41				11,643.85			5,866.56
	\$ 39,084.61	\$	\$	\$	15,985.78	\$	\$	23,098.83
2013		213,982,956.90		1,194,033.64	212,135,203.91	567,850.55	74,233.03	11,635.77
	\$ 39,084.61	\$ 213,982,956.90	\$	\$ 1,194,033.64	\$ 212,151,189.69	\$ 567,850.55	\$ 74,233.03	\$ 34,734.60
REF.	A			A-2-A-17	A-2		A-10	A
Collector		REF.			\$ 211,457,509.32			
Senior Citizens Deductions		A-5			651,395.28			
Overpayments Applied		A-18			42,285.09			
					\$ 212,151,189.69			
<u>ANALYSIS OF 2013 PROPERTY TAX LEVY</u>								
<u>TAX YIELD</u>								
General Purpose Tax					\$ 213,530,251.00			
Added Taxes					452,705.90			
						\$ 213,982,956.90		
<u>TAX LEVY</u>								
Local District School Tax (Abstract)		A-23			\$ 129,932,022.00			
Solid Waste Collection Tax		A-24			3,406,856.33			
Municipal Open Space Tax		A-25			1,965,132.93			
County Taxes:								
County Tax (Abstract)		A-21	\$	29,635,995.47				
Due County for Added Taxes (54:4-63.1 et seq.)		A-22		63,414.25				
						29,699,409.72		
<u>TOTAL COUNTY TAXES</u>								
Local Tax for Municipal Purposes (Abstract)		A-2	\$	45,051,886.89				
Minimum Library Tax		A-2		3,472,820.00				
Add: Additional Tax Levied				454,829.03				
Local Tax for Municipal Purposes Levied						48,979,535.92		
						\$ 213,982,956.90		

TOWNSHIP OF MIDDLETOWN  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2012	A		\$ 1,108,410.50
Increased by:			
Transfers From Taxes Receivable	A-9	\$ 74,233.03	
Interest and Cost on Sale		2,022.70	
Added Liens		<u>869.39</u>	
			\$ <u>77,125.12</u>
			\$ 1,185,535.62
Decreased by:			
Cash Receipts	A-5		<u>942,121.72</u>
Balance, December 31, 2013	A		\$ <u><u>243,413.90</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

	<u>REF.</u>	
Balance, December 31, 2012 and December 31, 2013	A	\$ <u>206,000.00</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>ACCRUED</u> <u>IN 2013</u>	<u>COLLECTED BY</u>	
			<u>COLLECTOR</u>	<u>TREASURER</u>
Clerk:				
Licenses:				
Alcoholic Beverages	A-2	\$ 58,228.00	\$	58,228.00
Other	A-2	17,885.00		17,885.00
Fees and Permits	A-2	4,295.04		4,295.04
Board of Health:				
Fees and Permits	A-2	58,654.00		58,654.00
Vital Statistics				
Fees and Permits	A-2	42,755.00		42,755.00
Fire Department:				
Fees and Permits	A-2	111,233.00		111,233.00
Police Department:				
Other Licenses	A-2	2,115.00		2,115.00
Fees and Permits	A-2	34,816.42		34,816.42
Public Works:				
Fees and Permits	A-2	84,937.41		84,937.41
Planning and Zoning:				
Fees and Permits	A-2	155,565.08		155,565.08
Tax Assessor:				
Fees and Permits	A-2	955.00		955.00
Tax Collector Fees				
Fees and Permits	A-2	37,872.60	35,580.60	2,292.00
Treasurer:				
Fees and Permits	A-2	6,214.09		6,214.09
Municipal Court:				
Fines and Costs	A-2	804,251.63		804,251.63
Interest and Costs on Taxes	A-2	547,100.55	547,100.55	
Interest on Investments	A-2	82,430.64		82,430.64

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	REF.	ACCRUED IN 2013	COLLECTED BY	
			COLLECTOR	TREASURER
Railroad parking lot receipts	A-2	709,886.85		709,886.85
Cable TV franchise fees	A-2	133,003.02		133,003.02
Verizon FIOS franchise fees	A-2	378,151.12		378,151.12
Senior Citizen Housing PILOT	A-2	329,963.00		329,963.00
Edgewater Park PILOT	A-2	105,000.00		105,000.00
Chapel Hill Associates PILOT	A-2	38,394.99		38,394.99
Energy Receipts Tax	A-2	6,044,933.00		6,044,933.00
Watershed Moratorium Offset	A-2	7,755.00		7,755.00
Construction Code Official:				
Fees and Permits	A-2	2,099,163.40		2,099,163.40
Middletown Board of Education	A-2	298,475.29		298,475.29
Middletown Board of Education - Field Improvements	A-2	250,000.00		250,000.00
Uniform Fire Safety Act	A-2	127,779.29		127,779.29
Capital Fund - Surplus	A-2	680,000.00		680,000.00
Rental Income	A-2	32,668.94		32,668.94
Hotel Occupancy Tax	A-2	283,380.62		283,380.62
Sewer Authority Surplus Contribution	A-2	372,120.00		372,120.00
Field User Fees	A-2	159,885.00		159,885.00
		\$ 14,099,867.98	\$ 582,681.15	\$ 13,517,186.83
	REF.		A-5	A-4

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFERS	NET PAID OR CHARGED	BALANCE LAPSED
<u>Salaries and Wages:</u>				
Administrative and Executive:	\$ 10,788.38	\$ 10,788.38	\$	10,788.38
Township Committee	8,408.09	8,408.09		8,408.09
Township Clerk	264.87	264.87		264.87
Data Processing Center	3,003.22	3,003.22		3,003.22
Elections	4,557.07	4,557.07		4,557.07
Purchasing	341.74	341.74		341.74
Financial Administration	4,683.38	4,683.38		4,683.38
Assessment of Taxes	2,479.39	2,479.39	240.00	2,239.39
Collection of Taxes	13,018.55	13,018.55		13,018.55
Municipal Prosecutor	477.82	1,452.82	975.00	477.82
Planning Board	409.62	409.62		409.62
Municipal Land Use (Planning)	6,372.34	6,372.34		6,372.34
Zoning Board of Adjustment	653.81	653.81		653.81
Fire	9,023.75	9,023.75		9,023.75
Uniform Fire Safety Bureau	14,208.87	14,208.87		14,208.87
Police	99,614.18	100,129.18	314.25	99,814.93
Emergency Management Services	1,804.98	1,804.98		1,804.98
Department of Public Works	210,685.64	210,685.64		210,685.64
Department of Parks	44,979.85	44,979.85		44,979.85
DPW Administration	47.44	47.44		47.44
Recycling	19,640.38	19,640.38	19,640.38	
Maintenance of Public Property	17,657.28	17,657.28		17,657.28
Vehicle Maintenance	2,326.25	2,326.25		2,326.25
Board of Health - Local Health Agency	5,995.38	5,995.38		5,995.38
Department of Recreation	58,287.10	58,287.10		58,287.10
Alliance for Alcohol and Drug Abuse	1,855.35	1,855.35		1,855.35
Inspection of Buildings	1,143.09	1,143.09		1,143.09
Municipal Court	2,754.92	2,754.92		2,754.92
Public Defender	15,000.00	15,000.00		15,000.00
<u>Other Expenses:</u>				
Administrative and Executive	31,885.61	37,192.11	1,481.94	35,710.17
Township Committee	9,842.61	19,579.92	4,773.33	14,806.59
Township Clerk	1,948.42	2,073.42	83.00	1,990.42
Financial Administration	48,166.75	49,221.66	387.46	48,834.20
Audit Services	20,000.00	20,000.00		20,000.00
Data Processing Center	3,487.53	33,144.23	31,813.74	1,330.49
Elections	2,026.68	2,026.68		2,026.68
Purchasing	1,456.35	1,667.41	146.53	1,520.88
Collection of Taxes	4,346.14	8,572.58	3,290.53	5,282.05
Liquidation of Tax Title Liens and Foreclosed Property	10,000.00	10,000.00		10,000.00
Assessment of Taxes				
Maintenance of Tax Map	7,597.86	7,597.86	460.20	7,137.66
Miscellaneous Other Expenses	28,512.80	28,789.33	136.48	28,652.85
Legal Services and Costs	9,715.62	56,791.16	9,676.15	47,115.01
Insurance:				
General Liability	24,005.01	43,433.26	43,433.26	
Employee Health Claims	10,205.71	25,458.68	25,458.68	

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFERS	NET PAID OR CHARGED	BALANCE LAPSED
<u>Other Expenses</u>				
Engineering Services and Costs	\$ 42,324.38	\$ 42,324.38	\$ 13,386.38	\$ 28,938.00
Municipal Land Use	3,964.00	13,649.60	9,796.40	3,853.20
Zoning Board of Adjustment	34,001.32	43,884.06	3,938.26	39,945.80
Human Rights	1,639.50	17,504.50	1,000.00	16,504.50
Historical Preservation	898.01	898.01		898.01
Fire:				
Miscellaneous other expenses		76,618.85	59,635.41	16,983.44
Uniform Fire Safety Bureau:				
Other Expenses	10,985.36	35,866.79	15,154.28	20,712.51
LEAR	5,440.64	5,905.96	574.29	5,331.67
Police:				
Jail Management	76,984.01	102,002.23	20,693.11	81,309.12
Safety Council	320.49	320.49		320.49
First Aid Organization Contribution	20,000.00	20,000.00	20,000.00	
Emergency Management Services	5,024.33	12,079.96	6,602.16	5,477.80
First Aid	16,580.76	48,731.36	24,725.20	24,006.16
Department of Public Works	26,855.69	167,400.36	89,875.98	77,524.38
Snow Removal	89,163.56	229,113.20	229,113.20	
Department of Parks				
Other Expenses	4,762.60	11,947.68	4,470.33	7,477.35
Beach Operations	11,402.59	11,402.59		11,402.59
Sanitation	8,895.07	11,139.14	460.44	10,678.70
Environmental Committee	720.00	720.00		720.00
Recycling	167,510.57	288,888.11	288,888.11	
Maintenance of Public Library	23,460.06	96,123.63	46,052.67	50,070.96
Vehicle and equipment maintenance	24,020.06	146,007.86	57,350.22	88,657.64
Condominium maintenance	64,259.95	70,324.75	14,908.71	55,416.04
Board of Health - local health agency	7,453.17	12,241.14	4,612.45	7,628.69
Animal Control Regulation	1,333.52	9,134.31	3,579.00	5,555.31
Department of Recreation	32,389.45	44,975.34	9,562.35	35,412.99
Recreation Advisory Committee	600.00	600.00		600.00
Alliance for Alcohol and Drug Abuse	997.71	6,853.71	4,676.00	2,177.71
Uniform Construction Code: Inspection	15,085.32	15,892.33	474.35	15,417.98
Utilities:				
Electricity	129,515.21	265,105.81	70,850.85	194,254.96
Telephone	69,558.53	88,800.49	20,006.73	68,793.76
Water	17,483.02	26,787.63	12,667.99	14,119.64
Natural Gas	76,365.86	143,773.65	40,584.15	103,189.50
Heating Oil	1,320.94	2,672.54	536.07	2,136.47
Sewer	383.28	4,512.90	1,610.80	2,902.10
Fuels	45,789.15	210,806.19	104,857.39	105,948.80
Street Lights		173,918.02	128.45	173,789.57
Municipal Court	7,889.55	9,407.20	1,511.55	7,895.65
Statutory Expenditures:				
Social Security (O.A.S.I.)	108,535.33	108,535.33		108,535.33
State Unemployment Insurance	6,300.51	6,875.53	6,875.53	
Defined Contribution Retirement Program	12,592.25	26,587.86	14,627.34	11,960.52

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2012 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2012</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>NET</u> <u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>Other Expenses</u>				
Maintenance of Free Public Library	\$ 90,555.84	\$ 176,182.88	\$ 176,182.88	
Monmouth County SCAT	25,000.00	25,000.00		25,000.00
Capital Improvement Fund	250.06	13,015.33	11,968.85	1,046.48
Capital Outlay - 4x4 Pick Up Vehicle	208,152.00	230,000.00	21,848.00	208,152.00
ADA Capital Upgrades	74,800.00	97,141.35	11,710.47	85,430.88
Johnson Gill Roof	160,000.00	160,000.00		160,000.00
Parking Lot Lights/Solar Signs	64,500.00	64,500.00		64,500.00
Lawn Mowers	1,708.12	36,000.00	34,291.88	1,708.12
Survey Equipment	25,000.00	25,000.00		25,000.00
Roads and Drainage Improvements	162,000.00	162,000.00		162,000.00
Scanners and Copiers	2,039.84	8,039.84	6,000.00	2,039.84
Office Equipment	3,051.84	7,251.84	6,699.70	552.14
Emergency Lighting	635.72	4,100.00		4,100.00
Turnout Gear		22,000.00	22,000.00	
Emergency Appropriations - Hurricane Sandy	68,618.49	68,618.49	68,618.49	
Emergency Appropriations - Hurricane Sandy	3,966,301.31	8,034,161.23	8,034,161.23	
LOSAP - Volunteer Deferred Compensation		325,000.00	283,850.00	41,150.00
	<u>\$ 6,799,098.80</u>	<u>\$ 12,975,865.49</u>	<u>\$ 10,023,428.58</u>	<u>\$ 2,952,436.91</u>
	<u>REF.</u>	A		A-1
Appropriation Reserves	A-13	\$ 6,799,098.80		
Transfer from Encumbrances Payable	A-15	<u>6,176,766.69</u>		
		<u>\$ 12,975,865.49</u>		
Disbursed	A-4		\$ 6,017,307.41	
Reserve for Hurricane Sandy	A-19		4,134,121.41	
Accounts Payable	A-16		<u>4,504.80</u>	
			\$ 10,155,933.62	
Less: Refunds	A-4		<u>132,505.04</u>	
			<u>\$ 10,023,428.58</u>	



"A-15"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	6,176,766.69
Increased by:			
Charged 2013 Appropriations	A-3		<u>2,631,255.37</u>
		\$	<u>8,808,022.06</u>
Decreased by:			
Transferred to Appropriation Reserves	A-13		<u>6,176,766.69</u>
Balance, December 31, 2013	A	\$	<u><u>2,631,255.37</u></u>

"A-16"

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	11,545.15
Increased by:			
Transferred From Appropriation Reserves	A-13	\$	<u>4,504.80</u>
			<u>4,504.80</u>
		\$	<u>16,049.95</u>
Decreased by:			
Cash Disbursements	A-4		151.44
Cancelled	A-1	\$	<u>9,556.31</u>
			<u>9,707.75</u>
Balance, December 31, 2013	A	\$	<u><u>6,342.20</u></u>

TOWNSHIP OF MIDDLETOWN  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	1,194,033.64
Increased by:			
Collection of 2014 Taxes	A-5		1,126,552.72
		\$	<u>2,320,586.36</u>
Decreased by:			
Applied to 2013 Taxes	A-9		<u>1,194,033.64</u>
Balance, December 31, 2013	A	\$	<u><u>1,126,552.72</u></u>

SCHEDULE OF TAX OVERPAYMENTS

	<u>REF.</u>		
Balance, December 31, 2012	A	\$	76,790.01
Increased by:			
Overpayments in 2013	A-5		160,697.92
		\$	<u>237,487.93</u>
Decreased by:			
Refunds	A-4	\$	80,984.44
Applied	A-9		42,285.09
Cancelled	A-1		<u>9,915.61</u>
			<u>133,185.14</u>
Balance, December 31, 2013	A	\$	<u><u>104,302.79</u></u>

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF VARIOUS RESERVES

<u>PROGRAM</u>	BALANCE DECEMBER 31, 2012	<u>INCREASED</u>	<u>EXPENDED</u>	BALANCE DECEMBER 31, 2013
Property Tax Revaluation Program	\$ 11,661.92		\$	\$ 11,661.92
Garden State Preservation Fund	116.00			116.00
Sale of Assets	166,214.12			166,214.12
Library Reserves	209,153.91	470,663.76	436,264.73	243,552.94
Reserve for Disaster Relief	2,031,127.51	481,485.64	2,400,000.00	112,613.15
Hurricane Sandy		4,134,121.41	2,802,605.41	1,331,516.00
Interlocal BOE Field Improvements		101,590.20		101,590.20
Building Repair/Removal - FEMA		171,986.00		171,986.00
	<u>2,418,273.46</u>	<u>5,359,847.01</u>	<u>5,638,870.14</u>	<u>2,139,250.33</u>
	\$	\$	\$	\$
	<u>A</u>			<u>A</u>
Cash Receipts	A-4	\$ 952,149.40		
Appropriation Reserves	A-13	4,134,121.41		
2013 Appropriations	A-3	<u>273,576.20</u>		
		<u>\$ 5,359,847.01</u>		
Cash Disbursement	A-4		\$ 3,238,870.14	
Anticipated as Revenue in 2013 Budget	A-2		<u>2,400,000.00</u>	
			<u>\$ 5,638,870.14</u>	

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAX APPEALS

REF.

Balance, December 31, 2012	A	\$	367,329.96
Decreased by:			
Cash Disbursements	A-4		<u>91,296.47</u>
Balance, December 31, 2013	A	\$	<u><u>276,033.49</u></u>

"A-21"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>	
2013 Levy	A-1:A-9	\$ 29,635,995.47
Decreased by: Payment	A-4	\$ <u>29,635,995.47</u>

"A-22"

SCHEDULE OF DUE COUNTY FOR ADDED TAXES

	<u>REF.</u>	
Balance, December 31, 2012:	A	\$ 71,915.59
Increased by: County Share of 2013 Levy: Added Taxes (R.S.54:4-63.1 et.seq.) 2013	A-1;A-9	\$ <u>63,414.25</u> <u>135,329.84</u>
Decreased by: Cash Disbursements	A-4	<u>71,915.59</u>
Balance, December 31, 2013:	A	\$ <u><u>63,414.25</u></u>

TOWNSHIP OF MIDDLETOWNCURRENT FUNDSCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>REF.</u>	
Balance, December 31, 2012		
Deferred		\$ 61,820,000.00
Prepaid	A	<u>(318,783.00)</u>
		61,501,217.00
Increased by:		
Levy	A-9	<u>129,932,022.00</u>
		\$ 191,433,239.00
Decreased by:		
Disbursements	A-4	<u>129,336,313.00</u>
Balance, December 31, 2013		<u>\$ 62,096,926.00</u>
Analysis of Balance		
Payable	A	\$ 276,926.00
Deferred		<u>61,820,000.00</u>
		<u>\$ 62,096,926.00</u>
2013 Liability for Local District School Tax:		
Tax Paid		\$ 129,336,313.00
Add: School Tax Prepaid, December 31, 2012		<u>318,783.00</u>
		\$ 129,655,096.00
Less: School Tax Payable, December 31, 2013		<u>276,926.00</u>
Amount Charged to 2013 Operations	A-1	<u>\$ 129,932,022.00</u>

"A-24"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF SOLID WASTE COLLECTION DISTRICT TAX PAYABLE

REF.

Increased by:			
2013 Levy	A-1:A-9	\$	3,406,856.33
Decreased by:			
Cash Disbursements	A-4	\$	<u>3,406,856.33</u>

"A-25"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:			
2013 Levy		\$	1,960,962.44
Added Taxes			<u>4,170.49</u>
	A-1:A-9	\$	1,965,132.93
Decreased by:			
Cash Disbursements	A-4	\$	<u>1,960,962.44</u>
Balance December 31, 2013	A	\$	<u>4,170.49</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER <u>31, 2012</u>	RAISED IN <u>2013 BUDGET</u>	BALANCE DECEMBER <u>31, 2013</u>
Special Emergency Authorizations (40A:4-53):			
Reassessment of Real Property	\$ 240,000.00 \$	80,000.00 \$	160,000.00
Employee Accumulated Leave	600,000.00	200,000.00	400,000.00
Hurricane Sandy Damage	<u>14,000,000.00</u>	<u>2,800,000.00</u>	<u>11,200,000.00</u>
	\$ <u><u>14,840,000.00</u></u>	<u><u>3,080,000.00</u></u> \$	<u><u>11,760,000.00</u></u>
REF.	A	A-3	A

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE

<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
				\$	\$	\$	\$
12/23/2010	9/18/2013	9/17/2014	1.250%	600,000.00	400,000.00	600,000.00	400,000.00
12/31/2013	12/31/2013	1/1/2014	0.00%	<u>14,000,000.00</u>	<u>11,200,000.00</u>	<u>14,000,000.00</u>	<u>11,200,000.00</u>
				\$ <u>14,600,000.00</u>	\$ <u>11,600,000.00</u>	\$ <u>14,600,000.00</u>	\$ <u>11,600,000.00</u>
			<u>REF.</u>	A	A-4	A-4	A

TOWNSHIP OF MIDDLETOWN  
GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>ANTICIPATED IN 2013 BUDGET</u>	<u>RECEIVED</u>	<u>UNAPPROPRIATED APPLIED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2013</u>
SHRAP (Sandy Homeowner/Renter Assistance Program) - 2013	\$	\$ 1,537,500.00	\$	\$	\$	1,537,500.00
Assistance to Fire Fighters - 2012	114,253.00		5.80			114,247.20
Bayshore DWI - 2011	16,000.00		16,000.00			
Bayshore DWI - 2013		23,500.00	90.00			23,410.00
Bullet Proof Vest Program - 2013		6,652.50		6,652.50		
Child Passenger Safety - 2011 amended	3,000.00		2,900.00		100.00	
Clean Communities Program - 2013		134,945.31	134,945.31			
Conifer Tract BB Field - 2011	250,000.00					250,000.00
COPS in Shops Grant - 2012	6,000.00		6,000.00			
Crossroads Community Based Grant - County - 2013		24,046.00	24,046.00			
DPW - NJAW - Poricy Rain Garden - 2013		10,000.00	10,000.00			
DWI County Roadblock - (10/18/13) - 2013		360.00	360.00			
DWI County Roadblock - (4/19/13) - 2013		1,080.00	1,080.00			
DWI County Roadblock - 2013		720.00		720.00		
DWI County Roadblock (12/15/12, 12/28/12) - 2012		1,080.00	1,080.00			
Emergency Management Assistance Program - 2013		5,000.00	5,000.00			
Municipal Alliance - DEDR Grant - 2012	15,480.78		15,252.09		228.69	
Municipal Alliance - DEDR Muni Share (O/E) - 2013		27,205.00	12,982.81			14,222.19
NJLM Sustainable - 2013		5,000.00	5,000.00			
NJOHSP - Target Hardening NY Waterways - 2013		160,000.00				160,000.00
Police Click it or Ticket - 2013		4,000.00	4,000.00			
Recycling Tonnage Grant - 2013		112,091.82	112,091.82			
Rude Awakening - 2011 amended	20,662.50		9,390.00			11,272.50
Senior Citizen Grant - 2013		32,500.00				32,500.00
Senior Citizen Grant Title II - 2012	32,500.00		32,500.00			
	<u>\$ 457,896.28</u>	<u>\$ 2,085,680.63</u>	<u>\$ 392,723.83</u>	<u>\$ 7,372.50</u>	<u>\$ 328.69</u>	<u>\$ 2,143,151.89</u>
<u>REF.</u>	<u>A</u>	<u>A-2</u>	<u>A-4</u>	<u>A-30</u>		<u>A</u>

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>MODIFIED</u>	<u>2013 APPROPRIATION</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE DECEMBER 31, 2013</u>
SHRAP (Sandy Homeowner/Renter Assistance Program) - 2013	\$	\$	\$ 1,537,500.00	\$	\$	1,537,500.00
Efficiency and Conservative Grant - 2011	73,047.19	298,040.31		274,639.95	23,400.36	
Federal Body Armor Reserve - 2007	1,371.63	1,371.63		1,371.63		
Federal Body Armor Reserve - 2011	292.63	292.63				292.63
Federal Body Armor Grant - 2012	5,545.00	5,545.00		321.20		5,223.80
Federal Body Armor Reserve - 2012	1,430.00	1,430.00				1,430.00
Body Armor Replacement - 2010	8,542.39	8,542.39		2,957.22		5,585.17
Body Armor Replacement - 2011	9,361.58	9,361.58				9,361.58
Body Armor Replacement - 2012	9,606.84	9,606.84				9,606.84
Bullet Proof Vest Program - 2013			6,652.50			6,652.50
Child Passenger Safety Grant - 2011	3,000.00	3,000.00				3,000.00
Clean Communities Program - 2012	114,937.01	114,937.01		114,937.01		
Clean Communities Program - 2013			134,945.31			134,945.31
COPS in Shops Grant - 2012	5,600.00	5,600.00		4,000.00		1,600.00
DPW - NJAW - Poricy Rain Garden - 2013			10,000.00	7,966.73		2,033.27
Drunk Driving Enforcement Fund - 2011	3,151.16	3,151.16		3,151.16		
Drunk Driving Enforcement Fund - 2012	15,040.08	15,040.08		7,948.84		7,091.24
Drunk Driving Enforcement Fund Training - 2010	5,525.00	5,525.00				5,525.00
Drunk Driving Enforcement Fund Training - 2011	15,000.00	15,000.00				15,000.00
Drunk Driving Enforcement Fund Training - 2012	15,000.00	15,000.00				15,000.00
Emergency Management Assistance Program - 2013			5,000.00	5,000.00		
NJLM Sustainable Jersey - 2013			5,000.00			5,000.00
NJOHSP - Target Hardening NY Waterways - 2013			160,000.00	159,547.29		452.71
Police Body Armor Replacement - 2010	3,015.05	3,015.05		3,015.05		
Police Click it or Ticket - 2013			4,000.00	4,000.00		
Police Rude Awakenings - 2011	24,400.00	24,400.00		9,400.00		15,000.00
Recycling Tonnage Grant - 2010		143,290.10		143,290.10		
Recycling Tonnage Grant - 2011		124,537.81		124,537.81		
Recycling Tonnage Grant - 2011	130,501.31	132,553.40		102,667.59		29,885.81
Recycling Tonnage Grant - 2012	114,465.91	114,465.91				114,465.91
Recycling Tonnage Grant - 2013			112,091.82			112,091.82
Senior Citizen Grant - 2013			32,500.00	32,500.00		
Bayshore DWI - 2011	16,000.00	16,000.00		6,350.00		9,650.00
Bayshore DWI - 2013			23,500.00			23,500.00

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

PROGRAM	BALANCE DECEMBER 31, 2012	MODIFIED	2013 APPROPRIATION	EXPENDED	CANCELED	BALANCE DECEMBER 31, 2013
DWI County Roadblock - 2013	\$	\$	\$ 720.00	\$ 720.00	\$	
DWI County Roadblock - (4/19/13) - 2013			1,080.00	1,080.00		
DWI County Roadblock - (10/18/13) - 2013			360.00	360.00		
DWI County Roadblock (12/15/12, 12/28/12) - 2012			1,080.00	1,080.00		
Municipal Alliance - DEDR County Share - 2012	204.85	6,981.41		6,752.72	228.69	
Municipal Alliance - DEDR Muni Share - 2012		1,709.00		1,709.00		
Municipal Alliance - DEDR Muni Share (O/E) - 2013			27,205.00	25,266.86		1,938.14
Municipal Alliance - DEDR Muni Share (S/W) - 2013			6,801.00	6,801.00		
Crossroads Community Based Grant - County - 2013			24,046.00	24,046.00		
Crossroads Community Based Grant - Muni - 2013			6,012.00	6,012.00		
Assistance to Fire Fighters - 2012	114,626.24	114,626.24				114,626.24
Assistance to Fire Fighters - 2012 - Match	28,656.55	28,656.55				28,656.55
Matching Funds for Grants			10,000.00		10,000.00	
	<u>\$ 718,320.42</u>	<u>\$ 1,221,679.10</u>	<u>\$ 2,108,493.63</u>	<u>\$ 1,081,429.16</u>	<u>\$ 33,629.05</u>	<u>\$ 2,215,114.52</u>
REF.	A		A-3			A
Appropriated Reserve	A-29	\$ 718,320.42				
Transferred from Encumbrances Payable	A-31	<u>503,358.68</u>				
		<u>\$ 1,221,679.10</u>				
Disbursed	A-4			\$ 895,045.07		
Transferred to Encumbrances Payable	A-31			<u>186,384.09</u>		
				<u>\$ 1,081,429.16</u>		

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS UNAPPROPRIATED

<u>PROGRAM</u>	BALANCE DECEMBER 31, 2012	APPLIED TO 2013 BUDGET
Bulletproof Vest Program	\$ 6,652.50	\$ 6,652.50
DWI County Roadblock - 2013	<u>720.00</u>	<u>720.00</u>
	\$ <u>7,372.50</u>	\$ <u>7,372.50</u>
<u>REF.</u>	A	A-28

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2012	A	\$ 503,358.68
Increased by:		
Charged to Appropriated Grant Reserve	A-29	<u>186,384.09</u>
		\$ <u>689,742.77</u>
Decreased by:		
Transferred to Appropriated Grant Reserve	A-29	<u>503,358.68</u>
Balance, December 31, 2013	A	\$ <u><u>186,384.09</u></u>

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>		<u>DUE CURRENT FUND</u>
Balance, December 31, 2012 (Receivable)	A		\$ 771,155.32
Increased by			
Matching Funds for Grants	A-14		<u>22,813.00</u>
			793,968.32
Decreased by:			
Cash Receipts	A-4	\$ 502,321.24	
Grants Reserves Cancelled - Net	A-1	<u>33,300.36</u>	
			<u>535,621.60</u>
Balance, December 31, 2013 (Receivable)	A		\$ <u><u>258,346.72</u></u>



TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF ANIMAL LICENSE FEES DUE STATE OF NEW JERSEY

	<u>REF.</u>		
Balance, December 31, 2012	B	\$	7.80
Increased by:			
Cash Receipts	B-2	\$	<u>8,750.40</u>
			8,758.20
Decreased by:			
Cash Disbursements	B-2	\$	<u>8,699.40</u>
Balance, December 31, 2013	B	\$	<u><u>58.80</u></u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>			
Balance, December 31, 2012	B		\$	52,968.35
Increased by:				
Dog License Fees	B-1	\$	110,952.79	
Other Fees	B-1		<u>22,797.33</u>	
				<u>133,750.12</u>
			\$	<u>186,718.47</u>
Decreased by:				
Expenditures Under R.S.4:19-15.11	B-1	\$	<u>133,424.31</u>	\$
				<u>133,424.31</u>
Balance, December 31, 2013	B		\$	<u><u>53,294.16</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2011	\$ 131,777.00
2012	<u>114,075.83</u>
	\$ <u><u>245,852.83</u></u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2012	B	\$	107,837.50
Increase by:			
Grant Awards	B-7		232,547.00
		\$	<u>340,384.50</u>
Decreased by:			
Cash Receipts	B-1		<u>94,980.55</u>
Balance, December 31, 2013	B	\$	<u><u>245,403.95</u></u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS AND RESERVES

	BALANCE DECEMBER 31, 2012	PRIOR YEAR ENCUMBRANCES	MODIFIED	CASH RECEIPTS	CASH DISBURSEMENTS	ENCUMBRANCES	BALANCE DECEMBER 31, 2013
Accumulated Leave	\$ 614,092.39	\$	\$ 614,092.39	\$	\$ 345,104.56	\$	268,987.83
Alliance for Drug Abuse	1,930.64		1,930.64	133.10	369.26		1,694.48
AT&T Off-Site	24,835.00		24,835.00				24,835.00
Cable TV Settlement	368.17		368.17				368.17
Cash Surety Bonds	1,840,843.07		1,840,843.07	140,233.25	482,442.10		1,498,634.22
C/O's Cash Bonds	49,085.29		49,085.29				49,085.29
CCO - DCA Fees	35,437.00		35,437.00	91,316.00	84,947.00		41,806.00
Rude Awakening	4,683.26		4,683.26	25.00	529.78		4,178.48
Summer Concerts	2,562.74		2,562.74				2,562.74
Elevator Inspection Fees	36,392.10		36,392.10				36,392.10
Engineering and Inspection	805,332.04	580.50	805,912.54	338,784.90	328,946.51	580.50	815,170.43
Environmental Disturbance	6,064.29		6,064.29	387.19			6,451.48
Grading Plan Review	49,521.02		49,521.02	32,750.00	31,468.31		50,802.71
Green Acres	212,441.45	2,404.58	214,846.03	298,554.47	371,182.56	4,075.49	138,142.45
Interest on Cash Surety Bond	208,607.71		208,607.71	3,076.92	6,188.10		205,496.53
Interlocal Fees - Keansburg	1,000.00		1,000.00				1,000.00
Interlocal Fees - Long Branch	27,188.58		27,188.58				27,188.58
Interlocal Fees - Shrewsbury	25,544.00		25,544.00	5,000.00			30,544.00
Law Enforcement	2,429.37	34,744.87	37,174.24	23,302.81	17,727.31	17,017.56	25,732.18
Legal Fees	6,339.79		6,339.79		2,996.60		3,343.19
Miscellaneous	11,093.94		11,093.94	19.32			11,113.26
Mount Laurel Fees	399,519.07	82,252.00	481,771.07	353,504.17	129,147.00	42,136.00	663,992.24
Neighborhood Preservation Grant	867.43		867.43				867.43
Outside Liens	937,966.74		937,966.74	5,777,159.28	6,266,982.16		448,143.86
POAA	5,722.59		5,722.59	1,602.00			7,324.59
Police off Duty	296,346.36	56,249.58	352,595.94	790,153.04	812,309.57	32,160.85	298,278.56
Federal Justice Forfeiture Fund				13,466.57			13,466.57
Premiums Received at Tax Sale	651,785.00		651,785.00	3,347,600.00	972,700.00		3,026,685.00
Public Defender	5,209.82		5,209.82	14,512.50	16,599.92		3,122.40
Recycling Rider	232,962.08	280,988.01	513,950.09	240,384.83	12,999.41	260,470.50	480,865.01
Self Insurance	523,189.51	446,136.92	969,326.43	1,359,563.46	1,207,192.92	3,136.47	1,118,560.50
Self Insurance - Unemployment Compensation	167,367.63		167,367.63		15,754.87		151,612.76
Shade Tree Commission	13,776.67		13,776.67				13,776.67
Sidewalk Contribution	262,274.07		262,274.07	2,000.00			264,274.07
Site Plans	30,668.24	7,275.00	37,943.24	36,407.27	27,984.60		46,365.91
Snow Removal	172,503.90		172,503.90	200,000.00	135,511.21	25,178.51	211,814.18
Special Trust - Fire Prevention	23,320.56	145.96	23,466.52	2,010.00	3,993.24	1,740.96	19,742.32
Street Improvements	146.75		146.75				146.75
Street Openings	50,656.38		50,656.38	13,080.00	12,560.00		51,176.38
Unclaimed Court Bail	65,193.60		65,193.60		250.00		64,943.60
	\$ 7,805,268.25	\$ 910,777.42	\$ 8,716,045.67	\$ 13,085,026.08	\$ 11,285,886.99	\$ 386,496.84	\$ 10,128,687.92
REF.	B	B-10		B-1	B-1	B-10	B
Reserves	B-5	\$	\$ 7,805,268.25				
Reserve for Encumbrances	B-10		910,777.42				
		\$	\$ 8,716,045.67				

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE FUND

	<u>REF.</u>		
Balance, December 31, 2012	B	\$	949,688.44
Increased by:			
Cash Receipts:			
2013 Tax Levy		\$	2,009,962.44
Other			
	B-1		<u>2,009,962.44</u>
		\$	<u>2,959,650.88</u>
Decreased by:			
Cash Disbursements:			
Bond Principal		\$	
Bond Interest			
Other Expenses			<u>2,245,221.73</u>
	B-1		<u>2,245,221.73</u>
Balance, December 31, 2013	B	\$	<u><u>714,429.15</u></u>

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

Balance, December 31, 2012	B	\$	284,423.62
Increased by:			
Grant Awards	B-4	\$	232,547.00
Transferred from Encumbrances Payable	B-10		<u>31,084.14</u>
			<u>263,631.14</u>
		\$	<u>548,054.76</u>
Decreased by:			
Cash Disbursements	B-1	\$	268,892.43
Transferred to Encumbrances Payable	B-10		<u>47,497.48</u>
			<u>316,389.91</u>
Balance, December 31, 2013	B	\$	<u><u>231,664.85</u></u>

"B-8"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR SELF-INSURANCE FUND

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ 58,857.40
Increased by:		
Cash Receipts	B-1	6,293,807.36
		\$ <u>6,352,664.76</u>
Decreased by:		
Cash Disbursements	B-1	5,925,285.99
Balance, December 31, 2013	B	\$ <u><u>427,378.77</u></u>

"B-9"

SCHEDULE OF RESERVE FOR PAYROLL FUND

	<u>REF.</u>	
Balance, December 31, 2012	B	\$ 690,525.37
Increased by:		
Cash Receipts	B-1	32,547,471.84
		\$ <u>33,237,997.21</u>
Decreased by:		
Cash Disbursements	B-1	32,502,583.81
Balance, December 31, 2013	B	\$ <u><u>735,413.40</u></u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

	<u>REF.</u>	<u>TOTAL</u>	<u>OTHER TRUST FUNDS</u>	<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>
Balance, December 31, 2012	B	941,861.56	910,777.42 \$	31,084.14
Increased by:				
Transferred from Reserves	B-5; B-7	<u>433,994.32</u>	<u>386,496.84</u>	<u>47,497.48</u>
		1,375,855.88	1,297,274.26 \$	78,581.62
Decreased by:				
Transferred to Reserves	B-5; B-7	<u>941,861.56</u>	<u>910,777.42</u>	<u>31,084.14</u>
Balance, December 31, 2013	B	\$ <u><u>433,994.32</u></u> \$	\$ <u><u>386,496.84</u></u> \$	<u><u>47,497.48</u></u>

"B-11"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	<u>TRUST OTHER FUND</u>
Increased by:		
Cash Receipts	B-2	\$ <u>24,382,668.62</u>
Decreased by:		
Cash Disbursements	B-2	\$ <u><u>24,382,668.62</u></u>

"B-12"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

	<u>REF.</u>		<u>TRUST OTHER FUND</u>
Increased by:			
Cash Receipts	B-1	\$	49,000.00
Decreased by:			
Cash Disbursement	B-1	\$	<u>49,000.00</u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 11,216,892.40
Increased by Receipts:			
Grants Receivable	C-4	\$ 410,567.44	
Due Current Fund	C-7	30,814,860.45	
Bond Anticipation Note	C-11	12,282,725.00	
Various Reserves	C-12	57,707.00	
Improvement Authorizations - Refunds	C-8	950.00	
2013 Budget Appropriation			
Capital Improvement Fund	C-13	<u>175,000.00</u>	
			<u>43,741,809.89</u>
			\$ <u>54,958,702.29</u>
Decreased by Disbursements:			
Capital Surplus to Current Fund	C-1	\$ 680,000.00	
Due Current Fund	C-7	30,814,860.45	
Bond Anticipation Note	C-11	10,145,225.00	
Due Open Space Trust Fund	C-15	49,000.00	
Contracts Payable	C-14	<u>5,632,161.85</u>	
			<u>47,321,247.30</u>
Balance, December 31, 2013	C		\$ <u><u>7,637,454.99</u></u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	BALANCE DECEMBER <u>31, 2013</u>
Fund Balance	\$ 3,917,308.81
Capital Improvement Fund	94,459.00
Improvement Authorizations Funded (Listed on Exhibit "C-8")	1,071,757.91
Improvement Authorization Expenditures (Listed on Exhibit "C-6")	(3,665,553.29)
Cash on Hand (Listed on Exhibit "C-6")	65,136.01
Unexpended Proceeds of Bond Anticipation Notes (Exhibit "C-6")	3,128,548.55
Contracts Payable	3,304,384.24
Various Reserves	73,346.32
Grants Receivable	<u>(351,932.56)</u>
	\$ <u><u>7,637,454.99</u></u>

REF.

C

TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2012	C	\$ 562,500.00
Increased by:		
Improvement Authorization #3065;3072	C-8	<u>200,000.00</u>
		762,500.00
Decreased by:		
Cash Receipts	C-2	<u>410,567.44</u>
Balance, December 31, 2013	C	<u>\$ 351,932.56</u>
Analysis of Balance		
Department of Transportation:		
3065;3072 - Kings Highway IV (Monmouth Ave)		\$ 50,000.00
3065;3072 - Murphy Road		50,000.00
3091 - Various Road Improvements		51,932.56
3045 - County of Monmouth Open Space		<u>200,000.00</u>
		<u>\$ 351,932.56</u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES  
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2012	C		\$ 53,033,314.00
Decreased by:			
Serial Bonds Paid by Budget	C-9	\$ 5,303,637.00	
Loan Paid by Budget	C-10	<u>89,505.24</u>	
			<u>5,393,142.24</u>
Balance, December 31, 2013	C		\$ <u>47,640,171.76</u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2012	2013 AUTHORIZATIONS	DECREASED BY		BALANCE DECEMBER 31, 2013	ANALYSIS OF BALANCE DECEMBER 31, 2013		
				NOTES PAID BY BUDGET APPROPRIATION	CANCELLED		BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATION
	General Improvements								
2779	Acquisition of Real Property	\$ 800,000.00				\$ 800,000.00		\$ 800,000.00	
2783	Acquisition of Real Property	89,143.00				89,143.00		89,143.00	
2847	Acquisition of Open Space	500.00				500.00		500.00	
2852	Acquisition of Real Property	409,500.00				409,500.00		409,500.00	
2931	Dredging of Shadow Lake	261,548.00			130,773.69	130,774.31		130,774.00	0.31
2946	Penelope Lane	7,082.00				7,082.00		7,082.00	
3016	Tax Appeals	573,000.00		191,000.00	5,990.31	376,009.69	376,009.69		
3020	Street and Drain Design and Construction	649,325.00		65,000.00		584,325.00	584,325.00		
3031	Road Improvements	2,612,500.00				2,612,500.00	2,612,500.00		
3032	Tax Appeals	1,748,000.00		437,000.00	59,145.70	1,251,854.30	1,251,854.30		
3034	Various Capital Improvements	576,650.00				576,650.00	576,650.00		
3045	Various Capital Improvements	1,733,750.00				1,733,750.00	1,733,750.00		
3050	Drainage Improvements	760,000.00				760,000.00	760,000.00		
3051	Shadow Lake Dredging	3,800,000.00			3,592,799.87	207,200.13		207,200.13	
3056	Refunding Bond Ordinance	2,776,000.00			2,758,335.01	17,664.99		17,664.99	
3065;3072	Various Road Improvements	2,185,000.00				2,185,000.00	2,185,000.00		
3070	Acquisition of Portable/Vehicle Radios	712,500.00				712,500.00	712,500.00		
3087	Various Field Improvements		1,425,000.00			1,425,000.00	1,425,000.00		
3091	Various Capital Improvements		2,354,575.00			2,354,575.00		2,003,689.17	350,885.83
		<u>\$ 19,694,498.00</u>	<u>\$ 3,779,575.00</u>	<u>\$ 693,000.00</u>	<u>\$ 6,547,044.58</u>	<u>\$ 16,234,028.42</u>	<u>\$ 12,217,588.99</u>	<u>\$ 3,665,553.29</u>	<u>\$ 350,886.14</u>
		REF. C	C-8	C-11	C-8	C		C-3	
Unexpended Balances of Unfunded Improvement Authorizations C-8 \$ 3,479,434.69									
Less: Unexpended Proceeds of Bond Anticipation Notes C-3 <u>3,128,548.55</u>									
<u>\$ 350,886.14</u>									
Bond Anticipation Notes C-16 \$ 12,282,725.00									
Less : Cash On Hand To Pay Notes C-3 <u>65,136.01</u>									
<u>\$ 12,217,588.99</u>									

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Increased by:		
Cash Disbursements	C-2	\$ <u>30,814,860.45</u>
Decreased by:		
Cash Receipts	C-2	\$ <u><u>30,814,860.45</u></u>

TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	AMOUNT	BALANCE DECEMBER 31, 2012		2013 AUTHORIZATIONS	CONTRACTS PAYABLE	ENCUMBRANCES CANCELED	AUTHORIZATIONS CANCELED	BALANCE DECEMBER 31, 2013	
				FUNDED	UNFUNDED					FUNDED	UNFUNDED
2871	Various Improvements	04/17/06	\$ 2,500,000.00	\$ 450.00				\$ 43,799.00		\$ 44,249.00	
2907	Various Road Improvements	03/19/07	4,080,000.00					31,884.00		31,884.00	
2931	Shadow Lake	12/03/07	3,800,000.00		130,774.00				130,773.69		0.31
2949	Various Improvements	10/20/08	3,343,500.00	685,628.19			510,870.91		15,373.70	159,383.58	
2950	Throckmorton, Ko Gorny Property	10/20/08	49,000.00	49,000.00					49,000.00		
2963	Various Road Improvements	04/20/09	870,000.00	126,347.72						126,347.72	
2985	Various Road Improvements	08/17/09	4,645,250.00	615,047.32				20,145.78	39,825.05	595,368.05	
2986	Park Improvements	08/17/09	1,405,000.00	126,326.23			14,082.13			112,244.10	
2993	Storm/Flood Water Drainage Improvements	11/16/09	200,000.00	2,281.46						2,281.46	
3016	Tax Appeals	08/16/10	955,000.00		6,577.12		586.81		5,990.31		
3020	Street and Drain Design and Construction	11/15/10	683,500.00		179,097.54		35,755.93				143,341.61
3031	Road Improvements	04/18/11	3,000,000.00		773,498.48			190,417.62			963,916.10
3032	Tax Appeals	06/20/11	2,185,000.00		61,023.32		1,877.62		59,145.70		
3034	Various Capital Improvements	06/20/11	607,000.00		79,669.05		61,477.41				18,191.64
3045	Various Capital Improvements	10/17/11	2,075,000.00		1,242,631.73		332,429.84				910,201.89
3050	Drainage Improvements	01/17/12	800,000.00		439,349.22		54,559.70				384,789.52
3051	Shadow Lake Dredging	01/17/12	3,800,000.00		3,421,466.79			171,333.08	3,592,799.87		
3056	Refunding Bond Ordinance	03/19/12	2,776,000.00		2,776,000.00		17,664.99		2,758,335.01		
3065;3072	Various Road Improvements	06/18/12;11/19/12	2,700,000.00		568,577.24			50,214.89			618,792.13
3070	Acquisition of Portable/Vehicle Radios	08/20/12	750,000.00		77,427.47			5,870.22			83,297.69
3087	Various Field Improvements	04/15/13	1,500,000.00			1,500,000.00	1,493,982.03				6,017.97
3091	Various Capital Improvements	05/20/13	2,678,500.00			2,678,500.00	2,327,614.17				350,885.83
				\$ 1,605,080.92	\$ 9,756,091.96	\$ 4,178,500.00	\$ 4,850,901.54	\$ 513,664.59	\$ 6,651,243.33	\$ 1,071,757.91	\$ 3,479,434.69
				REF.	C	C		C-14		C:C-3	C:C-6
Bonds and Notes				C-6		\$ 3,779,575.00					
Capital Improvement Fund				C-13		198,925.00					
Grants Receivable				C-4		200,000.00					
						\$ 4,178,500.00					
Contracts Payable				C-14			\$ 4,851,851.54				
Less: Refunded				C-2			950.00				
							\$ 4,850,901.54				
Bonds and Notes				C-6				\$ 6,547,044.58			
Capital Surplus				C-1				55,198.75			
				C-15				49,000.00			
								\$ 6,651,243.33			

TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Obligation	12/14/2000	\$ 5,487,000.00	12/1/2015	\$ 3,000.00	5.250%	\$	\$	
			12/1/2016	3,000.00	5.300%	6,000.00		6,000.00
General Obligation	12/13/2001	6,413,000.00	12/1/2014	3,000.00	5.000%			
			12/1/2016	4,000.00	5.000%			
			12/1/2018	1,000.00	5.000%			
			12/1/2019	3,000.00	5.000%			
			12/1/2020	1,000.00	5.000%	13,000.00	1,000.00	12,000.00
General Obligation	12/1/2002	10,031,000.00	12/1/2014	3,000.00	5.000%			
			12/1/2015	1,000.00	5.000%			
			12/1/2016	4,000.00	5.000%			
			12/1/2018	1,000.00	5.000%			
			12/1/2019	4,000.00	5.000%	16,000.00	3,000.00	13,000.00
General Obligation	12/1/2003	6,357,000.00				483,000.00	483,000.00	
General Obligation	12/10/2004	16,715,000.00	12/01/14	878,000.00	3.75%	1,722,000.00	844,000.00	878,000.00
General Obligation	12/29/2005	5,786,000.00	12/01/14	304,000.00	5.000%			
			12/01/15	318,000.00	5.000%	915,000.00	293,000.00	622,000.00
Open Space	12/29/2005	4,311,000.00	12/01/14	228,000.00	5.000%			
			12/01/15	239,000.00	5.000%	684,000.00	217,000.00	467,000.00
Refunding Bonds	4/3/2006	2,777,000.00	2/1/2014	273,000.00	3.800%			
			2/1/2005	272,000.00	5.000%			
			2/1/2016	270,000.00	3.800%	1,089,000.00	274,000.00	815,000.00
General Obligation	12/21/2006	4,312,000.00	12/1/2014	304,000.00	5.000%			
			12/1/2015	319,000.00	5.000%			
			12/1/2016	335,000.00	5.000%			
			12/1/2017	352,000.00	5.000%			
			12/1/2018	370,000.00	5.000%			
			12/1/2019	388,000.00	5.000%			
			12/1/2020	408,000.00	5.000%	2,769,000.00	293,000.00	2,476,000.00

TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Open Space	12/21/2006	\$ 2,822,000.00	12/1/2014	\$ 165,000.00	5.000%	\$	\$	\$
			12/1/2015	174,000.00	5.000%			
			12/1/2016	182,000.00	5.000%			
			12/1/2017	191,000.00	5.000%			
			12/1/2018	201,000.00	5.000%			
			12/1/2019	211,000.00	5.000%			
			12/1/2020	221,000.00	5.000%			
			12/1/2021	233,000.00	5.000%			
			12/1/2022	245,000.00	4.130%			
General Refunding	4/12/2007	16,723,221.00	12/1/2014	1,714,585.00	5.000%			
			12/1/2015	1,804,171.00	5.000%			
			12/1/2016	1,886,311.00	5.000%			
			12/1/2017	1,489,317.00	5.000%			
			12/1/2018	1,306,270.00	5.000%			
			12/1/2019	1,359,411.00	5.000%			
			12/1/2020	1,075,180.00	4.000%			
			12/1/2021	1,097,350.00	4.000%			
			12/1/2022	666,485.00	4.000%			
Open Space Refunding	4/12/2007	1,205,348.00	12/1/2014	104,003.00	5.000%			
			12/1/2015	110,974.00	5.000%			
			12/1/2016	111,837.00	5.000%			
			12/1/2017	125,238.00	5.000%			
			12/1/2018	123,730.00	5.000%			
			12/1/2019	131,589.00	5.000%			
			12/1/2020	130,820.00	4.000%			
			12/1/2021	135,650.00	4.000%			
			12/1/2022	76,515.00	4.000%			
General Obligation	12/13/2007	3,228,000.00	12/1/2014	221,000.00	5.000%			
			12/1/2015	233,000.00	5.000%			
			12/1/2016	244,000.00	5.000%			
			12/1/2017	256,000.00	5.000%			
			12/1/2018	269,000.00	5.250%			
			12/1/2019	283,000.00	4.000%			
			12/1/2020	295,000.00	4.000%			
			12/1/2021	306,000.00	5.250%			
			12/1/2022	322,000.00	4.250%			

TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2013</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>						
			<u>DATE</u>	<u>AMOUNT</u>										
General Obligation	12/4/2008	\$ 3,341,000.00	12/1/2014	\$ 199,000.00	5.000%	\$	\$	\$						
			12/1/2015	209,000.00	5.000%									
			12/1/2016	220,000.00	4.000%									
			12/1/2017	229,000.00	4.000%									
			12/1/2018	238,000.00	5.250%									
			12/1/2019	250,000.00	4.500%									
			12/1/2020	261,000.00	4.500%									
			12/1/2021	273,000.00	5.000%									
			12/1/2022	287,000.00	5.250%									
			12/1/2023	302,000.00	5.000%				2,658,000.00	190,000.00	2,468,000.00			
General Obligation	12/30/2009	5,966,000.00	12/1/2014	355,000.00	2.500%									
			12/1/2015	364,000.00	4.000%									
			12/1/2016	378,000.00	4.000%									
			12/1/2017	393,000.00	4.000%									
			12/1/2018	409,000.00	4.000%									
			12/1/2019	425,000.00	4.000%									
			12/1/2020	442,000.00	5.000%									
			12/1/2021	465,000.00	5.000%									
			12/1/2022	488,000.00	5.000%									
			12/1/2023	512,000.00	5.000%									
			12/1/2024	538,000.00	5.000%				5,108,000.00	339,000.00	4,769,000.00			
			General Refunding	3/30/2011	979,000.00				12/1/2014	250,000.00	3.000%	495,000.00	245,000.00	250,000.00
			Refunding Bonds	5/22/2012	8,870,000.00				12/1/2014	480,000.00	4.000%			
12/1/2015	985,000.00	4.000%												
12/1/2016	1,350,000.00	4.000%												
12/1/2017	1,405,000.00	4.000%												
12/1/2018	900,000.00	4.000%												
12/1/2019	930,000.00	4.000%												
12/1/2020	970,000.00	4.000%												
12/1/2021	1,005,000.00	4.000%												
12/1/2022	410,000.00	5.000%												
12/1/2023	435,000.00	5.000%				8,870,000.00		8,870,000.00						

TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2013		INTEREST RATE	BALANCE DECEMBER 31, 2012	DECREASED	BALANCE DECEMBER 31, 2013
			DATE	AMOUNT				
Refunding Bonds (Open Space Trust)	5/22/2012	\$ 7,275,000.00	12/1/2015	\$ 420,000.00	4.000%	\$	\$	\$
			12/1/2016	685,000.00	4.000%			
			12/1/2017	710,000.00	4.000%			
			12/1/2018	735,000.00	4.000%			
			12/1/2019	770,000.00	4.000%			
			12/1/2020	800,000.00	4.000%			
			12/1/2021	825,000.00	4.000%			
			12/1/2022	855,000.00	5.000%			
			12/1/2023	900,000.00	5.000%			
			12/1/2024	575,000.00	5.000%			
						7,275,000.00		7,275,000.00
						\$ 51,926,073.00	\$ 5,303,637.00	\$ 46,622,436.00
					REF.	C	C-5	C

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2012	C	\$ 1,107,241.00
Decreased by:		
Loans Paid by Budget	C-5	<u>89,505.24</u>
Balance December 31, 2013	C	<u>\$ 1,017,735.76</u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2013</u>
3016	Tax Appeals	12/23/10	09/18/12	09/17/13	1.25%	\$ 573,000.00	\$	\$ 573,000.00	\$
3016	Tax Appeals	12/23/10	09/17/13	09/16/14	1.25%		382,000.00		382,000.00
3020	Street and Drain Design and Construction	12/23/10	09/18/12	09/17/13	1.25%	649,325.00		649,325.00	
3020	Street and Drain Design and Construction	09/20/11	09/17/13	09/16/14	1.25%		584,325.00		584,325.00
2031	Various Road Improvements	09/20/11	09/18/12	09/17/13	1.25%	2,612,500.00		2,612,500.00	
2031	Various Road Improvements	09/20/11	09/17/13	09/16/14	1.25%		2,612,500.00		2,612,500.00
2032	Tax Appeals	09/20/11	09/18/12	09/17/13	1.25%	1,748,000.00		1,748,000.00	
2032	Tax Appeals	09/20/11	09/17/13	09/16/14	1.25%		1,311,000.00		1,311,000.00
3034	Various Capital Improvements	09/18/12	09/18/12	09/17/13	1.25%	576,650.00		576,650.00	
3034	Various Capital Improvements	09/18/12	09/17/13	09/16/14	1.25%		576,650.00		576,650.00
3045	Various Capital Improvements	09/18/12	09/18/12	09/17/13	1.25%	1,733,750.00		1,733,750.00	
3045	Various Capital Improvements	09/18/12	09/17/13	09/16/14	1.25%		1,733,750.00		1,733,750.00
3050	Drainage Improvements	09/18/12	09/18/12	09/17/13	1.25%	760,000.00		760,000.00	
3050	Drainage Improvements	09/18/12	09/17/13	09/16/14	1.25%		760,000.00		760,000.00
3065	Various Road Improvements	09/18/12	09/18/12	09/17/13	1.25%	2,185,000.00		2,185,000.00	
3065	Various Road Improvements	09/18/12	09/17/13	09/16/14	1.25%		2,185,000.00		2,185,000.00
3070	Acquisition of Portable/Vehicle Radios	09/17/13	09/17/13	09/16/14	1.25%		712,500.00		712,500.00
3087	Various Field Improvements	09/17/13	09/17/13	09/16/14	1.25%		1,425,000.00		1,425,000.00
						<u>\$ 10,838,225.00</u>	<u>\$ 12,282,725.00</u>	<u>\$ 10,838,225.00</u>	<u>\$ 12,282,725.00</u>
					<u>REF.</u>	<u>C</u>	<u>C-2</u>		<u>C</u>
					Cash Disbursements	C-2	\$	10,145,225.00	
					Notes Paid by Budget	C-6		<u>693,000.00</u>	
							\$	<u>10,838,225.00</u>	



TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2012	C	\$ 118,384.00
Increased by:		
2013 Budget Appropriation	C-2	175,000.00
		\$ <u>293,384.00</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations:	C-8	<u>198,925.00</u>
Balance, December 31, 2013	C	\$ <u><u>94,459.00</u></u>

TOWNSHIP OF MIDDLETOWN  
GENERAL CAPITAL FUND  
SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2012	C		\$ 4,598,359.14
Increased by:			
Improvement Authorizations	C-8	\$ <u>4,851,851.54</u>	<u>4,851,851.54</u>
			\$ <u>9,450,210.68</u>
Decreased by:			
Cash Disbursements	C-2	\$ 5,632,161.85	
Contracts Payable Canceled	C-8	<u>513,664.59</u>	<u>6,145,826.44</u>
Balance, December 31, 2013	C		\$ <u><u>3,304,384.24</u></u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DUE OPEN SPACE TRUST FUND

	<u>REF.</u>	
Increased by:		
Authorizations Cancelled	C-8	\$ <u>49,000.00</u>
Decreased by:		
Cash Disbursements	C-2	\$ <u><u>49,000.00</u></u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORDINANCE NUMBER	IMPROVEMENT AUTHORIZATION	BALANCE DECEMBER 31, 2012	INCREASED BY 2013 AUTHORIZATIONS	DECREASED BY BOND ANTICIPATION NOTES ISSUED	CANCELLED	BALANCE DECEMBER 31, 2013
2779	Acquisition of Real Property	\$ 800,000.00	\$	\$	\$	800,000.00
2783	Acquisition of Real Property	89,143.00				89,143.00
2847	Acquisition of Open Space	500.00				500.00
2852	Acquisition of Real Property	409,500.00				409,500.00
2931	Dredging of Shadow Lake	261,548.00			130,773.69	130,774.31
2946	Penelope Lane	7,082.00				7,082.00
3051	Shadow Lake Dredging	3,800,000.00			3,592,799.87	207,200.13
3056	Refunding Bond Ordinance	2,776,000.00			2,758,335.01	17,664.99
3070	Acquisition of Portable/Vehicle Radios	712,500.00		712,500.00		0.00
3087	Various Field Improvements		1,425,000.00	1,425,000.00		0.00
3091	Various Capital Improvements		2,354,575.00			2,354,575.00
		<u>\$ 8,856,273.00</u>	<u>\$ 3,779,575.00</u>	<u>\$ 2,137,500.00</u>	<u>\$ 6,481,908.57</u>	<u>\$ 4,016,439.43</u>
	<u>Ref.</u>					
	Bond Anticipation Notes			\$ 12,282,725.00		
	Less: Renewals			<u>10,145,225.00</u>		
				<u>\$ 2,137,500.00</u>		

TOWNSHIP OF MIDDLETOWN

SWIMMING POOL UTILITY FUND

SCHEDULE OF SWIMMING POOL UTILITY CASH-TREASURER

	<u>REF.</u>		<u>OPERATING</u>
Balance, December 31, 2012	D		\$ -0-
Increased by Receipts:			
Anticipated Deficit - General Budget	D-3	\$ 57,957.35	
Due Current Fund	D-7	<u>1,024,614.41</u>	
			\$ <u>1,082,571.76</u>
Decreased by Disbursements:			
2013 Appropriations	D-4	\$ <u>1,082,571.76</u>	<u>1,082,571.76</u>
Balance, December 31, 2013	D		\$ <u><u>-0-</u></u>

TOWNSHIP OF MIDDLETOWN  
SWIMMING POOL UTILITY FUND  
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2012 (Due From)	D	\$	1,041,431.22
Decreased by:			
Cash Receipts	D-5	\$	1,024,614.41
Due Swim Pool Capital	D-10		12,884.81
Accrued Interest on Bonds and Notes Cancelled	D-7		3,932.00
			<u>                    </u>
		\$	<u>          1,041,431.22</u>

TOWNSHIP OF MIDDLETOWN

SWIMMING POOL UTILITY FUND

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES

	<u>REF.</u>		
Balance, December 31, 2012	D	\$	3,932.00
Decreased by:			
Cancelled	D-6	\$	<u>3,932.00</u>
		\$	<u><u>3,932.00</u></u>

TOWNSHIP OF MIDDLETOWN  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>BALANCE DECEMBER 31, 2012</u>	<u>DECREASED</u>
Refunding Swim Pool Bonds	4/12/2007	\$ 1,120,431.00	\$ 677,927.00	\$ 677,927.00
Swim Pool Bonds	12/13/2007	274,000.00	<u>204,000.00</u>	<u>204,000.00</u>
		\$	<u>881,927.00</u>	<u>881,927.00</u>

REF.

D

"D-9"

TOWNSHIP OF MIDDLETOWN  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2012	D	\$	11,765.00
Decreased by:			
Cancelled	D-10	\$	<u>11,765.00</u>

"D-10"

SCHEDULE OF DUE SWIMMING POOL OPERTING FUND

	<u>REF.</u>		
Balance, December 31, 2012 (Due to)	D	\$	12,884.81
Decreased by:			
Capital Improvement Fund Cancelled	D-9	\$	11,765.00
Capital Fund Balance Cancelled	D-2		<u>1,119.81</u>
	D-6	\$	<u>12,884.81</u>

TOWNSHIP OF MIDDLETOWN  
SOLID WASTE COLLECTION DISTRICT FUND  
SCHEDULE OF CASH

	<u>REF.</u>		
Balance, December 31, 2012	E	\$	1,300,769.27
Increased by Receipts:			
Solid Waste District Taxes	E-2	\$	<u>3,390,300.00</u>
			<u>3,390,300.00</u>
		\$	<u>4,691,069.27</u>
Decreased by Disbursements:			
2013 Appropriations	E-3	\$	2,833,303.87
2012 Appropriation Reserves	E-6		<u>289,793.18</u>
			<u>3,123,097.05</u>
Balance, December 31, 2013	E	\$	<u><u>1,567,972.22</u></u>

TOWNSHIP OF MIDDLETOWN  
SOLID WASTE COLLECTION DISTRICT FUND  
SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Increased by:		
Transferred from Appropriation Reserves	E-6	\$ <u>52.50</u>
Balance, December 31, 2013	E	\$ <u><u>52.50</u></u>

TOWNSHIP OF MIDDLETOWN  
 SOLID WASTE COLLECTION DISTRICT FUND  
 SCHEDULE OF 2012 APPROPRIATION RESERVES

		BALANCE DECEMBER 31, 2012	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Contractual Services		\$ 158,013.88	\$ 283,120.12	\$ 110,877.74	\$ 172,242.38
Disposal Fees		<u>197,217.39</u>	<u>523,409.19</u>	<u>178,967.94</u>	<u>344,441.25</u>
		<u>\$ 355,231.27</u>	<u>\$ 806,529.31</u>	<u>\$ 289,845.68</u>	<u>\$ 516,683.63</u>
	<u>REF.</u>	E			E-1
Appropriation Reserves	E-6		\$ 355,231.27		
Transferred from Encumbrances Payable	E-7		<u>451,298.04</u>		
			<u>\$ 806,529.31</u>		
Cash Disbursements	E-4			\$ 289,793.18	
Accounts Payable	E-5			<u>52.50</u>	
				<u>\$ 289,845.68</u>	

TOWNSHIP OF MIDDLETOWN  
SOLID WASTE COLLECTION DISTRICT FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2012	E	\$ 451,298.04
Increased by:		
Transferred from Appropriations	E-3	289,442.50
		\$ <u>740,740.54</u>
Decreased by:		
Transferred to Appropriation Reserves	E-6	<u>451,298.04</u>
Balance, December 31, 2013	E	\$ <u><u>289,442.50</u></u>

TOWNSHIP OF MIDDLETOWN

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH - TREASURER

	<u>REF.</u>		<u>P.A.T.F. II</u>
Balance December 31, 2012	F		\$ 65,474.25
Increased by:			
State Aid for Public Assistance		\$ 216,100.00	
Supplemental Security Income		22,040.00	
Other		<u>1,390.00</u>	
	F-4		\$ <u>239,530.00</u>
			\$ <u>305,004.25</u>
Decreased by:			
Public Assistance - 2013	F-5		<u>186,923.00</u>
Balance December 31, 2013	F		\$ <u><u>118,081.25</u></u>

TOWNSHIP OF MIDDLETOWN  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION  
PER N.J.S.A. 40A:5-5

Balance, December 31, 2013	\$	118,081.25
Increased by:		
Cash Receipts		166,495.00
	\$	<u>284,576.25</u>
Decreased by:		
2014 Assistance		<u>96,582.52</u>
Balance, June 30, 2014	\$	<u><u>187,993.73</u></u>

	<u>P.A.T.F. II</u> <u>ACCOUNT</u>	<u>TOTAL</u>
RECONCILIATION - June 30, 2014		
Balance on Deposit per Statement of:		
Investors Saving:		
AC # 500449902847	\$ 188,343.73	\$ 188,343.73
Less: Outstanding Checks	<u>350.00</u>	<u>350.00</u>
Balance, June 30, 2014	<u><u>\$ 187,993.73</u></u>	<u><u>\$ 187,993.73</u></u>

TOWNSHIP OF MIDDLETOWN  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION  
AS OF DECEMBER 31, 2013

Balance, December 31, 2012	\$	65,474.25
Increased by:		
Cash Receipts		239,530.00
	\$	<u>305,004.25</u>
Decreased by:		
Cash Disbursements:		
2013 Assistance		<u>186,923.00</u>
Balance, December 31, 2013	\$	<u><u>118,081.25</u></u>

	<u>P.A.T.F. II</u> <u>ACCOUNT</u>	<u>TOTAL</u>
RECONCILIATION - DECEMBER 31, 2013		
Balance on Deposit per Statement of:		
Investors Saving:		
AC # 500449902847	\$ 118,711.25	\$ 118,711.25
Less: Outstanding Checks	<u>630.00</u>	<u>630.00</u>
Balance, December 31, 2013	\$ <u><u>118,081.25</u></u>	\$ <u><u>118,081.25</u></u>

TOWNSHIP OF MIDDLETOWN  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE REVENUES  
YEAR ENDED DECEMBER 31, 2013

	<u>P.A.T.F. II</u>	<u>FUND</u> <u>TOTAL</u>
State Aid Payments	\$ 216,100.00	\$ 216,100.00
Supplemental Security Income	22,040.00	22,040.00
Other	<u>1,390.00</u>	<u>1,390.00</u>
Total Revenues (P.A.T.F.)	\$ <u><u>239,530.00</u></u>	\$ <u><u>239,530.00</u></u>

REF.

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TOWNSHIP OF MIDDLETOWN

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES

YEAR ENDED DECEMBER 31, 2013

	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
Payments for Current Year Assistance (Reported):		
Maintenance Payments	\$ 122,728.00	\$ 122,728.00
Other:		
Transportation	155.00	155.00
Emergency Assistance	7,408.00	7,408.00
Temporary Rental Assistance	56,592.00	56,592.00
Miscellaneous	40.00	40.00
Total Disbursements (P.A.T.F.)	\$ <u>186,923.00</u>	\$ <u>186,923.00</u>

REF.

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TOWNSHIP OF MIDDLETOWN

PART II

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AND  
STATE FINANCIAL ASSISTANCE PROGRAMS AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH U.S. OMB  
CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AWARDS AND STATE FINANCIAL ASSISTANCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Township of Middletown, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated August 19, 2014. Our report disclosed that, as described in Note 1 to the financial statements, the Township of Middletown prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

August 19, 2014



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL AND  
STATE FINANCIAL ASSISTANCE PROGRAMS AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH U.S. OMB  
CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

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

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

We have audited the Township of Middletown's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Middletown's major federal and state programs for the year ended December 31, 2013. The Township's major federal and state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Township of Middletown's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Middletown's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal and State Program**

In our opinion, the Township of Middletown complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013.

**Report on Internal Control Over Compliance**

Management of the Township of Middletown is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Middletown's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Middletown's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey OMB 04-04. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 50

August 19, 2014

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD		RECEIVED FISCAL YEAR 2013	EXPENDITURES FISCAL YEAR 2013	CUMULATIVE EXPENDITURES JUNE 30, 2013
			FROM	TO			
<u>Department of Housing and Urban Development</u>							
Community Development Block Grant	14.218	\$ 208,637.00	08/01/12	07/31/13	\$ 57,837.50	\$ 57,837.50	\$ 208,637.00
Community Development Block Grant	14.218	232,547.00	08/01/13	07/31/14	37,143.05	86,662.09	86,662.09
Community Development Block Grants - Program Income	14.218	556,369.03	Continuous		46,163.26	186,969.44	470,589.09
					<u>\$ 141,143.81</u>	<u>\$ 331,469.03</u>	<u>\$ 765,888.18</u>
<u>U.S. Department of Energy</u>							
Energy Efficiency and Conservation Block Grant - ARRA	81.128	476,599.64	2010		\$ -0-	\$ 274,639.95	\$ 476,599.64
					<u>\$ -0-</u>	<u>\$ 274,639.95</u>	<u>\$ 476,599.64</u>
<u>U.S. Department of Homeland Security:</u>							
Assistance to Firefighters Grant Program	97.044	465,320.00	03/12/11	03/11/12	\$ 5.80	\$ -0-	\$ 350,693.76
Disaster Grants - Public Assistance	97.036	13,555,027.49	10/30/12	12/31/13	2,512,613.15	13,555,027.49	13,555,027.49
Emergency Management Performance Grant	97.067	5,000.00	07/01/13	06/30/14	5,000.00	5,000.00	5,000.00
					<u>\$ 2,517,618.95</u>	<u>\$ 13,560,027.49</u>	<u>\$ 13,910,721.25</u>
<u>U.S. Department of Justice:</u>							
<u>Pass Through the State of New Jersey:</u>							
<u>Department of Law and Public Safety</u>							
Bulletproof Vest Partnership Program Total Department of Justice	16.607	12,569.00	2007		\$ -0-	\$ 1,371.63	\$ 12,569.00
Bulletproof Vest Partnership Program Total Department of Justice	16.607	12,175.63	2012		-0-	-0-	11,883.00
Bulletproof Vest Partnership Program Total Department of Justice	16.607	6,975.00	2012		-0-	321.20	321.20
Bulletproof Vest Partnership Program Total Department of Justice	16.607	6,652.50	2013		6,652.50	-0-	-0-
COP in Shops - 2012	16.710	8,000.00	2011		6,000.00	4,000.00	6,400.00
					<u>12,652.50</u>	<u>5,692.83</u>	<u>31,173.20</u>
<u>U.S. Department of Transportation</u>							
<u>Pass Through the State of New Jersey:</u>							
<u>Department of Law and Public Safety</u>							
Click it or Ticket	20.600	4,000.00	2013		4,000.00	4,000.00	4,000.00
					<u>\$ 4,000.00</u>	<u>\$ 4,000.00</u>	<u>\$ 4,000.00</u>
					<u>\$ 2,675,415.26</u>	<u>\$ 14,175,829.30</u>	<u>\$ 15,188,382.27</u>

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2013

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	RECEIVED	EXPENDITURES	CUMULATIVE
		FROM	TO		FISCAL YEAR 2013	FISCAL YEAR 2013	EXPENDITURES 2013
<u>Pass Through From County of Monmouth</u>							
Alliance to Prevent Alcoholism and Drug Abuse - 2012	12A-14	1/1/2012	12/31/2012	26,607.31	\$ 15,252.09	\$ 6,752.72	\$ 26,607.31
Alliance to Prevent Alcoholism and Drug Abuse - 2013	13A-14	1/1/2013	12/31/2013	27,205.00	12,982.81	25,266.86	25,266.86
					<u>\$ 28,234.90</u>	<u>\$ 32,019.58</u>	<u>\$ 51,874.17</u>
<u>Department of Environmental Protection</u>							
Clean Communities Program - 2012	4900-765-042004-6020	1/1/2012	12/31/2012	114,937.01	\$ -0-	\$ 114,937.01	\$ 114,937.01
Clean Communities Program - 2013	4900-765-042004-6020	1/1/2013	12/31/2013	134,945.31	134,945.31	-0-	-0-
Recycling Tonnage Grant - 2010	4900-752-042-4900		Continuous	151,432.00	-0-	143,290.10	151,432.00
Recycling Tonnage Grant - 2011	4900-752-042-4900		Continuous	257,091.21	-0-	227,205.40	227,205.40
Recycling Tonnage Grant - 2012	4900-752-042-4900		Continuous	114,465.91	-0-	-0-	-0-
Recycling Tonnage Grant - 2013	4900-752-042-4900		Continuous	112,091.82	112,091.82	-0-	-0-
NJLM Sustainable New Jersey	N/A		2013	5,000.00	5,000.00	-0-	-0-
					<u>\$ 252,037.13</u>	<u>\$ 485,432.51</u>	<u>\$ 493,574.41</u>
<u>Department of Law and Public Safety</u>							
Drunk Driving Enforcement Fund - Prior	1110-101-030000-129040		Continuous	13,971.16	\$ -0-	\$ 3,151.16	\$ 13,971.16
Drunk Driving Enforcement Fund - 2012	1110-101-030000-129040		Continuous	15,040.08	-0-	7,948.84	7,948.84
Drunk Driving Enforcement Fund Training - 2010	1110-101-030000-129040		Continuous	15,000.00	-0-	-0-	9,475.00
Drunk Driving Enforcement Fund Training - 2011	1110-101-030000-129040		Continuous	15,000.00	-0-	-0-	-0-
Drunk Driving Enforcement Fund Training - 2012	1110-101-030000-129040		Continuous	30,000.00	-0-	-0-	15,000.00
Police Bayshore DWI - 2011	N/A		2011	16,000.00	16,000.00	6,350.00	6,350.00
Police Bayshore DWI - 2013	N/A		2013	23,500.00	90.00	-0-	-0-
DWI County Roadblock - 2012	N/A		2012	1,800.00	1,800.00	1,800.00	1,800.00
DWI County Roadblock - 2013	N/A		2013	1,080.00	1,080.00	1,080.00	1,080.00
DWI County Roadblock - 2013	N/A		2013	360.00	360.00	360.00	360.00
Police Rude Awakenings	N/A		2012	24,400.00	9,390.00	9,400.00	9,400.00
Child Passenger Safety Grant - 2011	N/A		2011	4,450.00	2,900.00	-0-	1,450.00
Body Armor Replacement Fund - 2010	1020-718-066-1020-001-YCJS-6120		Continuous	9,579.00	-0-	2,957.22	3,993.83
Body Armor Replacement Fund - 2011	1020-718-066-1020-001-YCJS-6120		Continuous	9,361.58	-0-	-0-	-0-
Body Armor Replacement Fund - 2012	1020-718-066-1020-001-YCJS-6120		Continuous	9,606.84	-0-	-0-	-0-
					<u>\$ 31,620.00</u>	<u>\$ 33,047.22</u>	<u>\$ 70,828.83</u>
<u>Department of Community Affairs</u>							
Crossroads Community Based Grant	10C-10		2013	24,046.00	\$ 24,046.00	\$ 24,046.00	\$ 24,046.00
Senior Citizens Title II	N/A		2012	32,500.00	32,500.00	-0-	32,500.00
Senior Citizens Title II	N/A		2013	32,500.00	-0-	32,500.00	32,500.00
					<u>\$ 56,546.00</u>	<u>\$ 56,546.00</u>	<u>\$ 89,046.00</u>
<u>Department of Human Services</u>							
Public Assistance State Share	7500-150-158010-60	1/1/2013	12/31/2013	216,100.00	216,100.00	186,923.00	186,923.00
					<u>\$ 216,100.00</u>	<u>\$ 186,923.00</u>	<u>\$ 186,923.00</u>
<u>New Jersey Office of Homeland Security</u>							
FY12 Urban Areas Security Initiative Grant Program	FY 12 UASI	10/5/2012	4/23/2014	160,000.00	\$ -0-	\$ 159,547.29	\$ 159,547.29
					<u>\$ -0-</u>	<u>\$ 159,547.29</u>	<u>\$ 159,547.29</u>
<u>Department of Transportation</u>							
DOT - Kings Highway Phase II	09-480-078-6320-AKE-6010		Continuous	200,000.00	\$ 50,000.00	\$ -0-	\$ 200,000.00
DOT - Kings Highway Phase III	10-480-078-6320-AKN-6010		Continuous	250,000.00	62,500.00	-0-	250,000.00
DOT - Kings Highway IV (Monmouth Ave)	11-480-078-6320-AK3-6010		Continuous	200,000.00	150,000.00	-0-	200,000.00
DOT - Murphy Road	12-480-078-6320-ALC-6010		Continuous	200,000.00	-0-	-0-	200,000.00
DOT - Murphy Road Phase II	13-480-078-6320-ALC-6010		Continuous	200,000.00	148,067.44	200,000.00	200,000.00
					<u>\$ 410,567.44</u>	<u>\$ 200,000.00</u>	<u>\$ 850,000.00</u>
					<u>\$ 995,105.47</u>	<u>\$ 1,153,515.60</u>	<u>\$ 1,901,793.70</u>

TOWNSHIP OF MIDDLETOWN

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2013 AND 2012

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

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

Revenues:

	<u>Federal</u>		<u>State</u>		<u>Other</u>		<u>Total</u>
Current Fund	\$ 2,512,613.15	\$		\$		\$	2,512,613.15
Grant Fund	21,658.30		368,438.03		10,000.00		400,096.33
Trust Other Fund	141,143.81						141,143.81
General Capital Fund			410,567.44				410,567.44
Public Assistance Trust Fund			216,100.00				216,100.00
	<u>\$ 2,675,415.26</u>	\$	<u>995,105.47</u>	\$	<u>10,000.00</u>	\$	<u>3,680,520.73</u>

Expenditures:

	<u>Federal</u>		<u>State</u>		<u>Other</u>		<u>Total</u>
Current Fund	\$ 13,555,027.49	\$		\$		\$	13,555,027.49
Grant Fund	289,332.78		766,592.60		25,503.78		1,081,429.16
Trust Other Fund	331,469.03						331,469.03
General Capital Fund			200,000.00				200,000.00
Public Assistance Trust Fund			186,923.00				186,923.00
	<u>\$ 14,175,829.30</u>	\$	<u>1,153,515.60</u>	\$	<u>25,503.78</u>	\$	<u>15,354,848.68</u>

NOTE 5. OTHER

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

Expenditures reported against the Public Assistance Disaster Grant are reported at 90% of the approved project costs. Some costs reported on these grants occurred in 2012.

**Township of Middletown**  
**Monmouth County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2013**

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

**Financial Statements**

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

**Federal Program(s)**

(1) Internal Control Over Major Federal Programs:	
(a) Material weaknesses identified?	No
(b) Significant deficiencies identified that are not considered to be material weaknesses?	N/A
(2) Type of Auditor's Report issued on compliance for major federal program(s)?	Unmodified
(3) Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133 and listed in Section III of this schedule?	None Reported

**Township of Middletown**  
**Monmouth County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2013**

**Federal Program(s) (Continued)**

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

<u>Program</u>	<u>Grant Number</u>
Disaster Grants – Public Assistance	97.036
Energy Efficiency and Conservation Block Grant - ARRA	81.128

(5) Program Threshold Determination:

Type A Federal Program Threshold  $\geq$  \$300,000.00  
Type B Federal Program Threshold  $<$  \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

**State Program(s)**

(2) Internal Control Over Major State Programs:

(c) Material weaknesses identified? No

(d) Significant deficiencies identified that are not considered to be material weaknesses? N/A

(2) Type of Auditor's Report issued on compliance for major federal program(s)? Unmodified

(5) Any audit findings disclosed that are required to be reported in accordance with NJ OMB 04-04? None Reported

**Township of Middletown**  
**Monmouth County, New Jersey**

**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2013**

**State Program(s) (Continued)**

(6) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Recycling Tonnage Grant	4900-752-042-4900

(5) Program Threshold Determination:

Type A State Program Threshold  $\geq$  \$300,000.00  
Type B State Program Threshold  $<$  \$300,000.00

(6) Auditee qualified as a low-risk auditee under OMB Circular A-133?      Yes

**Section II - Financial Statement Audit - Reported Findings Under Government Auditing Standards**

**Internal Control Findings**

None Reported

**Compliance Findings**

None Reported

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

**Federal Programs**

None

**State Programs**

None

**Township of Middletown**  
**Monmouth County, New Jersey**

**Summary Schedule of Prior Audit Findings**  
**For the Fiscal Year Ended December 31, 2013**

**Status of Prior Year Audit Findings**

Not Applicable

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PART III

TOWNSHIP OF MIDDLETOWN

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

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

	YEAR 2013		YEAR 2012	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 3,291,888.00	1.37%	\$ 1,490,575.00	0.65%
Miscellaneous - From Other Than Local Property Tax Levies	22,039,639.07	9.20%	17,432,307.44	7.59%
Collection of Delinquent Taxes and Tax Title Liens	958,107.50	0.40%	275,107.47	0.12%
Collection of Current Tax Levy	<u>213,329,237.55</u>	<u>89.03%</u>	<u>210,624,217.43</u>	<u>91.65%</u>
<u>TOTAL INCOME</u>	<u>\$ 239,618,872.12</u>	<u>100.00%</u>	<u>\$ 229,822,207.34</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 68,088,269.14	29.21%	\$ 76,905,561.81	31.89%
County Taxes	29,699,409.72	12.74%	29,450,762.12	12.21%
Local School Taxes	129,932,022.00	55.74%	129,109,175.00	53.53%
Special Improvement District Tax	3,406,856.33	1.46%	3,424,122.89	1.42%
Municipal Open Space Tax	1,965,132.93	0.84%	1,976,467.70	0.82%
Other Expenditures	<u>3,500.36</u>		<u>318,783.00</u>	<u>0.13%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 233,095,190.48</u>	<u>100.00%</u>	<u>\$ 241,184,872.52</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	\$ 6,523,681.64		\$ (11,362,665.18)	
Adjustments to Income Before Fund Balance: Expenditures Included above which are Deferred Charges to Budget of Succeeding Year			<u>14,000,000.00</u>	
Statutory Excess to Fund Balance	\$ 6,523,681.64		\$ 2,637,334.82	
Fund Balance, January 1	<u>6,417,756.81</u>		<u>5,270,996.99</u>	
	\$ 12,941,438.45		\$ 7,908,331.81	
Less: Utilization as Anticipated Revenue	<u>3,291,888.00</u>		<u>1,490,575.00</u>	
Fund Balance, December 31	<u>\$ 9,649,550.45</u>		<u>\$ 6,417,756.81</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - SWIMMING POOL UTILITY FUND

	<u>YEAR 2013</u>		<u>YEAR 2012</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,024,614.41	100.00%	\$	
Miscellaneous From Other Than Pool Fees			1,417,822.15	100.00%
<u>TOTAL INCOME</u>	<u>\$ 1,024,614.41</u>	<u>100.00%</u>	<u>\$ 1,417,822.15</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Debt Service	\$ 1,082,571.76	100.00%	\$ 306,250.87	77.64%
Deferred Charges and Statutory Expenditures			88,133.00	22.34%
Other Expenditures			70.00	
<u>TOTAL EXPENDITURES</u>	<u>\$ 1,082,571.76</u>	<u>100.00%</u>	<u>\$ 394,453.87</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	\$ (57,957.35)		\$ 1,023,368.28	
Adjustment to Income Before Fund Balance:				
Realized from General Budget for Anticipated Deficit	57,957.35			
Statutory Excess in Revenue	\$		\$ 1,023,368.28	
Fund Balance, January 1	1,024,614.41		1,246.13	
	\$ 1,024,614.41		\$ 1,024,614.41	
Decreased by:				
Utilized by Swimming Pool Operating Budget	1,024,614.41			
Fund Balance, December 31	<u>\$</u>		<u>\$ 1,024,614.41</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - SOLID WASTE COLLECTION DISTRICT FUND

	YEAR 2013		YEAR 2012	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 300,000.00	7.13%	\$ 300,000.00	7.46%
Receipts from Current Taxes	3,390,300.00	80.59%	3,390,300.00	84.36%
Miscellaneous	<u>516,683.63</u>	<u>12.28%</u>	<u>328,506.29</u>	<u>8.17%</u>
<u>TOTAL INCOME</u>	<u>\$ 4,206,983.63</u>	<u>100.00%</u>	<u>\$ 4,018,806.29</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Operating	\$ 3,656,000.00	99.07%	\$ 3,656,000.00	99.07%
Debt Service	7,000.00	0.19%	7,000.00	0.19%
Statutory Expenditures	<u>27,300.00</u>	<u>0.74%</u>	<u>27,300.00</u>	<u>0.74%</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 3,690,300.00</u>	<u>100.00%</u>	<u>\$ 3,690,300.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 516,683.63		\$ 328,506.29	
Fund Balance, January 1	<u>494,239.96</u>		<u>465,733.67</u>	
	\$ 1,010,923.59		\$ 794,239.96	
Decreased by:				
Fund Balance Utilized	<u>300,000.00</u>		<u>300,000.00</u>	
Fund Balance, December 31	<u>\$ 710,923.59</u>		<u>\$ 494,239.96</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	<u>2.214</u>	<u>2.181</u>	<u>2.161</u>
Apportionment of Tax Rate:			
Local Municipal	0.459	0.446	0.433
Municipal Open Space	0.020	0.020	0.020
Municipal Library*	0.036	0.037	0.038
County	0.302	0.297	0.303
Solid Waste Collection District	0.074	0.073	0.074
Local School	1.323	1.308	1.293

\* - The Municipal Library Rate was a component of the Local Municipal Rate prior to 2011.

ASSESSED VALUATIONS:

2013	\$9,818,850,218.00		
2012		\$9,873,301,487.00	
2011			\$9,898,964,581.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTION</u>	<u>CURRENTLY PERCENTAGE OF COLLECTIONS</u>
2013	\$213,982,956.90	\$213,329,237.55	99.69%
2012	\$212,063,367.37	\$210,624,217.43	99.32%
2011	\$210,785,996.00	\$209,442,590.00	99.36%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2013	\$243,413.90	\$23,098.83	\$266,512.73	0.12%
2012	1,108,410.50	39,084.61	1,147,495.11	0.54%
2011	102,159.00	232,444.00	334,603.00	0.20%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>YEAR</u>	<u>AMOUNT</u>
2013	\$206,000.00
2012	\$206,000.00
2011	\$206,000.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>	<u>DEFERRED SCHOOL TAX</u>
Current Fund	2013	\$9,649,550.45	\$4,185,000.00	\$61,820,000.00
	2012	6,417,756.81	3,291,888.00	61,820,000.00
	2011	5,270,999.00	1,490,575.00	61,820,000.00
	2010	2,356,777.00	600,000.00	61,050,000.00
	2009	6,135,365.00	4,000,000.00	59,750,000.00

EQUALIZED VALUATIONS - REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2013	\$10,149,027,740.00
2012	\$10,397,666,174.00
2011	\$10,814,353,250.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT</u>
Gerard P. Scharfenberger	Mayor	*
Stephanie C. Murray	Deputy Mayor	*
Anthony Fiore	Committeeman	*
Kevin Settembrino	Committeeman	*
Steve Massell	Committeeman	*
Anthony Mercantante	Township Administrator	*
Nicola Trasente	Chief Financial Officer – To 12/1/2013	*
Colleen Lapp	Chief Financial Officer – From 12/1/2013	*
Heidi R. Brunt	Township Clerk	*
Judith Vassallo	Tax Collector	*
Robert Oches	Chief of Police	*
Joseph J. Kachinsky	Construction Code Official	*
Brian Nelson	Township Attorney	*
Charles Heck	Tax Assessor	*
Kathleen Colby	Court Administrator	*
Richard B. Thompson	Municipal Judge	*
Barbara Miceli	Welfare Director	*

All of the bonds were examined and were properly executed.

\*All Employees are covered under a \$1,000,000.00 Employees Dishonesty Blanket Coverage Bond through the Monmouth Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund.

COMMENTS AND RECOMMENDATIONS

## GENERAL COMMENTS

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

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

Effective January 1, 2012, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$36,000.00 if the entity has a Qualified Purchasing Agent. The Township has a Qualified Purchasing Agent and has elected to increase its bid threshold to \$36,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$36,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

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

- Emergency Snow Plowing Services
- Loading, Transport and Disposal of Remaining Debris
- Township-wide recyclable materials collection
- Off-Site Catering Services
- School Bus Services for Summer Recreation Programs
- Printing Services
- Shadow Lake Hydro-Raking and Herbicide Treatments
- Nut Swamp School Synthetic Turf Field
- ADA Improvements
- Four (4) Mobile Trailer Mounted Generator Lights
- Excess Wood Mulch Disposal
- Audio Visual Technology for Conference Room
- Fall Leaf Collection
- Document Scanning and Microfilming Services
- Roadway Storm Damage Repairs
- Real Property Data Collection and Verification Services
- 2013 Road Reconstruction Program
- Variable Message Board for the Police Department

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.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$36,000.00 for the performance of any work or the furnishing or hiring of any materials or supplies, other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

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

Auditor  
Engineering Services  
Labor Counsel  
Township Attorney  
Legal Services  
Planning Services

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 1, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, NJ.S.A. 54:4-67 permits the Governing Body to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for late payment of taxes or assessments as provided by law; and

WHEREAS, any unpaid taxes and municipal charges constitute an unfair burden on those taxpayers who pay their taxes and municipal charges in a timely manner and delinquent taxpayers should be required to carry their share of the tax burden; and

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Township of Middletown, County of Monmouth, State of New Jersey, that the property taxes shall be due and payable quarterly on February 1st, May 1st, August 1st and November 1st for the year 2013, with a ten day grace period, after which dates, if unpaid, shall become delinquent, with interest charges as set for below and reverting back to the due date on any quarterly installment of taxes. The Tax Collector is hereby authorized and directed to charge, subject to any abatement or discount for the late payment of taxes as provided by law:

1. Eight percent (8%) per annum on the first \$1,500.00 of taxes delinquent after due date and
2. Eighteen percent (18%) per annum on any amount in excess of \$1,500.00 of taxes delinquent after due date; and

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS (CONTINUED)

3. Any 2013 municipal charges remaining unpaid on the 11th day of the 11th month of the fiscal year will be subject to Tax Sale

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payments of 2013 Taxes	50

TAX TITLE LIENS

The last tax sale was held on December 30, 2013 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 two years:

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2013	109
2012	106

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

OTHER COMMENTS

Interfund Balances

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

## OTHER COMMENTS (CONTINUED)

### Treasurer

A Corrective Action Plan for the 2012 Audit was not prepared and filed with the Division of Local Government Services on a timely basis in accordance with Local Finance Notice #97-16.

### Tax Collector

Our examination of the detailed analysis of Tax Sale lien redemptions and premiums revealed that there are large unidentified balances in each account. These unidentified balances should be investigated for proper disposition.

### Payroll

We also noted that the detail analysis of Payroll Deductions Payable contained several negative balances as well as unidentified balance. Each of these balances should be examine for proper disposition.

### Volunteer Fire Department Contributions

During 2013 the Township contributed \$247,500.00 to the Township's various Volunteer Fire Companies. Per N.J.S.A 40A:14-34 all funds appropriated under this section shall be accounted for to the governing body annually. As of the audit report date five of eleven organizations have not submitted the required information for 2013.

### Volunteer First Aid Squad

During 2013 the Township contributed \$200,000.00 to the Township's various Volunteer First Aid Organizations. Per N.J.S.A 40:5-2 all funds appropriated under this section shall be accounted for to the governing body annually. As of the audit report date two of five organizations have not submitted the required information for 2013.

### Departments

We noted that each department maintains varying degrees of cash receipts and disbursement records. These books of original entry should, at a minimum detail a description of the receipt as well as the date received. The books should be totaled monthly and agreed with amount remitted to the Treasurer.

OTHER COMMENTS (CONTINUED)

Departments (Continued)

In addition, we noted that in many cases receipts were not deposited within 48 hours as required by N.J.S.A. 40A:5-15.

Further, the Township disclosed to us that, in multiple instances, an employee deposited personal checks in the place of cash receipts. In many of these cases we were unable to match duplicate receipts to the deposit slips.

This employee's practice was never permitted by the Township, but was not detected until 2013. The Township should institute better internal controls and safeguards over the delivery of departmental receipts to the finance office.

## RECOMMENDATIONS

That a Corrective Action Plan be prepared and filed with the Division of Local Government Services on a timely basis in accordance with Local Finance Notice #97-16.

That the unidentified balances in the detailed analysis of the Trust Reserve for Tax Sale Liens and premiums be investigated for proper disposition.

That deficit and unidentified balances on the detail analysis of Payroll Deductions Payable be examined for proper disposition.

That funds appropriated to all of the Township's Volunteer Fire Departments under N.J.S.A 40A:14-34 be accounted for to the governing body annually.

That funds appropriated to all of the Township's Volunteer First Aid Organization's under N.J.S.A 40:5-2 be accounted for to the governing body annually.

That all Departments maintain books of original entry that are reconciled with amount remitted to the Treasurer on a monthly basis.

That all departmental receipts be deposited intact and within 48 hours as required by N.J.S.A. 40A:5-15.

That the Township consider instituting safeguards over the delivery of departmental receipts to the finance office.



