

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, 2015

TOWNSHIP OF MIDDLETOWN

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TOWNSHIP OF MIDDLETOWN

PART I

INDEPENDENT AUDITOR'S REPORT ON
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FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2015 AND 2014



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

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, 2015 and 2014, 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, 2015, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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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, 2015 and 2014, 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, 2015.

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, 2015, 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, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters

Other Information

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

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the 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 and data listed in the table of contents and the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance 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 June 10, 2016 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. 439

June 10, 2016

CURRENT FUND

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

BALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Current Fund:			
Cash-Treasurer	A-4	\$ 25,398,718.80	\$ 19,089,853.46
Cash-Tax Collector	A-5	314,769.50	308,664.14
Cash-Change Funds	A-6	3,050.00	2,400.00
Due From State of New Jersey:			
Chapter 20, P.L.1971	A-8	31,809.40	23,907.36
		\$ <u>25,748,347.70</u>	\$ <u>19,424,824.96</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-9	\$ 21,273.36	\$ 43,831.05
Tax Title Liens Receivable	A-10	415,618.30	297,542.38
Property Acquired for Taxes-Assessed Valuation	A-11	206,000.00	206,000.00
	A	\$ <u>642,891.66</u>	\$ <u>547,373.43</u>
Deferred Charges:			
Special Emergency Appropriation (40A:4-53)	A-26	\$ 630,895.84	\$ 3,934,357.47
		\$ <u>630,895.84</u>	\$ <u>3,934,357.47</u>
Total Current Fund		\$ <u>27,022,135.20</u>	\$ <u>23,906,555.86</u>
Grant Fund:			
Grants Receivable	A-28	\$ 986,110.00	\$ 575,951.41
Interfunds Receivable	A-32	380,337.14	343,443.62
Total Grant Fund		\$ <u>1,366,447.14</u>	\$ <u>919,395.03</u>
Total Assets		\$ <u>28,388,582.34</u>	\$ <u>24,825,950.89</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</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Current Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-13	\$ 3,881,354.15	\$ 2,121,336.48
Interfunds Payable	A-14	389,824.14	343,443.62
Encumbrances Payable	A-15	3,044,144.83	2,862,481.08
Accounts Payable	A-16	48,521.13	333,950.80
Prepaid Taxes	A-17	1,241,075.90	1,185,505.46
Tax Overpayments	A-18	370,457.33	92,184.31
Reserve for:			
Various Reserves	A-19	1,750,608.34	1,932,211.09
Tax Appeals	A-20	1,163,199.21	1,000,000.00
County Taxes Payable	A-22	108,644.35	125,421.84
Local School Taxes Payable	A-23	3,796,482.00	276,926.00
Municipal Open Space Tax Payable	A-25	14,727.02	8,272.31
Special Emergency Note Payable	A-27	630,895.84	3,854,357.47
		\$ 16,439,934.24	\$ 14,136,090.46
Reserve for Receivables and Other Assets	A	642,891.66	547,373.43
Fund Balance	A-1	9,939,309.30	9,223,091.97
Total Current Fund		\$ 27,022,135.20	\$ 23,906,555.86
Grant Fund:			
Reserve for Grants Appropriated	A-29	\$ 1,256,231.67	\$ 705,859.55
Reserve for Grants Unappropriated	A-30		204,361.81
Encumbrances Payable	A-31	110,215.47	9,173.67
Total Grant Fund		\$ 1,366,447.14	\$ 919,395.03
Total Liabilities, Reserves and Fund Balance		<u>28,388,582.34</u>	<u>24,825,950.89</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, 2015	YEAR ENDED DECEMBER 31, 2014
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-1:A-2	\$ 4,750,000.00	\$ 4,185,000.00
Miscellaneous Revenue Anticipated	A-2	16,715,808.78	17,197,093.42
Receipts From Delinquent Taxes	A-2	38,992.02	26,698.35
Receipts From Current Taxes	A-2	222,866,518.44	217,756,693.55
Non-Budget Revenues	A-2	325,137.44	202,604.17
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	2,148,866.72	1,882,970.35
Appropriated Grant Reserves Cancelled - Net	A-32	52,420.42	23,286.11
Various Reserves Cancelled	A-19	11,778.13	
Accounts Payable Cancelled	A-16	51,843.52	4,113.20
Tax Overpayments Cancelled	A-18	24,923.86	
<u>TOTAL REVENUE AND OTHER INCOME</u>		\$ <u>246,986,289.33</u>	\$ <u>241,278,459.15</u>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations Within "CAPS":	A-3	\$ 47,952,051.00	\$ 47,008,334.33
Deferred Charges and Regulatory Expenditures-Municipal	A-3	5,560,419.00	5,538,213.73
Other Operations Excluded From "CAPS"	A-3	5,896,315.66	6,098,769.38
Capital Improvements-Excluded From "CAPS"	A-3	521,000.00	627,000.00
Municipal Debt Service	A-3	7,473,589.65	7,269,142.04
Deferred Charges-Municipal	A-3	1,498,120.00	3,080,000.00
Judgments	A-3	100,000.00	42,233.84
County Taxes	A-21	29,931,634.06	29,504,925.64
Due County for Added Taxes	A-22	108,325.21	124,908.76
Local District School Taxes	A-23	137,004,630.00	132,860,343.00
Solid Waste Collection District Taxes	A-24	3,390,300.00	3,390,300.00
Municipal Open Space Tax	A-25	2,068,608.50	1,968,609.31
Refund of Prior Year Revenue	A-4	15,078.92	7,137.60
<u>TOTAL EXPENDITURES</u>		\$ <u>241,520,072.00</u>	\$ <u>237,519,917.63</u>
Excess in Revenue		\$ 5,466,217.33	\$ 3,758,541.52
Fund Balance, January 1	A	9,223,091.97	9,649,550.45
		\$ <u>14,689,309.30</u>	\$ <u>13,408,091.97</u>
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	4,750,000.00	4,185,000.00
Fund Balance, December 31	A	\$ <u>9,939,309.30</u>	\$ <u>9,223,091.97</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, 2015

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	SPECIAL N.J.S 40A: 4-87		
Fund Balance Anticipated	A-1	\$ 4,750,000.00	\$ 4,750,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-12	56,000.00	60,578.60	4,578.60
Other	A-2	16,000.00	15,578.50	(421.50)
Fees and Permits:				
Construction Code Official	A-12	1,560,000.00	2,797,515.70	1,237,515.70
Other	A-2	570,000.00	487,308.76	(82,691.24)
Fines and Costs:				
Municipal Court	A-12	700,000.00	787,665.05	87,665.05
Interest and Costs on Taxes	A-12	280,000.00	263,048.33	3,048.33
Interest on Investments and Deposits	A-12	90,000.00	132,779.44	42,779.44
Railroad Parking Lot Receipts	A-12	540,000.00	656,296.15	116,296.15
Cable TV Franchise Fees	A-12	128,448.00	128,448.10	0.10
Verizon Fios Franchise Fees	A-12	470,504.00	470,504.31	0.31
Senior Citizen Housing PILOT	A-12	325,000.00	318,302.00	(6,698.00)
Edgewater Park PILOT	A-12	28,000.00	28,413.19	413.19
Chapel Hill Associates PILOT	A-12	36,000.00	39,505.00	3,505.00
Sloan Kettering PILOT	A-12	153,000.00	163,800.82	10,800.82
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	130,000.00	238,739.30	108,739.30
Clean Communities Program	A-28		153,822.69	153,822.69
DWI Roving Patrol	A-28	440.00	440.00	
Senior Citizens Grant Title II	A-28	32,500.00	32,500.00	
Municipal Alliance DEDR Program	A-28		30,000.00	30,000.00
Recycling Tonnage Grant	A-28	204,361.81	204,361.81	
Disaster Recovery Post Sandy Grant	A-28		275,000.00	275,000.00
Emergency Management Grant	A-28		15,000.00	15,000.00
Post Sandy Code Enforcement Grant	A-28		100,000.00	100,000.00
Drunk Driving Enforcement Fund	A-28		32,365.16	32,365.16
Uniform Fire Safety Act	A-12	72,300.00	65,540.50	(6,759.50)
Capital Fund - Surplus	A-12	680,000.00	680,000.00	
Rental Income	A-12	22,000.00	21,389.19	(610.81)
Rental Income - Trinity Hall	A-12	168,750.00	185,250.00	16,500.00
Hotel Occupancy Tax	A-12	220,000.00	228,970.00	8,970.00
Reserve for BOE Field Improvements	A-19	60,000.00	60,000.00	
Field Users Fees	A-12	190,000.00	206,690.18	16,690.18
Capital Reserve - Emergency Note Premium	A-12	81,875.00	81,875.00	
Sale of Municipal Assets	A-19	50,000.00	50,000.00	
Sewage Authority Surplus Contribution	A-12	414,000.00	397,243.00	(16,757.00)
Reserve for Disaster Relief	A-19	940,580.00	940,580.00	
Hazard Mitigation Grant	A-28		250,000.00	250,000.00
Rec Opportunitles for Individual with Disabilities	A-28		20,000.00	20,000.00
Hope for Children Foundation	A-28		15,000.00	15,000.00
Historic Preservation Grant - Murray Road	A-28		23,610.00	23,610.00
Drive Sober or get pulled over	A-28		5,000.00	5,000.00
	A-1	\$ 14,252,446.81	\$ 919,797.85	\$ 16,715,808.78
Receipts From Delinquent Taxes	A-1	\$ 25,000.00	\$	\$ 38,992.02
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2: A-9	\$ 46,964,220.89	\$	\$ 48,117,371.67
Minimum Library Tax	A-2: A-9	3,445,649.00		3,445,649.00
		50,409,869.89		51,563,020.67
BUDGET TOTALS		\$ 69,437,316.70	\$ 919,797.85	\$ 73,067,821.47
Non-Budget Revenues	A-1;A-2			325,137.44
		\$ 69,437,316.70	\$ 919,797.85	\$ 73,392,958.91
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, 2015

	<u>REF.</u>		
<u>ANALYSIS OF REALIZED REVENUE</u>			
Allocation of Current Tax Collections:			
Collections on a Cash Basis	A-9	\$	223,281,009.51
Less: Tax Appeals	A-20		414,491.07
Revenue From Collections	A-1		<u>222,866,518.44</u>
Allocated to:			
Local School Taxes	A-23	\$	137,004,630.00
County Taxes	A-21:A-22		30,039,959.27
Solid Waste Collection District Taxes	A-24		3,390,300.00
Municipal Open Space Taxes	A-25		<u>2,068,608.50</u>
			<u>172,503,497.77</u>
Balance for Support of Municipal Budget Appropriations		\$	50,363,020.67
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>1,200,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$	<u>51,563,020.67</u>
Other Licenses:			
Clerk	A-12	\$	14,528.50
Police	A-12		<u>1,050.00</u>
	A-2	\$	<u>15,578.50</u>
Other Fees and Permits:			
Township Clerk	A-12	\$	2,192.06
Board of Health	A-12		61,153.00
Vital Statistics	A-12		24,513.00
Chief of Police Department	A-12		10,455.44
Chief of Fire Department	A-12		101,897.00
Public Works	A-12		98,907.50
Planning and Zoning	A-12		117,007.98
Tax Assessor	A-12		850.00
Tax Collector	A-12		66,484.34
Treasurer	A-12		<u>3,848.44</u>
	A-2	\$	<u>487,308.76</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, 2015

		<u>REF.</u>	
<u>ANALYSIS OF NON-BUDGET REVENUES</u>			
Miscellaneous Revenue Not Anticipated:			
Treasurer:			
Senior Citizens - Administrative Fee			\$ 11,465.00
Tax Sale Premiums not Redeemed			44,100.00
Prior Year Reimbursements			46,938.38
Cancelation of Trust Other Balances			162,336.86
Surrendered LOSAP Accounts			3,800.57
Miscellaneous			<u>45,148.20</u>
	A-4		\$ 313,789.01
Collector	A-5		<u>11,348.43</u>
	A-2		<u>\$ 325,137.44</u>

TOWN OF MIDDLETOWN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salaries and Wages	\$ 607,768.00	\$ 617,768.00	\$ 605,129.58	\$ 12,638.42	
Other Expenses	83,800.00	83,800.00	82,835.33	964.67	
Purchasing:					
Salaries and Wages	133,054.00	133,054.00	129,626.39	3,427.61	
Other Expenses	4,475.00	4,475.00	2,063.18	2,411.82	
Township Committee:					
Salaries and Wages	16,000.00	16,000.00	16,000.00	352.76	
Other Expenses	3,000.00	3,000.00	2,647.24		
Township Clerk:					
Salaries and Wages	279,941.00	283,541.00	276,780.47	6,760.53	
Other Expenses	88,200.00	84,600.00	84,537.24	62.76	
Elections:					
Salaries and Wages	4,500.00	4,500.00	4,346.20	153.80	
Other Expenses	20,000.00	20,000.00	17,087.15	2,912.85	
Financial Administration:					
Salaries and Wages	411,532.00	411,532.00	399,525.74	12,006.26	
Other Expenses	93,825.00	93,825.00	53,397.35	40,427.65	
Audit Services	100,000.00	100,000.00	91,050.00	8,950.00	
Data Processing Center:					
Salaries and Wages	277,058.00	282,058.00	278,029.65	4,028.35	
Other Expenses	246,250.00	246,250.00	243,376.44	2,873.56	
Collection of Taxes:					
Salaries and Wages	248,535.00	248,535.00	244,809.16	3,725.84	
Other Expenses	32,975.00	32,975.00	32,234.77	740.23	
Liquidation of Tax Title Liens and Foreclosed Property:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Assessment of Taxes:					
Salaries and Wages	342,826.00	342,826.00	326,797.73	16,028.27	
Other Expenses:					
Miscellaneous	168,800.00	168,800.00	28,792.98	23,007.02	117,000.00
Maintenance of Tax Map	10,000.00	10,000.00	3,392.38	6,607.62	

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, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
GENERAL GOVERNMENT:					
Legal Services and Costs:					
Other Expenses	\$ 464,000.00	\$ 464,000.00	\$ 431,068.84	\$ 32,941.16	
Municipal Prosecutor:					
Salaries and Wages	78,323.00	78,323.00	73,223.10	5,099.90	
Engineering Service and Costs:					
Other Expenses	65,000.00	65,000.00	61,225.51	3,774.49	
Planning Board:					
Salaries and Wages	222,552.00	222,552.00	203,314.57	19,237.43	
Other Expenses	39,500.00	39,500.00	8,102.58	31,397.42	
Municipal Land Use Law (N.J.S.A. 40:55D.1):					
Salaries and Wages	28,983.00	28,983.00	28,026.38	956.62	
Other Expenses	66,000.00	66,000.00	63,461.05	2,538.95	
Zoning Board of Adjustment:					
Salaries and Wages	28,983.00	28,983.00	27,691.25	1,291.75	
Other Expenses	30,750.00	30,750.00	15,300.00	15,450.00	
Insurance:					
General Liability	790,077.00	790,077.00	702,293.00	87,784.00	
Workers Compensation Insurance	1,195,000.00	1,195,000.00	1,020,954.00	174,046.00	
Employees Group Health	9,797,000.00	9,797,000.00	9,797,000.00		
PUBLIC SAFETY:					
Fire:					
Subsidy to Volunteer Fire Company					
Salaries and Wages	247,500.00	247,500.00	247,500.00		
Other Expenses:	77,900.00	77,900.00	69,967.70	7,932.30	
Fire Hydrant Service					
Miscellaneous Other Expenses	720,000.00	731,000.00	731,000.00		
Uniform Fire Safety Act (Ch. 383, PL1983)	365,750.00	365,750.00	365,110.38	639.62	
Uniform Fire Safety Bureau:	72,300.00	72,300.00	72,300.00		
Salaries and Wages	147,468.00	147,468.00	139,528.16	7,939.84	
Other Expenses	9,600.00	9,600.00	9,529.00	71.00	
Police:					
Salaries and Wages	13,680,021.00	13,459,021.00	12,844,971.37	614,049.63	
Other Expenses	478,170.00	699,170.00	647,801.28	51,368.72	

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, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
PUBLIC SAFETY:					
Emergency Management Services:					
Salaries and Wages	\$ 33,931.00	\$ 33,931.00	\$ 23,284.42	\$ 10,646.58	
Other Expenses	33,960.00	33,960.00	30,446.79	3,513.21	
First Aid:					
Other Expenses	79,000.00	79,000.00	75,524.91	3,475.09	
Subsidy to First Aid Companies	200,000.00	200,000.00	200,000.00		
STREETS AND ROADS:					
Department of Public Works:					
Salaries and Wages	2,352,251.00	2,352,251.00	2,073,138.94	279,112.06	
Other Expenses	687,500.00	687,500.00	687,067.99	432.01	
Snow Removal:					
Other Expenses	725,050.00	725,050.00	722,272.00	2,778.00	
Parks:					
Salaries and Wages	926,932.00	926,932.00	816,165.07	110,766.93	
Other Expenses	330,500.00	330,500.00	323,020.00	7,480.00	
Beach Operations	7,500.00	7,500.00	2,808.00	4,692.00	
Environmental Commission:					
Other Expenses	350.00	350.00	290.00	60.00	
Recycling:					
Salaries and Wages	214,668.00	214,668.00	186,458.05	28,209.95	
Other Expenses	852,200.00	852,200.00	773,193.66	79,006.34	
DEPARTMENT OF PUBLIC WORKS AND ENGINEERING:					
DPW Administration:					
Salaries and Wages	451,250.00	452,250.00	447,045.38	5,204.62	
Other Expenses	29,250.00	29,250.00	28,993.11	256.89	
Maintenance of Public Property:					
Salaries and Wages	585,572.00	585,572.00	514,441.06	71,130.94	
Other Expenses	458,500.00	458,500.00	398,500.27	59,999.73	
Vehicle Maintenance:					
Salaries and Wages	623,791.00	623,791.00	579,149.58	44,641.42	
Other Expenses	439,000.00	439,000.00	429,992.33	9,007.67	
Condo Maintenance:					
Other Expenses	80,000.00	80,000.00	69,205.78	10,794.22	

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, 2015

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>HEALTH AND WELFARE:</u>						
Board of Health:						
Salaries and Wages	\$ 345,445.00 \$	345,445.00 \$	263,610.45 \$	81,834.55 \$		
Other Expenses	39,950.00	39,950.00	29,226.94	10,723.06		
Animal Control Regulation:						
Other Expenses	71,500.00	71,500.00	58,694.62	12,805.38		
Aid to Women's Resources Survival Services	1,000.00	1,000.00		1,000.00		
<u>RECREATION:</u>						
Recreation Department:						
Salaries and Wages	395,807.00	395,807.00	358,122.10	37,684.90		
Other Expenses	126,565.00	126,565.00	89,832.26	36,732.74		
<u>ALLIANCE FOR ALCOHOL AND DRUG ABUSE:</u>						
Salaries and Wages	121,951.00	114,451.00	86,891.04	27,559.96		
Other Expenses	27,775.00	35,275.00	29,886.69	5,388.31		
<u>STATE UNIFORM CONSTRUCTION CODE:</u>						
Construction Official:						
Salaries and Wages	1,238,406.00	1,238,406.00	1,150,487.86	87,918.14		
Other Expenses	17,300.00	17,300.00	15,315.27	1,984.73		
<u>UNCLASSIFIED:</u>						
Railroad Parking Lot Lease	170,000.00	154,000.00	116,100.00	37,900.00		
Employee Accumulated Leave	750,000.00	750,000.00	136,006.60	613,993.40		
Sick Time Buy Back	200,000.00	200,000.00	164,848.56	35,151.44		
Utilities	2,494,600.00	2,489,600.00	1,937,500.18	552,099.82		
Street Lighting	750,000.00	744,000.00	633,125.00	110,875.00		
Municipal Court:						
Salaries and Wages	378,487.00	373,737.00	352,755.31	20,981.69		
Other Expenses	31,000.00	35,750.00	31,610.79	4,139.21		
Public Defender:						
Salaries and Wages	15,644.00	15,644.00		15,644.00		
	\$ 48,069,051.00 \$	48,069,051.00 \$	44,316,828.16 \$	3,635,222.84 \$		117,000.00
<u>CONTINGENT</u>	20,000.00	20,000.00				20,000.00
<u>TOTAL OPERATIONS WITHIN "CAPS"</u>	\$ 48,089,051.00 \$	48,089,051.00 \$	44,316,828.16 \$	3,635,222.84 \$		137,000.00

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, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL-WITHIN "CAPS"					
DEFERRED CHARGES:					
Public Employees Retirement System	\$ 1,631.00	\$ 1,631.00	\$ 1,631.00	\$	
STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees Retirement System	1,383,166.00	1,383,166.00	1,367,866.00	15,300.00	
Social Security System (O.A.S.I.)	1,273,250.00	1,273,250.00	1,099,211.06	174,038.94	
Police and Firemen's Retire System of N.J.	2,719,652.00	2,719,652.00	2,719,652.00		
State Unemployment Insurance	147,720.00	147,720.00	146,686.12	1,033.88	
Defined Contribution Retirement Program(DCRP)	35,000.00	35,000.00	35,000.00		
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"	\$ 5,560,419.00	\$ 5,560,419.00	\$ 5,370,046.18	\$ 190,372.82	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 53,649,470.00	\$ 53,649,470.00	\$ 49,686,874.34	\$ 3,825,595.66	\$ 137,000.00
OPERATIONS- EXCLUDED FROM "CAPS":					
Maintenance of Free Public Library	3,445,649.00	3,445,649.00	3,402,597.89	43,051.11	
LOSAP: Volunteer Deferred Compensation	325,000.00	325,000.00	325,000.00		
Reserve for Tax Appeals	300,000.00	300,000.00	300,000.00		
State of Emergency Snow Removal Costs (NJSA 40A:4-45)	136,700.00	136,700.00	136,700.00		
Salaries & Wages	223,450.00	223,450.00	223,450.00		
Other Expenses					
OPERATIONS- EXCLUDED FROM "CAPS":	\$ 4,430,799.00	\$ 4,430,799.00	\$ 4,387,747.89	\$ 43,051.11	
INTERLOCAL MUNICIPAL SERVICE AGREEMENTS:					
Middletown Board of Education and First Aid Squads	\$ 130,000.00	\$ 130,000.00	\$ 130,000.00	\$	
Monmouth County Scat Program Other Expenses	24,500.00	24,500.00	23,250.00	1,250.00	
Monmouth Regional Health Services	142,417.00	142,417.00	142,417.00		
TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENTS	\$ 296,917.00	\$ 296,917.00	\$ 295,667.00	\$ 1,250.00	

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, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES:					
Municipal Alliance - DEDR:					
State Share (40A:4-87 +30,000.00)	\$ 204,361.81	\$ 30,000.00	\$ 30,000.00	\$	
Recycling Tonnage Grant	20,000.00	204,361.81	204,361.81		
Matches for Grants	32,500.00	20,000.00	11,500.00		
Senior Citizen Grant	440.00	32,500.00	32,500.00		8,500.00
DWI Roving Patrol		440.00	440.00		
Historic Preservation - Murray Farm (40A:4-87 +23,610.00)		23,610.00	23,610.00		
Hope for Children Foundation (40A:4-87 +15,000.00)		15,000.00	15,000.00		
Emergency Management Grant (40A:4-87 +15,000.00)		15,000.00	15,000.00		
Clean Communities Grant (40A:4-87 +153,822.69)		153,822.69	153,822.69		
FEMA Hazard Mitigation Grant (40A:4-87 +250,000.00)		250,000.00	250,000.00		
Drunk Driving Enforcement Fund (40A:4-87 +32,365.16)		32,365.16	32,365.16		
Recreation Opportunities for Individuals w/ Disabilities (40A:4-87 +20,000.00)		20,000.00	20,000.00		
Drive Sober Get Pulled Over (40A:4-87 +5,000.00)		5,000.00	5,000.00		
Disaster Recovery Post Sandy (40A:4-87 +375,000.00)		375,000.00	375,000.00		
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:	\$ 257,301.81	\$ 1,177,099.66	\$ 1,168,599.66	\$	8,500.00
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	\$ 4,985,017.81	\$ 5,904,815.66	\$ 5,852,014.55	\$ 44,301.11	\$ 8,500.00
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 260,000.00	\$ 260,000.00	\$ 260,000.00	\$	
Computer Technology Equipment	68,000.00	68,000.00	68,000.00		
Turnout Gear	183,000.00	183,000.00	181,542.62	1,457.38	
Park Improvements	10,000.00	10,000.00	10,000.00	10,000.00	
TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"	\$ 521,000.00	\$ 521,000.00	\$ 509,542.62	\$ 11,457.38	

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, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 3,833,531.00	\$ 3,833,531.00	\$ 3,833,531.00	\$	
Payment of Bond Anticipation Notes	1,479,790.00	1,479,790.00	1,479,790.00		
Interest on Bonds	1,309,605.39	1,309,605.39	1,309,605.39		
Interest on Notes	183,480.50	183,480.50	173,363.75		10,116.75
Green Trust Loan Program:					
Payment of Principal and Interest	104,987.00	104,987.00	104,986.45		0.55
Monmouth County Improvement Authority Lease Payments	572,315.00	572,315.00	572,313.06		1.94
<u>TOTAL MUNICIPAL DEBT SERVICE- EXCLUDED FROM "CAPS"</u>	<u>\$ 7,483,708.89</u>	<u>\$ 7,483,708.89</u>	<u>\$ 7,473,589.65</u>	<u>\$</u>	<u>10,119.24</u>
<u>DEFERRED CHARGES-MUNICIPAL EXCLUDED FROM "CAPS"</u>					
Deferred Charges:					
Emergency Authorizations (N.J.S.A. 40A:4-46) Hurricane Sandy	\$ 1,218,120.00	\$ 1,218,120.00	\$ 1,218,120.00	\$	
Special Emergency Authorization (40A:4-55) Severance	200,000.00	200,000.00	200,000.00		
Special Emergency Authorization (40A:4-55) Revaluation	80,000.00	80,000.00	80,000.00		
<u>TOTAL DEFERRED CHARGES-MUNICIPAL EXCLUDED FROM "CAPS"</u>	<u>\$ 1,498,120.00</u>	<u>\$ 1,498,120.00</u>	<u>\$ 1,498,120.00</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, 2015

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
JUDGMENTS	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	\$ 14,587,846.70	\$ 15,507,644.55	\$ 15,433,266.82	\$ 55,758.49	\$ 18,619.24
SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES	\$ 68,237,316.70	\$ 69,157,114.55	\$ 65,120,141.16	\$ 3,881,354.15	\$ 155,619.24
TOTAL GENERAL APPROPRIATIONS	\$ 69,437,316.70	\$ 70,357,114.55	\$ 66,320,141.16	\$ 3,881,354.15	\$ 155,619.24

REF. A-2 A-1 A-A-1

Budget					
Appropriation by 40A:4-87	\$	69,437,316.70			
		919,797.85			
	\$	70,357,114.55			
Encumbrances Payable			\$ 3,044,144.83		
Reserve for Grants - Appropriated			1,168,599.66		
Deferred Charges			1,498,120.00		
Reserve for Uncollected Taxes			1,200,000.00		
Reserve for Tax Appeals			300,000.00		
Disbursed	\$	59,282,351.92			
Less: Refunds		173,075.25			
			\$ 59,109,276.67		
	\$		\$ 66,320,141.16		

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

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TRUST FUND

TOWNSHIP OF MIDDLETOWN

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
Animal Control Fund:			
Cash	B-1	\$ 31,322.76	\$ 28,371.98
		<u>\$ 31,322.76</u>	<u>\$ 28,371.98</u>
Other Funds:			
Cash	B-1	\$ 15,490,295.95	\$ 14,301,525.14
Community Development Block Grant Receivable	B-4	293,349.87	163,828.87
Due Current Fund	B-11	9,487.00	
		<u>\$ 15,793,132.82</u>	<u>\$ 14,465,354.01</u>
		<u>\$ 15,824,455.58</u>	<u>\$ 14,493,725.99</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due State of New Jersey	B-2	\$ 72.60	\$ 16.20
Reserve for Animal Control Fund Expenditures	B-3	31,250.16	28,355.78
		<u>\$ 31,322.76</u>	<u>\$ 28,371.98</u>
Other Funds:			
Encumbrances Payable	B-10	\$ 1,639,387.00	\$ 1,411,019.87
Reserve For:			
Miscellaneous Deposits	B-5	13,160,793.06	10,889,248.25
Open Space Trust	B-6	137,705.23	230,333.71
Community Development Block Grant	B-7	333,827.87	297,051.90
Self-Insurance Fund	B-8	112.76	2,151.00
Payroll Fund	B-9	521,306.90	1,635,549.28
		<u>\$ 15,793,132.82</u>	<u>\$ 14,465,354.01</u>
		<u>\$ 15,824,455.58</u>	<u>\$ 14,493,725.99</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

	REF.	BALANCE DECEMBER 31, 2015	BALANCE DECEMBER 31, 2014
<u>ASSETS</u>			
Cash		\$ 10,800,767.48	\$ 6,308,448.20
Investment		630,895.84	3,654,357.47
	C-2:C-3	11,431,663.32	9,962,805.67
Grants Receivable	C-4	660,000.00	471,932.56
Deferred Capital Lease Obligation	Memo	607,000.00	1,129,100.00
Deferred Charges to Future Taxation:			
Funded	C-5	36,454,416.42	41,991,389.02
Unfunded	C-6	25,806,615.33	19,372,529.33
		\$ <u>74,959,695.07</u>	\$ <u>72,927,756.58</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Improvement Authorizations:			
Funded	C-8	\$ 411,697.51	\$ 626,995.27
Unfunded	C-8	7,896,584.18	4,599,312.97
Serial Bonds Payable	C-9	35,611,703.00	41,061,848.00
Green Acres Loan Payable	C-10	842,713.42	929,541.02
Bond Anticipation Note Payable	C-11	21,100,114.00	18,148,050.00
Lease Payable	Memo	607,000.00	1,129,100.00
Various Reserves	C-12	404,838.47	326,945.88
Capital Improvement Fund	C-13	65,459.00	54,459.00
Contracts Payable	C-14	5,747,276.68	3,099,195.63
Fund Balance	C-1	2,272,308.81	2,952,308.81
		\$ <u>74,959,695.07</u>	\$ <u>72,927,756.58</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, 2014	C	\$ 2,952,308.81
Decreased by:		
2015 Current Budget Revenue	C-2	<u>680,000.00</u>
Balance, December 31, 2015	C	\$ <u>2,272,308.81</u>

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

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SOLID WASTE COLLECTION DISTRICT FUND

"D"

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

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2015</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
<u>ASSETS</u>			
Cash	D-4	\$ <u>2,564,026.97</u>	\$ <u>2,126,245.42</u>
		\$ <u>2,564,026.97</u>	\$ <u>2,126,245.42</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	D-3:D-5	\$ 598,224.06	\$ 671,357.79
Encumbrances Payable	D-6	<u>416,069.70</u>	<u>349,612.65</u>
		\$ 1,014,293.76	\$ 1,020,970.44
Fund Balance	D-1	<u>1,549,733.21</u>	<u>1,105,274.98</u>
		\$ <u>2,564,026.97</u>	\$ <u>2,126,245.42</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>	YEAR ENDED DECEMBER <u>31, 2015</u>	YEAR ENDED DECEMBER <u>31, 2014</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	D-1:D-2	\$ 300,000.00	\$ 300,000.00
Receipts from Current Taxes	D-2	3,390,300.00	3,390,300.00
Other Credit to Income:			
Unexpended Balance of Appropriation Reserves	D-5	744,458.23	694,351.39
<u>TOTAL INCOME</u>		<u>\$ 4,434,758.23</u>	<u>\$ 4,384,651.39</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 3,656,000.00	\$ 3,656,000.00
Debt Service	D-3	7,000.00	7,000.00
Statutory Expenditures	D-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		\$ 744,458.23	\$ 694,351.39
Fund Balance, January 1	D	1,105,274.98	710,923.59
		<u>\$ 1,849,733.21</u>	<u>\$ 1,405,274.98</u>
Decreased by:			
Fund Balance Utilized	D-1	300,000.00	300,000.00
Fund Balance, December 31	D	<u>\$ 1,549,733.21</u>	<u>\$ 1,105,274.98</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 REVENUES-REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2015

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Fund Balance Utilized	D-1	\$ 300,000.00	\$ 300,000.00	\$
Amount to be Raised by Taxes	D-1:D-4	<u>3,390,300.00</u>	<u>3,390,300.00</u>	<u> </u>
	D-3	<u>\$ 3,690,300.00</u>	<u>\$ 3,690,300.00</u>	<u> </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, 2015

	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	1,343,660.39	256,339.61
Disposal Fees	1,800,000.00	1,800,000.00	1,458,115.55	341,884.45
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	
TOTAL OPERATING	\$ 3,656,000.00	\$ 3,656,000.00	\$ 3,057,775.94	\$ 598,224.06
Debt Service:				
Interest on Notes	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$
TOTAL DEBT SERVICE	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	\$ 15,300.00	\$ 15,300.00	\$ 15,300.00	\$
Social Security (OAS)	12,000.00	12,000.00	12,000.00	
TOTAL STATUTORY EXPENDITURES	\$ 27,300.00	\$ 27,300.00	\$ 27,300.00	\$
	\$ 3,690,300.00	\$ 3,690,300.00	\$ 3,092,075.94	\$ 598,224.06
REF.	D-2		D-1	D-D-1
Cash Disbursements		\$	2,742,175.63	
Less: Refunds			66,169.39	
			2,676,006.24	
Transferred to Encumbrances Payable			416,069.70	
		\$	3,092,075.94	

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

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PUBLIC ASSISTANCE TRUST FUND

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

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
<u>ASSETS</u>			
Cash:			
Treasurer	E-1	\$ <u>38,033.34</u>	\$ <u>127,424.53</u>
		\$ <u><u>38,033.34</u></u>	\$ <u><u>127,424.53</u></u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance-P.A.T.F. II		\$ <u>38,033.34</u>	\$ <u>127,424.53</u>
		\$ <u><u>38,033.34</u></u>	\$ <u><u>127,424.53</u></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, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
<u>FIXED ASSETS</u>		
Land and Buildings	\$ 77,984,000.00	\$ 77,984,000.00
Machinery and Equipment	<u>26,987,845.98</u>	<u>24,865,963.51</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 104,971,845.98</u>	<u>\$ 102,849,963.51</u>
<u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 104,971,845.98</u>	<u>\$ 102,849,963.51</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, 2015 AND 2014

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.

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 - 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.

Accounting and Financial Reporting for Pensions - In June 2012, the Governmental Accounting Standards Board (GASB) approved Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

In November of 2013, GASB approved Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

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

At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions (Continued) - This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

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

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

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, 2015:

Fund	Cash in	Reconciling Items		Change	Total
	Bank	Increases	Decreases	Funds	
Checking Accounts	\$55,744,998.29	\$1,653,096.15	\$2,760,159.64		\$54,637,934.80
Investment	630,895.84				630,895.84
Change Funds				\$3,050.00	3,050.00
	<u>\$56,375,894.13</u>	<u>\$1,653,096.15</u>	<u>\$2,760,159.64</u>	<u>\$3,050.00</u>	<u>\$55,271,880.64</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, 2015, 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 \$55,744,998.29, \$979,383.74 was covered by Federal Depository Insurance; \$54,765,614.55 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;
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;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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 \$630,895.84 in investments outstanding at December 31, 2015. These investments consisted of the 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: GOVERNMENTAL DEBT

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 2015</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	<u>\$57,554,530.42</u>	<u>\$60,139,439.02</u>	<u>\$59,922,897.15</u>
Net Debt Issued	<u>\$57,554,530.42</u>	<u>\$60,139,439.02</u>	<u>\$59,922,897.15</u>
Less: Cash on Hands to Pay Notes	149,199.15	148,942.57	65,136.01
	<u>\$57,405,331.27</u>	<u>\$59,990,496.45</u>	<u>\$59,857,761.14</u>
 <u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>\$4,706,501.33</u>	<u>\$1,289,615.34</u>	<u>\$4,016,439.43</u>
Total Authorized But Not Issued	<u>\$4,706,501.33</u>	<u>\$1,289,615.34</u>	<u>\$4,016,439.43</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$62,111,832.60</u>	<u>\$61,280,111.79</u>	<u>\$63,874,200.57</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

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 .605%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
School District Debt	\$69,940,000.00	\$69,940,000.00	-0-
General Debt	<u>62,261,031.75</u>	<u>149,199.15</u>	<u>\$62,111,832.60</u>
	<u>\$132,201,031.75</u>	<u>\$70,089,199.15</u>	<u>\$62,111,832.60</u>

NET DEBT \$62,111,832.60 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.40A:2-2, AS AMENDED, \$10,271,632,801.33 EQUALS .605%.

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

Equalized Valuation Basis* - December 31, 2015	\$10,271,632,801.33
3-1/2 of Equalized Valuation Basis	359,507,148.05
Net Debt	<u>62,111,832.60</u>
Remaining Borrowing Power	<u>\$297,395,315.45</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: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2015

CALANDAR YEAR	GENERAL IMPROVEMENT BONDS		TOTAL
	PRINCIPAL	INTEREST	
2016	5,672,148.00	1,585,064.11	7,257,212.11
2017	5,150,555.00	1,336,197.75	6,486,752.75
2018	4,538,000.00	1,116,900.00	5,654,900.00
2019	4,735,000.00	914,562.50	5,649,562.50
2020	4,584,000.00	702,992.50	5,286,992.50
2021	4,329,000.00	507,707.50	4,836,707.50
2022	3,341,000.00	321,022.50	3,662,022.50
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>\$35,611,703.00</u>	<u>\$6,703,196.86</u>	<u>\$42,314,899.86</u>

The General Capital Bonds are comprised of the following issues:

ISSUE	OUTSTANDING BALANCE DECEMBER 31, 2015
\$5,487,000.00 in Governmental Loan Revenue Bonds dated December 14, 2000, due in one remaining annual installment of \$3,000.00 due December 1, 2016 with interest at 5.300%.	\$3,000.00
\$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, 2016 and ending December 1, 2020 with interest at 5.000%.	9,000.00
\$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, 2016 and ending December 1, 2019 with interest at 5.000%.	9,000.00
\$2,777,000.00 in Governmental Loan Refunding Revenue Bonds dated April 3, 2006, due in one remaining annual installment of \$270,000.00 due February 1, 2016 with interest at 3.800%.	\$270,000.00

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2015</u>
\$7,134,000.00 in Governmental Loan Revenue Bonds dated December 21, 2006, due in one remaining annual installment of \$517,000.00 due December 1, 2016 respectively with interest of 5.000%	517,000.00
\$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, 2016 and ending December 1, 2022 with interest ranging from 4.000% to 5.000%.	9,715,703.00
\$3,228,000.00 in Governmental Loan Revenue Bonds dated December 13, 2007, due in remaining annual installments ranging from \$243,000.00 and \$322,000.00 beginning December 1, 2016 and ending December 1, 2022 with interest ranging from 4.000% to 5.250%	1,963,000.00
\$3,341,000.00 in Governmental Loan Revenue Bonds dated December 4, 2008, due in remaining annual installments ranging from \$220,000.00 and \$302,000.00 beginning December 1, 2016 and ending December 1, 2023 with interest ranging from 4.000% to 5.250%	2,060,000.00
\$5,966,000.00 in Governmental Loan Revenue Bonds dated December 30, 2009, due in remaining annual installments ranging from \$378,000.00 and \$538,000.00 beginning December 1, 2016 and ending December 1, 2024 with interest ranging from 4.000% to 5.000%	4,050,000.00
\$16,145,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated April 12, 2007, due in remaining annual installments ranging between \$1,010,000.00 and \$2,115,000.00 beginning December 1, 2016 and ending December 1, 2024 with interest ranging from 4.000% to 5.000%.	14,260,000.00
\$2,755,000.00 in Governmental Pooled Loan Refunding Revenue Bonds dated December 4, 2014, due in remaining annual installments ranging between \$543,000.00 and \$611,000.00 beginning December 1, 2017 and ending December 1, 2022 with interest ranging from 3.000% to 5.000%.	<u>2,755,000.00</u>
Total	<u><u>\$35,611,703.00</u></u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

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>YEAR</u>	<u>GREEN TRUST LOANS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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>\$842,713.42</u>	<u>\$91,541.52</u>	<u>\$934,254.94</u>

NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Long-Term Debt (Continued)

LEASE PURCHASE AGREEMENTS

The Township has entered in to the following agreement 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	November 10, 2009	\$2,258,000.00

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

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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>\$607,000.00</u>	<u>\$65,432.50</u>	<u>\$672,432.50</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2015, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$4,706,501.33</u>
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NOTE 3: GOVERNMENTAL DEBT (CONTINUED)

Short-Term Debt

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>
3020	9/20/2011	8/13/2015	8/12/2016	1.00%	\$454,325.00
3031	9/20/2011	8/13/2015	8/12/2016	1.00%	2,090,000.00
3032	9/20/2011	8/13/2015	8/12/2016	1.00%	377,854.00
3034	9/18/2012	8/13/2015	8/12/2016	1.00%	518,985.00
3045	9/18/2012	8/13/2015	8/12/2016	1.00%	1,560,375.00
3050	9/18/2012	8/13/2015	8/12/2016	1.00%	684,000.00
3065	9/18/2012	8/13/2015	8/12/2016	1.00%	1,966,500.00
3070	9/17/2013	8/13/2015	8/12/2016	1.00%	712,500.00
3087	9/17/2013	8/13/2015	8/12/2016	1.00%	1,425,000.00
3091	11/14/2014	11/12/2015	11/10/2016	1.00%	2,354,575.00
3111;3119	11/14/2014	11/12/2015	11/10/2016	1.00%	4,465,000.00
3141	8/13/2015	8/13/2015	8/12/2016	1.00%	2,509,450.00
3141	11/12/2015	11/12/2015	11/10/2016	1.00%	1,981,550.00
					<u>\$21,100,114.00</u>

SPECIAL EMERGENCY NOTE

Outstanding Special Emergency Notes outstanding at December 31, 2015 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>
Hurricane Sandy Clean Up	12/31/11	12/31/2015	1/1/2016	0.00%	\$630,895.84
					<u>\$630,895.84</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016 were as follows:

Current Fund	\$5,932,000.00
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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, 2015	Balance December 31, 2014
Prepaid Taxes	<u>\$1,241,075.90</u>	<u>\$1,185,505.46</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

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 (Continued)

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested 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 vested. 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 2015 PERS provides for employee contributions of 7.06% 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 2015, 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 Employees</u> <u>Retirement System</u>	<u>Police & Firemen's</u> <u>Retirement System</u>	<u>Defined Contribution</u> <u>Retirement System</u>	<u>Total</u>
2015	\$1,465,075.00	\$2,719,652.00	\$35,000.00	\$4,219,727.00
2014	1,313,850.00	2,582,018.00	20,062.50	3,915,930.50
2013	1,415,943.44	2,678,719.00	25,000.00	4,119,662.44

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 2015 is as follows:

<u>Retirement System</u>	<u>Original Amount Deferred</u>	<u>Balance December 31, 2014</u>	<u>2015 Payments</u>	<u>Balance December 31, 2015</u>
PFRS	\$ 991,686.00	\$ 832,588.00	\$ 65,134.00	\$ 767,454.00
PERS	<u>342,193.00</u>	<u>274,505.00</u>	<u>27,895.00</u>	<u>246,610.00</u>
Total	<u>\$ 1,333,879.00</u>	<u>\$ 1,107,093.00</u>	<u>\$ 93,029.00</u>	<u>\$ 1,014,064.00</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 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" and is effective for fiscal years beginning after June 15, 2014. This statement requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2015. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2015. As of the date of this report, the State of New Jersey has not allocated any unfunded net pension liability to the municipality and the amount to disclose in the notes to the financial statements is not presently known, but is probably material.

Public Employees Retirement System (PERS)

At June 30, 2015, the State reported a net pension liability of \$36,629,795.00 for the Township of Middletown's proportionate share of the total net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion was 0.1631762363 percent, which was an increase of 0.0007635210 percent from its proportion measured as of June 30, 2014.

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$2,621,674.00 for the Township of Middletown's proportionate share of the total pension expense. The pension expense recognized in the Township's financial statement based on the April 1, 2015 billing was \$1,338,907.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$873,858.00
Changes of assumptions		3,933,747.00
Net difference between projected and actual earnings on pension plan investments	\$588,937.00	
Changes in proportion and differences between Township contributions and proportionate share of contributions		<u>965,489.00</u>
	<u>\$588,937.00</u>	<u>\$5,773,094.00</u>

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

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	\$983,548.00
2017	\$983,548.00
2018	\$983,548.00
2019	\$1,436,588.00
2020	\$796,925.00

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	\$1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Township's Proportion	0.1631762363%	0.1624127153%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Inflation	3.01 Percent	3.04 Percent
Salary Increases (based on age)		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 percent

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 and June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
Township's proportionate share of the pension liability	\$45,526,354.00	\$36,629,795.00	\$29,170,985.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

NOTE 6: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS)

At June 30, 2015, the State reported a net pension liability of \$54,864,802.00 for the Township of Middletown's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Township's proportion was 0.3293894593 percent, which was a decrease of 0.0035815077 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the State recognized an actuarially determined pension expense of \$5,008,494.00. The pension expense recognized in the Township's financial statement based on the April 1, 2015 billing was \$2,557,447.00.

At June 30, 2015, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$473,226.00	
Changes of assumptions		\$10,129,405.00
Net difference between projected and actual earnings on pension plan investments	954,874.00	
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	<u>392,857.00</u>	<u>77,587.00</u>
	<u>\$1,820,957.00</u>	<u>\$10,206,992.00</u>

NOTE 6: PENSION PLANS (CONTINUED)

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

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

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

Year Ended	
<u>June 30</u>	<u>Amount</u>
2016	\$1,584,818.00
2017	\$1,584,818.00
2018	\$1,584,818.00
2019	\$2,653,365.00
2020	\$978,216.00

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$3,527,123,787	\$456,706,121
Collective deferred inflows of resources	466,113,435	\$1,283,652,103
Collective net pension liability - local	16,656,514,197	12,579,072,492
Township's Proportion	0.3293894593%	0.3329709670%

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions:

Inflation	3.04 Percent	3.01 Percent
Salary Increases (based on age)		
2012-2021	2.60-9.48 Percent	3.95-8.62 Percent
Thereafter	3.60-10.48 Percent	4.95-9.62 Percent
Investment Rate of Return	7.90 Percent	7.90 Percent

Mortality rates used for the July 1, 2014 valuation were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Mortality rates used for the July 1, 2013 valuation were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2011 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Actuarial Assumptions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30,2015</u>		<u>June 30,2014</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bonds			1.00%	2.49%
Intermediate- Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
US Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 6: PENSION PLANS (CONTINUED)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.79%</u>	<u>5.79%</u>	<u>6.79%</u>
Township's proportionate share of the PFRS pension liability	\$72,329,227.00	\$54,864,802.00	\$40,624,124.00

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS).

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>	
	BALANCE DECEMBER <u>31, 2015</u>	BALANCE DECEMBER <u>31, 2014</u>
Balance of Tax	\$65,616,482.00	\$62,096,926.00
Deferred	<u>61,820,000.00</u>	<u>61,820,000.00</u>
Tax Payable	<u>\$3,796,482.00</u>	<u>\$276,926.00</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, 2015, the current cost of such unpaid compensation would approximate \$4,426,302.00. 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 \$411,878.95 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 2015 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 \$1,163,199.21 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. The Township has 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, 2015, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, 2015	2016 BUDGET APPROPRIATION	BALANCE TO SUCCEEDING YEARS
Current Fund:			
Special Emergency Authorization:			
N.J.S.A. 40A: 4-53	\$630,895.84	\$315,449.00	\$315,446.84
	<u>\$630,895.84</u>	<u>\$315,449.00</u>	<u>\$315,446.84</u>

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2015:

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
Current Fund	\$ 9,487.00	\$ 389,824.14
Trust Other Fund	380,337.14	
Grant Fund	<u>389,824.14</u>	<u>389,824.14</u>

This interfund is the result of timing difference between grant expenditures and reimbursements from the granting agency. The Township makes every effort to limit the time between the expenditure of grant funds and submission for reimbursement.

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 \$1,150.00 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, 2014 was \$11,333,900, 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, 2014 was as follows:

Fiscal Year Beginning <u>January 1,</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed*</u>	Net OPEB <u>Obligation</u>
2014	\$10,349,200.00	23.30%	\$54,789,900.00

* - 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, 2014, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for postemployment benefits earned was approximately \$122,076,100. Since this liability was not funded, the unfunded actuarial accrued liability (UAAL) at January 1, 2014 was also \$122,076,100. The AAL represents 100% of the present value of all projected benefits.

For the year ended December 31, 2013, the covered payroll (annual payroll of active employees covered by the plan) was \$19,519,400 and the ratio of the UAAL to covered payroll was 625%.

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, 2014, the projected unit credit cost method was used. The actuarial assumptions included a 3.0% discount rate as of January 1, 2014. In addition, an annual health care cost trend rate of 7.25% was utilized. This rate grades down to an ultimate rate of 5% effective 2024 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 2015, 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 June 10, 2016 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.

TOWNSHIP OF MIDDLETOWN
SUPPLEMENTARY SCHEDULES - ALL FUNDS
YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF CASH-TREASURER

REF.		GRANT FUND	CURRENT FUND
A	Balance, December 31, 2014	\$ -0-	\$ 19,089,853.46
	Increased by Receipts:		
A-5	Collector	\$	223,105,255.19
A-2	Miscellaneous Revenue Not Anticipated		313,789.01
A-3	Appropriation Refunds		173,075.25
A-7	Petty Cash		3,475.00
A-8	State of New Jersey-Senior Citizens and Veterans Deductions-Chapter 20, P.L.1971		573,250.00
A-12	Revenue Accounts Receivable		14,178,596.45
A-32;A-14	Interfunds Returned	339,223.57	718,196.78
A-19	Various Reserves		946,755.00
A-26	Deferred Charges		1,805,341.63
A-27	Emergency Note Payable		630,895.84
A-28	Grants Receivable	417,037.51	
		756,261.08	242,448,630.15
		\$ 756,261.08	\$ 261,538,483.61
	Decreased by Disbursements:		
A-3	2015 Appropriations	\$	59,282,351.92
A-13	2014 Appropriation Reserves		2,735,458.73
A-6	Change Fund		650.00
A-7	Petty Cash		3,475.00
A-32;A-14	Interfunds Advanced	417,037.51	630,895.84
A-16	Accounts Payable		282,107.28
A-18	Refund of Tax Overpayments		87,353.71
	Reserve for:		
A-19	Various Reserves		116,970.60
A-20	Tax Appeals		136,800.79
A-29	Appropriated Grants	339,223.57	
A-21	County Taxes		29,931,634.06
A-22	Due County-Added Taxes		125,102.70
A-23	Local District School Tax		133,485,074.00
A-24	Solid Waste Collection Tax Payable		3,390,300.00
A-25	Municipal Open Space Tax Payable		2,062,153.79
A-27	Emergency Note Payable		3,854,357.47
A-1	Refund of Prior Year Revenue	756,261.08	15,078.92
		\$ -0-	\$ 236,139,764.81
A	Balance, December 31, 2015	\$ -0-	\$ 25,398,718.80

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR

	<u>REF.</u>		
Balance, December 31, 2014	A	\$	308,664.14
Received:			
Taxes Receivable	A-9	\$	221,251,353.90
Tax Title Liens	A-10		21,825.77
Revenue Accounts Receivable	A-12		329,532.67
2016 Taxes Prepaid	A-17		1,241,075.90
Tax Overpayments	A-18		256,223.88
Miscellaneous Revenue Not Anticipated	A-2		<u>11,348.43</u>
			<u>223,111,360.55</u>
		\$	<u>223,420,024.69</u>
Decreased by Disbursements:			
Payments to Treasurer	A-4		<u>223,105,255.19</u>
Balance, December 31, 2015	A	\$	<u><u>314,769.50</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2014	A	\$	23,907.36
Increased by:			
Senior Citizens and Veterans Deductions:			
Per Tax Duplicate		\$	569,000.00
Allowed by Collector			<u>17,000.00</u>
			586,000.00
		\$	<u>609,907.36</u>
Decreased by:			
Received From State	A-4	\$	573,250.00
Disallowed by Collector - Current Year			<u>4,847.96</u>
			<u>578,097.96</u>
Balance, December 31, 2015	A	\$	<u><u>31,809.40</u></u>

CALCULATION OF STATE'S SHARE OF
2015 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans Deductions:			
Per Tax Duplicate		\$	569,000.00
Allowed by Collector			<u>17,000.00</u>
			586,000.00
Less: Disallowed by Collector - Current Year			<u>4,847.96</u>
	A-9	\$	<u><u>581,152.04</u></u>

"A-9"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2014	2015 LEVY	ADDED	2014	COLLECTIONS	2015	CANCELED	TRANSFERRED TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2015
2011	\$ 13,801.97	\$	\$ 359.63	\$	\$ 1,622.00	\$	\$	\$	12,539.60
2012	5,866.56				2,108.00			5,044.62	-1,286.06
2013	9,161.18				2,140.06			2,541.08	4,480.04
2014	15,001.34		3,576.50		11,296.19			8,059.00	-777.35
2015	43,831.05	\$	3,936.13	\$	17,166.25	\$	\$	7,585.70	15,733.58
		\$		1,185,505.46	222,095,504.05		272,267.05	111,803.27	5,539.78
	\$ 43,831.05	\$	3,936.13	1,185,505.46	222,112,670.30	\$	272,267.05	119,388.97	21,273.36

REF. A

A-2

A-10

A

REF.	DESCRIPTION	AMOUNT
A-5	Collector	\$ 221,251,353.90
A-8	Senior Citizens Deductions	581,152.04
A-18	Overpayments Applied	280,164.36
		\$ 222,112,670.30

ANALYSIS OF 2015 PROPERTY TAX LEVY

TAX YIELD	AMOUNT
General Purpose Tax	\$ 222,881,498.94
Added Taxes	789,120.67
	\$ 223,670,619.61
TAX LEVY	
Local District School Tax (Abstract)	\$ 137,004,630.00
Solid Waste Collection Tax	3,390,300.00
Municipal Open Space Tax	2,068,608.50
County Taxes:	
County Tax (Abstract)	\$ 29,931,634.06
Due County for Added Taxes (54:4-63.1 et seq.)	108,325.21
TOTAL COUNTY TAXES	30,039,959.27
Local Tax for Municipal Purposes (Abstract)	\$ 46,964,220.89
Minimum Library Tax	3,445,649.00
Add: Additional Tax Levied	757,251.95
Local Tax for Municipal Purposes Levied	51,167,121.84
	\$ 223,670,619.61

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2014	A		\$ 297,542.38
Increased by:			
Transfers From Taxes Receivable	A-9	\$ 111,803.27	
Interest and Cost on Sale		12,492.07	
Added Liens		<u>16,532.76</u>	
			\$ <u>140,828.10</u>
			\$ 438,370.48
Decreased by:			
Cash Receipts	A-5	21,825.77	
Cancelled		<u>926.41</u>	
			<u>22,752.18</u>
Balance, December 31, 2015	A		\$ <u><u>415,618.30</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

	<u>REF.</u>	
Balance, December 31, 2014 and December 31, 2015	A	\$ <u>206,000.00</u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	REF.	ACCRUED IN 2015	COLLECTED BY	
			COLLECTOR	TREASURER
Clerk:				
Licenses:				
Alcoholic Beverages	A-2	60,578.60 \$		60,578.60
Other	A-2	14,528.50		14,528.50
Fees and Permits	A-2	2,192.06		2,192.06
Board of Health:				
Fees and Permits	A-2	61,153.00		61,153.00
Vital Statistics:				
Fees and Permits	A-2	24,513.00		24,513.00
Fire Department:				
Fees and Permits	A-2	101,897.00		101,897.00
Police Department:				
Other Licenses	A-2	1,050.00		1,050.00
Fees and Permits	A-2	10,455.44		10,455.44
Public Works:				
Fees and Permits	A-2	98,907.50		98,907.50
Planning and Zoning:				
Fees and Permits	A-2	117,007.98		117,007.98
Tax Assessor:				
Fees and Permits	A-2	850.00		850.00
Tax Collector Fees:				
Fees and Permits	A-2	66,484.34	66,484.34	
Treasurer:				
Fees and Permits	A-2	3,848.44		3,848.44
Municipal Court:				
Fines and Costs	A-2	787,665.05		787,665.05
Interest and Costs on Taxes	A-2	263,048.33	263,048.33	
Interest on Investments	A-2	132,779.44		132,779.44

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	ACCRUED IN 2015	COLLECTED BY	
			<u>COLLECTOR</u>	<u>TREASURER</u>
Railroad Parking Lot Receipts	A-2	\$ 656,296.15	\$	656,296.15
Cable TV Franchise Fees	A-2	128,448.10		128,448.10
Verizon FIOS Franchise Fees	A-2	470,504.31		470,504.31
Senior Citizen Housing PILOT	A-2	318,302.00		318,302.00
Edgewater Park PILOT	A-2	28,413.19		28,413.19
Chapel Hill Associates PILOT	A-2	39,505.00		39,505.00
Sloan Kettering PILOT	A-2	163,800.82		163,800.82
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	2,797,515.70		2,797,515.70
Middletown Board of Education	A-2	238,739.30		238,739.30
Uniform Fire Safety Act	A-2	65,540.50		65,540.50
Capital Fund - Surplus	A-2	680,000.00		680,000.00
Rental Income	A-2	21,389.19		21,389.19
Rental Income - Trinity Hall	A-2	185,250.00		185,250.00
Hotel Occupancy Tax	A-2	228,970.00		228,970.00
Sewage Authority Surplus Contribution	A-2	397,243.00		397,243.00
Field Users Fees	A-2	206,690.18		206,690.18
Capital Reserve - Emergency Note Premium	A-2	81,875.00		81,875.00
		<u>\$ 14,508,129.12</u>	<u>\$ 329,532.67</u>	<u>14,178,596.45</u>

REF.

A-5

A-4

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	BALANCE AFTER TRANSFERS	NET PAID OR CHARGED	BALANCE LAPSED
<u>Salaries and Wages:</u>				
Administrative and Executive:	\$ 2,866.57	\$ 2,866.57	\$	\$ 2,866.57
Township Committee	0.38	0.38		0.38
Township Clerk	1,552.82	1,552.82		1,552.82
Financial Administration	3,337.92	3,337.92		3,337.92
Data Processing Center	2,945.76	2,945.76		2,945.76
Elections	418.95	418.95		418.95
Division of Purchasing	5,453.97	5,453.97		5,453.97
Collection of Taxes	2,691.76	2,691.76	300.00	2,391.76
Assessment of Taxes	9,414.85	9,414.85		9,414.85
Municipal Prosecutor	7.50	1,524.00	585.00	939.00
Municipal Land Use (Planning)	890.20	890.20		890.20
Planning Board	5,104.03	5,104.03		5,104.03
Zoning Board of Adjustment	486.46	486.46		486.46
Fire	7,531.27	7,531.27		7,531.27
Uniform Fire Safety Bureau	1,389.66	1,389.66		1,389.66
Police	368,328.63	66,328.63	(440.00)	66,768.63
Emergency Management Services	5,027.74	5,027.74		5,027.74
Department of Public Works	27,767.71	27,767.71		27,767.71
Parks	86,210.35	86,210.35		86,210.35
Recycling	11,515.67	11,515.67		11,515.67
DPW Administration	18,837.83	18,837.83		18,837.83
Maintenance of Public Property	9,593.32	9,593.32		9,593.32
Vehicle Maintenance	28,816.66	28,816.66		28,816.66
Board of Health - Local Health Agency	2,499.17	2,499.17		2,499.17
Recreation Department	40,604.04	40,604.04		40,604.04
Alliance for Alcohol and Drug Abuse	1,988.95	1,988.95		1,988.95
Uniform Construction Code: Inspection of Buildings	57,799.32	42,799.32		42,799.32
Municipal Court	10,840.31	10,840.31		10,840.31
Public Defender	7,000.00	7,000.00		7,000.00
<u>Other Expenses:</u>				
Administrative and Executive	726.75	6,895.79	(4,677.96)	11,573.75
Township Clerk	265.38	29,701.10	27,464.02	2,217.08
Township Committee	446.23	1,746.23	1,112.78	633.45
Financial Administration				
Other Expenses	54,819.11	55,355.17	485.23	54,869.94
Audit Services	5,300.00	10,300.00	4,250.00	6,050.00
Data Processing Center	5,939.83	71,833.73	46,850.54	24,983.19
Elections	8,708.49	8,708.49		8,708.49
Purchasing	3,007.99	3,047.20	17.10	3,030.10
Collection of Taxes	6,839.67	12,197.31	4,035.70	8,161.61
Liquidation of Tax Title Liens and Foreclosed	10,000.00	10,000.00		10,000.00
Assessment of Taxes				
Maintenance of Tax Map	8,487.00	8,487.00	3,293.75	5,193.25
Miscellaneous Other Expenses	34,510.90	131,333.56	106,431.30	24,902.26
Legal Services and Costs	10,310.73	47,346.73	36,168.91	11,177.82
Insurance:				
Employee Group Health		26,020.96	26,020.96	
General Liability	92,971.96	95,129.28	95,129.28	
Workers Compensation Insurance		389,767.43	389,767.43	
Engineering Services and Costs:				
Other Expenses	1,622.57	8,149.44	599.29	7,550.15
Municipal Land Use	30,606.25	42,203.45	3,162.80	39,040.65
Planning Board	18,688.13	28,512.25	8,945.15	19,567.10
Zoning Board of Adjustment	11,250.00	17,244.00	1,000.00	16,244.00
Fire:				
Miscellaneous Other Expenses	2,670.09	86,112.87	76,027.60	10,085.27
Fire Hydrant Services		85,470.43	59,984.21	25,486.22
Subsidy to Fire Companies		22,500.00	22,500.00	
Uniform Fire Safety Bureau:				
Fire-Uniform Fire Safety - LEAR	4,245.43	6,332.31	1,338.28	4,994.03

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	BALANCE AFTER TRANSFERS	NET PAID OR CHARGED	BALANCE LAPSED
<u>Other Expenses</u>				
Police	\$ 90,324.89	\$ 150,968.83	\$ 61,745.79	89,223.04
Jail Management	500.00	500.00		500.00
First Aid	21,900.41	69,503.30	31,091.87	38,411.43
Emergency Management Services	1,147.31	16,736.72	14,835.61	1,901.11
First Aid Organization Contribution		20,000.00	20,000.00	
Department of Public Works	3,139.84	61,983.35	36,211.73	25,771.62
Snow Removal	30,442.48	157,944.83	157,944.83	
Parks	1,909.65	109,516.36	97,145.21	12,371.15
Beach Operations	8,000.00	10,260.00	2,190.00	8,070.00
Environmental Committee	60.00	60.00		60.00
Recycling	76,200.79	194,493.63	54,266.59	140,227.04
DPW Administration	6,918.89	8,271.65	3,817.77	4,453.88
Maintenance of Public Library	4,450.00	113,708.14	73,190.64	40,517.50
Vehicle and Equipment Maintenance	759.44	112,571.00	68,331.66	44,239.34
Condominium Maintenance	63,122.09	63,122.09	53,089.02	10,053.07
Board of Health	9,746.15	13,754.16	3,828.01	9,926.15
Animal Control Regulation	1,591.91	10,426.68	5,825.47	4,801.21
Department of Recreation	23,814.31	36,727.94	11,034.33	25,693.61
Alliance for Alcohol and Drug Abuse	9,392.11	11,196.11	1,026.00	10,170.11
Uniform Construction Code: Inspection	12,807.98	14,471.90	1,403.27	13,068.63
Railroad Parking Lot Lease	83,500.00	127,500.00	65,500.00	62,000.00
Employee Accumulated Leave		300,000.00	300,000.00	
Utilities	256,728.54	725,617.42	202,834.37	522,783.05
Street Lights	143,750.00	184,714.18		184,714.18
Municipal Court	5,259.08	11,645.02	2,797.62	8,847.40
Statutory Expenditures:				
Public Employees Retirement System	32,175.00	32,175.00	2,987.02	29,187.98
Social Security (O.A.S.I.)	51,168.74	51,168.74		51,168.74
State Unemployment Ins.	63,141.73	70,119.50	70,119.50	
Defined Contribution Retirement Program	14,937.50	15,258.63	7,335.61	7,923.02
Maintenance of Free Public Library	14,256.73	102,802.44	102,802.44	
LOSAP - Volunteer Deferred Compensation		325,000.00	241,950.00	83,050.00
Group Insurance for Employees (O/S CAPS)	36,170.80	36,170.80	36,170.80	
Monmouth County SCAT	7,210.00	7,210.00	3,410.00	3,800.00
Computer / Technology Upgrades		44,110.13	44,110.13	
Turnout Gear	6,471.80	103,305.00	96,833.20	6,471.80
Park Improvements	10,000.00	10,000.00		10,000.00
	<u>\$ 2,121,336.48</u>	<u>\$ 4,932,846.58</u>	<u>\$ 2,783,979.86</u>	<u>\$ 2,148,866.72</u>
REF.	A			A-1
Appropriation Reserves	A-13	\$ 2,121,336.48		
Transfer from Encumbrances Payable	A-15	<u>2,811,510.10</u>		
		<u>\$ 4,932,846.58</u>		
Disbursed	A-4		\$ 2,735,458.73	
Accounts Payable	A-16		<u>48,521.13</u>	
			<u>\$ 2,783,979.86</u>	

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>TRUST OTHER FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2014					
Interfunds Payable	A \$	343,443.62 \$	\$	\$	343,443.62
Cash Receipts	A-4	718,196.78	9,487.00	630,895.84	77,813.94
Matching Funds for Grants	A-32	11,500.00			11,500.00
Cash Disbursements	A-4	630,895.84		630,895.84	
Grant Reserves Cancelled - Net	A-1	<u>52,420.42</u>	<u> </u>	<u> </u>	<u>52,420.42</u>
Balance, December 31, 2015					
Interfunds Payable	A \$	<u><u>389,824.14</u></u> \$	<u><u>9,487.00</u></u> \$	<u><u> </u></u> \$	<u><u>380,337.14</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	A	\$	2,862,481.08
Increased by:			
2015 Appropriations	A-3		<u>3,044,144.83</u>
		\$	5,906,625.91
Decreased by:			
Transferred to Appropriation Reserves	A-13	\$	2,811,510.10
Canceled Encumbrance	A-19		<u>50,970.98</u>
			<u>2,862,481.08</u>
Balance, December 31, 2015	A	\$	<u><u>3,044,144.83</u></u>

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2014	A	\$	333,950.80
Increased by:			
Transferred From Appropriation Reserves	A-13	\$	<u>48,521.13</u>
			<u>48,521.13</u>
		\$	382,471.93
Decreased by:			
Cash Disbursements	A-4	\$	282,107.28
Cancelled	A-1		<u>51,843.52</u>
			<u>333,950.80</u>
Balance, December 31, 2015	A	\$	<u><u>48,521.13</u></u>

TOWNSHIP OF MIDDLETOWN
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2014	A	\$	1,185,505.46
Increased by:			
Collection of 2016 Taxes	A-5		1,241,075.90
		\$	<u>2,426,581.36</u>
Decreased by:			
Applied to 2015 Taxes	A-9		<u>1,185,505.46</u>
Balance, December 31, 2015	A	\$	<u><u>1,241,075.90</u></u>

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2014	A	\$	92,184.31
Increased by:			
Overpayments in 2015	A-5	\$	256,223.88
Transferred from Tax Appeals	A-20		<u>414,491.07</u>
			670,714.95
		\$	<u>762,899.26</u>
Decreased by:			
Refunds	A-4	\$	87,353.71
Applied	A-9		280,164.36
Cancelled	A-1		<u>24,923.86</u>
			<u>392,441.93</u>
Balance, December 31, 2015	A	\$	<u><u>370,457.33</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF VARIOUS RESERVES

<u>PROGRAM</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>INCREASED</u>	<u>EXPENDED</u>	<u>CANCELLED</u>	<u>BALANCE DECEMBER 31, 2015</u>
Property Tax Revaluation Program	\$ 11,661.92 \$			11,661.92 \$	
Garden State Preservation Fund	116.00			116.00	
Sale of Assets	116,214.12				66,214.12
Library Reserves	218,899.54		50,000.00		117,871.66
Reserve for Disaster Relief		940,580.00	101,027.67	0.21	
Due State - Marriage Licenses		6,175.00	940,580.00		
Hurricane Sandy	1,323,264.00		4,525.00		1,650.00
Interlocal BOE Field Improvements	91,298.14		1,703.18		1,321,560.82
Building Repair/Removal - FEMA	170,757.37	50,970.98	69,714.75		72,554.37
	<u>\$ 1,932,211.09 \$</u>	<u>997,725.98 \$</u>	<u>1,167,550.60 \$</u>	<u>11,778.13 \$</u>	<u>1,750,608.34</u>
<u>REF.</u>	A			A-1	A
Cash Receipts	\$	946,755.00			
Encumbrances Cancelled		<u>50,970.98</u>			
	\$	<u>997,725.98</u>			
Cash Disbursement			116,970.60		
Anticipated as Revenue in 2015 Budget					
Sale of Assets			50,000.00		
Reserve for Disaster Relief			940,580.00		
Building Repair/Removal - FEMA			<u>60,000.00</u>		
	\$		<u>1,167,550.60</u>		

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF TAX APPEALS

	<u>REF.</u>			
Balance, December 31, 2014	A		\$	1,000,000.00
Increased by:				
Transferred from 2015 Appropriations	A-3	\$	300,000.00	
Contested Amount of Tax Collected which are Pending State Appeal				
Current Year Taxes	A-2		<u>414,491.07</u>	
				<u>714,491.07</u>
			\$	<u>1,714,491.07</u>
Decreased by:				
Cash Disbursements	A-4	\$	136,800.79	
Transferred to Tax Overpayments	A-17		<u>414,491.07</u>	
				<u>551,291.86</u>
Balance, December 31, 2015	A		\$	<u><u>1,163,199.21</u></u>

"A-21"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>	
2015 Levy	A-1:A-9	\$ <u>29,931,634.06</u>
Decreased by:		
Payment	A-4	\$ <u><u>29,931,634.06</u></u>

"A-22"

SCHEDULE OF DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2014	A	\$ 125,421.84
Increased by:		
County Share of 2015 Levy:		
Added Taxes (R.S.54:4-63.1 et.seq.)		
2015	A-1:A-9	\$ <u>108,325.21</u>
		\$ <u>233,747.05</u>
Decreased by:		
Cash Disbursements	A-4	<u>125,102.70</u>
Balance, December 31, 2015	A	\$ <u><u>108,644.35</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014			
Deferred		\$ 61,820,000.00	
Payable	A	<u>276,926.00</u>	62,096,926.00
Increased by:			
Levy	A-9		<u>137,004,630.00</u>
			\$ 199,101,556.00
Decreased by:			
Disbursements	A-4		<u>133,485,074.00</u>
Balance, December 31, 2015			\$ <u><u>65,616,482.00</u></u>
Analysis of Balance			
Payable	A	\$ 3,796,482.00	
Deferred		<u>61,820,000.00</u>	\$ <u><u>65,616,482.00</u></u>
2015 Liability for Local District School Tax:			
Tax Paid			\$ 133,485,074.00
Less: School Tax Payable, December 31, 2014			<u>276,926.00</u>
			\$ 133,208,148.00
Add: School Tax Payable, December 31, 2015			<u>3,796,482.00</u>
Amount Charged to 2015 Operations	A-1		\$ <u><u>137,004,630.00</u></u>

"A-24"

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF SOLID WASTE COLLECTION DISTRICT TAX PAYABLE

	<u>REF.</u>	
Increased by:		
2015 Levy	A-1:A-9	\$ <u>3,390,300.00</u>
Decreased by:		
Cash Disbursements	A-4	\$ <u><u>3,390,300.00</u></u>

"A-25"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

Balance December 31, 2014	A	\$ 8,272.31
Increased by:		
2015 Levy		\$ 2,061,245.24
Added Taxes		<u>7,363.26</u>
	A-1:A-9	\$ <u>2,068,608.50</u>
		\$ <u><u>2,076,880.81</u></u>
Decreased by:		
Cash Disbursements	A-4	<u>2,062,153.79</u>
Balance December 31, 2015	A	\$ <u><u>14,727.02</u></u>

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	BALANCE DECEMBER 31, 2014	DECREASED BY RAISED IN 2015 BUDGET	CASH RECEIPTS	BALANCE DECEMBER 31, 2015
Special Emergency Authorizations (40A:4-53):				
Reassessment of Real Property	\$ 80,000.00 \$	80,000.00 \$		
Employee Accumulated Leave	200,000.00	200,000.00		
Hurricane Sandy Damage	3,654,357.47	1,218,120.00	1,805,341.63	630,895.84
	<u>3,934,357.47 \$</u>	<u>1,498,120.00 \$</u>	<u>1,805,341.63 \$</u>	<u>630,895.84</u>

REF. A A-3 A-4 A

TOWNSHIP OF MIDDLETOWN

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE

DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2014	INCREASED	DECREASED	BALANCE DECEMBER 31, 2015
12/23/2010	9/15/2014	8/14/2015	1.000%	\$ 200,000.00		200,000.00	\$
12/31/2012	12/31/2014	1/1/2015	0.00%	3,654,357.47		3,654,357.47	
12/31/2012	12/31/2015	1/1/2016	0.00%		630,895.84		630,895.84
				\$ 3,854,357.47	630,895.84	3,854,357.47	\$ 630,895.84

REF.

A

A-4

A-4

A

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

PROGRAM	BALANCE DECEMBER 31, 2014	ANTICIPATED IN 2015 BUDGET	RECEIVED	UNAPPROPRIATED APPLIED	CANCELLED	BALANCE DECEMBER 31, 2015
Federal Grants:						
SHRAP (Sandy Homeowner/Renter Assistance Program) 2014	\$ 184,772.91	\$	\$ 95,424.56	\$	\$ 89,348.35	\$ 5,000.00
Drive Sober or Get Pulled Over		5,000.00				275,000.00
Disaster Recovery Post Sandy Grant		275,000.00				100,000.00
Post Sandy Code Enforcement		100,000.00				
Emergency Management		10,000.00	10,000.00			
Emergency Management		5,000.00	5,000.00			
FEMA Hazard Mitigation Grant		250,000.00				250,000.00
State Grants						
Clean Communities Program - 2015		153,822.69	153,822.69			
Drunk Driving Enforcement Fund		32,365.16	32,365.16			
Rude Awakening - 2011	11,272.50				11,272.50	
Senior Citizen Grant Title II - 2014	32,500.00		32,500.00			32,500.00
Senior Citizen Grant Title II - 2015						
Pedestrian Safety	11,000.00		9,800.00		1,200.00	
ROID Grant - 2014	20,000.00		20,000.00			
ROID Grant - 2015		20,000.00				20,000.00
Crossroads Comm Based - 2014	7,996.00		7,996.00			
DWI Roving Patrol		440.00	440.00			
Recycling Tonnage Grant		204,361.81		204,361.81		
Municipal Alliance - DEDR Grant - 2014	30,000.00		29,689.10		310.90	
Municipal Alliance - DEDR Grant - 2015		30,000.00				30,000.00
NJLM Sustainable - 2014	5,000.00					
Bayshore DWI - 2013	23,410.00				23,410.00	
County Grants:						
Historic Preservation Grant - Murray Farm		23,610.00				23,610.00
Hope For Children Foundation		15,000.00	15,000.00			
Conifer Tract BB Field - 2011	250,000.00					250,000.00
	\$ 575,951.41	\$ 1,157,099.66	\$ 417,037.51	\$ 204,361.81	\$ 125,541.75	\$ 986,110.00

REF.

A

A-2

A-4

A-30

A

TOWNSHIP OF MIDDLETOWN
GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

PROGRAM	BALANCE DECEMBER 31, 2014	MODIFIED	2015 APPROPRIATION	EXPENDED	CANCELED	BALANCE DECEMBER 31, 2015
Federal Grants:						
Federal Body Armor Grant - 2012	\$ 5,223.80	\$ 5,223.80	\$	5,223.80		\$
Federal Body Armor Reserve - 2012	1,430.00	1,430.00		1,430.00		
Bullet Proof Vest Program	6,652.50	6,652.50		6,652.50		
SHRAP (Sandy Homeowner/Renter Assistance Program) 2014	139,021.18	139,621.18		56,218.59	83,402.59	
COPS in Shops Grant - 2012	1,600.00	1,600.00			1,600.00	
Drive Sober Get Pulled Over 2015			5,000.00			5,000.00
Disaster Recovery Post Sandy Grant			275,000.00	51,891.25		223,108.75
Post Sandy Code Enforcement			100,000.00	11,139.92		88,860.08
Emergency Management			10,000.00	10,000.00		
Emergency Management			5,000.00			5,000.00
FEMA Hazard Mitigation Grant			250,000.00	3,400.00		246,600.00
State Grants:						
Body Armor Replacement - 2011	26.38	26.38		26.38		
Body Armor Replacement - 2012	9,606.84	9,606.84		9,606.84		
Child Passenger Safety Grant - 2011	3,000.00	3,000.00			3,000.00	
Clean Communities Program - 2014	126,573.68	126,573.68		126,573.00	0.68	
Clean Communities Program - 2015			153,822.69			153,822.69
Drunk Driving Enforcement Fund - 2012	4,011.24	4,011.24		4,011.24		
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	
Drunk Driving Enforcement Fund Training - 2015			32,365.16	5,048.76		27,316.40
Police Rude Awakenings - 2011	15,000.00	15,000.00			15,000.00	
Pedestrian Safety	11,000.00	11,000.00		9,800.00	1,200.00	
Recycling Tonnage Grant - 2011	29,885.81	29,885.81		29,885.81		
Recycling Tonnage Grant - 2012	114,465.91	114,465.91		23,923.44		90,542.47
Recycling Tonnage Grant - 2013	112,091.82	112,091.82				112,091.82
Recycling Tonnage Grant - 2014			204,361.81			204,361.81
Senior Citizen Grant Title II - 2015.			32,500.00	32,500.00		
Bayshore DWI - 2011	9,050.00	9,050.00			9,050.00	
Bayshore DWI - 2013	23,500.00	23,500.00			23,500.00	

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS UNAPPROPRIATED

<u>PROGRAM</u>	BALANCE DECEMBER 31, 2014	APPLIED TO 2015 BUDGET
Recycling Tonnage Grant	\$ <u>204,361.81</u>	\$ <u>204,361.81</u>
	\$ <u>204,361.81</u>	\$ <u>204,361.81</u>
<u>REF.</u>	A	A-28

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	A	\$	9,173.67
Increased by:			
Charged to Appropriated Grant Reserve	A-29	\$	<u>110,215.47</u>
			119,389.14
Decreased by:			
Transferred to Appropriated Grant Reserve	A-29		<u>9,173.67</u>
Balance, December 31, 2015	A	\$	<u><u>110,215.47</u></u>

TOWNSHIP OF MIDDLETOWN

GRANT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>		<u>DUE CURRENT FUND</u>
Balance, December 31, 2014 (Receivable)	A		\$ 343,443.62
Increased by			
Cash Disbursements	A-4	\$ 417,037.51	
Matching Funds for Grants	A-14	<u>11,500.00</u>	
			<u>428,537.51</u>
			771,981.13
Decreased by:			
Cash Receipts	A-4	\$ 339,223.57	
Grants Reserves Cancelled - Net	A-1	<u>52,420.42</u>	
			<u>391,643.99</u>
Balance, December 31, 2015 (Receivable)	A		\$ <u><u>380,337.14</u></u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF TRUST CASH - TREASURER

	<u>REF.</u>	<u>ANIMAL CONTROL FEES</u>	<u>OTHER</u>
Balance, December 31, 2014	B	\$ 28,371.98	\$ 14,301,525.14
Increased by Receipts:			
Due State of New Jersey	B-2	\$ 7,337.40	
Animal Control Fees Investment	B-3	150,924.35	
Reserve for:			
Community Development Block Grant Receivable	B-4		97,879.00
Miscellaneous Deposits and Reserves	B-5		15,637,725.29
Open Space	B-6		2,061,245.24
Community Development Block Grant Reserve	B-7		26,115.65
Self Insurance	B-8		7,310,327.98
Payroll Deductions	B-9		36,414,136.79
Due Current Fund	B-11	158,261.75	12,013,847.66
		\$ 186,633.73	\$ 73,561,277.61
Decreased by Disbursements:			
Due State of New Jersey	B-2	\$ 7,281.00	
Expenditures Under R.S.4:19-15.11	B-3	148,029.97	
Reserve for:			
Miscellaneous Deposits and Reserves	B-5		13,139,855.85
Open Space	B-6		2,153,873.72
Community Development Block Grant Reserve	B-7		214,697.18
Self Insurance	B-8		7,312,366.22
Payroll Deductions	B-9		37,528,379.17
Due Current Fund	B-11	155,310.97	12,023,334.66
		\$ 31,322.76	\$ 72,372,506.80
Balance, December 31, 2015	B	\$ 31,322.76	\$ 15,490,295.95

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF ANIMAL LICENSE FEES DUE STATE OF NEW JERSEY

	<u>REF.</u>		
Balance, December 31, 2014	B	\$	16.20
Increased by:			
Cash Receipts	B-1		7,337.40
		\$	<u>7,353.60</u>
Decreased by:			
Cash Disbursements	B-1		7,281.00
			<u>7,281.00</u>
Balance, December 31, 2015	B	\$	<u><u>72.60</u></u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2014	B	\$	28,355.78
Increased by:			
Dog License Fees		\$	133,475.35
Other Fees			<u>17,449.00</u>
	B-1		<u>150,924.35</u>
		\$	<u>179,280.13</u>
Decreased by:			
Expenditures Under R.S.4:19-15.11	B-1	\$	<u>148,029.97</u>
			<u>148,029.97</u>
Balance, December 31, 2015	B	\$	<u><u>31,250.16</u></u>

<u>LICENSE FEES COLLECTED</u>		
<u>YEAR</u>		<u>AMOUNT</u>
2014	\$	100,442.40
2013		<u>122,175.79</u>
	\$	<u><u>222,618.19</u></u>

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2014	B	\$	163,828.87
Increase by:			
Grant Awards	B-7		227,400.00
		\$	<u>391,228.87</u>
Decreased by:			
Cash Receipts	B-1		<u>97,879.00</u>
Balance, December 31, 2015	B	\$	<u><u>293,349.87</u></u>

TOWNSHIP OF MIDDLETOWN
TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS AND RESERVES

	BALANCE DECEMBER 31, 2014	PRIOR YEAR ENCUMBRANCES	MODIFIED	CASH RECEIPTS	CASH DISBURSEMENTS	ENCUMBRANCES	BALANCE DECEMBER 31, 2015
Accumulated Leave	\$ 345,815.95	\$	\$ 345,815.95	\$ 300,000.00	\$ 233,937.00	\$	\$ 411,878.95
Alliance for Drug Abuse	1,394.48	68.89	1,463.37	19.50	386.12	3.75	1,093.00
AT&T Off-Site	24,460.00		24,460.00		24,460.00		
Cable TV Settlement	388.17		388.17		368.17		
Cash Surety Bonds	1,870,856.83		1,870,856.83	623,137.40	442,784.77		2,051,209.46
CIO's Cash Bonds	49,085.29		49,085.29				49,085.29
CCC - DCA Fees	42,179.00		42,179.00				52,610.00
Rude Awakening	3,782.48		3,782.48				3,782.48
Police Explorer's Acct	2,674.35		2,674.35	6.82			2,681.17
Norma Jean Halverson	1,779.12		1,779.12	56.09			1,835.21
Police Crime Prevention	7,794.12		7,794.12	19.79			7,813.91
Summer Concerts	2,562.74		2,562.74				2,561.00
Elevator Inspection Fees	36,392.10		36,392.10		1.74		
Engineering and Inspection	1,121,453.02	580.50	1,122,033.52	501,707.95	36,392.10	580.50	982,494.89
Environmental Disturbance	3,856.40		3,856.40	6,998.32	640,666.08		5,474.47
Grading Plan Review	57,073.23	8,592.42	57,073.23	40,096.08	5,380.25		59,659.91
Green Acres	83,564.81		92,157.23	363,155.72	37,509.40	26,942.46	104,511.77
Interest on Cash Surety Bond	207,128.98		207,128.98	3,763.93	323,858.72		197,329.27
Interior Fees - Keansburg	1,000.00		1,000.00		13,563.64		1,000.00
Interior Fees - Shrewsbury	27,188.58		27,188.58				27,188.58
Interior Fees - Shrewsbury	30,544.00		30,544.00		30,544.00		
Law Enforcement	48,808.51	10,421.61	59,230.12	42,539.58	10,189.83		91,599.87
Legal Fees	5,343.19		5,343.19	2,000.00	469.50		6,873.69
Mount Laurel Fees	606,841.46	43,535.00	650,376.46	30,542.03	40,986.98	54,028.42	585,903.09
Neighborhood Preservation Grant	867.43		867.43				867.43
NJ Sales Tax	476,779.18		476,779.18	441.19	65.99		375.20
Outside Liens	7,584.59		7,584.59	5,001,870.56	5,173,948.10		304,701.64
POAA				568.00	2,801.36		5,351.23
Police Donation - K9 Unit				8,657.00	7,291.39		1,365.61
Police off Duty	372,031.92	192,212.00	564,243.92	1,154,327.00	1,497,373.74	54,831.00	166,366.18
Federal Justice Forfeiture Fund	13,500.74		13,500.74	34.27			13,535.01
Premiums Received at Tax Sale	3,258,485.00		3,258,485.00	3,104,700.00	2,144,000.00		4,219,185.00
Public Defender	3,404.38	400.00	3,804.38	17,951.35	15,864.66	1,800.00	4,091.07
Recycling Rider	322,613.46	214,156.96	536,770.42	184,255.51	507,257.74	106,939.37	106,828.82
Self Insurance	576,254.97	880,732.86	1,456,987.83	3,612,263.01	1,670,643.36	1,235,298.12	2,163,309.36
Unemployment Compensation	191,549.66		191,549.66	254,084.48	5,000.00		440,634.14
Shade Tree Commission	13,776.67		13,776.67	840.00	14,616.67		
Sidewalk Contribution	349,064.07		349,064.07	16,940.00			366,004.07
Site Plans	64,084.85		64,084.85	36,903.75	31,396.50	11,601.25	57,990.85
Snow Removal	508,688.33		508,688.33	129,198.96		85,000.00	552,887.29
Special Trust - Fire Prevention	19,149.63		19,149.63	7,243.00	2,180.00		24,212.63
Street Improvements	146.75		146.75		146.75		
Street Operings	64,025.38		64,025.38	41,123.00	18,646.86		86,501.52
Unclaimed Court Bail	65,294.43		65,294.43		65,294.43		
	\$ 10,889,248.25	\$ 1,350,700.24	\$ 12,239,948.49	\$ 15,637,725.29	\$ 13,139,855.85	\$ 1,577,024.87	\$ 13,160,793.06

REF.

B-10

B-1

B-1

B-10

B

"B-6"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR OPEN SPACE FUND

	<u>REF.</u>		
Balance, December 31, 2014	B		\$ 230,333.71
Increased by:			
Cash Receipts:			
2015 Tax Levy	B-1		<u>2,061,245.24</u>
			\$ <u>2,291,578.95</u>
Decreased by:			
Cash Disbursements:			
Bond Principal		\$ 1,609,614.00	
Bond Interest		527,135.72	
Other Expenses		<u>17,124.00</u>	
	B-1		<u>2,153,873.72</u>
Balance, December 31, 2015	B		\$ <u><u>137,705.23</u></u>

"B-7"

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

Balance, December 31, 2014	B		\$ 297,051.90
Increased by:			
Program Income	B-1	\$ 26,115.65	
Grant Awards	B-4	227,400.00	
Transferred from Encumbrances Payable	B-10	<u>60,319.63</u>	
			\$ <u>313,835.28</u>
Decreased by:			
Cash Disbursements	B-1	\$ 214,697.18	
Transferred to Encumbrances Payable	B-10	<u>62,362.13</u>	
			<u>277,059.31</u>
Balance, December 31, 2015	B		\$ <u><u>333,827.87</u></u>

"B-8"

TOWNSHIP OF MIDDLETOWN

TRUST FUND

SCHEDULE OF RESERVE FOR SELF-INSURANCE FUND

	<u>REF.</u>	
Balance, December 31, 2014	B	\$ 2,151.00
Increased by:		
Cash Receipts	B-1	<u>7,310,327.98</u>
		\$ <u>7,312,478.98</u>
Decreased by:		
Cash Disbursements	B-1	<u>7,312,366.22</u>
Balance, December 31, 2015	B	\$ <u><u>112.76</u></u>

"B-9"

SCHEDULE OF RESERVE FOR PAYROLL FUND

Balance, December 31, 2014	B	\$ 1,635,549.28
Increased by:		
Cash Receipts	B-1	<u>36,414,136.79</u>
		\$ <u>38,049,686.07</u>
Decreased by:		
Cash Disbursements	B-1	<u>37,528,379.17</u>
Balance, December 31, 2015	B	\$ <u><u>521,306.90</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, 2014	B	\$ 1,411,019.87	\$ 1,350,700.24	\$ 60,319.63
Increased by:				
Transferred from Reserves	B-5:B-7	<u>1,639,387.00</u>	<u>1,577,024.87</u>	<u>62,362.13</u>
		3,050,406.87	2,927,725.11	122,681.76
Decreased by:				
Transferred to Reserves	B-5:B-7	<u>1,411,019.87</u>	<u>1,350,700.24</u>	<u>60,319.63</u>
Balance, December 31, 2015	B	<u>\$ 1,639,387.00</u>	<u>\$ 1,577,024.87</u>	<u>\$ 62,362.13</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-1	\$	12,013,847.66
Decreased by:			
Cash Disbursements	B-1		<u>12,023,334.66</u>
Balance, December 31, 2015 Due From	B	\$	<u><u>9,487.00</u></u>

TOWNSHIP OF MIDDLETOWNGENERAL CAPITAL FUNDSCHEDULE OF GENERAL CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2014	C		\$ 9,962,805.67
Increased by Receipts:			
Investment			
Grants Receivable	C-4	\$ 51,932.56	
Deferred Charges Unfunded	C-6	23,114.31	
Due Current Fund	C-7	19,489,938.53	
Bond Anticipation Note	C-11	21,100,114.00	
Various Reserves	C-12	139,767.59	
2015 Budget Appropriation:			
Capital Improvement Fund	C-13	<u>260,000.00</u>	
			<u>41,064,866.99</u>
			\$ 51,027,672.66
Decreased by Disbursements:			
Capital Surplus to Current Fund	C-1	\$ 680,000.00	
Due Current Fund	C-7	19,489,938.53	
Bond Anticipation Note	C-11	16,674,250.31	
Various Reserves	C-12	81,875.00	
Contracts Payable	C-14	<u>2,669,945.50</u>	
			<u>39,596,009.34</u>
Balance, December 31, 2015	C		\$ <u><u>11,431,663.32</u></u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	BALANCE DECEMBER <u>31, 2015</u>
Fund Balance	\$ 2,272,308.81
Capital Improvement Fund	65,459.00
Improvement Authorizations Funded (Listed on Exhibit "C-8")	411,697.51
Improvement Authorization Expenditures (Listed on Exhibit "C-6")	(1,266,501.02)
Unexpended Proceeds of Bond Anticipation Notes (Exhibit "C-6")	4,456,583.87
Contracts Payable	5,747,276.68
Various Reserves	404,838.47
Grants Receivable	<u>(660,000.00)</u>
	\$ <u>11,431,663.32</u>
<u>REF.</u>	C

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 471,932.56
Increased by:		
Reserve for Grants Receivable	C-12	<u>240,000.00</u>
		711,932.56
Decreased by:		
Cash Receipts	C-2	<u>51,932.56</u>
Balance, December 31, 2015	C	\$ <u><u>660,000.00</u></u>
Analysis of Balance		
Department of Transportation:		
3141 Cooper Road		\$ 240,000.00
Reserve for Grants - Main Street Improvements		220,000.00
County of Monmouth:		
3045 - Open Space		<u>200,000.00</u>
		\$ <u><u>660,000.00</u></u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2014	C		\$ 41,991,389.02
Decreased by:			
Serial Bonds Paid by Budget	C-9	\$ 5,450,145.00	
Loan Paid by Budget	C-10	<u>86,827.60</u>	
			<u>5,536,972.60</u>
Balance, December 31, 2015	C		\$ <u>36,454,416.42</u>

TOWNSHIP OF MIDDLETOWN
GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DECEMBER 31, 2014	DECREASED BY		BALANCE DECEMBER 31, 2015	BOND ANTICIPATION NOTES	EXPENDITURES	UNEXPENDED IMPROVEMENT AUTHORIZATION
			2015 AUTHORIZATIONS	NOTES PAID BY BUDGET APPROPRIATION				
	General Improvements	\$ 800,000.00	\$	\$	782,876.00		782,876.00	\$
2779	Acquisition of Real Property	89,143.00			89,143.00		89,143.00	
2783	Acquisition of Real Property	500.00			500.00		500.00	
2847	Acquisition of Open Space	27,481.25			27,481.25		27,481.25	
2852	Acquisition of Real Property	130,774.31			124,784.00		124,783.69	0.31
2931	Dredging of Shadow Lake	7,082.00			7,082.00		7,082.00	
2946	Penelope Lane	185,009.69						
3016	Tax Appeals	519,325.00			454,325.00			
3020	Street and Drain Design and Construction	2,351,250.00			2,090,000.00			
3031	Road Improvements	814,854.30			377,854.30			
3032	Tax Appeals	576,650.00			518,985.00		0.30	
3034	Various Capital Improvements	1,733,750.00			1,560,375.00			
3045	Various Capital Improvements	760,000.00			684,000.00			
3050	Drainage Improvements	207,200.13			207,200.13		207,200.13	
3051	Shadow Lake Dredging	17,664.99			17,664.99		17,664.99	
3056	Refunding Bond Ordinance	2,185,000.00		218,500.00	1,966,500.00			
3065;3072	Various Road Improvements	712,500.00			712,500.00			
3070	Acquisition of Portable/Vehicle Radios	1,425,000.00			1,425,000.00			
3087	Various Field Improvements	2,354,575.00			2,354,575.00			
3091	Various Capital Improvements	9,769.66			9,769.66		9,769.66	
3113	Refunding Bonds	4,465,000.00			4,465,000.00			3,200,000.00
3119	Various Capital Improvements	3,200,000.00			3,200,000.00			240,000.00
3135	Refunding Bonds	4,731,000.00			4,731,000.00			
3141	Various Capital Improvements							
		\$ 19,372,529.33	\$ 7,931,000.00	\$ 1,473,799.69	\$ 25,806,615.33	\$ 23,114.31	\$ 1,266,501.02	\$ 3,440,000.31
		C	C-8	C-11	C	C-2	C-3	

REF. Unexpended Balances of Unfunded Improvement Authorizations C-8
Less: Unexpended Proceeds of Bond Anticipation Notes C-3
\$ 7,896,584.18
4,456,583.87
\$ 3,440,000.31

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Increased by:		
Cash Disbursements	C-2	\$ <u>19,489,938.53</u>
Decreased by:		
Cash Receipts	C-2	\$ <u>19,489,938.53</u>

TOWNSHIP OF MIDDLETOWN
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURETIES OF BONDS OUTSTANDING DECEMBER 31, 2015	INTEREST RATE	BALANCE DECEMBER 31, 2014	DECREASED	BALANCE DECEMBER 31, 2015
General Obligation	12/14/2000	\$ 5,487,000.00	\$ 3,000.00	5.300%	\$ 6,000.00	\$ 3,000.00	\$ 3,000.00
General Obligation	12/13/2001	6,413,000.00	12/1/2016	4,000.00	5.000%	9,000.00	9,000.00
			12/1/2018	1,000.00			
			12/1/2019	3,000.00			
			12/1/2020	1,000.00			
General Obligation	12/1/2002	10,031,000.00	12/1/2016	4,000.00	5.000%	10,000.00	9,000.00
			12/1/2018	1,000.00			
			12/1/2019	4,000.00			
General Obligation	12/29/2005	5,786,000.00	12/1/2016	318,000.00	5.000%	318,000.00	318,000.00
			12/1/2018	1,000.00			
Open Space	12/29/2005	4,311,000.00	239,000.00	5.000%	239,000.00	239,000.00	239,000.00
Refunding Bonds	4/3/2006	2,777,000.00	270,000.00	3.800%	542,000.00	272,000.00	270,000.00
General Obligation	12/21/2006	4,312,000.00	12/1/2016	335,000.00	5.000%	654,000.00	335,000.00
			12/1/2020	1,075,180.00			
Open Space	12/21/2006	2,822,000.00	12/1/2016	182,000.00	5.000%	356,000.00	182,000.00
			12/1/2021	1,097,350.00			
General Refunding	4/12/2007	16,723,221.00	12/1/2016	1,886,311.00	5.000%	10,684,495.00	8,880,324.00
			12/1/2017	1,489,317.00			
			12/1/2018	1,306,270.00			
			12/1/2019	1,359,411.00			
			12/1/2020	1,075,180.00			
Open Space Refunding	4/12/2007	1,205,348.00	12/1/2016	111,837.00	5.000%	946,353.00	835,379.00
			12/1/2017	125,238.00			
			12/1/2018	123,730.00			
			12/1/2019	131,589.00			
			12/1/2020	130,820.00			
			12/1/2021	135,650.00			
12/1/2022	76,515.00						

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

PURPOSE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2015		INTEREST RATE	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2015
			DATE	AMOUNT			
General Obligation	12/13/2007	\$ 3,228,000.00	12/1/2016	\$ 243,000.00	5.000%	\$	\$
			12/1/2017	256,000.00	5.000%		
			12/1/2018	265,000.00	5.250%		
			12/1/2019	280,000.00	4.000%		
			12/1/2020	293,000.00	4.000%		
			12/1/2021	304,000.00	5.250%		
			12/1/2022	322,000.00	4.250%	231,000.00	1,963,000.00
			12/1/2016	220,000.00	4.000%		
			12/1/2017	229,000.00	4.000%		
			12/1/2018	238,000.00	5.250%		
General Obligation	12/4/2008	3,341,000.00	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%	209,000.00	2,060,000.00
			12/1/2016	298,620.00	4.000%		
			12/1/2017	310,470.00	4.000%		
			12/1/2018	323,110.00	4.000%		
			12/1/2019	335,750.00	4.000%		
			12/1/2020	349,180.00	5.000%		
General Obligation	12/30/2009	5,966,000.00	12/1/2021	367,350.00	5.000%		
			12/1/2022	385,520.00	5.000%		
			12/1/2023	404,480.00	5.000%		
			12/1/2024	425,020.00	5.000%	287,560.00	3,199,500.00
			12/1/2016	79,380.00	4.000%		
			12/1/2017	82,530.00	4.000%		
			12/1/2018	85,890.00	4.000%		
			12/1/2019	89,250.00	4.000%		
			12/1/2020	92,820.00	5.000%		
			12/1/2021	97,650.00	5.000%		
Open Space	12/30/2009	5,966,000.00	12/1/2022	102,480.00	5.000%		
			12/1/2023	107,520.00	5.000%		
			12/1/2024	112,980.00	5.000%	76,440.00	850,500.00
						926,940.00	

TOWNSHIP OF MIDDLETOWN
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>REF.</u>	
Balance December 31, 2014	C	\$ 929,541.02
Decreased by:		
Loans Paid by Budget	C-5	<u>86,827.60</u>
Balance December 31, 2015	C	<u>\$ 842,713.42</u>

TOWNSHIP OF MIDDLETOWN
GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2014	INCREASED	DECREASED	BALANCE DECEMBER 31, 2015
3016	Tax Appeals	12/23/10	08/14/15	1.00%	\$ 191,000.00	\$	\$ 191,000.00	\$
3020	Street and Drain Design and Construction	09/20/11	08/14/15	1.00%	519,325.00		519,325.00	
3031	Street and Drain Design and Construction	09/20/11	08/13/15	1.00%		454,325.00		454,325.00
	Various Road Improvements	09/20/11	08/14/15	1.00%	2,351,250.00		2,351,250.00	
	Various Road Improvements	09/20/11	08/13/15	1.00%		2,090,000.00		2,090,000.00
3032	Tax Appeals	09/20/11	08/14/15	1.00%	874,000.00		874,000.00	
	Tax Appeals	09/20/11	08/13/15	1.00%		377,854.00		377,854.00
3034	Various Capital Improvements	09/18/12	08/14/15	1.00%	576,650.00		576,650.00	
	Various Capital Improvements	09/18/12	08/12/16	1.00%		518,985.00		518,985.00
3045	Various Capital Improvements	09/18/12	08/14/15	1.00%	1,733,750.00		1,733,750.00	
	Various Capital Improvements	09/18/12	08/12/16	1.00%		1,560,375.00		1,560,375.00
3050	Drainage Improvements	09/18/12	08/14/15	1.00%	760,000.00		760,000.00	
	Drainage Improvements	09/18/12	08/12/16	1.00%		684,000.00		684,000.00
3065	Various Road Improvements	09/18/12	08/14/15	1.00%	2,185,000.00		2,185,000.00	
	Various Road Improvements	09/18/12	08/12/16	1.00%		1,966,500.00		1,966,500.00
3070	Acquisition of Portable/Vehicle Radios	09/17/13	08/14/15	1.00%	712,500.00		712,500.00	
	Acquisition of Portable/Vehicle Radios	09/17/13	08/12/16	1.00%		712,500.00		712,500.00
3087	Various Field Improvements	09/17/13	08/14/15	1.00%	1,425,000.00		1,425,000.00	
	Various Field Improvements	09/17/13	08/12/16	1.00%		1,425,000.00		1,425,000.00
3091	Various Capital Improvements	11/14/14	11/13/15	1.00%	2,354,575.00		2,354,575.00	
	Various Capital Improvements	11/14/14	11/10/16	1.00%		2,354,575.00		2,354,575.00
3111;3119	Various Capital Improvements	11/14/14	11/13/15	1.00%	4,465,000.00		4,465,000.00	
	Various Capital Improvements	11/14/14	11/10/16	1.00%		4,465,000.00		4,465,000.00
3141	Various Capital Improvements	08/13/15	08/12/16	1.00%	2,509,450.00		2,509,450.00	
3141	Various Capital Improvements	11/12/15	11/10/16	1.00%		1,981,550.00		1,981,550.00
					\$ 18,148,050.00	\$ 21,100,114.00	\$ 18,148,050.00	\$ 21,100,114.00

REF. C C-2 C

Cash Disbursements
Notes Paid by Budget

\$ 16,674,250.31
1,473,799.69

\$ 18,148,050.00

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES

	BALANCE DECEMBER 31, 2014	INCREASED	DECREASED	BALANCE DECEMBER 31, 2015
Reserve for:				
Fire Districts	\$ 15,639.32	\$	\$	15,639.32
Premium on Notes	89,375.44	139,767.59	81,875.00	147,268.03
Debt Service	1,931.12			1,931.12
Grants	220,000.00	240,000.00	220,000.00	240,000.00
	<u>\$ 326,945.88</u>	<u>\$ 379,767.59</u>	<u>\$ 301,875.00</u>	<u>\$ 404,838.47</u>

REF.

C

C

Cash Receipts
 Cash Disbursed
 Grants Receivable
 Improvement Authorizations

Cash Receipts	\$ 139,767.59
Cash Disbursed	81,875.00
Grants Receivable	240,000.00
Improvement Authorizations	220,000.00
	<u>\$ 379,767.59</u>
	<u>\$ 301,875.00</u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2014	C	\$ 54,459.00
Increased by:		
2015 Budget Appropriation	C-2	260,000.00
		\$ <u>314,459.00</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations:	C-8	<u>249,000.00</u>
Balance, December 31, 2015	C	\$ <u><u>65,459.00</u></u>

TOWNSHIP OF MIDDLETOWN
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2014	C	\$	3,099,195.63
Increased by:			
Improvement Authorizations	C-8	\$	<u>5,934,575.09</u>
			<u>5,934,575.09</u>
		\$	<u>9,033,770.72</u>
Decreased by:			
Cash Disbursements	C-2	\$	2,669,945.50
Contracts Payable Canceled	C-8		<u>616,548.54</u>
			<u>3,286,494.04</u>
Balance, December 31, 2015	C	\$	<u><u>5,747,276.68</u></u>

TOWNSHIP OF MIDDLETOWN

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORDINANCE NUMBER	PROVEMENT AUTHORIZATION	BALANCE DECEMBER 31, 2014	INCREASED BY 2015 AUTHORIZATIONS	CASH RECEIPTS	BALANCE DECEMBER 31, 2015
2779	Acquisition of Real Property	\$ 800,000.00	\$	17,124.00	\$ 782,876.00
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	27,481.25			27,481.25
2931	Dredging of Shadow Lake	124,784.00			124,784.00
2946	Penelope Lane	7,082.00			7,082.00
3032	Tax Appeals	0.30			0.30
3051	Shadow Lake Dredging	207,200.13			207,200.13
3056	Refunding Bond Ordinance	17,664.99			17,664.99
3113	Refunding Bonds	9,769.66			9,769.66
3135	Refunding Bonds		3,200,000.00		3,200,000.00
3141	Various Capital Improvements		240,000.00		240,000.00
		\$ <u>1,283,625.33</u>	\$ <u>3,440,000.00</u>	\$ <u>17,124.00</u>	\$ <u>4,706,501.33</u>

TOWNSHIP OF MIDDLETOWN
SOLID WASTE COLLECTION DISTRICT FUND
SCHEDULE OF CASH

	<u>REF.</u>		
Balance, December 31, 2014	D		\$ 2,126,245.42
Increased by Receipts:			
Solid Waste District Taxes	D-2	\$ 3,390,300.00	
Appropriation Refunds	D-3	<u>66,169.39</u>	
			\$ <u>3,456,469.39</u>
Decreased by Disbursements:			
2015 Appropriations	D-3	\$ 2,742,175.63	
2014 Appropriation Reserves	D-5	<u>276,512.21</u>	
			<u>3,018,687.84</u>
Balance, December 31, 2015	D		<u>\$ 2,564,026.97</u>

TOWNSHIP OF MIDDLETOWN

SOLID WASTE COLLECTION DISTRICT FUND

SCHEDULE OF 2014 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2014	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
Operating:				
Contractual Services	\$ 235,052.10	\$ 360,628.51	\$ 116,035.38	\$ 244,593.13
Disposal Fees	436,305.69	660,341.93	160,476.83	499,865.10
	<u>\$ 671,357.79</u>	<u>\$ 1,020,970.44</u>	<u>\$ 276,512.21</u>	<u>\$ 744,458.23</u>

REF.

D

D-4

D-1

Appropriation Reserves
Transferred from Encumbrances Payable

\$ 671,357.79
349,612.65

\$ 1,020,970.44

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

	<u>REF.</u>		
Balance, December 31, 2014	D	\$	349,612.65
Increased by:			
Transferred from Appropriations	D-3		416,069.70
		\$	<u>765,682.35</u>
Decreased by:			
Transferred to Appropriation Reserves	D-5		<u>349,612.65</u>
Balance, December 31, 2015	D	\$	<u><u>416,069.70</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, 2014	E	\$	127,424.53
Increased by:			
State Aid for Public Assistance		\$ 5,900.00	
Supplemental Security Income		16,993.65	
Other		<u>2,809.13</u>	
	E-4		<u>25,702.78</u>
		\$	<u>153,127.31</u>
Decreased by:			
Public Assistance - 2015	E-5		<u>115,093.97</u>
Balance December 31, 2015	E	\$	<u><u>38,033.34</u></u>

TOWNSHIP OF MIDDLETOWN

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION

PER N.J.S.A. 40A:5-5

	<u>REF.</u>		
Balance, December 31, 2015	E	\$	38,033.34
Increased by:			
Cash Receipts			18,236.00
		\$	<u>56,269.34</u>
Decreased by:			
2016 Assistance			19,577.00
Balance, April 30, 2016		\$	<u><u>36,692.34</u></u>

	<u>P.A.T.F. II</u>		<u>TOTAL</u>
	<u>ACCOUNT</u>		
RECONCILIATION - April 30, 2016			
Balance on Deposit per Statement of: Investors Saving: AC # 500449902847		\$	36,692.34
		\$	36,692.34
Less: Outstanding Checks			
Balance, April 30, 2016		\$	<u><u>36,692.34</u></u>

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
AS OF DECEMBER 31, 2015

	<u>REF.</u>		
Balance, December 31, 2014	E	\$	127,424.53
Increased by:			
Cash Receipts			25,702.78
		\$	<u>153,127.31</u>
Decreased by:			
Cash Disbursements:			
2015 Assistance			<u>115,093.97</u>
Balance, December 31, 2015	E	\$	<u><u>38,033.34</u></u>

RECONCILIATION - DECEMBER 31, 2015	<u>P.A.T.F. II</u>		<u>TOTAL</u>
	<u>ACCOUNT</u>		
Balance on Deposit per Statement of:			
Investors Saving:			
AC # 500449902847	\$ 38,559.34	\$	38,559.34
Less: Outstanding Checks	<u>526.00</u>		<u>526.00</u>
Balance, December 31, 2015	<u>\$ 38,033.34</u>	\$	<u><u>38,033.34</u></u>

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE REVENUES
YEAR ENDED DECEMBER 31, 2015

	<u>P.A.T.F. II</u>	<u>FUND TOTAL</u>
State Aid Payments	\$ 5,900.00	\$ 5,900.00
Supplemental Security Income	16,993.65	16,993.65
Other	<u>2,809.13</u>	<u>2,809.13</u>
Total Revenues (P.A.T.F.)	\$ <u>25,702.78</u>	\$ <u>25,702.78</u>

REF.

E-1

TOWNSHIP OF MIDDLETOWN
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF PUBLIC ASSISTANCE EXPENDITURES
YEAR ENDED DECEMBER 31, 2015

	<u>P.A.T.F. II</u>	<u>FUND</u> <u>TOTAL</u>
Payments for Current Year Assistance (Reported):		
Maintenance Payments	\$ 77,369.32	\$ 77,369.32
Other:		
Transportation	58.00	58.00
Emergency Assistance	5,934.65	5,934.65
Temporary Rental Assistance	<u>31,732.00</u>	<u>31,732.00</u>
Total Disbursements (P.A.T.F.)	\$ <u>115,093.97</u>	\$ <u>115,093.97</u>

REF.

E-1

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TOWNSHIP OF MIDDLETOWN

PART II

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

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

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



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

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

The Honorable Mayor and Members
of the 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, 2015, and the related notes to the financial statements, which collectively comprise the Township's regulatory financial statements, and have issued our report thereon dated June 10, 2016. 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.

SUPLEE, CLOONEY & COMPANY

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township of 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.

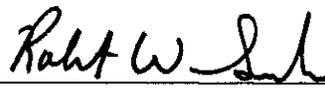
Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. 439

June 10, 2016

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

FEDERAL CFDA NUMBER	FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	GRANTORS NUMBER	GRANT AWARD AMOUNT	GRANT PERIOD FROM TO	RECEIVED FISCAL YEAR 2015	EXPENDITURES FISCAL YEAR 2015	CUMULATIVE EXPENDITURES JUNE 30, 2015
14.218	U.S. Department of Housing and Urban Development Community Development Block Grant	Not Applicable	\$ 232,547.00	06/01/13 07/31/14	\$ -0-	\$ 17,437.61	\$ 232,547.00
14.218	Community Development Block Grant	Not Applicable	221,086.00	06/01/14 07/31/15	97,879.00	171,688.31	171,688.31
14.218	Community Development Block Grant	Not Applicable	227,400.00	06/01/15 07/31/16	-0-	-0-	-0-
14.218	Community Development Block Grants - Program Income Pass through the State of New Jersey.	Not Applicable	627,385.30	Continuous	26,115.65	27,613.76	570,355.12
14.269	Department of Community Affairs Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	B-13-DS-34-001	275,000.00	06/01/15 05/31/16	-0-	5,591.25	5,591.25
14.269	CDBG-DR Post Sandy Zoning Code Enforcement Grant	Not Applicable	100,000.00	08/17/15 06/16/16	-0-	11,139.92	11,139.92
					\$ 123,994.65	\$ 233,470.85	\$ 991,321.60
93.667	U.S. Department of Homeland Security Pass through the County of Monmouth SHRAP - (Sandy Homeowner/Renter Assistance Program)	G-02-41-767-13B-63B	245,605.92	01/01/13 09/30/15	99,097.13	50,227.10	245,605.92
93.667	SHRAP - (Sandy Homeowner/Renter Assistance Program)	G-02-41-767-13B-63C	5,991.49	01/01/13 09/30/15	2,327.43	5,991.49	5,991.49
97.042	Emergency Management Agency Assistance	FY14 EMPG-EAAA-1300	10,000.00	07/01/14 06/30/15	10,000.00	10,000.00	10,000.00
97.042	Emergency Management Agency Assistance Pass through the State of New Jersey.	FY14 EMPG-EAAA-1300	5,000.00	07/01/14 06/30/15	5,000.00	-0-	-0-
97.036	Department of Law and Public Safety Disaster Grants - Public Assistance	13-100-066-1200-A92	13,555,027.49	10/30/12 12/31/13	2,745,921.63	-0-	13,555,027.49
97.039	Department of Environmental Protection Hazard Mitigation Grant Program (HMGP)	HMPG-DR-4096-NJ-441-R	250,000.00	07/30/15 07/30/17	-0-	-0-	-0-
					\$ 2,855,346.19	\$ 66,216.59	\$ 13,616,624.90
16.607	U.S. Department of Justice Pass Through the State of New Jersey Department of Law and Public Safety Bulletproof Vest Partnership Program	Not Available	6,975.00	2012 2012	-0-	6,653.80	6,875.00
16.607	Bulletproof Vest Partnership Program Total Department of Justice	Not Available	6,652.50	2013 2013	-0-	879.45	879.45
					0.00	7,533.25	7,754.45
20.205	U.S. Department of Transportation Pass Through the State of New Jersey Department of Transportation DOT - Murphy Road Phase II	13-460-078-6320-ALC-6010	200,000.00	05/29/13 Completion	51,932.56	-0-	200,000.00
20.205	DOT - Main Street Improvement	14-460-078-6320-ALW-6010	200,000.00	06/13/14 Completion	-0-	-0-	-0-
20.205	DOT - Cooper	15-460-078-6320-AL5-6010	240,000.00	07/17/15 Completion	-0-	-0-	-0-
					\$ 51,932.56	0.00	200,000.00
20.616	Department of Law and Public Safety Drive Sober Get Pulled Over	AL-16-45-04-MH-82	5,000.00	2015 2015	-0-	-0-	-0-
					\$ 0.00	0.00	0.00
					\$ 3,032,273.40	\$ 307,222.69	\$ 15,015,700.95

TOWNSHIP OF MIDDLETOWN

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2015

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD FROM	GRANT PERIOD TO	GRANT AWARD AMOUNT	RECEIVED FISCAL YEAR 2015	EXPENDITURES FISCAL YEAR 2015	CUMULATIVE EXPENDITURES 2015
Pass Through From County of Monmouth							
Alliance to Prevent Alcoholism and Drug Abuse - 2014	14A-15	7/1/2014	6/30/2015	29,689.10	29,689.10	22,460.77	29,689.10
Alliance to Prevent Alcoholism and Drug Abuse - 2015	14A-16	7/1/2015	06/30/2016	30,000.00	-	2,652.74	2,652.74
				\$	\$	\$	\$
				29,689.10	29,689.10	25,113.51	32,341.84
Department of Environmental Protection							
Clean Communities Program - 2014	4900-765-042-004	1/1/2014	12/31/2014	126,573.00	-	126,573.00	126,573.00
Clean Communities Program - 2015	4900-765-042-004	1/1/2015	12/31/2015	153,822.69	-	-	-
Recycling Tonnage Grant - 2011	4910-100-042-224	Continuous	Continuous	257,091.21	-	-	227,205.40
Recycling Tonnage Grant - 2012	4910-100-042-224	Continuous	Continuous	114,465.91	-	-	-
Recycling Tonnage Grant - 2013	4910-100-042-224	Continuous	Continuous	112,091.82	-	-	-
Recycling Tonnage Grant - 2014	4910-100-042-224	Continuous	Continuous	204,361.81	-	-	-
NJLM Sustainable New Jersey	N/A	2014	2014	5,000.00	-	-	-
				\$	\$	\$	\$
				158,822.69	126,573.00	126,573.00	358,778.40
Department of Law and Public Safety							
Drunk Driving Enforcement Fund - 2012	1110-101-030000-129040	Continuous	Continuous	15,040.08	-	4,011.24	15,040.08
Drunk Driving Enforcement Fund Training - 2015	1110-101-030000-129040	Continuous	Continuous	32,365.16	-	5,048.76	5,048.76
Body Armor Replacement Fund - 2011	1020-718-066-001	Continuous	Continuous	9,361.58	-	26.38	9,361.58
Body Armor Replacement Fund - 2012	1020-718-066-001	Continuous	Continuous	9,606.84	-	8,673.67	8,673.67
Pedestrian Safety Enforcement & Education Fund	1160-100-066-131	Continuous	Continuous	9,800.00	-	9,800.00	9,800.00
				\$	\$	\$	\$
				42,165.16	9,800.00	27,560.05	47,924.09
Department of Community Affairs							
Crossroads Community Based Grant	10C-10	2014	2014	21,490.00	7,996.00	1,704.00	21,490.00
Senior Citizens Title II	N/A	2014	2014	32,500.00	32,500.00	32,500.00	32,500.00
Senior Citizens Title II	N/A	2015	2015	32,500.00	32,500.00	32,500.00	32,500.00
Recreation For The Handicapped (ROID)	8050-100-022-035	1/1/2014	12/31/2014	20,000.00	20,000.00	20,000.00	20,000.00
Recreation For The Handicapped (ROID)	8050-100-022-035	1/1/2015	12/31/2015	20,000.00	-	-	-
				\$	\$	\$	\$
				60,496.00	60,496.00	54,204.00	108,490.00
Department of Human Services							
Public Assistance State Share	7500-150-158010-60	1/1/2015	12/31/2015	114,946.97	25,555.78	114,946.97	114,946.97
				\$	\$	\$	\$
				25,555.78	25,555.78	114,946.97	114,946.97
				\$	\$	\$	\$
				316,728.73	348,357.53	348,357.53	660,481.30

TOWNSHIP OF MIDDLETOWN

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

YEAR ENDED DECEMBER 31, 2015 AND 2014

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	\$ 2,745,921.63	\$	\$	\$ 2,745,921.63
Grant Fund:				
Appropriated	110,424.56	291,172.95	15,440.00	417,037.51
Trust Other Fund	123,994.65			123,994.65
General Capital Fund	51,932.56			51,932.56
Public Assistance Trust Fund		25,555.78		25,555.78
	<u>\$ 3,032,273.40</u>	<u>\$ 316,728.73</u>	<u>\$ 15,440.00</u>	<u>\$ 3,364,442.13</u>

Expenditures:	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 90,483.01	\$ 233,450.56	\$ 15,290.00	\$ 339,223.57
Trust Other Fund	216,739.68			216,739.68
Public Assistance Trust Fund		114,946.97		114,946.97
	<u>\$ 307,222.69</u>	<u>\$ 348,397.53</u>	<u>\$ 15,290.00</u>	<u>\$ 670,910.22</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.

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PART III

TOWNSHIP OF MIDDLETOWN

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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

	YEAR 2015		YEAR 2014	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 4,750,000.00	1.92%	\$ 4,185,000.00	1.73%
Miscellaneous - From Other Than Local				
Property Tax Levies	19,330,778.87	7.83%	19,310,067.25	8.00%
Collection of Delinquent Taxes and				
Tax Title Liens	38,992.02	0.02%	26,698.35	0.01%
Collection of Current Tax Levy	<u>222,866,518.44</u>	<u>90.23%</u>	<u>217,756,693.55</u>	<u>90.25%</u>
<u>TOTAL INCOME</u>	<u>\$ 246,986,289.33</u>	<u>100.00%</u>	<u>\$ 241,278,459.15</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures	\$ 69,001,495.31	28.57%	\$ 69,663,693.32	29.33%
County Taxes	30,039,959.27	12.44%	29,629,834.40	12.47%
Local School Taxes	137,004,630.00	56.73%	132,860,343.00	55.94%
Special Improvement District Tax	3,390,300.00	1.40%	3,390,300.00	1.43%
Municipal Open Space Tax	2,068,608.50	0.86%	1,968,609.31	0.83%
Other Expenditures	<u>15,078.92</u>	<u>0.01%</u>	<u>7,137.60</u>	
<u>TOTAL EXPENDITURES</u>	<u>\$ 241,520,072.00</u>	<u>100.00%</u>	<u>\$ 237,519,917.63</u>	<u>100.00%</u>
Excess in Revenue	\$ 5,466,217.33		\$ 3,758,541.52	
Fund Balance, January 1	<u>9,223,091.97</u>		<u>9,649,550.45</u>	
	\$ 14,689,309.30		\$ 13,408,091.97	
Less: Utilization as Anticipated Revenue	<u>4,750,000.00</u>		<u>4,185,000.00</u>	
Fund Balance, December 31	<u>\$ 9,939,309.30</u>		<u>\$ 9,223,091.97</u>	

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

	YEAR 2015		YEAR 2014	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 300,000.00	6.76%	\$ 300,000.00	6.84%
Receipts from Current Taxes	3,390,300.00	76.45%	3,390,300.00	77.32%
Miscellaneous	<u>744,458.23</u>	<u>16.79%</u>	<u>694,351.39</u>	<u>15.84%</u>
<u>TOTAL INCOME</u>	<u>\$ 4,434,758.23</u>	<u>100.00%</u>	<u>\$ 4,384,651.39</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	\$ 744,458.23		\$ 694,351.39	
Fund Balance, January 1	<u>1,105,274.98</u>		<u>710,923.59</u>	
Decreased by:	\$ 1,849,733.21		\$ 1,405,274.98	
Fund Balance Utilized	<u>300,000.00</u>		<u>300,000.00</u>	
Fund Balance, December 31	<u>\$ 1,549,733.21</u>		<u>\$ 1,105,274.98</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Apportionment of Tax Rate:			
Local Municipal	0.457	0.475	0.459
Municipal Open Space	0.020	0.020	0.020
Municipal Library*	0.034	0.035	0.036
County	0.292	0.302	0.302
Local School	1.333	1.357	1.323
Sub-Total General Tax Rate	<u>2.136</u>	<u>2.189</u>	<u>2.140</u>
Solid Waste Collection District	<u>0.071</u>	<u>0.074</u>	<u>0.074</u>
Total Tax Rate	<u><u>2.207</u></u>	<u><u>2.263</u></u>	<u><u>2.214</u></u>

ASSESSED VALUATIONS:

2015	\$10,275,240,953.00		
2014		\$9,791,801,156.00	
2013			\$9,818,850,218.00

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>CURRENTLY</u>	
		<u>CASH COLLECTION</u>	<u>PERCENTAGE OF COLLECTIONS</u>
2015	\$223,670,619.61	\$223,281,009.51	99.82%
2014	218,663,775.44	218,432,908.76	99.89%
2013	213,982,956.90	213,329,237.55	99.69%

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	2015	\$9,939,309.30	\$5,932,000.00	\$61,820,000.00
	2014	9,223,091.97	4,750,000.00	61,820,000.00
	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

EQUALIZED VALUATIONS - REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2015	\$10,340,959,558.00
2014	\$10,324,911,106.00
2013	\$10,149,027,740.00

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	2015	\$9,914,385.44	\$5,932,000.00	\$61,820,000.00
	2014	9,223,091.97	4,750,000.00	61,820,000.00
	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

EQUALIZED VALUATIONS - REAL PROPERTY

<u>YEAR</u>	<u>AMOUNT</u>
2015	\$10,340,959,558.00
2014	\$10,324,911,106.00
2013	\$10,149,027,740.00

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>
Stephanie C. Murray	Mayor	*
Steve Massell	Deputy Mayor	*
Anthony Fiore	Committeeman	*
Gerard P. Scharfenberger	Committeeman	*
Kevin Settembrino	Committeeman	*
Anthony Mercantante	Township Administrator	*
Colleen Lapp	Chief Financial Officer	*
Heidi R. Brunt	Township Clerk	*
Judith Vassallo	Tax Collector	*
Robert Craig Weber	Chief of Police	*
Joseph J. Kachinsky	Construction Code Official	*
Brian Nelson	Township Attorney	*
Charles Heck	Tax Assessor	*
Patty McNamee	Court Administrator	*
Richard B. Thompson	Municipal Judge until 10/25/2015	*
James Berube, Esq.	Acting Municipal Judge as of 10/25/2015	*
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.

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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 July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$40,000.00 if the entity has a Qualified Purchasing Agent. The 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:

- Tree Services
- Maintenance of Lawn Areas
- Art Center Lobby Improvements
- Printing Services
- Aquatic Vegetation Management at Shadow Lake
- Recyclable Materials at Kane Lane Facility
- 2015 Road Reconstruction Program
- Kings Highway Resurfacing
- 2015 Cooper Road and Main Street Improvements

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
Architectural 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 4, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

WHEREAS, N.J.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 2015, 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 2015 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 2015 Taxes	50

TAX TITLE LIENS

The last tax sale was held on December 30, 2015 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>
2015	117
2014	94
2013	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.

RECOMMENDATION

None

