BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX
NEW JERSEY

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION

FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

WITH
REPORT OF INDEPENDENT AUDITORS

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

TABLE OF CONTENTS

		PAGE(S)
PART I		1
Independent Auditor's Report		2 - 4
FINANCIAL STATEMENTS		5
A	Current Fund - Comparative Balance Sheet - Regulatory Basis - December 31, 2014 and 2013	6
A- 1	Current Fund - Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	7
A- 2	Current Fund - Statement of Revenues - Regulatory Basis	8
A- 3	Current Fund - Statement of Expenditures - Regulatory Basis	9 - 17
B	Trust Fund - Comparative Balance Sheet - Regulatory Basis - December 31, 2014 and 2013	18
B- 1	Trust Assessment Fund - Statement of Fund Balance - Regulatory Basis	19
C	General Capital Fund - Comparative Balance Sheet - Regulatory Basis - December 31, 2014 and 2013	20
C- 1	General Capital Fund - Statement of Fund Balance - Regulatory Basis	N/A
D	Swimming Pool Utility Fund - Comparative Balance Sheet - Regulatory Basis - December 31, 2014 and 2013	21
D- 1	Swimming Pool Utility Operating Fund - Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	22
D- 2	Swimming Pool Utility Capital Fund - Statement of Change in Fund Balance - Regulatory Basis - December 31, 2014	23
D- 3	Swimming Pool Utility Operating Fund - Statement of Revenues	24
D- 4	Swimming Pool Utility Operating Fund - Statement of Expenditures	25
NOTES TO FINANCIAL STATEMENTS		26 - 43
PART II – SINGLE AUDIT SECTION		44
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		45 - 46
Report on Compliance for Each Major Program; Report on Internal Control Over Compliance and Report on Schedules of Expenditures of Federal Awards And State Financial Assistance Required by OMB Circular A-133 and N.J. OMB Circular 04-04		47 - 49
Schedule of Expenditures of Federal Awards and State Financial Assistance		50
Sch. A	Schedule of Expenditures of Federal Awards	51
Sch. B	Schedule of Expenditures of State Financial Assistance	52 - 53
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance		54
Sch. C	Schedule of Findings and Questioned Costs	55 - 59
Sch. D	Summary Schedule of Prior Findings	60

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

TABLE OF CONTENTS

		PAGE(S)
PART III – SUPPLEMENTARY SCHEDULES		61
Current Fund		62
A- 4	Schedule of Current Fund Cash	63
A- 5	Schedule of Petty Cash and Change Funds	64
A- 6	Schedule of Due from State of New Jersey - for Allowable Deductions per Ch. 73, P.L. 1976	65
A- 7	Schedule of Property Taxes Receivable and Levy Analysis	66
A- 8	Schedule of Nonbudget Revenues & Various Accounts Receivables	67
A- 9	Schedule of Sewer Flow Charges Receivable/Overpayments	68
A-10	Schedule of Interfunds Receivable/Payable	69
A-11	Schedule of SFY 2013 Appropriation Reserves	70 - 75
A-12	Schedule of Property Tax Overpayments	76
A-13	Schedule of Taxes Payable	77
A-14	Schedule of Changes in Various Accounts Payables & Reserves	78
A-15	Schedule of Local District School Tax - Deferred School Taxes	79
A-16	Schedule of Deferred Charges	80
A-17	Schedule of State Grants Receivable	81
A-18	Schedule of Due from Current Fund - Grants Fund	82
A-19	Schedule of Reserve for State Grants - Appropriated	83 - 84
A-20	Schedule of Reserve for State Grants - Unappropriated	85
A-21	Schedule of Due from General Capital Fund - Grant Fund	85
Trust Fund		86
B- 2	Analysis of Trust Assessment Cash and Investments	87
B- 3	Schedule of Assessment Liens	87
B- 4	Schedule of Due to General Capital Fund - Assessment Trust Fund	88
B- 5	Schedule of Due to Current Fund - Assessment Trust Fund	88
B- 6	Schedule of Cash and Reserve Activity	89 - 90
General Capital Fund		91
C- 2	Schedule of General Capital Cash and Investments - Treasurer	92
C- 3	Analysis of General Capital Cash and Investments	93
C- 4	Schedule of Various Grants, Loans, and Other Receivables	94
C- 5	Schedule of Deferred Charges to Future Taxation - Funded	95
C- 6	Schedule of Deferred Charges to Future Taxation - Unfunded	96
C- 7	Schedule of Interfunds	97
C- 8	Schedule of Improvement Authorizations	98
C- 9	Schedule of General Serial Bonds	99
C-10	Schedule of Capital Leases Payable - MCIA	100
C-11	Schedule of Loans Payable - New Jersey 1987 Green Trust Fund	101
C-12	Schedule of Loans Payable - New Jersey Green Trust Fund - 1989	102
C-13	Schedule of Various Reserves	103
C-14	Schedule of Reserve for Capital Improvement Fund	104
C-15	Schedule of Loans Payable - NJ Environmental Infrastructure Trust Loan and Fund Loan Payable	105

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

TABLE OF CONTENTS

		PAGE(S)
General Capital Fund (Cont'd.)		
C-16	Schedule of Bond Anticipation Notes	106
C-17	Schedule of Bonds and Notes Authorized but not Issued	107
Swimming Pool Utility Fund		108
D- 5	Schedule of Swimming Pool Utility Cash and Investments - Treasurer	109
D- 6	Analysis of Swimming Pool Capital Cash and Investments	110
D- 7	Schedule of Miscellaneous Receipts - Swimming Pool Utility Operating Fund	111
D- 8	Schedule of Fixed Capital - Swimming Pool Utility Capital Fund	112
D- 9	Schedule of Fixed Capital Authorized and Uncomplete	112
D-10	Schedule of Accounts Payable - Swimming Pool Utility Fund	112
D-11	Schedule of 2013 Appropriation Reserves	113
D-12	Schedule of Reserve for Snack Bar Operations	114
D-13	Schedule of Interfunds Receivable/Payable	115
D-14	Schedule of Capital Improvement Fund	116
D-15	Schedule of Reserve for Amortization	116
D-16	Schedule of Deferred Reserve for Amortization	117
D-17	Schedule of Due to Swimming Operating Fund	117
D-18	Schedule of Improvement Authorizations	118
D-19	Schedule of Bond Anticipation Notes	119
D-20	Schedule of Accrued Interest on Bonds and Notes	120
D-21	Schedule of Bonds and Notes Authorized but not Issued	121
PART IV - SUPPLEMENTARY DATA		122
Combined Balance Sheet - All Funds for the Year Ending December 31, 2014		123
Comparative Statement of Operations - Change in Fund Balance - Current Fund		124
Comparative Statement of Operations - Change in Fund Balance - Swimming Pool Utility Operating Fund		125
Comparative Schedule of Tax Rate Information		126
Comparison of Tax Levies and Collection Currently		126
Delinquent Taxes and Tax Title Liens		127
Property Acquired for Tax Title Lien Liquidation		127
Comparative Schedule of Fund Balances		127
Officials in Office and Surety Bonds		128
PART V – GENERAL COMMENTS AND RECOMMENDATIONS		129
General Comments		130 - 138
Recommendations		139

BOROUGH OF MIDDLESEX

MIDDLESEX COUNTY, NEW JERSEY

PART I

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds of the Borough of Middlesex, County of Middlesex, New Jersey, as of and for the year ended December 31, 2014 and 2013, the statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for year ended December 31, 2014, and the related notes to the 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 financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements between these regulatory accounting practices 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 in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough of Middlesex, County of Middlesex, New Jersey, as of December 31, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended. The financial statements – regulatory basis referred to in the first paragraph do not include the Statement of Governmental Fixed Assets, which should be included to conform with the basis of accounting described in Note 2. The amount that should be recorded for Governmental Fixed Assets is not known.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effect on the financial statements of the omission of the Statement of Governmental Fixed Assets,, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds of the Borough of Middlesex, County of Middlesex, New Jersey as of December 31, 2014 and 2013 and the results of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2014, on the basis of accounting described in Note 2.

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements of the Borough of Middlesex, County of Middlesex, New Jersey. The information included in Part III – Supplementary Schedules and Part IV – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Middlesex, County of Middlesex, New Jersey. The information included in Part II - the accompanying schedule of expenditures of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and *NJ OMB Circular 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and are also not a required part of the financial statements. The Part II - the schedules of expenditures of federal awards and the Part III – Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

The schedules and information contained in Part IV - Supplementary Data have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 2, 2015 on our consideration of the Borough of Middlesex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Middlesex's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Andrew G. Hodulik
Registered Municipal Accountant
No. 406

Highland Park, New Jersey
October 2, 2015

FINANCIAL STATEMENTS

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2014 AND DECEMBER 31, 2013

ASSETS	REF.	BALANCE DEC. 31,2014	BALANCE DEC. 31,2013
Cash and Investments - Treasurer	A- 4	$ 3,484,772.04	$ 3,306,942.24
Cash - Change Fund	A- 5	500.00	500.00
Due from State of N.J. per Ch. 20, P.L. 1976	A- 6	34,992.30	30,168.32
		3,520,264.34	3,337,610.56
Receivables With Offsetting Reserves:			
Taxes Receivable	A- 7	823,307.17	894,628.05
Tax Title Liens	A- 7	305,431.67	419,249.19
Property Acquired for Taxes (At Assessed Valuation)	A- 7	1,423,139.00	1,423,139.00
Revenue Accounts Receivable	A- 8	32,254.84	30,903.49
Sewer Flow Charges Receivable	A- 9	21,445.91	135,110.66
Interfunds Receivable	A-10	20,053.21	13,636.39
		2,625,631.80	2,916,666.78
Deferred Charges:			
2012 Emergency - Hurricane Sandy	A-16	240,000.00	320,000.00
2011 Emergency - Hurricane Irene	A-16	110,000.00	165,000.00
		350,000.00	485,000.00
Total Regular Fund		6,495,896.14	6,739,277.34
State and Federal Grant Fund:			
Grants Receivable	A-17	6,782.00	6,409.28
Due from Current Fund	A-18	456,653.77	452,082.20
Due from General Capital Fund	A-21	23,775.00	23,775.00
Total State and Federal Grant Fund		487,210.77	482,266.48
		$ 6,983,106.91	$ 7,221,543.82
Deferred School Taxes:			
Balance of Tax	A-15	$ 11,160,722.00	$ 10,806,428.00
Deferred	A-15	11,160,722.00	10,806,428.00
School Taxes Payable		$ -	$ -

LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31,2014	BALANCE DEC. 31,2013
Liabilities:			
Appropriation Reserves	A-3, A-11	$ 1,039,328.24	$ 584,825.32
Reserve for Encumbrances	A-3, A-11	169,197.60	257,752.65
Prepaid Taxes	A- 7	167,198.35	503,934.61
Various Payables	A-14	63,138.30	48,480.88
Various Reserves	A-14	48,430.34	438,375.18
Tax Overpayments	A-12	-	23,032.99
Sewer Flow Charge Overpayments	A- 9	224,801.87	
Due to Federal & State Grant Fund	A-10	456,653.77	452,082.20
		2,168,748.47	2,308,483.83
Reserve for Receivables	Reserve	2,625,631.80	2,916,666.78
Fund Balance	A-1	1,701,515.87	1,514,126.73
Total Regular Fund		6,495,896.14	6,739,277.34
State and Federal Grant Fund:			
Reserve for State and Federal Grants:			
Appropriated	A-19	385,564.83	360,915.06
Unappropriated	A-20	36,163.70	31,833.94
Reserve for Encumbrances	A-19	65,482.24	89,517.48
Total State and Federal Grant Fund		487,210.77	482,266.48
		$ 6,983,106.91	$ 7,221,543.82

Note: See Notes to Financial Statements

Exhibit A-1

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

REVENUE AND OTHER INCOME REALIZED	REF.	YEAR 2014	YEAR 2013
Fund Balance Utilized	A-1, A-2	$ 996,000.00	$ 645,000.00
Miscellaneous Revenues Anticipated	A- 2	3,509,187.13	3,269,917.93
Receipts from Delinquent Taxes	A- 2	1,029,346.73	826,196.25
Receipts from Current Taxes	A- 7	39,061,746.12	37,912,308.96
Non-Budget Revenue	A- 2	207,584.13	186,466.08
Other Credits to Income:			
Unexpended Balances of Approp. Reserves	A-11	378,821.66	429,971.72
Interfunds Advanced/Returned - Statutory Animal Excess Due from Animal Control Fund	A-10	5,527.28	
Total Revenues		45,188,213.05	43,269,860.94
EXPENDITURES AND OTHER CHARGES			
Budget Appropriations:			
Operating			
Salaries and Wages	A-3	5,547,477.95	5,281,364.95
Other Expenses	A-3	7,623,302.35	7,261,419.07
State and Federal Programs Off-Set by Revenue	A-3	66,570.86	39,271.46
Municipal Debt Service	A-3	1,747,106.85	1,299,802.49
Capital Improvements	A-3	65,000.00	65,000.00
Deferred Charges and Statutory Expend.-Mun.	A-3	1,281,326.00	1,413,995.00
County Tax	A-13	5,609,423.08	5,579,629.40
Local District School Taxes	A-13	22,058,200.00	21,499,441.00
Interfunds Advanced - Net	A-10	6,416.82	221.57
Total Expenditures		44,004,823.91	42,440,144.94
Excess in Revenue		1,183,389.14	829,716.00
FUND BALANCE			
Balance - January 1	A	1,514,126.73	1,329,410.73
		2,697,515.87	2,159,126.73
Decreased by:			
Utilization as Anticipated Revenue	A-1	996,000.00	645,000.00
Balance - December 31	A	$ 1,701,515.87	$ 1,514,126.73

Note: See Notes to Financial Statements

Exhibit A-2

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	REF.	ANTICIPATED 2014 BUDGET	Total Budget	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A- 1	$ 996,000.00	$ 996,000.00	$ 996,000.00	$
Miscellaneous Revenues:			-		
Licenses:			-		
Alcoholic Beverages		12,600.00	12,600.00	13,546.00	946.00
Other		39,650.00	39,650.00	37,634.50	(2,015.50)
Fees and Permits		73,000.00	73,000.00	67,511.79	(5,488.21)
Fines and Costs:					
Municipal Court		248,980.00	248,980.00	296,043.36	47,063.36
Interest and Costs on Taxes		141,000.00	141,000.00	223,746.48	82,746.48
Interest on Investments and Deposits		29,700.00	29,700.00	39,561.64	9,861.64
Television Franchise Fees		76,000.00	76,000.00	83,853.30	7,853.30
Payment in Lieu of Taxes - Prebyterian Homes		65,000.00	65,000.00	63,234.43	(1,765.57)
Sewer Rents Receivable		70,000.00	70,000.00	70,000.00	-
Host Community Benefit Funds		75,000.00	75,000.00	98,583.35	23,583.35
Consolidated Municipal Property Tax Relief Aid		214,201.00	214,201.00	214,201.00	-
Energy Receipts Taxes		1,565,613.00	1,565,613.00	1,565,613.00	-
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17):					
Uniform Construction Code Fees		176,574.00	176,574.00	192,593.00	16,019.00
Hazardous Waste Facilities Siting Act (N.J.S.A. 13-15-80)		20,000.00	20,000.00	20,000.00	
Public and Private Revenues Offset with Approps.:					
Alcohol Ed Rehab & Enforcement Fund		52.77	$ 52.77	52.77	
Body Armor Replacement Grant - CY		3,354.13	3,354.13	3,354.13	
Clean Communities Program		24,852.04	24,852.04	24,852.04	
Drunk Driving Enforcement Fund		3,575.92	3,575.92	3,575.92	
Forestry Grant Match		3,000.00	3,000.00	3,000.00	
Middlesex County - Info. Assis & Transp. Assist -			-		
Older American Act of 1965		14,381.00	14,381.00	14,381.00	
Other Special Items:					
Reserve for DMV Services		4,098.00	4,098.00	4,963.67	865.67
Cellular Phone Tower Lease		86,000.00	86,000.00	117,440.05	31,440.05
Additional Sewer Rents Receivable		368,000.00	368,000.00	199,503.75	(168,496.25)
FEMA - Hurricane Irene		151,941.95	151,941.95	151,941.95	-
Total Miscellaneous Revenues	A-1,A-8	3,466,573.81	3,466,573.81	3,509,187.13	42,613.32
Receipts from Delinquent Taxes	A-1,A-7	890,000.00	890,000.00	1,029,346.73	139,346.73
			-		
Subtotal General Revenues		5,352,573.81	$ 5,352,573.81	5,534,533.86	181,960.05
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-7	11,394,628.30	11,394,628.30	11,448,938.40	54,310.10
Minimum Library Tax	A-7	467,325.64	467,325.64	467,325.64	
Total Amount to be Raised by Taxes for Support of Municipal Budget		11,861,953.94	11,861,953.94	11,916,264.04	54,310.10
Budget Totals		17,214,527.75	17,214,527.75	17,450,797.90	$ 236,270.15
Non-Budget Revenues	A-1,A-4			207,584.13	
		$ 17,214,527.75	$ 17,214,527.75	$ 17,658,382.03	
	Ref.	A- 3	A- 3		

( ) Denotes Deficit

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
General Administration						
Salaries & Wages	$ 160,000.00	$ 71,100.00	$ 1,793.07	$	$ 69,306.93	
Other Expenses						
Mayor and Council						
Salaries and Wages	12,000.00	12,000.00	11,999.76		0.24	
Other Expenses	20,000.00	20,000.00	2,872.54	4,191.70	12,935.76	
Municipal Clerk						
Salaries and Wages	138,483.00	138,483.00	138,483.00			
Other Expenses	10,600.00	10,600.00	7,018.31	2,900.79	680.90	
Postage for All Departments						
Other Expenses	26,000.00	26,000.00	20,084.98	84.98	5,830.04	
Printing and Advertising						
Other Expenses	17,500.00	17,500.00	6,257.16	-	11,242.84	
Financial Administration (Treasury)						
Salaries and Wages	122,455.00	122,455.00	120,050.97		2,404.03	
Other Expenses	15,248.00	15,248.00	8,876.26	831.99	5,539.75	
Elections						
Other Expenses	5,500.00	5,500.00	5,500.00			
Annual Audit						
Other Expenses	45,000.00	45,000.00	3,800.00	-	41,200.00	
Revenue Administration (Tax Collection)						
Salaries and Wages	67,093.00	67,093.00	67,093.00			
Other Expenses	10,525.00	10,525.00	4,511.45	2,748.33	3,265.22	
Tax Assessment Administration						
Salaries and Wages	31,993.00	31,993.00	31,993.00			
Other Expenses	3,250.00	3,250.00	2,049.54	163.70	1,036.76	
Legal Services						
Other Expenses	107,000.00	132,000.00	98,702.23	12,159.78	21,137.99	
Liquidation of Tax Title Liens and Foreclosed Property	500.00	500.00			500.00	
Engineering Services						
Other Expenses	65,000.00	65,000.00	45,626.51	-	19,373.49	
Computer Data Services						
Other Expenses	184,400.00	184,400.00	155,009.79	16,836.37	12,553.84	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
GENERAL GOVERNMENT (CONT'D):						
LAND USE ADMINISTRATION:						
Planning Board						
Other Expenses	$ 28,010.00	$ 28,010.00	$ 21,415.75	$ 400.00	$ 6,194.25	$
Zoning Board of Adjustment						
Salaries and Wages	6,300.00	6,300.00	1,750.00	-	4,550.00	
Other Expenses	13,950.00	13,950.00	7,173.19	-	6,776.81	
INSURANCE:						
Temporary Disability Insurance	23,000.00	23,000.00	21,404.86		1,595.14	
Long-Term Disability Insurance	15,000.00	15,000.00	12,906.06		2,093.94	
Liability Insurance	266,356.00	266,356.00	257,202.74		9,153.26	
Workmen's Compensation	138,200.00	138,200.00	121,011.28		17,188.72	
Employee Group Insurance	2,056,597.08	2,056,597.08	2,037,229.24		19,367.84	
PUBLIC SAFETY:						
Police Department						
Salaries and Wages	2,889,767.00	2,889,767.00	2,793,127.69	-	96,639.31	
Other Expenses	162,100.00	162,100.00	120,680.70	33,811.49	7,607.81	
Juvenile Conference Committee						
Salaries and Wages	2,069.00	2,069.00	2,043.22		25.78	
Other Expenses	250.00	250.00		-	250.00	
Office of Emergency Management						
Salaries and Wages	4,000.00	4,000.00	4,000.00			
Other Expenses	18,200.00	18,200.00	1,771.50	2,477.61	13,950.89	
Aid to Volunteer Ambulance Companies	25,000.00	25,000.00		25,000.00		

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
PUBLIC SAFETY (CONT'D):						
Fire Department						
Other Expenses	$ 128,850.00	$ 128,850.00	$ 108,793.63	$ 11,441.58	$ 8,614.79	$
Hazardous Waste Facilities Tax -						
Other Expenses	5,000.00	5,000.00		-	5,000.00	
Fire Hydrant Fees						
Other Expenses	207,600.00	207,600.00	190,237.41	-	17,362.59	
Municipal Prosecutor's Office						
Salaries and Wages	24,399.00	24,399.00	24,398.40		0.60	
Municipal Court						
Salaries and Wages	145,436.00	145,436.00	130,720.39		14,715.61	
Other Expenses	14,000.00	14,000.00	11,144.92	1,134.29	1,720.79	
PUBLIC WORKS:						
Road Repairs and Maintenance						
Salaries and Wages	334,805.00	334,805.00	322,985.33		11,819.67	
Other Expenses	116,741.00	116,741.00	74,282.17	10,370.07	32,088.76	
Shade Tree Commission						
Salaries and Wages	2,483.00	2,483.00	2,422.42		60.58	
Other Expenses	50,000.00	50,000.00	29,844.78	11,700.00	8,455.22	
Solid Waste Collection						
Salaries and Wages	90,674.00	90,674.00	81,595.68		9,078.32	
Garbage and Trash Removal						
Salaries and Wages	719,434.00	719,434.00	642,574.75		76,859.25	
Other Expenses	92,900.00	92,900.00	29,647.85	2,029.56	61,222.59	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
PUBLIC WORKS (CONT'D):						
Community Services Act (Condominium Community Costs)						
Other Expenses	$ 37,200.00	$ 42,600.00	$ 42,600.00	$	$	$
Building and Grounds						
Other Expenses	85,200.00	97,200.00	74,141.93	19,866.47	3,191.60	
Rental of Rescue Squad Building						
Other Expenses	7,200.00	7,200.00	7,200.00			
Maintenance of Communications Equipment						
Other Expenses	500.00	500.00		-	500.00	
HEALTH AND HUMAN SERVICES:						
Public Health Services (Board of Health)						
Salaries and Wages	7,904.95	7,904.95	7,649.98		254.97	
Other Expenses	62,960.00	62,960.00	62,786.00	-	174.00	
Animal Control						
Other Expenses	30,000.00	30,000.00	23,833.33	-	6,166.67	
Senior Nutrition - Program Costs						
Salaries and Wages	22,500.00	22,500.00	3,057.88		19,442.12	
Title III Senior Medical Transportation - Program Costs						
Salaries and Wages	14,381.00	14,381.00	2,413.15		11,967.85	
Title III Information & Assistance - Program Costs						
Salaries and Wages	30,294.00	30,294.00	29,632.65		661.35	
PARKS AND RECREATION:						
Recreation Services and Programs						
Salaries and Wages	82,108.00	82,108.00	80,870.42		1,237.58	
Other Expenses	30,000.00	30,000.00	25,414.02	3,188.43	1,397.55	
Parks and Playgrounds						
Salaries and Wages	220,226.00	220,226.00	216,054.20		4,171.80	
Other Expenses	38,075.00	38,075.00	19,451.78	948.00	17,675.22	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
PARKS AND RECREATION (CONT'D):						
Celebration of Public Events						
Other Expenses	$ 30,000.00	$ 30,000.00	$ 23,843.84	$ 384.00	$ 5,772.16	$
Recreational Field Development						
Other Expenses	500.00	500.00		-	500.00	
Senior Citizens Bus Transportation						
Other Expenses	4,000.00	4,000.00	3,993.06	-	6.94	
Senior Citizens Coordinator						
Salaries and Wages	33,422.00	39,922.00	39,922.00			
Other Expenses	6,000.00	6,000.00	3,866.93	1,324.33	808.74	
OTHER COMMON OPERATING FUNCTIONS - UNCLASSIFIED:						
Accumulated Sick Leave Compensation						
Salaries and Wages	42,500.00	42,500.00	30,826.93		11,673.07	
Housing and Community Advisory Board						
Salaries and Wages	375.00	375.00	375.00			
Other Expenses	100.00	100.00			100.00	
Environmental Advisory Council						
Other Expenses	1,150.00	1,150.00		-	1,150.00	
Maintenance of Tax Map						
Other Expenses	1,000.00	1,000.00		-	1,000.00	
Beautification Committee						
Other Expenses	1,295.00	1,295.00	235.00	197.61	862.39	
Multi-Family Solid Waste Collection						
Other Expenses	55,000.00	55,000.00		-	55,000.00	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	$ 170,500.00	$ 170,500.00	$ 150,296.17	$ -	$ 20,203.83	$
Street Lighting	171,000.00	171,000.00	148,195.43	-	22,804.57	
Telephone (Excluding Equipment Acquis.)	60,000.00	60,000.00	53,412.94	-	6,587.06	
Water	30,000.00	30,000.00	23,676.58	-	6,323.42	
Gas (Natural or Propane)	30,000.00	30,000.00	23,802.69	-	6,197.31	
Fuel Oil (Diesel Fuel)	90,000.00	90,000.00	59,172.03	-	30,827.97	
Gasoline	85,000.00	85,000.00	84,530.48	-	469.52	
Sewer Processing and Disposal						
Salaries and Wages	35,962.00	35,962.00	35,962.00			
Other Expenses	43,975.00	43,975.00	38,741.25	4,344.00	889.75	
LANDFILL/SOLID WASTE DISPOSAL COSTS:						
Landfill Fees						
Other Expenses	365,000.00	365,000.00	294,168.74	-	70,831.26	
CODE ENFORCEMENT AND ADMINISTRATION:						
Construction Inspector, Plumbing Inspector and Code Enforcer						
Salaries and Wages	173,250.00	173,250.00	165,915.56	-	7,334.44	
Other Expenses	8,050.00	8,050.00	4,354.36	662.52	3,033.12	
Total Operations Within "CAPS"	10,730,296.03	10,690,296.03	9,562,481.86	169,197.60	958,616.57	
Contingent	8,000.00	8,000.00			8,000.00	
Total Operations Including Contingent Within "CAPS"	10,738,296.03	10,698,296.03	9,562,481.86	169,197.60	966,616.57	
DETAIL:						
Salaries and Wages	5,414,313.95	5,260,813.95	4,987,917.38		272,896.57	
Other Expenses (Including Contingent)	5,323,982.08	5,437,482.08	4,574,564.48	169,197.60	693,720.00	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"						
STATUTORY EXPENDITURES:						
Contribution to:						
Social Security System (O.A.S.I.)	$ 270,000.00	$ 270,000.00	$ 242,889.07	$	$ 27,110.93	$
Public Employees' Retirement System of NJ	255,353.00	255,353.00	255,353.00			
Police and Firemen's Retirement System of NJ	605,973.00	605,973.00	605,973.00			
Pension & Firemen's Widow (NJSA 43:12-228.1)	5,000.00	5,000.00	5,000.00			
Defined Contribution Retirement Program (DCRP)	10,000.00	10,000.00	5,651.47		4,348.53	
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	1,146,326.00	1,146,326.00	1,114,866.54		31,459.46	
Total General Appropriations for Municipal Purposes Within "CAPS"	11,884,622.03	11,844,622.03	10,677,348.40	169,197.60	998,076.03	
OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library (NJSA 40:54-8)						
Other Expenses	467,325.64	467,325.64	467,325.64			
Middlesex County Utilities Authority Sewerage Treatment						
Contractual	1,272,494.63	1,272,494.63	1,272,494.63			
Piscataway Sewerage Authority - Share of Costs	290,000.00	330,000.00	302,205.38	-	27,794.62	
Middlesex County Improvement Authority - County Curbside Collection Program						
Other Expenses	110,000.00	110,000.00	99,542.41	-	10,457.59	
Insurance:						
Employee Group Insurance						
Stormwater Pollution Programs: NJDES/Stormwater Permit						
Salaries & Wages	286,664.00	286,664.00	286,664.00			
Other Expense	6,000.00	6,000.00	3,000.00		3,000.00	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Body Armor Replacement Grant - CY	$ 3,354.13	$ 3,354.13	$ 3,354.13	$	$	$
Drunk Driving Enforcement Fund	3,575.92	3,575.92	3,575.92			
Forestry Grant Match	3,000.00	3,000.00	3,000.00			
Municipal Alliance on Alcohol & Drug Abuse	17,355.00	17,355.00	17,355.00			
N.J. Alcohol Education & Rehabilitation - Municipal Court	52.77	52.77	52.77			
N.J. Clean Communities Grant	24,852.04	24,852.04	24,852.04			
Older Americans Act - Information Assist	14,381.00	14,381.00	14,381.00			
Total Operations Excluded from "CAPS"	2,499,055.13	2,539,055.13	2,497,802.92	-	41,252.21	
DETAIL:						
Salaries and Wages	286,664.00	286,664.00	286,664.00			
Other Expenses	2,212,391.13	2,252,391.13	2,211,138.92	-	41,252.21	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Down Payments on Improvements						
Capital Improvement Fund	65,000.00	65,000.00	65,000.00			
Total Capital Improvements Excl. from "CAPS"	65,000.00	65,000.00	65,000.00	-		

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED: PAID OR CHARGED	EXPENDED: ENCUMBERED	EXPENDED: RESERVED	UNEXPENDED BALANCE CANCELLED
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	$ 792,000.00	$ 792,000.00	$ 792,000.00	$	$	
Interest on Bonds	286,876.26	286,876.26	286,876.26			
Loan Repayment for Principal and Interest	34,784.87	34,784.87	34,784.87			
Loan Repayments for Principal and Interest MCIA Loan - Fire Truck	532,925.69	532,925.69	532,925.69			
Loan Repayments for Principal and Interest Environmental Infratructure Loan	107,828.77	107,828.77	100,520.03			7,308.74
Total Municipal Debt Service - Excl. from "CAPS"	1,754,415.59	1,754,415.59	1,747,106.85	-		7,308.74
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Deferred Charges Special Emergency Authorization - 5 Years	135,000.00	135,000.00	135,000.00			
Total Deferred Charges - Municipal Excluded from "CAPS"	135,000.00	135,000.00	135,000.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,453,470.72	4,493,470.72	4,444,909.77	-	41,252.21	7,308.74
Subtotal General Appropriations	16,338,092.75	16,338,092.75	15,122,258.17	169,197.60	1,039,328.24	7,308.74
Reserve for Uncollected Taxes	876,435.00	876,435.00	876,435.00			
Total General Appropriations	$ 17,214,527.75	$ 17,214,527.75	$ 15,998,693.17	$ 169,197.60	$ 1,039,328.24	$ 7,308.74
REF.	A-2	A-2	A-1	A, A-1	A, A-1	A-1

	REF.	
Disbursed	A-4	$ 14,920,687.31
Reserve for Uncollected Taxes	A- 7	876,435.00
Reserve for State Grants	A-10	66,570.86
Emergency Approp. 40A:4-47	A-16	135,000.00
		$ 15,998,693.17

Note: See Notes to Financial Statements

Exhibit B

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013

ASSETS	REF.	BALANCE DEC. 31,2014	BALANCE DEC. 31,2013
Assessment Trust Fund:			
Cash and Investments - Treasurer	B- 6	$ 24,944.73	$ 24,758.36
Assessment Liens Receivable	B- 3	1,470.00	1,470.00
Total Assessment Trust Fund		26,414.73	26,228.36
Animal Control Fund:			
Cash and Investments - Treasurer	B- 6	23,505.33	15,744.48
Due from State of New Jersey	B- 6	5.40	0.60
Total Animal Control Fund		23,510.73	15,745.08
Trust-Other Fund:			
Cash and Investments - Treasurer	B- 6	454,441.93	377,504.99
Due from General Capital Fund	B- 6	258,157.99	258,157.99
Total Trust-Other Fund		712,599.92	635,662.98
Escrow Trust Fund:			
Cash and Investments - Treasurer	B- 6	341,559.90	469,782.24
Total Escrow Trust Fund		341,559.90	469,782.24
Payroll Fund:			
Cash and Investments - Treasurer	B- 6	183,423.14	111,238.89
Total Payroll Trust Fund		183,423.14	111,238.89
Public Assistance Trust Fund:			
Cash and Investments - Treasurer	B- 6	9,913.62	9,913.42
Total Public Assistance Trust Fund		9,913.62	9,913.42
Community Devlopement Block Grant Fund:			
Due from Midd. Cty CDBG	B- 6	91,057.80	89,575.80
Total Comm. Develop. Block Grant Fund		91,057.80	89,575.80
		$ 1,388,479.84	$ 1,358,146.77

LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31,2014	BALANCE DEC. 31,2013
Assessment Trust Fund:			
Due to General Capital Fund	B- 6	$ 7,164.08	$ 7,164.08
Due to Current Fund	B- 6	13,684.88	13,498.51
Fund Balance	B- 1	5,565.77	5,565.77
Total Assessment Trust Fund		26,414.73	26,228.36
Animal Control Fund:			
Due to Current Fund	B- 6	5,527.28	
Reserve for Animal Control Expenditures	B- 6	17,983.45	15,745.08
Total Animal Control Fund		23,510.73	15,745.08
Trust-Other Fund:			
Reserve for Unemployment Insurance	B- 6	214,182.62	234,136.58
Reserve for Various Deposits	B- 6	498,417.30	401,526.40
Total Trust-Other Fund		712,599.92	635,662.98
Escrow Trust Fund:			
Developers' Escrow - Water & Soil	B- 6	19,462.00	18,937.00
Developers' Escrow Funds	B- 6	322,097.90	450,845.24
Total Escrow Trust Fund		341,559.90	469,782.24
Payroll Fund:			
Payroll Deductions Payable	B- 6	183,423.14	111,238.89
Total Payroll Trust Fund		183,423.14	111,238.89
Public Assistance Trust Fund:			
Reserve for Public Assistance	B- 6	9,913.62	9,913.42
Total Public Assistance Trust Fund		9,913.62	9,913.42
Community Devlopement Block Grant Fund:			
Reserve for Comm. Dev. Block Expends.	B- 6	91,057.80	89,575.80
Total Comm. Develop. Block Grant Fund		91,057.80	89,575.80
		$ 1,388,479.84	$ 1,358,146.77

Note: See Notes to Financial Statements

Exhibit - B-1

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

TRUST ASSESSMENT FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	REF.	
Balance - December 31, 2013	B	$ 5,565.77
Balance - December 31, 2014	B	$ 5,565.77

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013

ASSETS	REF.	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
Cash and Investments - Treasurer	C-2	$ 1,756,850.22	$ 1,771,547.47
Grants - In - Aid, Loans and Other Receivable	C-4	1,849,555.57	3,685,122.11
Interfunds Receivable	C-7	7,164.08	7,164.08
Deferred Charges to Future Taxation:			
Funded	C-5	12,824,784.44	13,289,649.61
Unfunded	C-6	3,261,654.87	5,418,262.98
		$ 19,700,009.18	$ 24,171,746.25
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-9	8,115,000.00	8,907,000.00
Capital Leases Payable - M.C.I.A.	C-10	3,653,852.19	3,212,254.21
Loans Payable - N.J. Green Trust Fund - 1987	C-11	52,874.70	73,298.92
Loans Payable - N.J. Green Trust Fund - 1989	C-12	101,125.75	111,937.08
Loans Payable - N.J. Infrastructure	C-15	901,931.80	985,159.40
Bond Anticipation Notes	C-16	2,878,258.00	
Reserve for Encumbrances Payable	C-8	665,454.66	3,319,673.58
Interfunds Payable	C-7	281,932.99	281,932.99
Improvement Authorizations:			
Funded	C-8	1,550,331.19	1,335,580.60
Unfunded	C-8	724,796.17	3,097,578.49
Reserve for:			
Capital Improvement Fund	C-14	157,959.58	94,559.58
Grants and Loans Receivable	C-13	548,336.45	2,735,344.56
Insurance Refund	C-13	4,838.08	4,838.08
To Pay Debt Service	C-13	63,317.62	12,588.76
		$ 19,700,009.18	$ 24,171,746.25
Bonds and Notes Authorized but not Issued	C-17	$ 383,396.87	$ 5,418,262.98

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2014 AND 2013

ASSETS	REF.	BALANCE DEC. 31, 2014	BALANCE DEC. 31, 2013
perating Fund:			
Cash and Investments - Treasurer	D-5	$ 488,512.61	$ 443,815.50
Cash - Snack Bar Fund	D-5	3,078.86	3,075.09
Due from Swimming Pool Capital Fund	D-13	83,599.90	83,599.90
		575,191.37	530,490.49
Total Operating Fund		575,191.37	530,490.49
apital Fund:			
Cash and Investments - Treasurer	D-5	918,480.03	
Fixed Capital	D-8	666,291.56	666,291.56
Fixed Capital Authorized and Uncompleted	D-9	1,650,000.00	350,000.00
Total Capital Fund		3,234,771.59	1,016,291.56
		$ 3,809,962.96	$ 1,546,782.05

LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2014	BALANCE DEC. 31, 2013
Operating Fund:			
Appropriation Reserves	D-4, D-11	$ 130,632.07	$ 80,674.20
Reserve for Encumbrances	D-4, D-11	2,185.38	35,260.50
Accounts Payable	D-10	32,971.01	20,006.06
Due to Current Fund	D-13	841.05	137.88
Accrued Interest on Notes	D-20	3,087.50	
		169,717.01	136,078.64
Fund Balance	D-1	405,474.36	394,411.85
Total Operating Fund		575,191.37	530,490.49
Capital Fund:			
Bond Anticipation Notes	D-19	1,235,000.00	
Improvement Authorizations			
Unfunded	D-18	1,074,531.03	93,670.00
Capital Improvment Fund	D-14	7,730.10	72,730.10
Due to Swimming Pool Operating Fund	D-17	83,599.90	83,599.90
Reserve for:			
Amortization	D-15	666,291.56	666,291.56
Deferred Amortization	D-16	165,000.00	100,000.00
Fund Balance	D-2	2,619.00	
Total Capital Fund		3,234,771.59	1,016,291.56
		$ 3,809,962.96	$ 1,546,782.05

There were Bonds and Notes Authorized but not Issued at December 31, 2014 in the amount of $250,000.00. (Exhibit D-21)

Note: See Notes to Financial Statements

Exhibit - D-1

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

REVENUE AND OTHER INCOME		YEAR 2014	YEAR 2013
Fund Balance Utilized	D-1, D-3	$ 59,690.00	$ 43,980.00
Fees - Membership	D- 3	235,520.01	246,767.08
Miscellaneous	D- 3	91,772.87	83,133.97
Other Credits to Income:			
Unexpend. Balance of Appropriation Reserves Lapsed and Reserve for Encumb. Canceled	D-11	76,247.13	127,395.97
Total Revenues		463,230.01	501,277.02
EXPENDITURES			
Budget and Emergency Appropiations:			
Operating	D- 4	$ 389,390.00	$ 372,800.00
Accrued Interest Adjustment	D-20	3,087.50	
Total Expenditures		392,477.50	372,800.00
Excess/(Deficit) in Revenues		70,752.51	128,477.02
FUND BALANCE			
Balance - January 1	D	394,411.85	309,914.83
		465,164.36	438,391.85
Decreased by:			
Utilized as Anticipated Revenue	D- 1	59,690.00	43,980.00
Balance - December 31	D	$ 405,474.36	$ 394,411.85

Note: See Notes to Financial Statements

Exhibit - D-2

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY CAPITAL FUND
STATEMENT OF CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	REF.	
Increased by:		
Premium on Sale of BAN's	D- 5	$ 2,619.00
Balance - December 31, 2014	D	$ 2,619.00

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	REF.	2014 BUDGET	REALIZED	EXCESS OR (DEFICIT)
Fund Balance	D- 1	$ 59,690.00	$ 59,690.00	$
Fees - Membership	D-1, D-5	246,700.00	235,520.01	(11,179.99)
Miscellaneous	D- 1	83,000.00	91,772.87	8,772.87
		$ 389,390.00	$ 386,982.88	$ (2,407.12)
	REF.	D- 4	D- 1	

Analysis of Realized Revenues:

Analysis of Miscellaneous Revenues:		
Snack Bar	D-7,D-12	$ 9,847.46
Miscellaneous Revenues	D- 7	81,925.41
	D- 1	$ 91,772.87

Note: See Notes to Financial Statements

Exhibit - D-4

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
Operating:						
Salaries and Wages	$ 204,890.00	$ 204,890.00	$ 174,041.80	$	$ 30,848.20	$
Other Expenses	168,900.00	168,900.00	67,216.57	2,185.38	99,498.05	
Deferred Charges and Statutory Expenditures:						
Statutory Expenditures:						
Social Security System (O.A.S.I.)	13,600.00	13,600.00	13,314.18		285.82	
State Unemployment Insurance	2,000.00	2,000.00	2,000.00			
Total Swimming Pool Utility Appropriations	$ 389,390.00	$ 389,390.00	$ 256,572.55	$ 2,185.38	$ 130,632.07	$
Ref.	D- 3		D-1,D-5	D, D-1	D, D-1	

Note: See Notes to Financial Statements

Note 1: FORM OF GOVERNMENT

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Middlesex include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Middlesex, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Middlesex do not include the operations of the municipal library.

B. Description of Funds

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

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

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

Trust Assessment Fund
Animal Control Trust Fund
Unemployment Compensation Insurance Trust Fund
Dedicated Law Enforcement Trust Fund
Developer's Escrow Fund
Uniform Fire Safety Act - Penalty Monies (N.J.S.A. 52:27D-192 et seq.)
Disposal of Forfeited Property (P.L. 1985, Ch. 135)
Payroll Fund
Community Development Block Grant Fund

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

Swimming Pool Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally-owned Swimming Pool.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Description of Funds (Cont'd.)

Governmental Fixed Assets - the Governmental Fixed Asset System is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of financial statements is not intended to present the basic financial statement presentation required by GAAP.

C. Basis of Accounting

Basis of Accounting and Measurement Focus - The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes and water and sewer consumer charges are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refers to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts which may be cancelled 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Expenditures (Cont'd.)

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets.

In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - The Borough has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulated earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Borough records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources.

Property Acquired for Taxes - 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 asset account group at the lower of cost or fair market value.

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

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

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. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Fixed Assets - Property and equipment purchased by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Contributions in aid of construction are not capitalized.

Governmental Fixed Assets – New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of Governmental Fixed Assets of the Borough as part of the basic financial statements. 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.

No depreciation has been provided for in the financial statements.

Accounting for utility fund "fixed capital" remains unchanged under the requirements of regulation 5:30-5.6.

Property and equipment purchased by the Swimming Pool Utility Fund are recorded in the capital account as cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized the balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

Grants Received – Federal and state grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Disclosures About Fair Value of Financial Instruments - The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments - The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt - The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is provided in Note 3 to the financial statements.

Recent Accounting Standards

GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations" in January 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards (Cont'd.)

GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees" in April 2013. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" in November 2013. 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 nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The Borough does not prepare its financial statements in accordance with generally accepted accounting principles. The adoption of these new standards will not adversely effect the reporting on the Borough's financial condition.

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain reclassifications have been made to the fiscal year 2013 financial statements to conform with classifications used in fiscal year 2014.

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of bonds to finance municipal capital expenditures. The Borough's debt is summarized as follows:

A. Summary of Municipal Debt for Capital Projects

	2014	2013
Issued:		
General:		
Bonds and Notes	$ 8,115,000.00	$ 8,907,000.00
Bond Anticipation Notes	2,878,258.00	
Green Acres Loan	154,000.45	185,236.00
M.C.I.A. Capital Leases	3,653,852.19	3,212,254.21
NJ Environmental Infrastructure Loans	901,931.80	985,159.40
Swim Pool Utility		
Bond Anticipation Notes	1,235,000.00	
Net Issued	16,938,042.44	13,289,649.61
Authorized But Not Issued:		
General:		
Bonds and Notes	383,396.87	5,418,262.98
Swim Pool Utility		
Bonds and Notes	250,000.00	250,000.00
Total Authorized But Not Issued	633,396.87	5,668,262.98
Net Bonds and Notes Issued and Authorized but not Issued	$ 17,571,439.31	$ 18,957,912.59

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual bond and loan issues which were outstanding at December 31, 2014 and 2013:

	2014	2013
General Debt:		
$2,552,000, General Improvement Bonds of 2004, due in annual installments of $175,000 to $317,000 through Feb. 1, 2014, interest at 2.25% to 3.50%.		$ 317,000.00
$9,865,000, General Improvement Bonds of 2010, due in annual installments of $400,000 to $800,000 through Feb. 1, 2025, interest at 3.00% to 4.00%.	$ 8,115,000.00	8,590,000.00
Bond Anticipation Notes - Mature 07/17/15 @ 1.00%	2,878,258.00	
Subtotal - Serial Bond Debt and BAN's for Capital Projects Outstanding December 31	10,993,258.00	8,907,000.00
Loans Outstanding:		
Green Acres Loans	154,000.45	185,236.00
NJ Environmental Infrastructure Loans	901,931.80	985,159.40
MCIA Capital Equipment Loan - 2008	253,689.11	311,686.83
MCIA Capital Equipment Loan - 2013	2,540,307.16	2,900,567.38
MCIA Capital Equipment Lease - 2014	120,994.00	
MCIA Capital Equipment Loan - 2014	738,861.92	
Subtotal - Loans Outstanding	4,709,784.44	4,382,649.61
Subtotal General Debt	15,703,042.44	13,289,649.61
Swimming Pool Utility Debt:		
Bond Anticipation Notes - Mature 09/29/15 @ 1.00%	1,235,000.00	
Total Outstanding Debt	$ 16,938,042.44	$ 13,289,649.61

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

2014	Gross Debt	Deductions	Net Debt
Local School District Debt	$3,745,000.00	$3,745,000.00	
Swimming Pool Utility Debt	1,485,000.00	1,485,000.00	
General Debt	16,086,439.31	12,588.76	$16,073,850.55
	$21,316,439.31	$5,242,588.76	$16,073,850.55

Net Debt $16,073,850.55 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended $1,416,317,744.33 = 1.13%

2013	Gross Debt	Deductions	Net Debt
Local School District Debt	$4,315,000.00	$4,315,000.00	
Swimming Pool Utility Debt	250,000.00	250,000.00	
General Debt	18,707,912.59	12,588.76	$18,695,323.83
	$23,272,912.59	$4,577,588.76	$18,695,323.83

Net Debt $18,695,323.83 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended $1,473,970,140.33 = 1.27%

The Borough's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at December 31,was as follows:

	2014	2013
3 1/2% of Equalized Valuation Basis Municipal	$49,571,121.05	$51,588,954.91
Net Debt	16,073,850.55	18,695,323.83
Remaining Borrowing Power	$33,497,270.50	$32,893,631.08

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statement

Calculation of "Self-Liquidating Purpose"
Swimming Pool Utility Per N.J.S.A. 40A: 2-45

	2014	2013
Cash Receipts From Fees, Rents or Other Charges for the year	$ 463,230.01	$ 501,277.02
Deductions:		
Operating and Maintenance Costs	389,390.00	372,800.00
Excess in (Deficit)/Revenue	$ 73,840.01	$ 128,477.02

C. Schedule of Annual Debt Service for Principal and Interest for the Bonded Debt Issued and Outstanding at December 31, 2014

Calendar Year	General Principal	General Interest	Total
2015	$ 675,000.00	$ 258,531.25	$ 933,531.25
2016	675,000.00	238,281.25	913,281.25
2017	700,000.00	217,656.25	917,656.25
2018	700,000.00	196,656.25	896,656.25
2019	700,000.00	175,656.25	875,656.25
2020	700,000.00	153,956.25	853,956.25
2021	775,000.00	129,678.13	904,678.13
2022	800,000.00	102,600.00	902,600.00
2023	800,000.00	74,600.00	874,600.00
2024	800,000.00	46,100.00	846,100.00
2025	790,000.00	15,800.00	805,800.00
Total	$ 8,115,000.00	$ 1,609,515.63	$ 9,724,515.63

D. Loan Agreements

Department of Environmental Protection - Green Acres Program Loans

New Jersey 1987 Green Trust Fund

The Borough has contracted for funding of Acquisition of Property for Outdoor Recreation and Conservation purposes. The Borough has been awarded a loan amount of $328,000. Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq. the loan principal in the amount of $52,874.70 and $73,298.92 at December 31, 2014 and 2013 has been included in the calculation of the Borough's statutory debt condition.

New Jersey 1989 Green Trust Fund

The Borough has contracted with Department of Environmental Protection to fund costs related to Mountainview Phase II Project. The Borough has been awarded a loan amount of $209,000. Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq. the loan principal in the amount of $101,125.75 and $111,937.08 at December 31, 2014 and 2013 has been included in the calculation of the Borough's statutory debt condition.

Terms of the above loans are included in their respective supplemental schedules.

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

D. Loan Agreements (Cont'd.)

New Jersey Environmental Infrastructure Trust and Fund Loans

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

Infrastructure Trust Loan:

Dated Date	Oct. 15, 2004
Draw Down Date - Expected	Nov. 4, 2004
Loan Amount	$895,000
Principal Due Dates	Sept. 1
Interest Rates	2.110% - 5.160%
Interest Due Dates	Mar. 1 & Sept. 1
Number of Payments	19
Final Payment	Sept. 1, 2024

Infrastructure Fund Loan (Principal Only):

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

Capital Equipment and Improvement Revenue Bonds, Series 2008

The Borough entered into a capital equipment loan agreement with the Middlesex County Improvement Authority - Capital Equipment and Improvement Revenue Bonds, Series 2008 in the amount of $572,745.83 for the acquisition of 10 year capital equipment. The loan obligation is due in ten annual installments commencing with a principal payment of $48,577.05 for 2009 and remaining principal payments spread over a nine year period with amounts ranging from $50,330.01 through $66,833.58 and bearing interests rates ranging between 3.500% for calendar year 2009 and 4.200% for calendar year 2018.

Capital Equipment and Improvement Revenue Bonds, Series 2013

The Borough entered into a capital equipment loan agreement with the Middlesex County Improvement Authority - Capital Equipment and Improvement Revenue Bonds, Series 2013 in the amount of $2,900,567.38 for the acquisition of 10 year capital equipment. The loan obligation is due in ten annual installments commencing with a principal payment of $360,260.22 for 2014 and remaining principal payments spread over a nine year period with amounts ranging from $360,034.60 through $220,000.00 and bearing interests rates ranging between 2.000% for calendar year 2014 and 4.000% for calendar year 2023.

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

D. Loan Agreements (Cont'd.)

Capital Equipment and Improvement Revenue Bonds, Series 2014

The Borough entered into a capital equipment loan agreement with the Middlesex County Improvement Authority - Capital Equipment and Improvement Revenue Bonds, Series 2014 in the amount of $738,861.92 for the acquisition of 5 year capital equipment. The loan obligation is due in five annual installments commencing with a principal payment of $142,296.86 for 2015 and remaining principal payments spread over a four year period with amounts ranging from $143,656.53 through $155,453.32 and bearing interests rates ranging between 1.500% for calendar year 2015 and 3.000% for calendar year 2019.

Capital Equipment and Improvement Revenue Bonds, Series 2014

The Borough entered into a capital equipment lease agreement with the Middlesex County Improvement Authority - Capital Equipment and Improvement Revenue Bonds, Series 2014 in the amount of $120,994.00 for the acquisition of 5 year capital equipment. The loan obligation is due in five annual installments commencing with a principal payment of $23,302.14 for 2015 and remaining principal payments spread over a four year period with amounts ranging from $23,524.80 through $25,456.61 and bearing interests rates ranging between 1.500% for calendar year 2015 and 3.000% for calendar year 2019.

The NJ Economic Development, Environmental Infrastructure Loans and the MCIA Loans above have been included in the calculation of the Borough's statutory debt condition.

Note 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2014 and 2013 were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2014 and 2013 as follows:

	FUND BALANCE DECEMBER 31,2014	UTILIZED IN SUCCEEDING BUDGET
Current Fund	$1,701,515.87	$1,019,770.00
Swimming Pool Utility Fund	405,474.36	66,224.00

	FUND BALANCE DECEMBER 31,2013	UTILIZED IN SUCCEEDING BUDGET
Current Fund	$1,514,126.73	$996,000.00
Swimming Pool Utility Fund	394,411.85	59,690.00

Note 5: DEPOSITS AND INVESTMENTS

The Borough considers change funds, cash in banks and certificates of deposit as cash and cash equivalents.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

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

At December 31, 2014 and 2013, the book value of the Borough's deposits were $7,450,415.85 and $6,295,394.28 and the bank balances of the Borough's cash and deposits amounted to $7,830,310.69 and $6,397,683.08, respectively. Of the bank balance, during 2014 and 2013, $273,110.12 and $304,888.05 was FDIC insured and $7,557,200.57 and $6,092,795.03 were GUDPA insured.

Note 5: DEPOSITS AND INVESTMENTS (CONT'D.)

Deposits (Cont'd.)

At December 31, 2014, the Borough has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Borough has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

(a) Custodial Credit Risk – The Borough's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but no in the depositor-governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the Borough will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Borough's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either: the counterparty or the counterparty's trust department or agent but not in the Borough's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that in possession of an outside party.

(b) Concentration of Credit Risk – This is the risk associated with the amount of investments that Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

(c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Borough's investment policy. The New Jersey Cash Management Fund is not rated.

(d) Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2014, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of the Borough's bank balances was considered exposed to custodial credit risk. In addition based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;

Note 5: DEPOSITS AND INVESTMENTS (CONT'D.)

Investments (Cont'd.)

2. Government money market mutual funds;

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear 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;

5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;

6. Local government investment pools;

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or

8. Agreements for the repurchase of fully collateralized securities, if:

   a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);

   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.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Investments generally are shown by type, carrying amount, market value and level of risk assumed in the holding of the various securities, where applicable. At year-end, the Borough maintained its invested funds in various money market and sweep accounts included in the above categorization of the Borough's deposits. In addition to the sweep accounts, the Borough held cash management fund investments in the amount of $239,566.56 and $239,428.40 at December 31, 2014 and 2013, respectively.

Cash & Cash Equivalents:	2014 Amount	2013 Amount
Change Fund	$500.00	$500.00
Demand Accounts	7,449,915.85	6,294,894.28
Total Cash & Cash Equivalents	7,450,415.85	6,295,394.28
Investments:		
State of NJ Cash Mgmt. Fund	239,566.56	239,428.40
Total Cash, Cash Equivalents & Investments	$7,689,982.41	$6,534,822.68

Note 6: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The New Jersey Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of $10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% may be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

Note 7: PENSION AND RETIREMENT PLANS

Employees of the Borough of Middlesex are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Borough who are members of the plan are not available. Employees enrolled in the PERS system contributed 6.78% of covered pay during the first half of 2014, then 6.92% of covered pay through to the 2014 year-end. Additional increases of 0.14% per annum will continue each July, until the contribution rate reaches 7.5% in July 2018, which last increase is scheduled to be 0.16%. Employees enrolled in the PFRS system were required to contribute 10% of covered pay during 2013. The contributions in fiscal years 2014 and 2013 were $255,353 and $270,283 for PERS and $605,973 and $624,712 for PFRS, respectively.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. These financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Note 8: POST-RETIREMENT HEALTH CARE BENEFITS

Plan Description: The Borough of Middlesex contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents.

Note 8: POST-RETIREMENT HEALTH CARE BENEFITS (CONT"D.)

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In order to receive health benefits, retirees must have been enrolled in the pension system for 25 years. All active full time employees are covered by the SHBP.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website www.state.nj.us/treasury/pensions.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough of Middlesex on a monthly basis. Currently there is no cost-sharing requirement for retirees.

The Borough of Middlesex contributions to SHBP for the year ended December 31, 2014 were $858,063.67, which equaled the required contributions for the year. There were approximately 42 retired participants eligible at December 31, 2014.

Note 9: ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost of such unpaid sick and vacation pay would approximate $107,615.35 and $147,215.71 for 2014 and 2013. This amount represents the current value of all accumulations, and is not intended to portray amounts that would be recorded under GAAP. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations. In addition the Police are entitled to compensation hours capped at a maximum of 480 hours per officer. The estimated cost of such pay would approximate $298,397.34 and $300,522.23 for 2014 and 2013.

Note 10: RISK MANAGMENT

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

At December 31, 2014, the Fund reported for all years combined, total assets of $37,541,477, liabilities and expenses of $36,638,899, which includes case reserves of $24,257,282 and IBNR of $11,878,934 and net position for all years of $902,578.

Note 10: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following table is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the 2014 and the previous two years

Fiscal Year	Borough Contributions And Interest	Employee Contributions	Amount Reimbursed	Ending Balance
2014	$1,653.96	$2,747.75	$24,355.67	$214,182.62
2013	125,866.07	1,009.97	12,703.18	234,136.58
2012	58,866.11	590.51	56,672.31	119,963.72

Note 11: COMMITMENTS AND CONTINGENCIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2014, the Borough does not believe that any material liabilities will result form such audits.

As of the date of this report, the Borough has litigation pending that traditionally would be covered through the procurement of liability insurance coverage's.

Note 12: DEFERRED COMPENSATION

The Borough has instituted a Deferred Compensation Plan pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Borough has engaged a private contractor to administer the plan.

Note 13: INTERFUNDS

The following interfund balances remained on the balance sheet date at December 31, 2014:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	$20,053.21	$456,653.77
Grant Fund	480,428.77	
Assessment Trust Fund		20,848.96
Animal Control Fund		5,527.28
Trust Fund	258,157.99	
General Capital Fund	7,164.08	281,932.99
Swimming Pool Util. Oper Fund	83,599.90	841.05
Swimming Pool Util. Cap Fund		83,599.90
Total	$849,403.95	$849,403.95

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 14: SUBSEQUENT EVENTS

Subsequent to the year ending December 31, 2014 and through to the date of this report, the Borough has authorized the following:

The Borough entered into an agreement with the Middlesex County Improvement Authority (MCIA) for Various 2015 Capital Improvements and acquisition of Various Equipment in an amount not to exceed $1,240,000 on July 14, 2015. The cost of such improvements and equipment is to be financed through the issuance of County-Guaranteed Capital Equipment and Improvement Revenue Bonds, Series 2015 of the MCIA.

The Borough issued $4,113,000 General Improvement Bonds, Series 2015. Principal payments are from July 2016 through July 2025. The interest rates range from 1.00% to 2.50%. The Bonds are being issued to pay $2,878,000 principal portion of $2,878,258 Bond Anticipation Notes dated December 18, 2014 and maturing July 17, 2015 and pay the principal amount of $1,235,000 Bond Anticipation Notes dated September 30, 2014 and maturing September 29, 2015.

BOROUGH OF MIDDLESEX

MIDDLESEX COUNTY, NEW JERSEY

PART II

SINGLE AUDIT SECTION

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis, of the Borough of Middlesex as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough of Middlesex's financial statements and have issued our report thereon dated October 2, 2015. Our report expressed a qualified opinion on the financial statements in conformity with this regulatory basis due to the omission of the Statement of Governmental Fixed Assets. Our report also expressed a modified opinion because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2.

Internal Control Over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2014-1 and 2014-2).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Middlesex's financial statements are free of 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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted other matters involving internal control over financial reporting that we have reported to management of the Borough of Middlesex in the General Comments section of the Report of Audit.

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 entity'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 entity's internal control and compliance, Accordingly, this communication is not suitable for any other purpose.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants

Highland Park, New Jersey
October 2, 2015

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND NJ OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Middlesex, County of Middlesex, New Jersey compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" and NJ OMB Circular 04-04 that could have a direct and material effect on each of the Borough of Middlesex's major federal and state programs for the year ended December 31, 2014. The Borough of Middlesex's major federal and state programs are identified in the "Summary of Auditor's Results Section" of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Middlesex, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-1 and 2014-2 to be significant deficiencies.

The Borough of Middlesex's response to the internal control over compliance findings in our audit is described in the accompanying schedule of findings and questioned costs. The Borough of Middlesex's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on requirements of OMB Circular A-133 and NJ OMB Circular 04-04. Accordingly, this report is not suitable for any other purposes.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Highland Park, New Jersey
October 2, 2015

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Schedule A

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING DECEMBER 31, 2014

FEDERAL GRANT OR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE ACCOUNT NUMBER	GRANT PERIOD	PROGRAM OR GRANT AWARD AMOUNT	2014 PROGRAM RECEIPTS	2014 AMOUNT OF EXPENDITURES	CUMULATIVE EXPENDITURES
Department of Housing & Urban Development:							
Community Development Block Grant Program	14.218	N/A	07/01/06-06/30/07	$ 63,900.00	$	$	$ 63,471.80
Community Development Block Grant Program	14.218	N/A	07/01/11-06/30/12	53,818.00			38,523.00
Community Development Block Grant Program	14.218	N/A	07/01/12-06/30/13	50,845.60	11,562.00	11,562.00	45,312.00
Community Development Block Grant Program	14.218	N/A	07/01/13-06/30/14	56,757.00	39,775.00	39,775.00	39,775.00
Community Development Block Grant Program	14.218	N/A	07/01/14-06/30/15	52,819.00			
Department of Health and Senior Services							
Area Plan Grant For Aging	93.044	046-4275-100-262-12	01/01/12-12/31/12	12,126.00			11,846.71
Area Plan Grant For Aging	94.044	046-4275-100-262-14	01/01/14-12/31/14	14,381.00	10,599.00	14,381.00	14,381.00
Department of Law and Public Safety							
(Division of Highway Traffic Safety)							
Driving While Intoxicated	20.601	066-1160-100-113-05	01/01/05-12/31/05	17,189.52			6,333.85
Driving While Intoxicated	20.601	066-1160-100-113-06	01/01/06-12/31/06	6,802.63			6,802.63
Driving While Intoxicated	20.601	066-1160-100-113-07	01/01/07-12/31/07	5,825.52		1,101.77	3,864.34
Driving While Intoxicated	20.601	066-1160-100-113-08	01/01/08-12/31/08	4,568.89			1,175.20
Driving While Intoxicated	21.601	066-1160-100-113-09	01/01/09-12/31/09	6,316.77			
Driving While Intoxicated	22.601	066-1160-100-113-10	01/01/10-12/31/10	1,295.11			
Driving While Intoxicated	23.601	066-1160-100-113-11	01/01/11-12/31/11	2,570.99			
Driving While Intoxicated	20.601	066-1160-100-113-12	01/01/12-12/31/12	3,515.78			2,349.64
Driving While Intoxicated	20.601	066-1160-100-113-13	01/01/13-12/31/13	4,699.42			
Driving While Intoxicated	20.601	066-1160-100-113-14	01/01/14-12/31/14	3,575.92			
Hazard Mitigation Grant	97.039	066-1200-100-A76-14	01/01/14-12/31/14	1,904,550.00	1,217,508.11	1,418,133.11	1,418,133.11
Department of Environmental Protection							
New Jersey Environmental Infrastructure Trust Loans	66.458	042-4860-510-032-08	SFY 2004	813,500.00		132,259.43	709,930.27
						$ 1,617,212.31	$ 2,361,898.55

Footnotes:

Grant Award/Amount Reflects Current Year Awards

The Borough's federal grants are presented within the Borough's overall financial statements on the modified accrual basis of accounting with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehesive basis of accounting other than generally accepted accounting principles.

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDING DECEMBER 31, 2014

STATE FUNDING DEPARTMENT	STATE PROGRAM	GRANT PERIOD	STATE ACCOUNT NUMBER	PROGRAM OR GRANT AWARD AMOUNT	PROGRAM RECEIPTS	AMOUNT OF EXPENDITURES	CUMULATIVE EXPENDITURES
Department of Law and Public Safety	Drunk Driving Enforcement Fund	1/1/05-12/31/05	066-1160-100-113-05	$ 26,835.50	$	$	$ 15,979.83
	Drunk Driving Enforcement Fund	1/1/07-12/31/07	066-1160-100-113-07	5,599.52			3,022.33
	Drunk Driving Enforcement Fund	1/1/08-12/31/08	066-1160-100-113-08	4,568.89			2,480.30
	Drunk Driving Enforcement Fund	1/1/09-12/31/09	066-1160-100-113-09	7,348.67			1,031.90
	Drunk Driving Enforcement Fund	1/1/10-12/31/10	066-1160-100-113-10	6,470.31			5,175.20
	Drunk Driving Enforcement Fund	1/1/11-12/31/11	066-1160-100-113-11	4,264.04			1,693.05
	Drunk Driving Enforcement Fund	1/1/12-12/31/12	066-1160-100-113-12	3,515.78			2,349.64
	Drunk Driving Enforcement Fund	1/1/13-12/31/13	066-1160-100-113-13	4,699.42			
	Drunk Driving Enforcement Fund	1/1/14-12/31/14	066-1160-100-113-14	3,575.92	3,575.92		
	Body Armor Replacement Fund	1/1/09-12/31/09	066-1020-718-001-09	5,849.00		2,390.66	5,849.00
	Body Armor Replacement Fund	1/1/11-12/31/11	066-1020-718-001-11	6,177.81		753.14	2,265.33
	Body Armor Replacement Fund	1/1/12-12/31/12	066-1020-718-001-12	2,544.98			2,145.00
	Body Armor Replacement Fund	1/1/13-12/31/13	066-1020-718-001-13	4,058.08		1,571.90	2,371.40
	Body Armor Replacement Fund	1/1/14-12/31/14	066-1020-718-001-14	3,354.13	3,354.13	1,525.20	1,525.20
(Division of Highway Traffic Safety) Department of Transportation	Livable Communities Grant	1/1/05-12/31/05	042-4875-100-353-05	13,282.50			13,282.07
	Livable Communities Grant	1/1/06-12/31/06	042-4875-100-353-06	28,800.00			28,776.00
	Reconstruction of Roads including Drainage	1999	078-6320-480-XXX	120,018.75			118,967.65
	Reconstruction of Roads including Drainage	1999	078-6320-480-XXX	150,000.00			148,684.82
	Reconstruction of Roads including Drainage	2001	078-6320-480-XXX	250,000.00			247,010.12
	Const of Bikeway - Fitzsimmons Park to Mountainview Park	2002	078-6320-480-XXX	50,000.00			49,709.19
	Downtown and Business Improvements	2003	078-6320-480-170-09	300,000.00		1,534.63	296,259.56
	Reconstruction of Roads	2004	078-6320-480-XXX	225,000.00			194,247.43
	Reconstruction of Roads	2005	078-6320-480-XXX	200,000.00			145,488.52
	Reconstruction of Roads	2006	078-6320-480-XXX	200,000.00			199,234.07
	Reconstruction of Roads	2007	078-6320-480-XXX	240,000.00			238,222.85
	Highway Planning and Construction - Beechwood/Mountain	2010	078-6320-480-XXX	625,000.00		23,395.18	532,033.41
	Highway Planning and Construction - Parker	2011	078-6320-480-XXX	300,000.00			285,711.66
	Highway Planning and Construction - Howard	2012	078-6320-480-XXX	300,000.00	73,558.43	25.37	281,749.43
	Highway Planning and Construction - Fairview	2013	078-6320-480-XXX	300,000.00		246,774.80	246,774.80
	Highway Planning and Construction - Marlborough	2014	078-6320-480-XXX	300,000.00			

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDING DECEMBER 31, 2014

STATE FUNDING DEPARTMENT	STATE PROGRAM	GRANT PERIOD	STATE ACCOUNT NUMBER	PROGRAM OR GRANT AWARD AMOUNT	PROGRAM RECEIPTS	AMOUNT OF EXPENDITURES	CUMULATIVE EXPENDITURES
Department of Environmental Protection	Clean Communities Program	1/1/06-12/31/06	042-4900-765-004-06	12,600.06			11,836.75
	Clean Communities Program	1/1/07-12/31/07	042-4900-765-004-07	17,014.70			16,264.70
	Clean Communities Program	1/1/08-12/31/08	042-4900-765-004-08	17,044.67			17,005.47
	Clean Communities Program	1/1/09-12/31/09	042-4900-765-004-09	21,627.08			21,211.80
	Clean Communities Program	1/1/10-12/31/10	042-4900-765-004-10	22,768.40			19,135.94
	Clean Communities Program	1/1/11-12/31/11	042-4900-765-004-11	21,531.50			21,523.97
	Clean Communities Program	1/1/12-12/31/12	042-4900-765-004-12	21,167.23			9,883.05
	Clean Communities Program	1/1/14-12/31/14	042-4900-765-004-14	24,852.04		1,827.14	1,827.14
	Pasic River Basin Local Acquisition Grant	1/1/14-12/31/14	042-4800-727-020-14	634,850.00	421,250.00	494,750.00	494,750.00
	New Jersey Environmental Infrastructure Trust Loans	Infinite	N/A	813,500.00		132,259.43	709,930.27
Department of Human Services	Municipal Alliance Program	1/1/10-12/31/10	082-2000-100-044-10	13,884.00			13,836.60
	Municipal Alliance Program	1/1/13-12/31/13	082-2000-100-044-13	17,355.00		6,573.75	17,355.00
	Municipal Alliance Program	1/1/14-12/31/14	082-2000-100-044-14	17,355.00		17,355.00	17,355.00
						$ 930,736.20	$ 4,443,955.45

Footnotes:

The Borough's state grants are presented within the Borough's overall financial statements on the modified accrual basis of accounting in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

N/A - Not Available or Not Applicable

BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2014

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial assistance programs of the Borough of Middlesex. The Borough is defined in Note 1(A) to the financial statements. All federal awards received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of expenditures for federal awards.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards and state financial assistance is presented using the basis of accounting as described in Note 2 to the Borough's financial statements.

NOTE 3: RELATIONSHIP TO GENERAL FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements.

NOTE 4: 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, where required.

BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section 1 – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Modified

Internal Control over financial reporting:

1) Material weakness(es) identified? ____ Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? X Yes ____ No

Noncompliance material to general-purpose financial statements noted? ____ Yes X No

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? ____ Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? X Yes ____ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? ____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.039	Hazard Mitigation Grant

Dollar threshold used to distinguish between type A and B programs: $ 300,000.00

Auditee qualified as low-risk auditee? ____ Yes X No

BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)

Section 1 – Summary of Auditor's Results (cont'd.)

State Awards

Dollar threshold used to distinguish between type A and B programs: $ 300,000.00

Auditee qualified as low-risk auditee? _____ Yes X No

Type of auditor's report issued on compliance for major programs: Unmodified

Internal Control over major programs:

1) Material weakness(es) identified? _____ Yes X No

2) Significant deficiencies identified that are not considered to be material weaknesses? X Yes _____ None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? _____ Yes X No

Identification of major programs:

State Account Number('s)	Name of State Program
042-4800-727-020	Passaic River Basin Local Acquisition Grant

BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)

Section II – Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with chapter 5.18 of *Governmental Auditing Standards*.

Significant Deficiencies:

2004-1 - General Ledger Maintenance

The Borough's Trust Funds general ledger includes cash receipts and cash disbursements posted to the various reserve accounts, however they were not posted to the corresponding cash accounts. Similarly, the General Capital Funds indicated cash receipts and cash disbursements posted to the various assets and liabilities, but not to its cash accounts. As a result debits did not equal credits, nor were the ledgers in proof with cash transactional activity.

2004-2 Cash Receipts and Disbursements Journals

The cash receipts and disbursement journals in the general capital fund were found to be incomplete, with omitted entries noted. These omissions related directly to tracking of collections and payments of FEMA and NJOEM grant funds relating to Ordinance 1808-12 for the acquisition and demolition of certain flood prone properties.

BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB circular A-133 and New Jersey OMB's Circular 04-04

CURRENT YEAR FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Hazard Mitigation Grant - CFDA - 97.039
Passaic River Basin Local Acquisition Grant - 042-4800-727-020

2004-1 - General Ledger Maintenance

Criteria:

The Borough's General Ledger for the General Capital Fund was not complete in all instances

Condition:

Cash receipts and cash disbursements were posted to the various assets and liabilities, however they were not posted to the respective cash accounts.

Effect:

Assets and liabilities were not in agreement.

Cause:

The financial information processing system used by the Borough does not link postings from the cash journals to the general ledger.

Recommendation:

The Borough resolve the issues relating to its financial information processing system.

Borough Response:

The Borough is in agreement and will resolve this issue.

BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB circular A-133 and New Jersey OMB's Circular 04-04

Hazard Mitigation Grant - CFDA - 97.039
Passaic River Basin Local Acquisition Grant - 042-4800-727-020

2004-2 Cash Receipts and Disbursements Journals

Criteria:

The Borough post all cash receipts and cash disbursements to journals

Condition:

Cash receipts and cash disbursements relating to FEMA and NJOEM grants were not posted to the Borough's financial information processing system.

Effect:

Cash receipts and cash disbursements for grant related items were understated.

Cause:

Changes in personnel within the Finance Office.

Recommendation:

The Borough post all transactions to its financial information processing system.

Borough Response:

The Borough is in agreement and will resolve this issue.

BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(continued)

Section I – Summary of Prior Year Findings

SUMMARY OF PRIOR YEAR FINDINGS

There were no prior year findings.

BOROUGH OF MIDDLESEX

MIDDLESEX COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY SCHEDULES

CURRENT FUND

Exhibit A-4

CURRENT FUND
SCHEDULE OF CASH

	Ref.			
Cash Balance December 31, 2013	A		$	3,306,942.24
Increased by Cash Receipts				
Miscellaneous Revenue Not Anticipated	A-1, A-8	207,584.13		
Due NJ Sr Citizens and Veterans Deductions	A- 6	146,676.02		
Taxes Receivable	A- 7	39,602,856.59		
Miscellaneous Anticipated Revenue	A- 8	3,034,126.85		
Sewer Rents Collections	A- 9	494,305.62		
Interfunds	A-10	56,682.08		
Various Accounts Payable & Reserves	A-14	205,441.52		
Petty Cash Returned	A- 5	300.00		
Total Cash Receipts				43,747,972.81
Decreased by Disbursements				
Budget Appropriations	A- 3	(14,920,687.31)		
Interfunds	A-10	(65,956.33)		
Appropriation Reserves	A-11	(448,215.39)		
Tax Overpayments	A-12	(23,032.99)		
Taxes Payable	A-13	(27,667,623.08)		
Various A/P, & Reserves	A-14	(444,327.91)		
Petty Cash Advanced	A- 5	(300.00)		
Total Cash Disbursements				(43,570,143.01)
Cash Balance December 31, 2014	A		$	3,484,772.04

Exhibit A-5

CURRENT FUND
SCHEDULE OF PETTY CASH AND CHANGE FUNDS

	Balance December 31, 2013	Advanced	Returned	Balance December 31, 2014
Change Fund				
Collector - Treasurer	$ 200.00	$ -	$ -	$ 200.00
Municipal Court	150.00			150.00
Construction	50.00			50.00
Borough Clerk	50.00			50.00
Swim Pool Utility	50.00			50.00
Petty Cash Funds:				
Borough Clerk		100.00	100.00	-
Police		100.00	100.00	-
Recreation		100.00	100.00	-
	$ 500.00	$ 300.00	$ 300.00	$ 500.00
Ref.	A	A-4	A-4	A

SCHEDULE OF DUE FROM STATE OF NEW JERSEY -
FOR ALLOWABLE DEDUCTIONS PER CHAPTER 20, P.L. 1976
CURRENT FUND

	REF.		
Balance - December 31, 2013	A		$ 30,168.32
Increased by:			
Allowable Deductions per Tax Billings	A- 6	149,500.00	
2014 Sr. Citizens and Vet. Ded. Allowed by Collector	A- 6	2,000.00	
			151,500.00
			181,668.32
Decreased by:			
Collected	A- 4		146,676.02
Balance - December 31, 2014	A		$ 34,992.30

Analysis of Sr. Citizens & Veterans
Deductions Allowed - 2014 Taxes

Per Tax Billings	A- 6	$ 149,500.00
Allowed (Disallowed) by Tax Collector (Net)	A- 6	2,000.00
	A-7	$ 151,500.00

Exhibit A-7

CURRENT FUND
SCHEDULE OF PROPERTY TAXES RECEIVABLE AND LEVY ANALYSIS

	Ref.	Total	CY 15 Prepaid	CY 14 Current	CY 13 Delinquent	Arrears	Tax Liens	Property Acquired for Taxes
Balance 12/31/2013		$ 2,233,081.63	$ (503,934.61)	$ -	$ 894,628.05		$ 419,249.19	$ 1,423,139.00
Billings / Levy:								
Original Levy	A- 7	39,883,223.09		39,883,223.09				
Added & Omitted	A- 7	24,374.05		24,374.05				
TTL Interest & Costs	A- 9	771.94					771.94	
Canceled Taxes		(2,414.63)		(2,414.63)				
Transfers								
Tax Lien		-		(20,129.22)			20,129.22	
Revenue								
Sr.Citizens & Vets								
Original Levy	A-6	(149,500.00)		(149,500.00)				
Allowed/Disallowed	A-6	(2,000.00)		(2,000.00)				
Cash Receipts	A-4	(39,602,856.59)	(167,198.35)	(38,406,311.51)	(894,628.05)		(134,718.68)	
Prepaid Applied		-	503,934.61	(503,934.61)				
Balance 12/31/2014		$ 2,384,679.49	$ (167,198.35)	$ 823,307.17	$ -	$ -	$ 305,431.67	$ 1,423,139.00
	Ref.		A	A, A-7	A	A	A	A

Analysis of 2014 Property Tax Levy:

Tax Yield:		Tax Levy:	Ref.		Current Taxes Realized:	Ref.	
General Purpose Tax	$ 39,883,223.09	Local School District Tax	A-15	$ 22,412,494.00	Sr. Citizens & Vets	A- 6, A- 7	$ 151,500.00
Added Taxes	24,374.05	County Tax	A-13	5,183,124.66	Cash Receipts	A- 7	38,406,311.51
		County Open Space	A-13	422,848.27	Prepayments	A- 7	503,934.61
	$ 39,907,597.14	Due County - Added & Omitted	A-13	3,450.15	Subtotal	A- 1	39,061,746.12
					Res. For Uncoll. Tax	A- 3	876,435.00
				28,021,917.08			39,938,181.12
		Local Tax for Municipal Purposes	A- 2	11,394,628.30	Allocated to School and County	A-13, A-15	(28,021,917.08)
		Minimum Library Tax	A- 2	467,325.64			
		Add: Additional Tax Levied		23,726.12		A- 2	$ 11,916,264.04
				$ 39,907,597.14			

Exhibit A-8

CURRENT FUND
SCHEDULE OF NONBUDGET REVENUES & VARIOUS ACCOUNTS RECEIVABLES

	Ref.	Dec. 31, 2013	Accrued/ Adjustments	Cash Receipts	Dec. 31, 2014
Revenue Accounts Receivable:					
Fines and Costs - Municipal Court		$ 30,903.49	32,254.84	$ (30,903.49)	$ 32,254.84
	A-2	30,903.49	32,254.84	(30,903.49)	32,254.84
Non - Budget Revenue:					
Easements			13,500.00	(13,500.00)	-
Health Benefits Contrib. - Library			36,452.88	(36,452.88)	-
Abondoned Property			4,500.00	(4,500.00)	-
Police Outside Service Admin			12,047.30	(12,047.30)	-
Duplicate Rec & Tax Bills			460.00	(460.00)	-
Property Tax List			310.00	(310.00)	-
Landlord Registration			36,480.00	(36,480.00)	-
Senior Citizens & Veterans Deduct. - Admin. Fee			2,933.52	(2,933.52)	-
Lawn Maintenance			15,703.43	(15,703.43)	-
Public Assistance - Hurricane Sandy			46,125.68	(46,125.68)	-
Towing License			875.00	(875.00)	-
Miscellaneous			38,196.32	(38,196.32)	-
	A-1, A-2,A-4	-	207,584.13	(207,584.13)	-
Total.....		$ 30,903.49	$ 239,838.97	$ (238,487.62)	$ 32,254.84
	Ref.	A	Reserve	A- 4	A

	Ref.	
Analysis of Miscellaneous Revenues:		
Account Receivable Collections	A- 4	$ 30,903.49
Current Year Collections	A- 4	3,003,223.36
Subtotal	A- 4	3,034,126.85
Sewer Collections	A- 9	269,503.75
Various Reserves	A-14	151,941.95
Interest on Investments	A-10	4,398.72
Grants Realized - Grant Fund	A-10	49,215.86
	A-2	$ 3,509,187.13

SCHEDULE OF SEWER FLOW CHARGES RECEIVABLE/OVERPAYMENTS
CURRENT FUND

	REF.		
Balance - December 31, 2013	A		$ 135,110.66
Increased by:			
Sewer Flow Charges:			
User Charges	Reserve		155,839.00
			290,949.66
Decreased by:			
Collected - Current Year	A-4, A-8	$ 203,461.91	
Collected - Overpayments	A-4	224,801.87	
Collected - Prior Year (Net)	A-4, A-8	66,041.84	
			494,305.62
Balance - December 31, 2014	A-9		$ (203,355.96)

Collection Analysis:

Budget Revenues	A-9	$ 203,461.91
Revenue Accounts Receivable	A-9	66,041.84
Sewer Overpayments	A-4	224,801.87
	A-4, A-8	$ 494,305.62

Analysis of Balance:

Sewer Flow Charges Receivable	A	$ 21,445.91
Sewer Flow Charge Overpayments	A	(224,801.87)
		$ (203,355.96)

Exhibit A-10

CURRENT FUND
STATEMENT OF INTERFUNDS RECEIVABLE/ PAYABLE

	Dec. 31, 2013	Cash Receipts	Cash Disbursements	Budget Revenues	Budget Appropriations	Adjustments	Dec. 31, 2014
Interfunds							
Animal Control Fund						$ (5,527.28)	$ (5,527.28)
Trust Assessment Fund	$ (13,498.51)			$ (186.37)			(13,684.88)
Swimming Pool Utility Operating Fund	(137.88)	3,509.18		(4,212.35)			(841.05)
Grant Fund	452,082.20	53,172.90	(65,956.33)	(49,215.86)	66,570.86		456,653.77
Total	$ 438,445.81	$ 56,682.08	$ (65,956.33)	$ (53,614.58)	$ 66,570.86	$ (5,527.28)	$ 436,600.56
Ref.	A	A-4	A-4	A-1,A-8	A-1,A-3	A-1	A
Receivables	$ (13,636.39)						$ (20,053.21)
Payables	452,082.20						456,653.77
	$ 438,445.81						$ 436,600.56

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2013	ENCUMBRANCES	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operations Within "CAPS"					
Mayor and Council					
Salaries and Wages	$ 0.24	$	$ 0.24	$	$ 0.24
Other Expenses	4,142.98	1,790.67	5,933.65	2,190.67	3,742.98
Municipal Clerk					
Salaries and Wages	84.89		84.89		84.89
Other Expenses	779.36	1,715.20	2,494.56	1,715.20	779.36
Postage for All Departments					
Other Expenses	744.02	267.00	1,011.02	267.00	744.02
Printing and Advertising					
Other Expenses	5,138.62	2,220.00	7,358.62	2,648.00	4,710.62
Elections					
Other Expenses	11.20		11.20		11.20
Financial Administration					
Salaries and Wages	10,299.51		10,299.51	9,271.10	1,028.41
Other Expenses	4,269.50	322.49	4,591.99	2,615.12	1,976.87
Annual Audit					
Other Expenses	30,200.00		30,200.00	30,000.00	200.00
Revenue Administration					
Salaries and Wages	0.97		0.97		0.97
Other Expenses	3,799.58	225.18	4,024.76	481.33	3,543.43
Tax Assessment Administration					
Other Expenses	956.02		956.02	888.35	67.67
Legal Services					
Other Expenses	7,113.87	3,837.50	10,951.37	10,951.37	
Liquidation of Tax Title Liens and Foreclosed Property	500.00		500.00		500.00
Engineering Services					
Other Expenses	15,016.96	1,804.42	16,821.38	12,087.92	4,733.46
Computer Data Services					
Other Expenses	104.69	9,654.52	9,759.21	9,654.52	104.69
LAND USE ADMINISTRATION:					
Planning Board					
Other Expenses	5,923.06	1,695.80	7,618.86	1,695.80	5,923.06
Zoning Board of Adjustment					
Salaries and Wages	1,925.00		1,925.00		1,925.00
Other Expenses	87.68	191.50	279.18	191.50	87.68

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2013	ENCUMBRANCES	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
INSURANCE					
Temporary Disability Insurance	$ 2,334.76	$	$ 2,334.76	$	$ 2,334.76
Long-Term Disability Insurance	2,247.99		2,247.99		2,247.99
Liability Insurance	1,825.00		1,825.00		1,825.00
Employees Group Insurance	2,640.34		2,640.34		2,640.34
PUBLIC SAFETY					
Police Department					
Salaries and Wages	51,630.05	3,000.00	54,630.05	24,777.96	29,852.09
Other Expenses	6,223.91	20,520.06	26,743.97	20,506.94	6,237.03
Juvenile Conference Committee					
Salaries and Wages	0.31		0.31		0.31
Other Expenses	250.00		250.00	40.00	210.00
Office of Emergency Management					
Other Expenses	6,064.38	2,337.63	8,402.01	2,507.61	5,894.40
Fire Department					
Other Expenses	9,172.36	21,472.26	30,644.62	21,902.26	8,742.36
Fire Hydrant Fees					
Other Expenses	8.28	17,294.31	17,302.59	17,294.31	8.28
Municipal Prosecutor's Office					
Salaries and Wages	0.60		0.60		0.60
Municipal Court					
Salaries and Wages	20,571.59		20,571.59	262.50	20,309.09
Other Expenses	1,098.91	414.49	1,513.40	623.24	890.16

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2013	ENCUMBRANCES	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
PUBLIC WORKS					
Road Repairs and Maintenance					
Salaries and Wages	$ 1,560.97	$	$ 1,560.97	$	$ 1,560.97
Other Expenses	7,996.07	18,655.38	26,651.45	20,046.60	6,604.85
Emergency - Hurrican Sandy					
Shade Tree Commission					
Salaries and Wages	6.62		6.62		6.62
Other Expenses	280.00	18,425.00	18,705.00	18,425.00	280.00
Solid Waste Collection					
Salaries and Wages	2,860.31		2,860.31		2,860.31
Garbage and Trash Removal					
Salaries and Wages	7,931.04		7,931.04	7,200.81	730.23
Other Expenses	12,073.76	6,540.77	18,614.53	6,624.77	11,989.76
Community Services Act					
(Condominium Community Costs)					
Other Expenses	9,874.79		9,874.79	4,991.69	4,883.10
Building and Grounds					
Other Expenses	3,439.31	12,022.60	15,461.91	12,219.94	3,241.97
Maintenance of Communications Equipment					
for All Departments					
Other Expenses	500.00		500.00		500.00
HEALTH AND HUMAN SERVICES					
Public Health Services (Board of Health)					
Salaries and Wages	4.97		4.97		4.97
Other Expenses	2,883.02	111.99	2,995.01	2,636.99	358.02
Animal Control					
Other Expenses	5,666.67	21,900.00	27,566.67	26,866.67	700.00
Senior Nutrition -Program Costs					
Salaries and Wages	3,704.17		3,704.17		3,704.17
Title III Senior Medical Transportation - Program Costs					
Salaries and Wages	4,722.46		4,722.46		4,722.46
Title III Information & Assistance - Program Costs					
Salaries and Wages	1,327.00		1,327.00		1,327.00

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2013	ENCUMBRANCES	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
PARKS AND RECREATION					
Recreation Services and Programs					
Salaries and Wages	$ 279.11	$	$ 279.11	$	$ 279.11
Other Expenses	7,004.98	2,360.31	9,365.29	2,360.31	7,004.98
Parks and Playgrounds					
Salaries and Wages	1,252.65		1,252.65		1,252.65
Other Expenses	842.22	5,181.32	6,023.54	5,206.53	817.01
Celebration of Public Events					
Other Expenses	55.36		55.36		55.36
Senior Citizens Bus Transportation					
Salaries and Wages	9,624.00		9,624.00		9,624.00
Other Expenses	1,594.26	200.00	1,794.26	200.00	1,594.26
Recreational Field Development					
Other Expenses	500.00		500.00		500.00
Senior Citizen Coordinator					
Salaries and Wages	1,295.14		1,295.14		1,295.14
Other Expenses	2,451.98	842.65	3,294.63	842.65	2,451.98
OTHER COMMON OPERATING FUNCTIONS-UNCLASSIFIED					
Accumulated Sick Leave Compensation					
Salaries and Wages	154.95		154.95		154.95
Housing and Community Advisory Board					
Other Expenses	100.00		100.00		100.00
Environmental Advisory Council					
Other Expenses	1,150.00		1,150.00		1,150.00
Maintenance of Tax Map					
Other Expenses	5.00	995.00	1,000.00	995.00	5.00
Beautification Committee					
Other Expenses	245.00	345.00	590.00	345.00	245.00
Multi-Family Solid Waste Collection					
Other Expenses	53,973.00		53,973.00	28,057.38	25,915.62

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2013	ENCUMBRANCES	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	$ 49,215.62	$ 11,212.94	$ 60,428.56	$ 15,963.53	$ 44,465.03
Street Lighting	18,966.11	13,335.32	32,301.43	25,971.87	6,329.56
Telephone (Excluding Equipment Acquis.)	19,705.04	320.06	20,025.10	4,526.34	15,498.76
Water	5,910.31		5,910.31	3,032.60	2,877.71
Gas (Natural or Propane)	4,683.02	2,919.04	7,602.06	5,974.97	1,627.09
Fuel Oil (Diesel Fuel)	14,938.72	10,000.00	24,938.72	10,000.00	14,938.72
Gasoline	10,284.27	10,000.00	20,284.27	11,493.48	8,790.79
Sewer Processing and Disposal					
Salaries and Wages					
Other Expenses	8,197.50	4,270.85	12,468.35	4,270.85	8,197.50
LANDFILL/ SOLID WASTE DISPOSAL COSTS:					
Landfill Fees:					
Other Expenses	69,279.50	16,204.22	85,483.72	50,552.65	34,931.07
CODE ENFORCEMENT AND ADMINISTRATION:					
Construction Inspector, Plumbing Inspector and Code Enforcer					
Salaries and Wages	771.32		771.32		771.32
Other Expenses	2,286.84	4,097.86	6,384.70	4,279.36	2,105.34
Total Operations Within "CAPS"	544,763.69	248,703.34	793,467.03	445,657.69	347,809.34
Contingent	8,000.00		8,000.00		8,000.00
Total Operations Including Contingent Within "CAPS"	552,763.69	248,703.34	801,467.03	445,657.69	355,809.34

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2013	ENCUMBRANCES	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	$ 4,187.01	$	$ 4,187.01	$	$ 4,187.01
Defined Contribution Retirement Program	2,120.51		2,120.51		2,120.51
Total General Appropriations for Municipal Purposes Within "CAPS"	559,071.21	248,703.34	807,774.55	445,657.69	362,116.86
Operations Excluded from "CAPS"					
Piscataway Sewerage Authority - Share of Costs	12,296.52		12,296.52		12,296.52
Stormwater Pollution Programs: NJDES/Stormwater Permit Other Expense	3,000.00		3,000.00		3,000.00
Middlesex County Improvement Authority County Curbside Collection Program	10,457.59	9,049.31	19,506.90	18,098.62	1,408.28
Total Operations - Excluded from "CAPS"	25,754.11	9,049.31	34,803.42	18,098.62	16,704.80
Total General Appropriations	$ 584,825.32	$ 257,752.65	$ 842,577.97	$ 463,756.31	$ 378,821.66
Ref.	A	A			A-1

	Ref.	
Accounts Payable	A-14	$ 15,540.92
Disbursed	A- 4	448,215.39
		$ 463,756.31

Exhibit A-12

CURRENT FUND
SCHEDULE OF PROPERTY TAX OVERPAYMENTS

	Ref.	Total	Current Taxes
Balance - 12/31/2013		$ 23,032.99	$ 23,032.99
Cash Payments - Refunds	A- 4	23,032.99	23,032.99
Balance - 12/31/2014		$ -	$ -
	Ref.	A	A

Exhibit A-13

CURRENT FUND
SCHEDULE OF TAXES PAYABLE

	Dec. 31, 2013	Taxes Levied	Cash Disbursements	Dec. 31, 2014
County - General	$ -	$ 5,183,124.66	$ (5,183,124.66)	$ -
County - Open Space	-	422,848.27	(422,848.27)	-
County - Added & Omitted	-	3,450.15	(3,450.15)	-
Local School District Taxes		22,058,200.00	(22,058,200.00)	-
Total	$ -	$ 27,667,623.08	$ (27,667,623.08)	$ -
Ref.	A	A-1,A-7,A-15	A-4	A

Exhibit A-14

CURRENT FUND
SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLES & RESERVES

	Dec. 31, 2013	Transfer from/(to) Budget	Cash Receipts	Cash Disbursements	Adjustments	Dec. 31, 2014
Accounts Payable:						
Vendor Accounts Payable	$ 43,561.88			$ (1,264.50)	$ 15,540.92	$ 57,838.30
Marriage License Filing Fees	525.00		$ 1,100.00	(1,600.00)		25.00
State Training Fees	4,394.00		9,915.00	(9,034.00)		5,275.00
Subtotal	48,480.88	-	11,015.00	(11,898.50)	15,540.92	63,138.30
Reserve for:						
Third Party Outside Lien Redemption	34,537.33		191,293.08	(225,830.41)		-
Codification of Ordinances	6,389.15					6,389.15
Library State Aid	5,974.00		2,963.00	(5,974.00)		2,963.00
FEMA/NJDEP Buyout	200,625.00		170.44	(200,625.00)		170.44
Master Plan	1,161.96					1,161.96
Tax Appeals	30,000.00					30,000.00
Sewer Overpayment	7,530.79		-			7,530.79
Farmers Market	215.00					215.00
Hurricane Irene	129,544.61	(129,544.61)				-
Hurricane Sandy	22,397.34	(22,397.34)				-
Subtotal	438,375.18	(151,941.95)	194,426.52	(432,429.41)	-	48,430.34
Total	$ 486,856.06	$ (151,941.95)	$ 205,441.52	$ (444,327.91)	$ 15,540.92	$ 111,568.64
Ref.	A	A-2,A-8	A- 4	A-4	A- 11	A

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX - DEFERRED SCHOOL TAXES

	REF.	
Balance - December 31, 2013 Deferred School Taxes	A	$ 10,806,428.00
Increased by:		
Levy, School Year July 1, 2014 to June 30, 2015	A-7	22,412,494.00
		33,218,922.00
Decreased by:		
School Taxes Requirement - Calendar Year Taxes Payable	A-1,A-13	22,058,200.00
Balance - December 31, 2014 Deferred School Taxes	A	$ 11,160,722.00

Exhibit - A-16

SCHEDULE OF DEFERRED CHARGES

	BALANCE DEC. 31,2013	RAISED IN CY 2014 BUDGET	BALANCE DEC. 31,2014
Emergency - Hurricane Irene	$ 165,000.00	$ 55,000.00	$ 110,000.00
Emergency - Hurricane Sandy	320,000.00	80,000.00	240,000.00
	$ 485,000.00	$ 135,000.00	$ 350,000.00
Ref.	A	A-3	A

Exhibit - A-17

SCHEDULE OF STATE GRANTS RECEIVABLE
GRANT FUND

	BALANCE DEC. 31,2013	2014 BUDGET REVENUE REALIZED	COLLECTED 2014	TRANSFERRED FROM GRANTS UNAPPROPRIATED	BALANCE DEC. 31,2014
Alcohol Ed & Rehab Fund - Municipal Court	$	$ 52.77	$	$ 52.77	$ -
Body Armor Replacement Grant		3,354.13		3,354.13	-
Clean Communities Program		24,852.04		24,852.04	-
Drunk Driving Enforcement Fund		3,575.92	3,575.92		-
Forestry Grant Match		3,000.00			3,000.00
Middlesex County - Info. Assis & Transp. Assist - Older American Act of 1965	3,134.00	14,381.00	13,733.00		3,782.00
Municipal Alliance on Alcoholism and Drug Abuse	3,275.28		3,275.28		-
Total Federal and State Grants Receivable	$ 6,409.28	$ 49,215.86	$ 20,584.20	$ 28,258.94	$ 6,782.00
Ref.	A	A-18	A-18	A-20	A

SCHEDULE OF DUE FROM CURRENT FUND
GRANT FUND

	REF.		
Balance - December 31, 2013	A		$ 452,082.20
Increased by:			
Grants receivable collected	A-17	$ 20,584.20	
Grants appropriated - Current Fund budget	A-19	66,570.86	
Unappropriated grants collected	A-20	32,588.70	
			119,743.76
			571,825.96
Decreased by:			
Grants revenue - Current Fund budget	A-17	49,215.86	
Grants expended	A-19	65,956.33	
			115,172.19
Balance - December 31, 2014	A		$ 456,653.77

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
GRANT FUND

	BALANCE DEC. 31,2013	ENCUMBERED DEC. 31,2013	TRANSFERRED FROM 2014 BUDGET BY BUDGET	PAID OR CHARGED	ENCUMBERED DEC. 31,2014	BALANCE DEC. 31,2014
Year 2005:						
N.J. Hepatitis "B" Grant	$ 2,549.00	$	$	$	$	$ 2,549.00
Subtotal	2,549.00	-	-	-	-	2,549.00
Year 2006:						
Livable Communities Grant	24.43					24.43
County of Middlesex - Victor Crowell Park	167,011.26	57,152.41		9,758.50	49,191.19	165,213.98
Subtotal	167,035.69	57,152.41	-	9,758.50	49,191.19	165,238.41
Year 2008:						
County of Middlesex - Mountain View Park	310.22	24,844.32		8,718.27	16,126.05	310.22
Subtotal	310.22	24,844.32	-	8,718.27	16,126.05	310.22
Year 2010:						
Municipal Alliance Alcohol and Drug Abuse	47.40					47.40
Subtotal	47.40	-	-	-	-	47.40
Year 2011:						
N.J. Clean Communities Grant	5,607.78					5,607.78
Drunk Driving Enforcement Fund	25,704.32			1,101.77	165.00	24,437.55
Alcohol Education & Rehab	2,385.07					2,385.07
Body Armor Replacement Fund	7,056.28			3,143.80		3,912.48
Subtotal	40,753.45	-	-	4,245.57	165.00	36,342.88
Year 2012:						
Body Armor Replacement Grant - CY	399.98					399.98
Drunk Driving Enforcement Fund	1,166.14					1,166.14
Haz-Mat Grant	136.44					136.44
Middlesex County - Mountainview Park	129,726.51					129,726.51
N.J. Alcohol Education & Rehabilitation - Municipal Court	161.80					161.80
N.J. Clean Communities Grant	10,534.18	750.00				11,284.18
Older Americans Act - Information Assist	82.29	197.00				279.29
Subtotal	142,207.34	947.00	-	-	-	143,154.34

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
GRANT FUND

	BALANCE DEC. 31,2013	ENCUMBERED DEC. 31,2013	TRANSFERRED FROM 2014 BUDGET BY BUDGET	PAID OR CHARGED	ENCUMBERED DEC. 31,2014	BALANCE DEC. 31,2014
Year 2013:						
Body Armor Replacement Grant - CY	3,258.58			1,571.90		1,686.68
Drunk Driving Enforcement Fund	4,699.42					4,699.42
Municipal Alliance on Alcohol & Drug Abuse	-	6,573.75		6,573.75		-
N.J. Alcohol Education & Rehabilitation - Municipal Court	53.96					53.96
Subtotal	8,011.96	6,573.75	-	8,145.65	-	6,440.06
Year 2014:						
Body Armor Replacement Grant - CY			3,354.13	1,525.20		1,828.93
Drunk Driving Enforcement Fund			3,575.92			3,575.92
Municipal Alliance on Alcohol & Drug Abuse			17,355.00	17,355.00		-
N.J. Alcohol Education & Rehabilitation - Municipal Court			52.77			52.77
Forestry Grant Match			3,000.00			3,000.00
N.J. Clean Communities Grant			24,852.04	1,827.14		23,024.90
Older Americans Act - Information Assist			14,381.00	14,381.00		-
Subtotal	-	-	66,570.86	35,088.34	-	31,482.52
Total Federal and State Grants	$ 360,915.06	$ 89,517.48	$ 66,570.86	$ 65,956.33	$ 65,482.24	$ 385,564.83
Ref.	A	A	A-18	A-18	A	A

Exhibit - A-20

SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED
GRANT FUND

	BALANCE DEC. 31,2013	INCREASED BY GRANTS RECEIVED	REALIZED AS REVENUE	BALANCE DEC. 31,2014
Body Armor Replacement Grant	$ 6,929.13		$ 3,354.13	$ 3,575.00
Clean Communities Program	24,852.04	$ 23,307.48	24,852.04	23,307.48
Drunk Driving Enforcement Fund	-	3,187.57	-	3,187.57
Municipal Alliance on Alcoholism and Drug Abuse		6,093.65		6,093.65
Alcohol Education Rehabilitation Fund	52.77		52.77	-
	$ 31,833.94	$ 32,588.70	$ 28,258.94	$ 36,163.70
Ref.	A	A-18	A-17	A

Exhibit - A-21

SCHEDULE OF DUE FROM GENERAL CAPITAL FUND - GRANT FUND

	Ref.	
Balance - December 31, 2013	A	$ 23,775.00
Balance - December 31, 2014	A	$ 23,775.00

TRUST FUND

ANALYSIS OF TRUST ASSESSMENT CASH AND INVESTMENTS

Exhibit - B- 2

	BALANCE DEC. 31, 2013	RECEIPTS ASSESSMENTS AND LIENS	BALANCE DEC. 31, 2014
Fund Balance	$ 5,565.77	$	$ 5,565.77
Assessments Receivable	(1,470.00)		(1,470.00)
Due to Current Fund	13,498.51	186.37	13,684.88
Due to General Capital Fund	7,164.08		7,164.08
	$ 24,758.36	$ 186.37	$ 24,944.73
Ref.	B	B- 5	B

( ) Denotes Deficit or Deduction

Exhibit - B-3

SCHEDULE OF ASSESSMENT LIENS
TRUST ASSESSMENT FUND

ORD NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2013	BALANCE DEC. 31, 2014	BALANCE PLEDGED TO GENERAL CAPITAL
1106	Curbs and Gutters	$ 1,470.00	$ 1,470.00	$ 1,470.00
	Ref.	B	B	

Exhibit - B-4

SCHEDULE OF DUE TO GENERAL CAPITAL FUND
ASSESSMENT TRUST FUND

	REF.		
Balance - December 31, 2013	B	$	7,164.08
Balance - December 31, 2014	B	$	7,164.08

Exhibit - B-5

SCHEDULE OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND

	REF.		
Balance - December 31, 2013	B	$	13,498.51
Increased by Cash Receipts	B- 2		186.37
Balance - December 31, 2014	B	$	13,684.88

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance Dec. 31. 2013	Cash Receipts	Cash Disbursements	Adjustments	Balance Dec. 31. 2014
Assessment Trust:					
Assessments Liens Receivable	$ (1,470.00)				$ (1,470.00)
Due to General Capital Fund	7,164.08				7,164.08
Due to Current Fund	13,498.51	186.37			13,684.88
Fund Balance	5,565.77				5,565.77
Total	24,758.36	186.37	-	-	24,944.73
Animal Control:					
Due Current Fund	-			5,527.28	5,527.28
Due To NJ - State License Fees	(0.60)	1,117.80	(1,122.60)		(5.40)
Animal Control Reserves	15,745.08	8,541.20	(775.55)	(5,527.28)	17,983.45
Total	15,744.48	9,659.00	(1,898.15)	-	23,505.33
Payroll:					
Deductions Payable (Net Change)	111,238.89	72,184.25			183,423.14
Total	111,238.89	72,184.25	-	-	183,423.14
Developers' Escrow:					
Developer's Escrow Funds	450,845.24	86,452.52	(215,199.86)		322,097.90
Developer's Escrows - Water & Soil	18,937.00	525.00			19,462.00
Total	469,782.24	86,977.52	(215,199.86)	-	341,559.90
Public Assistance:					
Reserve for Public Assistance	9,913.42	74.32	(74.12)		9,913.62
Total	9,913.42	74.32	(74.12)	-	9,913.62
Community Development Blk Grant:					
Due from Midd. Cty. CDBG	(89,575.80)	51,337.00		(52,819.00)	(91,057.80)
Community Development Blk Grant:					
Year 2006/2007 Reserves					
Daisy Park	428.20				428.20
Community Development Blk Grant:					
Year 2008/2009 Reserves					
Senior Center Improvements	1,924.60			(1,924.60)	-
Community Development Blk Grant:					
Year 2011/2012 Reserves					
Cook Avenue Repaving	15,295.00				15,295.00
Community Development Blk Grant:					
Year 2012/2013 Reserves					
Senior Center Improvements	9,320.00		(5,850.00)	1,924.60	5,394.60
Manhole Retrofit	5,851.00		(5,712.00)		139.00
Community Development Blk Grant:					
Year 2013/2014 Reserves					
Senior Center Improvements	10,800.00				10,800.00
Senior Nutrition	7,500.00		(7,500.00)		-
Senior Van Driver	7,500.00		(7,500.00)		-
Code Enforcement	7,500.00		(7,500.00)		-
Senior Center Coordinator	11,075.00		(11,075.00)		-
Lincoln Fire House Doors	7,000.00		(6,200.00)		800.00
Rescue Squad Generator	2,386.00				2,386.00
Passive Improvements	2,996.00				2,996.00
Community Development Blk Grant:					
Year 2014/2015 Reserves					
Lincoln Park Improvements				13,640.00	13,640.00
Senior Nutrition Project				7,550.00	7,550.00
Senior Van Driver				7,500.00	7,500.00
Code Enforcement				7,500.00	7,500.00
Senior Center Coordinator				11,075.00	11,075.00
Daisy Park Improvements				5,554.00	5,554.00
Total	-	51,337.00	(51,337.00)	-	-

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance Dec. 31. 2013	Cash Receipts	Cash Disbursements	Adjustments	Balance Dec. 31. 2014
Other Trust Funds:					
Due to Current Fund	$ -				$ -
Due from General Capital Fund	(258,157.99)				(258,157.99)
Reserve for Unemployment Insurance	234,136.58	4,401.71	(24,355.67)		214,182.62
Miscellaneous Reserves:					
Commodity Resale Program - Gasoline - Borough of Dunellen	27,250.37	115,145.21	(105,834.58)		36,561.00
Drug Alliance Donation	1,750.00		(1,000.00)		750.00
Federal Asset Forfeitures	5,034.07	37.91			5,071.98
Municipal Law Enforcement Trust	8,743.87	65.81			8,809.68
Older Americans Act	5,069.07	6,826.00	(5,205.43)		6,689.64
Outside Police Services	8,009.39	150,483.70	(147,942.06)		10,551.03
Police Found Money	161.66				161.66
Parking Offense Adjudication Act	2,872.50	136.00			3,008.50
Police Application Fees	318.85				318.85
Public Defender Fees	6,045.00	8,426.50	(7,300.00)		7,171.50
Police Communities Education	1,817.40				1,817.40
Premium on Tax Sale	-	130,900.00	(26,300.00)		104,600.00
Police Memorial Fund	50.00				50.00
Police Donations	3,906.41		(971.00)		2,935.41
Police - DARE	1,635.00				1,635.00
Police 911 Fund	19.84				19.84
Recreation Fund	67,932.58	94,648.92	(89,092.55)		73,488.95
Recycling Trust	164,329.45	68,801.73	(113,484.31)		119,646.87
Restitution	3,756.56	129.00			3,885.56
Sanitary Sewer	-	2,500.00	(1,120.00)		1,380.00
Senior Assisted Transportation	734.81	859.00	(397.87)		1,195.94
Special Inspection	3,847.28	360.24	(360.24)		3,847.28
Street Opening Deposits	63,691.05	24,150.00	(8,050.00)		79,791.05
Tree Replacement Fund	7,025.00	2,000.00			9,025.00
UFC Dedicated Penalties	53.86				53.86
Uniform Fire Safety Penalties	12,405.53				12,405.53
100th Anniversary	5,066.85		(1,521.08)		3,545.77
Total	377,504.99	609,871.73	(532,934.79)	-	454,441.93
Total	$ 1,008,942.38	$ 830,290.19	$ (801,443.92)	$ -	$ 1,037,788.65
Ref.	B				B

License Fees Collected:

Year	Amount
2012	$ 9,162.20
2013	8,821.25
	$ 17,983.45

Note: R.S. 4:19.11

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

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL CAPITAL FUND
CASH AND INVESTMENTS - TREASURER

	REF.		
Balance - December 31, 2013	C		$ 1,771,547.47
Increased by Receipts:			
Grants, Loans and Other Receivables	C- 4	3,023,891.54	
Various Reserves	C-13	50,728.86	
Capital Improvement Fund	C-14	65,000.00	
Bond Anticipation Notes	C-16	2,878,258.00	
			6,017,878.40
			7,789,425.87
Decreased by Disbursements:			
Improvement Authorizations	C- 8		6,032,575.65
Balance - December 31, 2014	C,C-3		$ 1,756,850.22

GENERAL CAPITAL FUND

ANALYSIS OF CASH AND INVESTMENTS

	BALANCE DECEMBER 31, 2013	BALANCE DECEMBER 31, 2014
Grants Receivable	$ (949,777.55)	$ (1,301,219.12)
Due from Assessment Trust	(7,164.08)	(7,164.08)
Due to Grant Fund	23,775.00	23,775.00
Due to Trust Fund	258,157.99	258,157.99
Improvement Authorizations Funded	1,335,580.60	1,550,331.19
Improvement Authorizations Expended	(2,320,684.49)	(274,420.04)
Unexpended Proceeds of BAN's Issued		615,819.34
Reserve for Encumbrances	3,319,673.58	665,454.66
Reserve for:		
Capital Improvement Fund	94,559.58	157,959.58
Insurance Refund	4,838.08	4,838.08
To Pay Debt Service	12,588.76	63,317.62
	$ 1,771,547.47	$ 1,756,850.22
Ref.	C-2	C-2

SCHEDULE OF VARIOUS GRANTS, LOANS AND OTHER RECEIVABLES

	Ordinance Number	Balance December 31, 2013	Increases	Decreases	Balance December 31, 2014
Receivables:					
Federal Highway - 1999 Rec Trails Mountainview Greenways Nature Preserve	1479-99	$ 866.25			$ 866.25
State of NJ DOT - Municipal Road Program - Warrenville Rd.	1528-01	55,787.75			55,787.75
Middlesex County - Rt. 28 Streetscapes	1582-03	4,840.00			4,840.00
New Jersey Environmental Infrastructure Trust	1611-04	404,561.00			404,561.00
State of NJ DOT	1643-05	75,489.56			75,489.56
Federal Homeland Security	1643-05	24,000.00			24,000.00
Middlesex County	1643-05	35,966.00			35,966.00
Recycling Trust	1676-05	2,350.00			2,350.00
State of NJ DCA - Livable Communities	1688-06	130.00			130.00
Federal Homeland Security	1688-06	8,805.00			8,805.00
State of NJ DOT - Beechwood Ave.	1715-07	69,476.44			69,476.44
State of NJ DOT - Greenbrook Rd	1736-08	56,250.00			56,250.00
State of NJ DOT - Beechwood Ave.	1772-10	16,361.77			16,361.77
State of NJ DOT - Parker Street	1797-11	15,238.34			15,238.34
State of NJ OEM	1808-12	635,000.00		494,750.00	140,250.00
Federal Emergency Management Agency (FEMA)	1808-12	1,905,000.00		1,692,258.11	212,741.89
State of NJ DOT - Howard Avenue	1818-12	75,000.00		73,558.43	1,441.57
State of NJ DOT - Fairview Avenue	1842-13	300,000.00			300,000.00
Various Capital Improvements (MCIA)	1855-14		888,325.00	763,325.00	125,000.00
State of NJ DOT -Marlborough Avenue	1857-14		300,000.00		300,000.00
		$ 3,685,122.11	$ 1,188,325.00	$ 3,023,891.54	$ 1,849,555.57
	Ref.	C	C-8	C-2	C

Exhibit C-5

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	Ref.	Total	Serial Bonds	Infrastructure Trust	Green Acres Loans	MCIA Loans/Leases
Balance - December 31, 2013	C	$ 13,289,649.61	$ 8,907,000.00	$ 985,159.40	$ 185,236.00	$ 3,212,254.21
Increased by:						
Bonds/Loans Issued	C-10	859,855.92				859,855.92
		14,149,505.53	8,907,000.00	985,159.40	185,236.00	4,072,110.13
Decreased by:						
Serial Bonds/Loans Paid From Budget Appropriation	C-9,C-10 C-11,C-12,C-15	1,324,721.09	792,000.00	83,227.60	31,235.55	418,257.94
Balance - December 31, 2014	C	$ 12,824,784.44	$ 8,115,000.00	$ 901,931.80	$ 154,000.45	$ 3,653,852.19

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit - C-6

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2013	2014 AUTHOR.	2014 FUNDING	BALANCE DEC. 31, 2014	ANALYSIS OF BALANCE - DECEMBER 31, 2014: BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED BALANCE OF IMPROV. AUTHOR.
	General Improvements							
1503-00	Purchase and/or Installation of Equip. for Various Departments	$ 136.00	$	$	$ 136.00	$ 136.00	$	$
1513-00	Purchase of Senior Citizens Bus	0.08			0.08		-	0.08
1544-01	Improv. to Various Buildings & Facilities	9,253.38			9,253.38	9,253.00	-	0.38
1548-01	Reconstr. Of Roads Including Drainage	21,123.19			21,123.19	21,123.00	0.19	
1562-02	Various Capital Improvements	8,691.75			8,691.75	8,691.00	0.75	
1571-02	Constr. of Bikeway - Fitzsimmons Park to Mountainview Park	37,085.00			37,085.00	37,085.00	-	
1599-04	Installation of New Sidewalks, Crossswalks, Pedestrian Signs at various locations.	3,157.25			3,157.25	3,157.00	-	0.25
1605-04	Various Capital Improvements	985.00			985.00	985.00	-	
1609-04	Resurfacing of South Ave.	125,151.31			125,151.31	125,151.00	-	0.31
1626-04	911 Equipment	2,592.00			2,592.00	2,592.00	-	
1643-05	Various Capital Improvements (NJ DOT $200,000), (NJ DCA $95,000) (Assistance to Firefighters $136,444) (Federal Homeland Security $24,000) (Middlesex County $97,556)	127,256.00			127,256.00	127,256.00	-	
1646-05	Amended/Streetscape Improvement Rt 28	30,400.00			30,400.00	30,400.00	-	
1676-05	Rack Body Truck	1,261.55			1,261.55	1,261.00	-	0.55
1687-06	Various Capital Improvements	107,838.96			107,838.96	107,838.00	-	0.96
1708-07	Acquisition of Street Sweeper	3,349.30			3,349.30	3,349.00	-	0.30
1772-10	Various Capital Improvements	273,030.00			273,030.00	273,030.00	-	
1797-11	Various Capital Improvements	1,248,566.00			1,248,566.00	1,248,566.00	-	
1808-12	Acq and Demolition of Certain Flood Prone Properties	2,540,000.00		2,187,008.11	352,991.89		274,417.89	78,574.00
1818-12	Various Capital Improvements	779,125.00			779,125.00	779,125.00	-	
1842-13	Reconstruction of Fairview Avenue	76,000.00			76,000.00	76,000.00	-	
1857-14	Improvements to Marlborough Ave		30,400.00		30,400.00		-	30,400.00
	Local Improvements							
1403-97	Constr. of Curbs & Gutters - Cedar, Hooker, etc.	2,180.42			2,180.42	2,180.00	0.42	
1411-97	Constr. of Curbs & Gutters - Emerson & June Way	11,192.23			11,192.23	11,192.00	0.23	
1435-98	Constr. of Curbs & Gutters - Ashland Ave.	9,888.56			9,888.56	9,888.00	0.56	
		$ 5,418,262.98	$ 30,400.00	$ 2,187,008.11	$ 3,261,654.87	$ 2,878,258.00	$ 274,420.04	$ 108,976.83
	Ref.	C	C-8	C-13	C			

Unexpended Balances of Unfunded Improv. Authors.	C-8	$ 724,796.17
Less: Unexpended Proceeds of Bond Anticipation Notes	C-3	615,819.34
		$ 108,976.83

Exhibit - C - 7

SCHEDULE OF INTERFUNDS
GENERAL CAPITAL FUND

	Ref.	TOTAL	ASSESSMENT TRUST	TRUST - OTHER	GRANT FUND
Balance - December 31, 2013					
Due From	C	$ 7,164.08	$ 7,164.08	$	$
Due To	C	281,932.99		258,157.99	23,775.00
Balance - December 31, 2014					
Due From	C	7,164.08	7,164.08		
Due To	C	$ 281,932.99	$	$ 258,157.99	$ 23,775.00

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Exhibit C-8

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE - DEC. 31, 2013 FUNDED	BALANCE - DEC. 31, 2013 UNFUNDED	2014 AUTHORIZATIONS CAP. IMPROV. FUND	2014 AUTHORIZATIONS DEFERRED - UNFUNDED	2014 AUTHORIZATIONS OTHER	RESERVE FOR ENCUMBR. 12/31/13	PAID OR CHARGED	RESERVE FOR ENCUMBR. 12/31/14	BALANCE - DEC. 31, 2014 FUNDED	BALANCE - DEC. 31, 2014 UNFUNDED
	General Improvements:												
1410-97	Various Improvements	09/23/97	$ 200,000.00	$ 916.82					$ 95.13	$ 1,011.95		$ -	
1472-99	Reconstruction of Roads, Incl. Drainage (NJ DOT $120,018.75)	05/22/99	289,000.00	2,531.00							2,531.00	-	
1473-99	Construction of a Park, Incl. Tables, on Borough Owned Property Located at Block 224, Lot 29	06/22/99	36,000.00	3,220.75								3,220.75	
1474-99	Rehabilitation, Reconstruction & Improv. to Victor Crowell Park	07/13/99	1,055,200.00	6,017.45						4,455.00		1,562.45	
1476-99	Environmental Remedial Investigation of Borough's Former Landfill Site	10/26/99	1,335,570.00	42,710.55					9,971.17	38,121.00	6,567.52	7,993.20	
1480-99	Improv. to Recreational Facilities at Mountainview Park (NJ Green Acres $209,000)	11/09/99	357,705.00	1,892.25								1,892.25	
1484-99	Reconstr. of Roads & Drainage (NJ DOT $150,000)	12/28/99	322,964.00	2,831.71							2,831.71	-	
1492-00	Improv. to Various Bldgs. & Facilities	02/22/00	168,000.00	2,119.31								2,119.31	
1493-00	Reconstr. of Roads, Incl. Drainage Where Required	03/14/00	314,163.00	4,995.20						4,849.85	145.35	0.00	
1503-00	Purchase and/or Installation of Equip. for Various Departments	09/12/00	209,600.00	4,565.32	136.00							4,565.32	136.00
1513-00	Purchase of a Senior Citizen Bus	12/19/00	109,600.00	4,332.91	0.08							4,332.91	0.08
1524-01	Constr. Bridge - East Side of Victor Crowell Park	05/08/01	103,000.00	8,157.71								8,157.71	
1525-01	Reconstr. of Roads Including Drainage	05/29/01	114,000.00	2,458.95						1,845.90	613.05	-	
1544-01	Improv. to Various Buildings & Facilities	11/20/01	125,000.00		5,147.96								5,147.96
1545-01	Rehab., Reconstr. And Improvs. to Victor Crowell Park	11/20/01	250,000.00	5,895.72								5,895.72	
1548-01	Reconstr. Of Roads Including Drainage (NJ DOT $250,000)	12/11/01	575,535.00		6,883.12						6,883.12		-
1562-02	Various Capital Improvements	06/11/02	466,000.00		1,379.17					1,379.17			-
1571-02	Constr. of Bikeway - Fitzsimmons Park to Mountainview Park (NJ DOT Discr. Bike Progr. $50,000)	10/22/02	164,300.00		15,621.39								15,621.39
1582-03	Various Capital Improvements (NJ DOT $300,000) (Downtown & Bus Improv Dist $82,120)	05/27/03	1,085,000.00	19,078.17						5,550.24		13,527.93	
1590-03	Preliminary Planing Sanitary Sewer Improv Project and Videotaping Inspection		173,000.00	14,885.27								14,885.27	
1599-04	Installation of New Sidewalks, Croosswalks, Pedestrian Signs at various locations.	03/05/04	307,000.00	11,114.87	3,157.25							11,114.87	3,157.25
1600-04	Improv. to Soccer Fields	03/05/04	272,000.00	960.22								960.22	
1605-04	Various Capital Improvements	03/19/04	446,300.00	20,084.41	985.00							20,084.41	985.00
1609-04	Resurfacing of South Ave. (NJDOT $225,000)	05/21/04	456,000.00		115,230.57					17,780.67			97,449.90
1611-04	Improvement to the Sanitary Sewer System (Infrastructure Trust $1,689,655)	07/13/04	1,627,000.00	234,047.80					237,610.52	264,518.86	34,170.99	172,968.47	
1623-04	Streetscape Improvements on Rt28	10/23/04	152,000.00	3,029.49								3,029.49	
1626-04	911 Equipment	01/07/05	23,000.00		2,163.53								2,163.53
1643-05	Various Capital Improvements (NJ DOT $200,000) (NJ DCA $95,000) (Assistance to Firefighters $136,444) (Federal Homeland Security $24,000) (Middlesex County $97,556)	05/10/05	1,305,100.00	7,968.66	127,256.00							7,968.66	127,256.00
1646-05	Amended/Streetscape Improvement Rt 28	05/10/05	32,000.00	1,600.00	30,400.00							1,600.00	30,400.00
1676-05	Rack Body Truck	12/13/05	47,350.00		141.01								141.01
1686-06	Police Building		4,500,000.00	36,562.30					(2,507.16)			34,055.14	
1687-06	Various Capital Improvements (NJDOT - $200,000)	10/20/06	1,358,900.00		29,805.36				36.77				29,842.13
1688-06	Various Equipment (Assistance to Firefighters $157,854) (Statewide Livable Communities $15,000)	04/11/06	182,162.00	1,555.48								1,555.48	
1708-07	Acquisition of Street Sweeper	02/13/07	167,955.00		1,108.23								1,108.23
1715-07	Various Capital Improvements (NJDOT $240,000)	05/08/07	474,700.00	20,004.65								20,004.65	
1718-07	Police Building	08/28/07	500,000.00	3,795.72					3,040.97			6,836.69	
1736-08	Various Capital Improvements (NJ DOT - $225,000), (Pedestrian Bike - $80,000)	06/10/08	892,200.00	38,065.71					43,280.71	65,091.41	10,819.77	5,435.24	
1742-08	Fire Truck	09/09/08	550,000.00	4,498.82						120.00		4,378.82	
1772-10	Various Capital Improvements	07/27/10	912,400.00		119,207.90				24,142.51	23,395.18	747.33		119,207.90
1797-11	Various Capital Improvements		1,614,280.00		132,777.69				577,663.52	639,990.06	6,010.00		64,441.15
1808-12	Acq and Demolition of Certain Flood Prone Properties	03/27/12	2,540,000.00		2,351,885.00				73,484.03	2,297,420.27	49,374.76		78,574.00
1818-12	Various Capital Improvements	08/28/12	1,116,450.00		78,293.23				81,941.78	96,851.79	907.56		62,475.66
1832-13	Various Capital Improvements (MCIA)	07/26/13	3,081,700.00	748,998.47					2,065,118.54	2,104,236.97	172,707.82	537,172.22	
1842-13	Reconstruction of Fairview Ave	08/27/13	380,000.00	76,684.91	76,000.00				205,795.09	281,478.64	20,712.38		56,288.98
1855-14	Various Capital Improvements (MCIA)	09/09/14	888,325.00					888,325.00		170,108.69	332,802.30	385,414.01	
1857-14	Improvements to Marlborough Ave	09/09/14	332,000.00			1,600.00	30,400.00	300,000.00		14,370.00	17,630.00	269,600.00	30,400.00
				$ 1,335,580.60	$ 3,097,578.49	$ 1,600.00	$ 30,400.00	$ 1,188,325.00	$ 3,319,673.58	$ 6,032,575.65	$ 665,454.66	$ 1,550,331.19	$ 724,796.17
			Ref.	C	C	C-14	C-6	C-2,C-4	C	C-2	C	C	C

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - C-9

ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31,2014 DATE	AMOUNT	INTEREST RATE	BALANCE DEC. 31, 2013	DECREASE	BALANCE DEC. 31, 2014
General Improvement Bonds of 2004	09/01/04	$ 2,552,000.00				$ 317,000.00	$ 317,000.00	$ -
General Improvement Bonds of 2010	02/15/10	9,865,000.00	02/15/15	$ 675,000.00	3.000%	8,590,000.00	475,000.00	8,115,000.00
			02/15/16	675,000.00	3.000%			
			02/15/17	700,000.00	3.000%			
			02/15/18	700,000.00	3.000%			
			02/15/19	700,000.00	3.000%			
			02/15/20	700,000.00	3.200%			
			02/15/21	775,000.00	3.375%			
			02/15/22	800,000.00	3.500%			
			02/15/23	800,000.00	3.500%			
			02/15/24	800,000.00	3.625%			
			02/15/25	790,000.00	4.000%			
						$ 8,907,000.00	$ 792,000.00	$ 8,115,000.00
				Ref.		C	C-5	C

Exhibit - C-10

SCHEDULE OF CAPITAL LEASES PAYABLE
MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

PROJECT DESCRIPTION	AMOUNT OF LOAN	FEES PAYABLE	INTEREST RATE	MATURITIES OF LEASES DATE	MATURITIES OF LEASES AMOUNT	BALANCE DEC. 31,2013	INCREASED	DECREASED	BALANCE DEC. 31,2014
Capital Equipment - 2008	$ 572,745.83	$ 14,522.02	3.550%	09/15/15	$ 60,090.64	$ 311,686.83		$ 57,997.72	$ 253,689.11
			3.750%	09/15/16	62,259.09				
			4.000%	09/15/17	64,505.80				
			4.200%	09/15/18	66,833.58				
Capital Equipment - 2013	2,900,567.38	56,064.13	3.000%	08/15/15	360,034.60	2,900,567.38		360,260.22	2,540,307.16
			3.000%	08/15/16	371,735.66				
			4.000%	08/15/17	381,537.69				
			4.000%	08/15/18	396,999.21				
			4.000%	08/15/19	190,000.00				
			4.000%	08/15/20	200,000.00				
			4.000%	08/15/21	205,000.00				
			4.000%	08/15/22	215,000.00				
			4.000%	08/15/23	220,000.00				
Capital Equipment - 2014 (Lease)	120,994.00	910.59	1.500%	09/15/15	23,302.14		$ 120,994.00		120,994.00
			2.000%	09/15/16	23,524.80				
			3.000%	09/15/17	23,995.30				
			3.000%	09/15/18	24,715.15				
			3.000%	09/15/19	25,456.61				
Capital Equipment - 2014 (Loan)	738,861.92	5,560.58	1.500%	09/15/15	142,296.86		738,861.92		738,861.92
			2.000%	09/15/16	143,656.53				
			3.000%	09/15/17	146,529.66				
			3.000%	09/15/18	150,925.55				
			3.000%	09/15/19	155,453.32				
						$ 3,212,254.21	$ 859,855.92	$ 418,257.94	$ 3,653,852.19
					Ref.	C	C- 5	C- 5	C

SCHEDULE OF LOANS PAYABLE
NEW JERSEY 1987 GREEN TRUST FUND

PAYMENT NUMBER	DATE OF PAYMENT	INTEREST PAYMENTS	PRINCIPAL PAYMENTS	BALANCE - LOANS PAYABLE
				$ 52,874.70
32	June 2, 2015	$ 528.75	$ 10,365.55	42,509.15
33	Dec. 2, 2015	425.09	10,469.20	32,039.95
34	June 2, 2016	320.40	10,573.89	21,466.06
35	Dec. 2, 2016	214.66	10,679.63	10,786.43
36	June 2, 2017	107.86	10,786.43	-
Total Balance Due - Principal and Interest		$ 1,596.76	$ 52,874.70	
Payments Made in 2014				
30	June 2, 2014	$ 732.99	$ 10,161.30	
31	Dec. 2, 2014	631.38	10,262.92	
		$ 1,364.37	$ 20,424.22	
	REF.		C-5	

Details as to Loan Repayments:

A. Payments made payable to: Treasurer, State of New Jersey, 1987 Green Trust Fund

B. Payments to be mailed to: New Jersey Department of Environmental Protection
Division of Financial Management and General Services
Office of Trust Fund Management
Post Office Box 420
Trenton, New Jersey 08625

C. Original Amount of Loan = $328,000.00

SCHEDULE OF LOANS PAYABLE
NEW JERSEY GREEN TRUST FUND - 1989

PAYMENT NUMBER	DATE OF PAYMENT	INTEREST PAYMENTS	PRINCIPAL PAYMENTS	BALANCE - LOANS PAYABLE
				$ 101,125.75
23	January 15, 2015	$ 1,011.26	$ 5,486.89	95,638.86
24	July 15, 2015	956.39	5,541.75	90,097.11
25	January 15, 2016	900.97	5,597.17	84,499.94
26	July 15, 2016	845.00	5,653.14	78,846.80
27	January 15, 2017	788.47	5,709.68	73,137.12
28	July 15, 2017	731.37	5,766.77	67,370.35
29	January 15, 2018	673.70	5,824.44	61,545.91
30	July 15, 2018	615.46	5,882.68	55,663.23
31	January 15, 2019	556.63	5,941.51	49,721.72
32	July 15, 2019	497.22	6,000.93	43,720.79
33	January 15, 2020	437.21	6,060.94	37,659.85
34	July 15, 2020	376.60	6,121.55	31,538.30
35	January 15, 2021	315.38	6,182.76	25,355.54
36	July 15, 2021	253.56	6,244.59	19,110.95
37	January 15, 2022	191.11	6,307.03	12,803.92
38	July 15, 2022	128.04	6,370.10	6,433.82
39	January 15, 2023	64.30	6,433.82	0.00
Total Balance Due - Principal and Interest		$ 9,342.67	$ 101,125.75	
Payments Made Made in 2014				
21	January 15, 2014	$ 1,119.37	$ 5,378.77	
22	July 15, 2014	1,065.58	5,432.56	
		$ 2,184.95	$ 10,811.33	
	REF.		C-5	

Details as to Loan Repayments:

A. Payments made payable to: Treasurer, State of New Jersey, 1989 Green Trust Fund

B. Payments to be mailed to: New Jersey Department of Environmental Protection
Division of Financial Management and General Services
Office of Trust Fund Management
Post Office Box 420
Trenton, New Jersey 08625

C. Original Amount of Loan = $209,000.00

Exhibit - C-13

SCHEDULEOF VARIOUS RESERVES

	Ordinance Number	Balance December 31, 2013	Increases	Decreases	Balance December 31, 2014
Reserve for:					
Cash or Appropriated Reserves:					
Insurance Refund - Landfill (Payment of Bonds)		$ 4,838.08			$ 4,838.08
Payment of Debt Service		12,588.76	50,728.86		63,317.62
Subtotal		17,426.84	50,728.86	-	68,155.70
Grants, Loans & Other Receivables:					
Federal Highway - 1999 Rec Trails Mountainview Greenways Nature Preserve	1479-99	866.25			866.25
State of NJ DOT - Municipal Road Program - Warrenville Rd.	1528-01	55,787.75			55,787.75
Middlesex County - Rt. 28 Streetscapes	1582-03	4,840.00			4,840.00
New Jersey Environmental Infrastructure Trust	1611-04	58,305.00			58,305.00
State of NJ DOT - Cedar Ave.	1643-05	75,489.56			75,489.56
Middlesex County - Cedar Ave.	1643-05	56.00			56.00
State of NJ OEM	1808-12	635,000.00		494,750.00	140,250.00
Federal Emergency Management Agency (FEMA)	1808-12	1,905,000.00		1,692,258.11	212,741.89
Subtotal		2,735,344.56	-	2,187,008.11	548,336.45
		$ 2,752,771.40	$ 50,728.86	$ 2,187,008.11	$ 616,492.15
Ref.		C	C-2	C-6	C

SCHEDULE OF RESERVE FOR
CAPITAL IMPROVEMENT FUND

	REF.	
Balance - December 31, 2013	C	$ 94,559.58
Increased by:		
Budget Appropriation	C- 2	65,000.00
		159,559.58
Decreased by:		
Appropriated to Finance Improvement Authorizations	C- 8	1,600.00
Balance - December 31, 2014	C	$ 157,959.58

SCHEDULE OF LOANS PAYABLE
NJ ENVIRONMENTAL INFRASTURCTURE TRUST LOAN AND FUND LOAN PAYABLE

PAYMENT NUMBER	COUPON	DATE OF PAYMENT	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	NET SAVINGS PRINCIPAL	NET SAVINGS INTEREST	TOTAL PAYMENTS	BALANCE - TRUST LOAN PAYABLE	DATE OF PAYMENT	PRINCIPAL PAYMENTS ONLY	BALANCE - FUND LOAN PAYABLE
	NJ Infrastructure Trust Loan:								NJ Infrastructure Fund Loan:		
								$ 535,000.00			$ 443,406.32
20		02/01/15		$ 12,478.13		$ 1,913.95	$ 10,564.18	535,000.00	02/01/15	$ 8,104.41	435,301.91
21	4.000%	08/01/15	$ 45,000.00	12,478.13		1,913.72	55,564.41	490,000.00	08/01/15	37,331.45	397,970.46
22		02/01/16		11,578.13		1,913.49	9,664.64	490,000.00	02/01/16	7,519.87	390,450.59
23	4.000%	08/01/16	45,000.00	11,578.13		1,913.26	54,664.87	445,000.00	08/01/16	36,746.91	353,703.68
24		02/01/17		10,678.13		1,913.04	8,765.09	445,000.00	02/01/17	6,935.33	346,768.35
25	5.000%	08/01/17	45,000.00	10,678.13	11,220.35	1,904.91	42,552.87	400,000.00	08/01/17	36,162.37	310,605.98
26		02/01/18		9,553.13		1,632.30	7,920.83	400,000.00	02/01/18	6,204.66	304,401.32
27	5.000%	08/01/18	50,000.00	9,553.13	11,815.37	1,636.18	46,101.58	350,000.00	08/01/18	38,679.14	265,722.18
28		02/01/19		8,303.13		1,336.46	6,966.67	350,000.00	02/01/19	5,392.79	260,329.39
29	5.000%	08/01/19	50,000.00	8,303.13	12,345.52	1,331.48	44,626.13	300,000.00	08/01/19	37,867.28	222,462.11
30		02/01/20		7,053.13		1,027.67	6,025.46	300,000.00	02/01/20	4,580.93	217,881.18
31	5.000%	08/01/20	55,000.00	7,053.13	13,041.88	1,029.49	47,981.76	245,000.00	08/01/20	40,302.57	177,578.61
32		02/01/21		5,678.13		701.36	4,976.77	245,000.00	02/01/21	3,687.88	173,890.73
33	5.000%	08/01/21	55,000.00	5,678.13	13,659.36	698.25	46,320.52	190,000.00	08/01/21	39,409.82	134,480.91
34		02/01/22		4,303.13		359.84	3,943.29	190,000.00	02/01/22	2,794.83	131,686.08
35	5.000%	08/01/22	60,000.00	4,303.13	14,392.04	359.81	49,551.28	130,000.00	08/01/22	41,764.22	89,921.86
36		02/01/23		2,803.13			2,803.13	130,000.00	02/01/23	1,820.60	88,101.26
37	4.250%	08/01/23	65,000.00	2,803.13			67,803.13	65,000.00	08/01/23	44,037.62	44,063.64
38		02/01/24		1,421.88			1,421.88	65,000.00	02/01/24	923.39	43,140.25
39	4.375%	08/01/24	65,000.00	1,421.88			66,421.88	-	08/01/24	43,140.25	-
Total Due											
	Principal		$ 535,000.00						Principal Only	$ 443,406.32	
	Interest			$ 147,700.10							
	Savings Credits				$ 76,474.52	$ 21,585.21					
	Principal and Interest						$ 584,640.37				
Payments Made in 2014											
18		02/01/14							02/01/14	$ 8,624.00	
19		08/01/14	$ 40,000.00						08/01/14	34,603.60	
			$ 40,000.00							$ 43,227.60	
		REF.	C-5							C-5	

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL DATE OF ISSUE	RATE OF INTEREST	DATE OF ISSUE	DATE OF MATURITY	INCREASED	BALANCE DECEMBER 31, 2014
1503-00	Purchase and/or Installation of Equip. for Various Departments	12/18/14	1.00%	12/18/14	07/17/15	$ 136.00	$ 136.00
1544-01	Improv. to Various Buildings & Facilities	12/18/14	1.00%	12/18/14	07/17/15	9,253.00	9,253.00
1548-01	Reconstr. Of Roads Including Drainage	12/18/14	1.00%	12/18/14	07/17/15	21,123.00	21,123.00
1562-02	Various Capital Improvements	12/18/14	1.00%	12/18/14	07/17/15	8,691.00	8,691.00
1571-02	Constr. of Bikeway - Fitzsimmons Park to Mountainview Park	12/18/14	1.00%	12/18/14	07/17/15	37,085.00	37,085.00
1599-04	Installation of New Sidewalks, Crossswalks, Pedestrian Signs at various locations.	12/18/14	1.00%	12/18/14	07/17/15	3,157.00	3,157.00
1605-04	Various Capital Improvements	12/18/14	1.00%	12/18/14	07/17/15	985.00	985.00
1609-04	Resurfacing of South Ave.	12/18/14	1.00%	12/18/14	07/17/15	125,151.00	125,151.00
1626-04	911 Equipment	12/18/14	1.00%	12/18/14	07/17/15	2,592.00	2,592.00
1643-05	Various Capital Improvements	12/18/14	1.00%	12/18/14	07/17/15	127,256.00	127,256.00
1646-05	Amended/Streetscape Improvement Rt 28	12/18/14	1.00%	12/18/14	07/17/15	30,400.00	30,400.00
1676-05	Rack Body Truck	12/18/14	1.00%	12/18/14	07/17/15	1,261.00	1,261.00
1687-06	Various Capital Improvements	12/18/14	1.00%	12/18/14	07/17/15	107,838.00	107,838.00
1708-07	Acquisition of Street Sweeper	12/18/14	1.00%	12/18/14	07/17/15	3,349.00	3,349.00
1772-10	Various Capital Improvements	12/18/14	1.00%	12/18/14	07/17/15	273,030.00	273,030.00
1797-11	Various Capital Improvements	12/18/14	1.00%	12/18/14	07/17/15	1,248,566.00	1,248,566.00
1818-12	Various Capital Improvements	12/18/14	1.00%	12/18/14	07/17/15	779,125.00	779,125.00
1842-13	Reconstruction of Fairview Avenue	12/18/14	1.00%	12/18/14	07/17/15	76,000.00	76,000.00
1403-97	Constr. of Curbs & Gutters - Cedar, Hooker, etc.	12/18/14	1.00%	12/18/14	07/17/15	2,180.00	2,180.00
1411-97	Constr. of Curbs & Gutters - Emerson & June Way	12/18/14	1.00%	12/18/14	07/17/15	11,192.00	11,192.00
1435-98	Constr. of Curbs & Gutters - Ashland Ave.	12/18/14	1.00%	12/18/14	07/17/15	9,888.00	9,888.00
						$ 2,878,258.00	$ 2,878,258.00
	Ref.					C-2	C

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2013	AUTHORIZED 2014	2014 FUNDING	BAN'S ISSUED	BALANCE DEC. 31, 2014
General:						
1503-00	Purchase and/or Installation of Equip. for Various Departments	$ 136.00			$ 136.00	$ -
1513-00	Purchase of Senior Citizens Bus	0.08				0.08
1544-01	Improv. to Various Buildings & Facilities	9,253.38			9,253.00	0.38
1548-01	Reconstr. of Roads Including Drainage (NJ DOT $250,000)	21,123.19			21,123.00	0.19
1562-02	Various Capital Improvements	8,691.75			8,691.00	0.75
1571-02	Constr. of Bikeway - Fitzsimmons Park to Mountainview Park ($50,000 NJ DOT Discr. Bike Progr.)	37,085.00			37,085.00	-
1599-04	Installation of New Sidewalks, Crosswalks, Pedestrian Signs	3,157.25			3,157.00	0.25
1605-04	Various Capital Improvements	985.00			985.00	-
1609-04	Resurfacing of South Ave.	125,151.31			125,151.00	0.31
1626-04	911 Equipment	2,592.00			2,592.00	-
1643-05	Various Capital Improvements	127,256.00			127,256.00	-
1646-05	Amended/Streetscape Improvement on Route 28	30,400.00			30,400.00	-
1676-05	Rack Body Truck	1,261.55			1,261.00	0.55
1687-06	Various Capital Improvements	107,838.96			107,838.00	0.96
1708-07	Acquisition of Street Sweeper	3,349.30			3,349.00	0.30
1772-10	Various Capital Improvements	273,030.00			273,030.00	-
1797-11	Various Capital Improvements	1,248,566.00			1,248,566.00	-
1808-12	Acq and Demolition of Certain Flood Prone Properties	2,540,000.00		2,187,008.11		352,991.89
1818-12	Various Capital Improvements	779,125.00			779,125.00	-
1842-13	Reconstruction of Fairview Avenue	76,000.00			76,000.00	-
1857-14	Improvements to Marlborough Ave		30,400.00			30,400.00
Local:						
1403-97	Constr. of Curbs & Gutters - Cedar, Hooker, etc.	2,180.42			2,180.00	0.42
1411-97	Constr. of Curbs & Gutters - Emerson & June Way	11,192.23			11,192.00	0.23
1435-98	Constr. of Curbs & Gutters - Ashland Ave.	9,888.56			9,888.00	0.56
		$ 5,418,262.98	$ 30,400.00	$ 2,187,008.11	$ 2,878,258.00	$ 383,396.87
	Ref.					C

SWIMMING POOL UTILITY FUND

Exhibit - D-5

SCHEDULE OF SWIMMING POOL UTILITY CASH AND INVESTMENTS
TREASURER

	REF.	OPERATING FUND		CAPITAL FUND		SNACK BAR ACCOUNT	
Balance - December 31, 2013	D		$443,815.50				$3,075.09
Increased by Receipts:							
Membership Fees	D- 3	235,520.01					
Miscellaneous Revenues	D- 7	81,925.41					
Snack Bar Operation	D-12					26,551.00	
Due to Current Fund	D-13	4,145.20				67.15	
BAN's	D-19			1,235,000.00			
Premium on BAN sale	D- 2			2,619.00			
Transfer from Snack Bar Account	D- 5	9,847.46					
			331,438.08		1,237,619.00		26,618.15
			775,253.58		1,237,619.00		29,693.24
Decreased by Disbursements:							
Budget Appropriations	D-4	256,572.55					
Appropriation Reserves	D-11	26,722.62					
Snack Bar Operations	D-12					16,703.54	
Due to Current Fund	D-13	3,445.80				63.38	
Improvement Authorizations	D-18			319,138.97			
Transfer to Operating Fund	D-5					9,847.46	
			286,740.97		319,138.97		26,614.38
Balance - December 31, 2014	D		$488,512.61		$918,480.03		$3,078.86

Exhibit - D-6

ANALYSIS OF SWIMMING POOL CAPITAL
CASH AND INVESTMENTS

	BALANCE DEC. 31, 2013	BALANCE DEC. 31, 2014
Capital Improvement Fund	$ 72,730.10	$ 7,730.10
Improvement Authorizations Unfunded	(156,330.00)	824,531.03
Due (from)/to Swimming Pool Operating Fund	83,599.90	83,599.90
Fund Balance		2,619.00
	$ -	$ 918,480.03
Ref.	D	D

SCHEDULE OF MISCELLANEOUS RECEIPTS
SWIMMING POOL UTILITY OPERATING FUND

	Ref.	YEAR 2014
Miscellaneous (Net of Refunds):		
Interest Income		$ 138.16
Guest Admissions		20,110.25
Swim Classes Registration		20,269.00
Long Course		30,405.00
Swim Team Membership		6,375.00
Aquacize		2,060.00
Synchro Membership		1,350.00
Syncro Show		253.00
Miscellaneous Income		965.00
Subtotal	D-3,D-5	81,925.41
Food Concession	D-3, D-12	9,847.46
		$ 91,772.87

Exhibit - D-8

SCHEDULE OF FIXED CAPITAL
SWIMMING POOL UTILITY CAPITAL FUND

ACCOUNT	BALANCE DEC. 31, 2013	BALANCE DEC. 31, 2014
Swimming Pool and Grounds	$ 234,000.00	$ 234,000.00
Improvement - 1987	217,721.56	217,721.56
Improvement - 1991	65,300.00	65,300.00
Improvement - 1997	149,270.00	149,270.00
	$ 666,291.56	$ 666,291.56
REF.	D	D

Exhibit - D-9

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETE
SWIMMING POOL UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DEC. 31, 2013	INCREASES IMP AUTH	BALANCE DEC. 31, 2014
1771-10	Swim Pool Improvements	07/27/10	$ 350,000.00	$ 350,000.00		$ 350,000.00
1852-14	Swim Pool Improvements	06/24/14	1,300,000.00		$ 1,300,000.00	1,300,000.00
				$ 350,000.00	$ 1,300,000.00	$ 1,650,000.00
				D	D-18	D

Exhibit - D-10

SCHEDULE OF ACCOUNTS PAYABLE
SWIMMING POOL UTILITY FUND

	REF.	
Balance - December 31, 2013	D	$ 20,006.06
Increased by:		
Charges from Approp. Reserves	D-11	12,964.95
Balance - December 31, 2014	D	$ 32,971.01

Exhibit - D-11

SCHEDULE OF 2013 APPROPRIATION RESERVES
SWIMMING POOL UTILITY OPERATING FUND

		BALANCE DECEMBER 31, 2013		BALANCE		
		APROPRIATION RESERVES	RESERVE FOR ENCUMBRANCES	AFTER TRANSFERS	PAID OR CHARGED	BALANCED LAPSED
Operations:						
Salaries and Wages		$ 35,445.99	$	$ 35,445.99	$ -	$ 35,445.99
Other Expenses		41,349.27	35,260.50	76,609.77	37,687.57	38,922.20
Total Operations		76,795.26	35,260.50	112,055.76	37,687.57	74,368.19
Deferred Charges and Statutory Expenditures						
Contribution to:						
Social Security System		1,878.94		1,878.94	-	1,878.94
State Unemployment Insurance		2,000.00		2,000.00	2,000.00	-
Total Deferred Charges and Statutory Expenditures		3,878.94	-	3,878.94	2,000.00	1,878.94
		$ 80,674.20	$ 35,260.50	$ 115,934.70	$ 39,687.57	$ 76,247.13
	REF.	D	D			D-1

	REF.	
Cash Disbursements	D- 5	$ 26,722.62
Accounts Payable	D-10	12,964.95
		$ 39,687.57

Exhibit - D-12

SCHEDULE OF RESERVE FOR SNACK BAR OPERATIONS
SWIMMING POOL UTILITY OPERATING FUND

	REF.		
Increased by:			
Receipts from Sales	D- 5		$ 26,551.00
Decreased by:			
Transfer to Miscellaneous Revenues	D-3, D-7	9,847.46	
Purchases	D-5	16,703.54	
			$ 26,551.00

SCHEDULE OF INTERFUNDS RECEIVABLE/PAYABLE
SWIMMING POOL UTILITY OPERATING FUND

	REF.	Total	SWIMMING POOL CAPITAL	CURRENT FUND
Balance - December 31, 2013	D			
Due from		$ 83,599.90	$ 83,599.90	
Due to		137.88		$ 137.88
Increased by:				
Interest earned on investments	D-5	67.15		67.15
Interest earned on investments - snack bar	D-5	4,145.20		4,145.20
		87,950.13	83,599.90	4,350.23
Decreased by:				
Interest earned on investments	D-5	63.38		63.38
Interest earned on investments - snack bar	D-5	3,445.80		3,445.80
Balance - December 31, 2014				
Due from	D	$ 83,599.90	$ 83,599.90	
Due to	D	841.05		$ 841.05

Exhibit - D-14

SCHEDULE OF CAPITAL IMPROVEMENT FUND
SWIMMING POOL UTILITY CAPITAL FUND

	REF.	
Balance - December 31, 2013	D	$ 72,730.10
Decreased by:		
Appropriated to Finance Improvement Authorizations	D-16	65,000.00
Balance - December 31, 2014	D	$ 7,730.10

Exhibit - D-15

SCHEDULE OF RESERVE FOR AMORTIZATION
SWIMMING POOL UTILITY CAPITAL FUND

	REF.	
Balance - December 31, 2013	D	$ 666,291.56
Balance - December 31, 2014	D	$ 666,291.56

Exhibit - D-16

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
SWIMMING POOL UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	DATE OF ORD.	BALANCE DEC. 31, 2013	FIXED CAPITAL AUTHORIZED	BALANCE DEC. 31, 2014
1771-10	Swim Pool Improvements	07/27/10	$ 100,000.00		$ 100,000.00
1852-14	Swim Pool Improvements	06/24/14		$ 65,000.00	65,000.00
			$ 100,000.00	$ 65,000.00	$ 165,000.00
			D	D-14	D

Exhibit - D-17

SCHEDULE OF DUE TO SWIMMING OPERATING FUND
SWIMMING POOL UTILITY CAPITAL FUND

	REF.	
Balance - December 31, 2013	D	$ 83,599.90
Balance - December 31, 2014	D	$ 83,599.90

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
SWIMMING POOL UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE DATE	ORDINANCE AMOUNT	BALANCE DEC 31, 2013 UNFUNDED	2014 AUTHOR.	PAID OR CHARGED	BALANCE DEC 31, 2014 UNFUNDED
	General Improvements:						
1771-10	Swim Pool Improvements	07/27/10	$ 350,000.00	$ 93,670.00			$ 93,670.00
1852-14	Swim Pool Improvements	06/24/14	1,300,000.00		$ 1,300,000.00	$ 319,138.97	980,861.03
				$ 93,670.00	$ 1,300,000.00	$ 319,138.97	$ 1,074,531.03
			Ref.	D	D-9	D-5	D

Exhibit - D-19

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	B.A.N.S ISSUED	BALANCE DEC. 31, 2014
1852-14	Swimming Pool Improvements	09/30/14	09/30/14	09/29/15	1.00%	$ 1,235,000.00	$ 1,235,000.00
						$ 1,235,000.00	$ 1,235,000.00
					Ref.	D-5	D

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
SWIMMING POOL UTILITY OPERATING FUND

	REF.		
Increased by:			
Accrued Interest Charged to:			
Fund Balance	D-1	$	3,087.50
Balance - December 31, 2014	D	$	3,087.50

Analysis of Balance - December 31, 2014:

Principal Outstanding 12/31/14	Interest Rate	From	To	Period		Amount
BAN's						
$1,235,000.00	1.000%	09/30/14	12/31/14	3 months	$	3,087.50

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2013	AUTHORIZED 2014	BAN'S ISSUED	BALANCE DEC. 31, 2014
1771-10	Swim Pool Improvements	$ 250,000.00			$ 250,000.00
1852-14	Swim Pool Improvements		$ 1,235,000.00	$ 1,235,000.00	
		$ 250,000.00	$ 1,235,000.00	$ 1,235,000.00	$ 250,000.00
	Ref.				D

BOROUGH OF MIDDLESEX

MIDDLESEX COUNTY, NEW JERSEY

PART IV

SUPPLEMENTARY DATA

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2014

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SWIMMING POOL UTILITY FUND	MEMORANDUM TOTAL ONLY DEC. 31,2014	MEMORANDUM TOTAL ONLY DEC. 31,2013
Cash and Investments	$ 3,485,272.04	$ 1,037,788.65	$ 1,756,850.22	$ 1,410,071.50	$ 7,689,982.41	$ 6,534,822.68
Accounts Receivable:						
State & Federal Grants Receivable	6,782.00	91,057.80	1,849,555.57		1,947,395.37	3,781,107.79
Due from State of New Jersey	34,992.30	5.40			34,997.70	30,168.32
Taxes, Assessments, Liens & Utility Charges	1,128,738.84	1,470.00			1,130,208.84	1,315,347.24
Interfund Loans	500,481.98	258,157.99	7,164.08	83,599.90	849,403.95	838,415.56
Other Accounts Receivable	53,700.75				53,700.75	166,014.15
Property Acquired for Taxes at Assessed Valuation	1,423,139.00				1,423,139.00	1,423,139.00
Deferred Charges to Revenue of Succeeding Years	350,000.00				350,000.00	485,000.00
Fixed Capital - Utility				2,316,291.56	2,316,291.56	1,016,291.56
Deferred Charges to Future Taxation: General Capital Fund			16,086,439.31		16,086,439.31	18,707,912.59
	$ 6,983,106.91	$ 1,388,479.84	$ 19,700,009.18	$ 3,809,962.96	$ 31,881,558.89	$ 34,298,218.89

LIABILITIES, RESERVES AND FUND BALANCE	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SWIMMING POOL UTILITY FUND	MEMORANDUM TOTAL ONLY DEC. 31,2014	MEMORANDUM TOTAL ONLY DEC. 31,2013
Bonds and Notes Payable	$	$	$ 10,993,258.00	$ 1,235,000.00	$ 12,228,258.00	$ 8,907,000.00
Loans Payable			4,709,784.44		4,709,784.44	4,382,649.61
Prepaid Taxes, Assessments, Utility Charges and Licenses	167,198.35				167,198.35	503,934.61
Tax, Assessment, Lien, License and Utility Charge Overpayments	224,801.87				224,801.87	23,032.99
Appropriation Reserves	1,461,056.77			130,632.07	1,591,688.84	1,058,248.52
Reserve for Encumbrances/ Accounts Payable	297,818.14	183,423.14	665,454.66	38,243.89	1,184,939.83	3,881,930.04
Amts. Pledged to Specific Purposes	48,430.34	831,554.79	774,451.73	7,730.10	1,662,166.96	4,109,333.54
Escrow Funds		341,559.90			341,559.90	469,782.24
Improvement Authorizations			2,275,127.36	1,074,531.03	3,349,658.39	4,526,829.09
Interfund Loans	456,653.77	26,376.24	281,932.99	84,440.95	849,403.95	838,415.56
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized				831,291.56	831,291.56	766,291.56
Reserve for Certain Assets Acquired or Receivables & Inventories	2,625,631.80				2,625,631.80	2,916,666.78
Fund Balance	1,701,515.87	5,565.77		408,093.36	2,115,175.00	1,914,104.35
	$ 6,983,106.91	$ 1,388,479.84	$ 19,700,009.18	$ 3,809,962.96	$ 31,881,558.89	$ 34,298,218.89

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

Revenue and Other Income Realized	Year 2014 Amount	Year 2014 %	Year 2013 Amount	Year 2013 %
Fund Balance Utilized	$ 996,000.00	2.20	$ 645,000.00	1.49
Miscellaneous - From Other Than Local Property Tax Levies	4,101,120.20	9.08	3,886,355.73	8.98
Collection of Delinquent Taxes and Tax Title Liens	1,029,346.73	2.28	826,196.25	1.91
Collection of Current Tax Levies	39,061,746.12	86.44	37,912,308.96	87.62
Total Income	45,188,213.05	100.00	43,269,860.94	100.00
Expenditures				
Budget Expenditures:				
Municipal Purposes	16,330,784.01	37.11	15,360,852.97	36.19
County Taxes	5,609,423.08	12.75	5,579,629.40	13.15
Local School Taxes	22,058,200.00	50.13	21,499,441.00	50.66
Other Expenditures	6,416.82	0.01	221.57	0.00
Total Expenditures	44,004,823.91	100.00	42,440,144.94	100.00
Excess in Revenue	1,183,389.14		829,716.00	
Fund Balance January 1	1,514,126.73		1,329,410.73	
	2,697,515.87		2,159,126.73	
Less:				
Utilization as Anticipated Revenue	996,000.00		645,000.00	
Fund Balance December 31	$ 1,701,515.87		$ 1,514,126.73	

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

Revenue and Other Income Realized	Year 2014 Amount	Year 2014 %	Year 2013 Amount	Year 2013 %
Fund Balance Utilized	$ 59,690.00	12.89	$ 43,980.00	8.77
Membership Fees	235,520.01	50.84	246,767.08	49.23
Miscellaneous From Other Than Membership Fees	168,020.00	36.27	210,529.94	42.00
Total Income	463,230.01	100.00	501,277.02	100.00
Expenditures				
Budget Expenditures:				
Operating	389,390.00	99.21	372,800.00	100.00
Other Expenditures	3,087.50	0.79		
Total Expenditures	392,477.50	100.00	372,800.00	100.00
Excess in Revenue	70,752.51		128,477.02	
Fund Balance January 1	394,411.85		309,914.83	
	465,164.36		438,391.85	
Less:				
Utilization as Anticipated Revenue	59,690.00		43,980.00	
Fund Balance December 31	$ 405,474.36		$ 394,411.85	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION*

	2014	2013	2012
Tax Rate:	$8.026	$7.804	$7.700
Apportionment of Tax Rate:			
Municipal:	2.293	2.226	2.184
Municipal Library:	0.094	0.096	0.105
County:	1.044	1.033	1.039
County Open Space:	0.085	0.088	0.096
Local School:	4.510	4.361	4.276
Assessed Valuation:			
2014	$496,925,279.00		
2013		$497,716,343.00	
2012			$498,168,295.00

*Per Abstract of Ratables, Middlesex County, NJ

Note: Under the provisions of Chapter 73, L.1976, the County Board of Taxation estimated the amount of approved Veterans and Senior Citizens Tax Deductions for 2014 to be $149,500.

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.

Calendar Year	Tax Levy	Cash Collections	Percentage of Collection
2014	$39,907,597.14	$39,061,746.12	97.88%
2013	38,856,328.51	37,912,308.96	97.57%
2012	38,404,362.51	37,520,345.73	97.70%

DELINQUENT TAXES AND TAX TITLE LIENS

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

Calendar Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2014	$305,431.67	$823,307.17	$1,128,738.84	2.83%
2013	419,249.19	894,628.05	1,313,877.24	3.38%
2012	382,105.14	826,645.39	1,208,750.53	3.15%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

Calendar Year	Amount
2014	$1,423,139.00
2013	1,423,139.00
2012	1,423,139.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	Calendar Year	Balance	Utilized in Budget of Succeeding Year
Current Fund	2014	$1,701,515.87	$1,019,770.00
	2013	1,514,126.73	996,000.00
	2012	1,320,410.73	645,000.00
	2011	936,117.19	525,000.00
	2010	1,004,318.34	900,000.00
Swimming Utility Operating Fund	2014	$405,474.36	$66,224.00
	2013	394,411.85	59,690.00
	2012	309,914.83	43,980.00
	2011	271,934.98	43,980.00
	2010	255,664.48	43,980.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2014:

NAME		TITLE	AMOUNT OF BOND
Ronald S. Dobies	-	Mayor	*
Sean Kaplan	-	President of Council	*
Kevin Dotey	-	Councilperson	*
Stephen Greco	-	Councilperson	*
Patricia Jenkins	-	Councilperson	*
Robert Schueler	-	Councilperson	*
Michele Tackach	-	Councilperson	*
Andrea Corcoran	-	Borough Treasurer/ Chief Financial Officer (to 02/28/14)	*
Tonya Hubosky	-	Tax Collector/Tax Search Office Qualified Purchasing Agent/Acting CFO	*
Kathleen Anello	-	Borough Clerk/Dog License Officer/ Assessment Search Officer	*
Lizandra DeAngelis	-	Court Administrator	*
Dennis Fackelman	-	Municipal Court Judge	*
Aravind Aithal, Esq.	-	Attorney	
James Ayotte	-	Construction Code Official	
Terry Brundage	-	Health Officer	
Frank Betts	-	Tax Assessor	
Linda Chismar	-	Deputy Borough Clerk/ Registrar of Vital Statistics	
Remington & Vernick	-	Engineer	
Beverly Weber	-	Treasurer, Free Public Library	
Kathleen Bird	-	Secretary, Swim Pool Commission	

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

All of the bonds were examined and were properly executed.

BOROUGH OF MIDDLESEX

MIDDLESEX COUNTY, NEW JERSEY

PART V

GENERAL COMMENTS AND RECOMMENDATIONS

BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2014

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of Middlesex, County of Middlesex, New Jersey, for the calendar year ended December 31, 2014, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of Middlesex, County of Middlesex, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of Middlesex, County of Middlesex, New Jersey as of and for the transition year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (Cont'd.)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 2, 2015 on the financial statements of the Borough of Middlesex. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

Control Deficiencies:

2014-1 General Ledger Maintenance

The Borough's general ledger records for its trust funds showed cash receipts and cash disbursements posted to the various reserve accounts, but not posted to the cash accounts. Similarly, the general ledger records for its general capital fund showed cash receipts posted to the various assets and liabilities, but not posted the cash accounts. As a result debits did not equal credits. The audit adjustments in amounts that are material to the financial statements were proposed and approved by management based upon the results of our engagement.

2014-2 Cash Receipts and Disbursements Journals

The cash receipts and disbursements journals in the general capital fund were found to be incomplete, with omitted entries noted. These omissions related directly to tracking of collections and payments for FEMA and NJOEM grant funds relating to Ordinance 1808-12 for the acquisition and demolition of certain flood prone properties and included matters relating to the Borough's financial information processing system.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (Cont'd.)

Control Deficiencies (Cont'd.):

2014-3 Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Tax Office, Finance, Health Department/ Vital Statistics, Construction-Zoning/ Planning, Police, Fire Prevention, Recreation and Borough Clerk.

This condition is the result of the staffing levels and multi tasks performed by personnel within the respective offices.

OTHER MATTERS

Contracts and Agreements Required
to be Advertised Per N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or 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 after public advertising for bids and bidding therefor, 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 $17,500 except by contract or agreement."

On June 9, 2010, the Local Public Contracts Law was amended, effective on January 1, 2011. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from $21,000.00 to $26,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Borough's Purchasing Agent is "Qualified" the Council may increase the bid threshold from $29,000 to $36,000. On May 5, 2011, a revised Local Finance Notice was issued which reduced the threshold for Non-QPA municipalities from $26,000 to $17,500. As of December 31, 2014, the Borough has a Qualified Purchasing Agent.

A review of the Borough's purchasing procedures indicates bids were requested by public advertising for the following items tested, as disclosed in the official minutes:

Material, Supplies, Equipment, Service Rentals, Construction and Repairs:

Wheel Loader Backhoe; Road Improvements; Fire Pumper; Mill & Overlay Project; Bound Brook Pump Station Improvements; Upgrades to Middlesex Community Pool; Demolition of State Properties

State Contracts:

VHF Radio Equipment for Narrowbanding Compliance; Dispatch Console for Police Department; Radios for Police Dispatch Console; CAD System for Police Department

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Contracts and Agreements Required
to be Advertised Per N.J.S.A. 40A:11-4 (Cont'd.)

The minutes indicated the adoption of resolutions authorizing the purchase through state approved vendors as required by N.J.A.C. 5:34-1.2.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

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.

A test examination of expenditures revealed no individual payments, contracts or agreements in excess of $17,500 or $36,000 as applicable "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.

Any interpretations as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

Compliance with P.L. 2005, c.271

The threshold for Pay-to-Play is set at $17,500, with no escalator provision. "Pay-to-Play" laws cover all contracts (not just professional services as some believe). Any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Borough to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006.

A non-compliance would result with the issuance of purchase orders exceeding $17,500 during the fiscal period without a "fair and open" process, and without obtaining the requisite disclosures. It is important to note that the laws and regulations implementing "Pay-to-Play" focus on vendors rather than categories of goods and services. While this change may appear subtle, it greatly expands the monitoring required to assure continuing compliance.

Tests of expenditures for vendors with payments in excess of $17,500.00 and less than the applicable bid threshold indicated the Borough had the required documentation for compliance with P.L. 2005, c.271 for items tested.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S. 54:4-67, as amended, 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.

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Collection of Interest on Delinquent Taxes and Assessments (Cont'd.)

The governing body, on January 1, 2014, adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, R.S. 54:4-67 has been amended to permit the governing body to fix the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent and may provide that no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same is payable;

NOW, THEREFORE, BE IT RESOLVED that the Borough Council does hereby fix the rate of interest at eight percent (8%) per annum on the first One Thousand Five Hundred Dollars ($1,500) and at eighteen percent (18%) per annum on any amount in excess of One thousand Five Hundred Dollars ($1,500) from the date when any tax installment shall be payable and delinquent until the said installment together with interest is paid provided, however, that if any installments shall be paid within ten (10) days after the date payable, in that event there shall be no interest charged.

"In addition, pursuant to N.J.S.A. 54:4-67, there is hereby fixed as a penalty to be charged to a tax payer with a delinquency in excess of $10,000 who fails to pay the delinquency prior to the end of the calendar year of 6 percent to the amount of delinquency".

The audit of the Collector's records on a test basis indicated that interest on all delinquent accounts was calculated in accordance with the foregoing resolution for items tested.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 14, 2014. There were no properties excluded from the sale. There are no properties payable on an installment basis.

The following comparison is made of the number of tax title liens receivable for the last three years:

Year	Number of Liens
CY 2014	11
CY 2013	12
CY 2012	13

Investments

The Borough has adopted a formal cash management plan policy in compliance with N.J.S.A. 40A:5-14 of the Local Fiscal Affairs Law, which requires that "each local unit shall adopt a cash management plan and shall deposit its fund pursuant to that plan".

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Interfund Balances

Interfund Balances appear in the balance sheets of the Borough's financial statements of the year ended December 31, 2014.

These interfunds, in most cases, resulted from CY 2014 operations and should be cleared by cash transfer where feasible.

Purchase Order and Encumbrance System

The Borough utilized a purchase order system for its expenditures in connection with its budgetary accounting encumbrance system during the year under review. Transactions are approved based on availability of funds. The utilization of confirming orders was noted.

Payment of Claims

Payments of claims were examined on a test basis for the year under review. There were no exceptions noted for items tested.

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2014. The minimum surety bond requirements for both the Tax Collector and Municipal Court were met for fiscal year 2014.

During July 1998 the Local Finance Board completed a readopting of the Board's general rules in the New Jersey Administrative Code. Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. The Borough's surety bond Coverage meets the new recommended amounts as it is covered under the Garden State Joint Insurance Fund.

Municipal Court

The financial records maintained by the Municipal Court during the period were reviewed. The examination of the general account included review, on a test basis, that deposits were properly recorded and spread by receipt category and disbursements were made to the appropriate agencies on a timely basis. The bank reconciliations for both the general and bail accounts were made available for review. The examination of the bail account's financial and supporting records maintained by the Municipal Court revealed no exceptions for items tested

The processing of traffic and criminal cases entered on the State's on-line computer system revealed no exceptions for items tested.

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Condition of Records - Other Officials Collecting Fees

Our reviews of the records maintained for other officials collecting fees were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A:5-15, and the fees charged were in accordance with the provisions of the Borough Code and that monthly financial reports are being submitted to the Finance Department timely. There were no exceptions noted for items tested.

Condition of Records - Collector of Revenues

The records maintained by the Collector of Revenues were reviewed. Computerized cash receipt records were agreed to manual controls daily and in total monthly with no exceptions noted for items tested. No exceptions were noted for the testing of computerized real estate tax billings and billing adjustments for real estate taxes.

Condition of Records - Finance Office

The financial records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for each fund, and was found to be suitable to serve as the basis for financial statement preparation. Control accounts were generally in proof with supporting detail. However, matters were noted with respect to the posting of various transactions, as discussed in the internal control matters section of these comments.

General Capital Fund

During our audit of the General Capital Fund, we noted that several old improvement authorizations had no activity for several years. We also noted that there were improvement authorizations in excess of 5 years old with cash deficit balances. Subsequent to the balance sheet date, the Borough issued General Obligation Bonds to fund these projects. As a result no recommendation is made.

Sewer Billings

The Borough adopted Ordinance 1819-12, which amended the sewer ordinance of the Borough amending the existing user classes schedule as set forth in the code of the Borough. Based on the new ordinance, the Borough billed in the year 2013, sewer usage in the amount of $174,787.27, however not all accounts were billed as required. These accounts were subsequently billed in 2014. As a result of the non-billings, the amount of revenues collected during 2013 was substantially less than the amount of $556,000.00 budgeted for during 2013. Due to a review of the ordinance, it was determined that the billing amounts required adjustments to a total of $330,626.27. The 2013 readings that should have been billed in 2014 were subsequently billed in 2015.

We recommend all sewer billings be processed in accordance with the Borough's ordinances on a timely basis.

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Administration and Accounting of State & Federal Grants

During CY 2014, the Borough operated programs that were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program.

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal controls. Based upon the matrix of requirements applicable to a specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure compliance with the many requirements.

We noted that the Finance office made an effort to review prior years' grant receivable balances and unexpended grant reserve balances for proper disposition at December 31, 2014. It was noted that the Borough continues to carry unexpended balances of grant awards that are several years old. This condition may have resulted from the decentralized management of the various grant programs. In the current environment, it is possible that grant program coordinators may have reported expenditures that were not charged to grant program appropriations. We suggest that the Borough continue to monitor prior years' unexpended grant reserves and that proper disposition is made in compliance with the terms and conditions of the grant agreements.

Internal Control Documentation

Statement on Auditing Standards 115 sets forth requirements upon the auditee that includes the documentation of its internal controls. We suggest the Borough initiate this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance along with providing for this documentation in conjunction with information relating to job descriptions and procedures manual.

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Compliance with N.J.A.C. 5:30:

The Local Finance Board, Department of Community Affairs, State of New Jersey, adopted the following requirements, previously identified as "technical accounting directives" as codified in the New Jersey Administrative Code, as follows:

N.J.A.C. 5:30 – 5.2 - Encumbrance Accounting: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough of Middlesex is in compliance with this directive.

N.J.A.C. 5:30 -5.6 - Fixed Asset Accounting: This directive requires the development and implementation of accounting systems which assigns values to covered assets and can track additions, retirements and transfers of inventoried assets.

It is recommended that the Borough comply with N.J.S.A. 5:30 - 5.6 "Accounting for Governmental Fixed Assets" issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in all respects.

It is recommended the fixed asset inventory be maintained in an accurate and complete manner.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Borough is in compliance with this directive.

Compliance with Local Finance Notices

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:23.17(c)2, and no exceptions were noted for those items tested.

The Borough prepared and filed a corrective action plan for the year 2013, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

RECOMMENDATIONS

We recommend the following:

That all postings to the Borough's general ledger within its financial information processing system be recorded as required.

That sewer billings be processed in accordance with the Borough's ordinances on a timely basis.

That the fixed asset inventory accounting system be maintained in an accurate and complete manner.

* * * * * * * * * *

ACKNOWLEDGMENT

During the course of our audit we received the complete cooperation of the various officials of the Borough, and the courtesies extended to us were greatly appreciated.

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

Very truly yours,

HODULIK & MORRISON, P.A.

Andrew G. Hodulik, CPA, RMA
No. 406