

**COUNTY OF MIDDLESEX
NEW JERSEY**

**SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS
AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014**

WITH
REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04

AND
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

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

COUNTY OF MIDDLESEX, NEW JERSEY

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2014**

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures Of Federal Awards and State Financial Assistance Required by OMB A-133 and NJ OMB 04-04	1 - 3
<u>SCHEDULES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</u>	4
Sch. A - Schedule of Expenditures of Federal Awards	5 - 9
Sch. B - Schedule of Expenditures of State Financial Assistance	10 - 15
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance - Year Ended December 31, 2014	16 - 24
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014</u>	25
Sch. C - Schedule of Findings and Questioned Costs For the Calendar Year Ended December 31, 2014	26 - 30
<u>SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014</u>	31
Sch. D - Summary Schedule of Prior Year Audit Findings for the Calendar Year Ended December 31, 2014	32
<u>SCHEDULE OF SECTION EIGHT MANAGEMENT ASSESSMENT PROGRAM (SEMAP) FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014</u>	33
Sch. E - Schedule of Section Eight Management Assessment Program (SEMAP) For the Calendar Year Ended December 31, 2014	34 - 35

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 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE REQUIRED BY OMB A-133 AND NJ OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

Honorable Director and Members
of the Board of Chosen Freeholders
County of Middlesex, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the County of Middlesex's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" and the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of the County of Middlesex's major federal and state programs for the year ended December 31, 2014. The County 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 requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Middlesex's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 New Jersey 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 County 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 of the County of Middlesex's compliance.

Opinion of each Major Federal and State Program

In our opinion, the County 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 County 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 County of Middlesex's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey 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 County of Middlesex's internal control over compliance.

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

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

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

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

We have audited the balance sheets – regulatory basis of the various funds and governmental fixed assets of the County of Middlesex, New Jersey, as of and for the year ended December 31, 2014 and the related statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise the County of Middlesex's financial statements – regulatory basis. We issued our report thereon dated August 11, 2015, which contained an unmodified opinion on those regulatory basis financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Middlesex's financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the 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. In our opinion, except for the completeness and the categorization of federal and state funding sources for certain grants, along with the reporting of various CFDA and account numbers included within the aforementioned schedules of financial assistance on which we express no opinion, as more fully discussed within the notes to these schedules of expenditures, the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements taken as a whole.

Hodulik & Morrison, P.A.

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

Highland Park, New Jersey
September 28, 2015

**SCHEDULES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

Schedule A
Page 1 of 5

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC.
					FROM	TO			
U. S. Department of Agriculture:									
Pass-through State Department of Agriculture									
Division of Food & Nutrition:									
Child Nutrition Cluster									
National School Lunch Program	10.555	10-3350-100-026-14	50,668	50,668	01/01/14	12/31/14	50,668	50,668	50,668
School Breakfast Program	10.553	10-3350-100-028-14	32,433	32,433	01/01/14	12/31/14	32,433	32,433	32,433
Total Department of Agriculture - Child Nutrition Cluster							83,101	83,101	83,101
U.S. Department of Housing and Urban Development									
Direct Programs:									
CDBG - Entitlement Grants									
Community Development Block Grant	14.218	86-0162-0-1-451	1,784,040	1,784,040	07/01/13	06/30/14	19,498	19,498	19,498
Community Development Block Grant	14.218	86-0162-0-1-451	1,587,033	1,587,033	07/01/12	06/30/13	1,262,292	1,262,292	1,587,033
Total CDBG - Entitlement Grants							1,281,790	1,281,790	1,606,531
Emergency Shelter Grants Program	14.231	86-0192-0-1-604	133,802	133,802	07/01/14	06/30/15	7,101	7,101	7,101
Emergency Shelter Grants Program	14.231	86-0192-0-1-604	115,779	115,779	07/01/13	06/30/14	79,601	79,601	79,601
Emergency Shelter Grants Program	14.231	86-0192-0-1-604	151,265	151,265	07/01/12	06/30/13	27,591	27,591	115,619
Emergency Shelter Grants Program	14.231	86-0192-0-1-604	132,902	132,902	07/01/11	06/30/12			122,935
Total Emergency Shelter Grants Program							114,293	114,293	325,256
Home Investment Partnership Funds	14.239	86-0205-0-1-604	1,042,812	1,042,812	07/01/13	06/30/14			242,953
Home Investment Partnership Funds	14.239	86-0205-0-1-604	1,098,156	1,098,156	07/01/12	06/30/13	493,288	493,288	1,050,626
Home Investment Partnership Funds	14.239	86-0205-0-1-604	1,791,184	1,791,184	07/01/11	06/30/12	777,845	777,845	1,791,184
Total Home Investment Partnership Funds							1,271,133	1,271,133	3,084,763
Low Income Housing Assistance									
Section 8 Voucher Program	14.871	86-0319-0-1-604	4,543,824	4,758,174	07/01/14	06/30/15	4,758,174	4,214,887	4,214,887
Section 8 Voucher Program	14.871	86-0319-0-1-604	4,460,000	4,667,194	07/01/13	06/30/14		538,005	4,667,194
Total Low Income Housing Assistance							4,758,174	4,752,892	8,882,081
Office of Community Planning & Development									
Homeless Management Information System - Coming Home	14.261	86-0192-0-1-604	185,748	185,748	01/01/13	12/31/13	142,050	185,748	185,748
Total Department of Housing and Urban Development							7,567,440	7,605,856	14,084,379
U.S. Department of Justice:									
Pass-through State Department of Law and Public Safety									
Division of Criminal Justice:									
Juvenile Accountability Incentive Block Grant	16.523	66-1500-100-121-14	18,416	20,462	01/01/14	12/31/14	18,416	20,462	20,462
Juvenile Accountability Incentive Block Grant	16.523	66-1500-100-121-12	39,571	43,968	01/01/12	12/31/12	20,390		43,968
Total Juvenile Accountability Incentive Block Grant							38,806	20,462	64,430
Delinquency Prev. through Evidence Based Social Learning	16.540	66-1500-100-026-13	83,145	83,145	01/01/13	12/31/13	47,500	33,687	83,145
Crime Victim Assistance - SART/SANE Project	16.575	66-1020-100-142-14	69,705	69,705	10/01/14	09/30/15	68,763	63,296	63,296
Crime Victim Assistance - SART/SANE Project	16.575	66-1020-100-142-13	74,796	74,796	09/01/13	08/31/14	14,524	16,293	74,638
Crime Victim Assistance - SART/SANE Project	16.575	66-1020-100-142-12	75,935	75,935	09/01/12	08/31/13			74,040
Crime Victim Assistance - Victim Assistance Project	16.575	66-1020-100-142-14	237,133	237,133	03/01/14	02/28/15		237,133	237,133
Crime Victim Assistance - Victim Assistance Project	16.575	66-1020-100-142-13	216,206	216,206	03/01/13	02/28/14	194,038		216,206
Total Crime Victim Assistance							277,325	316,722	665,313
STOP Violence Against Women/Sexual Assault Advocacy	16.588	66-1020-100-246-13	8,425	8,425	01/01/13	12/31/13	8,425	4,108	8,425
STOP Violence Against Women/Victim Witness Advocacy	16.588	66-1020-100-246-14	31,347	31,347	01/01/14	12/31/14	31,347		31,347
STOP Violence Against Women/Sexual Violence Services	16.588	66-1020-100-246-14	22,025	22,025	01/01/14	12/31/14	22,025	21,635	21,635
STOP Violence Against Women/Sexual Violence Services	16.588	66-1020-100-246-13	13,638	13,638	01/01/13	12/31/13	5,114	64	13,093
STOP Violence Against Women/Sexual Violence Services	16.588	66-1020-100-246-11	15,000	15,000	01/01/11	12/31/11			14,873
Total STOP Violence Against Women							66,911	57,154	89,373
JAG Program									
Edward Byrne Memorial Justice Assistance Program - Multi-Jurisdictional Task Force	16.738	66-1020-100-364-14	89,634	89,634	07/01/14	06/30/15	89,634	89,634	89,634
Edward Byrne Memorial Justice Assistance Program - Multi-Jurisdictional Task Force	16.738	66-1020-100-364-14	86,387	86,387	07/01/13	06/30/14		54,000	54,000
Edward Byrne Memorial Justice Assistance Program - Megan's Law	16.738	66-1020-100-417-13	18,082	18,082	04/01/13	03/31/14	18,082	14,522	18,082
Edward Byrne Memorial Justice Assistance Program - Megan's Law	16.738	66-1020-100-417-12	25,916	25,916	04/01/12	03/31/13	19,437		25,916
Total Edward Byrne Memorial Justice Assistance Program							127,153	158,156	187,632

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

Schedule A
Page 2 of 5

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC.
					FROM	TO			
U.S. Department of Justice - (Cont'd)									
Division of Criminal Justice: (Cont'd)									
SPEAK UP Hotline Outreach and Public Education	16.738	66-1020-100-364-10	500,000	500,000	07/01/10	06/30/12		223,823	500,000
Total JAG Program							127,153	381,979	687,632
Division of State Police:									
Interagency Hazardous Materials Public Sector Training & Planning	20.703	66-1200-100-703-14	58,724	58,724	10/01/13	09/30/14		56,119	56,119
Interagency Hazardous Materials Public Sector Training & Planning	20.703	66-1200-100-703-13	12,753	12,753	01/01/13	12/31/13	9,792	9,792	9,792
Total Interagency Hazardous Materials Public Sector Training & Planning Grants							9,792	65,911	65,911
Disaster Grants - Public Assistance - Hurricane Sandy	97.036	66-1200-100-A92-13	4,408,617	4,408,617	01/01/13	12/31/13	4,408,617	4,408,617	4,408,617
Emergency Management Agency Assistance (EMAA)	97.055	66-1005-100-027-13	95,000	95,000	08/01/13	07/31/14		40,000	40,000
Total Department of Justice							4,976,104	5,324,532	6,104,421
U. S. Department of Homeland Security									
Pass-through State Department of Law and Public Safety									
Office of Homeland Security and Preparedness:									
Urban Area Security Initiative	97.008	66-1005-100-008-14	950,000	950,000	09/01/14	08/31/15		62,780	62,780
Urban Area Security Initiative	97.008	66-1005-100-008-13	752,373	752,373	09/01/14	08/31/15		33,271	33,271
Urban Area Security Initiative	97.008	66-1005-100-008-13	721,956	721,956	09/01/13	08/31/15	175,511	160,103	278,031
Urban Area Security Initiative - TOPOFF Exercise	97.008	66-1005-100-008-12	300,000	300,000	09/01/12	08/31/14	299,963	299,963	299,963
Urban Area Security Initiative	97.008	66-1005-100-008-12	345,000	345,000	09/01/12	08/31/14			344,849
Urban Area Security Initiative	97.008	66-1005-100-008-11	1,027,000	1,027,000	01/01/11	07/31/13	27,473		767,810
Urban Area Security Initiative	97.008	66-1005-100-008-12	250,092	250,092	09/01/12	08/31/14	23,325	250,089	250,089
Urban Area Security Initiative	97.008	66-1005-100-008-11	10,000	10,000	01/01/11	12/31/11	3,091		3,091
Urban Area Security Initiative	97.008	66-1005-100-008-12	298,000	298,000	09/01/12	08/31/14	179,204	179,204	297,999
Total Urban Area Security Initiative							708,567	985,410	2,337,883
Homeland Security									
Homeland Security	97.073	66-1005-100-006-13	536,091	536,091	09/01/14	08/31/16			
Homeland Security	97.073	66-1005-100-006-13	447,269	447,269	09/01/13	08/31/15	141,950	157,931	157,931
Homeland Security	97.073	66-1005-100-006-13	721,956	721,956	09/01/13	08/31/15	175,511	160,103	278,031
Homeland Security	97.073	66-1005-100-006-12	389,836	389,836	09/01/12	08/31/14	294,065	313,662	389,549
Homeland Security	97.073	66-1005-100-006-12	779,535	779,535	09/01/12	08/31/14	435,321		779,531
Homeland Security	97.073	66-1005-100-006-10	1,611,035	1,611,035	10/01/10	indefinite			1,575,115
Total Homeland Security							1,046,847	631,696	3,180,157
Total U. S. Department of Homeland Security							1,755,414	1,617,106	5,318,040
U.S. Department of Labor:									
Pass-through State Department of Labor									
WIA Cluster									
Work Force Investment Act -2014									
Adult	17.258	62-4545-100-101-14	1,568,855	1,568,855	07/01/14	06/30/16	94,780	271,489	271,489
Youth	17.259	62-4545-100-101-14	1,902,958	1,902,958	07/01/14	06/30/16	173,280	351,105	351,105
Dislocated Worker	17.278	62-4545-100-101-14	2,462,021	2,462,021	07/01/14	06/30/16	616,620	735,672	735,672
Total Work Force Investment Act - 2014							884,680	1,358,266	1,358,266
Work Force Investment Act -2013									
Adult	17.258	62-4545-100-101-13	1,306,632	1,306,632	07/01/13	06/30/15	918,591	927,655	982,362
Youth	17.259	62-4545-100-249-13	1,368,929	1,568,929	07/01/13	06/30/15	1,331,385	1,171,158	1,471,259
Dislocated Worker	17.278	62-4545-100-105-13	2,223,810	2,223,810	07/01/13	06/30/15	1,951,834	1,947,987	2,218,083
Total Work Force Investment Act - 2013							4,201,810	4,046,800	4,671,704
Work Force Investment Act -2012									
Adult	17.258	62-4545-100-101-12	1,300,072	1,300,072	07/01/12	06/30/14	25,691		1,148,264
Youth	17.259	62-4545-100-249-12	1,389,265	1,389,265	07/01/12	06/30/14			1,325,496
Dislocated Worker	17.278	62-4545-100-105-12	2,312,923	2,312,923	07/01/12	06/30/14			2,316,742
Total Work Force Investment Act - 2012							25,691	-	4,790,502
Total WIA Cluster							5,112,181	5,405,066	10,820,472
WIA National Emergency Grant - Super Storm Sandy	17.277	62-4545-100-377-13	319,927	319,927	10/20/12	04/29/13	13,684		240,521
Total Department of Labor							5,125,865	5,405,066	11,060,993

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

Schedule A
Page 3 of 5

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC
					FROM	TO			
U.S. Department of Transportation									
Pass-through N.J. Department of Transportation									
Highway Planning & Construction									
2014 Capital Transportation Program	20.205	078-6320-480-ALK-14	6,102,300	6,102,300			6,102,300	687,691	687,691
2011 Capital Transportation Program	20.205	078-6320-480-AK2-11	6,052,000	6,052,000				1,286,502	4,408,595
2010 Capital Transportation Program	20.205	078-6320-480-AKT-10	7,750,000	7,750,000				574,288	7,749,172
2009 Capital Transportation Program	20.205	078-6320-480-AKG-09	6,052,000	6,052,000				1,317,760	6,052,000
2008 Capital Transportation Program	20.205	078-6320-480-AJ6-08	6,051,000	6,051,000				3,572,856	6,051,000
2007 Capital Transportation Program	20.205	078-6320-480-AJW-07	6,051,000	6,051,000				977,655	5,934,803
2005/06 Capital Transportation Programs	20.205	078-6320-480-AJ6-06	10,620,000	10,620,000				137,206	10,615,849
2004 Capital Transportation Program	20.205	078-6320-480-AJ6-05	5,310,000	5,310,000				110,717	5,309,817
2002 Capital Transportation Program	20.205	078-6320-480-AJ6-03	5,310,000	5,310,000				603,471	5,113,904
Improvement to Woodbridge Ave/ & Rar. Ctr. Pkwy.	20.205	078-6300-480-DMT	4,066,847	4,066,847					592,863
New Brunswick Bikeway	20.205	078-6300-480-ALB-13	7,833,956	7,833,956			23,503	1,871,497	1,871,497
New Brunswick Bikeway	20.205	078-6300-480-GSV	834,117	834,117	01/01/10	12/31/10			806,536
Bordentown Avenue/Ernst Road Intersection	20.205	078-6300-480-FHY	9,886,179	9,886,179	06/03/10	12/31/13	966,832	5,094	8,174,237
County-wide Guiderail Installation/Replacement - ARRA	20.205	078-6300-480-FAT	6,731,000	6,731,000	06/01/09	12/31/12			3,310,632
County-wide Pavement Resurfacing & Milling - ARRA	20.205	078-6300-480-FAT	7,513,804	7,513,804	06/01/09	12/31/12			5,773,700
Total Highway Planning & Construction							7,092,635	11,144,737	72,452,296
North Jersey Transportation Planning Authority									
Subregional Planning Grant	20.205	69-8083-0-7-401	301,920	301,920	07/01/14	06/30/15	121,453	62,931	62,931
Subregional Planning Grant	20.205	69-8083-0-7-401	150,960	150,960	07/01/13	06/30/14	74,974	37,326	150,960
Subregional Planning Grant - Southern MC Trans. Imp. Study	20.205	69-8083-0-7-401	120,000	120,000	07/01/14	06/30/16	16,132	86,721	86,721
Subregional Planning Grant - Southern MC Trans. Imp. Study	20.205	69-8083-0-7-401	80,000	80,000	07/01/12	06/30/14		4,695	80,000
Total Subregional Planning Grant							212,559	191,673	380,612
Federal Transportation Administration - New Jersey Transit									
New Freedom Grant	20.205	N/A	400,000	400,000	01/01/14	12/31/14		77,849	77,849
New Freedom Grant	20.205	N/A	387,517	387,517	01/01/13	12/31/14	212,916	215,793	387,517
Total New Freedom Grant							212,916	293,642	465,366
Total Highway Planning & Construction							7,518,110	11,630,052	73,298,274
Job Access - Reserve Commute	20.516	69-1125-0-1-401	456,786	456,786	01/01/13	Indefinite	292,038	234,827	408,025
Total Federal Transportation Administration - New Jersey Transit							292,038	234,827	408,025
Highway Safety Cluster:									
Division of Highway Traffic Safety:									
State and Community Highway Safety									
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Don't Drink & Drive	20.601	66-1160-100-057-14	15,435	15,435	10/01/14	09/30/15		334	334
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Don't Drink & Drive	20.601	66-1160-100-057-13	15,435	15,435	10/01/13	09/30/14	13,157	13,157	13,157
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - DWI Enforcement Grant	20.601	66-1160-100-057-14	20,565	20,565	10/01/14	09/30/15	14,960	15,071	15,071
Comprehensive Traffic Safety Program-Move Over Law	20.600	66-1160-100-047-14	70,700	70,700	10/01/14	09/30/15		17,200	17,200
Comprehensive Traffic Safety Program-Move Over Law	20.600	66-1160-100-047-13	74,850	74,850	10/01/13	09/30/14	62,113	53,163	70,013
Total Highway Safety Cluster							90,230	98,925	115,775
Total Department of Transportation							7,900,378	11,963,804	73,822,074
U.S. Department of Education:									
Pass-through State Department of Education									
Title I Grants to Local Educational Agencies -North Brunswick School District	84.010	91-0900-0-1-501	185,215	185,215	01/01/14	12/31/14	185,215	124,071	124,071
Title I Grants to Local Educational Agencies -North Brunswick School District	84.010	91-0900-0-1-501	248,642	248,642	01/01/13	12/31/13		1,088	189,339
Title I Grants to Local Educational Agencies -North Brunswick School District	84.010	91-0900-0-1-501	303,606	303,606	01/01/12	12/31/12			220,897
Title I Grants to Local Educational Agencies -North Brunswick School District - ARRA	84.010	91-0900-0-1-501	107,452	107,452	01/01/10	12/31/10	1,761,743		84,176
Title I Grants to Local Educational Agencies -North Brunswick School District	84.010	91-0900-0-1-501	197,864	197,864	01/01/11	12/31/11			180,160
Title I Grants to Local Educational Agencies -North Brunswick School District	84.010	91-0900-0-1-501	197,997	197,997	01/01/10	12/31/10			181,897
Total Department of Education							1,946,958	125,159	980,540
U.S. Department of Health and Human Services									
Pass-through State Department of Health & Senior Services:									
Division of Aging and Community Services									
Aging Cluster									
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	909	3,069,859	3,423,607	01/01/14	12/31/14	3,069,869	2,382,137	2,382,137
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	46-4275-100-262-13	3,277,132	3,875,852	01/01/13	12/31/13	1,500,250	487,075	2,840,473
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	46-4275-100-262-12	2,631,114	2,987,775	01/01/12	12/31/12	7,928	170,900	2,732,054
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	46-4275-100-262-11	2,791,579	3,148,240	01/01/11	12/31/11		119,966	2,783,708
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	46-4275-100-262-10	2,942,142	3,273,803	01/01/10	12/31/10		225,395	3,270,961
Total Special Programs for the Aging - Title III, Part B - Area Plan Grant for the Aging							4,578,047	3,385,473	14,009,333

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

Schedule A
Page 4 of 5

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC.
					FROM	TO			
U.S. Department of Health and Human Services (Cont'd)									
Pass-through State Department of Health & Senior Services:									
Division of Aging and Community Services									
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-14	1,742,748	2,355,947	01/01/14	12/31/14	1,742,748	1,928,127	1,928,127
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-13	1,761,743	2,376,904	01/01/13	12/31/13	964,104	210,026	2,271,732
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-12	1,704,837	2,315,113	01/01/12	12/31/12			2,214,087
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-11	1,607,553	2,217,829	01/01/11	12/31/11		28,849	1,995,090
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-10	1,654,007	2,289,283	01/01/10	12/31/10		73,853	2,289,283
Total Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals							<u>2,706,852</u>	<u>2,240,855</u>	<u>10,698,319</u>
Total Aging Cluster							<u>7,284,899</u>	<u>5,626,328</u>	<u>24,707,652</u>
State Health Insurance Program	93.779	46-4275-100-056-14	25,000	25,000	01/01/14	12/31/14	18,000	11,077	11,077
State Health Insurance Program	93.779	46-4275-100-056-13	30,000	30,000	01/01/14	12/31/14	12,000	8,670	18,000
Total State Health Insurance Program							<u>30,000</u>	<u>19,747</u>	<u>29,077</u>
Chronic Disease Self-Management Education Programs	93.734	054-7700-100-162	12,000	12,000	10/01/14	08/31/15	12,000	15	15
Chronic Disease Self-Management Education Programs	93.734	054-7700-100-162	12,000	12,000	11/01/13	08/31/14		9,618	9,618
Total Chronic Disease Self-Management Education Programs							<u>12,000</u>	<u>9,633</u>	<u>9,633</u>
National Family Caregiver Support, Title III, Part E	93.052	46-4275-100-331-014	205,000	205,000	01/01/14	12/31/14		175,375	175,375
National Family Caregiver Support, Title III, Part E	93.052	46-4275-100-331-013	295,000	295,000	01/01/13	12/31/13		97,869	290,411
Total National Family Caregiver Support, Title III, Part E							<u>-</u>	<u>273,244</u>	<u>465,786</u>
Division of Family Health Services:									
Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan	93.283	46-4220-100-421-14	130,800	130,800	01/01/14	12/31/14	16,452	25,630	25,630
Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan	93.283	46-4220-100-421-13	130,800	130,800	01/01/13	12/31/13	100,464	81,383	102,838
Total Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan							<u>116,916</u>	<u>107,013</u>	<u>128,468</u>
SSBG - Hurricane Sandy Relief for Medically Fragile Children	93.667	46-4220-100-521-14	65,000	65,000	07/01/14	06/30/15	16,250	32,500	32,500
Division of Epidemiology Comm:									
Public Health Emergency Preparedness	93.069	46-4230-100-360-14	309,130	309,130	09/01/14	08/31/15	48,618	5,511	5,511
Public Health Emergency Preparedness	93.069	46-4230-100-360-13	479,402	479,402	09/01/13	08/31/14	257,535	244,509	244,896
Public Health Emergency Preparedness	93.069	46-4230-100-360-12	750,705	750,705	09/01/12	08/31/13		170,044	743,028
Total Public Health Emergency Preparedness							<u>306,153</u>	<u>420,064</u>	<u>993,435</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	46-4230-100-146-014	196,226	196,226	01/01/14	12/31/14	142,384	193,026	193,026
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	46-4230-100-146-013	189,846	189,846	01/01/13	12/31/13	47,462	95,183	189,846
Total Project Grants and Cooperative Agreements for Tuberculosis Control Program							<u>189,846</u>	<u>288,209</u>	<u>382,872</u>
Division of Family Development:									
TANF Cluster									
Work Force Investment Act									
Temporary Assistance for Needy Families	93.558	62-7550-100-291-14	2,277,406	2,277,406	07/01/14	06/30/16	561,462	680,482	680,482
Temporary Assistance for Needy Families	93.558	62-7550-100-291-13	2,177,406	2,177,406	07/01/13	06/30/15	1,366,477	1,297,707	1,878,747
Temporary Assistance for Needy Families	93.558	62-7550-100-291-12	2,166,544	2,166,544	07/01/12	06/30/14	48,571		1,991,068
Homeless Assistance for Needy Families	93.558	054-7550-100-380-14	214,604	214,604	01/01/14	12/31/14	71,535	71,535	71,535
Total Temporary Assistance for Needy Families (TANF)							<u>2,048,045</u>	<u>2,049,724</u>	<u>4,621,832</u>
ARRA-Emergency Contingency Fund for TANF State Programs	93.714	054-7550-100-517-14	630,000	630,000	10/01/14	09/30/16	20,000	171,605	171,605
ARRA-Emergency Contingency Fund for TANF State Programs	93.714	054-7550-100-517-13	6,613,400	6,613,400	10/01/13	09/30/15	507,650	2,030,875	2,161,000
Total TANF Cluster							<u>527,650</u>	<u>2,202,480</u>	<u>2,332,605</u>
Total TANF Cluster							<u>2,575,695</u>	<u>4,252,204</u>	<u>6,954,437</u>
Pass-through State Departments of Children & Families & Community Affairs:									
Family & Community Partnership									
Division on Women:									
Preventative Health and Health Services Block Grant - Rape Prevention	93.991	16-1630-100-049-14	105,457	105,457	01/01/14	12/31/14	100,262	57,398	57,398
HHS Programs for Disaster Relief - SSBG - Hurricane Sandy Relief (SAARC)	93.065	16-1630-100-059-14	79,148	79,148	05/01/14	06/30/15	50,877	21,088	21,088
HHS Programs for Disaster Relief - SSBG - Hurricane Sandy Relief	93.065	16-1630-100-059-14	57,522	57,522	09/01/13	06/30/14	57,522	52,921	52,921
Total TANF Cluster							<u>108,399</u>	<u>74,009</u>	<u>74,009</u>

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

Schedule A
Page 5 of 5

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC
					FROM	TO			
U.S. Department of Health and Human Services - (Cont'd)									
U.S. Department of Health and Human Services Direct Programs:									
HIV Emergency Relief Program	93.914	75-0350-0-1-550	2,811,684	2,811,684	03/01/14	02/28/15	1,177,316	1,147,895	1,147,895
HIV Emergency Relief Program	93.914	75-0350-0-1-550	2,567,313	2,567,313	03/01/13	02/28/14	1,313,000	1,328,897	2,514,131
HIV Emergency Relief Program	93.914	75-0350-0-1-550	2,697,231	2,697,231	03/01/12	02/28/13	34,964	34,775	2,696,114
Total HIV Emergency Relief Program							<u>2,525,280</u>	<u>2,511,567</u>	<u>6,358,140</u>
Child Enforcement Program - Title IV:									
Courts	93.563	98-9730-100-038-14	481,131	481,131	01/01/14	12/31/14	481,131	481,131	481,131
Sheriff Department	93.563	98-9740-100-040-14	334,997	334,997	01/01/14	12/31/14	334,997	334,997	334,997
Total Child Enforcement Program - Title IV							<u>816,128</u>	<u>816,128</u>	<u>816,128</u>
Total Department of Health and Human Services							<u>14,081,828</u>	<u>14,488,044</u>	<u>41,009,535</u>
Total Federal Financial Assistance							<u>\$ 43,437,088</u>	<u>\$ 46,612,668</u>	<u>\$ 152,663,083</u>

Footnotes:

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

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

Schedule B
Page 1 of 6

STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 PROGRAM RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Agriculture:								
Planning Incentive Grants:								
Indyke Property	010-3380-585-001-1	539,433	539,433	2014	2014	539,433	539,433	539,433
Reinhardt Property	010-3380-585-001-1	629,451	629,451	2014	2014	629,451	629,451	629,451
Total Department of Agriculture						1,168,884	1,168,884	1,168,884
Department of Community Affairs:								
Division of Community Resources:								
Recreation for Individuals Disabilities Progr.	022-8050-100-035-14	35,000	42,000	09/01/13	06/30/14	35,000		22,000
Recreation for Individuals Disabilities Progr.	022-8050-100-035-11	18,000	25,000	09/01/11	06/30/11			22,000
Lead Hazard Control Assistance	022-8050-745-001-09	104,525	104,525	07/01/09	06/30/10			93,393
Office of Smart Growth:								
Cross Acceptance Grant-Right to Farm Program	022-8049-100-006-04	50,000	50,000	04/28/04	02/28/05		13,565	50,000
Cross Acceptance Grant-Right to Farm Program	022-8049-100-006-02	4,516	4,516	04/28/02	02/28/03		4,400	4,516
Total Department of Community Affairs						35,000	17,965	191,909
Department of Children & Families								
Family & Community Partnership								
Rape Prevention & Education	016-1630-100-014-13	106,987	106,987	07/01/12	06/30/13	57,126	97,477	97,477
Total Department of Children & Families						57,126	97,477	97,477
Department of Corrections:								
System Wide Support Program - Reimb. Custody Chgs.								
	026-7025-100-124-13	62,300	62,300	01/01/14	12/31/14	78,320	78,320	78,320
Total Department of Corrections						78,320	78,320	78,320
Department of Environmental Protection:								
Solid Waste Administration:								
Environmental Health Act	042-4855-100-075-14	87,430	143,416	07/01/14	06/30/15		65,800	65,800
Environmental Health Act	042-4855-100-075-14	242,486	451,083	07/01/14	06/30/15		249,125	249,125
Environmental Health Act	042-4855-100-075-13	263,730	740,929	07/01/13	06/30/14	74,125	23,457	720,224
Clean Communities Program								
Clean Communities Program	042-4900-765-005-14	83,789	83,789	01/01/14	12/31/14	83,789	10,775	10,775
Clean Communities Program	042-4900-765-005-13	89,181	89,181	01/01/13	12/31/13		51,067	86,424
Recycling Enhancement Act Tax Entitlement								
Recycling Enhancement Act Tax Entitlement	042-4900-752-008-14	484,461	484,461	01/01/14	12/31/14	484,461	7,745	7,745
Recycling Enhancement Act Tax Entitlement	042-4900-752-008-13	462,266	462,266	01/01/13	12/31/13		199,495	262,505
Recycling Enhancement Act Tax Entitlement	042-4900-752-008-12	485,100	485,100	01/01/12	12/31/12		101,718	481,199
Green Trust Grant								
Medwick Park	042-4800-582-002-14	750,000	750,000	01/01/14	12/31/14	750,000	750,000	750,000
Total Department of Environmental Protection						1,392,375	1,459,182	2,633,797

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 PROGRAM RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Health & Senior Services:								
Child Lead Poison Prevention	046-4220-100-501-14	130,000	130,000	07/01/14	06/30/15	32,501	56,960	56,960
Child Lead Poison Prevention	046-4220-100-501-13	130,000	130,000	07/01/13	06/30/14	97,500	66,143	130,000
Special Child Health-Early Intervention	046-4220-491-011-14	197,350	197,350	07/01/14	06/30/15	49,160	97,477	97,477
Special Child Health-Early Intervention	046-4220-100-129-13	226,097	226,097	07/01/13	06/30/14	138,692	183,106	183,106
Public Health Priority Funding	046-4230-100-307-14	233,252	233,252	01/01/13	12/31/13	233,252	216,917	216,917
Public Health Priority Funding	046-4230-100-307-13	233,252	233,252	01/01/13	12/31/13			212,803
Right to Know	046-4230-100-105-14	18,119	18,119	01/01/14	12/31/14	13,590	9,426	9,426
Right to Know	046-4230-100-105-13	18,119	18,119	01/01/13	12/31/13	4,530	6,097	18,119
Respite Care Services	046-4275-491-082-14	362,164	362,164	01/01/14	12/31/14	301,322	329,351	329,351
Respite Care Services	046-4275-491-082-13	362,164	362,164	01/01/13	12/31/13	60,842	41,747	362,164
Medicaid Waiver Program (JACC)	N/A	57,000	57,000	04/01/14	03/31/15	57,000	49,466	49,466
Medicaid Waiver Program (JACC)	N/A	50,000	50,000	04/01/13	03/31/14	50,000		41,143
Cancer Education & Early Detection	046-4220-100-329-14	834,000	834,000	07/01/14	06/30/15	35,000	79,235	79,235
Cancer Education & Early Detection	046-4220-100-329-13	834,000	834,000	07/01/13	06/30/14	505,126	468,062	611,201
Cancer Education & Early Detection	046-4220-100-329-12	32,150	32,150	07/01/12	06/30/13		1,070	27,270
County Wide Transportation Program	046-4110-100-248-14	195,000	1,194,312	01/01/14	12/31/14		1,026,674	1,026,674
County Wide Transportation Program	046-4110-100-248-13	195,000	1,194,312	01/01/13	12/31/13	195,000	139,189	1,194,312
Tuberculosis Control Program	046-4230-100-080-14	221,121	221,121	07/01/14	06/30/15	38,910	46,544	46,544
Tuberculosis Control Program	046-4230-100-080-13	219,121	219,121	07/01/13	06/30/14	219,121	120,095	219,121
County Comprehensive Alcohol & Drug Abuse Program	046-4240-100-024-14	1,219,437	1,219,437	01/01/14	12/31/14	971,316	1,154,378	1,154,378
County Comprehensive Alcohol & Drug Abuse Program	046-4240-100-024-13	1,251,806	1,251,806	01/01/13	12/31/13	296,299	159,680	1,251,806
Total Department of Health & Senior Services						3,299,161	4,251,617	7,317,473

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

**Schedule B
Page 3 of 6**

STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 PROGRAM RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Human Services:								
Division of Youth and Family Services: Youth Incentive Program	016-1620-100-013-14	47,550	47,550	01/01/14	12/31/14	47,550	47,550	47,550
Human Service Advisory Council	016-1630-100-024-14	317,261	373,006	01/01/14	12/31/14	317,261	314,491	314,491
Human Service Advisory Council	016-1630-100-024-13	377,261	433,006	01/01/13	12/31/13		109,490	292,095
Human Service Advisory Council	016-1630-100-024-12	104,761	160,506	01/01/12	12/31/12		1,049	144,983
Human Service Advisory Council	016-1630-100-024-11	142,261	198,006	01/01/11	12/31/11			152,817
Human Service Advisory Council	016-1630-100-024-09	142,261	198,006	01/01/09	12/31/09		1,571	182,151
Human Service Advisory Council	016-1630-100-024-08	87,762	143,507	01/01/08	12/31/08		11,123	143,507
DYFS-Services to Homeless	054-7550-100-072-14	816,311	816,311	01/01/14	12/31/14	268,308	521,716	521,716
DYFS-Services to Homeless	054-7550-100-072-13	631,740	631,740	01/01/13	12/31/13	105,802	139,889	631,740
Division of Disability Services:								
Personal Attendant Program	054-7545-100-005-14	78,000	78,000	01/01/14	12/31/14	78,000	78,000	78,000
Personal Attendant Program	054-7545-100-005-13	78,000	78,000	01/01/13	12/31/13		6,936	78,000
Work First Transportation	054-7550-100-291-14	211,890	211,890	07/01/14	06/30/16		37,900	37,900
Work First Transportation	054-7550-100-291-13	211,890	211,890	07/01/13	06/30/15	57,753	84,915	211,890
Division of Mental Health Services:								
RBMHC Master Maintenance Contract	N/A	50,000	50,000	04/01/09	03/31/10			41,870
State Assumption of Costs:								
Social & Welfare Services:	054-7550-100-125-14	1,246,310	1,246,310	01/01/14	12/31/14	1,246,310	1,246,310	1,246,310
Suppl. S.S.I.	054-7700-100-029-14	729,793	729,793	01/01/14	12/31/14	729,793	729,793	729,793
Total Department of Human Services						2,850,777	3,330,733	4,854,813
Department of Labor								
Division of Employment Services:								
Workforce Learning Link	062-4545-767-003-14	189,000	189,000	07/01/14	06/30/16	64,310	61,803	61,803
Workforce Learning Link	062-4545-767-003-13	149,906	149,906	07/01/13	06/30/15	90,700	85,332	144,100
Total Department of Labor						155,010	147,135	205,903

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

**Schedule B
Page 4 of 6**

STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 PROGRAM RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Law & Public Safety:								
Division of Criminal Justice:								
Body Armor Program	066-1020-718-001-14	100,218	100,218	01/01/14	12/31/14	100,218	14,357	14,357
Body Armor Program	066-1020-718-001-13	42,393	42,393	01/01/13	12/31/13		21,052	21,052
Body Armor Program	066-1020-718-001-12	50,957	50,957	01/01/12	12/31/12		7,146	40,218
Body Armor Program	066-1020-718-001-11	41,081	41,081	01/01/11	12/31/11		730	21,671
Body Armor Program	066-1020-718-001-10	13,830	13,830	01/01/10	12/31/10		6,311	13,830
Body Armor Program	066-1020-718-001-09	49,404	49,404	01/01/09	12/31/09		23,100	49,404
Body Armor Program	066-1020-718-001-08	55,686	55,686	01/01/08	12/31/08		24,456	55,671
Insurance Fraud Reimbursement	066-1020-100-305-14	250,000	250,000	01/01/14	12/31/14	60,401	112,670	112,670
Juvenile Justice Commission:								
Family Court Services-Crisis Intervention	066-1500-100-021-14	249,824	249,824	01/01/14	12/31/14	50,782	168,721	168,721
Family Court Services-Crisis Intervention	066-1500-100-021-13	253,853	253,853	01/01/13	12/31/13	187,083	77,316	253,853
Juvenile Detention Education	066-1500-100-032-14	310,511	499,511	01/01/14	12/31/14	212,942	224,263	224,263
Juvenile Detention Education	066-1500-100-032-13	274,500	531,000	01/01/13	12/31/13		178,363	498,602
Juvenile Detention Education	066-1500-100-032-12	423,000	751,500	01/01/12	12/31/12			175,466
Juvenile Detention Education	066-1500-100-032-11	420,750	607,500	01/01/11	12/31/11		435	460,581
Juvenile Detention Education	066-1500-100-032-08	254,250	508,500	01/01/08	12/31/08		1,947	494,975
Juvenile Detention Education	066-1500-100-032-07	270,000	513,000	01/01/07	12/31/07			499,003
Juvenile Detention Education	066-1500-100-032-06	308,250	560,250	01/01/06	12/31/06		24,199	546,970
Juvenile Detention Education	066-1500-100-032-04	274,500	526,500	01/01/04	12/31/04		17,402	526,505
Juvenile Detention Education	066-1500-100-032-03	327,500	579,500	01/01/03	12/31/03		8,135	576,849
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-14	491,024	491,024	01/01/14	12/31/14	77,878	307,870	307,870
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-13	798,894	798,894	01/01/13	12/31/13	165,186	6,372	630,422
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-12	798,894	798,894	01/01/12	12/31/12		6,846	475,670
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-11	798,894	798,894	01/01/11	12/31/11		565	483,898
Juvenile Detention Alternative Initiative (JDAI)	066-1500-100-237-14	120,000	120,000	01/01/14	12/31/14	17,389	60,920	60,920
Juvenile Detention Alternative Initiative (JDAI)	066-1500-100-237-13	120,000	120,000	01/01/13	12/31/13	56,231	56,232	56,232
Middlefields Group Home	066-1500-100-032-14	349,000	349,000	01/01/14	12/31/14	245,398	311,533	311,533
Middlefields Group Home	066-1500-100-032-13	700,000	700,000	01/01/13	12/31/13		2,883	653,014
Middlefields Group Home	066-1500-100-032-12	939,875	939,875	01/01/12	12/31/12			655,302
Community Partnership Grant Prog.	066-1500-100-007-14	441,367	441,367	01/01/14	12/31/14	159,131	370,363	370,363
Community Partnership Grant Prog.	066-1500-100-007-13	465,154	465,154	01/01/13	12/31/13	399,167	92,121	465,354
Total Department of Law & Public Safety						1,731,806	2,126,308	9,225,239

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 PROGRAM RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Military & Veteran Affairs:								
Veteran Transportation Support Prog.	067-3610-100-058-14	46,000	46,000	07/01/14	06/30/15	31,332	45,571	45,571
Veteran Transportation Support Prog.	067-3610-100-058-13	46,000	46,000	07/01/13	06/30/14	14,668	6,209	46,000
Total Department of Military & Veteran Affairs						46,000	51,780	91,571
Department of State:								
N.J. Council on Arts								
Folk Arts Program	074-2530-100-032-14	17,353	22,353	01/01/14	12/31/14	17,353	2,300	2,300
Folk Arts Program	074-2530-100-032-13	17,353	22,353	01/01/13	12/31/13	8,676	15,661	19,343
Folk Arts Program	074-2530-100-032-12	17,353	22,353	01/01/12	12/31/12		750	22,353
Folk Arts Program	074-2530-100-032-11	17,353	22,353	01/01/11	12/31/11		1,058	22,353
Folk Arts Program	074-2530-100-032-10	18,266	23,266	07/01/10	06/30/11		1,500	23,266
Folk Arts Program	074-2530-100-032-09	17,396	22,396	07/01/09	08/31/10		183	22,396
Folk Arts Program	074-2530-100-032-08	23,194	28,194	07/01/08	08/31/09		111	28,194
Folk Arts Program	074-2530-100-032-06	24,633	29,633	07/01/06	08/31/07		330	29,633
Service to the Field	074-2530-100-032-13	163,864	208,864	01/01/13	12/31/13	122,898	189,536	192,411
Service to the Field	074-2530-100-032-12	163,864	208,864	01/01/12	12/31/12	24,580	27,712	202,647
Service to the Field	074-2530-100-032-11	163,864	208,864	01/01/11	12/31/11	23,004	8,288	208,864
Service to the Field	074-2530-100-032-10	153,864	198,864	09/01/10	12/31/11		676	198,824
Service to the Field	074-2530-100-032-09	142,467	187,467	09/01/09	12/31/10		759	187,467
Service to the Field	074-2530-100-032-08	189,956	234,956	09/01/08	12/31/09		450	234,956
N. J. Historical Commission	074-2540-100-105-14	134,591	143,091	01/01/14	12/31/14	67,296	31,637	31,637
N. J. Historical Commission	074-2540-100-105-13	134,591	143,091	01/01/13	12/31/13	67,296	101,504	123,884
N. J. Historical Commission	074-2540-100-105-12	134,683	143,183	01/01/12	12/31/12		6,345	119,763
N. J. Historical Commission	074-2540-100-105-11	134,635	143,135	07/01/11	06/30/12		7,173	135,519
N. J. Historical Commission	074-2540-100-105-10	134,835	143,335	07/01/10	06/30/11		11,830	124,364
N. J. Historical Commission	074-2540-100-105-09	112,249	120,749	07/01/09	06/30/10		2,800	120,749
N. J. Historical Commission	074-2540-100-105-08	122,010	129,010	07/01/08	06/30/09		112	128,722
N. J. Historical Commission	074-2540-100-105-07	147,000	154,000	07/01/07	06/30/08		2,420	154,000
N. J. Historical Commission	074-2540-100-105-06	126,900	133,900	07/01/06	06/30/07		230	133,900
Realin' Em In: Marketing History	074-2530-100-032-14	3,000	3,000	01/01/14	12/31/14	3,000	3,000	3,000
Division of Elections:								
Extended Polling Place Hours	074-2525-100-007-14	612,684	612,684	01/01/14	12/31/14	612,684	612,684	612,684
2013 Special Election		2,164,915	2,164,915	01/01/13	12/31/13	1,826,768	1,826,768	1,826,768
Total Department of State						2,773,555	2,855,817	4,909,997
Governor's Council on Alcoholism & Drug Abuse:								
Drug Enforcement Demand Reduction	082-2000-100-044-14	750,101	750,101	01/01/14	12/31/14		42,190	42,190
Drug Enforcement Demand Reduction	082-2000-100-044-13	1,118,178	1,118,178	01/01/13	12/31/13	622,445	567,507	1,020,093
Drug Enforcement Demand Reduction	082-2000-100-044-12	759,449	759,449	01/01/12	12/31/12			748,047
Total Governor's Council on Alcoholism & Drug Abuse						622,445	609,697	1,810,330

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

Schedule B
Page 6 of 6

STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2014 PROGRAM RECEIPTS	2014 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Education:								
County College Bonds	Ch. 12, P.L. 1971	1,906,842	1,906,842	01/01/14	12/31/14	1,906,842	1,906,842	1,906,842
Vocational School Bonds	034-5120-495-017-14	5,974	5,974	01/01/14	12/31/14	5,974	19,907	5,974
Total N.J. State Department of Education						<u>1,912,816</u>	<u>1,926,749</u>	<u>1,912,816</u>
Department of Transportation:								
Highway Planning & Construction								
Local Bridge Bond Act 99		4,074,114	4,074,114		Indefinite			1,000,000
Local Bridge Bond Act 99		11,012,000	11,012,000		Indefinite			9,876,113
Bridge 5-B-112 - Barclay		1,000,000	1,000,000	01/01/11	12/31/11			806,860
Total N.J. Department of Transportation						<u>-</u>	<u>-</u>	<u>11,682,973</u>
N.J. Transit Corp.:								
Senior Citizen & Disabled Resident								
Transportation Assistance	N/A	1,453,517	1,453,517	01/01/14	12/31/14	1,185,428	1,406,754	1,406,754
Transportation Assistance	N/A	1,778,189	1,778,189	01/01/13	12/31/13	212,916	10,397	1,665,594
South Amboy Shuttle	N/A	227,176	227,176	01/01/14	12/31/14	92,801	110,396	110,396
South Amboy Shuttle	N/A	227,634	227,634	01/01/13	12/31/13	123,278	141,871	227,634
Total N.J. Transit Corp.						<u>1,614,423</u>	<u>1,669,418</u>	<u>3,410,378</u>
Total State Financial Assistance						<u>\$ 17,737,698</u>	<u>\$ 19,791,082</u>	<u>\$ 49,591,880</u>

- 15 -

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

N/A - Not Available

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

COUNTY OF MIDDLESEX
NEW JERSEY

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Note 1: General

The accompanying schedules present the activity of federal and state financial assistance programs of the County of Middlesex, New Jersey. All federal financial assistance received directly from the federal government, as well as federal financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards. All state financial assistance received from the State of New Jersey is included on the Schedule of Expenditures of State Financial Assistance. The accompanying Schedules are the responsibility of the County. The County has prepared the Schedules.

Note 2: Organization and Basis of Accounting

Organization

The County of Middlesex, New Jersey ("County") is the prime sponsor and subrecipient of various federal and state grant funds. The County has designated the administration of grant programs and the reporting function to various departments within the County. Substantially all grant and program cash funds are co-mingled with the County's other funds, although each grant is accounted for separately within the County's financial records, however, the County maintains separate accounts where required. The County Comptroller's office performs accounting functions for all grants, as well as the various departments.

Basis of Accounting

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

County federal and state grants are presented within the County's overall financial statements on the basis of accounting in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**COUNTY OF MIDDLESEX
NEW JERSEY**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Note 2: Organization and Basis of Accounting (Cont'd.)

Basis of Accounting (Cont'd.)

Accordingly, the financial statements of the County are not intended to present financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The accounting principles and practices prescribed for municipalities and counties by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences, as disclosed in the Notes to Financial Statements – Regulatory Basis for the year ended December 31, 2014, as included in our report dated August 11, 2015, 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 County budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the County 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.

Had the financial statements of the County been prepared under generally accepted accounting principles, in the current fund, revenues susceptible to accrual would have been reflected without offsetting reserves, and inventories would not be reflected as expenditures at the time of purchase.

Expenditures

For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the County "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services 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 refer 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

COUNTY OF MIDDLESEX
NEW JERSEY

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Note 2: Organization and Basis of Accounting (Cont'd.)

Basis of Accounting (Cont'd.)

Expenditures (Cont'd.)

may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred 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. For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the County 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 would represent the designation of fund balance.

Compensated Absences

The County records expenditures for earned, but unused vacation and sick leave in the accounting period that the payments are made to the employee pursuant to established personnel policy procedures. GAAP requires that expenditures be recorded in the governmental (Current) fund in the amount that would normally be liquidated with available financial resources.

Inventories of Materials and Supplies

The cost of inventories of materials and supplies for all funds are recorded as expenditures at the time individual items are purchased. For the year ended December 31, 2014, the cost of inventories of material and supplies are included on the Current Fund balance sheet for inventory that has been established at year

COUNTY OF MIDDLESEX
NEW JERSEY

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Note 2: Organization and Basis of Accounting (Cont'd.)

Basis of Accounting (Cont'd.)

Inventories of Materials and Supplies (Cont'd)

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

Lease Purchase Agreements

The County's participation in lease purchase agreements is reflected by the annual appropriation of minimum lease payments within the County's operating budgets. The terms of the lease, including total future minimum lease payments are disclosed solely in the Notes to Financial Statements. GAAP requires the value of the lease purchase agreement to be recorded in the Capital Projects Fund and the recording of the non-current lease payments in the Debt Service Fund.

Governmental Fixed Assets

New Jersey Administration Code 5:30-5.6, issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, established a mandate for fixed asset accounting by municipalities and counties, effective December 31, 1985. Assets acquired through December 31, 1985 were valued based on actual costs, where available, and other methods, including current replacement values and estimated historical costs. Assets acquired subsequent to December 31, 1985 were valued based on actual costs. The initial inventory for assets acquired through December 31, 1985 utilized a \$1,000 threshold. For all assets acquired subsequent to December 31, 1985, the threshold is \$300. Improvements other than buildings consist of "infrastructure" fixed assets such as roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, etc., are excluded from governmental fixed assets. Depreciation is not recorded in governmental fixed assets.

Interfunds

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

COUNTY OF MIDDLESEX
NEW JERSEY

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Note 2: Organization and Basis of Accounting (Cont'd.)

Basis of Accounting (Cont'd.)

Self Insurance Reserves

Charges to self-insurance reserves are recorded when payments of claims and related expenses are made. Increases to self-insurance reserves are recorded from budgetary appropriations in the accounting period which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash.

GAAP requires that liabilities for incurred claims be recorded as determined actuarially, and that operating transfers to self-insurance funds not exceed the amount determined.

Other Matters

Local Contributions

Local matching contributions are required by certain grants and in certain instances are provided from in-kind payroll costs attributable to the administration of grants and from funds raised within the County's budget. The percentage of matching contributions varies within each program. The Schedules of Expenditures of Federal Awards and State Financial Assistance include program matching fund expenditures where required.

Reserve for Encumbrances Canceled

Prior year canceled encumbrances are re-programmed into program reserves balances for Federal & State grants/awards appropriated for expenditure.

Grant Program Expenditures/Receipts Reported on Schedules

*Certain programs, report expenditures/receipts of prior year grant program awards/amounts.

*Prior year grant awards/amounts canceled are not reflected on the Schedules.

*Federal award amounts reported on the Schedule of Expenditures of Federal Awards includes State and County matching funds, where applicable.

COUNTY OF MIDDLESEX
NEW JERSEY

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Note 2: Organization and Basis of Accounting (Cont'd.)

Basis of Accounting (Cont'd.)

Indirect Costs

To facilitate equitable distribution of common purpose costs benefiting more than one grant or program, the County has developed a countywide indirect cost allocation formula.

Resource Recovery Investment Tax

The County of Middlesex has assigned the Resource Recovery Investment Tax Grant Program to the Middlesex County Improvement Authority in accordance with the Middlesex County Solid Waste Management Plan. Accordingly, the Resource Recovery Investment Tax is not included on the Schedule of State Financial Assistance.

Capital Improvement Program-Raritan Center Overpass

The County of Middlesex has assigned, by agreement, the Capital Improvement Program - Raritan Center Overpass Project to the Middlesex County Improvement Authority. Accordingly, the Capital Improvement Program - Raritan Center Overpass Project is included on the Schedule of State Financial Assistance of the Middlesex County Improvement Authority for current year activity, if applicable.

Capital Improvement Program – Sewaren Marina Park Development

The Middlesex County Improvement Authority is administering the Sewaren Marina Park Development. The project has been awarded funds by the New Jersey Department of Environmental Protection through the Green Acres program and Hazardous Site Remediation Program.

Other Assistance

The Schedule of State Financial Assistance includes amounts from the State of New Jersey subject to review by State representatives, as follows:

State Assumption of Costs

- * State Cost - Social & Welfare Services - Supplemental S.S.I.

**COUNTY OF MIDDLESEX
NEW JERSEY**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Note 2: Organization and Basis of Accounting (Cont'd.)

Basis of Accounting (Cont'd.)

Non-Cash Federal Awards

The County did not report any non-cash Federal or State awards during the calendar year 2014.

Notification of Federal Awards

The State of New Jersey reports notification of federal award amounts included in state grant allocations on the state fiscal year basis. The County has utilized an allocation of reported amounts for recording and reporting federal financial awards on the County's fiscal reporting period.

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the County's financial statements prepared on the basis of accounting in accordance with accounting principles and practices 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.

Note 4: Subrecipients

Of the federal expenditures presented in the schedule, the County of Middlesex provides federal awards to subrecipients as follows:

<u>CFDA NUMBER</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipient</u>
14.218	Community Development Block Grant – Entitlement Grant	\$1,057,769
93.044	Special Programs for the Aging Title III, Part B	\$649,019
93.045	Special Programs for the Aging Title III, Part C	\$778,450

COUNTY OF MIDDLESEX
NEW JERSEY

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Note 5: Major Program Identification

The County of Middlesex has been notified by various U.S. Departments that certain programs are to be considered as major programs, regardless of the risk assessment determination process, as follows:

<u>Department</u>	<u>Program</u>
U.S. Department of Housing And Urban Development	Community Development Block Grants/Entitlement Grants
U.S. Department of Labor	Workforce Investment Act Grant

Note 6. Disaster Grants – Public Assistance – Hurricane Sandy

Amounts reported as eligible reimbursable expenditures for Hurricane Sandy related costs are subject to additional audits by the DHS Office of the Inspector General and State auditors. Furthermore, amounts deemed eligible for reimbursement based upon these audits will be reduce by any insurance recoveries received by the County. The amounts, if any of potential insurance recoveries has not been determined. Based on the OMB Circular A-133 grant compliance supplement issued in March 2014, entities must record expenditures on the SEFA when FEMA has approved the entity's Project Worksheet (PW) and the entity has incurred the eligible expenditures. The County's PW and eligible expenditures were approved during 2014.

Note 7: Opinion on the Schedules of Expenditures of Federal Awards and State Financial Assistance

The County of Middlesex is a recipient of considerable grant awards. Due to weaknesses in the grant notification process followed by agencies that pass-through federal and state assistance to the County, the County does not always receive accurate and timely information with respect to grant funding sources along with the relevant CFDA and account number information from its grantor agencies, which can inhibit the accuracy of information contained in the schedules of expenditures of federal awards and state financial assistance. County management has asserted that all reasonable efforts have been made to obtain the appropriate relevant evidence to support the reported federal and state award categories and the CFDA and state grant account numbers presented in the schedules; however County management is unable to make definitive representations as to the completeness and accuracy of this information due to the deficiencies in pass-through grantor reporting.

COUNTY OF MIDDLESEX
NEW JERSEY

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Note 8: Contingencies

The County participates in a number of federal and state assisted programs that are subject to audit and adjustment by the respective grantors. The audits of these programs for or including the year ended December 31, 2014, may have not been conducted or completed as of the date of this report. Grantor agencies reserve the right to conduct additional audits of the County's grant program for economy, efficiency, and program results, which may result in disallowed costs to the County. However, County management does not believe such audits would result in any material amounts of disallowed costs.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

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

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

Federal Awards (Cont’d)

Identification of major programs (Cont’d):

<u>CFDA Number(s)</u>	<u>Name of Federal Program(s) or Cluster(s)</u>
<u>20.205</u>	<u>Highway Planning and Construction</u> <u>TANF Cluster</u>
<u>93.558</u>	<u>Temporary Assistance for Needy Families</u> <u>ARRA-Emergency Contingency Fund</u> <u>for TANF State Programs</u>
<u>93.714</u>	<u>Aging Cluster</u>
<u>93.044</u>	<u>Special Programs for the Aging – Title III, Part B</u>
<u>93.045</u>	<u>Special Programs for the Aging – Title III, Part C</u>
<u>93.914</u>	<u>HIV Emergency Relief Program</u>
<u>97.036</u>	<u>Disaster Grants – Public Assistance – Hurricane Sandy</u>

Dollar threshold used to distinguish between type A and B programs: \$1,398,380

Auditee qualified as low-risk auditee? X Yes No

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$593,732

Auditee qualified as low-risk auditee? X Yes No

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

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

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

State Awards (Cont’d)

Internal Control over financial reporting:

- 1) Material weakness(es) identified? _____ Yes No
- 2) Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes None reported

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

Identification of major programs:

<u>Account/Contract/Agreement Number(s)</u>	<u>Name of State Program(s)</u>
010-3380-585-001-1	Planning Incentives
016-1630-100-024-14	Human Service Advisory Council
042-4800-582-002-14	Green Trust: Medwick Park
042-4855-100-075-14	Environmental Health Act
046-4110-100-248-14	County Wide Transportation Program
054-7700-100-029-14	Suppl. S.S.I
062-4545-767-003-14	Workforce Learning Link
066-1500-100-007-14	Community Partnership Grant
066-1500-100-032-14	Juvenile Detention Education
N/A	NJ Transit

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

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 Deficiency(ies)/Material Weaknesses

None noted

Noncompliances

None noted

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

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

This section identifies 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 Circular 04-04.

FEDERAL & STATE AWARD PROGRAMS:

Significant Deficiency(ies)/Material Weaknesses

None noted

Noncompliances

None noted

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

COUNTY OF MIDDLESEX, NEW JERSEY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014

None

**SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Below are our findings with respect to the SEMAP Indicators No. 1 through No. 8:

1. Performance Indicator #1 – Selection from the Waiting List

We have reviewed the written policies in the administration plan for selecting applicants from the waiting list and have determined that these policies are being followed when selecting applicants for admission from the waiting list.

A control log is kept which indicates the number, name, address, race, sex, and family status, bedroom size and whether they have a preference where they can find a place of residency.

Based on our testing, the County is in compliance with Performance Indicator #1.

2. Performance Indicator #2 – Reasonable Rent

We have reviewed the written policies in determining reasonableness of rent charged and have found such procedures to be satisfactory. The County reviews the amount of rent charged on annual basis for the individuals. A Certificate for Rent Reasonableness is completed indicating the name of the family, the owner of the property and the address of the owner. The questionnaire also includes the amount of rent along with the comparable rent for similar type property.

Based on our testing, the County is in compliance with Performance Indicator #2.

3. Performance Indicator #3 – Determination of Adjusted Income

We have selected a sample of the Form HUD-50058 for our audit which indicates that the HA has performed its annual reexamination of the amount of annual income that each family is receiving. The forms are completed on an annual basis.

Based on our testing, the County is in compliance with Performance Indicator #3.

4. Performance Indicator #4 – Utility Allowance Schedule

We have obtained the latest available Allowances for Tenant-Furnished Utilities And Other Services report, which is dated January 1, 2014. This report covers the period under audit.

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014**

Below are our findings with respect to the SEMAP Indicators No. 1 through No. 8: (Cont'd.)

5. Performance Indicator #5 – HQS Quality Control Inspections

We have selected a sample of the Form HUD-52580 for our audit which indicates that the HA has performed its HQS reinspections. The sample was drawn from inspections that were completed during January 1, 2014 and December 31, 2014.

Based on our testing, the County is in compliance with Performance Indicator #5.

6. Performance Indicator #6 – HQS Enforcement

Per conversation with the Supervisor of Housing Programs, a sample of the HQS Quality Control Inspections is reviewed for completeness and accuracy. No items selected indicated any deficiencies within the Form HUD-52580 reports.

Based on our testing, the County is in compliance with Performance Indicator #6.

7. Performance Indicator #7 – Expanding Housing Opportunities

We have reviewed the written policies regarding expanding housing opportunities and the policy indicates the participation of owners of units located outside areas of poverty and minority concentration. The County provided maps of the area, a list of communities and other participating nearby PHA's, contact persons and telephone numbers.

Based on our testing, the County is in compliance with Performance Indicator #7.

8. Performance Indicator #8 – Deconcentration Bonus

The County does not qualify for the Deconcentration Bonus, therefore the County does not submit the Form HUD-52648.

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

CPA'S

ACCOUNTANTS OF N.J.
JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF

REGISTERED MUNICIPAL

INDEPENDENT AUDITOR'S REPORT

Honorable Director and Members
of the Board of Chosen Freeholders
County of Middlesex
New Brunswick, New Jersey 08903

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the County of Middlesex, New Jersey, as of and for the years ended December 31, 2014 and 2013 and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis for the 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 County of Middlesex, New Jersey, as of December 31, 2014 and 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the 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 Matters

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements of the County of Middlesex, New Jersey. The information included in Part II – Supplementary Schedules and Part III – 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 County of Middlesex, New Jersey. The Part II – 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 III - 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 August 11, 2015 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Accounting Standards* and should be considered in assessing the results of our audit.

 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
August 11, 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
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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 Director and Members
of the Board of Chosen Freeholders
County of Middlesex
New Brunswick, New Jersey 08903

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 County of Middlesex as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County of Middlesex's financial statements and have issued our report thereon dated August 11, 2015. Our report was modified because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2 and was unqualified based upon the Other Comprehensive Basis of Accounting financial statements presentation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County 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 County of Middlesex's internal control. Accordingly, we do not express an opinion on the effectiveness of the County 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County 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.

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.
Certified Public Accountants
Public School Accountants

Highland Park, New Jersey
August 11, 2015

COUNTY OF MIDDLESEX, NEW JERSEY
FINANCIAL STATEMENTS – REGULATORY BASIS

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2014 AND DECEMBER 31, 2013

<u>ASSETS</u>	REF.	<i>As of December 31,</i>	
		2014	2013
Regular Fund:			
Cash and Investments	A - 4	\$ 70,378,281	\$ 76,166,067
Cash - Change Fund Reserve	Reserve	600	600
Local Grants Receivable	A - 5	484,508	103,166
State and Federal Grants Receivable	A - 6	48,637,511	54,453,739
<i>Total Regular Fund Assets</i>		<u>119,500,900</u>	<u>130,723,572</u>
Receivables and Other Assets with Full Reserves:			
Inventory	A - 7	1,550,644	1,575,345
Added & Omitted Taxes Receivable	A - 8	215,744	371,184
Revenue Accounts Receivable	A - 9	392,095	557,779
Pre-Paid Rent	A - 19	300,619	-
<i>Total Receivables and Other Assets with Full Reserves</i>		<u>2,459,102</u>	<u>2,504,308</u>
Total Assets		<u>\$ 121,960,002</u>	<u>\$ 133,227,880</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-10	12,761,636	\$ 11,286,415
Reserve for Encumbrances	A - 11	19,626,375	20,210,561
Accounts Payable	A - 12	582,778	1,028,828
Payroll Deductions	A - 13	1,166,906	1,170,922
Unappropriated Reserves	A - 15	140,608	164,881
Reserve for Local Grants:			
Appropriated	A - 14	2,174,584	3,280,565
Unappropriated	A - 18	1,067,671	632,066
Reserve for Federal & State Grants:			
Appropriated	A - 16	46,326,069	63,808,419
Unappropriated	A - 17	1,037,067	1,175,436
<i>Total Liabilities and Reserve for Grants</i>		<u>84,883,694</u>	<u>102,758,093</u>
Reserve for Receivables	Reserve	2,459,102	2,504,308
Fund Balance	A - 1	34,617,206	27,965,479
Total Liabilities, Reserves and Fund Balance		<u>\$ 121,960,002</u>	<u>\$ 133,227,880</u>

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

	REF.	<i>For the year ended December 31,</i>	
		2014	2013
Revenues:			
Miscellaneous Revenue Anticipated	A - 2	\$ 105,794,651	\$ 114,845,319
Receipts from Current Taxes	A - 2	348,338,454	336,685,000
Receipts from Added and Omitted Taxes	A - 2	1,910,689	1,407,959
Miscellaneous Revenues Not Anticipated	A - 2	2,399,891	2,743,848
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A - 10	983,781	210,000
Accounts Payable Cancelled	A - 12	927,825	57,974
<i>Total Income</i>		<u>460,355,291</u>	<u>455,950,100</u>
Expenditures:			
Budget Appropriations:			
Salaries and Wages	A - 3	114,019,902	107,792,800
Other Expenses	A - 3	198,897,647	195,261,273
Public and Private Programs	A - 3	45,066,571	51,141,986
Debt Service	A - 3	68,244,493	67,897,374
Capital Improvements	A - 3	1,250,000	1,000,000
Deferred Charges and Statutory Expenditures	A - 3	25,664,743	25,886,703
Other Debits to Income:			
Return of Prior Year Revenue	A - 4		30,632
Federal & State Grants Receivable - Cancellations (Net)	A - 6	259,589	61,223
Pre-Paid Rent	A-19	300,619	
<i>Total Expenditures</i>		<u>453,703,564</u>	<u>449,071,991</u>
<i>Excess in Revenue</i>		6,651,727	6,878,109
Fund Balance, January 1	A	<u>27,965,479</u>	<u>21,087,370</u>
Fund Balance, December 31,	A	<u>\$ 34,617,206</u>	<u>\$ 27,965,479</u>

See accompanying notes.

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

EXHIBIT A-2
PAGE 1 OF 7

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
Miscellaneous Revenues:						
Local Revenues:						
County Clerk	A-9	\$ 8,639,400			\$ 7,919,253	\$ (720,147)
Surrogate	A-9	480,600			795,791	315,191
Sheriff	A-9	466,100			1,028,562	562,462
Fines	A-9	241,000			279,061	38,061
Interest on Invests. and Deposits	A-9	74,300			83,017	8,717
Mental Health Clinics:						
Medical Examiner - Shared Services	A-9	283,700			283,703	3
State Share of Costs	A-9	1,094,689			729,793	(364,896)
Other Revenue	A-9	1,576,200			1,508,560	(67,640)
Adult Correction Facility - Work Release Fees	A-9	3,400			3,750	350
Adult Correction Facility Inmate Medical Co-Pay	A-9	10,000			10,782	782
Adult Correction Facility Inmate Processing Fees	A-9	277,700			260,651	(17,049)
Adult Correction Facility SSA Inmate Finders Fee	A-9	47,800			45,600	(2,200)
Archives and Records Management Service Fees	A-9	48,400			50,034	1,634
Bail Bond Forfeitures	A-9	399,700			307,593	(92,107)
Commissions Earned on Public Telephones in County Buildings	A-9	480,600			503,742	23,142
County Auction	A-9	242,000			234,676	(7,324)
Custody Charges - State Inmates in County Institutions	A-9	62,300			78,320	16,020
Discovery Fees and Reproduction Costs	A-9	24,700			32,075	7,375
Fire Academy Fees	A-9	249,200			476,110	226,910
MCIA Skating Rink	A-9	96,100			96,167	67
Microfilm and Printing Fees	A-9	64,600			56,889	(7,711)
Municipal School District Share of Election Expense	A-9	427,000			396,237	(30,763)
N. J. Department of Education-Child Nutrition Program	A-9	58,000			83,209	25,209
Parks Department - Fees and Permits	A-9	328,000			340,043	12,043
Plays in the Park Admissions	A-9	148,700			184,755	36,055
Property Rentals	A-9	401,600			401,132	(468)
Road Opening Fees	A-9	116,100			100,913	(15,187)
Sale of Plans and Specifications	A-9	34,200			25,727	(8,473)
Subdivision and Site Plan Review Fees	A-9	517,000			554,351	37,351
State Aid:						
County College Bonds (N.J.S.A. 18:64A-22.6)	A-9	1,906,942			1,907,710	768
State Assumption of Costs:						
Social and Welfare Services (C. 66, P.L. 1990):						
Supplemental Social Security Income	A-9	1,250,074			1,246,310	(3,764)
Psychiatric Facilities (C. 73, P.L. 1990):						
Board of County Patients in State and Other Institutions	A-9	4,873			17,737	12,864

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

EXHIBIT A-2
PAGE 2 OF 7

	REF	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
Federal and State Revenues Offset with Appropriations:						
Workforce - DHS	A-6		\$ 8,613,735		8,613,735	
U.S. Department of Health and Human Services:						
Area Plan Grant - Program on Aging - Title III Federal	A-6	2,919,262	1,893,355		4,812,617	
HIV Emergency Relief Program	A-6		2,811,684		2,811,684	
Post-Sandy Recovery	A-6		121,024		121,024	
Sandy SSBG Lead Screening	A-6		500,000		500,000	
Comprehensive Cancer	A-6		142,800		142,800	
U.S. Department of Homeland Security:						
Advanced HazMat Training	A-6		58,724		58,724	
U.S. Department of Housing and Urban Development:						
Rapid Re-Housing Program	A-6		46,814		46,814	
Leasing Program I & II	A-6		566,367		566,367	
U.S. Department of Transportation:						
Subregional Transportation Planning	A-6	150,960	150,960		301,920	
2013 Annual Transportation Program (ATP)	A-6		6,102,300		6,102,300	
Sub-Regional Studies Program - Rt. 18	A-6		120,000		120,000	
Job Access Reverse Commute	A-6		385,000		385,000	
N.J. Department of Law & Public Safety:						
Division of Criminal Justice:						
ARRA Stop Violence Act	A-6		31,347		31,347	
VAWA Disability Grant	A-6		425,000		425,000	
Body Armor Replacement Program - Sheriff	A-6	57,555	42,663		100,218	
DANY NY/NJ HIDTA	A-6	-	34,850		34,850	
Middlesex Cty Victim Assistance Program	A-6	-	237,133		237,133	
Division of Highway and Traffic Safety:						
New Freedom Grant	A-6		400,000		400,000	
Move Over Law Program	A-6		70,700		70,700	
Juvenile Justice Commission:						
Family Court Services	A-6	249,824			249,824	
Juvenile Assistance Incentive Block Grant	A-6	18,416			18,416	
Juvenile Detention Alt. (JDAI)	A-6	120,000			120,000	
Juvenile Education	A-6	310,511			310,511	
NJ Community Partnership Grant Program	A-6	441,367			441,367	

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

EXHIBIT A-2
PAGE 3 OF 7

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
Federal and State Revenues Offset with Appropriations (continued):						
Division of State Police:						
DWI Enforcement Grant	A-6		20,565		20,565	
Don't Drink and Drive	A-6		15,375		15,375	
Edward Byrne Memorial	A-6		17,223		17,223	
Homeland Security - 13UASI	A-6		950,000		950,000	
Homeland Security Grant	A-6		1,288,464		1,288,464	
Insurance Fraud Reimb.	A-6		250,000		250,000	
Megan's Law JAG 1-12 TF-13	A-6		86,387		86,387	
Multi Jurisdictional NARC Task Force	A-6		89,634		89,634	
SART/SANE Project	A-6		90,794		90,794	
N.J. Department of Community Affairs:						
Recreation - Individuals with Disabilities	A-6		70,000		70,000	
Sexual Assault, Abuse and Rape	A-6		57,522		57,522	
Sandy SSBG Fragile Child	A-6		65,000		65,000	
Rape Prevention Education & Health Act	A-6		105,457		105,457	
Environmental Health Act	A-6		87,430		87,430	
N.J. Department of Education:						
North Brunswick - Title I Funds Compensatory Education	A-6	185,215	-		185,215	
Governor's Council on Alcoholism & Drug Abuse:						
Alliance to Prevent Alcohol & Drug Abuse	A-6	750,101	-		750,101	
N.J. Department of Environmental Protection:						
Environmental Health Act	A-6	-	276,375		276,375	
Recycling Enhancement Act - Interest	A-6		568,250		568,250	
N.J. Department of Health & Senior Services:						
Breast & Cervical Cancer Education & Early Detection	A-6		834,000		834,000	
ADRC - FFP Program	A-6		25,000		25,000	
JACC Program	A-6		57,000		57,000	
Home Care Services - Respite Program	A-6	362,164			362,164	
MC Area Wide S.H.I.P. Grant	A-6		25,000		25,000	
Preparedness & Response for Bioterrorism	A-6		309,130		309,130	
Public Health Priority Funding - 1977	A-6		233,252		233,252	
Special Child Early Intervention	A-6		44,857		44,857	
Tuberculosis Program	A-6	-	193,026		193,026	
Tuberculosis Program - State	A-6		221,121		221,121	
Childhood Lead Poisoning Prevention	A-6		130,000		130,000	
Worker and Community Right-to-Know Act	A-6	-	18,119		18,119	
Early Intervention Case Mgmt.	A-6	-	197,350		197,350	
SAARC Social Svc Block Grant	A-6	-	79,148		79,148	

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

EXHIBIT A-2
PAGE 4 OF 7

	<u>REF.</u>	<u>ADOPTED BUDGET</u>	<u>SPECIAL N.J.S.40A:4-87</u>	<u>REVENUES CANCELLED</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
N.J. Department of Human Services:						
Area Wide Transportation Grant	A-6	195,000			195,000	
GO Program - Global Options	A-6	205,000	-		205,000	
DYFS - Community-Based Program - JINS	A-6	798,894	-		798,894	
DYFS - Residential Treatment Services	A-6	699,000		350,000	349,000	
DYFS - Services to the Homeless	A-6	339,843	1,321,072		1,660,915	
Human Services Council	A-6	317,261			317,261	
Personal Attendant Demonstration Project	A-6	78,000			78,000	
Sandy Addiction Services	A-6	27,000			27,000	
Senior Meals - SIBA	A-6		90,000		90,000	
Youth Incentive Program	A-6	47,550			47,550	
N.J. Department of Military & Veterans Affairs:						
Transport Disabled Veterans	A-6		46,000		46,000	
N.J. Transit Corporation:						
Senior Citizens & Disabled Res. Transportation Ass.	A-6	1,428,027	25,490		1,453,517	
NJ- Shuttle South Amboy	A-6		227,176		227,176	
N.J. Council on the Arts:						
Folk Art Program	A-6		17,353		17,353	
N.J. Historical Commission Service	A-6		134,591		134,591	
Realin'Em in: Marketing History	A-6		3,000		3,000	
Local Revenues Offset with Appropriations: Miscellaneous:						
Fares, Donation & Adv. Transportation	A-5	110,000	150,000		260,000	
Interlocal Service Trans. Sayreville	A-5	206,334	-		206,334	
Interlocal Service Trans. Woodbridge	A-5		374,323		374,323	
Johnson & Johnson, New Brunswick	A-5		35,000		35,000	
MC Nutrition Client Fee	A-5	50,000	205,000		255,000	
SIMS Electronics Recycling	A-5		138,290		138,290	
MCUA - Solid Waste Mgmt Svcs.	A-5	135,382			135,382	
MCUA - Environmental Health	A-5	-	435,820		435,820	
Care Transition	A-5	-	56,000		56,000	
Medicare Reimbursement Flu	A-5	-	52,000		52,000	
Medicare County Multi Assist Cost Share Program	A-5	4,807	30,000		34,807	
North Brunswick Board of Education:						
Middlefields Program	A-5	62,200	-		62,200	
Respite Cost Share Program	A-5		19,000		19,000	

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

EXHIBIT A-2
PAGE 5 OF 7

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELED	REALIZED	EXCESS (DEFICIT)
Miscellaneous Revenues:						
Open Space Trust Fund	A-9	12,925,215			12,925,215	
Lease Purchase BSS Building	A-9	1,965,375			1,965,375	
Other Special Items:						
Child Support Enforcement Program IV-D - Federal Aid:						
Courts and County Clerk	A-9	434,981			481,131	46,150
Health Aid - Municipalities	A-9	2,241,972			2,256,972	15,000
Intoxicated Driver Resource Center Fees	A-9	313,000			313,000	
Open Space Trust Fund - County Bonds	A-9	689,400			689,400	
Sheriff	A-9	367,426			334,997	(32,429)
Added and Omitted Taxes	A-8	371,183			371,183	
Additional Revenue - County Clerk	A-9	2,026,536			1,857,602	(168,934)
Additional Revenue - Sheriff	A-9	519,672			1,480,125	960,453
Additional Revenue - Surrogate	A-9	377,655			544,083	166,428
Capital Surplus - '97, '01 & '02 MCIA Closeout	A-9	652,595			652,595	
Central Inventory Control	A-9	3,250,000			3,065,526	(184,474)
Civic Square II Lease / Purchase - New Brunswick Share	A-9	858,337			858,337	
County Comm. Notification System	A-9	40,000			51,000	11,000
Debt Service - ER 1&2 MCC, Vo Tech and Mosquito Commission	A-9	345,144			345,144	
Debt Service Aid- Voc Schools	A-9				5,102	5,102
Division of Development Disabilities	A-9	87,824			174,731	86,907
Extension Service - General Revenue	A-9	18,500			23,508	5,008
Extension Service - Solar Panels Revenue	A-9	3,251			4,861	1,610
Fire Marshall - Fire Prevention	A-9	214,300			241,766	27,466
Fringe Benefits & Indirect Costs - State and Federal Grants	A-9	1,836,426			2,773,974	937,548
Service Agreement - Admin. Office of the Court	A-9	57,558			110,083	52,525
Ocean County Shelter Agreement	A-9	274,530			153,090	(121,440)
Office on Aging - State of N.J. Grant	A-9	20,000			20,000	
Heldrich Conference Center Debt Service Reimbursement	A-9	214,915			214,915	
MCIA Reimbursement - IT Services	A-9	70,000			70,000	
MCUA Franchise Fee	A-9	3,500,000			3,619,237	119,237
Medicare - Part D	A-9	462,242			611,126	148,884
Mercer County - Youth Services	A-9	1,889,809			1,772,146	(117,663)
Mosquito - I.T. Services	A-9	15,000			-	(15,000)
Monmouth County Youth Detention	A-9	2,658,120			2,570,917	(87,203)
Municipal Agreements for Road Paving	A-9	1,500,015			61,111	(1,438,904)
Premium on Bonds & BAN	A-9	289,800			289,800	
Prosecutor Salary (State Mandated)	A-9	-			33,479	33,479

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

EXHIBIT A-2
PAGE 6 OF 7

	<u>REF.</u>	<u>ADOPTED BUDGET</u>	<u>SPECIAL N.J.S.40A:4-87</u>	<u>REVENUES CANCELLED</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Other Special Items (continued):						
RBMHC - Partial Care Program	A-9	46,600			45,798	(802)
RBMHC - Raritan Bay Mental Health	A-9	136,632			136,632	
RCC Share of 2006 MCIA Lease/Purchase	A-9	172,209	-		173,652	1,443
RCC Share of 2008 MCIA Lease/Purchase	A-9	213,788	-		213,788	
Shari Borden Annuity Remittance	A-9	218,311			218,311	
Somerset Cty Debt Service Share - Juvenile Detention Center	A-9	512,180			512,180	
Somerset Cty Share of Operations - Juvenile Detention Center	A-9	293,410			294,396	986
State of N.J. Poll Worker Reimbursement	A-9	612,681			612,684	3
State Criminal Alien Assistance Program (SCAAP)	A-15	<u>163,703</u>			<u>163,703</u>	
Total Miscellaneous Revenues	A-1	73,184,946	32,520,050	350,000	105,794,651	439,655
Amount to be Raised by Taxation:						
County Purpose Tax	A-1,A-8	<u>348,338,454</u>			<u>348,338,454</u>	
Budget Totals		421,523,400	32,520,050	350,000	454,133,105	439,655
Non-Budget Revenue:						
Added and Omitted Taxes	A-1,A-8				1,910,689	1,910,689.00
Miscellaneous Revenue Not Anticipated	A-1,A-2				<u>2,399,891</u>	<u>2,399,891</u>
Total Revenue		<u>\$ 421,523,400</u>	<u>\$ 32,520,050</u>	<u>\$ 350,000</u>	<u>\$ 458,443,685</u>	<u>\$ 4,750,235</u>
	<u>REF.</u>	A-3	A-3	A-3	A-1	

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

EXHIBIT A-2
PAGE 7 OF 7

	<u>REF.</u>	<u>ADOPTED BUDGET</u>	<u>SPECIAL N.J.S.40A:4-87</u>	<u>REVENUES CANCELLED</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Non-Budget Revenue:						
Miscellaneous Revenue Not Anticipated:						
Other Fees:						
Garnishees					\$ 4,786	
Autopsy Reports					9,306	
Appeal Fees					3,500	
Community Labor Fees - Adult Correction					10,393	
Ranger User Fees					18,670	
Vending Machines					11,569	
Office on Aging					38,000	
Health & Inspection Fees					39,004	
Plan Performance Guarantee Retirement Fees					28,700	
Misc. Other Fees					2,019	
Reimbursements:						
Ballot Stmt/ SNJ Reimbursement					26,580	
Prosecutor's Account Reimbursement					409,262	
FEMA - Hurricane Sandy					228,641	
Misc. Other Reimbursement					45,309	
Shared Services:						
NBHA New Brunswick Bus Transportation					128,958	
Various Settlements:						
Cranbury Height Litigation					32,400	
Other Misc. Revenue not Anticipated:						
Prior Year Voids					98,592	
Scrap Brass Shell Casings					18,811	
Payment in Lieu of Taxes					242,055	
Close Various Accounts:						
MCIA Accounts					927,735	
Various Trust Accounts					20,555	
Other Misc. Receipts					<u>55,046</u>	
Miscellaneous Revenues Not Anticipated	A-1, A-4				\$ <u><u>2,399,891</u></u>	

See accompanying notes.

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

EXHIBIT A-3
PAGE 1 OF 13

	APPROPRIATIONS		EXPENDED 2014			CANCELLED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
GENERAL GOVERNMENT						
ADMINISTRATION AND EXECUTIVE:						
Board of Chosen Freeholders:						
Salaries and Wages	\$ 149,000	\$ 151,475	\$ 149,928		\$ 1,547	
Other Expenses	3,320	3,320	2,549		771	
County Administrator:						
Salaries and Wages	273,400	265,012	246,912		18,100	
Other Expenses	4,005	4,005	361	\$ 49	3,595	
Office of the Communication:						
Salaries and Wages	192,800	202,643	187,984		14,659	
Other Expenses	10,000	10,000	6,052		3,948	
Secretarial Help:						
Salaries and Wages	96,800	83,693	77,814		5,879	
Advertising	2,000	2,000	52	40	1,908	
Audit	95,500	95,500			95,500	
Information Technology:						
Salaries and Wages	1,339,300	1,278,948	1,189,061		89,887	
Other Expenses	2,336,102	2,262,102	1,782,108	116,798	363,196	
Department of Real Estate:						
Salaries and Wages	346,600	282,996	269,242		13,754	
Other Expenses	4,149,279	4,149,279	3,945,898	10,475	192,906	
Department of Insurance:						
Salaries and Wages	89,500	81,324	75,066		6,258	
Other Expenses	275	275	16		259	
Department of Finance:						
Salaries and Wages	342,200	384,312	358,435		25,877	
County Treasurer's Office:						
Salaries and Wages	342,900	321,816	304,257		17,559	
Other Expenses	5,567	5,567	1,377	854	3,336	
County Comptroller's Office:						
Salaries and Wages	888,600	891,837	829,292		62,545	
Other Expenses	466,217	516,217	359,986	80,308	75,923	
Legal Department:						
County Counsel:						
Salaries and Wages	940,700	937,843	870,297		67,546	
Other Expenses	184,300	157,300	92,205	5,629	59,466	
County Adjuster's Office:						
Salaries and Wages	400,600	380,564	355,049		25,515	
Other Expenses	42,610	43,610	34,677	5,076	3,857	
Clerk of the Board:						
Salaries and Wages	185,800	209,280	193,773		15,507	
Other Expenses	50,150	50,150	40,719	2,898	6,533	

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

EXHIBIT A-3
PAGE 2 OF 13

	APPROPRIATIONS		EXPENDED 2014			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELLED
<u>GENERAL GOVERNMENT</u>						
<u>ADMINISTRATION AND EXECUTIVE (continued):</u>						
Personnel Department:						
Salaries and Wages	624,600	660,441	612,152		48,289	
Other Expenses	112,435	97,435	46,434	18,820	32,181	
County Clerk:						
Salaries and Wages	1,485,600	1,515,590	1,406,790		108,800	
Other Expenses	41,150	44,150	37,431	3,135	3,584	
Prosecutor's Office:						
Salaries and Wages	17,303,600	16,390,431	15,191,790		1,198,641	
Other Expenses	673,275	683,130	479,471	104,757	98,902	
Purchasing Department:						
Salaries and Wages	914,700	923,807	858,766		65,041	
Other Expenses	20,450	20,450	15,849	1,217	3,384	
Public Property						
Salaries and Wages	1,340,500	1,369,407	1,271,394		98,013	
Other Expenses	3,326,030	3,671,030	3,635,829	24,426	10,775	
Central Vehicle Maintenance and Repair:						
Salaries and Wages	1,454,800	1,610,692	1,475,476		135,216	
Other Expenses	322,355	562,355	441,730	103,960	16,665	
Parking Facilities						
Other Expenses	2,114,604	2,064,604	1,893,537		171,067	
Office of Economic Development						
Salaries and Wages	253,400	266,804	247,603		19,201	
Other Expenses	35,315	35,315	16,059	534	18,722	
Economic Commissioner						
Other Expenses	9,800	9,800	9,800			
Central Mail, and Reproduction:						
Salaries and Wages	641,700	660,188	617,914		42,274	
Other Expenses	617,165	612,165	569,198	17,728	25,239	
Div. Of Archives & Record Mgt.						
Salaries and Wages	478,100	463,358	431,025		32,333	
Other Expenses	45,370	45,370	35,352	1,492	8,526	
Insurance:						
Group Insurance Plan for Employees	52,678,623	52,678,623	51,829,453		849,170	\$
Worker's Compensation	2,550,000	2,550,000	2,550,000			
Surety Bond Premiums	14,400	14,400	14,400			
Other Insurance Premiums	2,900,000	2,213,466	2,197,075	16,391		
Temporary Disability Insurance	150,000	150,000	142,098		7,902	
State Unemployment Insurance	300,000	300,000	300,000			
TOTAL GENERAL GOVERNMENT	103,345,497	102,384,079	97,699,736	514,587	4,169,756	-

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

EXHIBIT A-3
PAGE 3 OF 13

	APPROPRIATIONS		EXPENDED 2014			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELLED
<u>JUDICIARY</u>						
County Surrogate:						
Salaries and Wages	642,500	681,696	633,367		48,329	
Other Expenses	28,270	28,270	14,343	428	13,499	
Psychiatric and Legal Counsel Fees for Involuntary Civil Commitments (Admin. Office of the Court Rules 4:74-7):						
Other Expenses	65,000	90,000	66,935	13,125	9,940	
TOTAL JUDICIARY	735,770	799,966	714,645	13,553	71,768	-
<u>UTILITIES & BULK PURCHASES</u>						
Utilities	4,397,244	4,247,244	3,886,749		360,495	
Central Inventory Control	3,250,000	3,050,000	2,950,499	33,696	65,805	
TOTAL UTILITIES & BULK PURCHASES	7,647,244	7,297,244	6,837,248	33,696	426,300	-
<u>REGULATION</u>						
Sheriff's Office:						
Salaries and Wages	18,550,700	17,928,766	16,604,878		1,323,888	
Other Expenses	415,845	415,845	306,868	71,911	37,066	
Weights and Measures Department:						
Salaries and Wages	225,000	233,292	205,639		27,653	
Other Expenses	8,960	11,460	10,168		1,292	
Board of Taxation:						
Salaries and Wages	329,000	337,664	313,624		24,040	
Other Expenses	12,805	12,805	9,147	931	2,727	
County Medical Examiner:						
Salaries and Wages	1,233,400	1,375,680	1,264,923		110,757	
Other Expenses	339,445	309,445	208,786	11,281	89,378	
Board of Elections:						
Salaries and Wages	1,189,200	1,354,081	1,270,234		83,847	
Other Expenses	1,450,000	1,600,000	1,468,901	77,474	53,625	
Elections (County Clerk)						
Salaries and Wages	212,600	188,059	173,261		14,798	
Other Expenses	579,250	579,250	575,054	1,125	3,071	
Office of Emergency Management:						
Salaries and Wages	116,100	123,502	52,609		70,893	
Other Expenses	133,070	133,070	121,454	1,496	10,120	

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

EXHIBIT A-3
PAGE 4 OF 13

	APPROPRIATIONS		EXPENDED 2014			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELLED
<u>REGULATION (continued):</u>						
County Planning Board (R.S. 40:27-3)						
Salaries and Wages	1,409,300	1,465,522	1,360,370		105,152	
Other Expenses	34,160	34,160	22,452	2,806	8,902	
Construction Board of Appeals						
Other Expenses	3,500	3,500	1,924	485	1,091	
TOTAL REGULATION	26,242,335	26,106,101	23,970,292	167,509	1,968,300	-
<u>ROADS AND BRIDGES</u>						
Highways and Bridges:						
Salaries and Wages	5,392,500	5,473,132	5,070,077		403,055	
Other Expenses	788,791	1,940,497	1,786,225	74,922	79,350	
Lighting of Highways and Bridges	70,000	70,000	53,693		16,307	
Engineering Department:						
Salaries and Wages	1,965,100	1,926,460	1,792,322		134,138	
Other Expenses	42,640	42,640	29,726	5,064	7,850	
Road Supervisor's Office:						
Salaries and Wages			(155)		155	
Bridge Maintenance:						
Other Expenses	4,248	4,248	3,124	1,119	5	
TOTAL ROADS AND BRIDGES	8,263,279	9,456,977	8,735,012	81,105	640,860	-
<u>CORRECTIONAL AND PENAL</u>						
Adult Correction and Facility:						
Salaries and Wages	24,871,500	25,221,886	23,846,977		1,374,909	
Other Expenses	8,473,423	8,473,423	7,030,012	901,144	542,267	
Juvenile Detention Center:						
Salaries and Wages	5,643,700	5,679,797	5,241,440		438,357	
Other Expenses	1,001,015	1,082,462	757,373	239,652	85,437	
Office of Consumer Affairs						
Salaries and Wages	343,300	349,454	324,061		25,393	
Other Expenses	1,650	1,650	833	205	612	
TOTAL CORRECTIONAL AND PENAL	40,334,588	40,808,672	37,200,696	1,141,001	2,466,975	-

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

EXHIBIT A-3
PAGE 5 OF 13

	APPROPRIATIONS		EXPENDED 2014			CANCELLED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
HEALTH AND WELFARE						
Dept. of Public Safety & Health:						
Salaries and Wages	149,100	198,712	176,388		22,324	
Other Expenses	7,350	7,350	736		6,614	
Public Health Service - Interlocal Agreement:						
Salaries and Wages	2,810,000	2,481,208	2,269,811		211,397	
Other Expenses	23,215	80,498	24,574	2,666	53,258	
Environmental Health Act (CH. 443, P.L. 1977):						
Salaries and Wages	188,200	187,505	174,251		13,254	
Other Expenses	33,800	38,800	38,652		148	
Specially Challenged Children						
Salaries and Wages	954,700	969,225	897,402		71,823	
Environmental Health						
Salaries and Wages	751,800	671,157	618,142		53,015	
Other Expenses	62,020	128,934	106,911	11,765	10,258	
Dept. of Community Services						
Salaries and Wages	186,400	190,105	176,527		13,578	
Other Expenses	12,550	12,550	1,253	10,409	888	
HS - County Wide Referral System						
Haz Mat Division						
Salaries and Wages	1,008,000	1,030,909	1,020,249		10,660	
Other Expenses	41,800	91,800	71,607	14,402	5,791	
Raritan Bay Mental Health Clinic (N.J.S.A. 40:5-2.9):						
Salaries and Wages	4,933,700	4,894,858	4,561,326		333,532	
Other Expenses	697,044	697,044	543,719	21,180	132,145	
Raritan Bay Mental Health Center - Partial Care Program	46,975	46,975	34,422	11,429	1,124	
Alcohol Services						
Other Expenses	170,497	170,497	120,393	48,748	1,356	
Roosevelt Care Center:						
Other Expenses	7,500,000	7,940,000	7,938,874		1,126	
Mental Health Administrator:						
Other Expenses	592,595	592,595	408,287	184,308		
Aid to Middlesex County Unit - N.J. Association for Retarded Children (N.J.S.A. 40:23-8.11)	18,389	18,389	13,792	4,597		
Social Hygiene Clinic:						
Other Expenses	15,050	15,050	6,453	796	7,801	
Board of Social Services:						
Administration	13,915,207	13,915,207	13,915,207			
Services	570,334	570,334	570,334			
Assistance to Supplemental Security Income Recipients	1,250,074	1,250,074	1,250,074			
Temporary Assistance for Needy Families	474,284	474,284	474,284			

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

EXHIBIT A-3
PAGE 6 OF 13

	APPROPRIATIONS		EXPENDED 2014			CANCELLED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
<u>HEALTH AND WELFARE (continued):</u>						
War Veterans Burial and Grave Decorations:						
Other Expenses	45,000	45,000	40,191		4,809	
MC Mid School After School	50,000	50,000		50,000		
Department of Human Services:						
Salaries and Wages	1,123,300	886,706	819,912		66,794	
Other Expenses	198,653	199,075	169,302	26,563	3,210	
Home Care for the Elderly (N.J.S.A. 30:4D-3)						
Salaries and Wages	150,800	112,358	103,977		8,381	
Other Expenses	1,308,760	1,318,079	1,032,470	135,278	150,331	
Aid to Family and Children's Services of Central NJ, Inc. - N.J.S.A. 40:5-2.9)						
Mosquito Extermination Commission (N.J.S.A. 26:9-13 et seq.)	2,450,399	2,450,399	2,450,399			
Maintenance of Patients in State Institutions for Mental Diseases Local Share	3,016,525	3,016,525	3,016,525			
MC Indigent Res. - Other County	600,000	1,225,000	507,829		717,171	
DDD Recoveries - Prior Years						
Aid to Kiddie Keep Well Camp (N.J.S.A. 40:23-8.17)	88,161	88,161	66,121	22,040		
Aid to New Brunswick Day Care Council, Inc. - (N.J.S.A. 40:23-8.14)	58,200	58,200	43,650	14,550		
Aid to South County Day Care Center (N.J.S.A. 40:23-8.14)	12,074	12,074	9,055	3,019		
Aid to Cerebral Palsy Association (N.J.S.A. 40:23-8.11)	116,746	116,746	87,559	29,187		
Bus Service - Board of Social Services Clients - Contractual						
Salaries and Wages	142,000	156,007	144,333		11,674	
Other Expenses	28,000	28,000	28,000			
Aid to South Brunswick Center for Independent Living	8,379	8,379	6,284	2,095		
Aid to Women Aware Inc. (N.J.S.A. 40:23-8.14)	72,450	72,450	54,337	18,113		
Aid to Middlesex Cty. Legal Services Corp. (N.J.S.A. 44:12-2)	88,555	88,555	66,417	22,138		
Aid to MIPH	9,780	9,780	7,335	2,445		
Aid to Edison Sheltered Workshop (N.J.S.A. 40:23-8.11)	20,115	20,115	15,086	5,029		
Aid to Puerto Rican Action Bd. (N.J.S.A. 40:23-8.14)	88,369	88,369	52,169	36,200		
Aid to Puerto Rican Association for Human Development (N.J.S.A. 40:23-8.14)	27,103	27,103	20,327	6,776		
Aid to Child Assault Prevention Program	8,275	8,275	6,206	2,069		
Aid to Jewish Family Service of Middlesex Cty. - (N.J.S.A. 40:5-2.9)	24,555	24,555	18,416	6,139		
Aid to Anshe Emeth CDC	12,001	12,001	9,000	3,001		
Big Brother Big Sister	11,440	11,440	8,580	2,860		
Aid to Elijah's Promise	34,721	34,721	26,041	8,680		
Laurel House	18,290	18,290		18,290		
Aid to MCC	14,530	14,530	10,897	3,633		
Aid to Catholic Charity Diocese of Metuchen	95,038	95,038	71,278	23,760		

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

EXHIBIT A-3
PAGE 7 OF 13

	APPROPRIATIONS		EXPENDED 2014			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELLED
<u>HEALTH AND WELFARE (continued):</u>						
Interfaith Network Care	23,245	23,245	17,434	5,811		
FISH Hospitality Program Inc.	19,669	19,669	14,752	4,917		
Aid to Home Sharing	12,000	12,000	9,000	3,000		
Monarch Housing Association	18,000	18,000	13,500	4,500		
Literacy Program of NJ	5,000	5,000	3,750	1,250		
TOTAL HEALTH AND WELFARE	<u>46,413,217</u>	<u>47,047,905</u>	<u>44,363,800</u>	<u>771,643</u>	<u>1,912,462</u>	<u>-</u>
<u>EDUCATION</u>						
Office of County Superintendent of Schools:						
Salaries and Wages	304,200	308,982	286,851		22,131	
Other Expenses	9,050	9,050	4,920	841	3,289	
Vocational School	24,124,490	24,124,490	24,124,490			
County Extension Services - Farm and Home Demonstrations:						
Salaries and Wages	494,200	478,541	441,496		37,045	
Other Expenses	58,100	58,100	31,623	5,388	21,089	
Middlesex County College	15,914,662	15,914,662	15,914,662			
Reimbursement for Residents Attending Out-Of-County, Two-Year Colleges (N.J.S.A. 18A:64A-23)	250,000	125,157	125,157			
Reimbursement for Residents Attending Out-Of-County, Vocational Schools (N.J.S.A. 18A:64A-23.4)	1,000	1,000			1,000	
Middlesex County Heritage Commission (N.J.S.A. 40:33A-6):						
Salaries and Wages	519,800	449,438	424,240		25,198	
Other Expenses	95,685	95,685	72,266	2,176	21,243	
Fire Inspection Bureau:						
Salaries and Wages	188,400	192,205	178,513		13,692	
Other Expenses	7,600	7,600	2,822	3,775	1,003	
Fire Training Academy:						
Salaries and Wages	876,900	1,051,418	976,917		74,501	
Other Expenses	338,685	338,685	244,676	58,186	35,823	
East Jersey Olde Towns:						
Salaries and Wages	254,500	278,462	247,386		31,076	
Other Expenses	43,045	43,045	34,023	6,628	2,394	
TOTAL EDUCATION	<u>43,480,317</u>	<u>43,476,520</u>	<u>43,110,042</u>	<u>76,994</u>	<u>289,484</u>	<u>-</u>
<u>RECREATION</u>						
County Parks Department:						
Salaries and Wages	7,000,600	7,661,365	7,152,699		508,666	
Other Expenses	1,254,374	1,254,374	960,524	216,747	77,103	
TOTAL RECREATION	<u>8,254,974</u>	<u>8,915,739</u>	<u>8,113,223</u>	<u>216,747</u>	<u>585,769</u>	<u>-</u>

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

EXHIBIT A-3
PAGE 8 OF 13

	APPROPRIATIONS		EXPENDED 2014			CANCELLED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
<u>UNCLASSIFIED</u>						
Solid Waste Management						
Salaries and Wages						
Other Expenses	8,329	8,329	5,536	210	2,583	
Garbage and Trash Removal (Contractual)	111,000	111,000	97,179	9,504	4,317	
Aid to New Jersey Association of Correction (N.J.S.A. 40:23-8.19)	34,794	34,794	26,095	8,699		
Matching Fund for Grants	65,500	38,000			38,000	
Cornelius Low House Museum	30,720	30,720	17,351	9,119	4,250	
Supplemental Compensation at Retirement	400,000	400,000	400,000			
Life Support Program - New Brunswick - Contractual	53,000	53,000	53,000			
Intoxicated Driver Resource Center Fees	356,000	356,000	272,395	25,451	58,154	
Employee Child Care	87,000	87,000	75,386		11,614	
Aid to Keep Middlesex Moving, Inc.	14,500	14,500			14,500	
Civic Square III Lease / Purchase	1,548,919	1,548,919	1,151,420			397,499
Civic Square II Lease / Purchase	2,794,913	2,794,913	2,757,596			37,317
COP Lease Purchase BBS Building	1,965,375	1,965,375	1,965,375			
M.C. Improvement Authority - Capital Lease Purchase	2,985,557	2,985,557	2,945,556			40,001
Open Space Trust Bonds	12,925,215	12,925,215	12,925,214			1
Dept. of Transportation:						
Salaries and Wages	246,800	148,482	136,555		11,927	
Other Expenses	58,384	58,384	58,384			
Salary & Wage Adjustment	656,500	807	-		807	
Civic Square IV Lease / Purchase	3,039,600	3,039,600	3,037,600			2,000
MCIA/Recycling Operation	773,334					
TOTAL UNCLASSIFIED	28,155,440	26,600,595	25,924,642	52,983	146,152	476,818
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>						
Work Force Investment Act		3,471,813	3,471,813			
Work first REDI Grant		190,605	190,605			
Work first - NJ Grants		2,277,406	2,277,406			
Work first - Transportation Services		211,890	211,890			
Dislocated Workers		2,462,021	2,462,021			
U.S. Dept. of Homeland Security & Preparedness FEMA: Buffer Zone Protection Program						

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

EXHIBIT A-3
PAGE 9 OF 13

	APPROPRIATIONS		EXPENDED 2014			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELLED
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):</u>						
U.S. Dept. of Housing & Urban Development:						
Leasing Program I & II		566,367	566,367			
Rapid Re-Housing Program		46,814	46,814			
U.S. Dept. of Health and Human Services:						
Comprehensive Cancer Control		130,800	130,800			
Chronic Disease Self Management		12,000	12,000			
Senior Meals of Middlesex County	1,643,771	2,359,598	2,359,598			
Area Plan Grant for Program on Aging - Title III	2,242,428	3,419,956	3,419,956			
HIV Emergency Relief Program		2,811,684	2,811,684			
Post - Sandy Recovery		121,024	121,024			
Childhood Lead Poisoning Prevention		130,000	130,000			
U.S. Dept. of Transportation:						
Sub Regional Transportation Planning	150,960	301,920	301,920			
Job Access Reverse Commute		385,000	385,000			
Sub Regional Study - Rt. 18		120,000	120,000			
N.J. Dept. of Law and Public Safety:						
Division of Highway and Traffic Safety:						
Don't Drink and Drive		15,375	15,375			
SART/SANE Project		68,769	68,769			
MC Comprehensive Traffic Safety		70,700	70,700			
County D.W.I. Enforcement Grant		20,565	20,565			
Division of Criminal Justice:						
Body Armor Replacement Program - Corrections	27,671	27,671	27,671			
Body Armor Replacement Program - Prosecutors	8,035	50,698	50,698			
Body Armor Program - Sheriff	21,849	21,849	21,849			
Megan's Law JAG 1-12-08		86,387	86,387			
DANY NY/NJ HIDTA		34,850	34,850			
Victim Assistance Project		237,133	237,133			
ARRA Stop Violence Grant		31,347	31,347			
Multi Jurisdictional Task Force (RJAG 1-12 TF 09B)		89,634	89,634			
Juvenile Justice Commission:						
Juv. Justice Detention Education	499,511	499,511	499,511			
State/Community Partnership Grant Program	441,367	441,367	441,367			
Family Court Service	249,824	249,824	249,824			
Juvenile Incentive Block Program	20,462	20,462	20,462			
Homeland Security Grant		536,091	536,091			
Urban Area Homeland Security FY 08		950,000	950,000			
HazMat Emergency-Hazmat Training						

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

EXHIBIT A-3
PAGE 10 OF 13

	APPROPRIATIONS		EXPENDED 2014			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELLED
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):</u>						
Division of State Police:						
Advanced HazMat Training		58,724	58,724			
ARRA - Stop Violence		22,025	22,025			
Edward Byrne Memorial Justice Assistance Grant		17,223	17,223			
Insurance Fraud Reimb.		250,000	250,000			
UASI Grant		752,373	752,373			
N.J. Department of Community Affairs:						
MC Youth Services Title I	185,215	185,215	185,215			
N.J. Department of Community Affairs:						
Rape Crisis Intervention		105,457	105,457			
Sexual Assault, Abuse and Rape		57,522	57,522			
Sexual Assault Advocacy & Rape Care (SAARC)		143,416	143,416			
Sandy SSBG Fragile Child		65,000	65,000			
Sandy SSBG Lead Screening Grant		500,000	500,000			
Recreation - Individuals with Disabilities		84,000	84,000			
Juvenile Detention Alternative (JDAI)	120,000	120,000	120,000			
N.J. Department of Environmental Protection:						
Clean Communities Program		83,789	83,789			
Solid Waste Service Fund		484,000	484,000			
Recycling Enhancement Act - Interest		461	461			
Environmental Health Act		552,750	552,750			
N.J. Department of Health & Senior Services:						
Tuberculosis Program		193,026	193,026			
MC Area Wide S.H.I.P. Grant		25,000	25,000			
Stop Violence (VAWA)		425,000	425,000			
PH-Preparation & Response - Bioterror		309,130	309,130			
Area Wide Transportation Grant	1,248,259	1,248,259	1,248,259			
DYFS - Services to the Homeless		1,321,072	1,321,072			
Public Health Priority Funding		233,252	233,252			
DYFS - Home Care Services - Respite Program	362,164	362,164	362,164			
DYFS - Service to the Homeless	339,843	339,843	339,843			
DYFS - Residential Treatment Services	699,000	699,000	349,000			350,000
Worker and Community Right to Know Act		18,119	18,119			
Breast & Cervical Cancer Education & Early Detection		834,000	834,000			
DYFS - Maintenance of Children in Institutions - JINS	798,894	798,894	798,894			
Youth Incentive Program		47,550	47,550			
Care Management Reimbursement GO Program	205,000	205,000	205,000			
Alliance to Prevent Alcoholism & Drug Abuse	750,101	750,101	750,101			
Human Services Council	373,006	373,006	373,006			
Sandy Addiction Services	27,000	27,000	27,000			

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

EXHIBIT A-3
PAGE 11 OF 13

	APPROPRIATIONS		EXPENDED 2014			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELLED
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):</u>						
N.J. Department of Health & Senior Services (continued):						
Personal Attendant Demonstration Project	78,000	78,000	78,000			
JACC - Program		57,000	57,000			
ADRC - FFP Program		25,000	25,000			
Early Intervention Service Coordination		44,857	44,857			
Special Child Health Services - Early Intervention		197,350	197,350			
Sexual Assault Advocacy & Rape Care (SAARC)		79,148	79,148			
Senior Meals - SIBA		90,000	90,000			
Tuberculosis Control Program		221,121	221,121			
N.J. Transit:						
Senior Citizens & Disabled Res. Transportation Ass.	1,428,027	1,453,517	1,453,517			
N.J. Department of Transportation						
Capital Transportation Program Middlesex County		6,102,300	6,102,300			
New Freedom Grant		227,176	227,176			
New Freedom Grant		400,000	400,000			
N.J. Council on the Arts:						
Local Arts Program						
Folk Art Program		22,353	22,353			
Realin' Em In: Marketing History		3,000	3,000			
N.J. Historical Commission Service		143,091	143,091			
N.J. Department of Defense:						
Transport Disabled Veterans		46,000	46,000			
Local Revenue Miscellaneous:						
Johnson & Johnson, New Brunswick		35,000	35,000			
Fares, Donation & Adv. Transportation	110,000	260,000	260,000			
Care Transition		56,000	56,000			
MClA - Paint Recycling Program	135,382	135,382	135,382			
SIMS Electronics Recycling		138,290	138,290			
North Brunswick Board of Education Middlefield's Program	62,200	62,200	62,200			
Middlesex Cty Multi-Assist Cost Share Program	4,807	34,807	34,807			
Respite Cost Share Program		19,000	19,000			
MClA - Environmental Health		435,820	435,820			
MC Nutrition Client Fee	50,000	255,000	255,000			
Local Revenue Miscellaneous (continued):						
Medicare Reimbursement Flu Vaccine		52,000	52,000			
Interlocal Service Trans. Sayreville	206,334	206,334	206,334			

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

EXHIBIT A-3
PAGE 12 OF 13

	APPROPRIATIONS		EXPENDED 2014			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELLED
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):</u>						
Local Revenue Miscellaneous (continued):						
Interlocal Service Trans. Woodbridge		374,323	374,323			
TOTAL PUBLIC AND PRIVATE PROG. OFFSET BY REVENUES	12,536,660	45,416,571	45,066,571		-	350,000
Total Operations	325,409,321	358,310,369	341,735,907	3,069,818	12,677,826	826,818
Contingent	500,569	500,569	418,549		82,020	
Total Operations Including Contingent	325,909,890	358,810,938	342,154,456	3,069,818	12,759,846	826,818
Detail:						
Salaries & Wages	115,149,000	114,019,902	106,180,622		7,839,280	
Other Expenses (Including Contingent)	210,760,890	244,791,036	235,973,834	3,069,818	4,920,566	826,818
<u>CAPITAL IMPROVEMENTS</u>						
Capital Improvement Fund	1,250,000	1,250,000	1,250,000			
TOTAL CAPITAL IMPROVEMENTS	1,250,000	1,250,000	1,250,000			-
<u>COUNTY DEBT SERVICE</u>						
Payment of Bond Principal:						
County College Bonds	4,285,000	4,285,000	4,285,000			
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	1,465,000	1,465,000	1,465,000			
Vocational School Bonds	3,890,000	3,890,000	3,890,000			
Open Space Bonds	615,000	615,000	615,000			
Other Bonds	33,660,000	33,660,000	33,660,000			
MCIA Bond Principal	9,075,020	9,075,020	9,075,019			1
Payment of Refunding Notes Principal:						
Interest on Bonds:						
County College Bonds	808,159	808,159	808,159			
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	441,942	441,942	441,942			
Vocational School Bonds	946,487	946,487	946,486			1
Other Bonds	10,990,650	10,990,650	10,917,376			73,274
Open Space Bonds	74,400	74,400	74,400			
MCIA Bond Interest	851,574	851,574	851,574			
Interest on Notes	350,000	350,000	350,000			
Paydown on Notes	799,600	799,600	799,600			

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

EXHIBIT A-3
PAGE 13 OF 13

	APPROPRIATIONS		EXPENDED 2014			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELLED
<u>COUNTY DEBT SERVICE (continued):</u>						
Green Trust Loan Program:						
Loan Repayment for Principal and Interest	64,937	64,937	64,937			
TOTAL COUNTY DEBT SERVICE	<u>68,317,769</u>	<u>68,317,769</u>	<u>68,244,493</u>		-	<u>73,276</u>
<u>DEFERRED CHARGES</u>						
Prior Year Bills:	79,000	79,000	78,350		650	
<u>STATUTORY EXPENDITURES</u>						
Contributions To:						
Defined Contribution Retirement Plan	13,000	21,300	20,199		1,101	
Public Employees' Retirement System	8,709,950	9,888,938	9,888,938			
Social Security System (O.A.S.I.)	9,050,000	9,100,000	9,099,961		39	
Police and Firemen's Retirement System	<u>8,193,791</u>	<u>6,575,505</u>	<u>6,575,505</u>			
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES	<u>26,045,741</u>	<u>25,664,743</u>	<u>25,662,953</u>	-	<u>1,790</u>	-
 TOTAL GENERAL APPROPRIATIONS	 <u>\$ 421,523,400</u>	 <u>\$ 454,043,450</u>	 <u>\$ 437,311,902</u>	 <u>\$ 3,069,818</u>	 <u>\$ 12,761,636</u>	 <u>\$ 900,094</u>
	<u>REF.</u>	A-2	A-1	A-1,A-11	A,A-1	
	<u>REF.</u>					
Budget	A-2	\$ 421,523,400				
Added By 40A:4-87	A-2	<u>32,520,050</u>				
		<u>\$ 454,043,450</u>				
Cash	A-4		\$ 392,521,706			
Transferred to:						
Reserve for Federal and State Grants Appropriated	A-16		42,726,040			
Reserve for Local Grants Appropriated	A-14		<u>2,064,156</u>			
			<u>\$ 437,311,902</u>			

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
TRUST FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
DECEMBER 31, 2014 AND DECEMBER 31, 2013

<u>ASSETS</u>	REF.	<i>As of December 31,</i>	
		2014	2013
Cash and Investments	B - 1	\$ 67,025,086	\$ 60,543,886
Motor Vehicle Fines	B - 2	549,627	551,598
Federal Aid Receivable: Housing and Community Development Act 1974	B - 3	5,625,144	8,359,983
Federal Aid Receivable - Section 8 Housing Assistance Payments Prog.	B - 4	781	3,701
State Aid Receivable: Alcoholism Rehabilitation Program	B - 5	248,121	606,416
Section 8 Housing Assistance Prepayments	B - 6	618,173	636,665
Receivable from MCIA Open Space Receipts	B - 7	16,527,332	24,467,783
Community Development Block Grant:			
Urban Housing Preservation Program Loans - Mortgages Receivable	B - 28	1,511,063	1,619,851
Open Space Program Receivable	B - 33	18,109	32,021
Total Assets		\$ 92,123,436	\$ 96,821,904
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Motor Vehicle Fines Receivable	B - 2	\$ 549,627	\$ 551,598
Motor Vehicle Fines - Road Fund	B - 8	6,775,855	1,398,546
Reserve for Encumbrances	B - 9	34,631,907	34,474,695
Performance and Escrow Deposits	B - 10	3,207,508	2,783,395
Reserve for Road Drainage Project	B - 11	846,410	707,007
Worker's Compensation Self-Insurance Fund	B - 12	750,016	1,726,830
Supplemental Compensation at Retirement	B - 13	141,947	143,104
Unemployment Compensation Fund	B - 14	160,162	120,569
Reserve for Alcoholism Rehabilitation Program	B - 15	5,941	30,339
Reserve for Housing and Community Development Expenditures	B - 16	1,703,233	5,010,514
Reserve for CDBG Funds on Hand	B - 17	192,577	227,246
Rental Rehabilitation Program	B - 18	26,812	26,812
Reserve for Section 8 Housing Assistance Payments Program	B - 19	543,287	538,005
Road Opening Bonds	B - 21	1,722,416	1,719,678
Self-Insurance Liability Trust Fund	B - 22	2,504,859	3,393,926
Miscellaneous Trust Accounts	B - 23	6,219,386	7,466,136
Dedicated Revenue by Statute	B - 24	1,012,330	934,400
Prosecutor's Office - Dedicated Funds	B - 25	1,801,706	2,226,746
State Seized Assets	B - 26	3,293,898	2,700,982
Reserve for Debt Service - Open Space and Farmland Preservation	B - 27	14,005,329	13,614,615
Reserve for Urban Housing & Preservation Program Loans	B - 28	1,511,063	1,619,851
Reserve for BSS Building Lease Purchase Payments	B - 29	670,388	670,388
Escheated Seized Funds	B - 30	7,089	7,089
Reserve for Refundable Consumer Affairs Deposits	B - 31	80,208	90,536
Environmental Quality	B - 32	606,918	492,671
Reserve for Open Space Program Receivable	B - 33	18,109	32,021
Reserve for Open Space and Farmland Preservation	B - 34	9,134,455	14,100,592
Reserve for Bonds and Interest Trust Payable	B - 35	-	13,613
Total Liabilities, Reserves and Fund Balance		\$ 92,123,436	\$ 96,821,904

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET- REGULATORY BASIS
DECEMBER 31, 2014 AND DECEMBER 31, 2013

	REF.	<i>As of December 31,</i>	
		2014	2013
ASSETS			
Cash and Investments	C- 2, C-3	\$ 4,557,638	\$ 19,301,906
Leases Receivable	C- 5	11,762,021	12,568,104
Loans/Other Accounts Receivable	C-22	14,230,410	13,009,853
Deferred Charges to Future Taxation:			
Funded	C- 6	361,947,000	386,502,000
Funded Loans	C- 6	36,905,646	33,452,713
Funded - Capital Leases	C- 6	188,134,800	212,220,638
Unfunded	C- 7	199,910,679	302,461,375
Total Assets		\$ 817,448,194	\$ 979,516,589
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C- 8	\$ 291,646,000	\$ 318,696,000
General Serial Bonds -M.C.C. E.F.A.	C- 9	-	395,000
County College Bonds	C-10	28,345,500	24,710,500
County College Bonds (Ch. 12, P.L. 1971)	C-11	14,880,500	14,220,500
Vocational School Bonds	C-12	25,830,000	26,620,000
Bond Anticipation Notes	C-13	34,200,000	35,000,000
Open Space Bonds	C-14	1,245,000	1,860,000
MCIA Loans Payable	C-19	32,270,159	28,273,258
Green Acres Loan Payable	C-20	4,635,487	5,179,455
Capital Leases Payable	C-21	188,134,800	212,220,638
Improvement Authorizations:			
Funded	C-15	43,854,256	41,031,655
Unfunded	C-15	75,502,886	167,350,653
Capital Improvement Fund	C-16	-	35,072
Reserve For:			
Payment of Debt Service	C-4	640,757	859,068
Leases Receivable	C-5	11,762,021	12,568,104
Bond Issue Costs	C-17	507,441	496,624
Encumbrances	C-18	48,654,734	76,389,241
Loans/Other Accounts Receivable	C-22	14,230,410	13,009,853
Fund Balance	C- 1	1,108,243	600,968
Total Liabilities, Reserves and Fund Balance		\$ 817,448,194	\$ 979,516,589
Bonds and Notes Authorized but not Issued	C-23	\$ 165,710,679	\$ 267,461,375

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
 GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>REF.</u>		
Balance - December 31, 2013	C		\$ 600,968
Increased by:			
Premium on Sale of Bonds And BANs	C - 2	395,329	
MCIA Loan Ordinance Premium	C - 2	429,484	
BSS Deed Title Acquisition Ordinance Premium	C - 2	30,257	
Interest Investment Income	C - 2	12,538	
Improvement Authorization Cancellations	C - 15	<u>389,208</u>	
			<u>1,256,816</u>
Total Available			1,857,784
Decreased by:			
Anticipated Revenue Realized in Current Fund	C - 2	289,800	
Transfer to Fund Unfunded Ordinances	C - 7	<u>459,741</u>	
			<u>749,541</u>
Balance - December 31, 2014	C		<u>\$ 1,108,243</u>

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
 GOVERNMENTAL FIXED ASSET
 STATEMENT OF GOVERNMENTAL FIXED ASSETS
DECEMBER 31, 2014

	<i>As of December 31,</i> <u>2014</u>
GOVERNMENTAL FIXED ASSETS:	
Land	\$ 350,768,557
Buildings and Improvements	295,968,956
Machinery and Equipment	27,632,985
Moving Vehicles	35,817,704
MCIA Lease Purchase Agreements Moving Vehicles	6,104,376
MCIA Lease Purchase Agreements	17,954,753
MCIA Capital Improvement/Construction Fund	<u>14,787,545</u>
Total Governmental Fixed Assets	<u><u>\$ 749,034,876</u></u>
Investments in Governmental Fixed Assets	<u><u>\$ 749,034,876</u></u>

See Accompanying Notes

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

1) FORM OF GOVERNMENT

The County of Middlesex is governed by a seven member Board of Chosen Freeholders who are elected for terms of three years. The Board operates under the commission form of government. Professional department heads in County government are appointed by the Board and are responsible to the chairperson and the committee charged with the specific operation. The County follows the Civil Service merit system of employment and the Freeholder Board abides by the regulations of the New Jersey Civil Service Commission.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

GASB Statement No. 14 established the GAAP criteria to be used to determine which component units should be included in the financial statements of the oversight entity. As set forth by the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, and State of New Jersey, as noted below, the financial statements of the County of Middlesex are reported separately.

The financial statements of the County of Middlesex includes every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the County, as required by the provisions of N.J.S.A. 40A: 5-5. The financial statements, however, do not include the operations of Middlesex County Joint Health Insurance Fund, the County College, the Vocational Schools, the Board of Social Services, the Utilities Authority, the Mosquito Commission and the Improvement Authority which are subject to separate examination. Moreover, the assets, liabilities and reserves of the County's constitutional offices and other various departments, including the Office of the County Clerk, Surrogate's Office, Sheriff's Office, Mental Health Clinics, Adult Correction Center and Office of the County Adjuster which result from the specific activity of the individual office or department and are subject to separate audit, are not combined with the financial statements of the County of Middlesex.

Description of Funds

The accounting policies of the County of Middlesex conform to the accounting principles and practices applicable to municipalities and counties which have been prescribed by the Division of Local Government Services, Department of Community Affairs, and 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 County of Middlesex accounts for its financial transactions through the following separate funds:

Current Fund

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

Trust Fund

Represents receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created, pursuant to the provisions of N.J.S.A. 40A: 4-39.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Description of Funds (cont'd)

General Capital Fund

Represents 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.

Bond and Interest Fund

Accounts for status of funds transferred to separate accounts for the purpose of paying matured bonds and notes, together with interest thereon.

Governmental Fixed Assets

Accounts for fixed assets are 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 governmental 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 County. 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.

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 and counties 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. Federal and State grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the County budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the County 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.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Accounting (cont'd)

Expenditures

For purposes of financial reporting, expenditures are recorded as “paid or charged” or “appropriation reserves”. Paid or charged refers to the County “budgetary” basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services 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 refer 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. For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the County 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 over expenditures and emergency appropriations. Over expenditures 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.

Compensated Absences

The County records expenditures for earned, but unused vacation and sick leave in the accounting period that the payments are made to the employee pursuant to established personnel policy procedures. GAAP requires that expenditures be recorded in the governmental (Current) fund in the amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise fund on a full accrual basis.

Inventories of Supplies

The cost of inventories of supplies for all funds is recorded as expenditures at the time individual items are purchased. The cost of inventories is included on the Current Fund balance sheet, for inventory that has been established and reported at year-end with an offsetting reserve. 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.

Lease Purchase Agreements

The County’s participation in lease purchase agreements are reflected by the annual appropriation of minimum lease payments within the County’s operating budgets. The terms of the lease, including total future minimum lease payments are disclosed in the Notes to Financial Statements. Capital lease amounts payable are recorded within the General Capital Fund. GAAP requires the value of the lease purchase agreement to be recorded in the Capital Projects Fund and the recording of the non-current lease payments in the Debt Service Fund.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Accounting (cont'd)

Self Insurance Reserves

Charges to self-insurance reserves are recorded when payments of claims and related expenses are made. Increases to self-insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims are recorded as determined actuarially, and that operating transfers to self-insurance funds not exceed the amount determined.

Interfunds

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

Fixed Assets

Property and equipment acquired by the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Such assets are recorded at cost in the Governmental Fixed Assets. The values of County owned assets acquired prior to the implementation of the fixed asset accounting system were recorded at cost, estimated cost, estimated replacement value and assessed valuation for real property. Depreciation is not recorded as an operating expense of the general government (Current Fund).

Governmental Fixed Assets

New Jersey Administrative Code 5:30-5.6, previously identified as Technical Accounting Directive No. 85-2, issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, established a mandate for fixed asset accounting by municipalities and counties, effective December 31, 1985. Assets acquired through December 31, 1985 were valued based on actual costs, where available and other methods, including current replacement value and estimated historical costs. Assets acquired subsequent to December 31, 1985 were valued based on actual costs. The initial inventory for assets acquired through December 31, 1985 utilized a \$1,000 threshold. For all assets acquired subsequent to December 31, 1985, the threshold is \$300. Improvements other than buildings, which consist of “infrastructure” fixed assets such as roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, etc., are excluded from the governmental fixed assets. Depreciation is not recorded in the governmental fixed assets. Lease Purchase Agreements have been recorded for amounts authorized and reported and classified in Governmental Fixed Assets under Lease Purchase Agreements (completed and in progress). The Governmental Fixed Assets at December 31, 2014 and 2013 does not include Roosevelt Hospital, as the facility was transferred to the M.C.I.A., Note 19.

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 and include interest bearing accounts and short term investments with a maturity of three months or less.

Long-term investments: The fair value of long-term investments are estimated based on quoted market prices for those or similar investments. Additional information pertinent to the value of these investments is provided in Note 7.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Accounting (cont'd)

Disclosures about Fair Value of Financial Instruments (cont'd.)

Long-term debt: The County'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 County's long-term debt is provided in Notes 4, 14 and 15.

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.

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 County 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 County's financial condition.

Comparative Data

Comparative total data for the prior year has been presented in order to provide an understanding of changes in the County's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statement unduly complex and difficult to read.

Prior Period Adjustments and Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to classifications in 2014.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

3) DEFERRED COMPENSATION TRUST FUND

The County of Middlesex has established a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code and under the provisions of N.J.S.A. 43:15B-1. The plan includes the employees of Middlesex County, Middlesex County Board of Social Services, and the Middlesex County Mosquito Extermination Commission.

The plan is an arrangement whereby a public employer may establish a plan to 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 County has engaged three private contractors to administer the plan. Contributions are recognized when received by the administrators, withdrawals and administrative fees when paid by the administrators and earnings when the company with which the funds are invested notifies the administrators.

Statutory and regulatory requirements governing the establishment and operation of deferred compensation plans have been codified in the New Jersey Administrative Code as N.J.A.C. 5:37. The more significant of these provisions include no personal liability to the employer for negative return on investments, retention of assets by the employer, eligible investment types, and the requirement for an independent review of all program funds by a private contractor retained to administer the program.

Pursuant to revisions to the Federal Internal Revenue Code, the State has amended the deferred compensation plan enabling statute. During 1998, the County implemented the required amendments to the Deferred Compensation Plan for compliance with federal and state regulations.

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS

Summary of County Debt

	<u>Year 2014</u>	<u>Year 2013</u>
Issued:		
General Bonds and Notes	\$396,147,000	\$421,502,000
Loans	<u>36,905,646</u>	<u>33,452,713</u>
 Net Debt Issued	 433,052,646	 454,954,713
Authorized but not issued:		
General Bonds and Notes	<u>165,710,679</u>	<u>267,461,375</u>
 Bonds and Notes Issued and Authorized but not Issued	 598,763,325	 722,416,088
Less: Bonds issued and authorized but not		
Issued – County College CH. 12	16,480,500	14,220,500
MCIA Loans	1,862,734	2,172,982
Accounts Receivable/Redevelopment Bonds	<u>2,300,000</u>	<u>3,199,601</u>
 Net Bonds and Notes Issued and Authorized but not issued	 <u>\$578,120,091</u>	 <u>\$702,823,005</u>

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement - Current Year 2014

The summarized statement of debt condition which follows is prepared in accordance with the required method of reporting for the Annual Debt Statement and indicated a statutory net debt of 0.60%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 801,823,325	\$ 223,703,234	\$ 578,120,091

Net Debt of \$578,120,091 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$96,073,724,163 equals 0.60%.

Equalized Valuation Basis

2012 Equalized Valuation Basis of Real Property	\$ 96,411,295,804
2013 Equalized Valuation Basis of Real Property	94,965,386,964
2014 Equalized Valuation Basis of Real Property	96,844,489,721
Average Equalized Valuation Basis	\$ 96,073,724,163

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

2% of Average Equalized Valuation Basis	\$ 1,921,474,483
Net Debt	578,120,091
Remaining Borrowing Power	\$ 1,343,354,392

Schedule of Annual Net Debt Service Principal and Interest or Bonded Debt Issued and Outstanding

Schedule of Debt Service as of December 31, 2014

Year	Total Principal *	Total Interest *	Total Debt Service
2015	\$ 16,407,500	\$ 2,783,935	\$ 19,191,435
2016	46,080,000	10,745,245	56,825,245
2017	41,663,000	9,353,784	51,016,784
2018	37,760,000	8,094,672	45,854,672
2019	34,325,000	6,923,923	41,248,923
2020-2024	126,060,000	18,082,933	144,142,933
2025-2029	36,986,000	4,836,231	41,822,231
2030-2034	6,140,000	580,203	6,720,203
2035-2038	400,000	34,000	434,000
	\$ 345,821,500	\$ 61,434,926	\$ 407,256,426

* Excludes \$19,298,294 of County College Bonds payable by the State of New Jersey.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

Summary of County Debt for Capital Projects

Summarized below are the County's individual bond and loan issues which were outstanding at December 31, 2014.

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
<u>General Improvement Debt</u>				
ERI-Refunding Bonds of 2004	\$ 10,315,000	\$ 6,670,000	5.16% to 5.44%	2033
General Improvement Bonds of 2005	21,622,000	1,550,000	4.00%	2015
General Improvement Bonds of 2005 501c	6,190,000	465,000	3.75%	2015
General Improvement Bonds of 2006	51,300,000	7,800,000	4.10% to 4.125%	2017
General Improvement Bonds of 2006	35,500,000	4,600,000	4.125%	2016
General Improvement Bonds of 2007	19,500,000	10,950,000	4.00%	2021
General Improvement Bonds of 2007	43,405,000	24,925,000	4.00% to 4.25%	2021
Heldrich Center Hotel Project 2007	3,000,000	2,300,000	4.00% to 4.25%	2037
General Improvement Bonds of 2008	18,000,000	10,625,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008 501c	2,500,000	1,400,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008	16,000,000	9,625,000	3.50% to 4.00%	2022
General Improvement Bonds of 2009	22,000,000	16,000,000	3.00% to 4.00%	2023
Redev. General Improvement Bonds 2009	9,027,000	7,347,000	3.00% to 4.125%	2025
General Improvement Bonds of 2010	41,000,000	31,750,000	2.50% to 3.50%	2024
General Improvement Refunding Bonds of 2010	3,830,000	540,000	4.00%	2016
Genl. Improve. Refunding Taxable Bonds of 2010	9,395,000	2,990,000	2.69% to 3.44%	2016
Genl. Oblig. Redev Bonds Series 2011	47,440,000	43,090,000	2.00% to 4.625%	2031
Genl. Oblig. Redev Bonds Series 2012	5,120,000	3,040,000	4.00%	2017
General Improvement Bonds of 2013	40,839,000	39,339,000	2.00% to 3.00%	2028
Genl. Improve. Refunding Taxable Bonds of 2013	3,355,000	3,275,000	0.65% to 1.00%	2016
Genl. Oblig. Refunding Nontaxable Bonds of 2013	9,910,000	9,750,000	1.00% to 2.00%	2016
Genl. Improve. Refunding Nontaxable Bonds of 2013	8,260,000	8,260,000	2.00% to 4.00%	2020
Genl. Oblig. Refunding Nontaxable Bonds of 2013	2,445,000	2,445,000	3.00% to 4.00%	2020
Genl. Oblig. Redev Bonds Series 2014 a	19,405,000	19,405,000	3.00% to 4.00%	2021
Genl. Oblig. Redev Bonds Series 2014 b	16,545,000	16,545,000	1.50% to 4.00%	2022
General Improvement Bonds of 2014	6,960,000	6,960,000	1.00% to 2.00%	2019
Total General Improvement Debt		<u>291,646,000</u>		
Open Space Refunding Bonds 2010	3,065,000	1,245,000	4.00%	2016
Total Open Space Bonds		<u>1,245,000</u>		
<u>County College Bonds</u>				
County College Bonds of 2003	3,490,000	100,000	3.00% to 3.20%	2015
County College Bonds of 2005	9,800,000	1,100,000	3.50% to 4.00%	2015
County College Bonds of 2005	749,500	57,500	4.00%	2015
County College Bonds of 2006	3,260,500	748,000	4.125%	2016
County College Bonds of 2007	2,500,000	1,125,000	4.00%	2019
County College Bonds of 2007	2,000,000	720,000	4.00%	2017
County College Bonds of 2007	2,500,000	925,000	4.00%	2017
County College Bonds of 2008	2,000,000	650,000	3.50%	2017
County College Bonds of 2009	6,500,000	5,125,000	3.00% to 4.625%	2029
County College Bonds of 2010	4,000,000	2,400,000	2.50% to 3.00%	2020
County College Bonds of 2010	1,176,500	925,000	2.50% to 3.50%	2025
County College Refunding Bonds of 2010	2,550,000	170,000	4.00%	2015
County College Bonds of 2012	4,250,000	3,850,000	2.00% to 3.00%	2027
County College Bonds of 2013	2,000,000	1,900,000	2.00% to 3.00%	2025
County College Bonds of 2013	750,000	720,000	2.00% to 3.00%	2027
County College Bonds of 2013	305,000	305,000	2.00% to 3.00%	2020
County College Bonds of 2014	2,000,000	2,000,000	1.00% to 3.00%	2026
County College Bonds of 2014	3,400,000	3,400,000	1.00% to 3.00%	2028
County College Bonds of 2014	2,125,000	2,125,000	1.00% to 3.00%	2028
Total County College Bonds		<u>28,345,500</u>		

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

County College Bonds (Ch. 12, P.L. 71)

County College Bonds of 2003	3,490,000	100,000	3.00% to 3.20%	2015
County College Bonds of 2005	749,500	57,500	4.00%	2015
County College Bonds of 2006	3,260,500	748,000	4.125%	2016
County College Bonds of 2007	2,500,000	925,000	4.00%	2017
County College Bonds of 2009	6,500,000	5,125,000	3.00% to 4.625%	2029
County College Bonds of 2010	1,176,500	925,000	2.50% to 3.50%	2025
County College Bonds of 2012	4,250,000	3,850,000	2.00% to 3.00%	2027
County College Bonds of 2013	750,000	720,000	2.00% to 3.00%	2027
County College Bonds of 2013	305,000	305,000	2.00% to 3.00%	2020
County College Bonds of 2014	2,125,000	<u>2,125,000</u>	1.00% to 3.00%	2028
Total County College Bonds (Ch. 12, P.L. 71)		<u>14,880,500</u>		

Vocational School Bonds

Vocational School Bonds of 2005	16,888,000	1,250,000	4.00%	2015
Vocational School Bonds of 2006	2,000,000	475,000	4.10% to 4.125%	2016
Vocational School Bonds of 2007	2,600,000	880,000	4.00%	2017
Vocational School Bonds of 2007	2,700,000	1,035,000	4.00%	2017
Vocational School Bonds of 2008	2,690,000	1,200,000	3.50%	2018
Vocational School Bonds of 2010	6,100,000	4,300,000	2.50% to 3.125%	2022
Vocational School Refunding Bonds of 2010	6,265,000	2,885,000	4.00%	2017
Vocational School Refunding Bonds of 2012	1,140,000	955,000	3.00% to 4.00%	2023
Vocational School Bonds of 2013	3,100,000	3,100,000	2.00% to 3.00%	2027
Vocational School Refunding Bonds of 2013	6,650,000	6,650,000	4.00%	2020
Vocational School Refunding Bonds of 2014	3,100,000	<u>3,100,000</u>	1.00% to 3.00%	2026
Total Vocational School Bonds		<u>25,830,000</u>		

Bond Anticipation Notes Issued

Bond Anticipation Notes due 06/05/15	34,200,000	<u>34,200,000</u>	0.75%	2015
Total Bond Anticipation Notes		<u>34,200,000</u>		

(A) MCIA Loan Payable

County Loan from MCIA 2008	9,185,892	705,520	3.55% to 4.80%	2023
County Loan from MCIA 2009	9,000,036	1,086,251	3.00% to 3.25%	2024
County Loan from MCIA 2010	12,566,626	2,881,437	3.00%	2015
County Loan from MCIA 2011	7,451,081	3,098,059	3.00%	2016
County Loan from MCIA 2012	7,174,523	4,412,698	3.00%	2017
County Loan from MCIA 2013	8,670,604	7,014,274	3.00% to 4.00%	2018
County Loan from MCIA 2014	13,071,920	<u>13,071,920</u>	1.50% to 3.00%	2019
		<u>32,270,159</u>		

Green Acres Loans Issued

Sewaren Marine Park Development 1997	1,000,000	393,959	2.00%	2021
Bank of China Property Acquisition 2003	2,250,000	909,689	2.00%	2021
Old Bridge Park Acquisition 2005	3,244,264	1,475,544	2.00%	2020
Old Bridge Park Acquisition 2009	750,000	584,500	2.00%	2029
New Brunswick Landing Lane Project 2010	1,600,000	<u>1,271,795</u>	0.00%	2030
Total Green Trust Program Loan		<u>4,635,487</u>		

Total Debt Issued and Outstanding \$ 433,052,646

(A) - As a result of legislation that impacted and provided for limitations on increases in tax levy amounts (P.L. 2007, c.62), the characterization of certain lease payment obligations have been modified as of July 1, 2007. As of and subsequent to that date, any lease payment obligations that involve asset acquisitions with estimated useful lives of five (5) years or greater, those obligations are to be classified as debt, in accordance with debt authorized under N.J.S.A. 40A:2-3 et seq. Lease obligations with respect to assets with estimated useful lives of less than five years and all lease obligations issued prior to July 1, 2007, are not considered statutory debt of the local unit.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement - Prior Year 2013

The summarized statement of debt condition which follows is prepared in accordance with the required method of reporting for the Annual Debt Statement and indicated a statutory net debt of 0.72%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 932,876,087	\$ 230,053,082	\$ 702,823,005

Net Debt of \$702,823,005 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$97,897,271,748 equals 0.72%.

Equalized Valuation Basis

2011 Equalized Valuation Basis of Real Property	\$ 102,315,132,475
2012 Equalized Valuation Basis of Real Property	96,411,295,804
2013 Equalized Valuation Basis of Real Property	94,965,386,964
Average Equalized Valuation Basis	\$ 97,897,271,748

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

2% of Average Equalized Valuation Basis	\$ 1,957,945,435
Net Debt	702,823,005
Remaining Borrowing Power	\$ 1,255,122,430

Schedule of Annual Net Debt Service Principal and Interest or Bonded Debt Issued and Outstanding

Schedule of Debt Service as of December 31, 2013

Year	Total Principal *	Total Interest *	Total Debt Service
2014	\$ 43,915,000	\$ 13,261,636	\$ 57,176,636
2015	45,060,000	11,323,600	56,383,600
2016	45,026,000	9,908,001	54,934,001
2017	36,115,000	8,516,163	44,631,163
2018	33,690,000	7,294,807	40,984,807
2019-2023	131,215,000	19,463,926	150,678,926
2024-2028	41,641,000	5,599,337	47,240,337
2029-2033	9,440,000	775,141	10,215,141
2034-2037	400,000	34,000	434,000
	\$ 386,502,000	\$ 76,176,611	\$ 462,678,611

* Excludes \$17,323,362 of County College Bonds payable by the State of New Jersey.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

Summary of County Debt for Capital Projects

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

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
<u>General Improvement Debt</u>				
ERI-Refunding Bonds of 2004	\$ 10,315,000	\$ 7,290,000	3.54% to 5.44%	2033
Refunding Bonds of 2004	44,305,000	4,790,000	5.00%	2014
Refunding Bonds of 2004 501c	10,650,000	1,615,000	2.60% to 5.00%	2014
General Improvement Bonds of 2005	21,622,000	3,050,000	3.25% to 4.00%	2015
General Improvement Bonds of 2005 501c	6,190,000	915,000	3.25% to 3.75%	2015
General Improvement Bonds of 2006	51,300,000	31,550,000	4.00% to 4.125%	2021
General Improvement Bonds of 2006	35,500,000	23,150,000	4.125% to 4.25%	2022
General Improvement Bonds of 2007	19,500,000	12,400,000	3.50% to 4.00%	2021
General Improvement Bonds of 2007	43,405,000	28,175,000	4.00% to 4.25%	2021
Heldrich Center Hotel Project 2007	3,000,000	2,400,000	4.00% to 4.25%	2037
General Improvement Bonds of 2008	18,000,000	11,975,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008 501c	2,500,000	1,600,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008	16,000,000	10,750,000	3.25% to 4.00%	2022
General Improvement Bonds of 2009	22,000,000	17,400,000	2.00% to 4.00%	2023
Redev. General Improvement Bonds 2009	9,027,000	7,822,000	2.00% to 4.125%	2025
General Improvement Bonds of 2010	41,000,000	34,250,000	2.00% to 3.50%	2024
General Improvement Refunding Bonds of 2010	3,830,000	815,000	2.00% to 4.00%	2016
Genl. Improve. Refunding Taxable Bonds of 2010	9,395,000	4,575,000	1.03% to 3.44%	2016
Genl. Oblig. Redev Bonds Series 2011	47,440,000	45,290,000	2.00% to 6.25%	2031
Genl. Oblig. Redev Bonds Series 2012	5,120,000	4,075,000	2.00% to 4.00%	2017
General Improvement Bonds of 2013	40,839,000	40,839,000	2.00% to 3.00%	2028
Genl. Improve. Refunding Taxable Bonds of 2013	3,355,000	3,355,000	0.50% to 1.00%	2016
Genl. Oblig. Refunding Nontaxable Bonds of 2013	9,910,000	9,910,000	1.00% to 2.00%	2016
Genl. Improve. Refunding Nontaxable Bonds of 2013	8,260,000	8,260,000	2.00% to 4.00%	2020
Genl. Oblig. Refunding Nontaxable Bonds of 2013	2,445,000	2,445,000	3.00% to 4.00%	2020
Total General Improvement Debt		<u>318,696,000</u>		
Open Space Refunding Bonds 2010	3,065,000	<u>1,860,000</u>	3.00% to 4.00%	2016
Total Open Space Bonds		<u>1,860,000</u>		
<u>County College Bonds</u>				
County College Bonds of 2003	3,490,000	200,000	2.00% to 3.20%	2015
County College Bonds of 2005	9,800,000	2,200,000	3.25% to 4.00%	2015
County College Bonds of 2005	749,500	112,500	3.25% to 4.00%	2015
County College Bonds of 2006	3,260,500	1,123,000	4.125%	2016
County College Bonds of 2007	2,500,000	1,330,000	3.50% to 4.00%	2019
County College Bonds of 2007	2,000,000	940,000	4.00%	2017
County College Bonds of 2007	2,500,000	1,212,500	4.00%	2017
County College Bonds of 2008	2,000,000	875,000	3.25% to 3.50%	2017
County College Bonds of 2009	6,500,000	5,425,000	2.00% to 4.625%	2029
County College Bonds of 2010	4,000,000	2,800,000	2.00% to 3.00%	2020
County College Bonds of 2010	1,176,500	992,500	2.00% to 3.50%	2025
County College Refunding Bonds of 2010	2,550,000	345,000	2.00% to 4.00%	2015
County College Bonds of 2012	4,250,000	4,100,000	2.00% to 3.00%	2027
County College Bonds of 2013	2,000,000	2,000,000	2.00% to 3.00%	2025
County College Bonds of 2013	750,000	750,000	2.00% to 3.00%	2027
County College Bonds of 2013	305,000	<u>305,000</u>	2.00% to 3.00%	2020
Total County College Bonds		<u>24,710,500</u>		

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS (cont'd)

<u>County College Bonds (Ch. 12, P.L. 71)</u>				
County College Bonds of 2003	3,490,000	200,000	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	112,500	3.25% to 4.00%	2020
County College Bonds of 2006	3,260,500	1,123,000	4.125%	2016
County College Bonds of 2007	2,500,000	1,212,500	4.00%	2017
County College Bonds of 2009	6,500,000	5,425,000	2.00% to 4.625%	2029
County College Bonds of 2010	1,176,500	992,500	2.00% to 3.50%	2025
County College Bonds of 2012	4,250,000	4,100,000	2.00% to 3.00%	2027
County College Bonds of 2013	750,000	750,000	2.00% to 3.00%	2027
County College Bonds of 2013	305,000	<u>305,000</u>	2.00% to 3.00%	2020
Total County College Bonds (Ch. 12, P.L. 71)		<u>14,220,500</u>		
County College E.F.A. (Ch. 12, P.L. 71)	4,320,000	<u>395,000</u>	4.85% to 5.25%	2014
<u>Vocational School Bonds</u>				
Vocational School Bonds of 2005	16,888,000	2,450,000	3.25% to 4.00%	2015
Vocational School Bonds of 2006	2,000,000	700,000	4.00% to 4.125%	2016
Vocational School Bonds of 2007	2,600,000	1,155,000	3.50% to 4.00%	2017
Vocational School Bonds of 2007	2,700,000	1,330,000	4.00%	2017
Vocational School Bonds of 2008	2,690,000	1,475,000	3.25% to 3.50%	2018
Vocational School Bonds of 2010	6,100,000	4,775,000	2.00% to 3.125%	2022
Vocational School Refunding Bonds of 2010	6,265,000	3,935,000	2.00% to 4.00%	2017
Vocational School Refunding Bonds of 2012	1,140,000	1,050,000	2.00% to 4.00%	2023
Vocational School Bonds of 2013	3,100,000	3,100,000	2.00% to 3.00%	2027
Vocational School Refunding Bonds of 2013	6,650,000	<u>6,650,000</u>	4.00%	2020
Total Vocational School Bonds		<u>26,620,000</u>		
<u>Bond Anticipation Notes Issued</u>				
Bond Anticipation Notes due 06/06/14	35,000,000	<u>35,000,000</u>	1.00%	2014
Total Bond Anticipation Notes		<u>35,000,000</u>		
<u>(A) MCIA Loan Payable</u>				
County Loan from MCIA 2008	9,185,891	810,754	3.00% to 4.80%	2023
County Loan from MCIA 2009	9,000,036	2,737,717	1.00% to 3.25%	2024
County Loan from MCIA 2010	12,566,626	5,678,948	1.50% to 4.00%	2015
County Loan from MCIA 2011	7,451,081	4,576,477	1.25% to 3.00%	2016
County Loan from MCIA 2012	7,174,523	5,798,758	1.25% to 3.00%	2017
County Loan from MCIA 2013	8,670,604	<u>8,670,604</u>	2.00% to 4.00%	2018
		<u>28,273,258</u>		
<u>Green Acres Loans Issued</u>				
Sewaren Marine Park Development 1997	1,000,000	450,171	2.00%	2021
Bank of China Property Acquisition 2003	2,250,000	1,029,606	2.00%	2021
Old Bridge Park Acquisition 2005	3,244,264	1,726,901	2.00%	2020
Old Bridge Park Acquisition 2009	750,000	618,931	2.00%	2029
New Brunswick Landing Lane Project 2010	1,600,000	<u>1,353,846</u>	0.00%	2030
Total Green Trust Program Loan		<u>5,179,455</u>		
Total Debt Issued and Outstanding		<u>\$ 454,954,713</u>		

(A) - As a result of legislation that impacted and provided for limitations on increases in tax levy amounts (P.L. 2007, c.62), the characterization of certain lease payment obligations have been modified as of July 1, 2007. As of and subsequent to that date, any lease payment obligations that involve asset acquisitions with estimated useful lives of five (5) years or greater, those obligations are to be classified as debt, in accordance with debt authorized under N.J.S.A. 40A:2-3 et seq. Lease obligations with respect to assets with estimated useful lives of less than five years and all lease obligations issued prior to July 1, 2007, are not considered statutory debt of the local unit.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

General Obligation Refunding Bonds, Series 2014

The County issued \$35,950,000 in General Obligation Refunding Bonds, Series 2014, dated February 27, 2014. Included in the \$35,950,000 aggregate principal amount is \$19,405,000 General Improvement Refunding Bonds, Series 2014A and \$16,545,000 General Improvement Refunding Bonds, Series 2014B. The plan of refunding and restructuring was to provide level debt service in future years as opposed to the existing payment schedules.

The total amount of the Refunded Bonds equals \$36,300,000 with maturities from 2017 through 2022. The interest rates range from 4.125% for the General Improvement Bonds, Series 2006A to 4.250% for the General Improvement Bonds, Series 2006B.

As a result, the County will realize a total of \$639,203 in debt service savings through 2022. The debt service savings provided for net present value costs of 3.919% of the refunded principal. The interest rates range from 3.000% to 4.000% for the General Obligation Refunding Bonds, Series 2014A from 2017 to maturity on June 15, 2022 and from 1.500% to 4.000% for the General Obligation Refunding Bonds, Series 2014B from 2015 to maturity on June 15, 2022.

The outstanding debt service with respect to the County's 2014 General Obligation Refunding Bonds, Series 2014 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 90,000	\$ 1,282,625	\$ 1,372,625
2016	95,000	1,280,300	1,375,300
2017	6,410,000	1,182,725	7,592,725
2018	6,480,000	989,288	7,469,288
2019	6,635,000	759,300	7,394,300
2020	6,710,000	503,900	7,213,900
2021	6,680,000	247,600	6,927,600
2022	2,850,000	57,000	2,907,000
	<u>\$ 35,950,000</u>	<u>\$ 6,302,738</u>	<u>\$ 42,252,738</u>

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

5) FUND BALANCE APPROPRIATED

Fund balance for the Current Fund at December 31, 2014 was reported in the amount of \$34,671,206, of which \$0 was appropriated and included as anticipated revenue for the year ending December 31, 2015.

Fund balance for the Current Fund at December 31, 2013 was reported in the amount of \$27,965,479, of which \$0 was appropriated and included as anticipated revenue for the year ending December 31, 2014.

6) INVENTORY – MATERIALS AND SUPPLIES

For the years ended 2014 and 2013, the County has reported Inventory on the balance sheet of the Current Fund. The Inventory is reported with an offsetting reserve. The amount reported is as follows:

	<u>2014</u>	<u>2013</u>
Inventory (Current Fund)		
Materials & Supplies	<u>\$1,550,644</u>	<u>\$1,575,345</u>

7) CASH, CASH EQUIVALENTS AND INVESTMENTS

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 as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulation of the State Investment Council to invest in fixed income and debt securities, which mature within one year.

Collateralization of Fund investments is generally not required. “Other Than State” participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of “Other Than State” participants in gains on investment transaction realized. The Reserve Fund is available to cover losses of “Other Than State” participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

The cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units’ deposits in excess of the federal deposit insurance maximums.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

7) CASH, CASH EQUIVALENTS AND INVESTMENTS (cont'd)

Deposits (cont'd)

At December 31, 2014, the County's recorded cash, cash equivalents and investments amounted to \$141,961,605 and an amount of \$140,493,445 was on deposit with the respective institutions, excluding Deferred Compensation Fund, of which cash, cash equivalent and investments are held by the respective Trustees. Of the bank balance, \$3,053,233 was FDIC insured and \$137,440,212 was GUDPA insured.

At December 31, 2013, the County's recorded cash, cash equivalents and investments amounted to \$156,012,459 and an amount of \$158,245,628 was on deposit with the respective institutions, excluding Deferred Compensation Fund, of which cash, cash equivalent and investments are held by the respective Trustees. Of the bank balance, \$3,090,471 was FDIC insured and \$155,155,157 was GUDPA insured.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2014, based upon the insured balances as provided by FDIC and NJGUDPA coverage, no amount of the County's bank balance of \$140,493,445 was considered exposed to custodial risk.

An Analysis of the County's cash, cash equivalents and investments at December 31, 2014 and 2013, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>
Current	\$70,378,881	\$76,166,667
Trust	67,025,086	60,543,886
General Capital	<u>4,557,638</u>	<u>19,301,906</u>
 Total Cash, Cash Equivalents & Investments	 <u>\$141,961,605</u>	 <u>\$156,012,459</u>

By Category (Type)

<u>Cash & Cash Equivalents:</u>	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>
Change Fund	\$ 600	\$ 600
Demand Accounts	61,513,079	63,437,716
Savings, Money Market / N.O.W.	64,566,461	63,728,090
State of NJ Cash Mgmt. Fund	<u>-0-</u>	<u>1,447,374</u>
Total Cash & Cash Equivalents	<u>\$126,080,140</u>	<u>\$128,613,780</u>
 <u>Investments:</u>		
Certificates of Deposit	<u>15,881,465</u>	<u>27,398,679</u>
 Total Cash, Cash Equivalents & Investments	 <u>\$141,961,605</u>	 <u>\$156,012,459</u>

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

7) CASH, CASH EQUIVALENTS AND INVESTMENTS (cont'd)

Investments

New Jersey statutes establish the following securities as eligible for the investment of County funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual fund;
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 obligations 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. 235 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

7) CASH, CASH EQUIVALENTS AND INVESTMENTS (cont'd)

Investments (cont'd)

During the period ended December 31, 2013, the County held investments in the State of New Jersey Cash Management Funds. However, the County did not hold such investments at December 31, 2014. Under the criteria established in Governmental Accounting Standards Board Statement No. 9, the year end balances in a New Jersey Cash Management Fund are considered to be cash equivalents under GAAP.

The investment recorded in the general-purpose financial statements have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the general-purpose financial statements.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

Custodial Credit Risk – Investments - Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government does not have a deposit policy for custodial credit risk.

Concentration of Credit Risk – This is the risk associated with the amount of investments that the County 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.

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 County does not have an investment policy regarding Credit Risk except to the extent outlined under the County's investment policy. The New Jersey Cash Management Fund is not rated.

As of December 31, 2014, the County did not have any investments on deposit with the New Jersey Cash Management Fund.

As of December 31, 2013, the County had \$1,447,418, recorded as investments on deposit with the New Jersey Cash Management Fund.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

8) ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10th of the following year. Upon the filing of certified adopted budgets by the Local Units, Local School District, County and Special Districts, the tax rate is struck by the County Tax 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 local unit tax collector on or before May 13th. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the “lawful yearly expenditure” which includes the total amount of property taxes to be raised by the local unit that is due to the County.

9) PENSION AND RETIREMENT PLANS

Employees of the County of Middlesex are enrolled in one of the 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 County who are members of the plans 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 2014 and 2013 were \$16,163,890 and \$14,646,594 for PERS and \$13,784,449 and \$13,888,051 for PFRS, respectively, which includes contributions from the employees that are remitted on a quarterly basis.

10) ACCRUED SICK AND VACATION BENEFITS

The County of Middlesex has established uniform personnel policy procedures which set forth the terms under which an employee may accumulate unused benefits, as follows:

Sick Leave

Sick leave for permanent employees accumulates in accordance with the terms of approved contracts. Any amount of sick leave allowance not used in a calendar year accumulates to the employee’s credit to be used if and when needed. Upon normal retirement, employees are entitled to receive a lump sum payment as supplemental compensation for one-half of earned and unused accumulated sick leave to their credit on the effective date of retirement, up to a maximum of \$15,000. In addition, the County offers a sick leave buyout option, on an annual basis, in the amount of one day’s pay for every three days credited and not used, to a maximum of five days paid, so long as the employee did not use more than five sick days in the current year. An exception to the above is for employees who are under union PBA 214 (prosecutors, investigators & detectives) hired prior to October 1, 1993 who can receive up to a maximum of \$30,000 accumulative sick time pay off upon retirement.

Vacations

Vacation pay for permanent employees also accumulates in accordance with the terms of approved contracts. Vacation days are to be taken in the year earned and do not accumulate, except that vacation time earned in the current year may be carried over to the next succeeding year only.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

10) ACCRUED SICK AND VACATION BENEFITS (cont'd)

The County maintains current records of each employee's status relating to earned and unused sick and vacation pay. At December 31, 2014 and 2013, the estimated cost of unused sick pay is calculated to be \$9,118,738 and \$8,792,222 respectively. At December 31, 2014 and 2013, the estimated cost of unused accrued vacation pay is calculated to be \$6,257,496 and \$4,635,201 respectively. Management indicates that this amount approximates the calculation as required by GASB No. 16, however, the methodology utilized does not fully meet the recognition and measurement criteria as set forth by the GASB. No estimate is provided for the approximate current cost of unused vacation pay based upon the policy restrictions on accumulations. As disclosed in Note 2, the County makes provision for the lump sum payment of benefits in each year's operating budget, based on cost projections for employees nearing normal retirement eligibility. In order to partially fund these benefits, the County has established a trust fund entitled "Supplemental Compensation at Retirement," and each year an annual appropriation is raised in the operating budget and transferred to the fund. In 2014 and 2013, \$400,000 and \$500,000, respectively was appropriated and added to the fund and \$401,157 was disbursed to employees during 2014 while \$418,938 was disbursed to employees during 2013.

11) LEASES

The County has purchased various offices and other equipment which is being capitalized as installment purchases of fixed assets in accordance with New Jersey Administration Code 5:30-5.6.

The County has entered into lease commitments for the rental of various office space, storage space and parking facilities throughout the County of Middlesex.

The future annual operating lease payment due over the remaining terms of the leases for the next five succeeding years is as follows:

<u>Year</u>	<u>2014 Amount</u>	<u>2013 Amount</u>
2015	\$3,600,863	\$2,859,955
2016	2,891,938	2,036,784
2017	2,414,436	1,552,166
2018	2,012,625	1,150,168
2019	1,605,081	

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

12) RISK MANAGEMENT

In response to rising premiums for traditional commercial insurance coverage, the County maintains a self-insurance risk management program for all liability claims including, but not limited to, general, police professional, hospital professional, public officials, and automobile liability. A commercial excess liability policy is in place to cover catastrophic type claims, which would include any claim exceeding the policy's \$500,000 self - insurance retention. A self-insurance Liability Fund has been established to fund those claims below \$500,000. The County of Middlesex together with the autonomous agencies; County College, Board of Social Services, Improvement Authority, Mosquito Extermination Commission comprising the Middlesex County Insurance Commission. The Middlesex County Insurance Commission provides liability coverage to above named autonomous agencies through Self-Insurance Liability Fund and Excess Liability policy. The Middlesex County Insurance Commissioners retain the services of an actuary to establish the amount of cash reserves deemed necessary to pay claims.

The County also maintains a self-insured Worker's Compensation Fund for all workers compensation claims with the exception of these claims which occurred during the period April 3, 1998 to June 2, 2000. Claims which occurred between April 3, 1998 and June 2, 2000 are covered in total by a commercial primary Workers Compensation Insurance policy. Claims occurring after June 2, 2000 are self-insured, however, a commercial excess Worker's Compensation policy is in place, subject to a \$750,000 Self-Insurance Retention.

The financial statements do not reflect any charges for claims incurred but not reported and any reported incurred claims that remain unpaid at December 31, 2014 for the respective funds.

The Commissioners assessed the following participants for 2014 and 2013, as follows:

<u>AGENCY</u>	<u>2014</u> <u>TOTAL</u>	<u>2013</u> <u>TOTAL</u>
County College	\$613,106	\$280,902
Board of Social Services	70,676	48,659
County Improvement Authority	<u>116,137</u>	<u>90,367</u>
	<u>\$799,919</u>	<u>\$419,928</u>

The respective agency assessments have been computed by an actuarial analysis.

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Self-Insurance Fund at December 31, 2014 and 2013 totaled \$1,295,590 and \$1,296,169, respectively. The County has appropriated funds in the 2015 and 2014 Budgets, in accordance with this funding plan.

The County has purchased commercial public entity excess liability insurance for general liability and automobile liability coverage in effect at December 31, 2014 and 2013, was as follows:

Limits of Insurance:	<u>2014</u>	<u>2013</u>
Each Accident or Occurrence Limit	\$ 10,000,000	\$10,000,000
Policy Aggregate Limit	20,000,000	20,000,000
Self-Insured Limit Retention	500,000	500,000

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

12) RISK MANAGEMENT (cont'd)

During 2014 and 2013, the County maintained two individual excess healthcare/professional liability coverages, combined as follows:

Limit of Liability:

- A. 100% of the loss in excess of all underlying Insurance not to exceed, subject to retention:
- B. \$5,000,000 per occurrence or:
- C. \$7,000,000 Annual Aggregate (as defined)

Retention Limits

per medical incident	\$ 350,000
annual aggregate	750,000

YEAR ENDED DECEMBER 31, 2014

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Worker's Compensation Fund at December 31, 2014 is \$7,020,396. This includes the run-off claims on file prior to the County purchase of commercial coverage policy for worker's compensation claims prior to April, 1998 and after June 2, 2000. The County has purchased commercial coverage for worker's compensation for the subsequent period: April 3, 1998 – June 2, 2000.

The County has opted to self insure worker's compensation effective for the period commencing June 2, 2000. The above number includes claims incurred after June 2, 2000.

The County maintains a self-insurance fund for employment compensation insurance costs. The County remits to the State of New Jersey for costs incurred, on a quarterly basis, as determined and billed by the State.

The activity within each of the Self-Insurance Fund reserves, the Worker's Compensation Fund reserves and Unemployment Compensation Fund reserves for the year ended December 31, 2014 were as follows:

	<u>Balance</u> <u>12/31/13</u>	<u>Increases to</u> <u>Reserves</u>	<u>Decrease to</u> <u>Reserves</u>	<u>Balance</u> <u>12/31/14</u>
Self-Insurance Fund	\$3,393,926	\$1,693,366	\$2,582,433	\$2,504,859
Workers' Compensation Fund	1,726,830	2,643,334	3,620,148	750,016
Unemployment Compensation Fund	120,569	56,930	17,337	160,162

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

12) RISK MANAGEMENT (cont'd)

YEAR ENDED DECEMBER 31, 2013

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Worker's Compensation Fund at December 31, 2013 is \$6,527,548. This includes the run-off claims on file prior to the County purchase of commercial coverage policy for worker's compensation claims prior to April, 1998 and after June 2, 2000. The County has purchased commercial coverage for worker's compensation for the subsequent period: April 3, 1998 – June 2, 2000.

The County has opted to self insure worker's compensation effective for the period commencing June 2, 2000. The above number includes claims incurred after June 2, 2000.

The County maintains a self-insurance fund for employment compensation insurance costs. The County remits to the State of New Jersey for costs incurred, on a quarterly basis, as determined and billed by the State.

The activity within each of the Self-Insurance Fund reserves, the Worker's Compensation Fund reserves and Unemployment Compensation Fund reserves for the year ended December 31, 2013 were as follows:

	<u>Balance</u> <u>12/31/12</u>	<u>Increases to</u> <u>Reserves</u>	<u>Decrease to</u> <u>Reserves</u>	<u>Balance</u> <u>12/31/13</u>
Self-Insurance Fund	\$4,378,392	\$925,882	\$1,910,348	\$3,393,926
Workers' Compensation Fund	973,856	3,832,101	3,079,127	1,726,830
Unemployment Compensation Fund	0	171,451	50,882	120,569

Increases to Reserves represent amounts received from participant assessments, charges to the County Operating Budget, interest on investments and deposits, subrogation's and third party reimbursements and refunds. Decreases to Reserves represent the payment on adjudicated or settled claims, asserted costs and administrative fees and charges.

The County of Middlesex participates in the Middlesex County Joint Health Insurance Fund (MCJHIF). The MCJHIF consists of seven (7) County agencies within Middlesex County, representing a total of 4,698 and 4,667 retirees, cobra participants and active employees as of December 31, 2014 and 2013 respectively. The MCJHIF's purpose is to provide health care benefits to all eligible participants for medically necessary services covered under the health plan choices offered. The Fund is regulated by the State of New Jersey Department of Insurance as provided by statute and regulations and is subject to reporting requirements mandated by the State.

The assessments of the participating members are determined and certified by the actuary and approved by a majority vote of the Fund Commissioners.

The Commissioners of the MCJHIF have the authority, by majority vote, to levy on the participating local units an additional assessment to assure the payment of the Funds' obligations.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

12) RISK MANAGEMENT (cont'd)

Changes in the MCJHIF's fund balance for each fund year at December 31, are as follows:

<u>Fund Year</u>	<u>At December 31,</u>	
	<u>2014 Fund Balance Balance</u>	<u>2013 Fund Balance Balance</u>
2014	\$(51,464)	
2013	\$5,467,563	\$4,125,579
2012		1,508,606

The Fund uses reinsurance agreements to reduce its exposure to large losses on certain types of insured events. Reinsurance may allow recovery of a portion of losses from re-insurers.

Accordingly, the financial statements of the County do not report or reflect its participatory share of fund claims, expenditures or fund (deficit) balance at December 31, 2014 and 2013.

13) POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS & POST RETIREMENT HEALTH CARE BENEFITS

The County provides health benefits through the Middlesex County Joint Health Insurance Fund to certain retirees and their dependents, as follows:

Retired employees pay the full cost of coverage under the Plan, in most cases. However, the former employer may assume that cost if the retired employee meets certain requirements. If the retired employee is paying the full cost of coverage, the monthly premiums will be billed to such retired employee on a monthly basis or as otherwise established by the Middlesex County Joint Health Insurance Fund. The Plan Sponsor has agreed to pay retiree coverage if:

1. the retiree receives retirement benefits from a State of New Jersey administered retirement system; and,
2. he or she has 25 or more years of service credited in that retirement system or was a participant in a State of New Jersey Early Retirement Incentive Program; or
3. he or she retired on an approved disability retirement (regardless of years of service) in that retirement system;
4. the employer has agreed to pay for coverage of a surviving spouse of a retiree who qualified under the provision listed above until the retiree's death.

At December 31, 2014, approximately 1,156 retirees, representing the County and Roosevelt Care Center, were receiving non-contributory health coverage benefits at an estimated annual cost to the County of approximately \$21,532,284.

At December 31, 2013, approximately 1,103 retirees, representing the County and Roosevelt Care Center, were receiving non-contributory health coverage benefits at an estimated annual cost to the County of approximately \$18,897,464.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

13) POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS & POST RETIREMENT HEALTH CARE BENEFITS (cont'd)

The County participates in the Middlesex County Joint Health Insurance Fund (MCJHIF), an agent multiple-employer current and postemployment healthcare plan administered by MCJHIF. The MCJHIF consists of seven (7) County agencies within Middlesex County and covers both current and retired employees of the County and its participating agencies. The MCJHIF receives an annual report that includes its financial statements and required supplementary information for its benefits plan. Benefit provisions for the County are established and amended through negotiations between the County and the respective unions along with prior contracts negotiated between the respective unions and the County of Middlesex.

The contribution requirements of plan members and the participating agencies are established and may be amended by the MCJHIF Commissioners. The County's annual postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, any amounts contributed to the plan and the County's net OPEB obligation. For 2014 and 2013, the County's annual OPEB cost (expense) of \$64,101,000 and \$61,530,000, respectively was less than the ARC. In 2012, the County's annual OPEB cost (expense) of 51,556,000 was less than the ARC.

	2014 <u>Total</u>	2013 <u>Total</u>	2012 <u>Total</u>
Net OPEB obligation – beginning of year	\$275,797,000	\$230,516,000	\$194,858,000
Annual required contribution (ARC)	68,622,000	65,309,000	54,750,000
Interest on Net OPEB Obligation	12,411,000	10,373,000	8,769,000
Adjustment to the ARC	<u>(16,932,000)</u>	<u>(14,152,000)</u>	<u>(11,963,000)</u>
Annual OPEB Cost	64,101,000	61,530,000	51,556,000
Less: Contributions	<u>17,775,000</u>	<u>16,249,000</u>	<u>15,898,000</u>
Net OPEB obligation – end of year	<u>\$322,123,000</u>	<u>\$275,797,000</u>	<u>\$230,516,000</u>

The funded status of the plan for the County as of January 1, 2014, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$731,170,000
Actuarial value of plan assets	- 0 -
Unfunded actuarial accrued liability (UAAL)	\$731,170,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$112,513,382
UAAL as a percentage of covered payroll	649.85%

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

13) POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS & POST
RETIREMENT HEALTH CARE BENEFITS (cont'd)

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit method was used. A rate of 4.50% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of thirty (30) years.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

14) COUNTY-GUARANTEED CAPITAL EQUIPMENT LEASE REVENUE BONDS
 AND OTHER ISSUES

2014

The Middlesex County Improvement Authority has outstanding various issues of County Guaranteed Equipment Lease Revenue Bonds and various other County-Guaranteed Bonds. These Bonds are serviced through rental payments of the governmental entities that participate in the equipment lease program. In addition to these bonds being secured by a lien on the pledged property, they are further secured by a full and unconditional guarantee of the County of Middlesex to pay, when due, the principal of, redemption premium, if any, and interest on the Bonds. Total outstanding Improvement Authority Equipment Lease Revenue Bonds and other County-Guaranteed Bonds, guaranteed by the County of Middlesex at December 31, 2014 amounted to \$203,060,000, and are listed below:

	Original Issue <u>Amount</u>	Bonds Payable <u>Dec. 31, 2014</u>
Capital Equipment Lease Revenue Bonds,		
Series 2005	\$15,705,000	\$120,000
Series 2006	7,985,000	370,000
Series 2008	13,100,000	1,295,000
Series 2009	13,115,000	2,190,000
Series 2010	14,075,000	3,200,000
Series 2011	9,595,000	3,990,000
Series 2012	11,815,000	7,855,000
Series 2013	13,840,000	11,390,000
Series 2014	17,275,000	17,275,000
Heldrich Bond Issue, Series 2007	3,000,000	2,300,000
Middlesex County Educational Svcs. Comm., Series 2008	40,000,000	4,850,000
Open Space Refunded Bonds, Series 2008	29,545,000	14,410,000
Open Space Trust Revenue Bonds, Series 2009	40,000,000	32,690,000
The Meadows at Middlesex Golf Course, Series 2009 (Ref Bonds)	4,755,000	3,745,000
Middlesex County Educational Services Comm., Series 2010	5,300,000	2,980,000
Open Space Refunded Bonds, Series 2011 (Ref Bonds)	46,830,000	43,055,000
The Meadows at Middlesex Golf Course, Series 2013 (Ref Bonds)	11,875,000	11,790,000
Middlesex County Educational Services Comm., Series 2014	9,385,000	9,385,000
Middlesex County Educational Services Comm., Series 2014	30,170,000	30,170,000
		<u>\$203,060,000</u>

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

14) COUNTY-GUARANTEED CAPITAL EQUIPMENT LEASE REVENUE BONDS
AND OTHER ISSUES (cont'd)

2013

The Middlesex County Improvement Authority has outstanding various issues of County Guaranteed Equipment Lease Revenue Bonds and various other County-Guaranteed Bonds. These Bonds are serviced through rental payments of the governmental entities that participate in the equipment lease program. In addition to these bonds being secured by a lien on the pledged property, they are further secured by a full and unconditional guarantee of the County of Middlesex to pay, when due, the principal of, redemption premium, if any, and interest on the Bonds. Total outstanding Improvement Authority Equipment Lease Revenue Bonds and other County-Guaranteed Bonds, guaranteed by the County of Middlesex at December 31, 2013 amounted to \$210,460,000, and are listed below:

	Original Issue <u>Amount</u>	Bonds Payable <u>Dec. 31, 2013</u>
Capital Equipment Lease Revenue Bonds,		
Series 2004	\$12,370,000	\$75,000
Series 2005	15,705,000	240,000
Series 2006	7,985,000	555,000
Series 2008	13,100,000	1,535,000
Series 2009	13,115,000	4,470,000
Series 2010	14,075,000	6,310,000
Series 2011	9,595,000	5,895,000
Series 2012	11,815,000	9,840,000
Series 2013	13,840,000	13,840,000
Middlesex County Educational Svcs. Comm., Series 2004 (Ref Bds)	14,010,000 (1)	11,230,000
The Meadows at Middlesex Golf Course, Series 2004 (Ref Bonds)	15,265,000	500,000
Heldrich Bond Issue, Series 2007	3,000,000	2,400,000
Middlesex County Educational Svcs. Comm., Series 2008	40,000,000	35,170,000
Open Space Refunded Bonds, Series 2008	29,545,000	17,315,000
Open Space Trust Revenue Bonds, Series 2009	40,000,000	34,265,000
The Meadows at Middlesex Golf Course, Series 2009 (Ref Bonds)	4,755,000	4,055,000
Middlesex County Educational Services Comm., Series 2010	5,300,000	3,515,000
Open Space Refunded Bonds, Series 2011 (Ref Bonds)	46,830,000	46,830,000
Refunding Capital Improvement Program – 2011	545,000	545,000
The Meadows at Middlesex Golf Course, Series 2013 (Ref Bonds)	11,875,000	<u>11,875,000</u>
		<u>\$210,460,000</u>

(1) Original issue was \$16,170,000 and partially refunded on August 1, 2004.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

15) LEASE PAYMENTS - 2014

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments						Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2015	2016	2017	2018	2019	2020 - End					
MCIA Juvenile Detention Center Lease Program (1997 Series)	\$ 1,260,750	\$ 1,261,750	\$	\$	\$	\$	\$ 2,522,500	\$ 97,500	\$ 2,425,000	May 1, 16	2.00%-4.00%
MCIA 2005 Capital Equipment Lease Program	48,727						48,727	885	47,842	Jun.15, 15	3.00%-3.70%
MCIA 2006 Capital Equipment Lease Program	37,051	35,591					72,642	2,941	69,701	May 15, 16	3.80%-4.25%
MCIA 2010 Capital Equipment Lease Program	193,387						193,387	5,633	187,754	Jul. 15, 15	1.50%-4.00%
MCIA 2011 Capital Equipment Lease Program	207,391	207,391					414,782	17,946	396,836	Jul. 15, 16	1.25%-3.00%
MCIA 2012 Capital Equipment Lease Program	193,942	193,942	193,941				581,825	33,240	548,585	Jul. 15, 17	1.25%-3.00%
MCIA 2013 Capital Equipment Lease Program	309,712	309,712	309,712	309,712			1,238,848	106,786	1,132,062	Aug. 15, 18	2.00%-4.00%
MCIA 2014 Capital Equipment Lease Program	286,492	286,492	286,492	286,492	286,492		1,432,460	110,438	1,322,022	Jul. 15, 19	1.50%-3.00%
Sub Total of MCIA Capital Lease Programs	\$ 2,537,462	\$ 2,294,878	\$ 790,145	\$ 596,204	\$ 286,492	\$ -	\$ 6,505,171	\$ 375,369	\$ 6,129,802		

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

15) LEASE PAYMENTS - 2014

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments						Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2015	2016	2017	2018	2019	2020 - End					
MCIA 2008 Open Space Trust Fund Program	3,734,625	3,734,650	3,733,650	3,737,150	1,407,000		16,347,075	1,937,075	14,410,000	Jul. 15, 19	3.00%-5.00%
MCIA 2009 Open Space Trust Fund Program	3,310,624	3,315,225	3,317,024	3,316,025	3,317,224	31,938,931	48,515,053	15,825,053	32,690,000	Nov. 1, 29	4.00%-6.11%
MCIA 2011 Open Space Trust Ref Bonds (2003 Series)	5,828,388	5,852,137	5,861,888	5,870,888	5,872,825	23,550,025	52,836,150	9,781,150	43,055,000	Aug. 1, 23	3.00%-5.153%
Sub Total of MCIA Open Space Trust Fund Programs	\$ 12,873,637	\$ 12,902,012	\$ 12,912,562	\$ 12,924,063	\$ 10,597,049	\$ 55,488,956	117,698,278	27,543,278	\$ 90,155,000		
Sub Total of MCIA Programs	\$ 15,411,089	\$ 15,196,890	\$ 13,702,707	\$ 13,520,267	\$ 10,883,541	\$ 55,488,956	124,203,449	27,918,647	\$ 96,284,802		
Civic Square Project Certificates of Participation:											
Civic Square II Project, Series 1998					\$ 720,000	\$ 4,655,000	\$ 5,375,000	\$ 0	\$ 5,375,000	Jun. 15, 25	N/A
Civic Square III, Series 1998 (Refunded in 2009)	\$ 1,541,294	\$ 1,542,681	\$ 1,541,369	\$ 1,542,756	\$ 1,541,031	\$ 13,884,653	\$ 21,593,784	\$ 5,313,784	\$ 16,280,000	Jun. 15, 28	Var.
Civic Square IV, Series 2001	3,034,675	3,032,900	3,037,275	3,037,250	3,035,500	38,419,750	51,597,350	17,417,350	34,180,000	Jul. 15, 31	Var.
2011 Civic Square II - Refunded COP	3,414,213	3,417,913	3,412,706	3,410,000	2,702,950	32,619,100	48,976,882	12,961,882	36,015,000	Jun. 15, 29	Var.
Sub Total of Civic Square Projects	\$ 7,990,182	\$ 7,993,494	\$ 7,991,360	\$ 7,990,006	\$ 7,999,481	\$ 87,578,503	127,543,016	35,693,016	\$ 91,850,000		

The County of Middlesex issued \$23,415,000 insured Certificates of Participation dated May 15, 1994, evidencing interest of the owners thereof in certain obligations of the County due under its lease purchase agreement with PBCF New Jersey, Inc. The certificates, a combination of serial and term, were issued to provide funds to acquire certain real property, office building and other improvements. The basic rent payments due by the County of Middlesex for the certificates is provided for in part or whole by a sublease between the County and the Middlesex County Board of Social Services. The interest rate on the \$8,105,000 serial certificates range from 4.00% to 5.90% with a final maturity of August 15, 2009. The \$6,060,000 term certificate due August 15, 2014 and the \$9,250,000 term certificate due February 15, 2019, have interest rates of 6.00% and 6.125% respectively. The final basic rent payment is February 1, 2019. The County executed a Debt Service Reserve Forward delivery Agreement dated March 15, 1996, related to the Certificates of Participation.

On August 15, 1998 the County refinanced the outstanding \$23,060,000 Certificates of Participation with \$25,070,000 refunding Certificates of Participation.

(A) - As a result of legislation that impacted and provided for limitations on increases in tax levy amounts (P.L. 2007, c.62), the characterization of certain lease payment obligations have been modified as of July 1, 2007. As of and subsequent to that date, any lease payment obligations that involve asset acquisitions with estimated useful lives of five (5) years or greater, those obligations are to be classified as debt, in accordance with debt authorized under N.J.S.A. 40A:2-3 et seq. Lease obligations with respect to assets with estimated useful lives of less than five years and all lease obligations issued prior to July 1, 2007, are not considered debt of the local unit.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

15) LEASE PAYMENTS - 2013

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments						Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2014	2015	2016	2017	2018	2019 - End					
MCIA Juvenile Detention Center Lease Program (1997 Series)	\$ 1,284,350	\$ 1,260,750	\$ 1,261,750	\$	\$	\$	\$ 3,786,850	\$ 181,850	\$ 3,605,000	May 1, 16	2.00%-4.00%
MCIA 2005 Capital Equipment Lease Program	50,473	48,727					99,200	3,517	95,683	Jun. 15, 15	3.00%-3.70%
MCIA 2006 Capital Equipment Lease Program	38,466	37,051	35,591				111,108	6,556	104,552	May 15, 16	3.80%-4.25%
MCIA 2009 Capital Equipment Lease Program	131,663						131,663	3,211	128,452	Jul. 15, 14	1.00%-2.50%
MCIA 2010 Capital Equipment Lease Program	193,387	193,387					386,774	16,734	370,040	Jul. 15, 15	1.50%-4.00%
MCIA 2011 Capital Equipment Lease Program	207,390	207,391	207,391				622,172	35,545	586,627	Jul. 15, 16	1.25%-3.00%
MCIA 2011 Capital Equipment Revenue Ref Bonds (1999 Series)	555,900						555,900	10,900	545,000	Jun. 15, 14	3.00%-4.00%
MCIA 2012 Capital Equipment Lease Program	193,942	193,942	193,942	193,941			775,767	54,866	720,901	Jul. 15, 17	1.25%-3.00%
MCIA 2013 Capital Equipment Lease Program	309,712	309,712	309,712	309,712	309,712		1,548,560	149,177	1,399,383		
Sub Total of MCIA Capital Lease Programs	\$ 2,945,283	\$ 2,260,960	\$ 2,008,386	\$ 503,663	\$ 309,712	\$ -	\$ 8,017,994	\$ 482,356	\$ 7,555,638		

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

15) LEASE PAYMENTS - 2013

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments						Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2014	2015	2016	2017	2018	2019 - End					
MCIA 2008 Open Space Trust Fund Program	3,729,875	3,734,625	3,734,650	3,733,650	3,737,150	1,407,000	20,076,950	2,761,950	17,315,000	Jul. 15, 19	3.00%-5.00%
MCIA 2009 Open Space Trust Fund Program	3,313,625	3,310,624	3,315,225	3,317,024	3,316,025	35,256,156	51,828,679	17,563,679	34,265,000	Nov. 1, 29	2.00%-6.11%
MCIA 2011 Open Space Trust Ref Bonds (2003 Series)	5,821,637	5,828,388	5,852,137	5,861,888	5,870,888	29,422,850	58,657,787	11,827,787	46,830,000	Aug. 1, 28	3.00%-5.00%
Sub Total of MCIA Open Space Trust Fund Programs	\$ 12,865,137	\$ 12,873,637	\$ 12,902,012	\$ 12,912,562	\$ 12,924,063	\$ 66,086,006	\$ 130,563,416	\$ 32,153,416	\$ 98,410,000		
Sub Total of MCIA Programs	\$ 15,810,420	\$ 15,124,597	\$ 14,910,398	\$ 13,416,215	\$ 13,233,775	\$ 66,086,006	\$ 138,581,410	\$ 32,615,772	\$ 105,965,638		

Civic Square Project Certificates of Participation:

Civic Square II Project, Series 1998						\$ 5,375,000	\$ 5,375,000	\$ 0	\$ 5,375,000	Jun. 15, 25	N/A
Civic Square III, Series 1998 (Refunded in 2009)	\$ 1,542,919	\$ 1,541,294	\$ 1,542,681	\$ 1,541,369	\$ 1,542,756	15,425,684	23,136,703	5,981,703	17,155,000	Jun. 15, 28	Var.
Civic Square IV, Series 2001	3,032,600	3,034,675	3,032,900	3,037,275	3,037,250	39,455,250	54,629,950	19,214,950	35,415,000	Jul. 15, 31	Var.
2011 Civic Square II - Refunded COP	2,784,163	3,414,213	3,417,913	3,412,706	3,410,000	35,322,050	51,761,044	14,416,044	37,345,000	Jun. 15, 29	Var.
Sub Total of Civic Square Projects	\$ 7,359,682	\$ 7,990,182	\$ 7,993,494	\$ 7,991,360	\$ 7,980,006	\$ 95,577,984	\$ 134,902,697	\$ 39,612,697	\$ 95,290,000		

Board of Social Services Certificates of Participation:

BSS COP	\$ 1,965,375	\$ 1,967,750	\$ 1,941,625	\$ 1,927,875	\$ 1,940,500	\$ 3,182,875	12,936,000	1,971,000	10,965,000	Feb. 15, 19	3.60%-5.00%
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The County of Middlesex issued \$23,415,000 insured Certificates of Participation dated May 15, 1994, evidencing interest of the owners thereof in certain obligations of the County due under its lease purchase agreement with PBCF New Jersey, Inc. The certificates, a combination of serial and term, were issued to provide funds to acquire certain real property, office building and other improvements. The basic rent payments due by the County of Middlesex for the certificates is provided for in part or whole by a sublease between the County and the Middlesex County Board of Social Services. The interest rate on the \$8,105,000 serial certificates range from 4.00% to 5.90% with a final maturity of August 15, 2009. The \$6,060,000 term certificate due August 15, 2014 and the \$9,250,000 term certificate due February 15, 2019, have interest rates of 6.00% and 6.125% respectively. The final basic rent payment is February 1, 2019. The County executed a Debt Service Reserve Forward delivery Agreement dated March 15, 1996, related to the Certificates of Participation.

On August 15, 1998 the County refinanced the outstanding \$23,060,000 Certificates of Participation with \$25,070,000 refunding Certificates of Participation.

(A) - As a result of legislation that impacted and provided for limitations on increases in tax levy amounts (P.L. 2007, c.62), the characterization of certain lease payment obligations have been modified as of July 1, 2007. As of and subsequent to that date, any lease payment obligations that involve asset acquisitions with estimated useful lives of five (5) years or greater, those obligations are to be classified as debt, in accordance with debt authorized under N.J.S.A. 40A:2-3 et seq. Lease obligations with respect to assets with estimated useful lives of less than five years and all lease obligations issued prior to July 1, 2007, are not considered debt of the local unit.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

16) LEASE AGREEMENTS RECEIVABLE

The County reports the following lease agreements within the General Capital Fund balance sheet as at December 31, 2014 and 2013:

<u>Lessee</u>	<u>2014 Amount Recorded</u>	<u>2013 Amount Recorded</u>	<u>Final Payment Date</u>
County of Somerset, NJ	\$ 963,952	\$ 1,410,035	May 1, 2016
City of New Brunswick, NJ	<u>10,798,069</u>	<u>11,158,069</u>	May 1, 2029
	<u>\$11,762,021</u>	<u>\$12,568,104</u>	

The County has authorized and entered into a lease agreement receivable with the County of Somerset, New Jersey in conjunction with the construction of the youth detention center as part of a cost-share agreement.

The County has authorized and executed a lease agreement with the City of New Brunswick, New Jersey in connection with the Civic Square II Project.

17) LEASE AGREEMENT - TAMARACK GOLF COURSE

Pursuant to a Lease and Agreement, dated as of April 1, 1996 (the "Lease and Agreement"), between the Authority and the County, the Authority has acquired a leasehold interest in the Golf Course for a period of 19 years. The Lease and Agreement provides that the Authority shall be responsible for the operation and maintenance of the Golf Course and shall be entitled to all revenues and user fees related to the Golf Course. In addition, the Authority shall have the ability to make alterations, additions and improvements to the Golf Course (at its own expense). The Lease and Agreement provided that the Authority will pay the County any Net Profits after Reserves for capital improvements/investments on an annual basis. During 2014 and 2013 the County has budgeted and realized revenues in the amount of \$0 and \$250,000 respectively.

18) PROJECT ADVANCES/RECEIVABLES

Through the course of its operations and as a facilitator for various projects, the County of Middlesex participates with various other governmental units and agencies, some which are related parties and under GAAP, considered component units, by either advancing funds on specific projects or as the lead agency in the financing for these projects. To the extent the County has advanced funds or issued debt obligations to finance projects, which participation by the other units or agencies are owed to the County, those advances/receivables are recorded within the County's financial statements as receivables, offset by reserves. None of the receivables are recorded as a component of fund balance. Generally, these receivables/advances are utilized to offset County debt services payments when the receivables come due, based upon agreed-upon payback schedules. Project receivables/advances currently recorded included Civic Square projects, Juvenile Detention Center, Heldrich Center Hotel/Conference Project, the Middlesex County Improvement Authority (MCIA), Shari Borden Annuity, Built America Bond Subsidy (BAB) and Sayreville Economic Redevelopment Agency (SERA).

The lease agreement between the Somerset County Youth Detention Center and the County of Middlesex was for an original amount of \$5,990,398 with payments beginning in 1999 and final payment in 2016. At December 31, 2014 the receivable balance to the County of Middlesex from the Somerset County Youth Detention Center was \$963,952.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

18) PROJECT ADVANCES/RECEIVABLES (cont'd)

The lease agreement between the City of New Brunswick Civic Square II and the County of Middlesex was for an original amount of \$13,068,069 with payments beginning in 2005 and final payment in 2029. At December 31, 2014 the receivable balance to the County of Middlesex from the City of New Brunswick Civic Square II was \$10,798,069.

The 2008 loan agreement between the MCIA and the County of Middlesex for acquisitions through the lease purchase financing program was for an original amount of \$1,790,881 with payments beginning in 2009 and final payment in 2023. At December 31, 2014 the receivable balance to the County of Middlesex from the MCIA was \$646,062.

The loan agreement between the Heldrich Center Hotel Project and the County of Middlesex was for an original amount of \$3,000,000 with payments beginning in 2008 and final payment in 2037. At December 31, 2014, the receivable balance to the County of Middlesex from the Heldrich Center Hotel Project, in the form of Senior Revenue Bonds, Series A, was \$2,300,000, and all payments have been received as scheduled. With respect to the Heldrich Center Project, the debt service requirements for Series A bonds have been satisfied through January 2012, however based upon the lack of timely deposits to certain debt service reserves required of the trustee agreement, the trustee has issued the Heldrich Center Project a notice of event of default. The Heldrich Center Project is in the process of reviewing its requirements for compliance with the trustee agreement based upon the notification. No amount of the County's fund balance is impaired based upon this current status.

The loan agreement between the SERA and the County of Middlesex was for an original amount of \$11,703,384 with payments beginning in 2009. At December 31, 2014 the receivable balance to the County of Middlesex from the SERA was \$3,275,944.

The 2009 loan agreement between the MCIA and the County of Middlesex for acquisitions through the lease purchase financing program was for an original amount of \$1,535,517 with payments beginning in 2010 and final payment in 2024. At December 31, 2014 the receivable balance to the County of Middlesex from the MCIA was \$1,278,612.

The 2009 subsidy agreement between Built America Bond and the County of Middlesex is to offset the costs for the 2009 Open Space Trust fund Revenue Bonds, Series 2009 in the amount of \$40,000,000. The original amount of the subsidy was \$6,800,940 with payments beginning in 2010 and final payment in 2029. At December 31, 2014 the receivable balance to the County of Middlesex from the Built America Bond was \$4,846,024.

The 2011 loan agreement between the MCIA and the County of Middlesex for acquisitions through the lease purchase financing program was for an original amount of \$270,145 with payments beginning in 2012 and final payment in 2016. At December 31, 2014 the receivable balance to the County of Middlesex from the MCIA was \$117,471.

The 2013 loan agreement between the MCIA and the County of Middlesex for acquisitions through the lease purchase financing program was for an original amount of \$237,990 with payments beginning in 2014 and final payment in 2018. At December 31, 2014 the receivable balance to the County of Middlesex from the MCIA was \$210,689.

The 2014 loan agreement between the MCIA and the County of Middlesex for acquisitions through the lease purchase financing program was for an original amount of \$262,203 with payments beginning in 2015 and final payment in 2019. At December 31, 2014 the receivable balance to the County of Middlesex from the MCIA was \$262,203.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

19) HEALTH AND HOSPITALS

The County provides certain medical and health services to residents through the George J. Otlowski Medical Health Center, several health clinics and the Roosevelt Care Center (the “Center”). Effective June 14, 1997, the Board of Chosen Freeholders transferred operation of, including the license to operate the Center, to the Middlesex County Improvement Authority (“MCIA”). On May 6, 1999, the Board of Chosen Freeholders adopted a resolution authorizing the transfer of ownership of the Center from the County to the MCIA. On November 15, 1999, the Board of Chosen Freeholders adopted a resolution affirming the sale of the Center to the MCIA. Agreements and contracts authorizing the transfer of the lands and buildings were executed on January 19, 2000 and title of the property was transferred to the MCIA.

The Middlesex County Board of Chosen Freeholders, by way of Resolution 01-340, unanimously voted to proceed with the construction of a new 180-bed state-of-the-art long-term care County Facility (“County Facility”) to replace the outdated 100-bed Roosevelt Care Center Annex. In furtherance of Resolution 01-340, the Middlesex County Board of Chosen Freeholders unanimously adopted a \$19 million bond ordinance number 331 providing for the construction of the new long-term care County Facility. The new County Facility was substantially completed on January 21, 2005 and a Certificate of Occupancy was issued. By Resolution 05-527, the MCIA acknowledged substantial completion and acceptance of the new County facility. The MCIA owns and operates the new County Facility.

The Board of Chosen Freeholder has determined that its 180-bed capacity would not be sufficient to meet the future long-term care needs of the County. To this end, the Middlesex County Improvement Authority is proceeding with the design and construction of a second, new 120-bed extended-care facility roughly on the site presently occupied by the “A” Wing of the existing Roosevelt Care Center. It is believed that such a new facility will offer substantial efficiencies of operation and allow for an optimal staff-to-patient ratio, while, at the same time, maximizing the level of care and quality of life which can be provide for residents.

The historic, original portions of the existing Roosevelt Care Center will now be renovated for use as a senior residential facility with medical services located on site. It is hoped that this mix of assisted living and extended-care services create a campus environment, which will allow senior residents to transition from one level of care to the next, smoothly, and without dislocation or relocation.

20) COMMITMENTS AND CONTINGENCIES

As of the date of this report, the County had litigation pending. This litigation can be generally categorized as negligence claims, workmen’s compensation, condemnation cases and other miscellaneous cases. Management’s review of the litigation pending indicates that any judgments rendered against the County will not have a material adverse impact on the County’s financial position.

As more fully described in Note 12, the County of Middlesex is self-insured for general liability, police liability, medical malpractice liability, public officials’ liability and property damage to County vehicles and for Worker’s Compensation with the exception of claims which occurred between April 1, 1998 and June 2, 2000. The estimated reserve requirement for these claims is set forth in Note 12.

The County participates in a number of federal and state assisted programs that are subject to audit and adjustment by the respective grantors. The audits of these programs for or including the years ended December 31, 2014 and 2013 may have not been conducted or completed as of the date of this report. Grantor agencies reserve the right to conduct additional audits of the County’s grant program for economy, efficiencies and program results which may result in disallowed costs to the County. However, County management does not believe such audits would result in any material amounts of disallowed costs.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND DECEMBER 31, 2013

21) SUBSEQUENT EVENTS

– February 19th, 2015 –

The Board of Chosen Freeholders finally adopted a refunding Bond Ordinance providing for the refunding of certain outstanding general obligation Bonds of the County to achieve debt services savings and authorizing the issuance of not to exceed \$34,000,000 aggregate principal amount of general obligation refunding bonds of the County to effect such refunding appropriating the proceed therefor.

– March 19th, 2015 –

The County's 2015 operating budget was adopted.

– April 29th, 2015 –

The County closed on \$24,060,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2015, consisting of, \$23,615,000 aggregate principal amount of General Improvement Refunding Bonds, Series 2015A and \$445,000 aggregate principal amount of County College Refunding Bonds, Series 2015A.

– May 7th, 2015 –

The Board of Chosen Freeholders finally adopted a Bond Ordinance providing for the acquisition of capital equipment and the undertaking of various 2015 capital improvements at and for facilities of Middlesex County College, appropriating \$2,000,000 therefore and authorizing the issuance of \$2,000,000 bonds and notes of the County for financing such appropriation.

The Board of Chosen Freeholders Finally adopted a Bond Ordinance providing for the undertaking of 2015 capital improvements at and for certain facilities of Middlesex County College, appropriating \$3,000,000 therefore and authorizing the issuance of \$3,000,000 bond or notes of the County of Middlesex, State of New Jersey, for financing such appropriation, the principal of and interest on the aggregate principal amount of which will be entitled to state aid, pursuant to Chapter 12 of the laws of New Jersey of 1971.

The Board of Chosen Freeholders finally adopted a Bond Ordinance providing for 2015 general capital improvements and the acquisition of equipment for the Middlesex County Vocational and technical High Schools, appropriating \$3,100,000 therefore and authorizing the issuance of \$3,100,000 bond or notes of the County for financing such appropriation.

– June 3rd, 2015 –

The County closed on \$8,300,000 aggregate principal amount of General Obligation Bonds, consisting of, \$2,000,000 County College Bonds, Series 2015, \$3,100,000 Vocational-Technical School Bonds, Series 2015, and \$3,200,000 County College Bonds, Series 2015 (County College Bond Act, 1971 N.J. Laws C 12, as Amended).