

*Report of Audit*

*on the*

*Financial Statements*

*of the*

*Borough of Middlesex*

*in the*

*County of Middlesex  
New Jersey*

*for the*

*Year Ended  
December 31, 2011*



BOROUGH OF MIDDLESEX

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BOROUGH OF MIDDLESEX

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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AND SUPPLEMENTARY SCHEDULES AND DATA

FINANCIAL STATEMENTS - REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2011 AND 2010



# SUPLEE, CLOONEY & COMPANY

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Borough Council  
Borough of Middlesex  
County of Middlesex  
Middlesex, New Jersey 08829

We have audited the accompanying financial statements - regulatory basis of the various individual funds and the account group of the Borough of Middlesex, County of Middlesex, New Jersey as of and for the years ended December 31, 2011 and 2010, and for the year ended December 31, 2011 as listed as financial statements - regulatory basis in the foregoing table of contents. These financial statements - regulatory basis are the responsibility of the management of the Borough of Middlesex, County of Middlesex. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and 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 and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Borough of Middlesex, County of Middlesex, prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, because the Borough of Middlesex prepares its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the various individual funds of the Borough of Middlesex, County of Middlesex, as of December 31, 2011 and 2010 or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2011.

# SUPLEE, CLOONEY & COMPANY

However, in our opinion, the financial statements - regulatory basis present fairly, in all material respects, the financial position - regulatory basis of the various individual funds and the account group of the Borough of Middlesex, County of Middlesex, as of December 31, 2011, and the results of its operations and changes in fund balance - regulatory basis for the year then ended and the revenues, expenditures and changes in fund balance - regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 25, 2012 on our consideration of the Borough of Middlesex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements - regulatory basis taken as a whole. The information included in the schedules of expenditures of federal awards and state financial assistance and the other supplementary schedules and data listed in the table of contents is presented for purposes of additional analysis as required by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, 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 regulatory financial statements. This 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, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

  
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CERTIFIED PUBLIC ACCOUNTANT

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 25, 2012

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CURRENT FUND

BOROUGH OF MIDDLESEX

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE DECEMBER 31, 2010</u>
<u>ASSETS</u>			
Cash-Treasurer	A-4	\$ 3,415,841.63	\$ 2,932,916.96
Change Fund	A-5	500.00	500.00
Due State of New Jersey-Chapter 20, PL 1971	A-9	12,375.17	10,456.01
		<u>\$ 3,428,716.80</u>	<u>\$ 2,943,872.97</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-8	\$ 620,702.34	\$ 722,359.45
Tax Title Liens	A-7	327,898.45	277,175.35
Foreclosed Property	A-25	1,426,700.00	1,426,700.00
Revenue Accounts Receivable	A-13	45,489.48	102,357.60
Interfunds Receivable	A-12	80,256.42	
School Tax Payable	A-18	47,363.50	
Deferred Charges: Hurricane Irene	A-31	400,000.00	
		<u>\$ 2,948,410.19</u>	<u>\$ 2,528,592.40</u>
		<u>\$ 6,377,126.99</u>	<u>\$ 5,472,465.37</u>
Grant Fund:			
Grants Receivable	A-15	\$ 9,984.07	\$ 19,744.59
CDBG Receivable	A-27	68,901.20	
Due General Capital Fund	A-30	23,775.00	44,825.00
Due Current Fund	A-29	1,264,513.93	813,273.02
		<u>\$ 1,367,174.20</u>	<u>\$ 877,842.61</u>
		<u>\$ 7,744,301.19</u>	<u>\$ 6,350,307.98</u>

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

BOROUGH OF MIDDLESEX

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-16	\$ 949,390.47	\$ 566,262.24
Encumbrances Payable	A-26	281,268.41	258,961.47
Prepaid Taxes	A-22	151,820.10	162,103.51
Tax Overpayments	A-23	1,120.01	1,113.97
Accounts Payable	A-24	16,537.56	124,794.42
Reserve for Third Party Lien Redemptions	A-11	250,238.73	
Fees Payable	A-21	3,494.00	6,492.00
Interfunds Payable	A-12	1,264,513.93	815,120.07
Reserve for Sewer Overpayments	A-10	7,530.79	
Reserve for Miscellaneous Deposits	A-20	14,049.11	14,275.11
		<u>\$ 2,939,963.11</u>	<u>\$ 1,949,122.79</u>
Reserve for Receivables and Other Assets	A	2,501,046.69	2,528,592.40
Fund Balance	A-1	936,117.19	994,750.18
		<u>\$ 6,377,126.99</u>	<u>\$ 5,472,465.37</u>
Grant Fund:			
Accounts Payable	A-24	\$ 62,207.78	\$ 9,423.54
Unappropriated Reserves	A-14	507,503.93	15,088.62
Appropriated Reserves	A-19	716,292.67	853,330.45
Reserve for CDBG	A-28	81,169.82	
		<u>\$ 1,367,174.20</u>	<u>\$ 877,842.61</u>
		<u>\$ 7,744,301.19</u>	<u>\$ 6,350,307.98</u>

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR 2011</u>	<u>YEAR 2010</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 900,000.00	\$ 840,000.00
Miscellaneous Revenue Anticipated	A-2	3,276,095.90	3,397,375.94
Receipts From Delinquent Taxes	A-2	715,307.66	620,627.63
Receipts From Current Taxes	A-2	37,106,961.45	35,685,534.97
Non-Budget Revenue	A-2	165,244.37	125,408.88
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	322,244.74	245,094.00
Accounts Payable Canceled	A-24	9,946.44	138,833.42
Interfunds Returned			227,434.48
Cancel Reserves		18,055.06	
<u>Total Income</u>		<u>\$ 42,513,855.62</u>	<u>\$ 41,280,309.32</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	\$ 10,276,626.97	\$ 9,934,841.07
Deferred Charges and Statutory Expenditures	A-3	1,537,159.00	771,101.45
Operations Excluded From "CAPS":			
Operating	A-3	2,513,683.75	2,764,831.29
Capital Improvements	A-3	43,225.00	10,000.00
Municipal Debt Service	A-3	1,270,519.68	1,311,006.08
County Taxes	A-17	5,597,514.73	5,067,029.17
Local District School Tax	A-18	20,714,546.50	20,461,210.00
Senior Citizens' Deductions Disallowed- Prior Year			2,780.14
Refund of Prior Year Revenue	A-4	7,154.60	100.00
Interfunds Advanced		80,256.42	
Accounts Receivable Canceled		31,801.96	
<u>Total Expenditures</u>		<u>\$ 42,072,488.61</u>	<u>\$ 40,322,899.20</u>
Excess in Revenue		\$ 441,367.01	\$ 957,410.12
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which are by Statute			
Deferred Charges to the Budget of the Succeeding Year	A-31	<u>400,000.00</u>	<u>                    </u>
Excess to Fund Balance		\$ 841,367.01	\$ 957,410.12
<u>Fund Balance</u>			
Balance, January 1	A	<u>994,750.18</u>	<u>877,340.06</u>
		\$ 1,836,117.19	\$ 1,834,750.18
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>900,000.00</u>	<u>840,000.00</u>
Fund Balance, December 31	A	<u>\$ 936,117.19</u>	<u>\$ 994,750.18</u>

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	REF.	<u>ANTICIPATED</u>		<u>EXCESS OR (DEFICIT)</u>
		<u>BUDGET</u>	<u>REALIZED</u>	
Fund Balance Anticipated	A-1	\$ 900,000.00	\$ 900,000.00	\$
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-13	\$ 11,280.00	\$ 11,280.00	\$
Other	A-2	33,000.00	36,925.00	3,925.00
Fees and Permits:				
Construction Code Official	A-13	160,000.00	152,406.00	(7,594.00)
Other	A-2	52,000.00	49,781.00	(2,219.00)
Fines:				
Municipal Court	A-13	291,000.00	283,104.44	(7,895.56)
Interest and Costs on Taxes	A-13	105,000.00	121,479.98	16,479.98
Interest on Investments	A-13	9,200.00	18,118.97	8,918.97
Cellular Phone Tower Leases	A-13	69,000.00	75,832.70	6,832.70
Cable TV Franchise Fee	A-13	63,000.00	70,575.57	7,575.57
Payment in Lieu of Taxes- Presbyterian Homes	A-13	66,000.00	68,943.72	2,943.72
Host Community Benefits	A-13	77,000.00	65,845.71	(11,154.29)
Sewer Rents Receivable	A-13	245,000.00	315,789.74	70,789.74
Consolidated Municipal Property Tax Relief Aid	A-13	323,997.00	323,997.00	
Energy Receipts Tax	A-13	1,455,817.00	1,455,817.00	
Hazardous Waste Facility Siting Act	A-13	20,000.00	20,000.00	
Drunk Driving Enforcement Fund	A-15	4,264.04	4,264.04	
Clean Communities Program	A-15	21,531.50	21,531.50	
Municipal Alliance	A-15	13,884.00	13,884.00	
Body Armor Replacement Fund	A-15	6,177.81	6,177.81	
Alcohol Education Rehabilitation Fund	A-15	150.82	150.82	
Title III- Older Americans- Information Assistance	A-15	5,000.00	5,000.00	
Title III- Older Americans- Transportation Assistance	A-15	7,047.00	7,047.00	
Reserve for Payment of Debt	A-13	53,799.24	53,799.24	
Swim Pool Utility- Administrative Services Contribution	A-13	25,000.00	25,000.00	
General Capital Fund Balance	A-13	56,344.66	56,344.66	
Trust Assessment Fund Balance	A-13	13,000.00	13,000.00	
	A-1	\$ 3,187,493.07	\$ 3,276,095.90	\$ 88,602.83
Receipts From Delinquent Taxes	A-1:A-8	\$ 594,694.10	\$ 715,307.66	\$ 120,613.56
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2	\$ 11,219,604.13	\$ 11,260,199.72	\$ 40,595.59
<u>Budget Totals</u>		\$ 15,901,791.30	\$ 16,151,603.28	\$ 249,811.98
Non-Budget Revenue	A-2		165,244.37	165,244.37
		\$ 15,901,791.30	\$ 16,316,847.65	\$ 415,056.35
	REF.	A-3		

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF</u>	
Allocation of Current Tax Collections:		
Collections Realized on a Cash Basis	A-1:A-8	\$ 37,106,961.45
Allocated to:		
School and County Taxes		<u>26,505,261.73</u>
Balance for Support of Municipal Budget Appropriations		\$ 10,601,699.72
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>658,500.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 11,260,199.72</u>
Other Licenses:		
Clerk	A-13	\$ 9,985.00
Board of Health	A-13	26,910.00
Registrar	A-13	<u>30.00</u>
	A-2	<u>\$ 36,925.00</u>
Fees and Permits:		
Police	A-13	\$ 841.00
Tax/Assessment Search	A-13	30.00
Building/Fire Inspection Fees	A-13	48,600.00
Registrar	A-13	<u>310.00</u>
	A-2	<u>\$ 49,781.00</u>
<u>Analysis of Non-Budget Revenues</u>		
Miscellaneous Revenue Not Anticipated:		
Sale of Municipal Assets		\$ 12,112.00
Fire Safety Act		12,692.22
Reimbursements - Prior Year Expenditures		5,000.00
Sale of Easements		9,900.00
Police Outside Services - Administrative Fees		10,609.95
Senior & Vets Administrative Fees		3,562.55
Tax Collector		433.00
Library H.B. Fund		48,434.34
Reimbursements - Board of Education		663.55
Property Tax List		410.00
Borough Clerk		155.97
Other Miscellaneous		<u>67,678.84</u>
	A-4	\$ 171,652.42
Less: Refunds	A-4	<u>6,408.05</u>
	A-1:A-2	<u>\$ 165,244.37</u>

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	TRANSFERS AND EMERGENCIES	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT:</u>						
Mayor and Council:						
Salaries and Wages	\$ 12,000.00	\$	\$ 12,000.00	\$ 11,999.76	\$ 0.24	\$
Other Expenses	5,000.00	16,800.00	21,800.00	20,089.38	1,710.62	
Municipal Clerk:						
Salaries and Wages	128,613.00		128,613.00	125,567.22	3,045.78	
Other Expenses	13,886.00		13,886.00	9,408.48	4,477.52	
Postage for All Departments:						
Other Expenses	26,000.00	(3,000.00)	23,000.00	22,851.00	149.00	
Printing for all Departments:						
Other Expenses	17,500.00		17,500.00	10,831.03	6,668.97	
Elections:						
Other Expenses	5,500.00		5,500.00	5,436.51	63.49	
Financial Administration:						
Salaries and Wages	105,807.00		105,807.00	104,823.01	983.99	
Other Expenses	14,108.00		14,108.00	12,631.22	1,476.78	
Annual Audit:						
Other Expenses	31,620.00		31,620.00	31,620.00		
Revenue Administration:						
Salaries and Wages	63,029.00		63,029.00	63,028.94	0.06	
Other Expenses	9,358.00		9,358.00	6,248.91	3,109.09	
Assessment of Taxes:						
Salaries and Wages	30,000.00		30,000.00	30,000.00		
Other Expenses	3,175.00		3,175.00	2,398.73	776.27	
Legal Service and Costs:						
Other Expenses	102,000.00		102,000.00	88,926.79	13,073.21	
Liquidation of Tax Title Liens & Foreclosed Property	500.00		500.00		500.00	
Engineering Services:						
Other Expenses	45,000.00		45,000.00	29,961.50	15,038.50	
Computer Data Services:						
Other Expenses	91,951.40		91,951.40	91,849.89	101.51	
<u>LAND USE ADMINISTRATION:</u>						
Planning Board:						
Other Expenses	26,160.00		26,160.00	19,989.69	6,170.31	
Zoning Board of Adjustment:						
Salaries and Wages	6,700.00		6,700.00	3,282.00	3,418.00	
Other Expenses	12,700.00		12,700.00	5,675.40	7,024.60	

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>APPROPRIATIONS</u>			<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>TRANSFERS AND EMERGENCIES</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>						
<u>INSURANCE:</u>						
Temporary Disability Insurance	\$ 25,000.00	\$	\$ 25,000.00	\$ 21,046.30	\$ 3,953.70	\$
Long-Term Disability Insurance	14,000.00		14,000.00	13,488.98	511.02	
Liability Insurance	154,177.92		154,177.92	154,177.92		
Workmen's Compensation	194,578.16		194,578.16	194,578.16		
Employee Group Insurance	1,765,912.00		1,765,912.00	1,756,605.71	9,306.29	
<u>PUBLIC SAFETY:</u>						
Police Department:						
Salaries and Wages	2,932,623.00		2,932,623.00	2,898,708.85	33,914.15	
Other Expenses	108,100.00		108,100.00	106,760.58	1,339.42	
Juvenile Conference Committee:						
Salaries and Wages	1,983.00		1,983.00	1,983.00		
Other Expenses	250.00		250.00		250.00	
Office of Emergency Management:						
Salaries and Wages	3,200.00		3,200.00	3,200.00		
Other Expenses	17,500.00		17,500.00	16,413.31	1,086.69	
Fire Department:						
Other Expenses	125,400.00		125,400.00	124,069.28	1,330.72	
Aid to Volunteer Ambulance Companies	20,000.00		20,000.00	20,000.00		
Hazardous Waste Facilities Tax:						
Other Expenses	5,000.00		5,000.00	4,516.52	483.48	
Fire Hydrant Fees:						
Other Expenses	206,500.00		206,500.00	188,956.35	17,543.65	
Municipal Prosecutor::						
Salaries and Wages	24,399.00		24,399.00	24,398.40	0.60	
Municipal Court:						
Salaries and Wages	172,324.00		172,324.00	172,324.00		
Other Expenses	13,650.00		13,650.00	9,322.64	4,327.36	
<u>PUBLIC WORKS:</u>						
Streets and Roads Maintenance:						
Salaries and Wages	449,101.00		449,101.00	424,815.71	24,285.29	
Other Expenses	67,216.00		67,216.00	65,185.90	2,030.10	
Emergency - Hurricane Irene		400,000.00	400,000.00	131,379.15	268,620.85	

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS			EXPENDED		<u>CANCELED</u>
	<u>BUDGET</u>	<u>TRANSFERS AND EMERGENCIES</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>PUBLIC WORKS (CONTINUED):</u>						
Shade Tree Commission:						
Salaries and Wages	\$ 2,328.00	\$	\$ 2,328.00	\$ 2,328.00	\$	\$
Other Expenses	33,901.66		33,901.66	33,820.00	81.66	
Solid Waste Collection:						
Salaries and Wages	86,277.00		86,277.00	73,937.55	12,339.45	
Garbage and Trash Collection :						
Salaries and Wages	504,228.00		504,228.00	489,583.00	14,645.00	
Other Expenses	49,500.00		49,500.00	30,517.85	18,982.15	
Community Services Act						
Other Expenses	51,821.83		51,821.83	47,341.83	4,480.00	
Buildings and Grounds:						
Other Expenses	90,680.00	(10,000.00)	80,680.00	68,271.30	12,408.70	
Rental of Rescue Squad Building:						
Other Expenses	7,200.00		7,200.00	7,200.00		
Maintenance of Communications Equipment:						
Other Expenses	500.00		500.00		500.00	
<u>HEALTH AND HUMAN SERVICES:</u>						
Public Health Services (Board of Health):						
Salaries and Wages	8,000.00		8,000.00	7,740.32	259.68	
Other Expenses	68,000.00		68,000.00	63,388.96	4,611.04	
Animal Control:						
Other Expenses	38,160.00		38,160.00	30,991.70	7,168.30	
Senior Nutrition - Program Costs:						
Salaries and Wages	8,512.00		8,512.00	1,961.15	6,550.85	
Title III Senior Medical Transportation - Program Costs:						
Salaries and Wages	10,953.00		10,953.00	10,656.48	296.52	
Title III Information & Assistance - Program Costs:						
Salaries and Wages	28,097.00		28,097.00	24,762.66	3,334.34	
<u>PARKS AND RECREATION:</u>						
Recreation Services and Programs:						
Salaries and Wages	78,149.00	(4,500.00)	73,649.00	67,785.41	5,863.59	
Other Expenses	51,233.00	9,606.00	60,839.00	50,284.56	10,554.44	

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS			EXPENDED		<u>CANCELED</u>
	<u>BUDGET</u>	<u>TRANSFERS AND EMERGENCIES</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>PARKS AND RECREATION (CONTINUED):</u>						
Parks and Playgrounds:						
Salaries and Wages	\$ 290,083.00	\$	\$ 290,083.00	\$ 264,029.93	\$ 26,053.07	\$
Other Expenses	18,500.00		18,500.00	17,002.10	1,497.90	
Celebration of Public Events:						
Other Expenses	5,000.00		5,000.00	1,653.80	3,346.20	
Senior Citizen Bus Transportation						
Salaries and Wages	25,738.00		25,738.00	678.55	25,059.45	
Other Expenses	4,000.00		4,000.00	3,967.80	32.20	
Recreational Field Development:						
Other Expenses	500.00		500.00		500.00	
Senior Citizen Coordinator:						
Salaries and Wages	9,882.00		9,882.00	3,092.02	6,789.98	
Other Expenses	5,000.00		5,000.00	4,473.21	526.79	
<u>OTHER COMMON OPERATING FUNCTIONS - UNCLASSIFIED:</u>						
Accumulated Sick Leave Compensation:						
Salaries and Wages	43,000.00	(13,000.00)	30,000.00	29,082.49	917.51	
Housing and Community Advisory Board:						
Salaries and Wages	375.00		375.00	375.00		
Other Expenses	100.00		100.00		100.00	
Environmental Advisory Council:						
Other Expenses	1,150.00		1,150.00		1,150.00	
Maintenance of Tax Map:						
Other Expenses	1,000.00		1,000.00		1,000.00	
Beautification Committee:						
Other Expenses	1,295.00		1,295.00	543.90	751.10	
Multi-Family Solid Waste Collection:						
Other Expenses	53,973.00		53,973.00		53,973.00	

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	TRANSFERS AND EMERGENCIES	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>						
Electricity	\$ 183,500.00	\$	\$ 183,500.00	\$ 176,407.83	\$ 7,092.17	\$
Street Lighting	171,000.00		171,000.00	147,470.80	23,529.20	
Telephone	45,000.00	8,000.00	53,000.00	51,793.03	1,206.97	
Water	30,000.00		30,000.00	17,188.34	12,811.66	
Gas (Natural or Propane)	45,000.00	(10,000.00)	35,000.00	27,692.37	7,307.63	
Fuel Oil (Diesel Fuel)	80,000.00	10,000.00	90,000.00	88,822.30	1,177.70	
Gasoline	75,000.00	10,000.00	85,000.00	72,625.83	12,374.17	
Sewer Processing and Disposal:						
Salaries & Wages	34,758.00		34,758.00	24,764.47	9,993.53	
Other Expenses	35,200.00		35,200.00	26,130.22	9,069.78	
<u>LANDFILL/SOLID WASTE DIPOSAL COSTS:</u>						
Landfill Fees:						
Other Expenses	365,000.00		365,000.00	329,342.84	35,657.16	
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>						
Construction Inspector, Plumbing Inspector and Code Enforcer:						
Salaries & Wages	153,255.00		153,255.00	140,530.85	12,724.15	
Other Expenses	8,350.00		8,350.00	4,252.78	4,097.22	
Total Operations Within "CAPS"	\$ 9,854,720.97	\$ 413,906.00	\$ 10,268,626.97	\$ 9,471,041.45	\$ 797,585.52	\$
Contingent	\$ 8,000.00	\$	\$ 8,000.00	\$	\$ 8,000.00	\$
<u>Total Operations Including Contingent Within "CAPS"</u>	<u>\$ 9,862,720.97</u>	<u>\$ 413,906.00</u>	<u>\$ 10,276,626.97</u>	<u>\$ 9,471,041.45</u>	<u>\$ 805,585.52</u>	<u>\$</u>

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS			EXPENDED		
	<u>BUDGET</u>	<u>TRANSFERS AND EMERGENCIES</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
<u>Contribution to:</u>						
Social Security System (O.A.S.I)	\$ 292,000.00	\$ (13,906.00)	\$ 278,094.00	\$ 252,657.97	\$ 25,436.03	\$
Public Employees' Retirement System of NJ	348,463.00		348,463.00	348,463.00		
State Unemployment Insurance	150,000.00		150,000.00	150,000.00		
Police and Fireman's Retirement System of NJ	755,602.00		755,602.00	755,602.00		
Pension & Fireman's Widow	5,000.00		5,000.00	5,000.00		
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	\$ 1,551,065.00	\$ (13,906.00)	\$ 1,537,159.00	\$ 1,511,722.97	\$ 25,436.03	\$
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 11,413,785.97	\$ 400,000.00	\$ 11,813,785.97	\$ 10,982,764.42	\$ 831,021.55	\$
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>						
Maintenance of Free Public Library:						
Other Expenses	\$ 550,371.90	\$	\$ 550,371.90	\$ 550,371.90	\$	\$
Middlesex County Utilities Authority Sewerage Treatment	1,203,120.68		1,203,120.68	1,203,120.68		
Piscataway Sewerage Authority - Share of Costs	200,000.00		200,000.00	153,088.67	46,911.33	
Reserve for Tax Appeals	30,000.00		30,000.00		30,000.00	
<u>Insurance:</u>						
Employee Group Insurance	38,001.00		38,001.00	38,001.00		
<u>Stormwater Pollution Programs/ Stormwater Permit</u>						
Salaries & Wages	286,664.00		286,664.00	286,664.00		
Other Expenses	9,000.00		9,000.00	3,000.00	6,000.00	

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>APPROPRIATIONS</u>			<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>TRANSFERS AND EMERGENCIES</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>OPERATIONS EXCLUDED FROM "CAPS" (CONTINUED)</u>						
Middlesex County Improvement Authority- County Curbside Collection Program: Other Expenses	\$ 135,000.00	\$	\$ 135,000.00	\$ 99,542.41	\$ 35,457.59	\$
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>						
Body Armor Replacement Grant - CY	6,177.81		6,177.81	6,177.81		
Drunk Driving Enforcement Grant	4,264.04		4,264.04	4,264.04		
Municipal Alliance on Alcohol & Drug Abuse	17,355.00		17,355.00	17,355.00		
NJ Clean Communities Grant	21,531.50		21,531.50	21,531.50		
Alcohol Education Rehabilitation Program	150.82		150.82	150.82		
Older Americans Act - Information Assist	12,047.00		12,047.00	12,047.00		
Total Operations Excluded from "CAPS"	\$ 2,513,683.75	\$	\$ 2,513,683.75	\$ 2,395,314.83	\$ 118,368.92	\$
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>						
Down Payments on Improvements Capital Improvement Fund	\$ 43,225.00	\$	\$ 43,225.00	\$ 43,225.00	\$	\$
Total Capital Improvements Excl. from "CAPS"	\$ 43,225.00	\$	\$ 43,225.00	\$ 43,225.00	\$	\$

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	TRANSFERS AND EMERGENCIES	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	\$ 700,000.00	\$	\$ 700,000.00	\$ 700,000.00	\$	
Interest on Bonds	356,886.25		356,886.25	356,870.02		16.23
Green Trust Loan Program:						
Loan Repayment for Principal and Interest	34,784.89		34,784.89	34,784.89		
Infrastructure Loan:						
Loan Repayments for Principal and Interest	111,004.75		111,004.75	108,944.08		2,060.67
MCIA Loan - Fire Truck	69,920.69		69,920.69	69,920.69		
<u>Total Municipal Debt Service - Excluded from "CAPS"</u>	<u>\$ 1,272,596.58</u>	<u>\$</u>	<u>\$ 1,272,596.58</u>	<u>\$ 1,270,519.68</u>	<u>\$</u>	<u>\$ 2,076.90</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 3,829,505.33	\$	\$ 3,829,505.33	\$ 3,709,059.51	\$ 118,368.92	\$ 2,076.90
Subtotal General Appropriations	\$ 15,243,291.30	\$ 400,000.00	\$ 15,643,291.30	\$ 14,691,823.93	\$ 949,390.47	\$ 2,076.90
Reserve for Uncollected Taxes	658,500.00		658,500.00	658,500.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 15,901,791.30</u>	<u>\$ 400,000.00</u>	<u>\$ 16,301,791.30</u>	<u>\$ 15,350,323.93</u>	<u>\$ 949,390.47</u>	<u>\$ 2,076.90</u>
	REF.	A-2	A-31	A-1	A:A-1	
Disbursements	A-4			\$ 14,382,754.44		
Encumbrances Payable	A-26			280,032.39		
Reserve for Grants Appropriated	A-19			61,526.17		
Reserve for Uncollected Taxes	A-2			658,500.00		
				<u>\$ 15,382,813.00</u>		
Less: Refunds	A-4			32,489.07		
				<u>\$ 15,350,323.93</u>		

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

TRUST FUND

BOROUGH OF MIDDLESEX

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2011</u>	<u>BALANCE DECEMBER 31, 2010</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash	B-2	\$ 24,383.81	\$ 24,259.85
Assessment Liens Receivable	B-9	<u>1,470.00</u>	<u>1,470.00</u>
		\$ <u>25,853.81</u>	\$ <u>25,729.85</u>
Animal Control Trust Fund:			
Cash	B-2	\$ <u>6,101.58</u>	\$ <u>2,339.95</u>
		\$ <u>6,101.58</u>	\$ <u>2,339.95</u>
Other Trust Funds:			
Cash	B-2	\$ 708,276.33	\$ 498,512.29
CDBG Grants Receivable	B-13		10,171.20
Due Current Fund	B-5		<u>1,847.05</u>
		\$ <u>708,276.33</u>	\$ <u>510,530.54</u>
		\$ <u><u>740,231.72</u></u>	\$ <u><u>538,600.34</u></u>

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

BOROUGH OF MIDDLESEX

TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Trust Fund:			
Due General Capital Fund	B-8	\$ 7,164.08	\$ 7,164.08
Due Current Fund	B-7	13,123.96	
Fund Balance	B-1	<u>5,565.77</u>	<u>18,565.77</u>
		\$ <u>25,853.81</u>	\$ <u>25,729.85</u>
Animal Control Trust Fund:			
Reserve for Animal Control Fund Expenditures	B-3	\$ <u>6,101.58</u>	\$ <u>2,339.95</u>
		\$ <u>6,101.58</u>	\$ <u>2,339.95</u>
Other Funds:			
Due Current Fund	B-5	\$ 204.21	\$
Reserve For:			
Payroll Deductions Payable	B-16	72,585.09	60,283.01
Developers' Escrow	B-15	159,585.54	116,511.16
Unemployment Insurance	B-14	117,179.41	31,554.92
Various Reserves and Deposits	B-6	341,792.17	281,773.73
Municipal Law Enforcement Trust	B-11	8,613.32	8,389.47
Federal Asset Forfeitures	B-10	8,316.59	
Community Development Block Grant	B-12		<u>12,018.25</u>
		\$ <u>708,276.33</u>	\$ <u>510,530.54</u>
		\$ <u>740,231.72</u>	\$ <u>538,600.34</u>

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

BOROUGH OF MIDDLESEX

TRUST FUND

STATEMENT OF FUND BALANCE - ASSESSMENT TRUST - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	18,565.77
Decreased by:			
Utilized as Anticipated Revenue - Current Fund	B-2		<u>13,000.00</u>
Balance, December 31, 2011	B	\$	<u><u>5,565.77</u></u>

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

GENERAL CAPITAL FUND



BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>		
Balance, December 31, 2010	C	\$	56,344.66
Decreased by:			
Utilized as Anticipated Revenue - Current Fund	C-2	\$	<u>56,344.66</u>

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

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SWIMMING POOL UTILITY FUND

BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
Operating Fund:			
Cash - Treasurer	D-4	\$ 270,258.31	\$ 257,564.68
Cash - Snack Bar	D-5	3,004.28	3,001.00
Due Swimming Pool Capital Fund	D-9	<u>83,599.90</u>	<u>74,411.90</u>
<u>Total Operating Fund</u>		<u>\$ 356,862.49</u>	<u>\$ 334,977.58</u>
Capital Fund:			
Fixed Capital	D-14	\$ 666,291.56	\$ 666,291.56
Fixed Capital Authorized and Uncompleted	D-15	<u>350,000.00</u>	<u>350,000.00</u>
<u>Total Capital Fund</u>		<u>\$ 1,016,291.56</u>	<u>\$ 1,016,291.56</u>
		<u>\$ 1,373,154.05</u>	<u>\$ 1,351,269.14</u>

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

BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY FUND  
BALANCE SHEETS - REGULATORY BASIS

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3;D-6	\$ 63,147.81	\$ 40,785.47
Accounts Payable	D-8	18,164.65	19,470.15
Encumbrances Payable	D-7	3,615.05	19,057.48
		<u>\$ 84,927.51</u>	<u>\$ 79,313.10</u>
Fund Balance	D-1	<u>271,934.98</u>	<u>255,664.48</u>
<u>Total Operating Fund</u>		<u>\$ 356,862.49</u>	<u>\$ 334,977.58</u>
Capital Fund:			
Improvement Authorizations:			
Unfunded	D-11	\$ 93,670.00	\$ 94,044.00
Capital Improvement Fund	D-17	72,730.10	72,730.10
Due Swimming Pool Operating Fund	D-13	83,599.90	74,411.90
Reserve For:			
Contracts Payable	D-12		8,814.00
Amortization	D-16	666,291.56	666,291.56
Deferred Amortization	D-18	<u>100,000.00</u>	<u>100,000.00</u>
<u>Total Capital Fund</u>		<u>\$ 1,016,291.56</u>	<u>\$ 1,016,291.56</u>
		<u>\$ 1,373,154.05</u>	<u>\$ 1,351,269.14</u>

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

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY OPERATING FUND

STATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2011</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2010</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-2	\$ 43,980.00	\$ 60,400.00
Fees- Membership	D-2	253,095.00	242,785.00
Miscellaneous	D-2	97,519.22	93,851.48
Snack Bar			17,721.36
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-6	38,456.28	75,257.87
<u>TOTAL INCOME</u>		<u>\$ 433,050.50</u>	<u>\$ 490,015.71</u>
<u>EXPENDITURES</u>			
Operating	D-3	\$ 372,800.00	\$ 346,800.00
Statutory Expenditures and Deferred Charges			15,600.00
<u>TOTAL EXPENDITURES</u>		<u>\$ 372,800.00</u>	<u>\$ 362,400.00</u>
Excess in Revenue		\$ 60,250.50	\$ 127,615.71
<u>Fund Balance</u>			
Balance, January 1	D	255,664.48	188,448.77
		<u>\$ 315,914.98</u>	<u>\$ 316,064.48</u>
Decreased by:			
Utilization by Swimming Pool Operating Budget	D-1:D-2	43,980.00	60,400.00
Balance, December 31	D	<u>\$ 271,934.98</u>	<u>\$ 255,664.48</u>

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

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 43,980.00	\$ 43,980.00	
Membership Fees	D-1:D-2	242,785.00	253,095.00	\$ 10,310.00
Miscellaneous	D-1:D-2	<u>86,035.00</u>	<u>97,519.22</u>	<u>11,484.22</u>
		<u>\$ 372,800.00</u>	<u>\$ 394,594.22</u>	<u>\$ 21,794.22</u>

Membership Fees	D-4		\$ 253,955.00	
Less: Refunds	D-4		<u>860.00</u>	
	D-2		<u>\$ 253,095.00</u>	
Snack Bar	D-10		\$ 11,613.86	
Miscellaneous	D-4		<u>85,905.36</u>	
	D-2		<u>\$ 97,519.22</u>	

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

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
Operating:				
Salaries and Wages	\$ 188,300.00	\$ 188,300.00	\$ 162,254.30	\$ 26,045.70
Other Expenses	184,500.00	184,500.00	147,397.89	37,102.11
	<u>372,800.00</u>	<u>\$ 372,800.00</u>	<u>\$ 309,652.19</u>	<u>\$ 63,147.81</u>
	<u>REF.</u>		D-1	D:D-1
Cash Disbursements	D-4		\$ 307,393.55	
Encumbrances Payable	D-7		2,258.64	
			<u>\$ 309,652.19</u>	

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

PUBLIC ASSISTANCE FUND

"E"

BOROUGH OF MIDDLESEX  
PUBLIC ASSISTANCE TRUST FUND  
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
<u>ASSETS</u>			
Cash	E-1	\$ <u>9,913.01</u>	\$ <u>9,903.66</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance		\$ 9,903.66	\$ 9,903.66
Due Current Fund		<u>9.35</u>	<u>          </u>
		\$ <u>9,913.01</u>	\$ <u>9,903.66</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF MIDDLESEX  
STATEMENT OF GENERAL FIXED ASSETS  
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2011	BALANCE DECEMBER 31, 2010
<u>FIXED ASSETS</u>		
Land	\$ 5,668,300.00	\$ 5,668,300.00
Buildings	9,010,155.00	5,812,200.00
Machinery and Equipment	<u>6,877,500.62</u>	<u>6,751,202.57</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 21,555,955.62</u>	<u>\$ 18,231,702.57</u>
<u>RESERVE</u>		
Investments in General Fixed Assets	<u>\$ 21,555,955.62</u>	<u>\$ 18,231,702.57</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MIDDLESEX

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011 AND 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Middlesex is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council is responsible for the fiscal control of the Borough. A Mayor is elected to serve a term of four years. A Council consisting of six members is elected to serve staggered three year terms.

Except as noted below, the financial statements of the Borough of Middlesex include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Middlesex, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Middlesex do not include the operations of the free public library, volunteer rescue organizations or the local public school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

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

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

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

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

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

C. Basis of Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is recognized on the cash basis, whereas interest on utility indebtedness is recognized on the accrual basis.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

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 the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets – N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence and a useful life of more than one year. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

General Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on General Fixed Assets or reported in the financial statements.

The Borough has developed a fixed assets accounting and reporting system. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Buildings and land are stated at the assessed value contained in the Borough's table of aggregates.

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital – Swimming Pool Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Swimming Pool Utility Fund, are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

D. Basic Financial Statements

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

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Middlesex has the following cash and cash equivalents at December 31, 2011:

FUND	CHANGE FUNDS	CASH IN BANK	ADDITIONS	DELETIONS	TOTAL
Current Fund	\$ 500.00	\$ 3,559,866.27	\$ 1,091.23	\$ (145,115.87)	\$ 3,415,841.63
Assessment Trust Fund		24,383.81			24,383.81
Animal Control Fund		6,101.58			6,101.58
Other Trust Fund		786,491.09	1,541.20	(79,755.96)	708,276.33
General Capital Fund		36,779.97			36,779.97
Swimming Pool Utility Operating Fund		274,498.42		(1,235.83)	273,262.59
Public Assistance Fund		9,913.01			9,913.01
<b>TOTAL DECEMBER 31, 2011</b>	<b>\$ 500.00</b>	<b>\$ 4,688,121.14</b>	<b>\$ 2,632.43</b>	<b>\$ (226,107.66)</b>	<b>\$ 4,474,558.92</b>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2011, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial risk. Of the cash on balance in the bank, \$410,234.80 was covered by Federal Depository Insurance and \$4,063,707.38 was covered under the provisions of NJGUDPA. \$214,178.96 invested in the New Jersey Cash Management fund (cash equivalents) is uninsured.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (c.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (c. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2011, the Borough had \$214,178.96 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1, and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Borough is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

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



NOTE 3: MUNICIPAL DEBT (CONTINUED)

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

Equalized Valuation Basis* - December 31, 2011	\$ <u>1,638,654,788.00</u>
3-1/2% of Equalized Valuation Basis	\$ 57,352,917.58
Net Debt	<u>14,258,276.31</u>
Remaining (Deficit) Borrowing Power	\$ <u>43,094,641.27</u>

\*Equalized Valuation basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

SCHOOL DEBT DEDUCTION

School debt is deductible up to the extent of 3% of the Average Equalized Assessed Valuation of real property for the Local School District.

CALCULATION OF "SELF-LIQUIDATING PURPOSE"- SWIMMING POOL UTILITY PER N.J.S. 40A:2-45 AT DECEMBER 31, 2011

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus	\$394,594.22
Deduction:	
Operating and Maintenance Cost	\$372,800.00
Debt Service Per Swimming Pool Utility Account	<u>0.00</u>
	<u>372,800.00</u>
Excess in Revenue	<u>\$21,794.22</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Long-Term Debt

General Capital Fund

**General Serial Bonds:**

\$2,085,000.00 of 2004 General Improvement Bonds due in annual installments of \$300,000.00 to \$325,000.00 through September 2014 at interest rates of 3.25 to 3.50%. \$ 942,000.00

\$9,865,000.00 of 2010 General Improvement Bonds due in annual installments of \$400,000.00 to \$800,000.00 through February 2025 at interest rates of 3.00% to 4.00%. 9,465,000.00

\$ 10,407,000.00

Intergovernmental Loans

General Capital Fund

Green Acres Loans:

\$328,000.00 Loan due in semiannual installments of principal and interest of \$10,894.29 through June 2017 at an interest rate of 2%. \$ 112,947.98

\$209,000.00 Loan due in semiannual installments of principal and interest of \$6,498.15 through January 2023 at an interest rate of 2%. 132,924.86

\$ 245,872.84

Environmental Infrastructure Loans:

\$895,000 of 2004 Trust Loan due in annual installments of principal of \$35,000.00 to \$65,000.00 through September 2024 at interest rates of 2.11% to 5.16%. \$ 578,525.48

\$844,827.50 of 2004 Fund Loan due in semiannual installments of principal only through August 2024 ranging from \$923.39 to \$44,037.62, interest free 576,986.05

\$ 1,155,511.53

Middlesex County Improvement Authority Loans:

\$572,745.83 of 2008 Loan due in annual installments of principal of \$52,146.24 to \$66,833.58 through September 2018 at interest rates of 3.0% to 4.2%. \$ 421,692.53

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2011 the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ <u>2,029,299.22</u>
Swimming Pool Utility Capital Fund	\$ <u>250,000.00</u>

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST  
FOR BONDED DEBT ISSUED AND OUTSTANDING DECEMBER 31, 2011

General Capital Fund

Calendar Year	Principal	Interest	Total
2012	\$ 725,000.00	\$ 334,761.26	\$ 1,059,761.26
2013	775,000.00	311,736.26	1,086,736.26
2014	792,000.00	286,876.26	1,078,876.26
2015	675,000.00	258,531.26	933,531.26
2016	675,000.00	238,281.26	913,281.26
2017	700,000.00	217,656.26	917,656.26
2018	700,000.00	196,656.26	896,656.26
2019	700,000.00	175,656.26	875,656.26
2020	700,000.00	153,956.26	853,956.26
2021	775,000.00	129,678.13	904,678.13
2022	800,000.00	102,600.00	902,600.00
2023	800,000.00	74,600.00	874,600.00
2024	800,000.00	46,100.00	846,100.00
2025	<u>790,000.00</u>	<u>15,800.00</u>	<u>805,800.00</u>
Total	\$ <u>10,407,000.00</u>	\$ <u>2,542,889.47</u>	\$ <u>12,949,889.47</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL  
AND INTEREST AS OF DECEMBER 31, 2011

GREEN TRUST LOANS

CALENDAR YEAR	<u>1987 Loan Program</u>		<u>1989 Loan Program</u>		<u>TOTAL</u>
	<u>LOAN PRINCIPAL</u>	<u>LOAN INTEREST</u>	<u>LOAN PRINCIPAL</u>	<u>LOAN INTEREST</u>	
2012	\$ 19,627.27	\$ 2,161.31	\$ 10,389.47	\$ 2,606.81	\$ 34,784.86
2013	20,021.79	1,766.81	10,598.31	2,397.98	34,784.89
2014	20,424.22	1,364.37	10,811.33	2,184.95	34,784.87
2015	20,834.75	953.84	11,028.64	1,967.65	34,784.88
2016	21,253.52	535.06	11,250.31	1,745.97	34,784.86
2017	10,786.43	107.86	11,476.45	1,519.84	23,890.58
2018			11,707.12	1,289.16	12,996.28
2019			11,942.44	1,053.85	12,996.29
2020			12,182.49	813.81	12,996.30
2021			12,427.35	568.94	12,996.29
2022			12,677.13	319.15	12,996.28
2023			6,433.82	64.30	6,498.12
	<u>\$ 112,947.98</u>	<u>\$ 6,889.25</u>	<u>\$ 132,924.86</u>	<u>\$ 16,532.41</u>	<u>\$ 269,294.50</u>

ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS

CALENDAR YEAR	<u>TRUST LOAN</u>		<u>FUND LOAN</u>	<u>TOTAL</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	
2012	\$ 40,000.00	\$ 26,725.86	\$ 45,825.55	\$ 112,551.41
2013	40,000.00	24,726.77	44,526.58	109,253.35
2014	40,000.00	22,727.69	43,227.60	105,955.29
2015	45,000.00	21,128.59	45,435.86	111,564.45
2016	45,000.00	19,329.51	44,266.78	108,596.29
2017	33,779.65	17,538.31	43,097.70	94,415.66
2018	38,184.63	15,837.78	44,883.80	98,906.21
2019	37,654.48	13,938.32	43,260.07	94,852.87
2020	41,958.12	12,049.10	44,883.50	98,890.72
2021	41,340.64	9,956.65	43,097.70	94,394.99
2022	45,607.96	7,886.61	44,559.05	98,053.62
2023	65,000.00	5,606.26	45,858.22	116,464.48
2024	65,000.00	2,843.76	44,063.64	111,907.40
	<u>\$ 578,525.48</u>	<u>\$ 200,295.21</u>	<u>\$ 576,986.05</u>	<u>\$ 1,355,806.74</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012, were as follows:

Current Fund	\$825,000.00
Swimming Pool Operating Fund	43,980.00

NOTE 5: PROPERTY TAXES

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

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

	BALANCE DECEMBER <u>31, 2011</u>	BALANCE DECEMBER <u>31, 2010</u>
Prepaid Taxes	<u>\$151,820.10</u>	<u>\$162,103.51</u>

NOTE 6: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees Retirement System (PERS), the Police and Firemen's Retirement System (PFRS) and the Defined Contribution Retirement Plan (DCRP). The PERS and the PFRS are cost-sharing multiple employer defined benefit plans. The DCRP is a defined contribution plan. The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the costs are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$1,104,065.00 for 2011, \$941,584.00 for 2010, and \$473,249.00 for 2009.

NOTE 6: PENSION PLANS (CONTINUED)

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

NOTE 7: COMPENSATED ABSENCES

Under the existing policies and labor contracts of the Borough, employees are permitted to accumulate unused sick pay over the life of their working careers, which may be paid at a later date. The accumulated cost of such unpaid compensation is not required to be accrued in the financial statements as presented. The Borough has estimated the liability at \$110,671.79, \$174,376.88 and \$221,673.00 as of December 31, 2011, 2010 and 2009, respectively. The Borough annually appropriates the amounts that are required to be paid in each year's budget on a cash basis.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough as of December 31, 2011.

NOTE 9: TAX APPEALS

There are tax appeals filed with the County and State Tax Court of New Jersey requesting a reduction of assessments for the year 2011. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in detail in Part II of the 2011 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2011, the Borough does not believe that any material liabilities will result from such audits.

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Borough of Middlesex is a member of the Middlesex County Municipal Joint Insurance Fund (the "Fund"). This is an insured group of municipalities established for the purpose of providing low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum. The fund is an insurance purchasing pooling of risk, subject to established limits and deductibles. Each participating municipality receives their own insurance policies. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded policy limits in any of the past three fiscal years.

**New Jersey Unemployment Compensation Insurance** - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following table is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the 2011 and the previous two years:

<u>Fiscal Year</u>	<u>Borough Contributions and Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 82,290.77	\$ 10,912.42	\$ 7,578.70	\$ 117,179.41
2010	207.21	11,937.80	92,916.22	31,554.92
2009		13,184.04	40,867.62	112,326.13

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2011:

<u>FUND</u>	<u>INTERFUNDS RECEIVABLE</u>	<u>INTERFUNDS PAYABLE</u>
Current Fund	\$ 80,256.42	\$ 1,264,513.93
Grant Fund	1,288,288.93	
Assessment Trust Fund		20,288.04
Other Trust Fund		204.21
General Capital Fund	7,164.08	90,693.90
Swimming Pool Utility Operating Fund	83,599.90	
Swimming Pool Utility Capital Fund		83,599.90
Public Assistance Trust Fund		9.35
	<u>\$ 1,459,309.33</u>	<u>\$ 1,459,309.33</u>

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

NOTE 13: POST-EMPLOYMENT BENEFITS (GASB 45)

Plan Description: The City contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

NOTE 13: POST-EMPLOYMENT BENEFITS (GASB 45) (CONTINUED)

Funding Policy: Contributions to pay for the health premiums of participating employees in the SHBP are billed to the City on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Disclosure Requirements: Under current New Jersey budget and financial reporting requirements, the City is not required to recognize any long-term obligations resulting from OPEB on the balance sheets; however, OPEB obligations are required to be disclosed in the Notes to the Financial Statements as required by Local Finance Notice 2009-13.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Borough on a monthly basis. The Borough's contributions to SHBP for the years ended December 31, 2011, 2010 and 2009, were \$610,003.45, \$427,057.02 and \$344,325.26, respectively, which equaled the required contributions for each year. There were approximately 43, 34 and 30 retired participants eligible at December 31, 2011, 2010 and 2009, respectively.

NOTE 14: DEFERRED SCHOOL TAXES

School taxes raised in the calendar year for the school fiscal year (July 1 to June 30) which remain unpaid at December 31 may be deferred to current fund balance in an amount not exceeding fifty percent (50%) of the levy providing the school district has not requisitioned the funds. As of December 31, 2011 the unpaid levy was \$10,453,873.50, the maximum permitted amount of deferral.

NOTE 15: PENSION DEFERRAL

The State of New Jersey enacted Public Law 2009, C.19, which authorized the State Department of Treasury, Division of Pensions and Benefits to provide contributing employers the option of paying an amount that represents a fifty percent (50%) reduction of the normal and accrued liability payment of the required contributions to the Police and Fire Retirement System (PFRS) and the Public Employees Retirement System (PERS) which would otherwise have been due April 1, 2009. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of fifteen years, beginning in April, 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pension and Benefits for a payoff amount. The Borough of Middlesex had elected to defer a portion of its 2009 pension contributions in the amount of \$301,189.00 for PFRS pension and \$117,964.00 for PERS pension.

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BOROUGH OF MIDDLESEX  
SUPPLEMENTARY SCHEDULES – ALL FUNDS  
YEAR ENDED DECEMBER 31, 2011

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF CASH-TREASURER

<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance, December 31, 2010	\$ 2,932,916.96	\$
Increased by Receipts:		
Taxes Receivable	A-8 \$ 37,480,119.03	\$
State of New Jersey-Chapter 20, P.L. 1971	A-9 178,127.41	
Revenue Accounts Receivable	A-13 3,218,040.73	
Miscellaneous Revenue Not Anticipated	A-2 171,652.42	
Prepaid Taxes	A-22 151,820.10	
Reserve for Third Party Tax Liens	A-11 557,455.53	
Grants Receivable	A-15	43,190.77
Grants Unappropriated	A-14	506,222.56
CDBG Receivable	A-27	66,200.00
Due Current Fund	A-29	204,522.69
Due General Capital Fund	A-30	21,050.00
Reserve for Miscellaneous Deposits	A-20 6,283.00	
Reserve for Sewer Overpayments	A-10 10,411.00	
Tax Overpayments	A-23 55,748.73	
Fees Payable	A-21 13,166.00	
Interfunds	A-12 683,582.43	
Appropriation Refunds	A-3 32,489.07	
Petty Cash	A-6 300.00	
	<u>42,559,195.45</u>	<u>841,186.02</u>
	\$ 45,492,112.41	\$ 841,186.02
Decreased by Disbursements:		
2011 Appropriations	A-3 \$ 14,382,754.44	\$
2010 Appropriation Reserves	A-16 501,742.95	
Accounts Payable	A-24 100,122.15	
County Taxes	A-17 5,597,514.73	
Local District School Tax	A-18 20,761,910.00	
Tax Overpayments	A-23 55,742.69	
Reserve for Third Party Tax Liens	A-11 307,216.80	
Reserve for Grants Appropriated	A-19	136,339.50
Reserve for CDBG	A-28	66,336.14
Due Current Fund	A-29	638,510.38
Interfunds	A-12 329,851.16	
Reserve for Miscellaneous Deposits	A-20 6,509.00	
Reserve for Sewer Overpayments	A-10 2,880.21	
Fees Payable	A-21 16,164.00	
Miscellaneous Refunds	A-2 6,408.05	
Refund of Prior Year Revenues	A-1 7,154.60	
Petty Cash	A-6 300.00	
	<u>42,076,270.78</u>	<u>841,186.02</u>
Balance, December 31, 2011	\$ <u>3,415,841.63</u>	\$ <u>841,186.02</u>

"A-5"

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

<u>OFFICE</u>		BALANCE DECEMBER 31, 2010 AND 2011
Finance	\$	200.00
Construction		50.00
Pool		50.00
Clerk		50.00
Court		150.00
		<hr/>
	\$	<u>500.00</u>

REF.

A

"A-6"

SCHEDULE OF PETTY CASH

<u>OFFICE</u>	<u>RECEIVED</u>	<u>DISBURSED</u>
Recreation - Dina Fornataro	\$ 100.00	\$ 100.00
Police - Craig Young	100.00	100.00
Clerk - Kathleen Anello	100.00	100.00
	<hr/>	<hr/>
	\$ <u>300.00</u>	\$ <u>300.00</u>

REF.

A-4

A-4

BOROUGH OF MIDDLESEX  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2010	A		\$ 277,175.35
Increased by:			
Transferred from 2011 Taxes	A-8	\$ 49,471.61	
Interest and Costs on Tax Sale		<u>1,251.49</u>	
			<u>50,723.10</u>
Balance, December 31, 2011	A		\$ <u><u>327,898.45</u></u>

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE	2011 LEVY	COLLECTED		TRANSFER	CANCELED	BALANCE
	DECEMBER		IN 2010	IN 2011	TO TAX		DECEMBER
	31, 2010				TITLE LIENS		31, 2011
Prior	\$ 1,521.92	\$	\$	\$	\$	\$ 1,521.92	\$
2008	3,537.03					3,537.03	
2010	<u>717,300.50</u>			<u>715,307.66</u>	<u>1,834.79</u>	<u>158.05</u>	
	722,359.45			715,307.66	1,834.79	5,217.00	
2011		<u>37,783,224.60</u>	<u>162,103.51</u>	<u>36,944,857.94</u>	<u>47,636.82</u>	<u>7,923.99</u>	<u>620,702.34</u>
	<u>\$ 722,359.45</u>	<u>\$ 37,783,224.60</u>	<u>\$ 162,103.51</u>	<u>\$ 37,660,165.60</u>	<u>\$ 49,471.61</u>	<u>\$ 13,140.99</u>	<u>\$ 620,702.34</u>
	REF. A		A-2:A-22	A-2	A-7		A
Receipts	A-4			\$ 37,480,119.03			
Due from State of New Jersey	A-9			<u>180,046.57</u>			
				<u>\$ 37,660,165.60</u>			
<u>ANALYSIS OF 2011 PROPERTY TAX LEVY</u>							
<u>TAX YIELD</u>							
General Purpose Tax		\$ 37,739,316.88					
Added Taxes (54:4-63.1 et. seq.)		<u>43,907.72</u>					
				<u>\$ 37,783,224.60</u>			
<u>TAX LEVY</u>							
Local District School Tax (Abstract)	A-18	\$ 20,907,747.00					
County Taxes:							
County Tax (Abstract)		\$ 5,592,687.02					
Due County for Added Taxes (54:4-63.1 et. seq.)		<u>4,827.71</u>					
Total County Taxes	A-17		5,597,514.73				
Local Tax for Municipal Purposes (Abstract)	A-2	11,219,604.13					
Add: Additional Tax Levied		<u>58,358.74</u>					
			<u>11,277,962.87</u>				
				<u>\$ 37,783,224.60</u>			

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF DUE FROM STATE OF NEW JERSEY  
PER CHAPTER 20, P.L. 1971

	<u>REF.</u>		
Balance, December 31, 2010 (Due From)	A	\$	10,456.01
Increased by:			
Senior Citizens and Veterans Deductions Per Tax Billings		\$	178,500.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector			<u>2,500.00</u>
			181,000.00
		\$	<u>191,456.01</u>
Decreased by:			
Senior Citizens Deductions Disallowed by Tax Collector		\$	953.43
Received in Cash From State	A-4		<u>178,127.41</u>
			<u>179,080.84</u>
Balance, December 31, 2011 (Due From)	A	\$	<u><u>12,375.17</u></u>

CALCULATION OF STATE'S SHARE OF  
2011 SENIOR CITIZENS DEDUCTIONS  
ALLOWED BY COLLECTOR (CHAPTER 20, P.L. 1971)

Senior Citizens Deductions Per Tax Billings		\$	37,000.00
Veterans Deductions Per Tax Billings			141,500.00
Senior Citizens and Veterans Deductions Allowed by Tax Collector			<u>2,500.00</u>
		\$	<u>181,000.00</u>
Less: Senior Citizens Deductions Disallowed by Collector			<u>953.43</u>
	A-8	\$	<u><u>180,046.57</u></u>

"A-10"

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF RESERVE FOR SEWER OVERPAYMENTS

	<u>REF.</u>	
Increased by:		
Receipts	A-4	\$ 10,411.00
Decreased by:		
Disbursements	A-4	<u>2,880.21</u>
Balance, December 31, 2011	A	\$ <u><u>7,530.79</u></u>

"A-11"

SCHEDULE OF RESERVE FOR THIRD  
PARTY OUTSIDE LIEN REDEMPTIONS

Increased by:		
Receipts	A-4	\$ 557,455.53
Decreased by:		
Disbursements	A-4	<u>307,216.80</u>
Balance, December 31, 2011	A	\$ <u><u>250,238.73</u></u>

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ASSESSMENT TRUST FUND</u>	<u>OTHER TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>PATF 1</u>
Balance, December 31, 2010:							
Interfunds Payable	A	\$ 815,120.07	\$ 813,273.02	\$	\$ 1,847.05	\$	\$
Receipts	A-4	683,582.43	640,357.43			43,225.00	
Transfer	A-29	15,406.17	15,406.17				
Disbursements	A-4	<u>329,851.16</u>	<u>204,522.69</u>	<u>13,123.96</u>	<u>2,051.26</u>	<u>110,143.90</u>	<u>9.35</u>
Balance, December 31, 2011:							
Interfunds Receivable	A	\$ 80,256.42	\$	\$ 13,123.96	\$ 204.21	\$ 66,918.90	\$ 9.35
Interfunds Payable	A	<u>1,264,513.93</u>	<u>1,264,513.93</u>	<u></u>	<u></u>	<u></u>	<u></u>

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>ACCRUED IN 2011</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2011</u>
Clerk:					
Licenses:					
Alcohol Beverages	A-2	\$	\$ 11,280.00	\$ 11,280.00	\$
Other Licenses	A-2		9,985.00	9,985.00	
Police Department:					
Fees and Permits	A-2		841.00	841.00	
Tax/Assessment Search					
Fees and Permits	A-2		30.00	30.00	
Board of Health:					
Other Licenses	A-2		26,910.00	26,910.00	
Construction Code Official:					
Fees and Permits	A-2		152,406.00	152,406.00	
Building/ Fire Inspection Fees:					
Fees and Permits	A-2		48,600.00	48,600.00	
Registrar:					
Other Licenses	A-2		174.00	30.00	144.00
Fees and Permits	A-2		1,410.00	310.00	1,100.00
Municipal Court:					
Fines and Costs	A-2	25,417.84	279,487.88	283,104.44	21,801.28
Interest and Costs on Taxes	A-2		121,479.98	121,479.98	
Interest on Investments and Deposits	A-2		18,118.97	18,118.97	
Cellular Phone Tower Leases	A-2		75,832.70	75,832.70	
Cable Television Franchise Fee	A-2		70,575.57	70,575.57	
Payment in Lieu of Taxes - Presbyterian Homes	A-2		68,943.72	68,943.72	
Host Community Benefits	A-2		65,845.71	65,845.71	
Sewer Charges	A-2	76,939.76	261,294.18	315,789.74	22,444.20
Consolidated Municipal Property Tax Relief Act	A-2		323,997.00	323,997.00	
Energy Receipts Tax	A-2		1,455,817.00	1,455,817.00	
Hazardous Waste Facility Siting Act	A-2		20,000.00	20,000.00	
Swim Pool Utility - Administrative Services	A-2		25,000.00	25,000.00	
Reserve for Payment of Debt	A-2		53,799.24	53,799.24	
General Capital Fund Balance	A-2		56,344.66	56,344.66	
Trust Assessment Fund Balance	A-2		13,000.00	13,000.00	
		<u>\$ 102,357.60</u>	<u>\$ 3,161,172.61</u>	<u>\$ 3,218,040.73</u>	<u>\$ 45,489.48</u>
	<u>REF.</u>	<u>A</u>		<u>A-4</u>	<u>A</u>

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF GRANTS AND STATE AID UNAPPROPRIATED

	BALANCE DECEMBER 31, 2010	RECEIPTS	APPLIED TO RECEIVABLE	CANCEL	BALANCE DECEMBER 31, 2011
Body Armor Replacement Fund	\$ 7,459.18	\$ 2,544.98	\$ 6,177.81	\$	\$ 3,826.35
Domestic Violence Grant	214.58			214.58	
Drunk Driving Enforcement Fund	4,264.04	3,515.78	4,264.04		3,515.78
Mountainview Park		500,000.00			500,000.00
Alcohol Education Rehabilitation Fund	150.82	161.80	150.82		161.80
Older Americans Act Title III - Info Assistance	3,000.00			3,000.00	
	<u>\$ 15,088.62</u>	<u>\$ 506,222.56</u>	<u>\$ 10,592.67</u>	<u>\$ 3,214.58</u>	<u>\$ 507,503.93</u>
<u>REF.</u>	A	A-4	A-15		A

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2010	2011 BUDGET ANTICIPATED REVENUE	RECEIPTS	UNAPPROPRIATED RESERVE APPLIED	CANCELED	BALANCE DECEMBER 31, 2011
MLCU Phase III	\$ 6,001.25	\$	\$	\$	\$ 6,001.25	\$
Clean Communities Program		21,531.50	21,531.50			
Drunk Driving Enforcement Fund		4,264.04		4,264.04		
Alcohol Education and Rehabilitation Fund		150.82		150.82		
Municipal Alliance Alcohol & Drug Abuse	5,160.34	13,884.00	12,406.27			6,638.07
Body Armor Replacement Grant		6,177.81		6,177.81		
Older Americans Act:						
Prior	8,583.00		552.00		8,031.00	
County of Middlesex, State of NJ - Info Assistance Title III		5,000.00	4,070.00			930.00
County of Middlesex, State of NJ - Transp Assistance Title III		7,047.00	4,631.00			2,416.00
	<u>\$ 19,744.59</u>	<u>\$ 58,055.17</u>	<u>\$ 43,190.77</u>	<u>\$ 10,592.67</u>	<u>\$ 14,032.25</u>	<u>\$ 9,984.07</u>
<u>REF.</u>	A	A-2	A-4	A-14		A

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2010	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES:</u>				
Mayor & Council	\$ 0.24	\$ 0.24	\$	\$ 0.24
Municipal Clerk	79.58	79.58		79.58
Financial Administration	277.65	277.65		277.65
Revenue Administration (Tax Collection)	0.19	0.19		0.19
Zoning Board of Adjustment	1,302.55	1,302.55	750.00	552.55
Police Department	9,000.00	9,000.00	8,683.42	316.58
Uniform Fire Safety Act	932.03	932.03		932.03
Municipal Prosecutor	0.72	0.72		0.72
Municipal Court	5,255.44	5,367.94	112.50	5,255.44
Streets and Roads Maintenance	9,681.93	9,681.93	7,858.68	1,823.25
Shade Tree Commission	14.30	14.30		14.30
Solid Waste Collection	16,097.49	16,097.49	583.38	15,514.11
Buildings and Grounds	690.58	690.58		690.58
Public Health Service (Board of Health)	1.04	1.04		1.04
Senior Nutrition	12,978.32	12,978.32	12,978.32	
Title III Senior Medical Transportation	1,388.57	1,388.57	1,388.57	
Title III Information & Assistance	1,227.71	1,227.71	1,227.71	
Recreation Services and Programs	1,081.49	1,081.49		1,081.49
Parks and Playgrounds	25,696.33	25,696.33	1,692.35	24,003.98
Senior Citizen Bus Transportation	7,500.00	7,500.00		7,500.00
Senior Citizen Coordinator	6,808.36	6,808.36	1,091.27	5,717.09
Accumulated Sick Leave Compensation	595.42	595.42		595.42
Housing and Community Advisory Board	125.00	125.00		125.00
Construction Inspector, Plumbing Inspector and Code	195.54	195.54		195.54
<u>OTHER EXPENSES:</u>				
Mayor & Council	593.23	903.23	268.50	634.73
Clerk	3,066.13	4,297.88	1,231.75	3,066.13
Postage for All Departments	442.07	445.71		445.71
Printing for All Departments	2,655.24	2,655.24	169.92	2,485.32
Financial Administration	93.16	3,210.97	3,117.81	93.16
Elections	48.34	48.34		48.34
Revenue Administration	1,042.30	1,678.16	635.86	1,042.30
Tax Assessment Administration	850.87	1,658.37	795.84	862.53
Legal Services	30,872.37	33,880.43	23,820.97	10,059.46
Engineering Services	29,536.53	31,356.03	2,968.50	28,387.53
Computer Data Services	24,410.19	28,796.94	6,979.13	21,817.81
Audit Services		28,000.00	28,000.00	
Planning Board	10,850.11	17,183.19	6,303.08	10,880.11
Zoning Board of Adjustment		1,871.17	1,871.17	
Long-Term Disability Insurance	698.38	698.38		698.38
Liability Insurance	5.67	5.67		5.67
Workmen's Compensation	9.60	9.60		9.60
Police Department	3,241.37	11,599.66	8,196.90	3,402.76
Juvenile Conference Committee	221.65	221.65		221.65
Office of Emergency Management	1,079.32	4,244.56	2,876.23	1,368.33
Fire Department	518.31	15,064.64	10,777.77	4,286.87
Uniform Fire Safety Act	5,108.73	6,690.58	99.32	6,591.26
Hazardous Waste Facilities Tax	2,201.59	5,000.00	2,811.28	2,188.72
Fire Hydrant Service	17,380.53	17,380.53	17,177.85	202.68
Municipal Court	2,488.88	2,812.94	682.35	2,130.59
Public Defender	1.00	1.00		1.00
Street and Road Maintenance	9,803.89	19,809.88	14,260.36	5,549.52
Shade Tree Commission	581.76	22,766.66	22,184.90	581.76
Garage and Trash Removal	7,908.33	9,538.65	1,189.59	8,349.06
Community Service Act	51,821.83	51,821.83	48,252.69	3,569.14
Buildings and Grounds	4,203.91	7,828.87	3,388.63	4,440.24
Maintenance of Communications Equipment	165.00	500.00	335.00	165.00
Public Health Services	1,102.32	1,526.32	424.00	1,102.32
Animal Control		3,279.17	3,179.17	100.00

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

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF 2010 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2010	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>				
Recreation Services and Programs	\$ 6,623.61	\$ 13,800.44	\$ 6,937.03	\$ 6,863.41
Parks and Playgrounds	14,811.70	16,367.44	1,480.36	14,887.08
Celebration of Public Events	60.65	60.65		60.65
Recreational Field Development	500.00	500.00		500.00
Senior Citizen Bus Transportation	504.20	504.20		504.20
Senior Citizen Coordinator	2,112.98	2,579.03	206.35	2,372.68
Housing and Community Advisory Board	100.00	100.00		100.00
Environmental Advisory Council	150.00	150.00		150.00
Beautification Committee	588.00	688.00	34.45	653.55
Multi-Family Solid Waste Collection	53,973.00	53,973.00	50,179.67	3,793.33
Electricity	20,542.28	20,542.28	7,851.06	12,691.22
Street Lighting	15,078.72	15,078.72	15,078.72	
Telephone	4,053.76	6,531.97	4,431.00	2,100.97
Water	2,390.60	19,889.94	18,469.62	1,420.32
Gas	21,045.40	21,045.40	4,930.93	16,114.47
Fuel Oil	10,092.07	13,827.83	3,735.76	10,092.07
Gasoline	8,099.13	11,750.85	3,651.72	8,099.13
Sewer Processing and Disposal	569.69	2,470.98	1,289.50	1,181.48
Landfill Fees	27,641.62	29,524.21	16,657.31	12,866.90
Construction Inspector, Plumbing Inspector and Code	3,223.16	4,699.74	1,805.93	2,893.81
Contingent	8,000.00	8,000.00		8,000.00
Social Security System (O.A.S.I)	10,055.64	10,055.64		10,055.64
Piscataway Sewerage Authority - Share of Costs	13,721.54	106,860.76	106,860.76	
County Curbside Collection Program	18,381.95	18,381.95	11,014.03	7,367.92
Employee Group Insurance	4,011.45	4,011.45		4,011.45
Stormwater Pollution Programs	6,000.00	6,000.00		6,000.00
	<u>\$ 566,262.24</u>	<u>\$ 825,223.71</u>	<u>\$ 502,978.97</u>	<u>\$ 322,244.74</u>

REF. A A-1

Balance, December 31, 2010	A-16	\$ 566,262.24
Accounts Payable	A-26	258,961.47
		<u>\$ 825,223.71</u>

Disbursements	A-4	\$ 501,742.95
Accounts Payable	A-26	1,236.02
		<u>\$ 502,978.97</u>

"A-17"

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Increased by:			
2011 Tax Levy		\$ 5,592,687.02	
Added Taxes		<u>4,827.71</u>	
	A-1:A-8		\$ 5,597,514.73
Decreased by:			
Payments	A-4		\$ <u>5,597,514.73</u>

"A-18"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2010			
School Taxes Deferred			\$ 10,260,673.00
Increased by:			
Levy Year 2011 - (Calendar Year)	A-8		<u>20,907,747.00</u>
			\$ 31,168,420.00
Decreased by:			
Disbursements	A-4		<u>20,761,910.00</u>
Balance, December 31, 2011			\$ <u>10,406,510.00</u>
School Taxes Deferred			\$ 10,453,873.50
Prepaid Taxes	A		<u>(47,363.50)</u>
			\$ <u>10,406,510.00</u>
2011 Liability for Local District School Tax:			
Tax Paid			\$ 20,761,910.00
Less: School Tax Prepaid, December 31, 2011			<u>47,363.50</u>
Amount Charged to 2011 Operations	A-1		\$ <u>20,714,546.50</u>

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF GRANTS-APPROPRIATED

	BALANCE DECEMBER 31, 2010	TRANSFERRED FROM 2011 BUDGET APPROPRIATIONS	DISBURSEMENTS	ACCOUNTS PAYABLE	CANCELED	BALANCE DECEMBER 31, 2011
Drunk Driving Enforcement Fund - 2005	\$ 13,549.97		\$ 284.00	\$ 476.58	\$ 1,154.73	\$ 11,634.66
NJ Hepatitis "B" Grant - 2005	2,999.00			195.00	450.00	2,354.00
Clean Communities Program - 2006	763.31					763.31
Drunk Driving Enforcement Fund - 2006	466.45					466.45
Livable Communities Program - 2006	24.43					24.43
Older Americans Act - 2006	3,626.89				3,626.89	
Middlesex County - Victor Crowell Park - 2006	276,406.03		16,833.37	205.00		259,367.66
Smart Growth - DCA Grant - 2006	5,000.00		5,000.00			
Middlesex County - Downtown Business District - 2006	18,750.00		18,750.00			
Clean Communities Program - 2007	750.00					750.00
Drunk Driving Enforcement Fund - 2007	2,596.50					2,596.50
Alcohol Education Rehabilitation Fund - 2007	1,591.70					1,591.70
Body Armor Replacement Fund - 2007	2,390.63		2,390.63	(2,356.16)	2,356.16	
MLCU Grant Phase III - 2007	1.25				1.25	
Clean Communities Program - 2008	39.20					39.20
Drunk Driving Enforcement Fund - 2008	2,088.59					2,088.59
Middlesex County - Mountainview Park - 2008	493,331.25		31,592.03	52,295.97		409,443.25
Clean Communities Program - 2009	415.28			(39.45)	39.45	415.28
Drunk Driving Enforcement Program - 2009	6,316.77					6,316.77
Alcohol Education Rehabilitation Fund - 2009	642.55					642.55
Body Armor Replacement Fund - 2009	3,492.84		469.37	645.23		2,378.24
Clean Communities Program - 2010	11,617.50		9,788.44	(1,803.40)		3,632.46
Drunk Driving Enforcement Fund - 2010	6,470.31		5,175.20			1,295.11
Municipal Alliance Alcohol and Drug Abuse - 2010			3,365.40	(3,365.40)		
Clean Communities Program - 2011		21,531.50	20,834.47			697.03
Drunk Driving Enforcement Fund - 2011		4,264.04				4,264.04
Alcohol Education and Rehabilitation Fund - 2011		150.82				150.82
Municipal Alliance Alcohol and Drug Abuse - 2011		17,355.00	9,809.59	7,545.41		
Body Armor Replacement Grant - 2011		6,177.81		797.19		5,380.62
Older Americans Act:						
County of Middlesex, State of NJ - Info Assistance Title III		5,000.00	5,000.00			
County of Middlesex, State of NJ - Transp Assistance Title III		7,047.00	7,047.00			
	<u>\$ 853,330.45</u>	<u>\$ 61,526.17</u>	<u>\$ 136,339.50</u>	<u>\$ 54,595.97</u>	<u>\$ 7,628.48</u>	<u>\$ 716,292.67</u>

REF. A A-3 A-4 A-1 A

Accounts Payable	A-24	\$ 62,207.78
Prior Year Accounts Payable	A-24	(7,611.81)
		<u>\$ 54,595.97</u>

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

	BALANCE DECEMBER <u>31, 2010</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	BALANCE DECEMBER <u>31, 2011</u>
Codification of Ordinances	\$ 6,389.15	\$	\$	\$ 6,389.15
Master Plan	1,161.96			1,161.96
Farmers Market	215.00			215.00
Library State Aid	<u>6,509.00</u>	<u>6,283.00</u>	<u>6,509.00</u>	<u>6,283.00</u>
	<u>\$ 14,275.11</u>	<u>\$ 6,283.00</u>	<u>\$ 6,509.00</u>	<u>\$ 14,049.11</u>
<u>REF.</u>	A	A-4	A-4	A

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF FEES PAYABLE

	BALANCE DECEMBER <u>31, 2010</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	BALANCE DECEMBER <u>31, 2011</u>
Due State - Burial Permits	\$	5.00	5.00	\$
Due State - Marriage Licenses	350.00	250.00	1,575.00	(975.00) *
Due State - DCA Training Fees	6,142.00	12,911.00	14,584.00	4,469.00
	<u>6,492.00</u>	<u>13,166.00</u>	<u>16,164.00</u>	<u>3,494.00</u>
	\$	\$	\$	\$
<u>REF.</u>	A	A-4	A-4	A

\* \$1,200.00 is due from borough registrar

"A-22"

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>	
Balance, December 31, 2010	A	\$ 162,103.51
Increased by:		
Collection - 2012 Taxes	A-4	<u>151,820.10</u>
		\$ 313,923.61
Decreased by:		
Applied to 2011 Taxes Receivable	A-8	<u>162,103.51</u>
Balance, December 31, 2011	A	<u><u>\$ 151,820.10</u></u>

"A-23"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2010	A	\$ 1,113.97
Increased by:		
Overpayments in 2011	A-4	<u>55,748.73</u>
		\$ 56,862.70
Decreased by:		
Refunds	A-4	<u>55,742.69</u>
Balance, December 31, 2011	A	<u><u>\$ 1,120.01</u></u>

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010	A		\$ 134,217.96
Increased by:			
2011 Grants	A-19		<u>62,207.78</u>
			\$ 196,425.74
Decreased by:			
Disbursements	A-4	\$ 100,122.15	
Transferred to Grant Reserves	A-19	7,611.81	
Canceled	A-1	<u>9,946.44</u>	
			<u>117,680.40</u>
Balance, December 31, 2011			\$ <u><u>78,745.34</u></u>
<u>Analysis of Balance:</u>			
Current Fund	A		\$ 16,537.56
Grant Fund	A		<u>62,207.78</u>
			\$ <u><u>78,745.34</u></u>

"A-25"

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF FORECLOSED PROPERTY

	<u>REF.</u>	
Balance, December 31, 2010 and December 31, 2011	A	\$ <u>1,426,700.00</u>

"A-26"

SCHEDULE OF ENCUMBRANCES PAYABLE

Balance, December 31, 2010	A	\$ 258,961.47
Increased by:		
2011 Appropriations	A-3	\$ 280,032.39
2010 Appropriation Reserves	A-16	<u>1,236.02</u>
		<u>281,268.41</u>
		\$ <u>540,229.88</u>
Decreased by:		
Transferred to Appropriation Reserves	A-16	<u>258,961.47</u>
Balance, December 31, 2011	A	\$ <u>281,268.41</u>

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

<u>PURPOSE</u>	<u>TRANSFER FROM TRUST FUND</u>	<u>2011 GRANTS</u>	<u>RECEIPTS</u>	<u>PY ADJUSTMENT</u>	<u>BALANCE DECEMBER 31, 2011</u>
Daisy Park - 06/07	\$ 428.20				\$ 428.20
Senior Center Improvements - 07/08	9,743.00			4,912.00	14,655.00
ADA Improvements - 09/10			2,300.00	2,300.00	
ADA Improvements - 10/11		20,295.00	20,295.00		
Senior Nutrition Project - 10/11		10,000.00	10,000.00		
Senior Van Driver - 10/11		7,500.00	7,500.00		
Code Enforcement - 10/11		7,500.00	7,500.00		
Senior Coordinator - 10/11		18,605.00	18,605.00		
Cook Avenue Repaving - 11/12		15,295.00			15,295.00
Senior Nutrition Project - 11/12		10,000.00			10,000.00
Senior Van Driver - 11/12		7,500.00			7,500.00
Code Enforcement - 11/12		7,500.00			7,500.00
Senior Coordinator - 11/12		13,523.00			13,523.00
	<u>\$ 10,171.20</u>	<u>\$ 117,718.00</u>	<u>\$ 66,200.00</u>	<u>\$ 7,212.00</u>	<u>\$ 68,901.20</u>
<u>REF.</u>	A-29	A-28	A-4		A

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

<u>PURPOSE</u>	<u>TRANSFER FROM TRUST FUND</u>	<u>2011 GRANTS</u>	<u>DECREASED</u>	<u>ADJUSTMENT</u>	<u>BALANCE DECEMBER 31, 2011</u>
Daisy Park - 06/07	\$ 428.20	\$	\$	\$	\$ 428.20
Senior Center Improvements - 07/08	12,971.80			(12,971.80)	
Passive Park Improvements - 07/08	13,400.00			(13,400.00)	
Senior Services - 07/08				860.00	860.00
Senior Center Improvements - 08/09	18,795.00				18,795.00
Cook Field Improvements - 09/10	(26,064.50)			26,371.80	307.30
Senior Van Driver - 09/10	(9,834.28)		5,575.39	15,409.67	
Code Enforcement - 09/10	22.03		1,522.07	1,500.04	
ADA Improvements - 09/10	2,300.00		2,300.00		
ADA Improvements - 10/11		20,295.00	20,295.00		
Senior Nutrition Project - 10/11		10,000.00	10,000.00		
Senior Van Driver - 10/11		7,500.00	538.68		6,961.32
Code Enforcement - 10/11		7,500.00	7,500.00		
Senior Coordinator - 10/11		18,605.00	18,605.00		
Cook Avenue Repaving - 11/12		15,295.00			15,295.00
Senior Nutrition Project - 11/12		10,000.00			10,000.00
Senior Van Driver - 11/12		7,500.00			7,500.00
Code Enforcement - 11/12		7,500.00			7,500.00
Senior Coordinator - 11/12		13,523.00			13,523.00
	<u>\$ 12,018.25</u>	<u>\$ 117,718.00</u>	<u>\$ 66,336.14</u>	<u>\$ 17,769.71</u>	<u>\$ 81,169.82</u>
<u>REF.</u>	A-29	A-27	A-4		A

"A-29"

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2010 (Due From)	A		\$ 813,273.02
Increased by:			
Disbursements	A-4	\$ 638,510.38	
Transfer	A-12	15,406.17	
Transfer CDBG Reserve	A-28	<u>12,018.25</u>	
			<u>665,934.80</u>
			\$ <u>1,479,207.82</u>
Decreased by:			
Receipts	A-4	\$ 204,522.69	
Transfer CDBG Receivable	A-27	<u>10,171.20</u>	
			<u>214,693.89</u>
Balance, December 31, 2011 (Due From)	A		\$ <u><u>1,264,513.93</u></u>

"A-30"

SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2010 (Due From)	A		\$ 44,825.00
Decreased by:			
Receipts	A-4		<u>21,050.00</u>
Balance, December 31, 2011 (Due From)	A		\$ <u><u>23,775.00</u></u>

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

	<u>REF.</u>	
Increased by:		
2011 Emergency - Hurricane Irene	A-1:A-3	\$ <u>400,000.00</u>
Balance, December 31, 2011	A	\$ <u><u>400,000.00</u></u>

BOROUGH OF MIDDLESEXTRUST FUNDSCHEDULE OF CASH-TREASURER

	<u>REF.</u>	<u>ASSESSMENT TRUST</u>	<u>ANIMAL CONTROL</u>	<u>TRUST OTHER</u>
Balance, December 31, 2010	B	\$ <u>24,259.85</u>	\$ <u>2,339.95</u>	\$ <u>498,512.29</u>
Increased by Receipts:				
Animal Control License Fees	B-3	\$	\$ 9,673.80	\$
Due From State of New Jersey	B-4		1,264.20	
Due Current Fund	B-7:B-5	13,123.96		204.21
Reserve for:				
Payroll Deductions	B-16			7,572,689.41
Developers' Escrow	B-15			166,588.04
Unemployment Insurance	B-14			93,203.19
Various Reserves and Deposits	B-6			646,373.09
Municipal Law Enforcement Trust	B-11			223.85
Federal Asset Forfeitures	B-10			8,316.59
		\$ <u>13,123.96</u>	\$ <u>10,938.00</u>	\$ <u>8,487,598.38</u>
		\$ <u>37,383.81</u>	\$ <u>13,277.95</u>	\$ <u>8,986,110.67</u>
Decreased by Disbursements:				
Expenditures Under R.S.4:19-15.11	B-3	\$	\$ 5,912.17	\$
Due From State of New Jersey	B-4		1,264.20	
Reserve for:				
Payroll Deductions	B-16			7,560,387.33
Developers' Escrow	B-15			123,513.66
Unemployment Insurance	B-14			7,578.70
Various Reserves and Deposits	B-6			586,354.65
Fund Balance	B-1	13,000.00		
		\$ <u>13,000.00</u>	\$ <u>7,176.37</u>	\$ <u>8,277,834.34</u>
Balance, December 31, 2011	B	\$ <u>24,383.81</u>	\$ <u>6,101.58</u>	\$ <u>708,276.33</u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2010	B	\$ 2,339.95
Increased by:		
Animal Control License Fees Collected	B-2	9,673.80
		<u>\$ 12,013.75</u>
Decreased by:		
Expenditures Under R.S.4:19-15.11:		
Disbursements	B-2	<u>5,912.17</u>
Balance, December 31, 2011	B	<u>\$ 6,101.58</u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2009	\$ 8,432.20
2010	<u>7,898.20</u>
	<u>\$ 16,330.40</u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
ANIMAL CONTROL FUND

	<u>REF.</u>	
Increased by:		
Receipts	B-2	\$ 1,264.20
Decreased by:		
Disbursements	B-2	\$ <u>1,264.20</u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF DUE CURRENT FUND-OTHER TRUST FUND

	<u>REF.</u>		
Balance, December 31, 2010 (Due From)	B	\$	1,847.05
Increased by:			
Transfer Receivable to Grant Fund	B-13		<u>10,171.20</u>
		\$	<u>12,018.25</u>
Decreased by:			
Receipts	B-2	\$	204.21
Transfer Reserve to Grant Fund	B-12		<u>12,018.25</u>
			<u>12,222.46</u>
Balance, December 31, 2011 (Due To)	B	\$	<u><u>204.21</u></u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

<u>Description</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2011</u>
Reserve for:				
Commodity Resale Program-Gasoline	\$ 8,338.82	\$ 115,584.65	\$ 86,301.72	\$ 37,621.75
Older Americans Act	1,551.34	4,015.00	3,987.55	1,578.79
Police Outside Services	12,562.59	170,116.66	172,609.08	10,070.17
Police Found Money	157.66	2.00		159.66
Parking Offenses Adjudication Act	2,384.50	246.00		2,630.50
Police Application Fees	4,348.85		1,440.00	2,908.85
Public Defender Fees	6,929.50	8,071.00	7,000.00	8,000.50
Police Community Education	1,461.34	1,000.00	394.00	2,067.34
Tax Sale Premiums		153,900.00	153,900.00	
Police Memorial Fund	50.00			50.00
Police Donations	34.61			34.61
DARE	1,535.00			1,535.00
Drug Alliance Donations		3,000.00		3,000.00
Miscellaneous Trust		4,227.00		4,227.00
Police 9-1-1 Fund	19.84			19.84
Performing Arts Trust	3,068.00			3,068.00
Recreation Fund	68,356.07	104,563.30	100,021.46	72,897.91
Recycling Trust	83,297.92	67,238.48	48,163.78	102,372.62
Restitution	3,756.56			3,756.56
Senior Assisted Transportation	1,398.13	1,209.00	1,939.06	668.07
Street Opening Deposits	40,503.61	10,550.00	3,750.00	47,303.61
Tree Replacement Fund	4,800.00	2,300.00		7,100.00
UFC Dedicated Penalties	6,751.86		6,698.00	53.86
Uniform Fire Safety Penalties	12,405.53			12,405.53
Soil/Water Retention	18,062.00	200.00		18,262.00
Special Inspections		150.00	150.00	
	<u>\$ 281,773.73</u>	<u>\$ 646,373.09</u>	<u>\$ 586,354.65</u>	<u>\$ 341,792.17</u>

REF.

B

B-2

B-2

B

"B-7"

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF DUE CURRENT FUND  
ASSESSMENT TRUST FUND

	<u>REF.</u>	
Increased by:		
Receipts	B-2	\$ <u>13,123.96</u>
Balance, December 31, 2011 (Due To)	B	\$ <u><u>13,123.96</u></u>

"B-8"

SCHEDULE OF DUE GENERAL CAPITAL FUND  
ASSESSMENT TRUST FUND

Balance, December 31, 2010 and December 31, 2011	B	\$ <u><u>7,164.08</u></u>
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"B-9"

SCHEDULE OF ASSESSMENT LIEN RECEIVABLE

Balance, December 31, 2010 and December 31, 2011	B	\$ <u><u>1,470.00</u></u>
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"B-10"

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF RESERVE FOR FEDERAL ASSET FORFEITURES

	<u>REF.</u>	
Increased by:		
Receipts	B-2	\$ <u>8,316.59</u>
Balance, December 31, 2011	B	\$ <u><u>8,316.59</u></u>

"B-11"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND

Balance, December 31, 2010	B	\$ 8,389.47
Increased by:		
Receipts	B-2	<u>223.85</u>
Balance, December 31, 2011	B	\$ <u><u>8,613.32</u></u>

"B-12"

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	12,018.25
Decreased by:			
Transfer to Grant Fund	B-5	\$	<u>12,018.25</u>

"B-13"

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

Balance, December 31, 2010	B	\$	10,171.20
Decreased by:			
Transfer to Grant Fund	B-5	\$	<u>10,171.20</u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	31,554.92
Increased by:			
Interest on Deposits		\$	191.02
2011 Budget Appropriation			82,099.75
Employee Deductions			<u>10,912.42</u>
	B-2		<u>93,203.19</u>
		\$	<u>124,758.11</u>
Decreased by:			
Unemployment Expenditures	B-2		<u>7,578.70</u>
Balance, December 31, 2011	B	\$	<u><u>117,179.41</u></u>

"B-15"

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF DEVELOPER'S ESCROW DEPOSITS

	<u>REF.</u>		
Balance, December 31, 2010	B	\$	116,511.16
Increased by:			
Deposits Received	B-2		<u>166,588.04</u>
		\$	283,099.20
Decreased by:			
Deposits Paid	B-2		<u>123,513.66</u>
Balance, December 31, 2011	B	\$	<u><u>159,585.54</u></u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2010	B	\$ 60,283.01
Increased by:		
Receipts	B-2	<u>7,572,689.41</u>
		\$ <u>7,632,972.42</u>
Decreased by:		
Disbursements	B-2	<u>7,560,387.33</u>
Balance, December 31, 2011	B	\$ <u><u>72,585.09</u></u>

BOROUGH OF MIDDLESEX  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2010	C		\$ 1,254,507.88
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	\$ 43,225.00	
Deferred Charges to Future Taxation - Unfunded	C-4	6,161.24	
Grants Receivable	C-9	150,554.00	
Due Current Fund	C-13	110,143.90	
Various Reserves	C-17	134,702.62	
Refunds - Improvement Authorizations Funded	C-7	<u>2,300.00</u>	
			<u>447,086.76</u>
			\$ <u>1,701,594.64</u>
Decreased by Disbursements:			
Contracts Payable	C-6	\$ 1,490,395.77	
Fund Balance	C-1	56,344.66	
Various Reserves and Deposits	C-17	53,799.24	
Due Grant Fund	C-14	21,050.00	
Due Current Fund	C-13	<u>43,225.00</u>	
			<u>1,664,814.67</u>
Balance, December 31, 2011	C:C-3		\$ <u><u>36,779.97</u></u>

"C-3"

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

ANALYSIS OF GENERAL CAPITAL CASH

BALANCE  
DECEMBER  
31, 2011

Fund Balance	\$	
Capital Improvement Fund		6,834.58
Encumbrances Payable		381,958.24
Improvement Authorizations:		
Funded Improvements Listed on "C-7"		877,397.33
Improvements Expended Set Forth on "C-4"		(555,988.56)
Various Reserves and Deposits		437,820.56
Interfunds Payable		83,529.82
Grants Receivable		<u>(1,194,772.00)</u>
	\$	<u>36,779.97</u>

REF.

C:C-2

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	BALANCE DECEMBER 31, 2010	2011 AUTHORIZATIONS	RECEIPTS	BALANCE DECEMBER 31, 2011	ANALYSIS OF BALANCE DECEMBER 31, 2011		
					EXPENDITURES	UNEXPENDED BALANCE	
<u>General Improvements:</u>							
1503-00	Purchase/Install Equip-Various Depts.	\$ 136.00	\$	\$ 136.00	\$	\$ 136.00	
1513-00	Purchase Senior Citizens Bus	0.08		0.08		0.08	
1544-01	Improvements to Various Buildings and Facilities	9,253.38		9,253.38	3,456.77	5,796.61	
1548-01	Reconstruction of Roads Incl. Drainage	21,123.19		21,123.19	14,269.95	6,853.24	
1562-02	Various Capital Improvements	8,691.75		8,691.75	7,312.58	1,379.17	
1571-02	Construction of Bikeway	37,085.00		37,085.00	21,463.61	15,621.39	
1599-04	New Sidewalks, Crosswalks, Pedestrian Signs	3,157.25		3,157.25	625.68	2,531.57	
1605-04	Various Capital Improvements	985.00		985.00		985.00	
1609-04	Resurfacing South Avenue	125,151.31		125,151.31	3,920.74	121,230.57	
1623-04	Streetscape Improvements-Route 28	6,161.24					
1626-04	9-1-1 Equipment	2,592.00	6,161.24	2,592.00	428.47	2,163.53	
1643-05	Various Capital Improvements (Grant Funding)	127,256.00		127,256.00		127,256.00	
1646-05	Amended Streetscape Improvements-Route 28	30,400.00		30,400.00		30,400.00	
1676-05	Rack Body Truck	1,261.55		1,261.55	1,120.54	141.01	
1687-06	Various Capital Improvements	107,838.96		107,838.96	29,437.12	78,401.84	
1708-07	Acquisition of Street Sweeper	3,349.30		3,349.30	2,241.07	1,108.23	
1772-10	Various Capital Improvements	273,030.00		273,030.00	67,718.67	205,311.33	
1797-11	Various Capital Improvements		1,248,566.00	1,248,566.00	380,732.15	867,833.85	
<u>Local Improvements:</u>							
1430-97	Curbs & Gutters-Cedar, Hooker, etc	2,180.42		2,180.42	2,180.42		
1411-97	Curbs & Gutters-Emerson & June Way	11,192.23		11,192.23	11,192.23		
1435-98	Curbs & Gutters-Ashland Ave	9,888.56		9,888.56	9,888.56		
		<u>\$ 780,733.22</u>	<u>\$ 1,248,566.00</u>	<u>\$ 6,161.24</u>	<u>\$ 2,023,137.98</u>	<u>\$ 555,988.56</u>	<u>\$ 1,467,149.42</u>
REF.	C	C-7	C-2	C	C-3	C-7	

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED

	<u>REF.</u>		
Balance, December 31, 2010	C		\$ 13,090,363.17
Decreased by:			
2011 Budget Appropriation to Pay:			
Bond Principal	C-16	\$ 700,000.00	
Green Trust Loan Principal	C-11	29,425.31	
Environmental Infrastructure Loan Principal	C-10	78,714.72	
MCIA Loans Payable	C-12	<u>52,146.24</u>	
			<u>860,286.27</u>
Balance, December 31, 2011	C		\$ <u><u>12,230,076.90</u></u>

"C-6"

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 816,728.48
Increased by:		
Contracts Issued	C-7	<u>1,055,625.53</u>
		\$ <u>1,872,354.01</u>
Decreased by:		
Disbursements	C-2	<u>1,490,395.77</u>
Balance, December 31, 2011	C	\$ <u><u>381,958.24</u></u>

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORD. NUMBER	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DECEMBER 31, 2010		2011 AUTHORIZATIONS	PAID OR CHARGED	BALANCE DECEMBER 31, 2011	
		DATE	AMOUNT	FUNDED	UNFUNDED			FUNDED	UNFUNDED
1410-97	Various Improvements	9/23/1997	\$ 200,000.00	\$ 4,916.82	\$			\$ 4,916.82	\$
1472-99	Reconstruction of Roads, Incl. Drainage	05/22/1999	289,000.00	2,531.00				2,531.00	
1473-99	Const. of a Park Incl. Tables on Borough Owned property Located at Block 224, Lot 29	6/22/1999	36,000.00	13,820.75			10,600.00	3,220.75	
1474-99	Reconst. & Imprv. To Victor Crowell Park	7/13/1999	1,055,200.00	6,017.45				6,017.45	
1476-99	Envir. Remedial Inv. Borough Landfill Site	10/26/1999	1,335,570.00	24,416.79			7,877.78	16,539.01	
1480-99	Imprv. to Rec. Facil. at Mountainview Park	11/9/1999	357,705.00	1,892.25				1,892.25	
1484-99	Reconst. of Roads & Drainage	12/26/1999	322,964.00	6,331.71			3,500.00	2,831.71	
1492-00	Imprv to Various Bldgs. & Facilities	2/22/2000	168,000.00	2,119.31				2,119.31	
1493-00	Reconst. of Roads, Incl. Drainage Where Req.	3/14/2000	314,163.00	4,352.52				4,352.52	
1503-00	Purch. & Install. of Equip. for Various Dept.	9/12/2000	209,600.00	4,565.32				4,565.32	136.00
1513-00	Purchase of a Senior Citizen Bus	12/19/2000	109,600.00	10,139.91			5,807.00	4,332.91	0.08
1524-01	Constr. Bridge - East Side of Crowell Park	5/8/2001	103,000.00	8,157.71				8,157.71	
1525-01	Reconst. of Roads Including Drainage	5/29/2001	114,000.00	2,458.95				2,458.95	
1544-01	Imprv. to Various Bldgs. & Facilities	11/20/2001	125,000.00		5,796.61				5,796.61
1545-01	Recon. & Imprv. to Victor Crowell Park	11/20/2001	250,000.00	5,895.72				5,895.72	
1548-01	Reconstruction. Of Roads Incl. Drainage	12/11/2001	575,535.00		14,883.24		8,030.00	6,853.24	
1562-02	Various Capital Improvements	6/11/2002	466,000.00		4,379.17		3,000.00	1,379.17	
1571-02	Bikeway Fitzsimmons to Mountain	10/22/2002	164,300.00	2,536.39	37,085.00		24,000.00	15,621.39	
1582-03	Various Capital Improvements	5/27/2003	1,085,000.00	36,078.17			17,000.00	19,078.17	
1590-03	Prelim. Planning Sanitary Sewer Improvement.		173,000.00	2,470.77				2,470.77	
1599-04	Inst. of New Sidewalks and Signs	3/5/2004	307,000.00		2,531.57				2,531.57
1600-04	Improvement to Soccer Fields	3/5/2004	272,000.00	960.22				960.22	
1605-04	Various Capital Improvements	3/19/2004	446,300.00	19,472.13	985.00		2,400.00	17,072.13	985.00
1609-04	Resurf. of South Ave.	5/21/2004	456,000.00		121,230.57				121,230.57
1611-04	Improvements to Sanitary Sewer System	7/13/2004	1,627,000.00	519,735.97			1,329.00	518,406.97	
1621-04	Prelim. Plan. - Police Headquarters	10/26/2004	30,000.00						
1623-04	Streetscape Improvements on Rt. 28	10/23/2004	152,000.00		3,029.49			3,029.49	
1626-04	911 Equipment	1/7/2005	23,000.00	404.03	2,592.00		832.50		2,163.53
1643-05	Various Capital Improvements	5/10/2005	1,305,100.00	18,548.27	127,256.00		7,270.50	11,277.77	127,256.00
1646-05	Amended/Streetscape Improvements to Rt. 28	5/10/2005	32,000.00	1,600.00	30,400.00			1,600.00	30,400.00
1676-05	Rack Body Truck	12/13/2005	47,350.00		141.01				141.01
1686-06	Police Building	9/12/2006	4,500,000.00	32,989.13				32,989.13	
1687-06	Various Capital Improvements	10/20/2006	1,358,900.00		81,120.72		2,718.88		78,401.84
1688-06	Various Equipment	4/11/2006	182,162.00	5,555.48				5,555.48	
1708-07	Acquisition of Street Sweeper	2/13/2007	167,955.00		1,108.23				1,108.23
1715-07	Various Capital Improvements	5/8/2007	474,700.00	63,679.25			23,674.60	40,004.65	
1736-08	Various Capital Improvements	6/10/2008	892,200.00	211,996.12			65,501.00	146,495.12	
1742-08	Fire Truck	9/9/2008	550,000.00	8,626.00				8,626.00	
1772-10	Various Capital Improvements	7/27/2010	912,400.00	55,619.45	273,030.00		123,338.12		205,311.33
1797-11	Various Capital Improvements		912,400.00			1,614,280.00	746,446.15		867,833.85
				\$ 1,077,887.59	\$ 705,704.69	\$ 1,614,280.00	\$ 1,053,325.53	\$ 877,397.33	\$ 1,467,149.42
		REF.		C	C			C:C-3	C:C-4
	Grants Receivable		C-9			\$ 300,000.00			
	Capital Improvement Fund		C-8			65,714.00			
	Bonds and Notes Authorized		C-4			1,248,566.00			
						\$ 1,614,280.00			
	Encumbrances Payable		C-6			\$ 1,055,625.53			
	Less: Refunds		C-2			2,300.00			
						\$ 1,053,325.53			

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 29,323.58
Increased by:		
2011 Budget Appropriation	C-2	43,225.00
		\$ <u>72,548.58</u>
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-7	<u>65,714.00</u>
Balance, December 31, 2011	C	\$ <u><u>6,834.58</u></u>

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS AND LOANS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 1,045,326.00
Increased by:		
Grants Awarded- Funded Projects	C-7	300,000.00
		\$ 1,345,326.00
Decreased by:		
Receipts	C-2	150,554.00
Balance, December 31, 2011	C	\$ <u>1,194,772.00</u>
<u>Balance Pledged to:</u>		
Receivable	C	\$ 195,344.56
Ordinance		999,427.44
		\$ <u>1,194,772.00</u>

ANALYSIS OF BALANCE

Federal Programs:

Federal Highway- 1999 Rec Trails		
Mountainview Greenways Nature Preserve	1479-99	\$ 866.25
Federal Homeland Security	1643-05	24,000.00
Federal Homeland Security	1688-06	8,805.00

State of NJ Programs:

Dept of Transportation:		
Warrenville Road	1528-01	55,787.75
Municipal Aid Program	1643-05	75,489.56
Beechwood Ave.	1715-07	69,476.44
Greenbrook Road	1736-08	56,250.00
Beechwood Ave.	1772-10	156,250.00
Parker Street	1797-11	300,000.00

Dept of Community Affairs:

Livable Communities Program	1688-06	130.00
NJ EIT Loan	1611-04	404,561.00

Other Programs:

Middlesex County:		
Route 28 Streetscapes	1582-03	4,840.00
Middlesex County	1643-05	35,966.00
Recycling Trust	1676-05	2,350.00

\$ 1,194,772.00

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF DEPARTMENT OF ENVIRONMENTAL PROTECTION -  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 1,234,226.25
Decreased by:		
Paid by Budget Appropriation	C-5	<u>78,714.72</u>
Balance, December 31, 2011	C	<u>\$ 1,155,511.53</u>

"C-11"

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF DEPARTMENT OF ENVIRONMENTAL PROTECTION -  
GREEN TRUST LOANS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 275,298.15
Decreased by:		
Paid by Budget Appropriation	C-5	<u>29,425.31</u>
Balance, December 31, 2011	C	<u>\$ 245,872.84</u>

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF MIDDLESEX COUNTY IMPROVEMENT AUTHORITY  
LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2010	C	\$ 473,838.77
Decreased by:		
Paid by Budget Appropriation	C-5	<u>52,146.24</u>
Balance, December 31, 2011	C	<u>\$ 421,692.53</u>

"C-13"

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

REF.

Increased by:			
Cash Receipts	C-2	\$	110,143.90
Decreased by:			
Cash Disbursements	C-2		<u>43,225.00</u>
Balance, December 31, 2011 (Due to)	C	\$	<u><u>66,918.90</u></u>

"C-14"

SCHEDULE OF DUE GRANT FUND

Balance, December 31, 2010	C	\$	44,825.00
Decreased by:			
Disbursements	C-2		<u>21,050.00</u>
Balance, December 31, 2011 (Due to)	C	\$	<u><u>23,775.00</u></u>

"C-15"

SCHEDULE OF DUE ASSESSMENT TRUST FUND

Balance, December 31, 2010 and December 31, 2011 (Due from)	C	\$	<u><u>7,164.08</u></u>
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BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2011</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2011</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Improvement Bonds of 2004	9/1/2004	\$ 2,552,000.00	9/1/2012	\$ 300,000.00	3.300%	\$ 1,242,000.00	\$ 300,000.00	\$ 942,000.00
			9/1/2013	325,000.00	3.375%			
			9/1/2014	317,000.00	3.500%			
General Improvement Bonds of 2010	2/15/2010	9,865,000.00	2/15/2012	425,000.00	3.000%	9,865,000.00	400,000.00	9,465,000.00
			2/15/2013	450,000.00	3.000%			
			2/15/2014	475,000.00	3.000%			
			2/15/2015	675,000.00	3.000%			
			2/15/2016	675,000.00	3.000%			
			2/15/2017	700,000.00	3.000%			
			2/15/2018	700,000.00	3.000%			
			2/15/2019	700,000.00	3.000%			
			2/15/2020	700,000.00	3.200%			
			2/15/2021	775,000.00	3.375%			
			2/15/2022	800,000.00	3.500%			
			2/15/2023	800,000.00	3.500%			
			2/15/2024	800,000.00	3.625%			
2/15/2025	790,000.00	4.000%						
						\$ 11,107,000.00	\$ 700,000.00	\$ 10,407,000.00
<u>REF.</u>						C	C-5	C

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2010	RECEIPTS	DISBURSEMENTS	BALANCE DECEMBER 31, 2011
NJ Hazardous Loan Repayment	\$ 2,094.24	\$	\$ 2,094.24	\$
Insurance Refund	217.38	122,113.86		122,331.24
Debt Service	51,705.00	12,588.76	51,705.00	12,588.76
Soccer Fields	107,556.00			107,556.00
	<u>\$ 161,572.62</u>	<u>\$ 134,702.62</u>	<u>\$ 53,799.24</u>	<u>\$ 242,476.00</u>
<u>REF.</u>	C	C-2	C-2	C

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2011</u>
	<u>General Improvements:</u>	
1503-00	Purchase/Install Equip-Variou Depts.	\$ 136.00
1513-00	Purchase Senior Citizens Bus	0.08
1544-01	Improvements to Various Buildings and Facilities	9,253.38
1548-01	Reconstruction of Roads Incl. Drainage	21,123.19
1562-02	Various Capital Improvements	8,691.75
1571-02	Construction of Bikeway	37,085.00
1599-04	Install New Sidewalks, Crosswalks, Pedestrian Signs	3,157.25
1605-04	Various Capital Improvements	985.00
1609-04	Resurfacing South Avenue	125,151.31
1626-04	9-1-1 Equipment	2,592.00
1643-05	Various Capital Improvements (Grant Funding)	127,256.00
1646-05	Amended Streetscape Improvements-Route 28	30,400.00
1676-05	Rack Body Truck	1,261.55
1687-06	Various Capital Improvements	107,838.96
1708-07	Acquisition of Street Sweeper	3,349.30
1772-10	Various Capital Improvements	273,030.00
1797-11	Various Capital Improvements	1,248,566.00
	<u>Local Improvements:</u>	
1430-97	Curbs & Gutters-Cedar, Hooker, etc.	11,192.23
1411-97	Curbs & Gutters-Emerson & June Way	2,180.42
1435-98	Curbs & Gutters-Ashland Ave	9,888.56
		<hr/>
		\$ 2,023,137.98
		<hr/> <hr/>

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF CASH - TREASURER  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2010	D	\$ 257,564.68	\$
Increased by Receipts:			
Membership Fees	D-2	\$ 253,955.00	\$
Interfunds	D-13		9,188.00
Transfers-Snack Bar Account	D-5	11,610.58	
Miscellaneous	D-2	85,905.36	
		<u>351,470.94</u>	<u>9,188.00</u>
		\$ <u>609,035.62</u>	\$ <u>9,188.00</u>
Decreased by Disbursements:			
2011 Appropriations	D-3	\$ 307,393.55	\$
2010 Appropriation Reserves	D-6	20,030.26	
Refunds - Membership Fees	D-2	860.00	
Improvement Authorizations Unfunded	D-11		374.00
Accounts Payable	D-8	1,305.50	
Contracts Payable	D-12		8,814.00
Interfunds	D-9	9,188.00	
		<u>338,777.31</u>	<u>9,188.00</u>
Balance, December 31, 2011	D	\$ <u><u>270,258.31</u></u>	\$ <u><u>                    </u></u>

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF CASH - SNACK BAR

	<u>REF.</u>		<u>OPERATING</u>
Balance, December 31, 2010	D		\$ 3,001.00
Increased by Receipts:			
Receipts from Sales	D-10	\$ 26,558.94	
Sales Tax Due State of NJ	D-10	1,999.06	
Interest on Deposits	D-10	3.28	
			<u>28,561.28</u>
			\$ <u>31,562.28</u>
Decreased by Disbursements:			
Inventory Purchases	D-10	\$ 14,948.36	
Sales Tax Due State of NJ	D-10	1,999.06	
Payment to Treasurer:			
Swimming Pool Operating Fund	D-4	11,610.58	
			<u>28,558.00</u>
Balance, December 31, 2011	D		\$ <u><u>3,004.28</u></u>

BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY OPERATING FUND  
SCHEDULE OF 2010 APPROPRIATION RESERVES

	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE AFTER TRANSFERS</u>	<u>PAID OR CHARGED</u>	<u>BALANCE LAPSED</u>
Operating:				
Salaries and Wages	\$ 14,015.11	\$ 14,015.11		\$ 14,015.11
Other Expenses	25,637.54	45,827.84	21,386.67	24,441.17
Statutory Expenditures:				
Contributions to:				
Social Security System (O.A.S.I.)	<u>1,132.82</u>			
	<u>\$ 40,785.47</u>	<u>\$ 59,842.95</u>	<u>\$ 21,386.67</u>	<u>\$ 38,456.28</u>
	<u>REF.</u>	<u>D</u>		<u>D-1</u>
Balance December 31, 2010		\$ 40,785.47		
Transferred From Encumbrances Payable		<u>19,057.48</u>		
		<u>\$ 59,842.95</u>		
Encumbrances Payable			\$ 1,356.41	
Disbursements			<u>20,030.26</u>	
			<u>\$ 21,386.67</u>	

"D-7"

BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010	D		\$ 19,057.48
Increased by:			
Charges to 2011 Budget Appropriations	D-3	\$ 2,258.64	
Charges to 2010 Appropriation Reserves	D-6	<u>1,356.41</u>	
			3,615.05
			<u>\$ 22,672.53</u>
Decreased by:			
Transferred to Appropriation Reserves	D-6		<u>19,057.48</u>
Balance, December 31, 2011	D		<u>\$ 3,615.05</u>

"D-8"

SWIMMING POOL UTILITY OPERATING FUND  
SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2010	D		\$ 19,470.15
Decreased by:			
Cash Disbursements	D-4		<u>1,305.50</u>
Balance, December 31, 2011	D		<u>\$ 18,164.65</u>

"D-9"

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY OPERATING FUND

SCHEDULE OF DUE SWIMMING POOL UTILITY CAPITAL FUND

	<u>REF.</u>		
Balance, December 31, 2010 (Due from)	D	\$	74,411.90
Increased by:			
Disbursements	D-4		<u>9,188.00</u>
Balance, December 31, 2011 (Due from)	D	\$	<u><u>83,599.90</u></u>

"D-10"

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF RESERVE FOR SNACK BAR EXPENSES

Increased by:			
Receipts from Sales	D-5	\$	26,558.94
Sales Taxes Due State of NJ	D-5		1,999.06
Interest on Deposits	D-5		<u>3.28</u>
			<u>28,561.28</u>
		\$	<u>28,561.28</u>
Decreased by:			
Transfer to Miscellaneous Revenue	D-2	\$	11,613.86
Sales Tax Due State of NJ	D-5		1,999.06
Disbursements	D-5		<u>14,948.36</u>
			<u>28,561.28</u>

BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>		<u>BALANCE</u>	<u>PAID OR CHARGED</u>	<u>BALANCE</u>
		<u>DATE</u>	<u>AMOUNT</u>	<u>DECEMBER 31, 2010 UNFUNDED</u>		<u>DECEMBER 31, 2011 UNFUNDED</u>
<u>General Improvements:</u>						
1771-10	Swim Pool Improvements	7/27/2010	350,000.00	\$ <u>94,044.00</u>	\$ <u>374.00</u>	\$ <u>93,670.00</u>
				\$ <u>94,044.00</u>	\$ <u>374.00</u>	\$ <u>93,670.00</u>
		<u>REF.</u>		D	D-4	D

"D-12"

BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2010	D	\$	8,814.00
Decreased by:			
Disbursements	D-4		<u>8,814.00</u>

"D-13"

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

Balance, December 31, 2010 (Due from)	D	\$	74,411.90
Increased by:			
Receipts	D-4		<u>9,188.00</u>
Balance, December 31, 2011 (Due from)	D	\$	<u><u>83,599.90</u></u>

"D-14"

BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

<u>ACCOUNT</u>	BALANCE DECEMBER 31, 2010 AND 31, 2011
Swimming Pool and Grounds	\$ 234,000.00
Improvements-1987	217,721.56
Improvements-1991	65,300.00
Improvements-1997	<u>149,270.00</u>
	\$ <u>666,291.56</u>

REF. D

"D-15"

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>		<u>BALANCE DECEMBER 31, 2010 AND 2011</u>
		<u>DATE</u>	<u>AMOUNT</u>	
	Utility Improvements:			
1771-10	Swim Pool Improvements	7/27/2010	\$ 350,000.00	\$ <u>350,000.00</u>
				\$ <u><u>350,000.00</u></u>
			<u>REF.</u>	D

"D-16"

BOROUGH OF MIDDLESEX  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2010 and December 31, 2011	D	\$ <u>666,291.56</u>

"D-17"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2010 and December 31, 2011	D	\$ <u>72,730.10</u>
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BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>BALANCE DECEMBER 31, 2010 AND 2011</u>
	Utility Improvements:		
1771-10	Swim Pool Improvements	7/27/2010	\$ <u>100,000.00</u>
			\$ <u><u>100,000.00</u></u>
		<u>REF.</u>	D

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2010 AND 2011</u>
1771-10	Swim Pool Improvements	\$ <u>350,000.00</u>
		\$ <u><u>350,000.00</u></u>

BOROUGH OF MIDDLESEX  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE CASH

	<u>REF.</u>	<u>P.A.T.F. I</u> <u>ACCOUNT</u>
Balance, December 31, 2010	E:E-2	\$ 9,903.66
Increased by Receipts:		
Interest on Deposits	E-2	<u>9.35</u>
Balance, December 31, 2011	E:E-2	<u>\$ 9,913.01</u>

BOROUGH OF MIDDLESEX

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND  
RECONCILIATION AS OF DECEMBER 31, 2011

	<u>REF.</u>	
Balance, December 31, 2010	E-1	\$ 9,903.66
Increased by:		
Cash Receipts	E-1	<u>9.35</u>
Balance, December 31, 2011	E-1	<u>\$ 9,913.01</u>

Reconciliation - December 31, 2011

P.A.T.F. I  
ACCOUNT

Balance on Deposit Per Statement of:  
Unity Bank  
Account #207001082

\$ 9,913.01

BOROUGH OF MIDDLESEX

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES  
YEAR ENDED DECEMBER 31, 2011

	<u>P.A.T.F. I</u> <u>ACCOUNT</u>
Interest Earned	\$ <u>9.35</u>
<u>TOTAL RECEIPTS</u>	\$ <u><u>9.35</u></u>

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BOROUGH OF MIDDLESEX

PART II

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

SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS

SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE

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



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Middlesex  
County of Middlesex  
Middlesex, New Jersey 08829

We have audited the accompanying financial statements - regulatory basis of the Borough of Middlesex, County of Middlesex, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated July 25, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Middlesex prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Middlesex's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Middlesex's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Middlesex's internal control over financial reporting.

# SUPLEE, CLOONEY & COMPANY

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Borough's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we noted certain immaterial matters involving the internal control that we have reported to the Borough of Middlesex in the General Comments and Recommendations Section of this report.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Middlesex's financial statements - regulatory basis 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. However, we noted certain matters that we have reported to the Borough of Middlesex in the General Comments and Recommendations Section of this report.

This report is intended solely for the information and use of the Borough of Middlesex, County of Middlesex, New Jersey, the Division of Local Government Services and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANT

  
\_\_\_\_\_  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 25, 2012

BOROUGH OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTORS NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2011		CUMULATIVE EXPENDITURES DECEMBER 31, 2011
			FROM	TO		FUNDS RECEIVED	FUNDS EXPENDED	
U. S. Department of Housing and Urban Development								
Pass Through From County of Middlesex								
Community Development Block Grant:								
Daisy Park Improvements	14.218	07-CD6634-11	09/01/06	08/31/07	\$ 13,000.00	\$	\$	12,571.80
Senior Services	14.218		09/01/07	08/31/08	5,000.00			4,140.00
Senior Center Improvements	14.218	09-CD8831-11	09/01/08	08/31/09	18,795.00			
Cook Field Improvements	14.218		09/01/09	08/31/10	20,295.00			19,987.70
ADA Improvements - Municipal Building	14.218		09/01/09	08/31/10	18,840.00	2,300.00	2,300.00	18,840.00
Code Enforcement	14.218		09/01/09	08/31/10	7,500.00		1,522.07	7,500.00
Senior Van Driver	14.218		09/01/09	08/31/10	7,500.00		5,575.39	7,500.00
ADA Improvements	14.218		09/01/10	08/31/11	20,295.00	20,295.00	20,295.00	20,295.00
Senior Nutrition Project	14.218		09/01/10	08/31/11	10,000.00	10,000.00	10,000.00	10,000.00
Senior Van Driver	14.218		09/01/10	08/31/11	7,500.00	7,500.00	538.88	538.88
Code Enforcement	14.218		09/01/10	08/31/11	7,500.00	7,500.00	7,500.00	7,500.00
Senior CoOrdinator	14.218		09/01/10	08/31/11	18,605.00	18,605.00	18,605.00	18,605.00
Cooke Avenue Repaving	14.218	11-CD1119-11	09/01/11	08/31/12	15,295.00			
	14.218	11-CD1120-11	09/01/11	08/31/12	10,000.00			
	14.218	11-CD1121-11	09/01/11	08/31/12	7,500.00			
	14.218	11-CD1122-11	09/01/11	08/31/12	7,500.00			
	14.218	11-CD1123-11	09/01/11	08/31/12	13,523.00			
						\$ 66,200.00	\$ 66,336.34	\$ 127,478.38
U.S.Department of Health and Human Services								
Pass Through From County of Middlesex								
Office on Aging - Older Americans Act	93.044		01/01/10	12/31/10	\$ 15,047.00	\$ 552.00	\$	\$ 15,047.00
Office on Aging - Older Americans Act	93.044	P12-506	01/01/11	12/31/11	12,047.00	8,701.00	12,047.00	12,047.00
						\$ 9,253.00	\$ 12,047.00	\$ 27,094.00
						\$ 75,453.00	\$ 78,383.34	\$ 154,572.38

BOROUGH OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2011

STATE GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD		GRANT AWARD AMOUNT	2011		CUMULATIVE EXPENDITURES DECEMBER 31, 2011
		FROM	TO		FUNDS RECEIVED	FUNDS EXPENDED	
<u>Department of Law and Public Safety</u>							
Drunk Driving Enforcement Fund - 2005	6400-100-078-6400-YYYY	Continuous		\$ 17,189.52	\$	\$ 760.58	\$ 5,554.86
Drunk Driving Enforcement Fund - 2006	6400-100-078-6400-YYYY	Continuous		466.45			
Drunk Driving Enforcement Fund - 2007	6400-100-078-6400-YYYY	Continuous		2,596.50			
Drunk Driving Enforcement Fund - 2008	6400-100-078-6400-YYYY	Continuous		2,088.59			
Drunk Driving Enforcement Fund - 2009	6400-100-078-6400-YYYY	Continuous		7,348.67			1,031.90
Drunk Driving Enforcement Fund - 2010	6400-100-078-6400-YYYY	Continuous		6,470.31		5,175.20	5,175.20
Drunk Driving Enforcement Fund - 2011	6400-100-078-6400-YYYY	Continuous		4,264.04			
Drunk Driving Enforcement Fund - Unappropriated	6400-100-078-6400-YYYY	Continuous		3,515.78	3,515.78		
Alcohol Education Rehabilitation Fund - 2007	9735-760-098-Y900-001-X100-6020	Continuous		1,591.70			
Alcohol Education Rehabilitation Fund - 2009	9735-760-098-Y900-001-X100-6020	Continuous		642.55			
Alcohol Education Rehabilitation Fund - 2011	9735-760-098-Y900-001-X100-6020	Continuous		150.82			
Alcohol Education Rehabilitation Fund - Unappropriated	9735-760-098-Y900-001-X100-6020	Continuous		161.80	161.80		
Body Armor Replacement Fund - 2007	1020-718-066-1020-001-YCJS-0120	Continuous		2,390.63		2,390.63	2,390.63
Body Armor Replacement Fund - 2009	1020-718-066-1020-001-YCJS-0120	Continuous		5,849.00		1,114.80	3,470.76
Body Armor Replacement Fund - 2011	1020-718-066-1020-001-YCJS-0120	Continuous		6,177.81		797.19	797.19
Body Armor Replacement Fund - Unappropriated	1020-718-066-1020-001-YCJS-0120	Continuous		2,544.98	2,544.98		
					\$ 2,544.98	\$	
					\$ 6,222.56	\$ 10,238.40	\$ 18,420.54
<u>Department of Environmental Protection</u>							
Clean Communities Program - 2006	4900-765-042-4900-004-VCMB-6020	Continuous		763.31	\$	\$	\$
Clean Communities Program - 2007	4900-765-042-4900-004-VCMB-6020	Continuous		750.00			
Clean Communities Program - 2008	4900-765-042-4900-004-VCMB-6020	Continuous		39.20			
Clean Communities Program - 2009	4900-765-042-4900-004-VCMB-6020	Continuous		4,880.50			4,465.22
Clean Communities Program - 2010	4900-765-042-4900-004-VCMB-6020	Continuous		22,768.40		7,985.04	19,135.94
Clean Communities Program - 2011	4900-765-042-4900-004-VCMB-6020	Continuous		21,531.50	21,531.50	20,834.47	20,834.47
					\$ 21,531.50	\$ 28,819.51	\$ 44,435.63
<u>Department of Health and Senior Services</u>							
Hepatitis "B" Grant		Continuous		2,549.00	\$	\$ 195.00	\$ 195.00
<u>Department of Community Affairs</u>							
Livable Communities Program	100-042-4875-353-6020	1/1/05	12/31/05	13,282.50	\$	\$	\$ 13,258.07
Smart Growth Grant	100-042-4875-353-6020	1/1/04	12/31/04	45,000.00		5,000.00	45,000.00
					\$	\$ 5,000.00	\$ 58,258.07
<u>Department of Transportation</u>							
Beechwood Avenue		Continuous		625,000.00	\$	\$ 435,359.71	\$ 508,638.23
Parker Street		Continuous		300,000.00			
					\$	\$ 435,359.71	\$ 508,638.23
<u>Pass Through County of Middlesex</u>							
Municipal Alliance on Alcoholism and Drug Abuse - 2010	10-433-420	7/1/09	6/30/10	13,884.00	\$	\$ 5,160.34	\$ 13,884.00
Municipal Alliance on Alcoholism and Drug Abuse - 2011	11-433-420	7/1/10	6/30/11	13,884.00		7,245.93	13,884.00
					\$	\$ 12,406.27	\$ 27,768.00
					\$ 40,160.33	\$ 493,496.62	\$ 657,715.47

BOROUGH OF MIDDLESEX

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

YEAR ENDED DECEMBER 31, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state financial awards for the Borough of Middlesex, County of Middlesex, New Jersey. All federal and state financial awards received directly from state agencies as well as federal and state financial awards passed through other governmental agencies are included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to differences between the grant reporting year and the Borough's fiscal year.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in the Current Fund, Grant Fund or General Capital Fund. Reconciliations of revenues and expenses are presented on the following page.

NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS (CONTINUED)

Revenues:

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ <u>40,160.33</u>	\$ <u>75,453.00</u>	\$ <u>500,000.00</u>	\$ <u>615,613.33</u>
	\$ <u>40,160.33</u>	\$ <u>75,453.00</u>	\$ <u>500,000.00</u>	\$ <u>615,613.33</u>

Expenditures:

	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 58,136.91	\$ 78,383.34	\$ 120,751.36	\$ 257,271.61
General Capital Fund	<u>435,359.71</u>	<u>                    </u>	<u>                    </u>	<u>435,359.71</u>
	<u>\$ 493,496.62</u>	<u>78,383.34</u>	<u>\$ 120,751.36</u>	<u>\$ 692,631.32</u>

NOTE 5. OTHER

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

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PART III

BOROUGH OF MIDDLESEX

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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

	<u>YEAR 2011</u>		<u>YEAR 2010</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 900,000.00	2.12%	\$ 840,000.00	2.03%
Miscellaneous-From Other Than Local				
Property Tax Levies	3,791,586.51	8.92%	4,134,146.72	10.01%
Collection of Delinquent Taxes and Tax Title Liens	715,307.66	1.68%	620,627.63	1.50%
Collection of Current Tax Levy	<u>37,106,961.45</u>	<u>87.28%</u>	<u>35,685,534.97</u>	<u>86.46%</u>
<u>Total Income</u>	<u>\$ 42,513,855.62</u>	<u>100.00%</u>	<u>\$ 41,280,309.32</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 15,641,214.40	37.18%	\$ 14,791,779.89	36.68%
County Taxes	5,597,514.73	13.30%	5,067,029.17	12.57%
School Taxes	20,714,546.50	49.24%	20,461,210.00	50.73%
Other	<u>119,212.98</u>	<u>0.28%</u>	<u>2,880.14</u>	<u>0.01%</u>
<u>Total Expenditures</u>	<u>\$ 42,072,488.61</u>	<u>100.00%</u>	<u>\$ 40,322,899.20</u>	<u>99.99%</u>
Excess in Revenue	\$ 441,367.01		\$ 957,410.12	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	<u>400,000.00</u>			
Statutory Excess to Fund Balance	\$ 841,367.01		957,410.12	
Fund Balance, January 1	<u>994,750.18</u>		<u>877,340.06</u>	
	\$ 1,836,117.19		\$ 1,834,750.18	
Less: Utilization as Anticipated Revenue	<u>900,000.00</u>		<u>840,000.00</u>	
Fund Balance, December 31	<u>\$ 936,117.19</u>		<u>\$ 994,750.18</u>	



COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	<u>\$7.559</u>	<u>\$7.290</u>	<u>\$7.250</u>
Apportionment of Tax Rate:			
Municipal	\$2.248	\$2.165	\$2.123
County	1.121	1.014	1.030
Local District School	<u>4.190</u>	<u>4.111</u>	<u>4.097</u>

Assessed Valuations:

2011	\$	<u>499,008,346.00</u>		
2010			\$	<u>499,226,907.00</u>
2009			\$	<u>500,227,447.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2010	\$36,446,079.75	\$35,685,534.97	97.91%
2009	36,288,844.03	35,691,594.85	98.35%
2008	35,249,812.26	34,706,073.94	98.46%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>DECEMBER 31, YEAR</u>	<u>TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL</u>	<u>PERCENTAGE OF TAX LEVY</u>
2011	\$ 327,898.45	\$ 620,702.34	\$ 948,600.79	2.51%
2010	277,175.35	722,359.45	999,534.80	2.74%
2009	273,217.30	579,530.95	852,748.25	2.35%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2011 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>YEAR</u>	<u>AMOUNT</u>
2011	\$1,426,700.00
2010	\$1,426,700.00
2009	\$1,406,700.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
	2011	\$ 936,117.19	\$ 825,000.00
	2010	1,004,318.34	900,000.00
Current Fund	2009	877,340.06	830,000.00
	2008	896,433.25	880,000.00
	2007	1,221,076.37	1,200,000.00
	2011	271,934.98	43,980.00
	2010	255,664.48	43,980.00
Swimming Pool Utility Operating Fund	2009	188,448.77	60,400.00
	2008	174,777.51	74,878.00
	2007	137,348.25	72,010.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Robert Sherr	Mayor	*
Michael Class	Councilperson	*
Debra DeVuyst	Councilperson	*
Ron DiMura	Councilperson	*
Jeffrey D. First	Councilperson	*
Sean Kaplan	Councilperson	*
Michael Paff	Councilperson	*
Kathleen Anello	Borough Clerk	*
Andrea Corcoran	Chief Financial Officer/ Treasurer	*
Tonya Hubosky	Tax Collector/ Qualified Purchasing Agent	*
Frank Betts	Tax Assessor	*
Linda Chismar	Deputy Borough Clerk/ Registrar	*
Michael Cresitello	Municipal Attorney	
George Psak	Chief Municipal Judge	*
Dennis Fackelman	Municipal Court Judge	*
Rita Wahler	Court Administrator To July 1, 2011	*
Lizandra DeAngelis	Court Administrator From July 18, 2011	*

OFFICIALS IN OFFICE AND SURETY BONDS (CONTINUED)

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

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
John Kapp	Construction Code Official to February 16, 2011	*
Scott Luthman	Construction Code Official from February 16, 2011 to April 1, 2011	*
James Ayotte	Construction Code Official from April 1, 2011	*
John Obryk	Health Officer	*

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

All of the bonds were examined and were properly executed.

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

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

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

Effective January 1, 2011, the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$36,000.00. However the threshold per the Borough's purchasing manual is \$26,000.00. Effective December 2011 the threshold was increased to \$29,000.00

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$26,000.00, \$29,000.00 effective December 2011, within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

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

Janitorial and Cleaning Services	Bleacher Non-Elevated Grandstand
Breathing Air Stations	Reconstruction of Roads
Computer Network Project	Adult Mini-Bus Wheelchair Accessible

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

The minutes indicate that resolution authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 was advertised during 2010 for the following professional services:

Borough Attorney	Labor Counsel
Tax Appeal Attorney	Borough Engineer
Borough Auditor	Bond Counsel
Borough Planner	Environmental Engineer

GENERAL COMMENTS (CONTINUED)

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 1, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes.

**A RESOLUTION AUTHORIZING THE TAX COLLECTOR TO COLLECT  
INTEREST ON DELINQUENT TAXES**

"Delinquency means the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years"

In the event the quarterly payment of taxes or assessments are not paid on the date on which they become delinquent, but are paid within ten days on the date on which they become delinquent, the Tax Collector be and is hereby authorized to collect interest on all such delinquent payments; and

In the event that quarterly payment of taxes or assessments are not paid within ten days of the date on which they become delinquent, and the total amount of said delinquency is less than \$1,500.00, the Tax Collector be and is hereby authorized to collect 8% interest per annum from the date said payments first become delinquent up to \$1,500.00 of the delinquency and 18% interest on all such delinquent payments over \$1,500.00.

Pursuant to N.J.S.A. 54:4-67, which is the New Jersey statute defining a tax delinquency, the Governing Body of the Borough of Middlesex does hereby fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay the delinquency prior to the end of the calendar year 2011 and the penalty so fixed shall be six (6%) of the amount of the yearly delinquency.

It appears from an examination of the records that interest was collected in accordance with the forgoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on June 7, 2011 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2011	13
2010	9
2009	6

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

CONFIRMATION OF DELINQUENT TAXES AND OTHER CHARGES

A confirmation of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services consisting of verification notices as follows:

<u>TYPE</u>	<u>NUMBER</u>
Delinquent Tax Positive Confirmation	25
Delinquent Utility Rent Positive Confirmation	25
Information Tax Current Positive Confirmation	50
Information Utility Rent Positive Confirmation	50

OTHER COMMENTS

Interfunds

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. References to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

## OTHER COMMENTS (CONTINUED)

### Finance

We noted that there were unfunded capital ordinances over five years old where the projects have been completed but funds have not been raised.

### General Fixed Assets

The Borough maintains a detailed inventory of their fixed assets, as required by N.J.S.A. 5:30-5.6 promulgated by the Division of Local Government Services. However, a physical inspection of fixed assets and reconciliation with the property records has not been performed in several years. Any differences between quantities determined by the physical inspection and the accounting records should be investigated and fully documented.

### Registrar

The Registrar Department did not turn over their receipts on a monthly basis to the Finance Office.

## RECOMMENDATIONS

That a physical inventory of General Fixed Assets be taken and reconciled with the property records on a periodic basis.

That all unfunded capital improvement projects, where the project has been completed, be funded by the Borough.

That the Registrar Department remit all funds collected to the Finance Office on a monthly basis.

