

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, 2010

BOROUGH OF MIDDLESEX

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BOROUGH OF MIDDLESEX

PART I

INDEPENDENT AUDITOR'S REPORT ON
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YEAR ENDED DECEMBER 31, 2010 AND 2009



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 - statutory 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 year ended December 31, 2010, as listed as financial statements - statutory basis in the foregoing table of contents. These financial statements - statutory 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. The financial statements for the year ended December 31, 2009 were audited by other auditors whose report dated May 10, 2010 expressed an unqualified opinion on those financial statements presented on the statutory basis of accounting.

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.

SUPLEE, CLOONEY & COMPANY

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, 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, 2010.

However, in our opinion, the financial statements - statutory basis present fairly, in all material respects, the financial position - statutory basis of the various individual funds and the account group of the Borough of Middlesex, County of Middlesex, as of December 31, 2010, and the results of its operations and changes in fund balance - statutory basis for the year then ended and the revenues, expenditures and changes in fund balance - statutory basis for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2011 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 - statutory 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. This information has been subjected to the auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

August 5, 2011

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CURRENT FUND

BOROUGH OF MIDDLESEX

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
<u>ASSETS</u>			
Cash-Treasurer	A-4	\$ 2,932,916.96	\$ 3,065,684.96
Change Fund	A-5	500.00	500.00
Due State of New Jersey-Chapter 20, PL 1971	A-7	10,456.01	13,599.15
		<u>2,943,872.97</u>	<u>3,079,784.11</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	722,359.45	579,530.95
Tax Title Liens	A-9	277,175.35	273,217.30
Foreclosed Property	A-10	1,426,700.00	1,426,700.00
Revenue Accounts Receivable	A-8	102,357.60	114,250.47
Due General Capital Fund	C-14		227,434.48
		<u>2,528,592.40</u>	<u>2,621,133.20</u>
		<u>5,472,465.37</u>	<u>5,700,917.31</u>
Grant Fund:			
Grants Receivable	A-21	19,744.59	17,813.30
Due from General Capital Fund	A-25	44,825.00	44,825.00
Due from Current Fund	A-24	813,273.02	801,589.79
		<u>877,842.61</u>	<u>864,228.09</u>
		<u>\$ 6,350,307.98</u>	<u>\$ 6,565,145.40</u>

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

BOROUGH OF MIDDLESEX

CURRENT FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 566,262.24	\$ 692,512.70
Encumbrances Payable	A-17	249,393.31	299,668.96
Prepaid Taxes	A-14	162,103.51	159,211.44
Tax Overpayments	A-15	1,113.97	1,113.97
Accounts Payable	A-18	124,794.42	154,485.13
Reserve for Third Party Lien Redemptions	A-16		50,380.95
Fees Payable	A-20	6,492.00	4,020.00
Due Community Development Trust Fund	B-6	1,847.05	
Due Grant Fund	A-24	813,273.02	801,589.79
Reserve for Miscellaneous Deposits	A-19	14,275.11	39,461.11
		<u>1,939,554.63</u>	<u>2,202,444.05</u>
Reserve for Receivables and Other Assets	A	2,528,592.40	2,621,133.20
Fund Balance	A-1	1,004,318.34	877,340.06
		<u>5,472,465.37</u>	<u>5,700,917.31</u>
Grant Fund:			
Encumbrances Payable	A-22	9,423.54	10,853.36
Unappropriated Reserves	A-23	15,088.62	6,684.89
Appropriated Reserves	A-22	853,330.45	846,689.84
		<u>877,842.61</u>	<u>864,228.09</u>
		\$ <u>6,350,307.98</u>	\$ <u>6,565,145.40</u>

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

BOROUGH OF MIDDLESEXCURRENT FUNDSTATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	<u>YEAR 2010</u>	<u>YEAR 2009</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-2	\$ 840,000.00	\$ 880,000.00
Miscellaneous Revenue Anticipated	A-2	3,397,375.94	3,833,333.14
Receipts From Delinquent Taxes	A-2	620,627.63	510,570.03
Receipts From Current Taxes	A-2	35,685,534.97	35,690,480.88
Non-Budget Revenue	A-2	125,408.88	85,693.60
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	245,094.00	224,786.33
Accounts Payable Canceled		138,833.42	12,438.00
Interfunds Returned	A	227,434.48	47,851.33
<u>Total Income</u>		<u>41,280,309.32</u>	<u>41,285,153.31</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS":			
Operating	A-3	9,925,272.91	10,447,816.08
Deferred Charges and Statutory Expenditures	A-3	771,101.45	778,498.50
Operations Excluded From "CAPS":			
Operating	A-3	2,764,831.29	2,344,235.03
Capital Improvements	A-3	10,000.00	24,710.00
Municipal Debt Service	A-3	1,311,006.08	1,369,003.59
County Taxes	A-12	5,067,029.17	5,150,926.17
Local District School Tax	A-13	20,461,210.00	20,289,680.00
Senior Citizens' Deductions Disallowed- Prior Year	A-7	2,780.14	
Refund of Prior Year Revenue	A-4	100.00	19,377.13
<u>Total Expenditures</u>		<u>40,313,331.04</u>	<u>40,424,246.50</u>
Excess in Revenue		966,978.28	860,906.81
<u>Fund Balance</u>			
Balance, January 1	A	<u>877,340.06</u>	<u>896,433.25</u>
		1,844,318.34	1,757,340.06
Decreased by:			
Utilization as Anticipated Revenue	A-1:A-2	<u>840,000.00</u>	<u>880,000.00</u>
Fund Balance, December 31	A	\$ <u><u>1,004,318.34</u></u>	\$ <u><u>877,340.06</u></u>

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF REVENUES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	REF.	ANTICIPATED BUDGET	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A-1	\$ 840,000.00	\$ 840,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-9	11,300.00	11,280.00	\$ (20.00)
Other	A-9	30,000.00	33,028.00	3,028.00
Fees and Permits:				
Construction Code Official	A-9	160,000.00	160,272.00	272.00
Other	A-9	61,000.00	81,062.87	20,062.87
Fines:				
Municipal Court	A-9	370,000.00	291,987.66	(78,012.34)
Interest and Costs on Taxes	A-9	97,500.00	166,842.52	69,342.52
Interest on Investments	A-9	10,000.00	9,268.37	(731.63)
Cellular Phone Tower Leases		60,000.00	69,171.82	9,171.82
Cable TV Franchise Fee		57,000.00	63,367.49	6,367.49
Payment in Lieu of Taxes- Presbyterian Homes		60,000.00	66,464.42	6,464.42
Host Community Benefits		78,000.00	77,041.77	(958.23)
Sewer Rents Receivable	A-19	245,000.00	333,663.31	88,663.31
Consolidated Municipal Property Tax Relief Aid	A-9	358,465.00	358,465.00	
Energy Receipts Tax	A-9	1,421,349.00	1,421,349.00	
Hazardous Waste Facility Siting Act	A-9	20,000.00	20,000.00	
Drunk Driving Enforcement Fund	A-27	6,470.31	6,470.31	
Clean Communities Program	A-27	22,768.40	22,768.40	
Municipal Alliance	A-27	13,884.00	13,884.00	
Title III- Older Americans- Information Assistance	A-27	5,000.00	5,000.00	
Title III- Older Americans- Transportation Assistance		7,006.00	7,006.00	
Reserve for DMV Fines		18,983.00	18,983.00	
Swim Pool Utility- Administrative Services Contribution		25,000.00	25,000.00	
Reserve for Insurance Refund - Sanitary Landfill		85,000.00	85,000.00	
Due from General Capital Fund - Interfund		100,000.00		(100,000.00)
General Capital Fund Balance		50,000.00	50,000.00	
		<u>3,373,725.71</u>	<u>3,397,375.94</u>	<u>23,650.23</u>
Receipts From Delinquent Taxes	A-2	<u>500,838.00</u>	<u>620,627.63</u>	<u>119,789.63</u>
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2	<u>10,807,554.08</u>	<u>10,701,660.80</u>	<u>(105,893.28)</u>
<u>Budget Totals</u>		<u>15,522,117.79</u>	<u>15,559,664.37</u>	<u>37,546.58</u>
Non-Budget Revenue			<u>125,408.88</u>	<u>125,408.88</u>
		<u>\$ 15,522,117.79</u>	<u>\$ 15,685,073.25</u>	<u>\$ 162,955.46</u>
	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 - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>REF</u>	
Allocation of Current Tax Collections:		
Collections Realized on a Cash Basis	A-7	\$ 35,685,534.97
Allocated to:		
School and County Taxes	A-1	<u>25,588,374.17</u>
Balance for Support of Municipal Budget Appropriations		10,097,160.80
Add: Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>604,500.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 10,701,660.80</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-7	\$ 564,818.34
Tax Title Liens		<u>55,809.29</u>
	A-2	<u>\$ 620,627.63</u>

Analysis of Non-Budget Revenues

Miscellaneous Revenue Not Anticipated:

Sale of Municipal Assets		\$ 23,819.00
Fire Safety Act		19,008.00
Reimbursements - Prior Year Expenditures		40,414.49
Sale of Easements		12,200.00
Police Outside Services - Administrative Fees		10,069.15
Senior & Vets Administrative Fees		3,779.64
PILOT		1,000.00
Restitution		1,079.00
Reimbursements - Board of Education		1,529.08
Other Miscellaneous		<u>12,510.52</u>
	A-1	<u>\$ 125,408.88</u>

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Council:					
Salaries and Wages	\$ 12,000.00	\$ 12,000.00	\$ 11,999.76	\$ 0.24	\$ 1,000.00
Other Expenses	5,000.00	5,000.00	3,406.77	593.23	
Municipal Clerk:					
Salaries and Wages	134,525.10	129,525.10	128,445.52	79.58	1,000.00
Other Expenses	14,886.00	14,886.00	10,819.87	3,066.13	1,000.00
Postage for All Departments:					
Other Expenses	26,000.00	26,000.00	25,557.93	442.07	
Printing for all Departments:					
Other Expenses	17,500.00	17,500.00	13,844.76	2,655.24	1,000.00
Financial Administration:					
Salaries and Wages	93,264.00	93,264.00	92,986.35	277.65	
Other Expenses	6,098.00	6,098.00	6,004.84	93.16	
Elections:					
Other Expenses	5,500.00	5,500.00	5,451.66	48.34	
Revenue Administration (Tax Collection):					
Salaries and Wages	61,394.91	61,394.91	61,394.72	0.19	
Other Expenses	9,925.00	9,925.00	8,882.70	1,042.30	
Tax Assessment Administration:					
Salaries and Wages	28,750.00	28,750.00	28,750.00		
Other Expenses	3,250.00	3,250.00	2,399.13	850.87	
Legal Services:					
Salaries and Wages	112,000.00	112,000.00	81,127.63	30,872.37	
Other Expenses	500.00	500.00			500.00
Liquidation of Tax Title Liens and Foreclosed Property					
Engineering Services:					
Other Expenses	55,000.00	55,000.00	25,463.47	29,536.53	
Computer Data Services:					
Other Expenses	125,651.40	115,651.40	76,241.21	24,410.19	15,000.00
Audit Services:					
Regular Audit	28,000.00	28,000.00	28,000.00		
LAND USE ADMINISTRATION:					
Planning Board:					
Other Expenses	21,160.00	21,160.00	10,309.89	10,850.11	
Zoning Board of Adjustment:					
Salaries and Wages	11,700.00	11,700.00	10,397.45	1,302.55	
Other Expenses	12,000.00	12,000.00	12,000.00		

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

BOROUGH OF MIDDLESEX
CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
OPERATIONS WITHIN "CAPS" (CONTINUED)					
INSURANCE:					
Surety Bond Premiums	\$ 2,000.00	\$ 2,000.00	\$	\$	2,000.00
Temporary Disability Insurance	24,492.94	24,492.94	24,492.94		
Long-Term Disability Insurance	14,000.00	14,000.00	13,301.62	698.38	
Liability Insurance	172,400.00	172,400.00	172,394.33	5.67	
Workmen's Compensation	163,650.00	163,650.00	163,640.40	9.60	
Employee Group Insurance	1,597,959.76	1,597,959.76	1,577,959.76		20,000.00
PUBLIC SAFETY:					
Police Department:					
Salaries and Wages	2,916,032.00	2,925,032.00	2,916,032.00	9,000.00	
Other Expenses	58,000.00	49,000.00	45,758.63	3,241.37	
Juvenile Conference Committee:					
Salaries and Wages	1,983.00	1,983.00	1,983.00		
Other Expenses	250.00	250.00	28.35		221.65
Office of Emergency Management:					
Salaries and Wages	3,200.00	3,200.00	3,200.00		
Other Expenses	12,500.00	12,500.00	11,420.68		1,079.32
Fire Department:					
Other Expenses	125,000.00	125,000.00	124,481.69		518.31
Uniform Fire Safety Act (P.L. 1983 C. 383):					
Salaries and Wages	44,665.00	44,665.00	43,732.97		932.03
Other Expenses	10,000.00	10,000.00	4,893.27		5,106.73
Hazardous Waste Facilities Tax:					
Other Expenses	5,000.00	5,000.00	2,798.41		2,201.59
Supplemental Fire Services:					
Other Expenses	20,000.00	20,000.00	20,000.00		
Fire Hydrant Fees:					
Other Expenses	209,628.00	209,628.00	189,247.47		17,380.53
Municipal Prosecutor:					
Salaries and Wages	24,399.00	24,399.00	24,398.28		0.72
Other Expenses					
Municipal Court:					
Salaries and Wages	193,680.00	187,680.00	182,424.56		5,255.44
Other Expenses	12,050.00	12,050.00	9,561.12		2,488.88
Public Defender:					
Other Expenses	1.00	1.00			1.00
PUBLIC WORKS:					
Streets and Roads Maintenance:					
Salaries and Wages	466,897.00	466,897.00	457,215.07		9,681.93
Other Expenses	70,425.00	70,425.00	60,621.11		9,803.89

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>PUBLIC WORKS (CONTINUED):</u>					
Shade Tree Commission:					
Salaries and Wages	\$ 2,328.00	\$ 2,328.00	2,313.70	14.30	\$
Other Expenses	33,901.66	33,901.66	33,319.90	581.76	
Solid Waste Collection:					
Salaries and Wages	160,181.00	152,181.00	136,083.51	16,097.49	
Other Expenses					
Garbage and Trash Removal :					
Salaries and Wages	580,237.00	580,237.00	580,237.00		
Other Expenses	40,150.00	48,150.00	40,241.67	7,908.33	
Community Services Act					
(Condominium Community Costs):					
Other Expenses	51,821.83	51,821.83		51,821.83	
Buildings and Grounds:					
Salaries and Wages	35,800.00	35,800.00	35,109.42	690.58	
Other Expenses	40,372.00	40,372.00	36,168.09	4,203.91	
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	335.00	165.00	
<u>HEALTH AND HUMAN SERVICES:</u>					
Public Health Services (Board of Health):					
Salaries and Wages	2,498.00	2,498.00	2,496.96	1.04	
Other Expenses	125,713.50	125,713.50	124,611.18	1,102.32	
Animal Control:					
Other Expenses	30,000.00	30,000.00	30,000.00		
Senior Nutrition - Program Costs:					
Salaries and Wages	17,238.00	17,238.00	4,259.68	12,978.32	
Title III Senior Medical Transportation - Program Costs:					
Salaries and Wages	6,994.00	6,994.00	5,605.43	1,388.57	
Title III Information & Assistance - Program Costs:					
Salaries and Wages	27,240.00	27,240.00	26,012.29	1,227.71	
<u>PARKS AND RECREATION:</u>					
Recreation Services and Programs:					
Salaries and Wages	90,546.63	90,546.63	79,465.14	1,081.49	10,000.00
Other Expenses	54,433.00	54,433.00	32,809.39	6,623.61	15,000.00

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
PARKS AND RECREATION (CONTINUED):					
Parks and Playgrounds:					
Salaries and Wages	\$ 326,879.00	\$ 326,879.00	\$ 291,182.67	\$ 25,696.33	10,000.00
Other Expenses	35,350.00	35,350.00	15,538.30	14,811.70	5,000.00
Celebration of Public Events:					
Other Expenses	5,000.00	5,000.00	1,939.35	60.65	3,000.00
Recreational Field Development:					
Other Expenses	500.00	500.00		500.00	
Senior Citizens Bus Transportation:					
Salaries and Wages	7,500.00	7,500.00	2,945.80	7,500.00	
Other Expenses	3,450.00	3,450.00		504.20	
Senior Citizen Coordinator:					
Salaries and Wages	8,800.00	8,800.00	1,991.64	6,808.36	
Other Expenses	5,090.00	5,090.00	2,977.02	2,112.98	
OTHER COMMON OPERATING FUNCTIONS - UNCLASSIFIED:					
Accumulated Sick Leave Compensation:					
Salaries and Wages	51,000.00	43,000.00	42,404.58	595.42	
Housing and Community Advisory Board:					
Salaries and Wages	375.00	375.00	250.00	125.00	
Other Expenses	100.00	100.00		100.00	
Environmental Advisory Council:					
Salaries and Wages	1,150.00	1,150.00		150.00	1,000.00
Other Expenses					
Maintenance of Tax Map:					
Other Expenses	1,000.00	1,000.00			1,000.00
Beautification Committee:					
Other Expenses	1,395.00	1,395.00	807.00	588.00	
Salary Adjustments:					
Salaries and Wages					
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 - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>					
Electricity	\$ 183,500.00	\$ 183,500.00	\$ 162,957.72	\$ 20,542.28	
Street Lighting	171,000.00	171,000.00	155,921.28	15,078.72	
Telephone (Excluding Equipment Acquisition)	45,000.00	55,000.00	50,946.24	4,053.76	
Water	30,000.00	30,000.00	27,609.40	2,390.60	
Gas (Natural or Propane)	45,000.00	45,000.00	23,954.60	21,045.40	
Fuel Oil (Diesel Fuel)	80,000.00	93,000.00	82,907.93	10,092.07	
Gasoline	75,000.00	91,000.00	82,900.87	8,099.13	
Sewer Processing and Disposal:					
Salaries & Wages	52,259.18	52,259.18	52,259.18		
Other Expenses	34,350.00	34,350.00	33,780.31	569.69	
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS:</u>					
Landfill Fees:					
Other Expenses	365,000.00	365,000.00	337,358.38	27,641.62	
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>					
Construction Inspector, Plumbing Inspector and Code Enforcer:					
Salaries & Wages	185,280.00	175,280.00	168,084.46	195.54	7,000.00
Other Expenses	8,350.00	8,350.00	3,126.84	3,223.16	2,000.00
Total Operations Within "CAPS"	10,015,772.91	10,015,772.91	9,411,181.25	506,091.66	98,500.00
Contingent	8,000.00	8,000.00		8,000.00	
Total Operations Including Contingent Within "CAPS":	10,023,772.91	10,023,772.91	9,411,181.25	514,091.66	98,500.00
<u>DETAIL:</u>					
Salaries & Wages	5,547,645.82	5,519,645.82	5,390,715.34	100,930.48	28,000.00
Other Expenses (Including Contingent)	4,476,127.09	4,504,127.09	4,020,465.91	413,161.18	70,500.00

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

BOROUGH OF MIDDLESEX
CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
Contribution to:					
Social Security System (O.A.S.I)	\$ 301,288.45	\$ 301,288.45	286,232.81	10,055.64	25,000.00
Public Employees' Retirement System of NJ	152,445.00	152,445.00	152,445.00		
Police and Fireman's Retirement System of NJ	337,368.00	337,368.00	337,368.00		
Pension & Fireman's Widow (NJSA 43:12-228.1)	5,000.00	5,000.00	5,000.00		
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	796,101.45	796,101.45	761,045.81	10,055.64	25,000.00
Total General Appropriations for Municipal Purposes Within "CAPS"	10,819,874.36	10,819,874.36	10,172,227.06	524,147.30	123,500.00
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
Maintenance of Free Public Library (NJSA 40:54-6):					
Other Expenses	564,287.00	564,287.00	564,287.00		
Middlesex County Utilities Authority Sewerage Treatment Contractual	949,977.78	949,977.78	949,977.78		
Piscataway Sewerage Authority - Share of Costs	200,000.00	200,000.00	186,278.46	13,721.54	
Middlesex County Improvement Authority - County Curbside Collection Program:					
Other Expenses	135,000.00	135,000.00	106,118.05	18,381.95	10,500.00
Insurance:					
Employee Group Insurance	120,031.80	120,031.80	116,020.35	4,011.45	
Contribution to:					
Statutory Expenditures					
Police and Fireman's Retirement System of NJ	320,501.00	320,501.00	320,501.00		
Public Employees' Retirement System of NJ	131,270.00	131,270.00	131,270.00		

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

BOROUGH OF MIDDLESEX

CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS EXCLUDED FROM "CAPS" (CONTINUED)</u>					
Stormwater Pollution Programs: NJDES/Stormwater Permit:					
Salaries & Wages	\$ 286,664.00	\$ 286,664.00	\$ 286,664.00	\$ 6,000.00	
Other Expenses	9,000.00	9,000.00	3,000.00		
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
Body Armor Replacement Grant - CY	6,470.31	6,470.31	6,470.31		
Drunk Driving Enforcement Grant	17,355.00	17,355.00	17,355.00		
Municipal Alliance on Alcohol & Drug Abuse	22,768.40	22,768.40	22,768.40		
NJ Clean Communities Grant					
Older Americans Act - Information Assist	12,006.00	12,006.00	12,006.00		
<u>Total Operations Excluded from "CAPS"</u>	<u>2,775,331.29</u>	<u>2,775,331.29</u>	<u>2,722,716.35</u>	<u>42,114.94</u>	<u>10,500.00</u>
<u>DETAIL:</u>					
Salaries & Wages	286,664.00	286,664.00	286,664.00		
Other Expenses	2,488,667.29	2,488,667.29	2,436,052.35	42,114.94	10,500.00
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
Down Payments on Improvements					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		
<u>Total Capital Improvements Excl. from "CAPS"</u>	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>		

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

BOROUGH OF MIDDLESEX
CURRENT FUND

STATEMENT OF EXPENDITURES - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 560,000.00	\$ 560,000.00	\$ 560,000.00	\$	
Payment of Bond Anticipation Notes and Capital Notes	60,000.00	60,000.00	60,000.00		
Interest on Bonds	136,497.82	136,497.82	136,497.82		
Interest on Notes	203,206.67	203,206.67	202,144.17		1,062.50
Loan Repayment for Principal and Interest	34,784.88	34,784.88	34,784.88		
Loan Repayments for Principal and Interest	135,582.61	135,582.61	135,582.61		
Dept. of Environment Protection	112,625.35	112,625.35	112,281.79		343.56
Loan Repayments for Principal and Interest	69,714.81	69,714.81	69,714.81		
Infrastructure Loan					
Loan Repayments for Principal and Interest					
MCIA Loan - Fire Truck					
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,312,412.14</u>	<u>1,312,412.14</u>	<u>1,311,006.08</u>	<u>\$</u>	<u>1,406.06</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,097,743.43</u>	<u>4,097,743.43</u>	<u>4,043,722.43</u>	<u>42,114.94</u>	<u>11,906.06</u>
Subtotal General Appropriations	14,917,617.79	14,917,617.79	14,215,949.49	566,262.24	135,406.06
Reserve for Uncollected Taxes	604,500.00	604,500.00	604,500.00		
<u>TOTAL GENERAL APPROPRIATIONS</u>	<u>\$ 15,522,117.79</u>	<u>\$ 15,522,117.79</u>	<u>\$ 14,820,449.49</u>	<u>\$ 566,262.24</u>	<u>\$ 135,406.06</u>
REF.	A-2	A-2	A-1	A,A-1	A-1
A-4					
A-10					
Disbursed			\$ 13,907,956.47		
Encumbrances Payable			249,393.31		
Due to Grant Fund			58,599.71		
Reserve for Uncollected Taxes			604,500.00		
			<u>\$ 14,820,449.49</u>		

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

TRUST FUND

BOROUGH OF MIDDLESEX

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
<u>ASSETS</u>			
Assessment Trust Fund:			
Cash	B-1	\$ 24,259.85	\$ 24,259.85
Assessment Liens Receivable	B	<u>1,470.00</u>	<u>1,470.00</u>
		<u>25,729.85</u>	<u>25,729.85</u>
Animal Control Trust Fund:			
Cash	B-1	<u>2,339.95</u>	<u>3,440.77</u>
		<u>2,339.95</u>	<u>3,440.77</u>
Community Development Trust Fund:			
CDBG Grants Receivable	B-5	10,171.20	128,335.00
Due from Current Fund	B-6	<u>1,847.05</u>	<u> </u>
		<u>12,018.25</u>	<u>128,335.00</u>
Other Trust Funds:			
Cash	B-1	498,512.29	293,595.57
Due General Capital Fund	B	<u> </u>	<u>300,000.00</u>
		<u>498,512.29</u>	<u>593,595.57</u>
		<u>\$ 538,600.34</u>	<u>\$ 751,101.19</u>

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

BOROUGH OF MIDDLESEX

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>			
Assessment Trust Fund:			
Due to General Capital Fund	B	\$ 7,164.08	\$ 7,164.08
Fund Balance	B	<u>18,565.77</u>	<u>18,565.77</u>
		<u>25,729.85</u>	<u>25,729.85</u>
Animal Control Trust Fund:			
Reserve for Animal Control Fund Expenditures	B-2	<u>2,339.95</u>	<u>3,440.77</u>
		<u>2,339.95</u>	<u>3,440.77</u>
Community Development Trust Fund:			
Reserve for CDBG Expenditures	B-4	<u>12,018.25</u>	<u>128,335.00</u>
		<u>12,018.25</u>	<u>128,335.00</u>
Other Funds:			
Reserve For:			
Payroll Deductions Payable	B-7	60,283.01	56,669.81
Developers' Escrow	B-8	116,511.16	170,279.73
Unemployment Insurance	B-9	31,554.92	112,326.13
Various Reserves and Deposits	B-10	<u>290,163.20</u>	<u>254,319.90</u>
		<u>498,512.29</u>	<u>593,595.57</u>
		\$ <u>538,600.34</u>	\$ <u>751,101.19</u>

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

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GENERAL CAPITAL FUND

"C"

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

BALANCE SHEETS - STATUTORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2009</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,254,507.88	\$ 552,352.02
Grants and Loans Receivable	C-9	1,045,326.00	1,293,426.00
Due from Assessment Trust Fund	C	7,164.08	7,164.08
Deferred Charges to Future Taxation:			
Funded	C-4	13,090,363.17	4,077,947.01
Unfunded	C-5	780,733.22	10,488,953.22
		<u>\$ 16,178,094.35</u>	<u>\$ 16,419,842.33</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-16	\$ 11,107,000.00	\$ 1,802,000.00
Bond Anticipation Notes	C-17		8,500,000.00
Environmental Infrastructure Loans Payable	C-10	1,234,226.25	1,314,077.57
Green Acres Loans Payable	C-11	275,298.15	304,143.66
Hazardous Site Remediation Loans Payable	C-12		133,557.00
M.C.I.A. Loans Payable	C-13	473,838.77	524,168.78
Encumbrances Payable	C-6	816,728.48	672,898.07
Due Current Fund	C-14		227,434.48
Due Trust Other Fund	C-15		300,000.00
Due Grant Fund	C	44,825.00	44,825.00
Improvement Authorizations:			
Funded	C-7	1,077,887.59	956,626.14
Unfunded	C-7	705,704.69	1,003,268.06
Various Reserves and Deposits	C-18	161,572.62	221,572.62
Capital Improvement Fund	C-8	29,323.58	33,693.58
Reserve for Receivables	C-9	195,344.56	276,594.56
Fund Balance	C-1	<u>56,344.66</u>	<u>104,982.81</u>
		<u>\$ 16,178,094.35</u>	<u>\$ 16,419,842.33</u>

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

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	
Balance, December 31, 2009	C	\$ 104,982.81
Increased by:		
Premium on Sale of Note	C-2	<u>1,361.85</u>
		106,344.66
Decreased by:		
Utilized as Anticipated Revenue - Current Fund	C-2	<u>50,000.00</u>
Balance, December 31, 2010	C	<u><u>\$ 56,344.66</u></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 - STATUTORY BASIS

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
Operating Fund:			
Cash - Treasurer	D-4	\$ 257,564.68	\$ 460,905.21
Cash - Snack Bar	D-5	3,001.00	3,001.00
Due Swimming Pool Capital Fund	D-9	<u>74,411.90</u>	<u> </u>
<u>Total Operating Fund</u>		<u>334,977.58</u>	<u>463,906.21</u>
Capital Fund:			
Cash	D-4		184.33
Due Swimming Pool Operating Fund	D-13		172,545.77
Fixed Capital	D-14	666,291.56	666,291.56
Fixed Capital Authorized and Uncompleted	D-15	<u>350,000.00</u>	<u> </u>
<u>Total Capital Fund</u>		<u>1,016,291.56</u>	<u>839,021.66</u>
		<u>\$ 1,351,269.14</u>	<u>\$ 1,302,927.87</u>

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

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2010</u>	<u>BALANCE DECEMBER 31, 2009</u>
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3:D-6	\$ 40,785.47	\$ 77,023.50
Accounts Payable	D-8	19,470.15	16,790.56
Encumbrances Payable	D-7	19,057.48	6,096.61
Reserve for Snack Bar Expenses	D-10		3,001.00
Due Swimming Pool Capital Fund	D-9		172,545.77
		<u>79,313.10</u>	<u>275,457.44</u>
Fund Balance	D-1	<u>255,664.48</u>	<u>188,448.77</u>
<u>Total Operating Fund</u>		<u>334,977.58</u>	<u>463,906.21</u>
Capital Fund:			
Improvement Authorizations:			
Unfunded	D-11	94,044.00	
Capital Improvement Fund	D-17	72,730.10	172,730.10
Due Swimming Pool Operating Fund	D-13	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	100,000.00	
		<u>1,016,291.56</u>	<u>839,021.66</u>
<u>Total Capital Fund</u>		<u>1,016,291.56</u>	<u>839,021.66</u>
		<u>\$ 1,351,269.14</u>	<u>\$ 1,302,927.87</u>

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

BOROUGH OF MIDDLESEXSWIMMING POOL UTILITY OPERATING FUNDSTATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE - STATUTORY BASIS

	<u>REF.</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2010</u>	<u>YEAR ENDED</u> <u>DECEMBER</u> <u>31, 2009</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	D-3	\$ 60,400.00	\$ 74,878.00
Fees- Membership	D-3	242,785.00	242,866.75
Miscellaneous	D-3	93,851.48	70,228.58
Snack Bar		17,721.36	
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-10	<u>75,257.87</u>	<u>72,453.93</u>
<u>TOTAL INCOME</u>		<u>490,015.71</u>	<u>460,427.26</u>
<u>EXPENDITURES</u>			
Operating	D-4	346,800.00	357,378.00
Statutory Expenditures and Deferred Charges	D-4	<u>15,600.00</u>	<u>14,500.00</u>
<u>TOTAL EXPENDITURES</u>		<u>362,400.00</u>	<u>371,878.00</u>
Excess in Revenue		127,615.71	88,549.26
<u>Fund Balance</u>			
Balance, January 1	D	<u>188,448.77</u>	<u>174,777.51</u>
		316,064.48	263,326.77
Decreased by:			
Utilization by Swimming Pool Operating Budget	D-1:D-3	<u>60,400.00</u>	<u>74,878.00</u>
Balance, December 31	D	<u>\$ 255,664.48</u>	<u>\$ 188,448.77</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 - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>REF.</u>	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 60,400.00	\$ 60,400.00	
Membership Fees	D-4	232,000.00	242,785.00	\$ 10,785.00
Snack Bar	D-10		17,721.36	
Miscellaneous	D-4	<u>70,000.00</u>	<u>93,851.48</u>	<u>23,851.48</u>
	D-4	\$ <u>362,400.00</u>	\$ <u>414,757.84</u>	\$ <u>52,357.84</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 - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
Operating:					
Salaries and Wages	\$ 177,900.00 \$	177,900.00 \$	163,884.89 \$	14,015.11 \$	
Other Expenses	168,900.00	168,900.00	143,262.46	25,637.54	
<u>Total Operating</u>	<u>346,800.00</u>	<u>346,800.00</u>	<u>307,147.35</u>	<u>39,652.65</u>	
Statutory Expenditures:					
Contributions To:					
Social Security System (O.A.S.I.)	13,600.00	13,600.00	12,467.18	1,132.82	
State Unemployment Insurance	2,000.00	2,000.00	2,000.00		
<u>Total Deferred Charges & Statutory Expenditures</u>	<u>15,600.00</u>	<u>15,600.00</u>	<u>14,467.18</u>	<u>1,132.82</u>	
	<u>\$ 362,400.00 \$</u>	<u>362,400.00 \$</u>	<u>321,614.53 \$</u>	<u>40,785.47 \$</u>	

REF.

D-3

Cash Disbursements
Encumbrances Payable

\$ 302,557.05
19,057.48
\$ 321,614.53

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

PUBLIC ASSISTANCE FUND

"E"

BOROUGH OF MIDDLESEX

PUBLIC ASSISTANCE FUND

BALANCE SHEETS - STATUTORY BASIS

	DECEMBER 31, 2010	DECEMBER 31, 2009
<u>ASSETS</u>		
Cash	\$ <u>9,903.66</u>	\$ <u>9,890.42</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Public Assistance	\$ <u>9,903.66</u>	\$ <u>9,890.42</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

"F"

BOROUGH OF MIDDLESEX
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - STATUTORY BASIS

	DECEMBER <u>31, 2010</u>	DECEMBER <u>31, 2009</u>
General Fixed Assets:		
Land	\$ 5,668,300.00	\$ 5,668,300.00
Buildings	5,812,200.00	5,812,200.00
Machinery and Equipment	<u>6,751,202.57</u>	<u>6,438,733.25</u>
<u>TOTAL GENERAL FIXED ASSETS</u>	<u>\$ 18,231,702.57</u>	<u>\$ 17,919,233.25</u>
Investment in General Fixed Assets	<u>\$ 18,231,702.57</u>	<u>\$ 17,919,233.25</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF MIDDLESEX

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010 AND 2009

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.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

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 considers change funds; cash in bank, investment in certificates of deposits as cash and cash equivalents. The Borough of Middlesex has the following cash and cash equivalents at December 31, 2010:

<u>FUND</u>	<u>CASH IN BANK</u>	<u>CASH EQUIVALENTS</u>	<u>ON HAND/ IN TRANSIT</u>	<u>OUTSTANDING CHECKS</u>	<u>TOTAL</u>
Current Fund	\$ 3,206,786.46		\$ 20.21	\$ (273,889.71)	\$ 2,932,916.96
Assessment Trust Fund	24,259.85				24,259.85
Animal Control Fund	2,339.95				2,339.95
Other Trust Fund	522,459.53		27,000.00	(50,947.24)	498,512.29
General Capital Fund	1,254,507.88				1,254,507.88
Swimming Pool Utility Operating Fund	49,798.48	\$ 238,941.25		(28,174.05)	260,565.68
Public Assistance Fund	9,903.66				9,903.66
<u>TOTAL DECEMBER 31, 2010</u>	<u>\$ 5,070,055.81</u>	<u>\$ 238,941.25</u>	<u>\$ 27,020.21</u>	<u>\$ (353,011.00)</u>	<u>\$ 4,983,006.27</u>

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, 2010, 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, \$250,000.00 was covered by Federal Depository Insurance and \$4,820,055.81 was covered under the provisions of NJGUDPA. \$238,941.25 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, 2010, the Borough has \$238,941.25 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, 2010	\$	<u>1,689,963,644.00</u>
3-1/2% of Equalized Valuation Basis	\$	59,148,727.54
Net Debt		<u>13,817,297.15</u>
Remaining (Deficit) Borrowing Power	\$	<u>45,331,430.39</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, 2010

Cash Receipts from Fees, Rents of Other Charges for Year and Anticipated Surplus		\$414,757.84
Deduction:		
Operating and Maintenance Cost	\$362,400.00	
Debt Service Per Swimming Pool Utility Account	<u>0.00</u>	
		<u>362,400.00</u>
Excess in Revenue		<u>\$52,357.84</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%. \$ 1,242,000.00

\$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%. 9,865,000.00

\$ 11,107,000.00

Intergovernmental Loans

General Capital Fund

Green Acres Loans:

\$328,000.00 Loan due in semi-annual installments of principal and interest of \$10,894.29 through June 2017 at an interest rate of 2%. \$ 132,188.52

\$209,000.00 Loan due in semi-annual installments of principal and interest of \$6,498.15 through January 2023 at an interest rate of 2%. 143,109.63

\$ 275,298.15

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%. \$ 613,525.48

\$844,827.50 of 2004 Fund Loan due in semi-annual installments of principal only through August 2024 ranging from \$923.39 to \$44,037.62, interest free 620,700.77

\$ 1,234,226.25

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%. \$ 473,838.77

NOTE 3: MUNICIPAL DEBT (CONTINUED)

Bonds and Notes Authorized But Not Issued

At December 31, 2010, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$ <u>780,733.22</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, 2010

General Capital Fund

Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 700,000.00	\$ 356,886.26	\$ 1,056,886.26
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	790,000.00	15,800.00	805,800.00
Total	\$ <u>11,107,000.00</u>	\$ <u>2,899,775.73</u>	\$ <u>14,006,775.73</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL
AND INTEREST AS OF DECEMBER 31, 2010

GREEN TRUST LOANS

CALENDAR YEAR	<u>1987 Loan Program</u>		<u>1989 Loan Program</u>		TOTAL
	<u>LOAN PRINCIPAL</u>	<u>LOAN INTEREST</u>	<u>LOAN PRINCIPAL</u>	<u>LOAN INTEREST</u>	
2011	\$ 19,240.54	\$ 2,548.05	\$ 10,184.77	\$ 2,811.53	\$ 34,784.89
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>132,188.52</u>	\$ <u>9,437.30</u>	\$ <u>143,109.63</u>	\$ <u>19,343.94</u>	\$ <u>304,079.39</u>

ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS

CALENDAR YEAR	<u>TRUST LOAN</u>		<u>FUND LOAN</u>		TOTAL
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>		
2011	\$ 35,000.00	\$ 28,474.95	\$ 43,714.72	\$	107,189.67
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>613,525.48</u>	\$ <u>228,770.16</u>	\$ <u>620,700.77</u>	\$	<u>1,462,996.41</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2010, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2011, were as follows:

Current Fund	\$900,000.00
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 31, 2010	BALANCE DECEMBER 31, 2009
Prepaid Taxes	<u>\$162,103.51</u>	<u>\$159,211.44</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 \$941,584.00 for 2010, \$473,249.00 for 2009, and \$752,011.00 for 2008.

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 \$476,162.00 and \$221,673.00 as of December 31, 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, 2010.

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 2010. 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 2010 audit report. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2010, 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 2010 and the previous two years:

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 207.21	\$ 11,937.80	\$ 92,916.22	\$ 31,554.92
2009		13,184.04	40,867.62	112,326.13
2008		12,270.22	5,583.37	140,009.71

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2010:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
Current Fund	\$	\$ 815,120.07
Grant Fund	858,098.02	
Trust Funds	1,847.05	7,164.08
General Capital Fund	7,164.08	44,825.00
Swimming Pool Utility Operating Fund	74,411.90	
Swimming Pool Utility Capital Fund		74,411.90
	\$ <u>941,521.05</u>	\$ <u>941,521.05</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>.

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, 2010, 2009 and 2008, were \$427,057.02, \$344,325.26 and \$333,764.16, respectively, which equaled the required contributions for each year. There were approximately 34, 30 and 31 retired participants eligible at December 31, 2010, 2009 and 2008, 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, 2010 the unpaid levy was \$10,260,673.00, 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 has 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, 2010

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF CASH-TREASURER

REF.	CURRENT FUND	GRANT FUND
A	\$ 3,065,684.96	
A-6	\$ 35,902,522.68	
A-7	55,809.29	
A-9	188,982.19	
A-2	3,323,264.23	
	125,408.88	
	162,103.51	
	212,857.88	
A-27		\$ 46,727.11
A-26		14,874.04
	6,509.00	
	11,393.00	
	227,434.48	
	8,212.23	
	118,163.80	
	<u>40,342,661.17</u>	<u>61,601.15</u>
	43,408,346.13	61,601.15
A-3	13,907,956.47	
A-13	633,159.13	
A-14	4,785.82	
A-15	5,067,029.17	
A-25	20,461,210.00	
	263,238.83	
		53,388.92
		8,212.23
A-21	116,316.75	
	12,712.00	
	8,921.00	
A-1	100.00	
	<u>40,475,429.17</u>	
A	\$ 2,932,916.96	\$ 61,601.15

Balance, December 31, 2010

BOROUGH OF MIDDLESEX
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

<u>OFFICE</u>	BALANCE DECEMBER <u>31, 2009</u>	BALANCE DECEMBER <u>31, 2010</u>
Swim Pool	\$ 50.00	\$ 50.00
Municipal Court	150.00	150.00
Recreation	50.00	50.00
Clerk	50.00	50.00
Collector	<u>200.00</u>	<u>200.00</u>
	\$ <u>500.00</u>	\$ <u>500.00</u>
<u>REF.</u>	A	A

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

YEAR	BALANCE DECEMBER 31, 2009	2010 LEVY	COLLECTED IN 2009	COLLECTED IN 2010	TRANSFER TO TAX TITLE LIENS	BALANCE DECEMBER 31, 2010
Prior 2008	\$ 2,480.47	\$	\$	\$ 958.55	\$	\$ 1,521.92
2009	4,239.23			702.20		3,537.03
	572,811.25	4,124.65		563,157.59	13,778.31	
	579,530.95			564,818.34	13,778.31	5,058.95
2010		36,446,079.75	159,211.44	35,526,323.53	43,244.28	717,300.50
	\$ 579,530.95	\$ 36,450,204.40	\$ 159,211.44	\$ 36,091,141.87	\$ 57,022.59	\$ 722,359.45

REF. A

Cash Receipts
Due from State of New Jersey

A-4
A-7

\$ 35,902,522.68
188,619.19

ANALYSIS OF 2010 PROPERTY TAX LEVY

TAX YIELD	2010 LEVY	REF.
General Purpose Tax	\$ 36,393,641.52	
Added Taxes (54:4-63.1 et. seq.)	52,438.23	
	\$ 36,446,079.75	
Local District School Tax (Abstract)	\$ 20,521,345.00	A-15
County Taxes:		
County Tax (Abstract)	\$ 5,061,509.91	A-14
Due County for Added Taxes (54:4-63.1 et. seq.)	5,519.26	A-14
Total County Taxes	5,067,029.17	
Local Tax for Municipal Purposes (Abstract)	10,807,554.08	A-2
Add: Additional Tax Levied	50,151.50	
	10,857,705.58	
	\$ 36,446,079.75	

BOROUGH OF MIDDLESEX

CURRENT FUND

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

	<u>REF.</u>		
Balance, December 31, 2009 (Due From)	A		\$ 13,599.15
Decreased by:			
Deductions Per Tax Duplicate:			
Senior Citizens		\$ 40,500.00	
Veterans		147,250.00	
Allowed by Tax Collector:			
Senior Citizens and Veterans		<u>2,250.00</u>	
			<u>190,000.00</u>
			<u>203,599.15</u>
Increased by:			
Deductions Disallowed:			
Current Year Deductions		1,380.81	
Prior Year Deductions	A-1	2,780.14	
Received From State of New Jersey	A-4	<u>188,982.19</u>	
			<u>193,143.14</u>
Balance, December 31, 2010 (Due From)			\$ <u><u>10,456.01</u></u>

SUMMARY OF 2010 EXEMPTIONS

Senior Citizens and Veterans Exemptions Per Tax Billings		187,750.00	
Senior Citizens and Veterans Exemptions Allowed by Tax Collector		2,250.00	
Senior Citizens and Veterans Exemptions Disallowed by Tax Collector- 2010		<u>(1,380.81)</u>	
	A-7		\$ <u><u>188,619.19</u></u>

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

<u>REF.</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>ACCRUED IN 2010</u>	<u>COLLECTED</u>	<u>BALANCE DECEMBER 31, 2010</u>
Clerk:				
A-2	\$	11,280.00	\$ 11,280.00	
A-2		33,028.00	33,028.00	
A-2		81,062.87	81,062.87	
A-2		160,272.00	160,272.00	
A-2	\$	297,194.45	\$ 291,987.66	\$ 25,417.84
A-2		166,842.52	166,842.52	
A-2		9,268.37	9,268.37	
A-2		69,171.82	69,171.82	
A-2		63,367.49	63,367.49	
A-2		66,464.42	66,464.42	
A-2	3,573.93	73,467.84	77,041.77	
A-2	90,465.49	320,137.58	333,663.31	76,939.76
A-2		358,465.00	358,465.00	
A-2		1,421,349.00	1,421,349.00	
A-2		20,000.00	20,000.00	
A-2		25,000.00	25,000.00	
A-2		85,000.00	85,000.00	
A-2		50,000.00	50,000.00	
	<u>\$ 114,250.47</u>	<u>\$ 3,311,371.36</u>	<u>\$ 3,323,264.23</u>	<u>\$ 102,357.60</u>
<u>REF.</u>	A	A-2	A-4	A

"A-9"

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>		
Balance, December 31, 2009	A		\$ 273,217.30
Increased by:			
Interest and Costs on Tax Sale	A-12	\$ 2,744.75	
Transfer from Taxes Receivable	A-7	<u>57,022.59</u>	
			<u>59,767.34</u>
			<u>332,984.64</u>
Decreased by:			
Cash Receipts	A-4		<u>55,809.29</u>
Balance, December 31, 2010	A		<u><u>\$ 277,175.35</u></u>

"A-10"

SCHEDULE OF FORECLOSED PROPERTY

Balance, December 31, 2009	\$ <u>1,426,700.00</u>
Balance, December 31, 2010	\$ <u><u>1,426,700.00</u></u>

BOROUGH OF MIDDLESEX
CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	TRANSFERS	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
GENERAL GOVERNMENT						
Mayor and Council:						
Salaries and Wages	133.57			133.57		133.57
Other Expenses	1,855.54		393.74	2,249.28	617.22	1,632.06
Municipal Clerk:						
Salaries and Wages	0.78			0.78		0.78
Other Expenses	9,640.61		6,631.44	16,272.05	9,345.36	6,926.69
Postage for All Departments:						
Other Expenses	2,135.13			2,135.13		2,135.13
Printing for all Departments:						
Other Expenses	4,916.77		609.72	5,526.49	609.72	4,916.77
Financial Administration:						
Salaries and Wages	0.24			0.24		0.24
Other Expenses	1,340.03		298.21	1,638.24	420.34	1,217.90
Elections:						
Other Expenses	306.22			306.22		306.22
Revenue Administration (Tax Collection):						
Other Expenses	1,522.40		188.87	1,711.27	310.99	1,400.28
Tax Assessment Administration:						
Other Expenses	1,522.53		300.00	1,822.53	300.00	1,522.53
Legal Services:						
Salaries and Wages	7,863.00			7,863.00	7,594.00	269.00
Other Expenses	10,653.29		5,309.00	15,962.29	5,309.00	10,653.29
Engineering Services:						
Other Expenses	2,088.32		1,568.57	3,656.89	3,439.03	217.86
Audit Services:						
Annual Audit		47,950.00		47,950.00	47,950.00	
LAND USE ADMINISTRATION						
Planning Board:						
Other Expenses	3,170.23		1,716.95	4,887.18	4,074.45	812.73
Zoning Board of Adjustment:						
Other Expenses	297.60		2,470.00	2,767.60	2,470.00	297.60

BOROUGH OF MIDDLESEX
CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	TRANSFERS	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
<u>INSURANCE</u>						
Surety Bond Premiums	\$ 1,965.00	\$	\$	\$ 1,965.00	\$ 1,820.00	\$ 145.00
Temporary Disability Insurance	604.94			604.94		604.94
Employee Group Insurance	280.06			280.06		280.06
<u>PUBLIC SAFETY</u>						
Police Department:						
Salaries and Wages	29,048.22	(12,000.00)	26,142.30	17,048.22	16,184.63	863.59
Other Expenses	4,517.72			30,660.02	26,286.35	4,373.67
Juvenile Conference Committee:						
Other Expenses	64.13			64.13		64.13
Office of Emergency Management:						
Other Expenses	1,505.02		3,918.49	5,423.51	3,946.93	1,476.58
Fire Department:						
Uniform Fire Safety Act (P.L. 1983 C. 383):	4,365.92		11,705.71	16,071.63	11,738.12	4,333.51
Salaries and Wages	7,205.56			7,205.56	7,205.56	
Other Expenses	6,141.96		731.70	6,873.66	760.14	6,113.52
Hazardous Waste Facilities Tax:						
Other Expenses	5,000.00			5,000.00		5,000.00
Supplemental Fire Services:						
Other Expenses	2,104.00		5,200.00	7,304.00	5,200.00	2,104.00
Fire Hydrant Fees:						
Other Expenses			17,469.00	17,469.00	17,469.00	
Municipal Court:						
Salaries and Wages	12,066.31	(5,950.00)		6,116.31		6,116.31
Other Expenses	11,170.24		354.25	11,524.49	760.21	10,764.28
Public Defender:						
Other Expenses	1.00			1.00		1.00

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	TRANSFERS	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
PUBLIC WORKS						
Streets and Roads Maintenance:						
Salaries and Wages	\$ 16,041.42	\$	\$	16,041.42	\$ 13,434.28	\$ 2,607.14
Other Expenses	447.65		11,820.24	12,267.89	12,235.80	32.09
Shade Tree Commission:						
Salaries and Wages	355.00		23,750.00	24,105.00	23,750.00	355.00
Solid Waste Collection:						
Salaries and Wages	8,957.12	(6,000.00)		2,957.12	2,936.55	20.57
Garbage and Trash Removal:						
Salaries and Wages	26,315.74	(16,000.00)		10,315.74	9,513.30	802.44
Other Expenses	8,362.21		3,783.28	12,145.49	6,896.07	5,249.42
Community Services Act (Condominium Community Costs):						
Other Expenses	54,356.90			54,356.90	54,356.90	
Buildings and Grounds:						
Salaries and Wages	526.49			526.49	526.49	
Other Expenses	65.39		2,189.61	2,255.00	2,156.18	98.82
Maintenance of Communications Equipment:						
Other Expenses	500.00			500.00		500.00
HEALTH AND HUMAN SERVICES						
Public Health Services (Board of Health):						
Salaries and Wages	0.04		752.24	0.04	1,103.89	0.04
Other Expenses	3,069.72			3,821.96		2,718.07
Animal Control:						
Other Expenses	1,820.87			1,820.87	1,820.87	
Senior Nutrition - Program Costs:						
Salaries and Wages	14,073.94			14,073.94	14,073.94	

BOROUGH OF MIDDLESEX
CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	TRANSFERS	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
PARKS AND RECREATION						
Recreation Services and Programs:						
Salaries and Wages	1,396.79			1,396.79		1,396.79
Other Expenses	1,622.72		8,991.17	10,613.89	10,520.06	93.83
Parks and Playgrounds:						
Salaries and Wages	15,194.68	(8,000.00)		7,194.68	1,304.52	5,890.16
Other Expenses	31.41		553.63	585.04	553.63	31.41
Celebration of Public Events:						
Other Expenses	222.39			222.39		222.39
Recreational Field Development:						
Other Expenses	500.00			500.00		500.00
Senior Citizens Bus Transportation:						
Salaries and Wages	5,479.00			5,479.00	162.55	5,316.45
Other Expenses	1,244.25		2,179.99	3,424.24	2,370.10	1,054.14
Senior Citizen Coordinator:						
Salaries and Wages	844.84			844.84		844.84
Other Expenses	1,561.68		546.43	2,108.11	574.87	1,533.24
OTHER COMMON OPERATING FUNCTIONS -						
UNCLASSIFIED						
Accumulated Sick Leave Compensation:						
Salaries and Wages	0.48			0.48		0.48
Housing and Community Advisory Board:						
Other Expenses	100.00			100.00		100.00
Environmental Advisory Council:						
Salaries and Wages	100.00			100.00		100.00
Other Expenses	1,150.00			1,150.00		1,150.00
Maintenance of Tax Map:						
Other Expenses	250.00			250.00		250.00
Decent Literature Committee:						
Other Expenses	300.00			300.00		300.00
Beautification Committee:						
Other Expenses	595.00		192.30	787.30	192.30	595.00
Multi-Family Solid Waste Collection:						
Other Expenses	53,973.00			53,973.00	53,973.00	
Salary Adjustments:						
Salaries and Wages	152,000.00			152,000.00	118,256.82	33,743.18

BOROUGH OF MIDDLESEX
CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2009	TRANSFERS	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	\$ 19,031.59	\$	3,666.81	22,698.40	14,131.20	8,567.20
Street Lighting	14,713.78			14,713.78	14,713.78	
Telephone (Excluding Equipment Acquisition)	7,355.60		1,162.50	8,518.10	6,853.82	1,664.28
Water	7,023.95			7,023.95	1,132.87	5,891.08
Gas (Natural or Propane)	12,504.37		887.94	13,392.31	3,558.46	9,833.85
Fuel Oil (Diesel Fuel)	22,814.68		2,708.63	25,523.31	12,046.13	13,477.18
Gasoline	25,439.17		10,000.00	35,439.17	10,000.00	25,439.17
Sewer Processing and Disposal:						
Other Expenses	5,345.93		5,793.03	11,138.96	5,849.91	5,289.05
LANDFILL/SOLID WASTE DISPOSAL COSTS						
Landfill Fees:						
Other Expenses	28,640.31		24,461.22	53,101.53	51,147.69	1,953.84
CODE ENFORCEMENT AND ADMINISTRATION						
Construction Inspector, Plumbing Inspector and Code Enforcer:						
Salaries & Wages	141.81			141.81		141.81
Other Expenses	1,202.31		738.65	1,940.96	870.62	1,070.34
Contingent	8,000.00			8,000.00		8,000.00
STATUTORY EXPENDITURES						
Contribution to:						
Social Security System (O.A.S.I.)	16,491.55			16,491.55	535.48	15,956.07
Total General Appropriations for Municipal Purposes Within "CAPS"	673,650.12		189,185.62	862,835.74	625,363.13	237,472.61
OPERATIONS EXCLUDED FROM "CAPS"						
Middlesex County Improvement Authority - County Curbside Collection Program:						
Other Expenses	11,346.91		11,241.19	22,588.10	22,482.38	105.72
Piscataway Sewerage Authority - Share of Costs	1,515.67		99,242.15	100,757.82	99,242.15	1,515.67
Stormwater Pollution Programs: NJDES/Stormwater Permit:						
Other Expenses	6,000.00			6,000.00		6,000.00

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF 2009 APPROPRIATION RESERVES

BALANCE DECEMBER 31, 2009	TRANSFERS	ENCUMBR. PAYABLE	BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCE LAPSED
\$ 18,862.58	\$	110,483.34	129,345.92	121,724.53	7,621.39
<u>692,512.70</u>	<u>\$</u>	<u>299,668.96</u>	<u>992,181.66</u>	<u>747,087.66</u>	<u>245,094.00</u>

Total General Appropriations for Municipal
Purposes Excluded from "CAPS"

TOTAL GENERAL APPROPRIATIONS

REF.

A

A-4

A-1

Accounts Payable
Disbursed

REF.
A-18
A-4

\$ 113,928.53
633,159.13

\$ 747,087.66

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

REF.

2010 Tax Levy:			
County Taxes	A-1:A-6	\$ 4,721,441.53	
County Open Space Taxes		340,068.38	
County Share of Added Taxes	A-1:A-6	<u>5,519.26</u>	
			\$ <u>5,067,029.17</u>
			5,067,029.17
Decreased by:			
Cash Disbursements	A-4		<u>5,067,029.17</u>
Balance, December 31, 2010	A		\$ <u><u>0.00</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2009	A		
Taxes Deferred			\$ 10,200,538.00
Increased by:			
2010 Levy	A-1:A-6		<u>20,521,345.00</u>
			30,721,883.00
Decreased by:			
Cash Disbursements	A-4		<u>20,461,210.00</u>
Balance, December 31, 2010	A		\$ <u><u>10,260,673.00</u></u>

"A-14"

BOROUGH OF MIDDLESEX
CURRENT FUND
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>		
Balance, December 31, 2009 (2010 Taxes)	A	\$	159,211.44
Increased by:			
Collection of 2011 Taxes	A-4		<u>162,103.51</u>
			321,314.95
Decreased by:			
Application to 2010 Taxes Receivable	A-6		<u>159,211.44</u>
Balance, December 31, 2010 (2011 Taxes)	A	\$	<u><u>162,103.51</u></u>

"A-15"

SCHEDULE OF TAX OVERPAYMENTS

Balance, December 31, 2009	A	\$	<u>1,113.97</u>
Balance, December 31, 2010	A	\$	<u><u>1,113.97</u></u>

"A-16"

SCHEDULE OF RESERVE FOR THIRD PARTY LIEN REDEMPTIONS

Balance, December 31, 2009	A	\$	50,380.95
Increased by:			
Cash Receipts	A-4		<u>212,857.88</u>
			263,238.83
Decreased by:			
Cash Disbursements	A-4		<u>263,238.83</u>
Balance, December 31, 2010	A	\$	<u><u>0.00</u></u>

"A-17"

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF RESERVE FOR ENCUMBRANCES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	A	\$	299,668.96
Increased by:			
Charged to 2010 Appropriations	A-3		<u>249,393.31</u>
			549,062.27
Decreased by:			
Transfer to Appropriation Reserves	A-13		<u>299,668.96</u>
Balance, December 31, 2010	A	\$	<u><u>249,393.31</u></u>

"A-18"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2009	A	\$	154,485.13
Increased by:			
Charged to 2009 Appropriation Reserves	A-11		<u>113,928.53</u>
			268,413.66
Decreased by:			
Canceled to Operations	A-1	\$	138,833.42
Payments	A-4		<u>4,785.82</u>
			<u>143,619.24</u>
Balance, December 31, 2010	A	\$	<u><u>124,794.42</u></u>

"A-19"

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS DEPOSITS

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>APPLIED TO REVENUES</u>	<u>BALANCE DECEMBER 31, 2010</u>
Codification of Ordinances	\$ 6,389.15				6,389.15
Master Plan	1,161.96				1,161.96
NJ DMV Fines	18,983.00			18,983.00	
Farmers Market	215.00				215.00
Library State Aid	12,712.00	\$ 6,509.00	\$ 12,712.00		6,509.00
	<u>\$ 39,461.11</u>	<u>\$ 6,509.00</u>	<u>\$ 12,712.00</u>	<u>\$ 18,983.00</u>	<u>\$ 14,275.11</u>

REF.

A

A-4:A-4

A-4

A-2

A

BOROUGH OF MIDDLESEX

CURRENT FUND

SCHEDULE OF FEES PAYABLE

<u>GRANT/PROGRAM</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2010</u>
DCA State Training Fees	\$ 3,545.00	\$ 9,343.00	\$ 6,746.00	\$ 6,142.00
Marriage License Fees	475.00	2,050.00	2,175.00	350.00
	<u>\$ 4,020.00</u>	<u>\$ 11,393.00</u>	<u>\$ 8,921.00</u>	<u>\$ 6,492.00</u>

REF.

A

A-4:A-4

A-4

A

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

<u>GRANT</u>	BALANCE DECEMBER 31, 2009	2010 REVENUE ANTICIPATED	CASH RECEIPTS	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2010
MLCU Phase III	\$ 6,001.25	\$ 22,768.40	22,768.40	\$	6,001.25
Clean Communities Program		6,470.31		6,470.31	
Drunk Driving Enforcement Fund	8,789.00	12,006.00	12,212.00		8,583.00
Older Americans Act	3,023.05	13,884.00	11,746.71		5,160.34
Municipal Alliance					
	<u>\$ 17,813.30</u>	<u>\$ 55,128.71</u>	<u>\$ 46,727.11</u>	<u>\$ 6,470.31</u>	<u>\$ 19,744.59</u>

REF.

A

A-2

A-4

A-23

A

BOROUGH OF MIDDLESEX
GRANT FUND

SCHEDULE OF APPROPRIATED RESERVES FOR GRANTS

GRANT	BALANCE DECEMBER 31, 2009	TRANSFERRED FROM 2010 BUDGET APPROPRIATION	PRIOR YEAR	ENCUMBERED CURRENT YEAR	EXPENDED	BALANCE DECEMBER 31, 2010
<u>Year 2005:</u>						
Drunk Driving Enforcement Fund	\$ 17,189.52	\$	\$	\$	\$ 3,639.55	\$ 13,549.97
NJ Hepatitis "B" Grant	2,804.00		195.00			2,999.00
<u>Year 2006:</u>						
Clean Communities Program	763.31					763.31
Drunk Driving Enforcement Fund	466.45					466.45
Livable Communities Program	24.00					24.00
Older Americans Act	3,627.32					3,627.32
Middlesex County-Victor Crowell Park	277,349.92		1,138.85		2,082.74	276,406.03
Smart Growth-DCA Grant	5,000.00					5,000.00
Middlesex County-Downtown Business District	18,750.00					18,750.00
<u>Year 2007:</u>						
Clean Communities Program	750.00					750.00
Drunk Driving Enforcement Fund	2,596.50					2,596.50
Alcohol Education & Rehabilitation Grant	1,591.70					1,591.70
Body Armor Replacement Fund	2,390.63					2,390.63
MLCU Grant (Phase II)	1.25					1.25
<u>Year 2008:</u>						
Clean Communities Program	39.20					39.20
Drunk Driving Enforcement Fund	2,088.59					2,088.59
Middlesex County-Mountainview Park	493,331.25					493,331.25
Body Armor Replacement Fund	4,905.64				4,905.64	
<u>Year 2009:</u>						
Clean Communities Program	1,536.50		3,344.00	1,850.00	2,615.22	415.28
Drunk Driving Enforcement Fund	7,348.67				1,031.90	6,316.77
Alcohol Education & Rehabilitation Grant	642.55		2,356.16	2,356.16		642.55
Body Armor Replacement Fund	3,492.84		3,819.35	1.18	3,818.17	3,492.84
Municipal Alliance						
<u>Year 2010:</u>						
Drunk Driving Enforcement Fund	\$ 6,470.31	\$ 6,470.31				6,470.31
Clean Communities Program	22,768.40	22,768.40		1,803.40	9,347.50	11,617.50
Municipal Alliance	13,884.00	13,884.00		3,412.80	10,471.20	
Older Americans Act - Title III-Info Assistance	5,000.00	5,000.00			5,000.00	
Older Americans Act - Title III-Trans Assistance	7,006.00	7,006.00			7,006.00	
Municipal Alliance - Matching Funds	3,471.00	3,471.00			3,471.00	
	<u>\$ 846,689.84</u>	<u>\$ 58,599.71</u>	<u>\$ 10,853.36</u>	<u>\$ 9,423.54</u>	<u>\$ 53,388.92</u>	<u>\$ 853,330.45</u>

REF.

Transferred From Budget A-3 \$ 55,128.71
Local Share A-4 3,471.00
\$ 58,599.71

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS- UNAPPROPRIATED

GRANT

	BALANCE DECEMBER 31, 2009	CASH RECEIPTS	APPLIED TO 2010 BUDGET REVENUE	BALANCE DECEMBER 31, 2010	
Body Armor Replacement Fund	\$	7,459.18	\$	7,459.18	
Domestic Violence Grant	214.58			214.58	
Drunk Driving Enforcement Fund	6,470.31	4,264.04	\$ 6,470.31	4,264.04	
Alcohol Education & Rehabilitation Grant		150.82		150.82	
Older Americans-Title III		3,000.00		3,000.00	
	<u>\$ 6,684.89</u>	<u>\$ 14,874.04</u>	<u>\$ 6,470.31</u>	<u>\$ 15,088.62</u>	
<u>REF.</u>	A	A-4	A-21		A

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2009 (Due from)	A		\$ 801,589.79
Increased by:			
Transfers from 2010 Appropriations	A-22	\$ 58,599.71	
Due Current Fund	A-4	<u>8,212.23</u>	
			<u>66,811.94</u>
			868,401.73
Decreased by:			
2010 Budget Revenues- Grants	A-21	<u>55,128.71</u>	
			<u>55,128.71</u>
Balance, December 31, 2010 (Due from)	A		\$ <u><u>813,273.02</u></u>

BOROUGH OF MIDDLESEX

GRANT FUND

SCHEDULE OF DUE GENERAL CAPITAL FUND

	<u>REF.</u>	
Balance, December 31, 2009 (Due From)	A	\$ <u>44,825.00</u>
Balance, December 31, 2010 (Due From)	A	\$ <u><u>44,825.00</u></u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF CASH-TREASURER

<u>REF.</u>	<u>ASSESSMENT TRUST</u>	<u>ANIMAL CONTROL</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>TRUST OTHER</u>
B	\$ 24,259.85	\$ 3,440.77	\$	\$ 293,595.57
Increased by Receipts:				
B-2		7,898.20		300,000.00
B-3		1,276.80		736,251.33
B-7				89,435.40
B-8				12,145.01
B-9				426,247.30
B-10				
B-6				
		<u>9,175.00</u>		<u>1,564,079.04</u>
Decreased by Disbursements:				
B-2		8,999.02		732,638.13
B-2				125,416.97
B-3		1,276.80		92,916.22
B-6				408,191.00
B-7				
B-8				
B-9				
B-10				
B-6				
		<u>10,275.82</u>		<u>1,359,162.32</u>
B	\$ 24,259.85	\$ 2,339.95	\$	\$ 498,512.29

"B-2"

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2009	B	\$	3,440.77
Increased by:			
Animal Control License Fees Collected	B-1		<u>7,898.20</u>
			11,338.97
Decreased by:			
Expenditures Under R.S.4:19-15.11:			
Cash Disbursements	B-1		<u>8,999.02</u>
Balance, December 31, 2010	B	\$	<u><u>2,339.95</u></u>

<u>LICENSE FEES COLLECTED</u>		
<u>YEAR</u>		<u>AMOUNT</u>
2008	\$	7,129.20
2009		<u>8,432.20</u>
	\$	<u><u>15,561.40</u></u>

"B-3"

SCHEDULE OF DUE STATE OF NEW JERSEY -
ANIMAL CONTROL FUND

Increased by:			
Cash Receipts	B-1	\$	1,276.80
Decreased by:			
Cash Disbursements	B-1		<u>1,276.80</u>
Balance, December 31, 2010	B	\$	<u><u>0.00</u></u>

"B-4"

BOROUGH OF MIDDLESEX

COMMUNITY DEVELOPMENT TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2009	B	\$	128,335.00
Decreased by:			
CDBG Expenditures			<u>116,316.75</u>
Balance, December 31, 2010	B	\$	<u><u>12,018.25</u></u>

"B-5"

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT GRANTS RECEIVABLE

Balance, December 31, 2009	B	\$	128,335.00
Decreased by:			
CDBG Grants Received			<u>118,163.80</u>
Balance, December 31, 2010	B	\$	<u><u>10,171.20</u></u>

BOROUGH OF MIDDLESEX
COMMUNITY DEVELOPMENT TRUST FUND
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Increased by:			
Grant Receipts In Current Fund	B-5	\$	118,163.80
Decreased by:			
CDBG Expenditures	B-4		<u>116,316.75</u>
Balance, December 31, 2010 (Due from)	B	\$	<u><u>1,847.05</u></u>

"B-7"

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	B	\$	56,669.81
Increased by:			
Deposits Received	B-1		<u>736,251.33</u>
			792,921.14
Decreased by:			
Deposits Paid	B-1		<u>732,638.13</u>
Balance, December 31, 2010	B	\$	<u><u>60,283.01</u></u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2009	B	\$ 152,492.73
Increased by:		
Deposits Received	B-1	<u>89,435.40</u>
		241,928.13
Decreased by:		
Deposits Disbursed	B-1	<u>125,416.97</u>
Balance, December 31, 2010	B	<u><u>\$ 116,511.16</u></u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT INSURANCE

	<u>REF.</u>		
Balance, December 31, 2009	B	\$	112,326.13
Increased by:			
Interest on Deposits	B-1	\$	207.21
Employee Deductions	B-1		<u>11,937.80</u>
			<u>12,145.01</u>
			124,471.14
Decreased by:			
Unemployment Expenditures	B-1		<u>92,916.22</u>
Balance, December 31, 2010	B	\$	<u><u>31,554.92</u></u>

BOROUGH OF MIDDLESEX

TRUST FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

Description	BALANCE	CASH	CASH	BALANCE
	DECEMBER 31, 2009	RECEIPTS	DISBURSEMENTS	DECEMBER 31, 2010
Reserve for:				
Commodity Resale Program-Gasoline	\$ 16,768.53	\$ 34,431.49	\$ 42,861.20	\$ 8,338.82
Law Enforcement Trust	5,125.91	3,263.56		8,389.47
Older Americans Act	1,806.34	5,217.00	5,472.00	1,551.34
Police Outside Services	11,977.55	157,052.13	156,467.09	12,562.59
Police Found Money	117.66	40.00		157.66
Parking Offenses Adjudication Act	2,192.50	192.00		2,384.50
Police Application Fees	4,348.85			4,348.85
Public Defender Fees	4,674.99	8,754.51	6,500.00	6,929.50
Police Community Education	1,366.98	600.00	505.64	1,461.34
Tax Sale Premiums		26,500.00	26,500.00	
Police Memorial Fund	650.00		600.00	50.00
Police Donations	34.61			34.61
DARE	1,535.00			1,535.00
Police 9-1-1 Fund	19.84			19.84
Performing Arts Trust	3,068.00			3,068.00
Recreation Fund	76,202.93	106,517.72	114,364.58	68,356.07
Recycling Trust	65,208.57	68,033.49	49,944.14	83,297.92
Restitution	3,756.56			3,756.56
Senior Assisted Transportation	1,047.63	960.00	609.50	1,398.13
Street Opening Deposits	31,080.11	12,500.00	3,076.50	40,503.61
Tree Replacement Fund	4,200.00	600.00		4,800.00
UFC Dedicated Penalties	5,881.86	870.00		6,751.86
Uniform Fire Safety Penalties	13,255.48		849.95	12,405.53
Soil/Water Retention	17,787.00	275.00		18,062.00
Special Inspections		440.40	440.40	
	\$ 272,106.90	\$ 426,247.30	\$ 408,191.00	\$ 290,163.20

REF.

B

B-1

B-1

B

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2009	C		\$ 552,352.02
Increased by Receipts:			
Budget Appropriation:			
Capital Improvement Fund	C-8	\$ 10,000.00	
Premium on Sale of Notes	C-1	1,361.85	
Grants Receivable	C-10	873,100.00	
Serial Bond Proceeds	C-16	9,865,000.00	
Bond Anticipation Notes	C-17	<u>8,440,000.00</u>	
			<u>19,189,461.85</u>
			\$ <u>19,741,813.87</u>
Decreased by Disbursements:			
Contracts Payable	C-6	\$ 944,871.51	
Bond Anticipation Notes	C-17	16,880,000.00	
Fund Balance	C-1	50,000.00	
Various Reserves and Deposits	C-18	85,000.00	
Due Trust Other Fund	C-15	300,000.00	
Due Current Fund	C-14	<u>227,434.48</u>	
			<u>18,487,305.99</u>
Balance, December 31, 2010	C:C-3		\$ <u><u>1,254,507.88</u></u>

"C-3"

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	BALANCE DECEMBER 31, 2010
Capital Improvement Fund	\$ 29,323.58
Fund Balance	56,344.66
Encumbrances Payable	816,728.48
Improvement Authorizations:	
Funded Improvements Listed on "C-7"	1,077,887.59
Improvements Expended Set Forth on "C-5"	(75,028.53)
Various Reserves and Deposits	161,572.62
Due Grant Fund	44,825.00
Due Assessment Trust Fund	(7,164.08)
Grants Receivable	(849,981.44)
	<hr/>
	\$ 1,254,507.88
	<hr/> <hr/>

REF.

C:C-2

"C-4"

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2009	C	\$ 4,077,947.01
Increased by:		
Serial Bonds Issued		9,865,000.00
		<hr/>
		13,942,947.01
Decreased by:		
2010 Budget Appropriation to Pay:		
Bond Principal	C-16	\$ 560,000.00
Hazardous Site Remediation Loan Principal	C-12	133,557.00
Green Trust Loan Principal	C-11	28,845.51
Environmental Infrastructure Loan Principal	C-10	79,851.32
MCIA Loans Payable	C-13	50,330.01
		<hr/>
		852,583.84
		<hr/>
Balance, December 31, 2010	C	\$ 13,090,363.17
		<hr/> <hr/>

"C-6"

BOROUGH OF MIDDLESEX
GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE

	<u>REF.</u>	
Balance, December 31, 2009	C	\$ 672,898.07
Increased by:		
Contracts Issued	C-7	<u>1,088,701.92</u>
		1,761,599.99
Decreased by:		
Cash Disbursements	C-2	<u>944,871.51</u>
Balance, December 31, 2010	C	<u><u>\$ 816,728.48</u></u>

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2009	C	\$	33,693.58
Increased by:			
2010 Budget Appropriation	C-2		<u>10,000.00</u>
			43,693.58
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-7		<u>14,370.00</u>
Balance, December 31, 2010	C	\$	<u><u>29,323.58</u></u>

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF GRANTS AND LOANS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2009	C	\$ 1,293,426.00
Increased by:		
Grants Awarded- Funded Projects	C-7	<u>625,000.00</u>
		1,918,426.00
Decreased by:		
Cash Receipts	C-2	<u>873,100.00</u>
Balance, December 31, 2010	C	<u>\$ 1,045,326.00</u>
<u>Balance Pledged to:</u>		
Receivable		\$ 195,344.56
Ordinance		<u>849,981.44</u>
		<u>\$ 1,045,326.00</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

Dept of Community Affairs:

Livable Communities Program	1688-06	130.00
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NJ EIT Loan	1611-04	555,115.00
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Other Programs:

Middlesex County:		
Route 28 Streetscapes	1582-03	4,840.00
Middlesex County	1643-05	35,966.00

Recycling Trust	1676-05	<u>2,350.00</u>
-----------------	---------	-----------------

\$ 1,045,326.00

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

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

	<u>REF.</u>	
Balance, December 31, 2009	C	\$ 1,314,077.57
Decreased by:		
Paid by Budget Appropriation	C-4	<u>79,851.32</u>
Balance, December 31, 2010	C	<u>\$ 1,234,226.25</u>

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF DEPARTMENT OF ENVIRONMENTAL PROTECTION -
GREEN TRUST LOANS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2009	C	\$ 304,143.66
Decreased by:		
Paid by Budget Appropriation	C-4	<u>28,845.51</u>
Balance, December 31, 2010	C	<u><u>\$ 275,298.15</u></u>

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF ECONOMIC DEVELOPMENT AUTHORITY
HAZARDOUS SITE REMEDIATION LOAN PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	C	\$	133,557.00
Decreased by:			
Paid by Budget Appropriation	C-4	\$	<u>133,557.00</u>

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF MIDDLESEX COUNTY IMPROVEMENT AUTHORITY
LOAN PAYABLE

	<u>REF.</u>		
Balance, December 31, 2009	C	\$	524,168.78
Decreased by:			
Paid by Budget Appropriation	C-4		<u>50,330.01</u>
Balance, December 31, 2010	C	\$	<u><u>473,838.77</u></u>

BOROUGH OF MIDDLESEX
GENERAL CAPITAL FUND
SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>		
Balance, December 31, 2009 (Due to)	C	\$	227,434.48
Decreased by:			
Cash Disbursements	C-2	\$	<u>227,434.48</u>

"C-15"

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF DUE TRUST OTHER FUND

	<u>REF.</u>	
Balance, December 31, 2009 (Due to)	C	\$ 300,000.00
Decreased by:		
Cash Disbursements	C-2	\$ <u>300,000.00</u>

BOROUGH OF MIDDLESEX
GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>DATE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2009</u>	<u>ISSUED</u>	<u>DECREASED</u>	<u>BALANCE DECEMBER 31, 2010</u>
				<u>AMOUNT</u>	<u>AMOUNT</u>					
General Improvement Bonds of 2002	02/01/2002	\$ 2,085,000.00	12/01/11	\$ 79,500.00		4.625%	\$ 285,000.00	\$ 285,000.00		
General Improvement Bonds of 2004	9/1/04	2,552,000.00	9/1/2011	300,000.00		3.250%	1,517,000.00	275,000.00	\$ 1,242,000.00	
			9/1/2012	300,000.00		3.300%				
			9/1/2013	325,000.00		3.375%				
			9/1/2014	317,000.00		3.500%				
General Improvement Bonds of 2010	02/15/2010	9,865,000.00	2/15/2011	400,000.00		3.000%	\$ 9,865,000.00		9,865,000.00	
			2/15/2012	425,000.00		3.000%				
			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%							
							\$ 1,802,000.00	\$ 9,865,000.00	\$ 560,000.00	\$ 11,107,000.00

REF.

C

C-4

C-4

C

BOROUGH OF MIDDLESEX
GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2009	INCREASED	DECREASED	BALANCE DECEMBER 31, 2010
1544-01	Improvements to Various Buildings and Facilities	4/6/2006	4/8/2009	4/8/2010	2.25%	\$ 55,000.00	\$	\$ 55,000.00	\$
1546-01	Major Reconstruction of Public Works Equipment	4/6/2006	4/8/2009	5/21/2010	2.25%	40,000.00	52,000.00	40,000.00	52,000.00
1547-01	Purchase of Fire Dept Rescue Truck	4/6/2006	4/8/2009	5/21/2010	2.25%	160,000.00	36,000.00	36,000.00	160,000.00
1548-01	Reconstr. of Roads Including Drainage	4/6/2006	4/8/2009	4/8/2010	2.25%	150,000.00	151,000.00	151,000.00	151,000.00
1551-02	Renov. and Exp. to Public Library	4/6/2006	4/8/2009	5/21/2010	2.25%	975,000.00	147,000.00	147,000.00	975,000.00
1562-02	Various Capital Improvements	4/6/2006	4/8/2009	5/21/2010	2.25%	200,000.00	949,000.00	949,000.00	200,000.00
1564-02	Bound Brook Rd. Pump Station Improvements	4/6/2006	4/8/2009	5/21/2010	2.25%	10,000.00	198,000.00	198,000.00	10,000.00
1609-04	Resurface South Ave.	4/6/2006	4/8/2009	5/21/2010	2.25%	90,000.00	9,000.00	9,000.00	90,000.00
1621-04	Preliminary Planning - Police Headquarters	4/6/2006	4/8/2009	4/8/2010	2.25%	196,000.00	85,000.00	85,000.00	196,000.00
1623-04	Streetscape Improvements on Rt. 28	4/8/2009	4/8/2009	5/21/2010	2.25%	60,000.00	189,000.00	189,000.00	60,000.00
1626-04	Purchase of 911 Recording Equipment	4/8/2009	4/8/2009	4/8/2010	2.25%	18,908.00	60,000.00	60,000.00	18,908.00
1643-05	Various Capital Improvements	4/8/2009	4/8/2009	5/21/2010	2.25%	500,000.00	18,908.00	18,908.00	500,000.00
1676-05	Rack Body Truck with Lift Gate	4/8/2009	4/8/2009	4/8/2010	2.25%	40,000.00	500,000.00	500,000.00	40,000.00
1686-06/1718-07	Police Building	5/24/2007	4/8/2009	5/21/2010	2.25%	4,975,000.00	40,000.00	4,975,000.00	4,975,000.00
1687-06	Various Capital Improvements	4/8/2009	4/8/2009	4/8/2010	2.25%	655,092.00	4,975,000.00	4,975,000.00	655,092.00
1708-07	Acquisition of Street Sweeper	4/8/2009	4/8/2009	5/21/2010	2.25%	150,000.00	655,092.00	655,092.00	150,000.00
1709-07	Lincoln Blvd. Rehab Area	4/8/2009	4/8/2009	5/21/2010	2.25%	45,000.00	150,000.00	150,000.00	45,000.00
1715-07	Various Capital Improvements	4/8/2009	4/8/2009	4/8/2010	2.25%	80,000.00	45,000.00	45,000.00	80,000.00
1736-08	Various Capital Improvements	4/8/2009	4/8/2009	5/21/2010	2.25%	100,000.00	80,000.00	80,000.00	100,000.00
			4/8/2010	5/21/2010			100,000.00	100,000.00	
						\$ 8,500,000.00	\$ 8,440,000.00	\$ 16,940,000.00	\$ 16,940,000.00

C

C-2

C

REF.

Notes Paid by Budget
Renewals

A-3

C-2

C.C-5

BOROUGH OF MIDDLESEX

GENERAL CAPITAL FUND

SCHEDULE OF VARIOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2009	GRANTS RESERVED FOR DEBT SERVICE	2010 BUDGET REVENUE	BALANCE DECEMBER 31, 2010
NJ Hazardous Loan Repayment	\$ 2,094.24			2,094.24
Insurance Refund	85,217.38		85,000.00	217.38
Debt Service	26,705.00	\$ 25,000.00		51,705.00
Soccer Fields	107,556.00			107,556.00
	\$ 221,572.62	\$ 25,000.00	\$ 85,000.00	\$ 161,572.62

REF.

C

C-10

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, 2010</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
1623-04	Streetscape Improvements- Route 28		6,161.24
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
	<u>Local Improvements:</u>		
1430-97	Curbs & Gutters-Cedar, Hooker, etc.		2,180.42
1411-97	Curbs & Gutters-Emerson & June Way		11,192.23
1435-98	Curbs & Gutters-Ashland Ave		9,888.56
		\$	<u>780,733.22</u>

BOROUGH OF MIDDLESEX
SWIMMING POOL UTILITY FUND
 SCHEDULE OF CASH - TREASURER
 FOR THE YEAR ENDED DECEMBER 31, 2010

<u>REF.</u>	OPERATING	CAPITAL
Balance, December 31, 2009 Increased by Receipts: Membership Fees Interfunds Transfers-Snack Bar Account Miscellaneous	\$ 460,905.21 \$ 242,785.00 14,720.36 93,851.48 351,356.84 <u>812,262.05</u>	\$ 184.33 246,957.67 246,957.67 <u>247,142.00</u>
Decreased by Disbursements: 2010 Appropriations 2009 Appropriation Reserves Contracts Payable Interfunds Balance, December 31, 2010	\$ 302,557.05 5,182.65 246,957.67 554,697.37 \$ 257,564.68	247,142.00 247,142.00 <u>\$</u>

BOROUGH OF MIDDLESEX
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF CASH - SNACK BAR

	<u>REF.</u>	<u>OPERATING</u>	
Balance, December 31, 2009	D	\$	3,001.00
Increased by Receipts:			
Receipts from Sales	D-10	\$	26,705.38
Sales Tax Due State of NJ	D-10		1,530.97
			<u>28,236.35</u>
			31,237.35
Decreased by Disbursements:			
Inventory Purchases	D-10		11,985.02
Sales Tax Due State of NJ	D-10		1,530.97
Payment to Treasurer:			
Swimming Pool Operating Fund	D-4		<u>14,720.36</u>
			<u>28,236.35</u>
Balance, December 31, 2010	D	\$	<u><u>3,001.00</u></u>

BOROUGH OF MIDDLESEX
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF 2009 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2009</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operating:				
Salaries and Wages	\$ 14,078.94	\$ 14,078.94		\$ 14,078.94
Other Expenses	60,913.68	67,010.29	7,862.24	59,148.05
Statutory Expenditures:				
Contributions to:				
State Unemployment Insurance	2,000.00	2,000.00		2,000.00
Social Security System (O.A.S.I.)	<u>30.88</u>	<u>30.88</u>		<u>30.88</u>
	\$ <u>77,023.50</u>	\$ <u>83,120.11</u>	<u>7,862.24</u>	\$ <u>75,257.87</u>
	<u>REF.</u>	D		D-1
Balance December 31, 2009	D-6	\$ 77,023.50		
Encumbrances Payable	D-7	6,096.61		
Accounts Payable	D-8		2,679.59	
Cash Disbursements	D-4		<u>5,182.65</u>	
		\$ <u>83,120.11</u>	<u>7,862.24</u>	

"D-7"

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

	<u>REF.</u>		
Balance, December 31, 2009	D	\$	6,096.61
Increased by:			
Charges to 2010 Budget Appropriations	D-3		19,057.48
			<u>25,154.09</u>
Decreased by:			
Transferred to Appropriation Reserves	D-6		6,096.61
			<u>6,096.61</u>
Balance, December 31, 2010	D	\$	<u><u>19,057.48</u></u>

"D-8"

SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2009	D	\$	16,790.56
Increased by:			
Charges to 2009 Appropriation Reserves	D-6		2,679.59
			<u>2,679.59</u>
Balance, December 31, 2008	D	\$	<u><u>19,470.15</u></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, 2009 (Due to)	D	\$	172,545.77
Decreased by:			
Cash Disbursements	D-4		<u>246,957.67</u>
Balance, December 31, 2010 (Due from)	D	\$	<u><u>74,411.90</u></u>

"D-10"

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF RESERVE FOR SNACK BAR EXPENSES

Balance, December 31, 2009	D	\$	3,001.00
Increased by:			
Receipts from Sales	D-5	\$	26,705.38
Sales Taxes Due State of NJ	D-5		<u>1,530.97</u>
			<u>28,236.35</u>
			31,237.35
Decreased by:			
Transfer to Miscellaneous Revenue	D-2		17,721.36
Sales Tax Due State of NJ	D-5		1,530.97
Inventory Purchases	D-5		<u>11,985.02</u>
			<u>31,237.35</u>
Balance, December 31, 2010	D	\$	<u><u>0.00</u></u>

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

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE	ORDINANCE AMOUNT	2010 AUTHORIZATION	PAID OR CHARGED	BALANCE DECEMBER 31, 2010	
						FUNDED	UNFUNDED
<u>General Improvements:</u>							
1771-10	Swim Pool Improvements	7/27/2010	\$ 350,000.00	\$ 350,000.00	\$ 255,956.00	\$ 94,044.00	\$ 94,044.00
			\$	\$ 350,000.00	\$ 255,956.00	\$ 94,044.00	\$ 94,044.00
		<u>REF.</u>			D-12	D	D
	Debt Authorized	D-19	\$	250,000.00			
	Capital Improvement Fund	D-17		100,000.00			
		D-15	\$	350,000.00			

"D-12"

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR CONTRACTS PAYABLE

	<u>REF.</u>		
Increased by:			
Charges to Improvement Authorizations	D-11	\$	<u>255,956.00</u>
			255,956.00
Decreased by:			
Cash Disbursements	D-4	\$	<u>247,142.00</u>
			<u>247,142.00</u>
Balance, December 31, 2010	D	\$	<u><u>8,814.00</u></u>

"D-13"

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF DUE FROM SWIMMING POOL UTILITY OPERATING FUND

Balance, December 31, 2009 (Due from)	D	\$	172,545.77
Decreased by:			
Cash Receipts	D-4		<u>246,957.67</u>
Balance, December 31, 2010 (Due to)	D	\$	<u><u>74,411.90</u></u>

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

<u>ACCOUNT</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2010</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2009</u>
Swimming Pool and Grounds	\$ 234,000.00	\$ 234,000.00
Improvements-1987	217,721.56	217,721.56
Improvements-1991	65,300.00	65,300.00
Improvements-1997	<u>149,270.00</u>	<u>149,270.00</u>
	<u>\$ 666,291.56</u>	<u>\$ 666,291.56</u>
<u>REF.</u>	D	D

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>ORDINANCE AMOUNT</u>	<u>CURRENT AUTHORIZATIONS</u>	<u>BALANCE DECEMBER 31, 2010</u>
	Utility Improvements:				
1771-10	Swim Pool Improvements	7/27/2010	\$ 350,000.00	\$ <u>350,000.00</u>	\$ <u>350,000.00</u>
				\$ <u>350,000.00</u>	\$ <u>350,000.00</u>
			<u>REF.</u>	D-11	D

"D-16"

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

	<u>REF.</u>	
Balance, December 31, 2009	D	\$ <u>666,291.56</u>
Balance, December 31, 2010	D	\$ <u><u>666,291.56</u></u>

"D-17"

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2009	D	\$ 172,730.10
Decreased by:		
Appropriation to Finance Improvement Authorizations	D-11	<u>100,000.00</u>
Balance, December 31, 2010	D	\$ <u><u>72,730.10</u></u>

BOROUGH OF MIDDLESEX

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION

<u>ORD.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORDINANCE</u>	<u>FIXED CAPITAL AUTHORIZED</u>	<u>BALANCE DECEMBER 31, 2010</u>
	Utility Improvements:			
1771-10	Swim Pool Improvements	7/27/2010	100,000.00	\$ 100,000.00
			<hr/>	<hr/>
			\$ 100,000.00	\$ 100,000.00
			<hr/>	<hr/>
		<u>REF.</u>	D-11	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>INCREASED BY 2010 AUTHORIZATIONS</u>	<u>BALANCE DECEMBER 31, 2010</u>
1771-10	Swim Pool Improvements	\$ <u>250,000.00</u>	\$ <u>250,000.00</u>
		\$ <u>250,000.00</u>	\$ <u>250,000.00</u>
		<u>REF.</u>	D
		D-11	D

BOROUGH OF MIDDLESEX

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH-TREASURER

	<u>REF.</u>	<u>P.A.T.F. I</u> <u>ACCOUNT</u>	<u>FUND</u> <u>TOTAL</u>
Balance December 31, 2009	E	\$ <u>9,890.42</u>	\$ <u>9,890.42</u>
Increased by Receipts:			
Interest on Deposits		<u>13.24</u>	<u>13.24</u>
<u>Total Receipts</u>		<u>13.24</u>	<u>13.24</u>
Balance December 31, 2010	E	\$ <u><u>9,903.66</u></u>	\$ <u><u>9,903.66</u></u>

BOROUGH OF MIDDLESEX

PUBLIC ASSISTANCE TRUST FUND

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

	<u>REF.</u>		
Balance, December 31, 2010	E-1	\$	9,903.66
Increased by Receipts:			
Cash Receipts Record			<u>3.24</u>
Balance, May 31, 2011		\$	<u><u>9,906.90</u></u>

Reconciliation, May 31, 2011

	<u>P.A.T.F. I ACCOUNT</u>	<u>TOTAL</u>
Balance on Deposit per Statement of: Unity Bank Account #2070001082	\$ <u>9,906.90</u> <u>9,906.90</u>	\$ <u>9,906.90</u> <u>9,906.90</u>
Balance, January 31, 2011	\$ <u><u>9,906.90</u></u>	\$ <u><u>9,906.90</u></u>

BOROUGH OF MIDDLESEX

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE CASH AND
RECONCILIATION AS OF DECEMBER 31, 2010

	<u>REF.</u>		
Balance December 31, 2009	E-1	\$	9,890.42
Increased by:			
Cash Receipts			<u>13.24</u>
Balance December 31, 2010	E-1	\$	<u><u>9,903.66</u></u>

Reconciliation, December 31, 2010

	<u>P.A.T.F. I</u>		<u>TOTAL</u>
	<u>ACCOUNT</u>		
Balance on Deposit per Statement of: TD Bank Account #785-7813039		\$	
		<u>9,903.66</u>	\$ <u>9,903.66</u>

BOROUGH OF MIDDLESEX

PUBLIC ASSISTANCE TRUST FUND

SCHEDULE OF PUBLIC ASSISTANCE REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>P.A.T.F. I</u>	<u>FUND TOTAL</u>
Interest Earned	\$ <u>13.24</u>	\$ <u>13.24</u>
<u>TOTAL RECEIPTS</u>	\$ <u><u>13.24</u></u>	\$ <u><u>13.24</u></u>

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

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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 - statutory basis of the Borough of Middlesex, County of Middlesex, New Jersey as of and for the year ended December 31, 2010, and have issued our report thereon dated August 5, 2011. 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 - statutory 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 ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 50

August 5, 2011

BOROUGH OF MIDDLESEX

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
YEAR ENDED DECEMBER 31, 2010

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT YEAR</u>	<u>GRANT AWARD AMOUNT</u>	<u>2010 FUNDS RECEIVED</u>	<u>2010 EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2010</u>
<u>Department of Health and Human Services</u> (Pass through from County of Middlesex)						
Office of Aging	15.014	2009	\$ 12,006.00	\$ 8,789.00		8,378.68
Office of Aging	15.014	2010	12,006.00	6,423.00	12,006.00	12,006.00
<u>Department of Housing and Urban Development</u> (Pass through from County of Middlesex)						
Community Development Block Grant	14.218	2010	128,335.00	118,163.80	116,316.75	116,316.75
				<u>\$ 133,375.80</u>	<u>\$ 128,322.75</u>	<u>\$ 136,701.43</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

SCHEDULE 2

BOROUGH OF MIDDLESEX

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
YEAR ENDED DECEMBER 31, 2010

STATE GRANTOR/PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT PERIOD FROM TO	GRANT AWARD AMOUNT	2010 RECEIVED	2010 EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2010
Department of Environmental Protection						
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	Continuous	\$ 763.31			
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	Continuous	750.00			
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	Continuous	39.20			
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	Continuous	4,880.50	\$ 1,121.22	\$ 4,465.22	
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	Continuous	22,768.40	11,150.90	11,150.90	
Clean Communities Program	4900-765-042-4900-004-V42Y-6020	Continuous		22,768.40		
				<u>22,768.40</u>	<u>12,272.12</u>	<u>15,616.12</u>
Department of Law and Public Safety						
Drunk Driving Enforcement Fund - 2005	6400-100-078-6400-YYYY	Continuous	17,189.52			
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			
Drunk Driving Enforcement Fund - 2010	6400-100-078-6400-YYYY	Continuous	6,470.31			
Municipal Alliance Program		Continuous	3,819.35	4,264.04	1,031.90	
Municipal Alliance Program		Continuous	13,884.00	3,023.05		
Alcohol Education and Rehabilitation Fund	9735-760-098-4900-001-x100-6020	Continuous	1,591.70	8,723.66		
Alcohol Education and Rehabilitation Fund	9735-760-098-4900-001-x100-6020	Continuous	642.55			
Alcohol Education and Rehabilitation Fund	9735-760-098-4900-001-x100-6020	Continuous	150.82	150.82		
Body Armor Replacement Fund	1020-718-066-1020-001-VCJS-6120	Continuous	2,390.63			
Body Armor Replacement Fund	1020-718-066-1020-001-VCJS-6120	Continuous	4,905.64			
Body Armor Replacement Fund	1020-718-066-1020-001-VCJS-6120	Continuous	5,848.00			
Body Armor Replacement Fund	1020-718-066-1020-001-VCJS-6120	Continuous	7,459.18	7,459.18		
				<u>23,620.75</u>	<u>23,461.09</u>	<u>29,636.60</u>
Department of Community Affairs						
Livable Communities Program			24.00			
Smart Growth Grant			5,000.00			
Department of Health and Senior Services						
Hepatitis "B" Grant		Continuous	2,999.00			
Department of Transportation						
Road Improvements-Ord. 1772 - Beechwood Ave.	480-078-6320-xxx-xxxxxx	Continuous	350,000.00	350,000.00	73,278.52	73,278.52
Road Improvements-Ord. 1772 - Beechwood Ave.	480-078-6320-xxx-xxxxxx	Continuous	275,000.00	118,750.00		
				<u>468,750.00</u>	<u>73,278.52</u>	<u>73,278.52</u>
				<u>\$ 515,139.15</u>	<u>\$ 109,011.73</u>	<u>\$ 118,531.24</u>

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

BOROUGH OF MIDDLESEX

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

YEAR ENDED DECEMBER 31, 2010

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 - statutory 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 - STATUTORY BASIS

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

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PART III

BOROUGH OF MIDDLESEX

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

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

	<u>YEAR 2010</u>		<u>YEAR 2009</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 840,000.00	2.03%	\$ 880,000.00	2.13%
Miscellaneous-From Other Than Local				
Property Tax Levies	4,134,146.72	10.01%	4,204,102.40	10.18%
Collection of Delinquent Taxes and Tax Title Liens	620,627.63	1.50%	510,570.03	1.24%
Collection of Current Tax Levy	<u>35,685,534.97</u>	<u>86.45%</u>	<u>35,690,480.88</u>	<u>86.45%</u>
<u>TOTAL INCOME</u>	<u>41,280,309.32</u>	<u>100.00%</u>	<u>41,285,153.31</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	14,782,211.73	36.67%	14,964,263.20	37.02%
County Taxes	5,067,029.17	12.57%	5,150,926.17	12.74%
School Taxes	20,461,210.00	50.76%	20,289,680.00	50.19%
Other	<u>2,880.14</u>	<u>0.01%</u>	<u>19,377.13</u>	<u>0.05%</u>
<u>TOTAL EXPENDITURES</u>	<u>40,313,331.04</u>	<u>100.00%</u>	<u>40,424,246.50</u>	<u>100.00%</u>
Excess in Revenue	966,978.28		860,906.81	
Fund Balance, January 1	<u>877,340.06</u>		<u>896,433.25</u>	
	1,844,318.34		1,757,340.06	
Less: Utilization as Anticipated Revenue	<u>840,000.00</u>		<u>880,000.00</u>	
Fund Balance, December 31	\$ <u>1,004,318.34</u>		\$ <u>877,340.06</u>	

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

	<u>YEAR 2010</u>		<u>YEAR 2009</u>	
	<u>AMOUNT</u>	<u>%</u>	<u>AMOUNT</u>	<u>%</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 60,400.00	12.33%	\$ 74,878.00	16.26%
Fees- Memberships	242,785.00	49.55%	242,866.75	52.75%
Miscellaneous - From Other Than Memberships	<u>186,830.71</u>	<u>38.13%</u>	<u>142,682.51</u>	<u>30.99%</u>
<u>TOTAL INCOME</u>	<u>490,015.71</u>	<u>100.00%</u>	<u>460,427.26</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	346,800.00	95.70%	357,378.00	96.10%
Deferred Charges and Statutory Expenditures	<u>15,600.00</u>	<u>4.30%</u>	<u>14,500.00</u>	<u>3.90%</u>
<u>TOTAL EXPENDITURES</u>	<u>362,400.00</u>	<u>100.00%</u>	<u>371,878.00</u>	<u>100.00%</u>
Excess in Revenue	127,615.71		88,549.26	
Fund Balance, January 1	<u>188,448.77</u>		<u>174,777.51</u>	
	316,064.48		263,326.77	
Less: Utilization as Anticipated Revenue	<u>60,400.00</u>		<u>74,878.00</u>	
Fund Balance, December 31	\$ <u><u>255,664.48</u></u>		\$ <u><u>188,448.77</u></u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax Rate	<u>\$7.290</u>	<u>\$7.250</u>	<u>\$7.022</u>
Apportionment of Tax Rate:			
Municipal	\$2.165	\$2.123	\$2.032
County	1.014	1.030	0.968
Local District School	<u>4.111</u>	<u>4.097</u>	<u>4.022</u>

Assessed Valuations:

\$ <u>499,226,907.00</u>	\$ <u>500,227,447.00</u>	\$ <u>499,304,039.00</u>
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COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>YEAR</u>	<u>TAX LEVY</u>	<u>CASH COLLECTIONS</u>	<u>CURRENTLY</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>
2010	\$ 277,175.35	\$ 722,359.45	\$ 999,534.80	2.74%
2009	273,217.30	579,530.95	852,748.25	2.35%
2008	248,621.17	511,464.43	760,085.60	2.16%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2010 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>
2010	\$1,426,700.00
2009	\$1,426,700.00
2008	\$1,406,700.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31</u>	<u>UTILIZED IN</u> <u>BUDGET OF</u> <u>SUCCEEDING</u> <u>YEAR</u>
	2010	\$ 1,004,318.34	\$ 900,000.00
	2009	877,340.06	830,000.00
Current Fund	2008	896,433.25	880,000.00
	2007	1,221,076.37	1,200,000.00
	2006	1,306,129.38	1,220,000.00
	2010	255,664.48	43,980.00
	2009	188,448.77	60,400.00
Swimming Pool Utility Operating Fund	2008	174,777.51	74,878.00
	2007	137,348.25	72,010.00
	2006	95,916.45	59,310.00

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>	<u>NAME OF SURETY</u>
Robert Sherr	Mayor	*	
Michael Class	Councilperson	*	
Debra DeVuyst	Councilperson	*	
Ron DiMura	Councilperson	*	
Jeffrey D. First	Councilperson	*	
Michael Paff	Councilperson	*	
Robert Schueler	Councilperson	*	
Kathleen Anello	Borough Clerk	*	
Andrea Corcoran	Chief Financial Officer/ Treasurer	\$175,000.00	Selective Insurance
Tonya Hubosky	Tax Collector/ Qualified Purchasing Agent	\$175,000.00	Selective Insurance
Frank Betts	Tax Assessor	*	
Maryann Schamberger	Registrar	*	
Michael Cresitello	Municipal Attorney		
George Psak	Chief Municipal Judge	\$57,000.00	Selective Insurance
Dennis Fackelman	Municipal Court Judge	\$57,000.00	Selective Insurance
Rita Wahler	Court Administrator	\$57,000.00	Selective Insurance

*Public Employees Blanket Bond

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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 July 1, 2005, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$21,000.00. Effective July 1, 2010 the bid threshold was increased to \$26,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$26,000.00 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:

Subslab Depressurization System	Pool Replastering
Football Lighting Project	Reconstruction of Roads
Tree Service	Handicapped Bathrooms

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
Environmental Counsel	Borough Engineer
Borough Auditor	Bond Counsel
Borough Planner	Redevelopment Planner
Risk Manager	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 3, 2010 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 2010 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 December 1, 2010 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>
2010	9
2009	6
2008	5

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	25
Information Utility Rent Positive Confirmation	25

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.

Finance

Our review of outstanding purchase orders disclosed, there were balances in both the current and capital funds that were several years old. In addition, we noted that there were unfunded capital ordinances over five years old where the projects have been completed but funds have not been raised.

OTHER COMMENTS (CONTINUED)

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.

Purchasing

Our audit of purchasing procedures disclosed that professional service contracts awarded at the reorganization meeting do not specify an exact or not-to-exceed amount in the minutes/resolution.

RECOMMENDATIONS

That all resolutions authorizing professional services contracts contain a sum certain contract amount or "not to exceed" contract amount.

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

That all purchase orders, that are open for more than one year, be reviewed for liquidation and that all unfunded capital improvement projects, where the project has been completed, be funded by the Borough.

