

**BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

**WITH
REPORT OF INDEPENDENT AUDITORS**

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

**BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY**

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MIDDLESEX COUNTY, NEW JERSEY**

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**BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY**

**PART I
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

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JO ANN BOOS, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds of the Borough of Middlesex, County of Middlesex, New Jersey, as of and for the year ended December 31, 2012, the statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for year ended December 31, 2012, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles are designed primarily for determining compliance with legal provisions and budgetary restrictions, and as a means of reporting on the stewardship of public officials with respect to public funds. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough of Middlesex, County of Middlesex, New Jersey, as of December 31, 2012, the changes in its financial position, or, where applicable, its cash flows for the year then ended. The financial statements – regulatory basis referred to in the first paragraph include the Statement of Governmental Fixed Assets. As discussed in Note 2 to the financial statements, the Statement of Governmental Fixed Assets is unaudited and represents 100 percent of the assets of the Governmental Fixed Assets.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effect of such adjustments, if any, as might have been determined had we audited the Statement of Governmental Fixed Assets, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds of the Borough of Middlesex, County of Middlesex, New Jersey as of December 31, 2012 and the results of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2012, on the basis of accounting described in Note 2.

Other Matters

The financial statements of the Borough of Middlesex, County of Middlesex, as of December 31, 2011 were audited by other auditors whose opinion, dated January 8, 2013, expressed an unqualified opinion on the financial statements based upon the other comprehensive basis of accounting utilized by the Borough, as more fully described in Note 2, and an adverse opinion on the financial statements due to the departure from accounting principles generally accepted in the United States.

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements of the Borough of Middlesex, County of Middlesex, New Jersey. The information included in Part II – Supplementary Schedules and Part III – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Middlesex, County of Middlesex, New Jersey. The Part II – Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole.

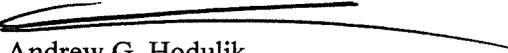
The schedules and information contained in Part III - Supplementary Data have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated October 21, 2013 on our consideration of the Borough of Middlesex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Middlesex's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

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


Andrew G. Hodulik
Registered Municipal Accountant
No. 406

Highland Park, New Jersey
October 21, 2013

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**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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis, of the Borough of Middlesex as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Borough of Middlesex's financial statements and have issued our report thereon dated October 21, 2013. Our report expressed a qualified opinion on the financial statements in conformity with this regulatory basis because we did not audit the Statement of Governmental Fixed Assets. Our report also expressed a modified opinion because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance, Accordingly, this communication is not suitable for any other purpose.



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

Highland Park, New Jersey
October 21, 2013

FINANCIAL STATEMENTS

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND DECEMBER 31, 2011

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2012</u>	<u>BALANCE DEC. 31, 2011</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2012</u>	<u>BALANCE DEC. 31, 2011</u>
Cash and Investments - Treasurer	A- 4	\$ 3,417,253.94	\$ 3,415,841.63	Liabilities:			
Cash - Change Fund	A- 5	500.00	500.00	Appropriation Reserves	A-3, A-11	\$ 589,595.53	\$ 949,390.47
Due from State of N.J. per Ch. 20, P.L. 1976	A- 6	28,156.00	12,375.17	Reserve for Encumbrances	A-3, A-11	396,160.08	280,032.39
Prepaid School Taxes	A-15	<u> </u>	<u>47,363.50</u>	Prepaid Taxes	A- 7	152,483.40	151,820.10
		<u>3,445,909.94</u>	<u>3,476,080.30</u>	Various Payables	A-14	29,833.28	21,267.58
				Various Reserves	A-14	356,749.20	271,818.63
				Tax Overpayments	A-12	8,476.24	1,120.01
				Due to Federal & State Grant Fund	A-10	<u>1,203,201.48</u>	<u>1,264,513.93</u>
Receivables With Offsetting Reserves:						2,736,499.21	2,939,963.11
Taxes Receivable	A- 7	826,645.39	620,702.34	Reserve for Receivables	Reserve	2,775,163.72	2,501,046.69
Tax Title Liens	A- 7	382,105.14	327,898.45	Fund Balance	A-1	<u>1,329,410.73</u>	<u>936,117.19</u>
Property Acquired for Taxes (At Assessed Valuation)	A- 7	1,423,139.00	1,426,700.00				
Revenue Accounts Receivable	A- 8	17,470.25	23,045.28				
Sewer Flow Charges Receivable	A- 9	112,389.12	22,444.20				
Interfunds Receivable	A-10	<u>13,414.82</u>	<u>80,256.42</u>				
		<u>2,775,163.72</u>	<u>2,501,046.69</u>	Total Regular Fund		<u>6,841,073.66</u>	<u>6,377,126.99</u>
Deferred Charges:							
2012 Emergency - Hurricane Sandy	A-16	400,000.00					
2011 Emergency - Hurricane Irene	A-16	<u>220,000.00</u>	<u>400,000.00</u>				
		<u>620,000.00</u>	<u>400,000.00</u>				
Total Regular Fund		<u>6,841,073.66</u>	<u>6,377,126.99</u>				
State and Federal Grant Fund:				State and Federal Grant Fund:			
Grants Receivable	A-17	5,090.54	9,984.07	Reserve for State and Federal Grants:			
CDBG Receivable	A-22		68,901.20	Appropriated	A-19	411,923.20	716,292.67
Due from Current Fund	A-18	1,203,201.48	1,264,513.93	Unappropriated	A-20	8,811.46	507,503.93
Due from General Capital Fund	A-21	<u>23,775.00</u>	<u>23,775.00</u>	Reserve for CDBG	A-23		81,169.82
				Reserve for Encumbrances	A-19	<u>811,332.36</u>	<u>62,207.78</u>
Total State and Federal Grant Fund		<u>1,232,067.02</u>	<u>1,367,174.20</u>	Total State and Federal Grant Fund		<u>1,232,067.02</u>	<u>1,367,174.20</u>
		<u>\$ 8,073,140.68</u>	<u>\$ 7,744,301.19</u>			<u>\$ 8,073,140.68</u>	<u>\$ 7,744,301.19</u>
Deferred School Taxes:							
Balance of Tax	A-15	\$ 10,604,716.00	\$ 10,406,510.00				
Deferred	A-15	<u>10,604,716.00</u>	<u>10,453,873.50</u>				
School Taxes Payable		<u>\$ -</u>	<u>\$ (47,363.50)</u>				

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>REF.</u>	<u>YEAR 2012</u>	<u>YEAR 2011</u>
Fund Balance Utilized	A-1, A-2	\$ 525,000.00	\$ 900,000.00
Miscellaneous Revenues Anticipated	A-2	4,091,461.96	3,276,095.90
Receipts from Delinquent Taxes	A-2	629,911.62	715,307.66
Receipts from Current Taxes	A-7	37,520,345.73	37,106,961.45
Receipts from Property Acquired for Taxes	A-7	3,561.00	
Non-Budget Revenue	A-2	187,172.00	165,244.37
Other Credits to Income:			
Unexpended Balances of Approp. Reserves	A-11	507,513.99	322,244.74
Grants Appropriated Cancelled	A-10	5,307.30	
Accounts Payable Cancelled			9,946.44
Reserves Cancelled			18,055.06
Interfunds Returned	A-10	<u>66,841.60</u>	
Total Revenues		<u>43,537,115.20</u>	<u>42,513,855.62</u>
 <u>EXPENDITURES AND OTHER CHARGES</u>			
Budget Appropriations:			
Operating			
Salaries and Wages	A-3	5,154,147.00	5,482,578.00
Other Expenses	A-3	7,624,812.51	7,246,206.55
State and Federal Programs Off-Set by Revenue	A-3	560,704.87	61,526.17
Municipal Debt Service	A-3	1,278,275.25	1,270,519.68
Capital Improvements	A-3	64,050.00	43,225.00
Deferred Charges and Statutory Expend.-Mun.	A-3	1,408,755.00	1,537,159.00
County Tax	A-13	5,652,832.53	5,597,514.73
Local District School Taxes	A-13	21,150,244.50	20,714,546.50
Emergency Authorization - Cancellation of Hurrigan Irene	A-16	125,000.00	
Accounts Receivable Cancelled			31,801.96
Refund Prior Year Revenues			7,154.60
Interfunds Advanced - Net			<u>80,256.42</u>
Total Expenditures		<u>43,018,821.66</u>	<u>42,072,488.61</u>
Excess in Revenue		518,293.54	441,367.01
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budgets of Succeeding Years	A-3	<u>400,000.00</u>	<u>400,000.00</u>
Statutory Excess to Fund Balance		918,293.54	841,367.01
 <u>FUND BALANCE</u>			
Balance - January 1	A	<u>936,117.19</u>	<u>994,750.18</u>
		1,854,410.73	1,836,117.19
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>525,000.00</u>	<u>900,000.00</u>
Balance - December 31	A	<u>\$ 1,329,410.73</u>	<u>\$ 936,117.19</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	REF.	ANTICIPATED 2012 BUDGET	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Anticipated	A- 1	\$ 525,000.00	\$ 525,000.00	\$ _____
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages		11,280.00	13,801.80	2,521.80
Other		35,000.00	40,033.00	5,033.00
Fees and Permits		50,500.00	64,039.00	13,539.00
Fines and Costs:				
Municipal Court		283,000.00	252,097.75	(30,902.25)
Interest and Costs on Taxes		115,000.00	149,078.97	34,078.97
Interest on Investments and Deposits		17,000.00	31,150.55	14,150.55
Television Franchise Fees		70,000.00	76,624.54	6,624.54
Payment in Lieu of Taxes - Prebyterian Homes		68,000.00	70,964.76	2,964.76
Sewer Rents Receivable		260,000.00	406,527.74	146,527.74
Host Community Benefit Funds		65,500.00	61,776.26	(3,723.74)
Consolidated Municipal Property Tax Relief Aid		358,465.00	358,465.00	
Energy Receipts Taxes		1,421,349.00	1,421,349.00	
Dedicated Uniform Construction Code Fees Offset with Appropriations (N.J.S.A. 40A:4-36 and N.J.A.C. 5:23-4.17):				
Uniform Construction Code Fees		152,000.00	179,635.00	27,635.00
Hazardous Waste Facilities Siting Act (N.J.S.A. 13-15-80)		20,000.00	20,000.00	
Public and Private Revenues Offset with Approps.:				
Alcohol Ed Rehab & Enforcement Fund		161.80	161.80	
Body Armor Replacement Grant - CY		2,544.98	2,544.98	
Clean Communities Program		21,167.23	21,167.23	
County of Middlesex - Mountain View Park		500,000.00	500,000.00	
Drunk Driving Enforcement Fund		3,515.78	3,515.78	
Haz-Mat Grant		3,834.08	3,834.08	
Middlesex County - Info. Assis & Transp. Assist - Older American Act of 1965		12,126.00	12,126.00	
Municipal Alliance on Alcoholism and Drug Abuse		13,884.00	13,884.00	
Other Special Items:				
Reserve for DMV Services		6,263.50	8,944.25	2,680.75
Cellular Phone Tower Lease		75,800.00	79,740.47	3,940.47
Reserve for Insurance Refund		120,000.00	120,000.00	
FEMA - Hurricane Irene		180,000.00	180,000.00	
Total Miscellaneous Revenues	A-1,A-8	<u>3,866,391.37</u>	<u>4,091,461.96</u>	<u>225,070.59</u>
Receipts from Delinquent Taxes	A-1,A-7	<u>594,694.10</u>	<u>629,911.62</u>	<u>35,217.52</u>
Subtotal General Revenues		<u>4,986,085.47</u>	<u>5,246,373.58</u>	<u>260,288.11</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	A-7	10,884,926.21	10,746,693.28	(138,232.93)
Minimum Library Tax	A-7	<u>524,732.95</u>	<u>524,732.92</u>	
Total Amount to be Raised by Taxes for Support of Municipal Budget		<u>11,409,659.16</u>	<u>11,271,426.20</u>	<u>(138,232.96)</u>
Budget Totals		16,395,744.63	16,517,799.78	\$ <u>122,055.15</u>
Non-Budget Revenues	A-1,A-4		<u>187,172.00</u>	
		<u>\$ 16,395,744.63</u>	<u>\$ 16,704,971.78</u>	
	Ref.	A- 3		

() Denotes Deficit

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012 BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED</u>		
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>
<u>OPERATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT:</u>					
Mayor and Council					
Salaries and Wages	\$ 12,000.00	\$ 12,000.00	\$ 11,999.76	\$	0.24
Other Expenses	20,000.00	20,000.00	3,435.71	14,348.98	2,215.31
Municipal Clerk					
Salaries and Wages	128,093.00	130,093.00	130,079.00		14.00
Other Expenses	13,300.00	13,300.00	5,000.14	4,235.96	4,063.90
Postage for All Departments					
Other Expenses	25,000.00	25,000.00	23,062.38	-	1,937.62
Printing and Advertising					
Other Expenses	17,500.00	17,500.00	10,166.81	-	7,333.19
Financial Administration (Treasury)					
Salaries and Wages	105,807.00	108,007.00	107,916.51		90.49
Other Expenses	13,908.00	13,908.00	9,461.50	361.74	4,084.76
Elections					
Other Expenses	5,500.00	5,500.00	5,286.39		213.61
Annual Audit					
Other Expenses	32,500.00	32,500.00		32,500.00	
Revenue Administration (Tax Collection)					
Salaries and Wages	63,029.00	64,329.00	64,289.98		39.02
Other Expenses	11,410.00	11,410.00	8,217.50	267.16	2,925.34
Tax Assessment Administration					
Salaries and Wages	30,000.00	30,600.00	30,600.00		
Other Expenses	3,400.00	3,400.00	3,124.71	-	275.29
Legal Services					
Other Expenses	102,000.00	102,000.00	67,902.45	826.00	33,271.55
Liquidation of Tax Title Liens and Foreclosed Property	500.00	500.00			500.00
Engineering Services					
Other Expenses	45,000.00	45,000.00	33,615.11	2,000.00	9,384.89
Computer Data Services					
Other Expenses	143,200.00	143,200.00	120,862.48	17,261.96	5,075.56

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		
			PAID OR CHARGED	ENCUMBERED	RESERVED
<u>GENERAL GOVERNMENT (CONT'D):</u>					
<u>LAND USE ADMINISTRATION:</u>					
Planning Board					
Other Expenses	\$ 26,160.00	\$ 26,160.00	\$ 4,041.00	\$ 189.40	\$ 21,929.60
Zoning Board of Adjustment					
Salaries and Wages	6,700.00	4,700.00	3,450.00	-	1,250.00
Other Expenses	12,700.00	12,700.00	7,953.75	94.38	4,651.87
<u>INSURANCE:</u>					
Temporary Disability Insurance	23,000.00	21,000.00	20,751.30		248.70
Long-Term Disability Insurance	15,000.00	13,500.00	13,111.40		388.60
Liability Insurance	173,443.60	173,443.60	173,443.60		
Workmen's Compensation	183,889.60	183,889.60	183,889.60		
Employee Group Insurance	1,839,990.52	1,839,990.52	1,839,361.72		628.80
<u>PUBLIC SAFETY:</u>					
Police Department					
Salaries and Wages	2,799,846.00	2,779,846.00	2,729,688.26	-	50,157.74
Other Expenses	119,100.00	119,100.00	82,739.85	15,655.18	20,704.97
Juvenile Conference Committee					
Salaries and Wages	1,983.00	1,983.00	1,983.00		
Other Expenses	250.00	250.00		235.00	15.00
Office of Emergency Management					
Salaries and Wages	3,500.00	3,500.00	3,500.00		
Other Expenses	13,500.00	13,500.00	4,618.76	1,037.06	7,844.18
Aid to Volunteer Ambulance Companies	25,000.00	25,000.00	25,000.00		

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		
			PAID OR CHARGED	ENCUMBERED	RESERVED
<u>PUBLIC SAFETY (CONT'D):</u>					
Fire Department					
Other Expenses	\$ 131,400.00	\$ 131,400.00	\$ 108,415.86	\$ 21,255.07	\$ 1,729.07
Hazardous Waste Facilities Tax -					
Other Expenses	5,000.00	5,000.00		4,950.00	50.00
Fire Hydrant Fees					
Other Expenses	206,500.00	206,500.00	188,805.99	-	17,694.01
Municipal Prosecutor's Office					
Salaries and Wages	24,399.00	24,399.00	24,398.40		0.60
Municipal Court					
Salaries and Wages	166,184.00	160,184.00	151,380.66		8,803.34
Other Expenses	16,950.00	16,950.00	14,788.17	603.14	1,558.69
<u>PUBLIC WORKS:</u>					
Road Repairs and Maintenance					
Salaries and Wages	269,458.00	334,458.00	308,522.89		25,935.11
Other Expenses	71,516.00	81,516.00	53,814.32	16,781.39	10,920.29
Emergency - Hurricane Sandy		400,000.00	341,810.41	58,189.59	
Shade Tree Commission					
Salaries and Wages	2,328.00	2,375.00	2,374.84		0.16
Other Expenses	33,901.66	33,901.66	17,995.00	15,750.00	156.66
Solid Waste Collection					
Salaries and Wages	86,277.00	74,777.00	70,604.38		4,172.62
Garbage and Trash Removal					
Salaries and Wages	532,560.00	502,560.00	486,454.00		16,106.00
Other Expenses	53,000.00	53,000.00	44,132.30	5,914.67	2,953.03

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		
			PAID OR CHARGED	ENCUMBERED	RESERVED
<u>PUBLIC WORKS (CONT'D):</u>					
Community Services Act (Condominium Community Costs)					
Other Expenses	\$ 44,412.55	\$ 44,412.55	\$ 41,353.71	\$	\$ 3,058.84
Building and Grounds					
Other Expenses	71,880.00	71,880.00	62,607.25	7,898.45	1,374.30
Rental of Rescue Squad Building					
Other Expenses	7,200.00	7,200.00	7,200.00		
Maintenance of Communications Equipment					
Other Expenses	500.00	500.00		-	500.00
<u>HEALTH AND HUMAN SERVICES:</u>					
Public Health Services (Board of Health)					
Salaries and Wages	7,750.00	7,750.00	7,749.96		0.04
Other Expenses	64,500.00	64,500.00	60,353.49	2,091.00	2,055.51
Animal Control					
Other Expenses	38,000.00	38,000.00	9,833.34	-	28,166.66
Senior Nutrition - Program Costs					
Salaries and Wages	16,238.00	11,238.00	3,428.90		7,809.10
Title III Senior Medical Transportation - Program Costs					
Salaries and Wages	10,953.00	5,953.00	1,234.73		4,718.27
Title III Information & Assistance - Program Costs					
Salaries and Wages	28,097.00	28,097.00	28,097.00		
<u>PARKS AND RECREATION:</u>					
Recreation Services and Programs					
Salaries and Wages	78,149.00	74,149.00	70,434.03		3,714.97
Other Expenses	48,983.00	48,983.00	29,789.64	4,986.67	14,206.69
Parks and Playgrounds					
Salaries and Wages	273,243.00	273,243.00	253,979.60		19,263.40
Other Expenses	22,000.00	22,000.00	19,468.57	2,378.50	152.93

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		
			PAID OR CHARGED	ENCUMBERED	RESERVED
<u>PARKS AND RECREATION (CONT'D):</u>					
Celebration of Public Events					
Other Expenses	\$ 30,000.00	\$ 30,000.00	\$ 29,999.41	\$ -	\$ 0.59
Recreational Field Development					
Other Expenses	500.00	500.00	-	-	500.00
Senior Citizens Bus Transportation					
Salaries and Wages	2,500.00	2,500.00			2,500.00
Other Expenses	4,000.00	4,000.00	2,184.66	1,238.81	576.53
Senior Citizens Coordinator					
Salaries and Wages	15,234.00	15,234.00	12,200.80		3,033.20
Other Expenses	6,020.00	6,020.00	2,191.81	840.00	2,988.19
<u>OTHER COMMON OPERATING FUNCTIONS - UNCLASSIFIED:</u>					
Accumulated Sick Leave Compensation					
Salaries and Wages	40,000.00	35,500.00	34,869.48		630.52
Housing and Community Advisory Board					
Salaries and Wages	375.00	375.00	375.00		
Other Expenses	100.00	100.00			100.00
Environmental Advisory Council					
Other Expenses	1,150.00	1,150.00	280.00	-	870.00
Maintenance of Tax Map					
Other Expenses	1,000.00	1,000.00		500.00	500.00
Beautification Committee					
Other Expenses	1,195.00	1,195.00	562.67	254.50	377.83
Multi-Family Solid Waste Collection					
Other Expenses	53,973.00	53,973.00		-	53,973.00

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		
			PAID OR CHARGED	ENCUMBERED	RESERVED
<u>UTILITY EXPENSES AND BULK PURCHASES:</u>					
Electricity	\$ 183,500.00	\$ 183,500.00	\$ 142,089.43	\$ 9,171.05	\$ 32,239.52
Street Lighting	171,000.00	171,000.00	134,975.54	14,765.73	21,258.73
Telephone (Excluding Equipment Acquis.)	53,000.00	63,000.00	57,456.22	2,079.37	3,464.41
Water	30,000.00	30,000.00	26,340.59	-	3,659.41
Gas (Natural or Propane)	35,000.00	25,000.00	18,729.88	2,752.48	3,517.64
Fuel Oil (Diesel Fuel)	90,000.00	90,000.00	86,960.63	-	3,039.37
Gasoline	85,000.00	85,000.00	63,326.21	13,971.11	7,702.68
Sewer Processing and Disposal					
Salaries and Wages	18,338.00	18,338.00	13,719.02		4,618.98
Other Expenses	39,200.00	39,200.00	34,416.76	3,465.97	1,317.27
<u>LANDFILL/SOLID WASTE DISPOSAL COSTS:</u>					
Landfill Fees					
Other Expenses	365,000.00	365,000.00	307,415.60	24,671.94	32,912.46
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>					
Construction Inspector, Plumbing Inspector and Code Enforcer					
Salaries and Wages	166,295.00	161,295.00	158,507.79	-	2,787.21
Other Expenses	9,100.00	9,100.00	2,192.62	717.68	6,189.70
Total Operations Within "CAPS"	9,729,068.93	10,113,715.93	9,266,374.23	304,239.94	543,101.76
Contingent	8,000.00	8,000.00			8,000.00
Total Operations Including Contingent Within "CAPS"	9,737,068.93	10,121,715.93	9,266,374.23	304,239.94	551,101.76
<u>DETAIL:</u>					
Salaries and Wages	4,889,336.00	4,867,483.00	4,711,837.99		155,645.01
Other Expenses (Including Contingent)	4,847,732.93	5,254,232.93	4,554,536.24	304,239.94	395,456.75

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		
			PAID OR CHARGED	ENCUMBERED	RESERVED
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u>					
<u>MUNICIPAL WITHIN "CAPS"</u>					
<u>STATUTORY EXPENDITURES:</u>					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 278,000.00	\$ 278,000.00	\$ 254,456.78		\$ 23,543.22
Public Employees' Retirement System of NJ	350,125.00	350,125.00	350,125.00		
Police and Firemen's Retirement System of NJ	662,439.00	662,439.00	662,439.00		
State Unemployment Insurance	102,838.00	58,191.00	58,191.00		
Pension & Firemen's Widow (NJSA 43:12-228.1)	5,000.00	5,000.00	5,000.00		
	<u>1,398,402.00</u>	<u>1,353,755.00</u>	<u>1,330,211.78</u>		<u>23,543.22</u>
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	<u>1,398,402.00</u>	<u>1,353,755.00</u>	<u>1,330,211.78</u>		<u>23,543.22</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>11,135,470.93</u>	<u>11,475,470.93</u>	<u>10,596,586.01</u>	<u>304,239.94</u>	<u>574,644.98</u>
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Maintenance of Free Public Library (NJSA 40:54-8)					
Other Expenses	524,732.95	524,732.95	524,732.95		
Middlesex County Utilities Authority Sewerage Treatment Contractual	1,408,012.63	1,408,012.63	1,408,012.63		
Piscataway Sewerage Authority - Share of Costs	220,000.00	280,000.00	197,080.41	82,870.83	48.76
Middlesex County Improvement Authority - County Curbside Collection Program					
Other Expenses	110,000.00	110,000.00	90,493.10	9,049.31	10,457.59
Insurance:					
Employee Group Insurance	38,834.00	38,834.00	38,834.00		
Stormwater Pollution Programs: NJDES/Stormwater Permit					
Salaries & Wages	286,664.00	286,664.00	286,664.00		
Other Expense	9,000.00	9,000.00	4,555.80		4,444.20

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		
			PAID OR CHARGED	ENCUMBERED	RESERVED
<u>PUBLIC AND PRIVATE PROGRAMS</u>					
<u>OFFSET BY REVENUES</u>					
Body Armor Replacement Grant - CY	\$ 2,544.98	\$ 2,544.98	\$ 2,544.98	\$	\$
Drunk Driving Enforcement Fund	3,515.78	3,515.78	3,515.78		
Haz-Mat Grant	3,834.08	3,834.08	3,834.08		
Middlesex County - Mountainview Park	500,000.00	500,000.00	500,000.00		
Municipal Alliance on Alcohol & Drug Abuse	17,355.00	17,355.00	17,355.00		
N.J. Alcohol Education & Rehabilitation - Municipal Court	161.80	161.80	161.80		
N.J. Clean Communities Grant	21,167.23	21,167.23	21,167.23		
Older Americans Act - Information Assist	12,126.00	12,126.00	12,126.00		
Total Operations Excluded from "CAPS"	<u>3,157,948.45</u>	<u>3,217,948.45</u>	<u>3,111,077.76</u>	<u>91,920.14</u>	<u>14,950.55</u>
DETAIL:					
Salaries and Wages	286,664.00	286,664.00	286,664.00		
Other Expenses	<u>2,871,284.45</u>	<u>2,931,284.45</u>	<u>2,824,413.76</u>	<u>91,920.14</u>	<u>14,950.55</u>
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"</u>					
Down Payments on Improvements					
Capital Improvement Fund	<u>64,050.00</u>	<u>64,050.00</u>	<u>64,050.00</u>		
Total Capital Improvements Excl. from "CAPS"	<u>64,050.00</u>	<u>64,050.00</u>	<u>64,050.00</u>	<u>-</u>	

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		
			PAID OR CHARGED	ENCUMBERED	RESERVED
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 725,000.00	\$ 725,000.00	\$ 725,000.00	\$	\$
Interest on Bonds	334,745.02	334,745.02	334,745.02		
Loan Repayment for Principal and Interest	34,784.86	34,784.86	34,784.86		
Loan Repayments for Principal and Interest MCIA Loan - Fire Truck	70,314.28	70,314.28	70,314.28		
Loan Repayments for Principal and Interest Environmental Infrastructure Loan	113,431.09	113,431.09	113,431.09		
Total Municipal Debt Service - Excl. from "CAPS"	<u>1,278,275.25</u>	<u>1,278,275.25</u>	<u>1,278,275.25</u>	<u>-</u>	
<u>DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"</u>					
Deferred Charges Special Emergency Authorization - 5 Years	55,000.00	55,000.00	55,000.00		
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>55,000.00</u>	<u>55,000.00</u>	<u>55,000.00</u>		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,555,273.70</u>	<u>4,615,273.70</u>	<u>4,508,403.01</u>	<u>91,920.14</u>	<u>14,950.55</u>
Subtotal General Appropriations	15,690,744.63	16,090,744.63	15,104,989.02	396,160.08	589,595.53
Reserve for Uncollected Taxes	705,000.00	705,000.00	705,000.00		
Total General Appropriations	<u>\$ 16,395,744.63</u>	<u>\$ 16,795,744.63</u>	<u>\$ 15,809,989.02</u>	<u>\$ 396,160.08</u>	<u>\$ 589,595.53</u>
	REF	A-2	A-2	A-1	A, A-1
Adopted Budget	A-2		\$ 16,395,744.63		
Emergency Approp.	A-16		<u>400,000.00</u>		
			<u>\$ 16,795,744.63</u>		
Disbursed	A-4		\$ 14,257,109.66		
Reserve for Uncollected Taxes	A- 7		705,000.00		
Capital Improvement Fund	A-10		64,050.00		
Reserve for State Grants	A-10		560,704.87		
Emergency Authorization - Reserve for Hurricane Sandy	A-14		168,124.49		
Emergency Approp. 40A:4-47	A-16		<u>55,000.00</u>		
			<u>\$ 15,809,989.02</u>		

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

Exhibit B

TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2012</u>	<u>BALANCE DEC. 31, 2011</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE DEC. 31, 2012</u>	<u>BALANCE DEC. 31, 2011</u>
Assessment Trust Fund:				Assessment Trust Fund:			
Cash and Investments - Treasurer	B- 6	\$ 24,568.38	\$ 24,383.81	Due to General Capital Fund	B- 6	\$ 7,164.08	\$ 7,164.08
Assessment Liens Receivable	B- 3	<u>1,470.00</u>	<u>1,470.00</u>	Due to Current Fund	B- 6	13,308.53	13,123.96
				Fund Balance	B- 1	<u>5,565.77</u>	<u>5,565.77</u>
Total Assessment Trust Fund		<u>26,038.38</u>	<u>25,853.81</u>	Total Assessment Trust Fund		<u>26,038.38</u>	<u>25,853.81</u>
Animal Control Fund:				Animal Control Fund:			
Cash and Investments - Treasurer	B- 6	<u>7,606.88</u>	<u>6,101.58</u>	Due to State of New Jersey	B- 6	7.80	
				Reserve for Animal Control Expenditures	B- 6	<u>7,599.08</u>	<u>6,101.58</u>
Total Animal Control Fund		<u>7,606.88</u>	<u>6,101.58</u>	Total Animal Control Fund		<u>7,606.88</u>	<u>6,101.58</u>
Trust-Other Fund:				Trust-Other Fund:			
Cash and Investments - Treasurer	B- 6	300,279.92	457,843.70	Due to Current Fund	B- 6		204.21
Due from General Capital Fund	B- 6	<u>258,157.99</u>	<u> </u>	Reserve for Unemployment Insurance	B- 6	119,963.72	117,179.41
				Reserve for Various Deposits	B- 6	<u>438,474.19</u>	<u>340,460.08</u>
Total Trust-Other Fund		<u>558,437.91</u>	<u>457,843.70</u>	Total Trust-Other Fund		<u>558,437.91</u>	<u>457,843.70</u>
Escrow Trust Fund:				Escrow Trust Fund:			
Cash and Investments - Treasurer	B- 6	<u>347,506.33</u>	<u>177,847.54</u>	Developers' Escrow - Water & Soil	B- 6	18,712.00	18,262.00
				Developers' Escrow Funds	B- 6	<u>328,794.33</u>	<u>159,585.54</u>
Total Escrow Trust Fund		<u>347,506.33</u>	<u>177,847.54</u>	Total Escrow Trust Fund		<u>347,506.33</u>	<u>177,847.54</u>
Payroll Fund:				Payroll Fund:			
Cash and Investments - Treasurer	B- 6	<u>90,252.78</u>	<u>72,585.09</u>	Payroll Deductions Payable	B- 6	<u>90,252.78</u>	<u>72,585.09</u>
Total Payroll Trust Fund		<u>90,252.78</u>	<u>72,585.09</u>	Total Payroll Trust Fund		<u>90,252.78</u>	<u>72,585.09</u>
Public Assistance Trust Fund:				Public Assistance Trust Fund:			
Cash and Investments - Treasurer	B- 6	<u>9,913.21</u>	<u>9,913.01</u>	Reserve for Public Assistance	B- 6	<u>9,913.21</u>	<u>9,913.01</u>
Total Public Assistance Trust Fund		<u>9,913.21</u>	<u>9,913.01</u>	Total Public Assistance Trust Fund		<u>9,913.21</u>	<u>9,913.01</u>
Community Development Block Grant Fund:				Community Development Block Grant Fund:			
Due from Midd. Cty CDBG	B- 6	<u>73,614.00</u>	<u> </u>	Reserve for Comm. Dev. Block Expend.	B- 6	<u>73,614.00</u>	<u> </u>
Total Comm. Develop. Block Grant Fund		<u>73,614.00</u>	<u>-</u>	Total Comm. Develop. Block Grant Fund		<u>73,614.00</u>	<u>-</u>
		<u>\$ 1,113,369.49</u>	<u>\$ 750,144.73</u>			<u>\$ 1,113,369.49</u>	<u>\$ 750,144.73</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

TRUST ASSESSMENT FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	
Balance - December 31, 2011	B	\$ 5,565.77
Balance - December 31, 2012	B	<u>\$ 5,565.77</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2012</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2011</u>
Cash and Investments - Treasurer	C-2	\$ -	\$ 36,779.97
Grants - In - Aid, Loans and Other Receivable	C-4	3,610,122.11	1,194,772.00
Interfunds Receivable	C-7	7,164.08	7,164.08
Deferred Charges to Future Taxation:			
Funded	C-5	11,335,206.59	12,230,076.90
Unfunded	C-6	<u>5,342,262.98</u>	<u>2,023,137.98</u>
		\$ <u>20,294,755.76</u>	\$ <u>15,491,930.93</u>
 <u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>			
General Serial Bonds	C-9	9,682,000.00	10,407,000.00
Capital Leases Payable - M.C.I.A.	C-10	367,664.51	421,692.53
Loans Payable - N.J. Green Trust Fund - 1987	C-11	93,320.71	112,947.98
Loans Payable - N.J. Green Trust Fund - 1989	C-12	122,535.39	132,924.86
Loans Payable - N.J. Infrastructure	C-15	1,069,685.98	1,155,511.53
Reserve for Encumbrances Payable	C-8	1,243,360.48	381,958.24
Interfunds Payable	C-7	281,932.99	90,693.90
Improvement Authorizations:			
Funded	C-8	833,363.02	877,397.33
Unfunded	C-8	3,709,512.54	1,467,149.42
Reserve for:			
Capital Improvement Fund	C-14	33,559.58	6,834.58
Grants and Loans Receivable	C-13	2,735,344.56	195,344.56
Insurance Refund	C-13	2,331.24	122,331.24
To Pay Debt Service	C-13	12,588.76	12,588.76
Soccer Fields	C-13	<u>107,556.00</u>	<u>107,556.00</u>
		\$ <u>20,294,755.76</u>	\$ <u>15,491,930.93</u>
 Bonds and Notes Authorized but not Issued	 C-16	 \$ <u>5,342,262.98</u>	 \$ <u>2,023,137.98</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND 2011

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2012</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2012</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D-4	\$ 364,331.64	\$ 270,258.31	Appropriation Reserves	D-3, D-10	\$ 128,637.11	\$ 63,147.81
Cash - Snack Bar Fund	D-4	14,313.52	3,004.28	Reserve for Encumbrances	D-3, D-10	3,965.77	2,258.64
Due from Swimming Pool Capital Fund	D-12	<u>83,599.90</u>	<u>83,599.90</u>	Accounts Payable	D-9	19,621.06	19,521.06
		<u>462,245.06</u>	<u>356,862.49</u>	Due to Current Fund	D-12	<u>106.29</u>	
						152,330.23	84,927.51
				Fund Balance	D-1	<u>309,914.83</u>	<u>271,934.98</u>
Total Operating Fund		<u>462,245.06</u>	<u>356,862.49</u>	Total Operating Fund		<u>462,245.06</u>	<u>356,862.49</u>
Capital Fund:				Capital Fund:			
Fixed Capital	D-7	666,291.56	666,291.56	Improvement Authorizations			
Fixed Capital Authorized and Uncompleted	D-8	<u>350,000.00</u>	<u>350,000.00</u>	Unfunded	D-17	93,670.00	93,670.00
				Capital Improvement Fund	D-13	72,730.10	72,730.10
Total Capital Fund		<u>1,016,291.56</u>	<u>1,016,291.56</u>	Due to Swimming Pool Operating Fund	D-16	83,599.90	83,599.90
				Reserve for:			
				Amortization	D-14	666,291.56	666,291.56
				Deferred Amortization	D-15	<u>100,000.00</u>	<u>100,000.00</u>
				Total Capital Fund		<u>1,016,291.56</u>	<u>1,016,291.56</u>
		<u>\$ 1,478,536.62</u>	<u>\$ 1,373,154.05</u>			<u>\$ 1,478,536.62</u>	<u>\$ 1,373,154.05</u>

There were Bonds and Notes Authorized but not Issued at December 31, 2012 in the amount of \$250,000.00. (Exhibit D-18)

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

<u>REVENUE AND OTHER INCOME</u>		<u>YEAR 2012</u>	<u>YEAR 2011</u>
Fund Balance Utilized	D-1, D-2	\$ 43,980.00	\$ 43,980.00
Fees - Membership	D- 2	249,930.00	253,095.00
Miscellaneous	D- 2	99,026.14	97,519.22
Other Credits to Income:			
Unexpend. Balance of Appropriation Reserves			
Lapsed and Reserve for Encumb. Canceled	D-10	<u>61,823.71</u>	<u>38,456.28</u>
 Total Revenues		 <u>454,759.85</u>	 <u>433,050.50</u>
 <u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operating	D- 3	\$ <u>372,800.00</u>	\$ <u>372,800.00</u>
 Total Expenditures		 <u>372,800.00</u>	 <u>372,800.00</u>
 Excess/(Deficit) in Revenues		 81,959.85	 60,250.50
 <u>FUND BALANCE</u>			
Balance - January 1	D	<u>271,934.98</u>	<u>255,664.48</u>
		353,894.83	315,914.98
Decreased by:			
Utilized as Anticipated Revenue	D- 1	<u>43,980.00</u>	<u>43,980.00</u>
 Balance - December 31	D	 <u>\$ 309,914.83</u>	 <u>\$ 271,934.98</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

SWIMMING POOL UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>	2012 <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance	D- 1	\$ 43,980.00	\$ 43,980.00	\$
Fees - Membership	D-1, D-4	242,785.00	249,930.00	7,145.00
Miscellaneous	D- 1	<u>86,035.00</u>	<u>99,026.14</u>	<u>12,991.14</u>
		<u>\$ 372,800.00</u>	<u>\$ 392,936.14</u>	<u>\$ 20,136.14</u>

<u>REF.</u>	D- 3	D- 1
-------------	------	------

Analysis of Realized Revenues:

Analysis of Miscellaneous Revenues:

Snack Bar	D-6,D-11		\$ 11,303.41	
Miscellaneous Revenues	D- 6		<u>87,722.73</u>	
	D- 1		<u>\$ 99,026.14</u>	

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - D-3

SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

			EXPENDED				
	<u>2012</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>UNEXPENDED</u>	<u>BALANCE</u>
	<u>BUDGET</u>	<u>MODIFICATION</u>	<u>CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>CANCELLED</u>	<u>CANCELLED</u>
Operating:							
Salaries and Wages	\$ 188,300.00	\$ 188,300.00	\$ 156,878.10		\$ 31,421.90		\$
Other Expenses	168,900.00	168,900.00	74,443.37	3,965.77	90,490.86		
Deferred Charges and Statutory Expenditures:							
Statutory Expenditures:							
Social Security System (O.A.S.I.)	13,600.00	13,600.00	8,875.65		4,724.35		
State Unemployment Insurance	<u>2,000.00</u>	<u>2,000.00</u>			<u>2,000.00</u>		
 Total Swimming Pool Utility Appropriations	 \$ <u>372,800.00</u>	 \$ <u>372,800.00</u>	 \$ <u>240,197.12</u>	 \$ <u>3,965.77</u>	 \$ <u>128,637.11</u>		 \$ <u> </u>
<u>Ref.</u>	D- 2		D-1,D-4	D, D-1	D, D-1		

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - E

STATEMENT OF GOVERNMENTAL FIXED ASSETS
BALANCE SHEET - REGULATORY BASIS
(UNAUDITED)
DECEMBER 31, 2012

	BALANCE <u>DEC 31, 2012</u>
General Fixed Assets:	
Land	5,668,300.00
Buildings	9,010,155.00
Machinery and Equipment	<u>6,877,500.62</u>
Total Governmental Fixed Assets	<u>\$ 21,555,955.62</u>
Investment in Governmental Fixed Assets	<u>\$ 21,555,955.62</u>

Note: See Notes to Financial Statements

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011

Note 1: FORM OF GOVERNMENT

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Description of Funds

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

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

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

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

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

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

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

B. Description of Funds (Cont'd.)

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

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

C. Basis of Accounting

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

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

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

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

C. Basis of Accounting (Cont'd.)Expenditures (Cont'd.)

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

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

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

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

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

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

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

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

Governmental Fixed Assets – New Jersey Administrative Code 5:30-5.6 established a mandate for fixed asset accounting by municipalities, effective December 31, 1985, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of Governmental Fixed Assets of the Borough as part of the basic financial statements. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

Recent Accounting Standards

GASB issued Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” in June 2011. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards (Cont'd.)

GASB issued Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53” in June 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of swap counterparty or swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

GASB issued Statement No. 65, “Items Previously Reported as Assets and Liabilities” in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Statement No. 65 is effective for financial statements for periods beginning after December 15, 2012.

GASB issued Statement No. 66, “Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62” in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 66 is effective for financial statements for periods beginning after December 15, 2012.

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

Comparative Data - Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough’s financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain reclassifications have been made to the fiscal year 2011 financial statements to conform with classifications used in fiscal year 2012.

NOTES TO FINANCIAL STATEMENTS

Note 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

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

A. Summary of Municipal Debt for Capital Projects

	<u>2012</u>	<u>2011</u>
<u>Issued:</u>		
General:		
Bonds and Notes	\$ 9,682,000.00	\$ 10,407,000.00
Green Acres Loan	215,856.10	245,872.84
Hazardous Remediation Loan	367,664.51	421,692.53
NJ Environmental Infrastructure Loans	<u>1,069,685.98</u>	<u>1,155,511.53</u>
Net Issued	<u>11,335,206.59</u>	<u>12,230,076.90</u>
<u>Authorized But Not Issued:</u>		
General:		
Bonds and Notes	5,342,262.98	2,023,137.98
Swim Pool Utility Bonds and Notes	<u>250,000.00</u>	<u>250,000.00</u>
Total Authorized But Not Issued	<u>5,592,262.98</u>	<u>2,273,137.98</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 16,927,469.57</u>	<u>\$ 14,503,214.88</u>

NOTES TO FINANCIAL STATEMENTS

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

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

Summarized below are the Borough's individual bond and loan issues which were outstanding at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
<u>General Debt:</u>		
\$2,552,000, General Improvement Bonds of 2004, due in annual installments of \$175,000 to \$317,000 through Feb. 1, 2014, interest at 2.25% to 3.50%.	\$ 642,000.00	\$ 942,000.00
\$9,865,000, General Improvement Bonds of 2010, due in annual installments of \$400,000 to \$800,000 through Feb. 1, 2025, interest at 3.00% to 4.00%.	9,040,000.00	9,465,000.00
Subtotal - Serial Bond Debt for Capital Projects Outstanding December 31	<u>9,682,000.00</u>	<u>10,407,000.00</u>
<u>Loans Outstanding:</u>		
Green Acres Loans	215,856.10	245,872.84
NJ Environmental Infrastructure Loans	1,069,685.98	1,155,511.53
MCIA Capital Equipment Loan	<u>367,664.51</u>	<u>421,692.53</u>
Subtotal - Loans Outstanding	<u>1,653,206.59</u>	<u>1,823,076.90</u>
Total Outstanding Debt	<u>\$ 11,335,206.59</u>	<u>\$ 12,230,076.90</u>

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

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

<u>2012</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$4,765,000.00	\$4,765,000.00	
Swimming Pool Utility Debt	250,000.00	250,000.00	
General Debt	<u>16,677,469.57</u>	<u>12,588.76</u>	<u>\$16,664,880.81</u>
	<u>\$21,692,469.57</u>	<u>\$5,027,588.76</u>	<u>\$16,664,880.81</u>

Net Debt \$16,664,880.81 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended $\$1,556,959,501.33 = \underline{\underline{1.07\%}}$

<u>2011</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$5,215,000.00	\$5,215,000.00	
Swimming Pool Utility Debt	250,000.00	250,000.00	
General Debt	<u>14,253,214.88</u>		<u>\$14,253,214.88</u>
	<u>\$19,718,214.88</u>	<u>\$5,465,000.00</u>	<u>\$14,253,214.88</u>

Net Debt \$14,253,214.88 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended $\$1,638,654,788.00 = \underline{\underline{0.87\%}}$

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

	<u>2012</u>	<u>2011</u>
3 1/2% of Equalized Valuation Basis Municipal Net Debt	<u>\$54,493,582.55</u> <u>16,664,880.81</u>	<u>\$57,352,917.58</u> <u>14,253,214.88</u>
Remaining Borrowing Power	<u>\$37,828,701.74</u>	<u>\$43,099,702.70</u>

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

B. Summary of Statutory Debt Condition - Annual Debt Statement

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

	<u>2012</u>	<u>2011</u>
Cash Receipts From Fees, Rents or Other Charges for the year	\$ 392,936.14	\$ 394,594.22
Deductions:		
Operating and Maintenance Costs	<u>372,800.00</u>	<u>372,800.00</u>
Excess in Revenue	<u>\$ 20,136.14</u>	<u>\$ 21,794.22</u>

C. Schedule of Annual Debt Service for Principal and Interest for the Bonded Debt Issued and Outstanding at December 31, 2012

Calendar Year	General		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 775,000.00	\$ 311,720.00	\$ 1,086,720.00
2014	792,000.00	286,876.25	1,078,876.25
2015	675,000.00	258,531.25	933,531.25
2016	675,000.00	238,281.25	913,281.25
2017	700,000.00	217,656.25	917,656.25
2018	700,000.00	196,656.25	896,656.25
2019	700,000.00	175,656.25	875,656.25
2020	700,000.00	153,956.25	853,956.25
2021	775,000.00	129,678.13	904,678.13
2022	800,000.00	102,600.00	902,600.00
2023	800,000.00	74,600.00	874,600.00
2024	800,000.00	46,100.00	846,100.00
2025	<u>790,000.00</u>	<u>15,800.00</u>	<u>805,800.00</u>
Total	<u>\$ 9,682,000.00</u>	<u>\$ 2,208,111.88</u>	<u>\$ 11,890,111.88</u>

D. Loan Agreements

Department of Environmental Protection - Green Acres Program Loans

New Jersey 1987 Green Trust Fund

The Borough has contracted for funding of Acquisition of Property for Outdoor Recreation and Conservation purposes. The Borough has been awarded a loan amount of \$328,000. Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq. the loan principal in the amount of \$93,320.71 and \$112,947.98 at December 31, 2012 and 2011 has been included in the calculation of the Borough's statutory debt condition.

New Jersey 1989 Green Trust Fund

The Borough has contracted with Department of Environmental Protection to fund costs related to Mountainview Phase II Project. The Borough has been awarded a loan amount of \$209,000. Pursuant to the provisions of N.J.S.A. 40A: 2-1 et seq. the loan principal in the amount of \$122,535.39 and \$132,924.86 at December 31, 2012 and 2011 has been included in the calculation of the Borough's statutory debt condition.

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

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

D. Loan Agreements (Cont'd.)

New Jersey Environmental Infrastructure Trust and Fund Loans

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

Infrastructure Trust Loan:

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

Infrastructure Fund Loan (Principal Only):

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

Capital Equipment and Improvement Revenue Bonds, Series 2008

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

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

NOTES TO FINANCIAL STATEMENTS

Note 4: FUND BALANCES APPROPRIATED

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

	<u>FUND BALANCE</u> <u>DECEMBER 31,2012</u>	<u>UTILIZED IN</u> <u>SUCCEEDING BUDGET</u>
Current Fund	\$1,329,410.73	\$645,000.00
Swimming Pool Utility Fund	309,914.83	43,980.00
	<u>FUND BALANCE</u> <u>DECEMBER 31,2011</u>	<u>UTILIZED IN</u> <u>SUCCEEDING BUDGET</u>
Current Fund	\$936,117.19	\$525,000.00
Swimming Pool Utility Fund	271,934.98	43,980.00

Note 5: DEPOSITS AND INVESTMENTS

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

Deposits

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2012, the book value of the Borough's deposits was \$4,362,226.98 and bank balances of the Borough's cash and deposits amounted to \$4,446,601.92. Of the bank balance, during 2012, \$321,588.34 was FDIC insured and \$4,125,013.58 was GUDPA insured.

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

Deposits (Cont'd.)

At December 31, 2012, the Borough has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Borough has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk – The Borough's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the Borough will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Borough's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough and are held by either: the counterparty or the counterparty's trust department or agent but not in the Borough's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Borough will not be able to recover the value of the investment or collateral securities that in possession of an outside party.
- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- (c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Borough does not have an investment policy regarding Credit Risk except to the extent outlined under the Borough's investment policy. The New Jersey Cash Management Fund is not rated.
- (d) Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

As of December 31, 2012, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of the Borough's bank balances was considered exposed to custodial credit risk. In addition based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

Investments

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

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

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

Investments (Cont'd.)

2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Investments generally are shown by type, carrying amount, market value and level of risk assumed in the holding of the various securities, where applicable. At year-end, the Borough maintained its invested funds in various money market and sweep accounts included in the above categorization of the Borough's deposits. In addition to the sweep accounts, the Borough held cash management fund investments in the amount of \$214,299.62 at December 31, 2012.

<u>Cash & Cash Equivalents:</u>	2012 <u>Amount</u>
Change Fund	\$ 500.00
Demand Accounts	<u>4,361,726.98</u>
Total Cash & Cash Equivalents	4,362,226.98
 <u>Investments:</u>	
State of NJ Cash Mgmt. Fund	<u>214,299.62</u>
Total Cash, Cash Equivalents & Investments	<u>\$4,576,526.60</u>

NOTES TO FINANCIAL STATEMENTS

Note 6: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

Note 7: PENSION AND RETIREMENT PLANS

Employees of the Borough of Middlesex are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Borough who are members of the plan are not available. The contributions in fiscal years 2012 and 2011 were \$338,509 and \$348,463 for PERS and \$619,572 and \$755,602 for PFRS, respectively.

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

Note 8: POST-RETIREMENT HEALTH CARE BENEFITS

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

The Borough of Middlesex contributions to SHBP for the year ended December 31, 2012 were \$726,093.91, which equaled the required contributions for the year. There were approximately 42 retired participants eligible at December 31, 2012.

Note 9: ACCRUED SICK AND VACATION BENEFITS

The Borough has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost of such unpaid sick and vacation pay would approximate \$130,085.18 and \$110,671.79 for 2012 and 2011. This amount represents the current value of all accumulations, and is not intended to portray amounts that would be recorded under GAAP. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations. In addition the Police are entitled to compensation hours capped at a maximum of 480 hours per officer. The estimated cost of such pay would approximate \$305,723.49.

Note 10: RISK MANAGMENT

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

At December 31, 2012, the Fund reported for all years combined, total assets of \$31,594,485, liabilities and expenses of \$30,208,703, which includes case reserves of \$17,249,731 and IBNR of \$11,298,038 and net position for all years of \$1,385,782.

NOTES TO FINANCIAL STATEMENTS

Note 10: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance – The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following table is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough’s trust fund for the 2012 and the previous two years

<u>Fiscal Year</u>	<u>Borough Contributions And Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$58,866.11	\$590.51	\$56,672.31	\$119,963.72
2011	82,290.77	10,912.42	7,578.70	117,179.41
2010	207.21	11,937.80	92,916.22	31,554.92

Note 11: COMMITMENTS AND CONTINGENCIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2012, the Borough does not believe that any material liabilities will result from such audits.

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

Note 12: DEFERRED COMPENSATION

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

NOTES TO FINANCIAL STATEMENTS

Note 13: INTERFUNDS

The following interfund balances remained on the balance sheet date at December 31, 2012:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$13,414.82	\$1,203,201.48
Grant Fund	1,226,976.48	
Assessment Trust Fund		20,472.61
Trust Fund	258,157.99	
General Capital Fund	7,164.08	281,932.99
Swimming Pool Util. Oper Fund	83,599.90	
Swimming Pool Util. Cap Fund	<u> </u>	<u>83,706.19</u>
Total	<u>\$1,589,313.27</u>	<u>\$1,589,313.27</u>

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

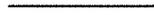
Note 14: SUBSEQUENT EVENTS

Subsequent to the year ending December 31, 2012 and through to the date of this report, the Borough has authorized the following:

The Borough entered into an agreement with the Middlesex County Improvement Authority (MCIA) for Various 2013 Capital Improvements and acquisition of Various Equipment in an amount not to exceed \$3,180,000 on July 9, 2013. The cost of such improvements and equipment is to be financed through the issuance of County-Guaranteed Capital Equipment and Improvement Revenue Bonds, Series 2013 of the MCIA.

The Borough appropriated \$380,000 therefore and authorized the issuance of \$76,000 Bond and/or Notes dated August 14, 2013, for the reconstruction of Fairview Avenue.

**BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY**



**PART II
SUPPLEMENTARY SCHEDULES**

Current Fund

CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>		
Cash Balance December 31, 2011.....	A		\$ 3,415,841.63
Increased by Cash Receipts			
Miscellaneous Revenue Not Anticipated.....	A-1, A-8	187,172.00	
Due NJ Sr Citizens and Veterans Deductions.....	A- 6	155,046.57	
Taxes Receivable.....	A- 7	37,983,654.25	
Miscellaneous Anticipated Revenue.....	A- 8	3,007,594.06	
Sewer Rents Collections.....	A- 9	406,527.74	
Interfunds.....	A-10	230,725.59	
Tax Overpayments.....	A-12	7,356.23	
Various Accounts Payable & Reserves.....	A-14	185,328.87	
Petty Cash Returned.....	A- 5	<u>300.00</u>	
Total Cash Receipts.....			42,163,705.31
Decreased by Disbursements			
Budget Appropriations.....	A- 3	(14,257,109.66)	
Interfunds.....	A-10	(167,303.85)	
Appropriation Reserves.....	A-11	(553,702.56)	
Taxes Payable.....	A-13	(26,755,713.53)	
Various A/P, & Reserves.....	A-14	(428,163.40)	
Petty Cash Advanced.....	A- 5	<u>(300.00)</u>	
Total Cash Disbursements.....			(42,162,293.00)
Cash Balance December 31, 2012.....	A		\$ <u><u>3,417,253.94</u></u>

CURRENT FUND
SCHEDULE OF PETTY CASH AND CHANGE FUNDS

	Balance December 31, 2011	Advanced	Returned	Balance December 31, 2012
Change Fund				
Collector - Treasurer	\$ 200.00	\$ -	\$ -	\$ 200.00
Municipal Court	150.00			150.00
Construction	50.00			50.00
Borough Clerk	50.00			50.00
Swim Pool Utility	50.00			50.00
Petty Cash Funds:				
Borough Clerk		100.00	100.00	-
Police		100.00	100.00	-
Recreation		100.00	100.00	-
	<u>\$ 500.00</u>	<u>\$ 300.00</u>	<u>\$ 300.00</u>	<u>\$ 500.00</u>
<u>Ref.</u>	A	A-4	A-4	A

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

	<u>REF.</u>		
Balance - December 31, 2011	A		\$ 12,375.17
Increased by:			
Allowable Deductions per Tax Billings	A- 6	168,750.00	
2012 Sr. Citizens and Vet. Ded. Allowed by Collector	A- 6	<u>2,500.00</u>	
			<u>171,250.00</u>
			183,625.17
Decreased by:			
Collected	A- 4	155,046.57	
2012 Sr. Citizens and Vet. Ded. Disallowed by Collector	A- 6	<u>422.60</u>	
			<u>155,469.17</u>
Balance - December 31, 2012	A		<u><u>\$ 28,156.00</u></u>
<u>Analysis of Sr. Citizens & Veterans Deductions Allowed - 2012 Taxes</u>			
Per Tax Billings	A- 6		\$ 168,750.00
Allowed (Disallowed) by Tax Collector (Net)	A- 6		<u>2,077.40</u>
	A-7		<u><u>\$ 170,827.40</u></u>

CURRENT FUND
SCHEDULE OF PROPERTY TAXES RECEIVABLE AND LEVY ANALYSIS

	Ref.	Total	CY 13 Prepaid	CY 12 Current	CY 11 Delinquent	Arrears	Tax Liens	Property Acquired for Taxes
Balance 12/31/2011.....		\$ 2,223,480.69	\$ (151,820.10)	\$ -	\$ 620,702.34		\$ 327,898.45	\$ 1,426,700.00
Billings / Levy:								
Original Levy.....	A- 7	38,358,958.72		38,358,958.72				
Added & Omitted.....	A- 7	45,403.79		45,403.79				
Added by Assessor.....	A- 7	9,209.28		-	9,209.28			
Canceled Taxes.....		(3,164.70)		(3,164.70)				
Transfers								
Tax Lien.....		-		(54,206.69)			54,206.69	
Revenue								
Sr.Citizens & Vets.....								
Original Levy.....	A-6	(168,750.00)		(168,750.00)				
Allowed/Disallowed.....	A-6	(2,077.40)		(2,077.40)				
Cash Receipts.....	A-4	(37,983,654.25)	(152,483.40)	(37,197,698.23)	(629,911.62)			(3,561.00)
Prepaid Applied.....		-	151,820.10	(151,820.10)				
Balance 12/31/2012.....		\$ 2,479,406.13	\$ (152,483.40)	\$ 826,645.39	\$ -	\$ -	\$ 382,105.14	\$ 1,423,139.00
	Ref.		A	A, A-7	A	A	A	A
<u>Analysis of 2012 Property Tax Levy:</u>								
<u>Tax Yield:</u>			<u>Tax Levy:</u>	<u>Ref.</u>		<u>Current Taxes Realized:</u>	<u>Ref.</u>	
General Purpose Tax		\$ 38,358,958.72	Local School District Tax	A-15	\$ 21,301,087.00	Sr. Citizens & Vets	A- 6, A- 7	\$ 170,827.40
Added Taxes		45,403.79	County Tax	A-13	5,171,278.57	Cash Receipts	A- 7	37,197,698.23
			County Open Space	A-13	474,849.18	Prepayments	A- 7	151,820.10
			Due County - Added & Omitted	A-13	6,704.78	Subtotal	A- 1	37,520,345.73
						Res. For Uncoll. Tax	A- 3	705,000.00
								38,225,345.73
			Local Tax for Municipal Purposes	A- 2	26,953,919.53	Allocated to School and County	A-13, A-15	(26,953,919.53)
			Minimum Library Tax	A- 2	10,884,926.21			
			Add: Additional Tax Levied		524,732.95			
					40,783.82			
							A- 2	\$ 11,271,426.20
					\$ 38,404,362.51			

CURRENT FUND
 SCHEDULE OF NONBUDGET REVENUES & VARIOUS ACCOUNTS RECEIVABLES

		12/31/11	Accrued/ Adjustments	Cash Receipts	12/31/12
Revenue Accounts Receivable:	<u>Ref.</u>				
Fines and Costs - Municipal Court		\$ 21,801.28	17,470.25	\$ (21,801.28)	\$ 17,470.25
Registrar:					
Other Licenses		144.00		(144.00)	-
Fees and Permits		1,100.00		(1,100.00)	-
	A-2	<u>23,045.28</u>	<u>17,470.25</u>	<u>(23,045.28)</u>	<u>17,470.25</u>
Non - Budget Revenue:					
Easements			9,900.00	(9,900.00)	-
Health Benefits Contrib. - Library			39,417.30	(39,417.30)	-
Hurricane Irene			31,319.18	(31,319.18)	-
Police Outside Service Admin			18,797.05	(18,797.05)	-
Duplicate Rec & ta Bills			410.00	(410.00)	-
Property Tax List			250.00	(250.00)	-
Sale of Assets			19,937.54	(19,937.54)	-
Senior Citizens & Veterans Deduct. - Admin. Fee			3,305.93	(3,305.93)	-
Groundwater			875.00	(875.00)	-
Towing License			1,225.00	(1,225.00)	-
Insurance Reimbursement			214.26	(214.26)	-
Municipal Court			292.00	(292.00)	-
Miscellaneous			61,228.74	(61,228.74)	-
	A-1, A-2, A-4	<u>-</u>	<u>187,172.00</u>	<u>(187,172.00)</u>	<u>-</u>
Total.....		<u>\$ 23,045.28</u>	<u>\$ 204,642.25</u>	<u>\$ (210,217.28)</u>	<u>\$ 17,470.25</u>
	<u>Ref.</u>	A	Reserve	A-4	A
<u>Analysis of Miscellaneous Revenues:</u>					
Account Receivable Collections	A-4			\$ 23,045.28	
Current Year Collections	A-4			<u>2,984,548.78</u>	
Subtotal	A-4			3,007,594.06	
Sewer Collections	A-9			406,527.74	
Due from Swimming Pool Utility Operating Fund - Interest	A-10			106.29	
Grants Realized - Grant Fund	A-10			557,233.87	
Miscellaneous Revenues - General Capital Fund	A-10			<u>120,000.00</u>	
	A-2			<u>\$ 4,091,461.96</u>	

SCHEDULE OF SEWER FLOW CHARGES RECEIVABLE
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2011	A	\$ 22,444.20
Increased by:		
Sewer Flow Charges:		
User Charges	Reserve	<u>502,767.44</u>
		525,211.64
Decreased by:		
Collected - Current Year	A-4, A-8	\$ 393,548.07
Collected - Prior Year (Net)	A-4, A-8	12,979.67
Canceled	Reserve	<u>6,294.78</u>
		<u>412,822.52</u>
Balance - December 31, 2012	A	<u><u>\$ 112,389.12</u></u>
 <u>Collection Analysis:</u>		
Budget Revenues	A-9	\$ 393,548.07
Revenue Accounts Receivable	A-9	<u>12,979.67</u>
	A-4, A-8	<u><u>\$ 406,527.74</u></u>
 <u>Analysis of Balance:</u>		
Year - 2011		\$ 4,000.52
Year - 2012		<u>108,388.60</u>
		<u><u>\$ 112,389.12</u></u>

CURRENT FUND
STATEMENT OF INTERFUNDS RECEIVABLE/ PAYABLE

	Dec. 31, 2011	Cash Receipts	Cash Disbursements	Budget Revenues	Budget Appropriations	Adjustments	Dec. 31, 2012	
Interfunds								
Trust Assessment Fund.....	\$ (13,123.96)		\$ (184.57)				\$ (13,308.53)	
Public Assistance Fund.....	(9.35)	9.35					-	
General Capital Fund.....	(66,918.90)	122,868.90		(120,000.00)	64,050.00		-	
Swimming Pool Utility Operating Fund.....				(106.29)			(106.29)	
Grant Fund.....	1,264,513.93	107,643.13	(167,119.28)	(557,233.87)	560,704.87	(5,307.30)	1,203,201.48	
Trust - Other Fund.....	(204.21)	204.21					-	
Total.....	\$ 1,184,257.51	\$ 230,725.59	\$ (167,303.85)	\$ (677,340.16)	\$ 624,754.87	\$ (5,307.30)	\$ 1,189,786.66	
	<u>Ref.</u>	A	A-4	A-4	A-1,A-8	A-1,A-3	A-1	A
Receivables	\$ (80,256.42)						\$ (13,414.82)	
Payables	<u>1,264,513.93</u>						<u>1,203,201.48</u>	
	<u>\$ 1,184,257.51</u>						<u>\$ 1,189,786.66</u>	

SCHEDULE OF 2011 APPROPRIATION RESERVES

	BALANCE DEC. 31, 2011	ENCUMBRANCES	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
<u>Operations Within "CAPS"</u>					
Mayor and Council					
Salaries and Wages	\$ 0.24	\$	\$ 0.24	\$	\$ 0.24
Other Expenses	1,710.62	515.00	2,225.62	515.00	1,710.62
Municipal Clerk					
Salaries and Wages	3,045.78		3,045.78		3,045.78
Other Expenses	4,477.52	2,363.38	6,840.90	6,083.49	757.41
Postage for All Departments					
Other Expenses	149.00		149.00		149.00
Printing and Advertising					
Other Expenses	6,668.97		6,668.97	423.68	6,245.29
Elections					
Other Expenses	63.49		63.49		63.49
Financial Administration					
Salaries and Wages	983.99		983.99	68.00	915.99
Other Expenses	1,476.78	341.82	1,818.60	1,788.30	30.30
Annual Audit					
Other Expenses		31,620.00	31,620.00	31,620.00	
Revenue Administration					
Salaries and Wages	0.06		0.06		0.06
Other Expenses	3,109.09	357.30	3,466.39	357.30	3,109.09
Tax Assessment Administration					
Salaries and Wages					
Other Expenses	776.27		776.27		776.27
Legal Services					
Salaries and Wages					
Other Expenses	13,073.21	19,497.95	32,571.16	29,450.91	3,120.25
Liquidation of Tax Title Liens and Foreclosed Property	500.00		500.00		500.00
Engineering Services					
Other Expenses	15,038.50	3,108.00	18,146.50	11,108.00	7,038.50
Computer Data Services					
Other Expenses	101.51	795.00	896.51	795.00	101.51
<u>LAND USE ADMINISTRATION:</u>					
Planning Board					
Other Expenses	6,170.31	1,828.88	7,999.19	3,870.13	4,129.06
Zoning Board of Adjustment					
Salaries and Wages	3,418.00		3,418.00		3,418.00
Other Expenses	7,024.60	1,808.87	8,833.47	1,808.87	7,024.60
Planning and Zoning Application Processing					
Other Expenses					

SCHEDULE OF 2011 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>INSURANCE</u>					
Temporary Disability Insurance	\$ 3,953.70	\$	\$ 3,953.70	\$	\$ 3,953.70
Long-Term Disability Insurance	511.02		511.02		511.02
Employees Group Insurance	9,306.29		9,306.29		9,306.29
<u>PUBLIC SAFETY</u>					
Police Department					
Salaries and Wages	33,914.15	4,200.00	38,114.15	19,489.72	18,624.43
Other Expenses	1,339.42	17,391.67	18,731.09	17,514.67	1,216.42
Juvenile Conference Committee					
Other Expenses	250.00		250.00		250.00
Office of Emergency Management					
Other Expenses	1,086.69	8,532.29	9,618.98	9,077.70	541.28
Fire Department					
Other Expenses	1,330.72	27,280.55	28,611.27	28,475.92	135.35
Hazardous Waste Facilities Tax-					
Fire Services/ First Aid Organization					
Other Expenses	483.48	4,516.52	5,000.00	4,558.23	441.77
Fire Hydrant Fees					
Other Expenses	17,543.65		17,543.65	17,177.85	365.80
Aid to Volunteer Ambulance Companies					
Municipal Prosecutor's Office					
Salaries and Wages	0.60		0.60		0.60
Municipal Court					
Other Expenses	4,327.36	1,900.09	6,227.45	2,241.22	3,986.23

SCHEDULE OF 2011 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>PUBLIC WORKS</u>					
Streets and Roads Maintenance					
Salaries and Wages	\$ 24,285.29	\$	\$ 24,285.29	\$	\$ 24,285.29
Other Expenses	2,030.10	9,049.30	11,079.40	9,849.02	1,230.38
Emergency - Hurrigan Irene	268,620.85	9,816.26	278,437.11	153,437.11	125,000.00
Shade Tree Commission					
Salaries and Wages					
Other Expenses	81.66	19,825.00	19,906.66	19,825.00	81.66
Solid Waste Collection					
Salaries and Wages	12,339.45		12,339.45		12,339.45
Garbage and Trash Removal					
Salaries and Wages	14,645.00		14,645.00		14,645.00
Other Expenses	18,982.15	6,238.24	25,220.39	8,905.57	16,314.82
Community Services Act (Condominium Community Costs)					
Other Expenses	4,480.00		4,480.00		4,480.00
Building and Grounds					
Other Expenses	12,408.70	9,348.38	21,757.08	9,455.88	12,301.20
Rental of Rescue Squad Building					
Other Expenses					
Maintenance of Communications Equipment for All Departments					
Other Expenses	500.00		500.00		500.00
<u>HEALTH AND HUMAN SERVICES</u>					
Public Health Services (Board of Health)					
Salaries and Wages	259.68		259.68		259.68
Other Expenses	4,611.04	31,400.00	36,011.04	31,400.00	4,611.04
Animal Control					
Other Expenses	7,168.30		7,168.30	4,766.66	2,401.64
Senior Nutrition -Program Costs					
Salaries and Wages	6,550.85		6,550.85	4,230.32	2,320.53
Title III Senior Medical Transportation - Program Costs					
Salaries and Wages	296.52		296.52	235.01	61.51
Title III Information & Assistance - Program Costs					
Salaries and Wages	3,334.34		3,334.34		3,334.34

SCHEDULE OF 2011 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>PARKS AND RECREATION</u>					
Recreation Services and Programs					
Salaries and Wages	\$ 5,863.59	\$	\$ 5,863.59	\$	\$ 5,863.59
Other Expenses	10,554.44	15,605.77	26,160.21	15,613.27	10,546.94
Parks and Playgrounds					
Salaries and Wages	26,053.07		26,053.07	951.36	25,101.71
Other Expenses	1,497.90	2,275.04	3,772.94	2,368.28	1,404.66
Celebration of Public Events					
Other Expenses	3,346.20		3,346.20		3,346.20
Senior Citizens Bus Transportation					
Salaries and Wages	25,059.45		25,059.45		25,059.45
Other Expenses	32.20		32.20		32.20
Recreational Field Development					
Other Expenses	500.00		500.00		500.00
Senior Citizen Coordinator					
Salaries and Wages	6,789.98		6,789.98		6,789.98
Other Expenses	526.79	2,685.43	3,212.22	2,685.43	526.79
<u>OTHER COMMON OPERATING FUNCTIONS-</u> <u>UNCLASSIFIED</u>					
Accumulated Sick Leave Compensation					
Salaries and Wages	917.51		917.51		917.51
Housing and Community Advisory Board					
Other Expenses	100.00		100.00		100.00
Environmental Advisory Council					
Other Expenses	1,150.00		1,150.00		1,150.00
Maintenance of Tax Map					
Other Expenses	1,000.00		1,000.00		1,000.00
Beautification Committee					
Other Expenses	751.10	19.90	771.00	46.54	724.46
Multi-Family Solid Waste Collection					
Other Expenses	53,973.00		53,973.00	35,948.72	18,024.28

SCHEDULE OF 2011 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>UTILITY EXPENSES AND BULK PURCHASES</u>					
Electricity	\$ 7,092.17	\$ 5,257.43	\$ 12,349.60	\$ 11,922.64	\$ 426.96
Street Lighting	23,529.20	10,279.26	33,808.46	25,058.12	8,750.34
Telephone (Excluding Equipment Acquis.)	1,206.97	2,222.81	3,429.78	3,406.27	23.51
Water	12,811.66		12,811.66	11,963.62	848.04
Gas (Natural or Propane)	7,307.63	2,902.81	10,210.44	4,846.39	5,364.05
Fuel Oil (Diesel Fuel)	1,177.70		1,177.70		1,177.70
Gasoline	12,374.17	2,806.41	15,180.58	8,516.93	6,663.65
Sewer Processing and Disposal					
Salaries and Wages	9,993.53		9,993.53		9,993.53
Other Expenses	9,069.78	4,412.78	13,482.56	5,864.59	7,617.97
<u>LANDFILL/ SOLID WASTE DISPOSAL COSTS:</u>					
Landfill Fees:					
Other Expenses	35,657.16	10,555.96	46,213.12	45,056.53	1,156.59
<u>CODE ENFORCEMENT AND ADMINISTRATION:</u>					
Construction Inspector, Plumbing Inspector and Code Enforcer					
Salaries and Wages	12,724.15		12,724.15		12,724.15
Other Expenses	4,097.22	224.98	4,322.20	367.83	3,954.37
Total Operations Within "CAPS"	<u>797,585.52</u>	<u>270,983.08</u>	<u>1,068,568.60</u>	<u>603,145.08</u>	<u>465,423.52</u>
Contingent	<u>8,000.00</u>		<u>8,000.00</u>		<u>8,000.00</u>
Total Operations Including Contingent Within "CAPS"	<u>805,585.52</u>	<u>270,983.08</u>	<u>1,076,568.60</u>	<u>603,145.08</u>	<u>473,423.52</u>

SCHEDULE OF 2011 APPROPRIATION RESERVES

	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>ENCUMBRANCES</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>STATUTORY EXPENDITURES:</u>					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 25,436.03	\$ _____	\$ 25,436.03	\$ 4,440.77	\$ 20,995.26
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>831,021.55</u>	<u>270,983.08</u>	<u>1,102,004.63</u>	<u>607,585.85</u>	<u>494,418.78</u>
<u>Operations Excluded from "CAPS"</u>					
Piscataway Sewerage Authority - Share of Costs	46,911.33		66,224.40	66,224.40	
Reserve for Tax Appeals	30,000.00		30,000.00	30,000.00	
Employee Group Insurance					
Stormwater Pollution Programs: NJDES/Stormwater Permit Other Expense	6,000.00		6,000.00		6,000.00
Middlesex County Improvement Authority County Curbside Collection Program	<u>35,457.59</u>	<u>9,049.31</u>	<u>25,193.83</u>	<u>18,098.62</u>	<u>7,095.21</u>
Total Operations - Excluded from "CAPS"	<u>118,368.92</u>	<u>9,049.31</u>	<u>127,418.23</u>	<u>114,323.02</u>	<u>13,095.21</u>
Total General Appropriations	\$ <u>949,390.47</u>	\$ <u>280,032.39</u>	\$ <u>1,229,422.86</u>	\$ <u>721,908.87</u>	\$ <u>507,513.99</u>
	<u>Ref.</u>	A	A		A-1
Accounts Payable	A-14			\$ 8,661.70	
Reserve for Tax Appeals	A-14			30,000.00	
Reserve for Hurricane Irene	A-14			129,544.61	
Disbursed	A- 4			<u>553,702.56</u>	
				<u>\$ 721,908.87</u>	

CURRENT FUND
SCHEDULE OF PROPERTY TAX OVERPAYMENTS

		Total	Current Taxes
	<u>Ref.</u>		
Balance - 12/31/2011.....	\$	1,120.01	\$ 1,120.01
Cash Receipts - Overpayments in 2012.....	A- 4	7,356.23	7,356.23
		<hr/>	<hr/>
Balance - 12/31/2012.....	\$	<u>8,476.24</u>	<u>\$ 8,476.24</u>
	<u>Ref.</u>	A	A

CURRENT FUND
SCHEDULE OF TAXES PAYABLE

	Dec. 31, 2011	Taxes Levied	Cash Disbursements	Dec. 31, 2012
County - General.....	\$ -	\$ 5,171,278.57	\$ (5,171,278.57)	\$ -
County - Open Space.....	-	474,849.18	(474,849.18)	-
County - Added & Omitted.....	-	6,704.78	(6,704.78)	-
Local School District Taxes.....		21,102,881.00	(21,102,881.00)	-
Total.....	\$ -	\$ 26,755,713.53	\$ (26,755,713.53)	\$ -
<u>Ref.</u>	A	A-1,A-7,A-15	A-4	A

CURRENT FUND
SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLES & RESERVES

	Dec. 31, 2011	Transfer from/(to) Budget	Cash Receipts	Cash Disbursements	Adjustments	Dec. 31, 2012
Accounts Payable:						
Vendor Accounts Payable.....	\$ 17,773.58			\$ (1,500.00)	\$ 8,661.70	\$ 24,935.28
Marriage License Filing Fees.....	(975.00)		\$ 3,555.00	(2,055.00)		525.00
State Training Fees.....	4,469.00		11,060.00	(11,156.00)		4,373.00
Subtotal	21,267.58	-	14,615.00	(14,711.00)	8,661.70	29,833.28
Reserve for:						
Third Party Outside Lien Redemption...	250,238.73		164,679.87	(407,169.40)		7,749.20
Codification of Ordinances.....	6,389.15					6,389.15
Library State Aid.....	6,283.00		6,034.00	(6,283.00)		6,034.00
Master Plan.....	1,161.96					1,161.96
Tax Appeals.....					30,000.00	30,000.00
Sewer Overpayment.....	7,530.79		-			7,530.79
Farmers Market.....	215.00					215.00
Hurricane Irene					129,544.61	129,544.61
Hurricane Sandy		168,124.49				168,124.49
Subtotal	271,818.63	168,124.49	170,713.87	(413,452.40)	159,544.61	356,749.20
Total.....	\$ 293,086.21	\$ 168,124.49	\$ 185,328.87	\$ (428,163.40)	\$ 168,206.31	\$ 386,582.48
<u>Ref.</u>	A	A-3	A- 4	A-4	A- 11	A

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX - DEFERRED SCHOOL TAXES

	<u>REF.</u>		
Balance - December 31, 2011			
Balance of School Taxes	A	\$ 10,406,510.00	
Prepaid School Taxes	A	<u>47,363.50</u>	
Deferred School Taxes	A		\$ 10,453,873.50
Increased by:			
Levy, School Year July 1, 2012 to June 30, 2013	A-7		<u>21,301,087.00</u>
			31,754,960.50
Decreased by:			
School Taxes Requirement - Calendar Year Taxes Payable	A-1,A-13	21,102,881.00	
Prepays Applied	A-1	<u>47,363.50</u>	
			<u>21,150,244.50</u>
Balance - December 31, 2012	A		<u>\$ 10,604,716.00</u>
Deferred School Taxes			

SCHEDULE OF STATE GRANTS RECEIVABLE
GRANT FUND

	<u>BALANCE</u> <u>DEC. 31,2011</u>	2012 BUDGET <u>REVENUE</u> <u>REALIZED</u>	<u>COLLECTED</u> <u>2012</u>	<u>TRANSFERRED</u> <u>FROM</u> <u>GRANTS</u> <u>UNAPPROPRIATED</u>	<u>BALANCE</u> <u>DEC. 31,2012</u>
Alcohol Ed & Rehab Fund - Municipal Court	\$	\$ 161.80	\$	\$ 161.80	\$ -
Body Armor Replacement Grant		2,544.98		2,544.98	-
Clean Communities Program		21,167.23	21,167.23		-
County of Middlesex - Mountain View Park		500,000.00		500,000.00	-
Drunk Driving Enforcement Fund		3,515.78		3,515.78	-
Haz-Mat Grant		3,834.08	3,834.08		-
Middlesex County - Info. Assis & Transp. Assist - Older American Act of 1965	3,346.00	12,126.00	12,573.00		2,899.00
Municipal Alliance on Alcoholism and Drug Abuse	<u>6,638.07</u>	<u>13,884.00</u>	<u>18,330.53</u>		<u>2,191.54</u>
Total Federal and State Grants Receivable	\$ <u>9,984.07</u>	\$ <u>557,233.87</u>	\$ <u>55,904.84</u>	\$ <u>506,222.56</u>	\$ <u>5,090.54</u>
<u>Ref.</u>	A	A-8, A-18	A-18	A-20	A

SCHEDULE OF DUE FROM CURRENT FUND
GRANT FUND

	<u>REF.</u>		
Balance - December 31, 2011	A		\$1,264,513.93
Increased by:			
Grants receivable collected	A-17	\$ 55,904.84	
Transfer to Trust - CDBG	A-22	68,901.20	
Grants appropriated - Current Fund budget	A-19	560,704.87	
Unappropriated grants collected	A-20	<u>7,530.09</u>	
			<u>693,041.00</u>
			1,957,554.93
Decreased by:			
Grants revenue - Current Fund budget	A-17	557,233.87	
Grants expended	A-19	115,949.76	
Transfer to Trust - CDBG	A-23	75,862.52	
Grants cancelled - CDBG	A-23	<u>5,307.30</u>	
			<u>754,353.45</u>
Balance - December 31, 2012	A		<u>\$1,203,201.48</u>

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
GRANT FUND

	BALANCE DEC. 31,2011	ENCUMBERED DEC. 31,2011	TRANSFERRED FROM 2012 BUDGET BY BUDGET	PAID OR CHARGED	ENCUMBERED DEC. 31,2012	BALANCE DEC. 31,2012
<u>Year 2005:</u>						
Drunk Driving Enforcement Fund	\$ 11,634.66	\$ 476.58	\$	\$		12,111.24
N.J. Hepatitis "B" Grant	2,354.00	195.00				2,549.00
Subtotal	<u>13,988.66</u>	<u>671.58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,660.24</u>
<u>Year 2006:</u>						
N.J. Clean Communities Grant	763.31					763.31
Drunk Driving Enforcement Fund	466.45			466.45		-
Livable Communities Grant	24.43					24.43
County of Middlesex - Victor Crowell Park	259,367.66	205.00		15,309.15	27,887.35	216,376.16
Subtotal	<u>260,621.85</u>	<u>205.00</u>	<u>-</u>	<u>15,775.60</u>	<u>27,887.35</u>	<u>217,163.90</u>
<u>Year 2007:</u>						
N.J. Clean Communities Grant	750.00					750.00
Drunk Driving Enforcement Fund	2,596.50			19.31		2,577.19
Alcohol Education & Rehab	1,591.70					1,591.70
Subtotal	<u>4,938.20</u>	<u>-</u>	<u>-</u>	<u>19.31</u>	<u>-</u>	<u>4,918.89</u>
<u>Year 2008:</u>						
N.J. Clean Communities Grant	39.20					39.20
Drunk Driving Enforcement Fund	2,088.59					2,088.59
County of Middlesex - Mountain View Park	409,443.25	52,295.97		6,429.79	454,999.21	310.22
Subtotal	<u>411,571.04</u>	<u>52,295.97</u>	<u>-</u>	<u>6,429.79</u>	<u>454,999.21</u>	<u>2,438.01</u>
<u>Year 2009:</u>						
N.J. Clean Communities Grant	415.28					415.28
Drunk Driving Enforcement Fund	6,316.77					6,316.77
Alcohol Education & Rehab	642.55					642.55
Body Armor Replacement Fund	2,378.24	645.23		632.81		2,390.66
Subtotal	<u>9,752.84</u>	<u>645.23</u>	<u>-</u>	<u>632.81</u>	<u>-</u>	<u>9,765.26</u>
<u>Year 2010:</u>						
N.J. Clean Communities Grant	3,632.46					3,632.46
Drunk Driving Enforcement Fund	1,295.11					1,295.11
Municipal Alliance Alcohol and Drug Abuse		47.40				47.40
Subtotal	<u>4,927.57</u>	<u>47.40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,974.97</u>

SCHEDULE OF RESERVE FOR STATE GRANTS - APPROPRIATED
GRANT FUND

	BALANCE DEC. 31,2011	ENCUMBERED DEC. 31,2011	TRANSFERRED FROM 2012 BUDGET BY BUDGET	PAID OR CHARGED	ENCUMBERED DEC. 31,2012	BALANCE DEC. 31,2012
<u>Year 2011:</u>						
N.J. Clean Communities Grant	697.03			689.50		7.53
Drunk Driving Enforcement Fund	4,264.04			1,693.05		2,570.99
Alcohol Education & Rehab	150.82					150.82
Municipal Alliance Alcohol and Drug Abuse		7,545.41		7,545.41		-
Body Armor Replacement Fund	5,380.62	797.19		1,512.19		4,665.62
Subtotal	<u>10,492.51</u>	<u>8,342.60</u>	<u>-</u>	<u>11,440.15</u>	<u>-</u>	<u>7,394.96</u>
<u>Year 2012:</u>						
Body Armor Replacement Grant - CY			2,544.98		2,145.00	399.98
Drunk Driving Enforcement Fund			3,515.78	155.00	204.25	3,156.53
Haz-Mat Grant			3,834.08	3,697.64		136.44
Middlesex County - Mountainview Park			500,000.00	44,138.95	321,326.17	134,534.88
Municipal Alliance on Alcohol & Drug Abuse			17,355.00	13,531.62	3,823.38	
N.J. Alcohol Education & Rehabilitation - Municipal Court			161.80			161.80
N.J. Clean Communities Grant			21,167.23	8,282.18	750.00	12,135.05
Older Americans Act - Information Assist			12,126.00	11,846.71	197.00	82.29
Subtotal	<u>-</u>	<u>-</u>	<u>560,704.87</u>	<u>81,652.10</u>	<u>328,445.80</u>	<u>150,606.97</u>
Total Federal and State Grants	<u>\$ 716,292.67</u>	<u>\$ 62,207.78</u>	<u>\$ 560,704.87</u>	<u>\$ 115,949.76</u>	<u>\$ 811,332.36</u>	<u>\$ 411,923.20</u>
Ref.	A	A	A-18	A-18	A	A

SCHEDULE OF RESERVE FOR STATE GRANTS - UNAPPROPRIATED GRANT FUND

	<u>BALANCE</u> <u>DEC. 31,2011</u>	<u>INCREASED</u> <u>BY GRANTS</u> <u>RECEIVED</u>	<u>REALIZED</u> <u>AS</u> <u>REVENUE</u>	<u>BALANCE</u> <u>DEC. 31,2012</u>
Body Armor Replacement Grant	\$ 3,826.35	\$ 2,776.71	\$ 2,544.98	\$ 4,058.08
Drunk Driving Enforcement Fund	3,515.78	4,699.42	3,515.78	4,699.42
Alcohol Education Rehabilitation Fund	161.80	53.96	161.80	53.96
County of Middlesex - Mountain View Park	<u>500,000.00</u>	<u> </u>	<u>500,000.00</u>	<u>-</u>
	<u>\$ 507,503.93</u>	<u>\$ 7,530.09</u>	<u>\$ 506,222.56</u>	<u>\$ 8,811.46</u>
<u>Ref.</u>	A	A-18	A-17	A

SCHEDULE OF DUE FROM GENERAL CAPITAL FUND - GRANT FUND

	<u>Ref.</u>	
Balance - December 31, 2011	A	\$ 23,775.00
Balance - December 31, 2012	A	<u>\$ 23,775.00</u>

SCHEDULE OF CDBG RECEIVABLE
GRANT FUND

	BALANCE DEC. 31,2011	CANCELED	TRANSFERRED TO TRUST FUND	BALANCE DEC. 31,2012
Community Development Blk Grant: Year 2006/2007 Reserves Daisy Park	\$ 428.20		428.20	\$ -
Community Development Blk Grant: Year 2007/2008 Reserves Senior Center Improvements	14,655.00		14,655.00	-
Community Development Blk Grant: Year 2011/2012 Reserves				
Cook Avenue Repaving	15,295.00		15,295.00	-
Senior Nutrition	10,000.00		10,000.00	-
Senior Van Driver	7,500.00		7,500.00	-
Code Enforcement	7,500.00		7,500.00	-
Senior Center Coordinator	13,523.00		13,523.00	-
	<u>\$ 68,901.20</u>	<u>\$ -</u>	<u>\$ 68,901.20</u>	<u>\$ -</u>
<u>Ref.</u>	A		A-18	A

SCHEDULE OF CDBG APPROPRIATIONS
GRANT FUND

	BALANCE DEC. 31,2011	CANCELED	TRANSFERRED TO TRUST FUND	BALANCE DEC. 31,2012
Community Development Blk Grant: Daisy Park - 2006/2007	\$ 428.20		428.20	\$ -
Senior Services - 2007/2008	860.00	860.00		-
Senior Center Improvements - 2008/2009	18,795.00	4,140.00	14,655.00	-
Cook Field Improvements- 2009/2010	307.30	307.30		-
Senior Van Driver - 2010/2011	6,961.32		6,961.32	-
Cook Avenue Repaving- 2011/2012	15,295.00		15,295.00	-
Senior Nutrition - 2011/2012	10,000.00		10,000.00	-
Senior Van Driver - 2011/2012	7,500.00		7,500.00	-
Code Enforcement - 2011/2012	7,500.00		7,500.00	-
Senior Center Coordinator - 2011/2012	13,523.00		13,523.00	-
Total Community Development Blk Grant:	<u>\$ 81,169.82</u>	<u>\$ 5,307.30</u>	<u>\$ 75,862.52</u>	<u>\$ -</u>
<u>Ref.</u>	A	A-18	A-18	A

Trust Fund

ANALYSIS OF TRUST ASSESSMENT CASH AND INVESTMENTS

Exhibit - B- 2

	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>RECEIPTS</u> <u>ASSESSMENTS</u> <u>AND LIENS</u>	<u>BALANCE</u> <u>DEC. 31, 2012</u>
Fund Balance	\$ 5,565.77	\$	\$ 5,565.77
Assessments Receivable	(1,470.00)		(1,470.00)
Due to Current Fund	13,123.96	184.57	13,308.53
Due to General Capital Fund	<u>7,164.08</u>		<u>7,164.08</u>
	\$ <u>24,383.81</u>	\$ <u>184.57</u>	\$ <u>24,568.38</u>
<u>Ref.</u>	B	B- 5	B

() Denotes Deficit or Deduction

SCHEDULE OF ASSESSMENT LIENS
TRUST ASSESSMENT FUND

Exhibit - B-3

<u>ORD</u> <u>NO.</u>	<u>IMPROVEMENT</u> <u>DESCRIPTION</u>	<u>BALANCE</u> <u>DEC. 31, 2011</u>	<u>BALANCE</u> <u>DEC. 31, 2012</u>	<u>BALANCE</u> <u>PLEGDED TO</u> <u>GENERAL CAPITAL</u>
1106	Curbs and Gutters	\$ <u>1,470.00</u>	\$ <u>1,470.00</u>	\$ <u>1,470.00</u>
<u>Ref.</u>		B	B	

SCHEDULE OF DUE TO GENERAL CAPITAL FUND
ASSESSMENT TRUST FUND

	<u>REF.</u>		
Balance - December 31, 2011	B	\$	7,164.08
Balance - December 31, 2012	B	\$	<u>7,164.08</u>

SCHEDULE OF DUE TO CURRENT FUND
ASSESSMENT TRUST FUND

	<u>REF.</u>		
Balance - December 31, 2011	B	\$	13,123.96
Increased by Cash Receipts	B- 2		<u>184.57</u>
Balance - December 31, 2012	B	\$	<u>13,308.53</u>

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance Dec. 31, 2011	Cash.....			Balance Dec. 31, 2012
		Receipts	Disbursements	Adjustments	
Assessment Trust:					
Assessments Receivable (Net of Reserve)...				\$ -	
Assessments Liens Receivable.....	(1,470.00)				(1,470.00)
Due to General Capital Fund.....	7,164.08				7,164.08
Due to Current Fund.....	13,123.96	184.57			13,308.53
Fund Balance.....	5,565.77				5,565.77
Total	24,383.81	184.57	-	-	24,568.38
Animal Control:					
Due To NJ - State License Fees.....		1,210.80	(1,203.00)		7.80
Animal Control Reserves.....	6,101.58	9,162.20	(7,664.70)		7,599.08
Total	6,101.58	10,373.00	(8,867.70)	-	7,606.88
Payroll:					
Deductions Payable (Net Change).....	72,585.09	6,320,689.96	(6,303,022.27)		90,252.78
Total	72,585.09	6,320,689.96	(6,303,022.27)	-	90,252.78
Developers' Escrow:					
Developer's Escrow Funds.....	159,585.54	227,015.01	(57,806.22)		328,794.33
Developer's Escrows - Water & Soil.....	18,262.00	450.00			18,712.00
Total	177,847.54	227,465.01	(57,806.22)	-	347,506.33
Public Assistance:					
Reserve for Public Assistance.....	9,913.01	74.74	(74.54)		9,913.21
Total	9,913.01	74.74	(74.54)	-	9,913.21
Community Development Blk Grant:					
Due from Midd. Cty. CDBG.....		44,208.20		(117,822.20)	(73,614.00)
Due from Current Fund.....		51,169.52	(44,208.20)	(6,961.32)	
Community Development Blk Grant:					
Year 2006/2007 Reserves					
Daisy Park.....				428.20	428.20
Community Development Blk Grant:					
Year 2008/2009 Reserves					
Senior Center Improvements			(5,685.20)	14,655.00	8,969.80
Community Development Blk Grant:					
Year 2010/2011 Reserves					
Senior Van Driver			(6,961.32)	6,961.32	-
Community Development Blk Grant:					
Year 2011/2012 Reserves					
Cook Avenue Repaving				15,295.00	15,295.00
Senior Nutrition.....			(10,000.00)	10,000.00	-
Senior Van Driver.....			(7,500.00)	7,500.00	-
Code Enforcement.....			(7,500.00)	7,500.00	-
Senior Center Coordinator.....			(13,523.00)	13,523.00	-
Community Development Blk Grant:					
Year 2012/2013 Reserves					
Senior Center Improvements				9,320.00	9,320.00
Senior Nutrition.....				7,551.00	7,551.00
Senior Van Driver.....				7,500.00	7,500.00
Code Enforcement.....				7,624.00	7,624.00
Senior Center Coordinator.....				11,075.00	11,075.00
Manhole Retrofit				5,851.00	5,851.00
Total	-	95,377.72	(95,377.72)	-	-

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance Dec. 31. 2011	Cash		Adjustments	Balance Dec. 31. 2012
		Receipts	Disbursements		
Other Trust Funds:					
Due to Current Fund	\$ 204.21		\$ (204.21)		\$ -
Due from Trust Fund.....			(258,157.99)		(258,157.99)
Reserve for Unemployment Insurance.....	117,179.41	59,456.62	(56,672.31)		119,963.72
Miscellaneous Reserves:					
Commodity Resale Program -					
Gasoline - Borough of Dunellen.....	37,621.75	91,409.23	(109,670.37)		19,360.61
Drug Alliance Donation	3,000.00				3,000.00
Federal Asset Forfeitures	8,316.59	62.94			8,379.53
Miscellaneous	4,227.00			(4,227.00)	-
Municipal Law Enforcement Trust.....	8,613.32	65.21			8,678.53
Older Americans Act.....	1,578.79	3,373.50	(1,294.90)		3,657.39
Outside Police Services.....	10,070.17	228,132.07	(233,132.85)		5,069.39
Police Found Money.....	159.66			2.00	161.66
Parking Offense Adjudication Act.....	2,630.50	118.00			2,748.50
Police Application Fees.....	2,908.85		(2,590.00)		318.85
Public Defender Fees.....	8,000.50	8,087.50	(9,700.00)		6,388.00
Police Communities Education.....	2,067.34				2,067.34
Premium on Tax Sale.....		211,500.00	(211,500.00)		-
Police Memorial Fund.....	50.00				50.00
Police Donations.....	34.61			4,125.00	4,159.61
Police - DARE.....	1,535.00			100.00	1,635.00
Police 911 Fund.....	19.84				19.84
Performing Arts Trust	3,068.00		(3,068.00)		-
Recreation Fund.....	72,897.91	105,627.46	(105,016.38)		73,508.99
Recycling Trust	102,372.62	159,399.79	(54,379.01)		207,393.40
Restitution	3,756.56				3,756.56
Senior Assisted Transportation.....	668.07	1,125.00	(101.83)		1,691.24
Street Opening Deposits.....	47,303.61	17,850.00	(6,361.00)		58,792.61
Tree Replacement Fund	7,100.00	2,800.00			9,900.00
UFC Dedicated Penalties.....	53.86				53.86
Uniform Fire Safety Penalties.....	12,405.53				12,405.53
100th Anniversary		7,024.75	(1,747.00)		5,277.75
Total	457,843.70	896,032.07	(1,053,595.85)	-	300,279.92
Total	\$ 748,674.73	\$ 7,550,197.07	\$(7,518,744.30)	\$ -	\$ 780,127.50

Ref. B B

License Fees Collected:

Year	Amount
2010	\$ 7,898.20
2011	9,673.80
	<u>\$ 17,572.00</u>

Note: R.S. 4:19.11

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

General Capital Fund

SCHEDULE OF GENERAL CAPITAL FUND
CASH AND INVESTMENTS - TREASURER

	<u>REF.</u>		
Balance - December 31, 2011	C		\$36,779.97
Increased by Receipts:			
Grants, Loans and Other Receivables	C- 4	424,649.89	
Interfunds Received	C- 7	<u>258,157.99</u>	
			<u>682,807.88</u>
			719,587.85
Decreased by Disbursements:			
Interfunds Disbursed	C- 7	122,868.90	
Improvement Authorizations	C- 8	<u>596,718.95</u>	
			<u>719,587.85</u>
Balance - December 31, 2012	C,C-3		<u><u>\$0.00</u></u>

GENERAL CAPITAL FUNDANALYSIS OF CASH AND INVESTMENTS

	BALANCE DECEMBER 31, 2011	BALANCE DECEMBER 31, 2012
Grants Receivable	\$ (999,427.44)	\$ (874,777.55)
Due from Assessment Trust	(7,164.08)	(7,164.08)
Due to Grant Fund	23,775.00	23,775.00
Due to Trust Fund	66,918.90	258,157.99
Improvement Authorizations Funded	877,397.33	833,363.02
Improvement Authorizations Expended	(555,988.56)	(1,632,750.44)
Unexpended Proceeds of BAN's Issued		
Reserve for Encumbrances	381,958.24	1,243,360.48
Reserve for:		
Capital Improvement Fund	6,834.58	33,559.58
Insurance Refund	122,331.24	2,331.24
To Pay Debt Service	12,588.76	12,588.76
Soccer Fields	107,556.00	107,556.00
	<u>\$ 36,779.97</u>	<u>\$ -</u>
<u>Ref.</u>	C-2	C-2

SCHEDULE OF VARIOUS GRANTS, LOANS AND OTHER RECEIVABLES

	<u>Ordinance Number</u>	<u>Balance December 31, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2012</u>
Receivables:					
Federal Highway - 1999 Rec Trails Mountainview Greenways Nature Preserve	1479-99	\$ 866.25			\$ 866.25
State of NJ DOT - Municipal Road Program - Warrenville Rd.	1528-01	55,787.75			55,787.75
Middlesex County - Rt. 28 Streetscapes	1582-03	4,840.00			4,840.00
New Jersey Environmental Infrastructure Trust	1611-04	404,561.00			404,561.00
State of NJ DOT	1643-05	75,489.56			75,489.56
Federal Homeland Security	1643-05	24,000.00			24,000.00
Middlesex County	1643-05	35,966.00			35,966.00
Recycling Trust	1676-05	2,350.00			2,350.00
State of NJ DCA - Livable Communities	1688-06	130.00			130.00
Federal Homeland Security	1688-06	8,805.00			8,805.00
State of NJ DOT - Beechwood Ave.	1715-07	69,476.44			69,476.44
State of NJ DOT - Greenbrook Rd	1736-08	56,250.00			56,250.00
State of NJ DOT - Beechwood Ave.	1772-10	156,250.00		139,888.23	16,361.77
State of NJ DOT - Parker Street	1797-11	300,000.00		284,761.66	15,238.34
State of NJ OEM	1808-12		635,000.00		635,000.00
Federal Emergency Management Agency (FEMA)	1808-12		1,905,000.00		1,905,000.00
State of NJ DOT - Howard Avenue	1818-12		300,000.00		300,000.00
		<u>\$ 1,194,772.00</u>	<u>\$ 2,840,000.00</u>	<u>\$ 424,649.89</u>	<u>\$ 3,610,122.11</u>
	<u>Ref.</u>	C		C-2	C
Improvement Authorizations	C-8		\$ 300,000.00		
Reserve for Receivables	C-13		<u>2,540,000.00</u>		
			<u>\$ 2,840,000.00</u>		

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	<u>Total</u>	<u>Serial Bonds</u>	<u>Infrastructure Trust</u>	<u>Green Acres Loans</u>	<u>MCIA Loans</u>
Balance - December 31, 2011	C	\$ 12,230,076.90	\$ 10,407,000.00	\$ 1,155,511.53	\$ 245,872.84	\$ 421,692.53
Decreased by:						
Serial Bonds/Loans Paid From Budget Appropriation	C-9,C-10 C-11,C-12,C-15	<u>894,870.31</u>	<u>725,000.00</u>	<u>85,825.55</u>	<u>30,016.74</u>	<u>54,028.02</u>
Balance - December 31, 2012	C	<u>\$ 11,335,206.59</u>	<u>\$ 9,682,000.00</u>	<u>\$ 1,069,685.98</u>	<u>\$ 215,856.10</u>	<u>\$ 367,664.51</u>

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit - C-6

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2011	2012 AUTHOR.	BALANCE DEC. 31, 2012	ANALYSIS OF BALANCE - DECEMBER 31, 2012		
					BOND ANTICIPATION NOTES	EXPENDED	UNEXPENDED BALANCE OF IMPROV. AUTHOR.
<u>General Improvements</u>							
1503-00	Purchase and/or Installation of Equip. for Various Departments	\$ 136.00	\$	\$ 136.00	\$	\$ -	\$ 136.00
1513-00	Purchase of Senior Citizens Bus	0.08		0.08		-	0.08
1544-01	Improv. to Various Buildings & Facilities	9,253.38		9,253.38		4,105.42	5,147.96
1548-01	Reconstr. Of Roads Including Drainage	21,123.19		21,123.19		14,240.07	6,883.12
1562-02	Various Capital Improvements	8,691.75		8,691.75		7,312.58	1,379.17
1571-02	Constr. of Bikeway - Fitzsimmons Park to Mountainview Park	37,085.00		37,085.00		21,463.61	15,621.39
1599-04	Installation of New Sidewalks, Crosswalks, Pedestrian Signs at various locations.	3,157.25		3,157.25		-	3,157.25
1605-04	Various Capital Improvements	985.00		985.00		-	985.00
1609-04	Resurfacing of South Ave.	125,151.31		125,151.31		3,920.74	121,230.57
1626-04	911 Equipment	2,592.00		2,592.00		428.47	2,163.53
1643-05	Various Capital Improvements (NJ DOT \$200,000), (NJ DCA \$95,000) (Assistance to Firefighters \$136,444) (Federal Homeland Security \$24,000) (Middlesex County \$97,556)	127,256.00		127,256.00		59,103.31	68,152.69
1646-05	Amended/Streetscape Improvement Rt 28	30,400.00		30,400.00		-	30,400.00
1676-05	Rack Body Truck	1,261.55		1,261.55		1,120.54	141.01
1687-06	Various Capital Improvements	107,838.96		107,838.96		28,029.10	79,809.86
1708-07	Acquisition of Street Sweeper	3,349.30		3,349.30		2,241.07	1,108.23
1772-10	Various Capital Improvements	273,030.00		273,030.00		130,426.92	142,603.08
1797-11	Various Capital Improvements	1,248,566.00		1,248,566.00		823,370.71	425,195.29
1808-12	Acq and Demolition of Certain Flood Prone Properties		2,540,000.00	2,540,000.00		168,500.00	2,371,500.00
1818-12	Various Capital Improvements		779,125.00	779,125.00		345,226.69	433,898.31
<u>Local Improvements</u>							
1403-97	Constr. of Curbs & Gutters - Cedar, Hooker, etc.	2,180.42		2,180.42		2,180.42	
1411-97	Constr. of Curbs & Gutters - Emerson & June Way	11,192.23		11,192.23		11,192.23	
1435-98	Constr. of Curbs & Gutters - Ashland Ave.	9,888.56		9,888.56		9,888.56	
		<u>\$ 2,023,137.98</u>	<u>\$ 3,319,125.00</u>	<u>\$ 5,342,262.98</u>	<u>\$ -</u>	<u>\$ 1,632,750.44</u>	<u>\$ 3,709,512.54</u>
Ref.		C	C-8	C			

SCHEDULE OF INTERFUNDS
GENERAL CAPITAL FUND

- 82 -

	<u>Ref.</u>	<u>TOTAL</u>	<u>CURRENT</u>	<u>ASSESSMENT TRUST</u>	<u>TRUST - OTHER</u>	<u>GRANT FUND</u>
Balance - December 31, 2011						
Due From	C	\$ 7,164.08	\$	\$ 7,164.08	\$	\$
Due To	C	90,693.90	66,918.90			23,775.00
Increased by:						
Funds Received	C-2	258,157.99			258,157.99	
Budget Revenue - Insurance Refunds	C-13	<u>120,000.00</u>	<u>120,000.00</u>			
Subtotal		<u>378,157.99</u>	<u>120,000.00</u>	<u>-</u>	<u>258,157.99</u>	<u>-</u>
Decreased by:						
Funds Disbursed	C-2	122,868.90	122,868.90			
Capital Improv. Fund	C-14	<u>64,050.00</u>	<u>64,050.00</u>			
		<u>186,918.90</u>	<u>186,918.90</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - December 31, 2012						
Due From	C	7,164.08		7,164.08		
Due To	C	<u>\$ 281,932.99</u>	<u>\$ -</u>	<u>\$ 7,164.08</u>	<u>\$ 258,157.99</u>	<u>\$ 23,775.00</u>

SCHEDULE OF GENERAL SERIAL BONDS

Exhibit - C-9

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS</u>		<u>INTEREST RATE</u>	<u>BALANCE DEC. 31, 2011</u>	<u>DECREASE</u>	<u>BALANCE DEC. 31, 2012</u>
			<u>OUTSTANDING - DEC. 31, 2012</u>	<u>DATE</u>				
General Improvement Bonds of 2004	09/01/04	\$ 2,552,000.00	09/01/13	\$ 325,000.00	3.375%	\$ 942,000.00	\$ 300,000.00	\$ 642,000.00
			09/01/14	317,000.00	3.500%			
General Improvement Bonds of 2010	02/15/10	9,865,000.00	02/15/13	450,000.00	3.000%	9,465,000.00	425,000.00	9,040,000.00
			02/15/14	475,000.00	3.000%			
			02/15/15	675,000.00	3.000%			
			02/15/16	675,000.00	3.000%			
			02/15/17	700,000.00	3.000%			
			02/15/18	700,000.00	3.000%			
			02/15/19	700,000.00	3.000%			
			02/15/20	700,000.00	3.200%			
			02/15/21	775,000.00	3.375%			
			02/15/22	800,000.00	3.500%			
			02/15/23	800,000.00	3.500%			
			02/15/24	800,000.00	3.625%			
			02/15/25	790,000.00	4.000%			
						<u>\$ 10,407,000.00</u>	<u>\$ 725,000.00</u>	<u>\$ 9,682,000.00</u>
				<u>Ref.</u>		C	C-5	C

SCHEDULE OF CAPITAL LEASES PAYABLE
MIDDLESEX COUNTY IMPROVEMENT AUTHORITY

Exhibit - C-10

<u>PROJECT DESCRIPTION</u>	<u>AMOUNT OF LOAN</u>	<u>FEES PAYABLE</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LEASES DATE</u>	<u>AMOUNT</u>	<u>BALANCE DEC. 31, 2011</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2012</u>
Capital Equipment - 2008	\$ 572,745.83	\$ 14,522.02	3.125%	09/15/13	\$ 55,977.68	\$ 421,692.53	\$ 54,028.02	\$ 367,664.51
			3.250%	09/15/14	57,997.72			
			3.550%	09/15/15	60,090.64			
			3.750%	09/15/16	62,259.09			
			4.000%	09/15/17	64,505.80			
			4.200%	09/15/18	66,833.58			
						<u>\$ 421,692.53</u>	<u>\$ 54,028.02</u>	<u>\$ 367,664.51</u>
				<u>Ref.</u>		C	C- 5	C

SCHEDULE OF LOANS PAYABLE
NEW JERSEY 1987 GREEN TRUST FUND

<u>PAYMENT NUMBER</u>	<u>DATE OF PAYMENT</u>	<u>INTEREST PAYMENTS</u>	<u>PRINCIPAL PAYMENTS</u>	<u>BALANCE - LOANS PAYABLE</u>
				\$ 93,320.71
28	June 2, 2013	\$ 933.21	\$ 9,961.09	83,359.62
29	Dec. 2, 2013	833.60	10,060.70	73,298.92
30	June 2, 2014	732.99	10,161.30	63,137.62
31	Dec. 2, 2014	631.38	10,262.92	52,874.70
32	June 2, 2015	528.75	10,365.55	42,509.15
33	Dec. 2, 2015	425.09	10,469.20	32,039.95
34	June 2, 2016	320.40	10,573.89	21,466.06
35	Dec. 2, 2016	214.66	10,679.63	10,786.43
36	June 2, 2017	<u>107.86</u>	<u>10,786.43</u>	-
Total Balance Due - Principal and Interest		<u>\$ 4,727.94</u>	<u>\$ 93,320.71</u>	
<u>Payments</u> <u>Made in 2012</u>				
26	June 2, 2012	\$ 1,129.48	\$ 9,764.81	
27	Dec. 2, 2012	<u>1,031.83</u>	<u>9,862.46</u>	
		<u>\$ 2,161.31</u>	<u>\$ 19,627.27</u>	

REF.

C-5

Details as to Loan Repayments:

- A. Payments made payable to: Treasurer, State of New Jersey, 1987 Green Trust Fund
- B. Payments to be mailed to: New Jersey Department of Environmental Protection
 Division of Financial Management and General Services
 Office of Trust Fund Management
 Post Office Box 420
 Trenton, New Jersey 08625
- C. Original Amount of Loan = \$328,000.00

SCHEDULE OF LOANS PAYABLE
NEW JERSEY GREEN TRUST FUND - 1989

PAYMENT NUMBER	DATE OF PAYMENT	INTEREST PAYMENTS	PRINCIPAL PAYMENTS	BALANCE - LOANS PAYABLE
				\$ 122,535.39
19	January 15, 2013	\$ 1,225.35	\$ 5,272.79	117,262.60
20	July 15, 2013	1,172.63	5,325.52	111,937.08
21	January 15, 2014	1,119.37	5,378.77	106,558.31
22	July 15, 2014	1,065.58	5,432.56	101,125.75
23	January 15, 2015	1,011.26	5,486.89	95,638.86
24	July 15, 2015	956.39	5,541.75	90,097.11
25	January 15, 2016	900.97	5,597.17	84,499.94
26	July 15, 2016	845.00	5,653.14	78,846.80
27	January 15, 2017	788.47	5,709.68	73,137.12
28	July 15, 2017	731.37	5,766.77	67,370.35
29	January 15, 2018	673.70	5,824.44	61,545.91
30	July 15, 2018	615.46	5,882.68	55,663.23
31	January 15, 2019	556.63	5,941.51	49,721.72
32	July 15, 2019	497.22	6,000.93	43,720.79
33	January 15, 2020	437.21	6,060.94	37,659.85
34	July 15, 2020	376.60	6,121.55	31,538.30
35	January 15, 2021	315.38	6,182.76	25,355.54
36	July 15, 2021	253.56	6,244.59	19,110.95
37	January 15, 2022	191.11	6,307.03	12,803.92
38	July 15, 2022	128.04	6,370.10	6,433.82
39	January 15, 2023	64.30	6,433.82	0.00
Total Balance Due - Principal and Interest		<u>\$ 13,925.60</u>	<u>\$ 122,535.39</u>	
Payments Made				
<u>Made in 2012</u>				
17	January 15, 2012	\$ 1,329.25	\$ 5,168.89	
18	July 15, 2012	1,277.56	5,220.58	
		<u>\$ 2,606.81</u>	<u>\$ 10,389.47</u>	

REF.

C-5

Details as to Loan Repayments:

- A. Payments made payable to: Treasurer, State of New Jersey, 1989 Green Trust Fund
- B. Payments to be mailed to: New Jersey Department of Environmental Protection
Division of Financial Management and General Services
Office of Trust Fund Management
Post Office Box 420
Trenton, New Jersey 08625
- C. Original Amount of Loan = \$209,000.00

SCHEDULE OF VARIOUS RESERVES

	Ordinance Number	Balance December 31, 2011	Increases	Decreases	Balance December 31, 2012
Reserve for:					
Cash or Appropriated Reserves:					
Insurance Refund - Landfill (Payment of Bonds)		\$ 122,331.24		\$ 120,000.00	\$ 2,331.24
Payment of Debt Service		12,588.76			12,588.76
Soccer Fields		107,556.00			107,556.00
Subtotal		<u>242,476.00</u>	<u>-</u>	<u>120,000.00</u>	<u>122,476.00</u>
Grants, Loans & Other Receivables:					
Federal Highway - 1999 Rec Trails Mountainview					
Greenways Nature Preserve	1479-99	866.25			866.25
State of NJ DOT - Municipal Road Program - Warrenton Rd.	1528-01	55,787.75			55,787.75
Middlesex County - Rt. 28 Streetscapes	1582-03	4,840.00			4,840.00
New Jersey Environmental Infrastructure Trust	1611-04	58,305.00			58,305.00
State of NJ DOT - Cedar Ave.	1643-05	75,489.56			75,489.56
Middlesex County - Cedar Ave.	1643-05	56.00			56.00
State of NJ OEM	1808-12		635,000.00		635,000.00
Federal Emergency Management Agency (FEMA)	1808-12		1,905,000.00		1,905,000.00
Subtotal		<u>195,344.56</u>	<u>2,540,000.00</u>	<u>-</u>	<u>2,735,344.56</u>
		<u>\$ 437,820.56</u>	<u>\$ 2,540,000.00</u>	<u>\$ 120,000.00</u>	<u>\$ 2,857,820.56</u>
	<u>Ref.</u>	C	C-4	C-7	C

SCHEDULE OF RESERVE FOR
CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance - December 31, 2011	C	\$ 6,834.58
Increased by:		
Budget Appropriation	C- 7	<u>64,050.00</u>
		70,884.58
Decreased by:		
Appropriated to Finance Improvement Authorizations	C- 8	<u>37,325.00</u>
Balance - December 31, 2012	C	<u><u>\$ 33,559.58</u></u>

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

PAYMENT NUMBER	COUPON	DATE OF PAYMENT	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	NET SAVINGS PRINCIPAL	NET SAVINGS INTEREST	TOTAL PAYMENTS	BALANCE - TRUST LOAN PAYABLE	DATE OF PAYMENT	PRINCIPAL PAYMENTS ONLY	BALANCE - FUND LOAN PAYABLE
<u>NJ Infrastructure Trust Loan:</u>									<u>NJ Infrastructure Fund Loan:</u>		
15								\$ 680,000.00	02/01/13	\$ 9,273.49	\$ 531,160.50
16		02/01/13		\$ 14,278.13		\$ 1,914.86	\$ 12,363.27	680,000.00	08/01/13	35,253.09	486,633.92
17	5.000%	08/01/13	\$ 40,000.00	14,278.13		1,914.63	52,363.50	640,000.00	02/01/14	8,624.00	478,009.92
18		02/01/14		13,278.13		1,914.40	11,363.73	640,000.00	08/01/14	34,603.60	443,406.32
19	4.000%	08/01/14	40,000.00	13,278.13		1,914.17	51,363.96	600,000.00	02/01/15	8,104.41	435,301.91
20		02/01/15		12,478.13		1,913.95	10,564.18	600,000.00	08/01/15	37,331.45	397,970.46
21	4.000%	08/01/15	45,000.00	12,478.13		1,913.72	55,564.41	555,000.00	02/01/16	7,519.87	390,450.59
22		02/01/16		11,578.13		1,913.49	9,664.64	555,000.00	08/01/16	36,746.91	353,703.68
23	4.000%	08/01/16	45,000.00	11,578.13		1,913.26	54,664.87	510,000.00	02/01/17	6,935.33	346,768.35
24		02/01/17		10,678.13		1,913.04	8,765.09	510,000.00	08/01/17	36,162.37	310,605.98
25	5.000%	08/01/17	45,000.00	10,678.13	11,220.35	1,904.91	42,552.87	465,000.00	02/01/18	6,204.66	304,401.32
26		02/01/18		9,553.13		1,632.30	7,920.83	465,000.00	08/01/18	38,679.14	265,722.18
27	5.000%	08/01/18	50,000.00	9,553.13	11,815.37	1,636.18	46,101.58	415,000.00	02/01/19	5,392.79	260,329.39
28		02/01/19		8,303.13		1,336.46	6,966.67	415,000.00	08/01/19	37,867.28	222,462.11
29	5.000%	08/01/19	50,000.00	8,303.13	12,345.52	1,331.48	44,626.13	365,000.00	02/01/20	4,580.93	217,881.18
30		02/01/20		7,053.13		1,027.67	6,025.46	365,000.00	08/01/20	40,302.57	177,578.61
31	5.000%	08/01/20	55,000.00	7,053.13	13,041.88	1,029.49	47,981.76	310,000.00	02/01/21	3,687.88	173,890.73
32		02/01/21		5,678.13		701.36	4,976.77	310,000.00	08/01/21	39,409.82	134,480.91
33	5.000%	08/01/21	55,000.00	5,678.13	13,659.36	698.25	46,320.52	255,000.00	02/01/22	2,794.83	131,686.08
34		02/01/22		4,303.13		359.84	3,943.29	255,000.00	08/01/22	41,764.22	89,921.86
35	5.000%	08/01/22	60,000.00	4,303.13	14,392.04	359.81	49,551.28	195,000.00	02/01/23	1,820.60	88,101.26
36		02/01/23		2,803.13			2,803.13	195,000.00	08/01/23	44,037.62	44,063.64
37	4.250%	08/01/23	65,000.00	2,803.13			67,803.13	130,000.00	02/01/24	923.39	43,140.25
38		02/01/24		1,421.88			1,421.88	130,000.00	08/01/24	43,140.25	-
39	4.375%	08/01/24	65,000.00	1,421.88			66,421.88	65,000.00		-	
Total Due			Principal	<u>\$ 615,000.00</u>					Principal Only	<u>\$ 531,160.50</u>	
			Interest		<u>\$ 202,812.62</u>						
			Savings Credits			<u>\$ 76,474.52</u>	<u>\$ 29,243.27</u>				
			Principal and Interest				<u>\$ 712,094.83</u>				
Payments Made in 2012											
13									02/01/12	\$ 9,922.98	
14		02/01/12							08/01/12	35,902.57	
15		08/01/12	<u>\$ 40,000.00</u>								
				<u>\$ 40,000.00</u>						<u>\$ 45,825.55</u>	

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BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

ORD. NUMBER	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2011	AUTHORIZED 2012	BALANCE DEC. 31, 2012
<u>General:</u>				
1503-00	Purchase and/or Installation of Equip. for Various Departments	\$ 136.00		\$ 136.00
1513-00	Purchase of Senior Citizens Bus	0.08		0.08
1544-01	Improv. to Various Buildings & Facilities	9,253.38		9,253.38
1548-01	Reconstr. of Roads Including Drainage (NJ DOT \$250,000)	21,123.19		21,123.19
1562-02	Various Capital Improvements	8,691.75		8,691.75
1571-02	Constr. of Bikeway - Fitzsimmons Park to Mountainview Park (\$50,000 NJ DOT Discr. Bike Progr.)	37,085.00		37,085.00
1599-04	Installation of New Sidewalks, Crosswalks, Pedestrian Signs	3,157.25		3,157.25
1605-04	Various Capital Improvements	985.00		985.00
1609-04	Resurfacing of South Ave.	125,151.31		125,151.31
1626-04	911 Equipment	2,592.00		2,592.00
1643-05	Various Capital Improvements	127,256.00		127,256.00
1646-05	Amended/Streetscape Improvement on Route 28	30,400.00		30,400.00
1676-05	Rack Body Truck	1,261.55		1,261.55
1687-06	Various Capital Improvements	107,838.96		107,838.96
1708-07	Acquisition of Street Sweeper	3,349.30		3,349.30
1772-10	Various Capital Improvements	273,030.00		273,030.00
1797-11	Various Capital Improvements	1,248,566.00		1,248,566.00
1808-12	Acq and Demolition of Certain Flood Prone Properties		2,540,000.00	2,540,000.00
1818-12	Various Capital Improvements		779,125.00	779,125.00
<u>Local:</u>				
1403-97	Constr. of Curbs & Gutters - Cedar, Hooker, etc.	2,180.42		2,180.42
1411-97	Constr. of Curbs & Gutters - Emerson & June Way	11,192.23		11,192.23
1435-98	Constr. of Curbs & Gutters - Ashland Ave.	9,888.56		9,888.56
		<u>\$ 2,023,137.98</u>	<u>\$ 3,319,125.00</u>	<u>\$ 5,342,262.98</u>

- 16 -

Swimming Pool Utility Fund

SCHEDULE OF SWIMMING POOL UTILITY CASH AND INVESTMENTS
TREASURER

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>SNACK BAR ACCOUNT</u>
Balance - December 31, 2011	D	\$270,258.31	\$3,004.28
Increased by Receipts:			
Membership Fees	D- 2	249,930.00	
Miscellaneous Revenues	D- 6	87,722.73	
Snack Bar Operation	D-11		27,572.00
Due to Current Fund	D-12	<u>1,163.85</u>	<u>69.16</u>
		<u>338,816.58</u>	<u>27,641.16</u>
		609,074.89	30,645.44
Decreased by Disbursements:			
Budget Appropriations	D-3	240,197.12	
Appropriation Reserves	D-10	3,482.74	
Snack Bar Operations	D-11		16,268.59
Due to Current Fund	D-12	<u>1,063.39</u>	<u>63.33</u>
		<u>244,743.25</u>	<u>16,331.92</u>
Balance - December 31, 2012	D	<u><u>\$364,331.64</u></u>	<u><u>\$14,313.52</u></u>

ANALYSIS OF SWIMMING POOL CAPITAL
CASH AND INVESTMENTS

	BALANCE DEC. 31, <u>2011</u>	BALANCE DEC. 31, <u>2012</u>
Capital Improvement Fund	\$ 72,730.10	\$ 72,730.10
Improvement Authorizations Unfunded	(156,330.00)	(156,330.00)
Due (from)/to Swimming Pool Operating Fund	<u>83,599.90</u>	<u>83,599.90</u>
	<u>\$ -</u>	<u>\$ -</u>
<u>Ref.</u>	D	D

SCHEDULE OF MISCELLANEOUS RECEIPTS
SWIMMING POOL UTILITY OPERATING FUND

	<u>Ref.</u>	<u>YEAR 2012</u>
Miscellaneous (Net of Refunds):		
Interest Income		\$ 82.73
Guest Admissions		27,849.00
Swim Classes Registration		23,510.00
Long Course		24,300.00
Family Night		238.00
Swim Team Membership		7,050.00
Aquacize		425.00
Synchro Membership		2,540.00
Syncro Show		97.00
Weekly Passes		30.00
Miscellaneous Income		<u>1,601.00</u>
Subtotal	D-2,D-4	87,722.73
Food Concession	D-2, D-11	<u>11,303.41</u>
		<u>\$ 99,026.14</u>

SCHEDULE OF FIXED CAPITAL
SWIMMING POOL UTILITY CAPITAL FUND

<u>ACCOUNT</u>	<u>BALANCE DEC. 31, 2011</u>	<u>BALANCE DEC. 31, 2012</u>
Swimming Pool and Grounds	\$ 234,000.00	\$ 234,000.00
Improvement - 1987	217,721.56	217,721.56
Improvement - 1991	65,300.00	65,300.00
Improvement - 1997	149,270.00	149,270.00
	<u>\$ 666,291.56</u>	<u>\$ 666,291.56</u>
	<u>REF.</u>	
	D	D

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

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u>		<u>BALANCE DEC. 31, 2011</u>	<u>BALANCE DEC. 31, 2012</u>
		<u>DATE</u>	<u>AMOUNT</u>		
1771-10	Swim Pool Improvements	07/27/10	\$ 350,000.00	<u>\$350,000.00</u>	<u>\$350,000.00</u>
				<u>\$350,000.00</u>	<u>\$350,000.00</u>
				D	D

SCHEDULE OF ACCOUNTS PAYABLE
SWIMMING POOL UTILITY FUND

	<u>REF.</u>	
Balance - December 31, 2011	D	\$ 19,521.06
Increased by:		
Charges from Approp. Reserves	D-10	<u>100.00</u>
Balance - December 31, 2012	D	<u>\$ 19,621.06</u>

SCHEDULE OF 2011 APPROPRIATION RESERVES
SWIMMING POOL UTILITY OPERATING FUND

	<u>BALANCE</u> <u>DECEMBER 31, 2011</u>		<u>BALANCE</u> <u>AFTER</u>	<u>PAID OR</u>	<u>BALANCED</u>
	<u>APROPRIATION</u> <u>RESERVES</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u>	<u>TRANSFERS</u>	<u>CHARGED</u>	<u>LAPSED</u>
Operations:					
Salaries and Wages	\$ 26,045.70	\$	\$ 26,045.70	\$	\$ 26,045.70
Other Expenses	<u>32,669.49</u>	<u>2,258.64</u>	<u>34,928.13</u>	<u>3,582.74</u>	<u>31,345.39</u>
Total Operations	<u>58,715.19</u>	<u>2,258.64</u>	<u>60,973.83</u>	<u>3,582.74</u>	<u>57,391.09</u>
Deferred Charges and Statutory Expenditures					
Contribution to:					
Social Security System	<u>4,432.62</u>	<u></u>	<u>4,432.62</u>	<u></u>	<u>4,432.62</u>
Total Deferred Charges and Statutory Expenditures	<u>4,432.62</u>	<u></u>	<u>4,432.62</u>	<u></u>	<u>4,432.62</u>
	<u>\$ 63,147.81</u>	<u>\$ 2,258.64</u>	<u>\$ 65,406.45</u>	<u>\$ 3,582.74</u>	<u>\$ 61,823.71</u>
	<u>REF.</u>	<u>D</u>	<u>D</u>		<u>D-1</u>
Cash Disbursements				\$ 3,482.74	
Accounts Payable	D- 4			<u>100.00</u>	
	D- 9			<u>\$ 3,582.74</u>	

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

	<u>REF.</u>	
Increased by:		
Receipts from Sales	D- 4	\$ 27,572.00
Decreased by:		
Transfer to Miscellaneous Revenues	D-2, D-6	11,303.41
Purchases	D-4	<u>16,268.59</u>
		<u>\$ 27,572.00</u>

SCHEDULE OF INTERFUNDS RECEIVABLE/PAYABLE
SWIMMING POOL UTILITY OPERATING FUND

	<u>REF.</u>	<u>Total</u>	<u>SWIMMING POOL CAPITAL</u>	<u>CURRENT FUND</u>
Balance - December 31, 2011	D	\$ 83,599.90	\$ 83,599.90	
Increased by:				
Interest earned on investments	D-4	1,163.85		1,163.85
Interest earned on investments - snack bar	D-4	<u>69.16</u>		<u>69.16</u>
		84,832.91	83,599.90	1,233.01
Decreased by:				
Interest earned on investments	D-4	1,063.39		1,063.39
Interest earned on investments - snack bar	D-4	<u>63.33</u>		<u>63.33</u>
Balance - December 31, 2012				
Due from	D	\$ 83,599.90	\$ 83,599.90	
Due to	D	<u>106.29</u>		<u>\$ 106.29</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND
SWIMMING POOL UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	D	\$72,730.10
Balance - December 31, 2012	D	<u>\$72,730.10</u>

SCHEDULE OF RESERVE FOR AMORTIZATION
SWIMMING POOL UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2011	D	\$666,291.56
Balance - December 31, 2012	D	<u>\$666,291.56</u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
SWIMMING POOL UTILITY CAPITAL FUND

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORD.</u>	<u>BALANCE DEC. 31, 2011</u>	<u>BALANCE DEC. 31, 2012</u>
1771-10	Swim Pool Improvements	07/27/10	<u>\$100,000.00</u>	<u>\$100,000.00</u>
			<u>\$100,000.00</u>	<u>\$100,000.00</u>
			D	D

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

	<u>REF.</u>	
Balance - December 31, 2011	D	\$83,599.90
Balance - December 31, 2012	D	<u>\$83,599.90</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
 SWIMMING POOL UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE	BALANCE
		DATE	AMOUNT	DEC 31, 2011 UNFUNDED	DEC 31, 2012 UNFUNDED
<u>General Improvements:</u>					
1771-10	Swim Pool Improvements	07/27/10	\$ 350,000.00	\$ 93,670.00	\$ 93,670.00
				\$ 93,670.00	\$ 93,670.00
			<u>Ref.</u>	D	D

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORD. NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2011</u>	<u>BALANCE DEC. 31, 2012</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>

Ref.

D

**BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY**



**PART III
SUPPLEMENTARY DATA**

BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY

COMBINED BALANCE SHEET - ALL FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2012

ASSETS	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SWIMMING POOL UTILITY FUND	GOVERNMENTAL FIXED ASSETS (UNAUDITED)	MEMORANDUM DEC. 31, 2012	TOTAL ONLY DEC. 31, 2011
Cash and Investments	\$ 3,417,753.94	\$ 780,127.50	\$	\$ 378,645.16	\$	\$ 4,576,526.60	\$ 4,475,058.92
Accounts Receivable:							
State & Federal Grants Receivable	5,090.54	73,614.00	3,610,122.11			3,688,826.65	1,273,657.27
Due from State of New Jersey	28,156.00					28,156.00	12,375.17
Taxes, Assessments, Liens & Utility Charges	1,208,750.53	1,470.00				1,210,220.53	950,070.79
Interfund Loans	1,240,391.30	258,157.99	7,164.08	83,599.90		1,589,313.27	1,459,309.33
Other Accounts Receivable	129,859.37					129,859.37	45,489.48
Property Acquired for Taxes at Assessed Valuation	1,423,139.00					1,423,139.00	1,426,700.00
Prepaid School Tax							47,363.50
Deferred Charges to Revenue of Succeeding Years	620,000.00					620,000.00	400,000.00
Inventory							
Fixed Assets - General					21,555,955.62	21,555,955.62	21,555,955.62
Fixed Capital - Utility				1,016,291.56		1,016,291.56	1,016,291.56
Deferred Charges to Future Taxation: General Capital Fund			16,677,469.57			16,677,469.57	14,253,214.88
	<u>\$ 8,073,140.68</u>	<u>\$ 1,113,369.49</u>	<u>\$ 20,294,755.76</u>	<u>\$ 1,478,536.62</u>	<u>\$ 21,555,955.62</u>	<u>\$ 52,515,758.17</u>	<u>\$ 46,915,486.52</u>

LIABILITIES, RESERVES AND FUND BALANCE	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	SWIMMING POOL UTILITY FUND	GOVERNMENTAL FIXED ASSETS (UNAUDITED)	MEMORANDUM DEC. 31, 2012	TOTAL ONLY DEC. 31, 2011
Bonds and Notes Payable	\$	\$	\$ 9,682,000.00	\$	\$	\$ 9,682,000.00	\$ 10,407,000.00
Loans Payable			1,653,206.59			1,653,206.59	1,823,076.90
Prepaid Taxes, Assessments, Utility Charges and Licenses	152,483.40					152,483.40	151,820.10
Tax, Assessment, Lien, License and Utility Charge Overpayments	16,007.03					16,007.03	8,650.80
Appropriation Reserves	1,010,330.19			128,637.11		1,138,967.30	2,236,334.88
Reserve for Encumbrances/ Accounts Payable	1,237,325.72	90,260.58	1,243,360.48	23,586.83		2,594,533.61	839,830.78
Amts. Pledged to Specific Purposes	349,218.41	649,564.20	156,035.58	72,730.10		1,227,548.29	1,159,405.07
Escrow Funds		347,506.33				347,506.33	159,585.54
Improvement Authorizations			4,542,875.56	93,670.00		4,636,545.56	2,438,216.75
Interfund Loans	1,203,201.48	20,472.61	281,932.99	83,706.19		1,589,313.27	1,459,309.33
Investments in Governmental Fixed Assets					21,555,955.62	21,555,955.62	21,555,955.62
Reserve for Amortization of Costs of Fixed Capital Acquired or Authorized				766,291.56		766,291.56	766,291.56
Reserve for Certain Assets Acquired or Receivables & Inventories	2,775,163.72		2,735,344.56			5,510,508.28	2,696,391.25
Fund Balance	<u>1,329,410.73</u>	<u>5,565.77</u>	<u>20,294,755.76</u>	<u>309,914.83</u>	<u>21,555,955.62</u>	<u>1,644,891.33</u>	<u>1,213,617.94</u>
	<u>\$ 8,073,140.68</u>	<u>\$ 1,113,369.49</u>	<u>\$ 20,294,755.76</u>	<u>\$ 1,478,536.62</u>	<u>\$ 21,555,955.62</u>	<u>\$ 52,515,758.17</u>	<u>\$ 46,915,486.52</u>

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

Revenue and Other Income Realized	Year 2012		Year 2011	
	Amount	%	Amount	%
Fund Balance Utilized	\$525,000.00	1.21	\$900,000.00	2.12
Miscellaneous - From Other Than Local Property				
Tax Levies	4,861,857.85	11.17	3,791,586.51	8.92
Collection of Delinquent Taxes and Tax Title Liens	629,911.62	1.45	715,307.66	1.68
Collection of Current Tax Levies	<u>37,520,345.73</u>	<u>86.18</u>	<u>37,106,961.45</u>	<u>87.28</u>
 Total Income	 <u>43,537,115.20</u>	 <u>100.00</u>	 <u>42,513,855.62</u>	 <u>100.00</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	16,090,744.63	37.40	15,641,214.40	37.18
County Taxes	5,652,832.53	13.14	5,597,514.73	13.30
Local School Taxes	21,150,244.50	49.17	20,714,546.50	49.24
Other Expenditures	<u>125,000.00</u>	<u>0.29</u>	<u>119,212.98</u>	<u>0.28</u>
 Total Expenditures	 <u>43,018,821.66</u>	 <u>100.00</u>	 <u>42,072,488.61</u>	 <u>100.00</u>
 Excess in Revenue	 518,293.54		 441,367.01	
Adj. to Income Before Fund Balance:				
Expend. Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years	<u>400,000.00</u>		<u>400,000.00</u>	
 Statutory Excess to Fund Balance	 918,293.54		 841,367.01	
 Fund Balance January 1	 <u>936,117.19</u>		 <u>994,750.18</u>	
	1,854,410.73		1,836,117.19	
Less:				
Utilization as Anticipated Revenue	<u>525,000.00</u>		<u>900,000.00</u>	
 Fund Balance December 31	 <u>\$1,329,410.73</u>		 <u>\$936,117.19</u>	

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

Revenue and Other Income Realized	Year 2012		Year 2011	
	Amount	%	Amount	%
Fund Balance Utilized	\$43,980.00	9.67	\$ 43,980.00	10.16
Membership Fees	249,930.00	54.96	253,095.00	58.44
Miscellaneous From Other Than Membership Fees	160,849.85	35.37	135,975.50	31.40
Total Income	454,759.85	100.00	433,050.50	100.00
<u>Expenditures</u>				
Budget Expenditures:				
Operating	372,800.00	100.00	372,800.00	100.00
Total Expenditures	372,800.00	100.00	372,800.00	100.00
Excess in Revenue	81,959.85		60,250.50	
Fund Balance January 1	271,934.98		255,664.48	
	353,894.83		315,914.98	
Less:				
Utilization as Anticipated Revenue	43,980.00		43,980.00	
Fund Balance December 31	\$309,914.83		\$271,934.98	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION*

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate:</u>	<u>\$7.700</u>	<u>\$7.559</u>	<u>\$7.290</u>
<u>Apportionment of Tax Rate:</u>			
Municipal:	<u>2.184</u>	<u>2.138</u>	<u>2.164</u>
Municipal Library:	<u>0.105</u>	<u>0.110</u>	
County:	<u>1.039</u>	<u>1.021</u>	<u>0.946</u>
County Open Space:	<u>0.096</u>	<u>0.100</u>	<u>0.069</u>
Local School:	<u>4.276</u>	<u>4.190</u>	<u>4.111</u>
<u>Assessed Valuation:</u>			
2012	<u>\$498,168,295.00</u>		
2011		<u>\$499,008,346.00</u>	
2010			<u>\$499,226,907.00</u>

*Per Abstract of Ratables, Middlesex County, NJ

Note: Under the provisions of Chapter 73, L.1976, the County Board of Taxation estimated the amount of approved Veterans and Senior Citizens Tax Deductions for 2012 to be \$168,750.

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>Calendar Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2012	\$38,404,362.51	\$37,520,345.73	97.70%
2011	37,783,224.60	37,106,961.45	98.21%
2010	36,446,079.75	35,685,534.97	97.91%

DELINQUENT TAXES AND TAX TITLE LIENS

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

<u>Calendar Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2012	\$382,105.14	\$826,645.39	\$1,208,750.53	3.15%
2011	327,898.45	620,702.34	948,600.79	2.51%
2010	277,175.35	722,359.45	999,534.80	2.74%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Calendar Year</u>	<u>Amount</u>
2012	\$1,423,139.00
2011	1,426,700.00
2010	1,426,700.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Calendar Year</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2012	\$1,320,410.73	\$645,000.00
	2011	936,117.19	525,000.00
	2010	1,004,318.34	900,000.00
	2009	877,340.06	830,000.00
	2008	896,433.25	880,000.00
Swimming Utility Operating Fund	2012	\$309,914.83	\$43,980.00
	2011	271,934.98	43,980.00
	2010	255,664.48	43,980.00
	2009	188,448.77	60,400.00
	2008	174,777.51	74,878.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office as at December 31, 2012:

<u>NAME</u>		<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Ronald S. Dobies	-	Mayor	*
Ron DiMura	-	President of Council	*
Jeffrey D. First	-	Councilperson	*
Patricia Jenkins	-	Councilperson	*
Sean Kaplan	-	Councilperson	*
Michael Paff	-	Councilperson	*
Michele Tackach	-	Councilperson	*
Andrea Corcoran	-	Borough Treasurer/ Chief Financial Officer	*
Tonya Hubosky	-	Tax Collector/Tax Search Office Qualified Purchasing Agent	*
Kathleen Anello	-	Borough Clerk/Dog License Officer/ Assessment Search Officer	*
Lizandra DeAngelis	-	Court Administrator	*
George Psak	-	Chief Municipal Court Judge	*
Dennis Fackelman	-	Municipal Court Judge	*
Aravind Aithal, Esq.	-	Attorney	
James Ayotte	-	Construction Code Official	
John Obryk	-	Health Officer	
Frank Betts	-	Tax Assessor	
Linda Chismar	-	Deputy Borough Clerk/ Registrar of Vital Statistics	
T & M Associates	-	Engineer	
Beverly Weber	-	Treasurer, Free Public Library	
Kathleen Bird	-	Secretary, Swim Pool Commission	

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

All of the bonds were examined and were properly executed.

**BOROUGH OF MIDDLESEX
MIDDLESEX COUNTY, NEW JERSEY**



**PART IV
GENERAL COMMENTS AND RECOMMENDATIONS**

**BOROUGH OF MIDDLESEX
COUNTY OF MIDDLESEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2012**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of Middlesex, County of Middlesex, New Jersey, for the calendar year ended December 31, 2012, has been completed. The General Comments are herewith set forth:

Scope of Audit

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

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

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of Middlesex, County of Middlesex, New Jersey as of and for the transition year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

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

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (Cont'd.)

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

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

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

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

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 21, 2013 on the financial statements of the Borough of Middlesex. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

Control Deficiencies:

2012-1 Segregation of Duties

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

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

GENERAL COMMENTS

OTHER MATTERS

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

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3, of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement."

On June 9, 2010, the Local Public Contracts Law was amended, effective on January 1, 2011. The amendments address the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$21,000.00 to \$26,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Borough's Purchasing Agent is "Qualified" the Council may increase the bid threshold from \$29,000 to \$36,000. On May 5, 2011, a revised Local Finance Notice was issued which reduced the threshold for Non-QPA municipalities from \$26,000 to \$17,500. As of December 31, 2012, the Borough has a Qualified Purchasing Agent.

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

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

Mountain View Park Project; Howard Avenue Road Improvements; 2012 Mill and Overlay Project;

State Contracts:

Radio Communications Equipment and Accessories; Mobile Radios and Portable Radios; In-car Digital Video Recording System; Phone System for Police Headquarters

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

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

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

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

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

A test examination of expenditures revealed no individual payments, contracts or agreements in excess of \$17,500 or \$36,000 as applicable "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

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

Compliance with P.L. 2005, c.271

Tests of expenditures for vendors with payments in excess of \$17,500.00 and less than the applicable bid threshold and for contracts not awarded through state contracts, bidding or the "fair and open process" indicated the Borough had the required documentation for compliance with P.L. 2005, c.271 for items tested.

Collection of Interest on Delinquent Taxes and Assessments.

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rate to be charged for the non- payment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 1, 2012, adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 27, 2012. There were no properties excluded from the sale. There are no properties payable on an installment basis.

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

<u>Year</u>	<u>Number of Liens</u>
CY 2012	13
CY 2011	13
CY 2010	9

Interfund Balances

Interfund Balances appear in the balance sheets of the Borough's financial statements of the year ended December 31, 2012.

These interfunds, in most cases, resulted from CY 2012 operations and should be cleared by cash transfer where feasible.

Investments

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

Purchase Order and Encumbrance System

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

Payment of Claims

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

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2012. The minimum surety bond requirements for both the Tax Collector and Municipal Court were met for fiscal year 2012.

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

Municipal Court

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

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

Condition of Records - Other Officials Collecting Fees

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

Condition of Records - Collector of Revenues

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

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

Condition of Records - Finance Office

The financial records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for each fund, and was found to be suitable to serve as the basis for financial statement preparation. Control accounts were generally in proof with supporting detail.

General Capital Fund

During our audit of the General Capital Fund, we noted that several old improvement authorizations had no activity for several years. We also noted that there were improvement authorizations in excess of 5 years old with cash deficit balances.

We recommend that the Borough review and investigate improvement authorizations to determine their status and proper disposition and old improvement authorizations be funded.

Administration and Accounting of State & Federal Grants

During CY 2012, the Borough operated programs that were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program.

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

We noted that the Finance office made an effort to review prior years' grant receivable balances and unexpended grant reserve balances in the Current Fund for proper disposition at December 31, 2012. It was noted that the Borough continues to carry unexpended balances of grant awards that are several years old. This condition may have resulted from the decentralized management of the various grant programs. In the current environment, it is possible that grant program coordinators may have reported expenditures that were not charged to grant program appropriations. We suggest that the Borough continue to monitor prior years' unexpended grant reserves and that proper disposition is made in compliance with the terms and conditions of the grant agreements.

We also noted that there are certain grant receivable balances recorded within the Borough's General Capital Fund that have been outstanding several years where no recent activity has occurred.

It is recommended that the Borough develop procedures to review the collectability of these grant receivable balances and take appropriate action to collect or cancel.

GENERAL COMMENTS

OTHER MATTERS (Cont'd.)

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

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

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

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

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

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

Compliance with Local Finance Notices

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

The Borough prepared and filed a corrective action plan for the year 2011, pursuant to Local Finance Notice No. 92-15 issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

RECOMMENDATIONS

We recommend the following:

That the Borough review the General Capital improvement authorizations to determine their status for proper disposition and that old improvement authorizations be funded.

That the Borough review the outstanding grant receivable balances in the General Capital Fund for collection or cancellation.

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

ACKNOWLEDGMENT

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

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

Very truly yours,

HODULIK & MORRISON, P.A.



Andrew G. Hodulik, CPA, RMA
No. 406