

**COUNTY OF MIDDLESEX
NEW JERSEY**

**SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS
AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2008**

WITH
REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04

AND
SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2008

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

COUNTY OF MIDDLESEX, NEW JERSEY

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2008

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the County of Middlesex, New Jersey with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended December 31, 2008. The County of Middlesex's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the County of Middlesex's management. Our responsibility is to express an opinion on the County of Middlesex's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 04-04. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County of Middlesex's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Middlesex's compliance with those requirements.

In our opinion, the County of Middlesex, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the County of Middlesex is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the County of Middlesex's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Middlesex's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal or state program such that there is more than a remote likelihood that a noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedules of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the County of Middlesex, New Jersey as of and for the year ended December 31, 2008, and have issued our report thereon dated June 12, 2009. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise the County of Middlesex's financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB 04-04 and is not a required part of the financial statements. Such information, as identified herein, except for the completeness and the categorization of federal and state funding sources for certain grants, along with the reporting of various CFDA and account numbers included within the aforementioned schedules of financial assistance, on which we express no opinion, has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Director and Members of the Board of Chosen Freeholders, management, the Division of Local Government Services and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



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

Highland Park, New Jersey
September 22, 2009

SCHEDULES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	GRANT		PROGRAM AMOUNT	GRANT PERIOD		2008 RECEIPTS	2008 EXPENDITURES	CANCELED	CUMULATIVE EXPEND/CANC
			AWARD AMOUNT	TO		FROM	TO				
10.555	12-3539-0-1-605	U.S. Department of Agriculture: Pass-through State Department of Agriculture	66,321		66,321	01/01/08	12/31/08	66,321	66,321		66,321
10.553	12-3539-0-1-605	Division of Food & Nutrition: National School Lunch Program School Breakfast Program	44,756		44,756	01/01/08	12/31/08	44,756	44,756		44,756
		Total Department of Agriculture						111,077	111,077		111,077
14.219	86-0162-0-1-451	U.S. Department of Housing and Urban Development Direct Programs: Community Development Block Grant	1,927,390		1,927,390	07/01/08	06/30/09		347,772		347,772
14.219	86-0162-0-1-451	Community Development Block Grant	2,008,552		2,008,552	07/01/07	06/30/08	735,012	2,008,552		2,008,552
14.219	86-0162-0-1-451	Community Development Block Grant	2,014,718		2,014,718	07/01/06	06/30/07	1,635,576	528,507		2,014,718
14.239	86-0205-0-1-604	Home Investment Partnership Funds	1,845,614		1,845,614	07/01/08	06/30/09				
14.239	86-0205-0-1-604	Home Investment Partnership Funds	1,943,079		1,943,079	07/01/07	06/30/08				
14.239	86-0205-0-1-604	Home Investment Partnership Funds	1,943,342		1,943,342	07/01/06	06/30/07	1,354,111	1,732,021		1,732,021
14.239	86-0205-0-1-604	Home Investment Partnership Funds	2,095,073		2,095,073	07/01/05	06/30/06	1,129,303	226,233		2,095,073
14.231	86-0192-0-1-604	Emergency Shelter Grants Program	86,541		86,541	07/01/08	06/30/09	86,541	62,426		62,426
14.231	86-0192-0-1-604	Emergency Shelter Grants Program	86,898		86,898	07/01/07	06/30/08		47,747		86,898
14.871	86-0319-0-1-604	Section 8 Voucher Program	4,318,836		4,318,836	07/01/08	06/30/09	3,858,841	3,970,005		3,970,005
14.871	86-0319-0-1-604	Section 8 Voucher Program	4,087,049		4,087,049	07/01/07	06/30/08	794,923	4,087,049		4,087,049
		Total Department of Housing and Urban Development						8,799,384	9,717,686		16,404,514
16.523	15-0404-0-1-754	U.S. Department of Justice: Pass-through State Department of Law and Public Safety Division of Criminal Justice: Juvenile Accountability Incentive Block Grant	47,395		52,661	07/01/07	12/31/07	9,951	41,655		41,655
16.523	15-0404-0-1-754	Juvenile Accountability Incentive Block Grant	51,507		57,230	01/01/06	12/31/06	51,507	41,047		57,230
16.523	15-0404-0-1-754	Juvenile Accountability Incentive Block Grant	69,368		77,076	01/01/05	12/31/05	69,368			77,076
16.575	15-5041-0-2-754	Service to Victims of Sexual Violence	60,000		60,000	07/01/07	12/31/07	23,241			60,000
16.575	15-5041-0-2-754	SANE/SART Project Victims Crime Act	126,503		126,503	09/01/08	08/31/09	71,939	19,932		19,932
16.575	15-5041-0-2-754	SANE/SART Project Victims Crime Act	125,113		125,113	09/01/07	08/31/08	39,180	88,487		114,166
16.575	15-5041-0-2-754	SANE/SART Project Victims Crime Act	112,226		112,226	09/01/06	08/31/07	307	214		112,226
16.575	15-5041-0-2-754	Victim Assistance Project	153,694		153,694	01/01/08	12/31/09	85,694	153,694		153,694
16.575	15-5041-0-2-754	Victim Assistance Project	449,991		449,991	01/01/07	12/31/08	202,127	79,318		449,991
16.575	15-5041-0-2-754	Victim Assistance Project	452,810		452,810	01/01/06	12/31/06		15,642		452,810
16.588	15-0409-0-1-754	Multi-Cultural-Svc. To Bi-Lingual Victims of Sexual Violence	45,000		45,000	07/01/07	06/30/08	19,920	25,298		25,298
16.588	15-0409-0-1-754	Multi-Cultural-Svc. To Bi-Lingual Victims of Sexual Violence	55,000		55,000	07/01/06	06/30/07	2,469	2,469		55,000
16.579	15-0404-0-1-754	Community Justice Grant Program	71,428		95,237	01/01/07	12/31/08	27,463	14,631		90,847
16.738	15-0404-0-1-754	Multi-Jurisdictional Narcotics Task Force	88,284		88,284	01/01/08	06/30/09		76,000		111,768
16.738	15-0404-0-1-754	Multi-Jurisdictional Narcotics Task Force	111,768		111,768	01/01/07	06/30/08	111,768	11,768		111,768
20.600	69-8020-0-7-401	Division of Highway Traffic Safety Comprehensive Traffic Safety Program	15,250		15,250	10/01/06	09/30/07				9,922
20.600	69-8020-0-7-401	Comprehensive Traffic Safety Program	99,461		99,461	10/01/06	09/30/07	483	3,899		99,461
20.600	69-8020-0-7-401	Comprehensive Traffic Safety Program	94,961		94,961	10/01/05	09/30/06		9,577		94,961
20.600	69-8020-0-7-401	Don't Drink & Drive	29,000		29,000	10/01/07	09/30/08	14,985	12,985		14,985
20.600	69-8020-0-7-401	Don't Drink & Drive	18,140		18,140	10/01/06	09/30/07	18,140	2,465	73	18,140
		Division of Election Management and Coordination Election Assistance for Disabled Individuals	31,594		31,594	08/01/07	07/31/08	31,594	31,594		31,594
		Sub-total						776,877	602,133	29,405	2,201,729

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

FEDERAL CFDA NUMBER	FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL PASS-THROUGH GRANTOR'S NUMBER	GRANT AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2008 RECEIPTS	2008 EXPENDITURES	CANCELED	CUMULATIVE EXPEND/CANC
					FROM	TO				
U. S. Department of Justice (Cont'd):										
Sub-total (forward)										
16 742	Division of State Police	15-0404-01-754	13,000	13,000	01/01/07	12/31/07	776,877	602,133	29,405	2,201,729
20 703	Paul Coverdell Forensic Sciences Improvement	69-5282-0-2-407	8,119	8,119	01/01/08	12/31/08	11,198	11,198	1,802	13,000
20 703	Hazardous Material-Response Materials	69-5282-0-2-407	9,350	9,350	01/01/07	12/31/07	534	534		534
97 008	Hazardous Material-Response Materials	70-0560-0-1-999	160,566	160,566	07/01/08	06/30/09	682	682		9,310
97 008	Urban Area Security Initiative	70-0560-0-1-999	56,760	56,760	07/01/07	06/30/08	56,760	56,760		56,760
97 047	Urban Area Security Initiative	70-0700-0-1-453	200,000	200,000	08/01/07	11/30/09	185,315	185,315		185,315
97 067	Pre-Disaster Mitigation Planning	70-0560-0-1-999	1,729,337	1,729,337	10/01/08	indefinite				
97 067	Homeland Security	70-0560-0-1-999	1,308,520	1,308,520	10/01/07	indefinite				
97 067	Homeland Security	70-0560-0-1-999	107,578	107,578	10/01/06	indefinite	73,000	73,000		91,967
97 067	Homeland Security	70-0560-0-1-999	674,770	674,770	10/01/06	indefinite	506,625	272,617		73,000
97 067	Homeland Security	70-0560-0-1-999	141,187	141,187	10/01/06	indefinite				500,706
97 067	Homeland Security	70-0560-0-1-999	1,681,437	1,681,437	05/01/05	indefinite	28,785	28,785		105,609
97 067	Homeland Security	70-0560-0-1-999	3,405,619	3,405,619	05/01/04	indefinite	11,624	11,624		1,652,657
97 067	Homeland Security	70-0560-0-1-999	1,802,866	1,802,866	09/01/03	indefinite	492	492		3,405,619
Total Department of Justice							1,424,460	1,335,107	31,207	10,097,882
U.S. Department of Labor:										
Pris-through State Department of Labor										
Work Force Investment Act										
17 258	Adult	16-0174-0-1-504	609,700	609,700	07/01/08	06/30/09	475,000	1,963		1,963
17 259	Youth	16-0174-0-1-504	681,743	681,743	07/01/08	06/30/09	45,000	78,591		78,591
17 260	Dislocated Worker	16-0174-0-1-504	1,359,001	1,359,001	07/01/08	06/30/09	40,000	448		448
93 558	TANF	75-1552-0-1-609	2,431,137	2,431,137	07/01/08	06/30/09	58,000	507,085		507,085
							5,081,581	588,087		588,087
17 258	Adult	16-0174-0-1-504	656,308	656,308	07/01/07	06/30/08	299,308	464,718		503,258
17 259	Youth	16-0174-0-1-504	790,584	790,584	07/01/07	06/30/08	596,584	575,134		754,165
17 260	Dislocated Worker	16-0174-0-1-504	1,897,337	1,897,337	07/01/07	06/30/08	845,667	1,774,915		1,897,337
93 558	TANF	75-1552-0-1-609	2,415,810	2,415,810	07/01/07	06/30/08	2,124,810	1,855,284		2,351,579
							3,866,369	4,670,551		5,506,339
17 258	Adult	16-0174-0-1-504	672,550	672,550	07/01/06	06/30/07	130,649	130,649		672,550
17 260	Dislocated Worker	16-0174-0-1-504	1,370,427	1,370,427	07/01/06	06/30/07	180,399	180,399		1,370,427
93 558	TANF	75-1552-0-1-609	2,562,294	2,562,294	07/01/06	06/30/07	999,276	1,018,467		2,562,294
							999,276	1,229,515		4,605,271
17 268	WIRED B(O)-1 Initiative		1,656,667	1,656,667	07/01/08	06/20/09	89,475	66,285		66,285
Total Department of Labor							5,573,120	6,654,438		10,765,982

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

FEDERAL CFDA NUMBER	FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2008 RECEIPTS	2008 EXPENDITURES	CANCELLED EXPENDIC/CANC	CUMULATIVE
					FROM	TO				
U.S. Department of Transportation										
Pass-through N.J. Department of Transportation										
20.205	2008 Capital Transportation Program	69-8083-0-7-401	6,051,000	6,051,000	Indefinite	Indefinite	6,051,000	1,442,146		1,442,146
20.205	2007 Capital Transportation Program	69-8083-0-7-401	6,051,000	6,051,000	Indefinite	Indefinite		2,815,519		9,110,797
20.205	2005 Capital Transportation Program	69-8083-0-7-401	10,620,000	10,620,000	Indefinite	Indefinite		1,446,665		4,375,061
20.205	2004 Capital Transportation Program	69-8083-0-7-401	5,310,000	5,310,000	Indefinite	Indefinite		3,969,337		5,245,323
20.205	2003 Capital Transportation Program	69-8083-0-7-401	5,310,000	5,310,000	Indefinite	Indefinite		589,663		4,564,511
20.205	2002 Capital Transportation Program	69-8083-0-7-401	3,868,000	3,868,000	12/31/07	12/31/08	3,868,000			
20.205	Improvement to Woodbridge Ave/ & Rar. Ctr. Pkwy.	69-8083-0-7-401	3,415,690	3,415,690	12/31/06	12/31/07				254,970
20.205	Improvement to Woodbridge Ave/ & Rar. Ctr. Pkwy.	69-8083-0-7-401	4,066,847	4,066,847	12/31/06	12/31/06				296,338
20.205	Local Scoping Program	69-8083-0-7-401	349,911	349,911	01/01/04	12/31/06	3,761	26,543		46,706
20.205	Route 18 Pedestrian-Transit Enhancement	69-8083-0-7-401	72,000	90,000	01/01/08	12/31/08	28,686	36,000		32,000
20.205	Route 18 Pedestrian-Transit Enhancement	69-8083-0-7-401	32,000	32,000	01/01/07	12/31/07	18,076	10,706		
20.205	Bridge 3-B-152, Ryders Lane	69-8083-0-7-401	1,127,050	1,127,050	01/01/08	12/31/08	1,127,050			750,118
20.205	Menlo Park Project	69-8083-0-7-401	786,775	786,775	Indefinite	Indefinite		30,444		34,306
20.509	Non-Urbanized Formula Grant	69-1125-0-1-401	35,306	35,306	07/01/06	06/30/07		24,350		24,350
20.516	Job Access - Reserve Commute	69-1125-0-1-401	120,497	120,497	01/01/08	Indefinite		236,906		326,399
20.608	Job Access - Reserve Commute	69-1125-0-1-401	326,400	326,400	01/01/07	Indefinite	293,738			18,098
20.608	DWI Enforcement Grant	69-8020-0-7-401	29,975	29,975	10/01/08	09/30/09	29,975			29,975
20.608	DWI Enforcement Grant	69-8020-0-7-401	29,975	29,975	10/01/07	09/30/08	25,822		4,153	19,895
20.613	DWI Enforcement Grant	69-8020-0-7-401	26,480	26,480	10/01/06	09/30/07				16,400
20.205	North Jersey Transportation Planning Authority	69-8083-0-7-401	150,960	150,960	01/01/08	12/31/08	79,765	150,960		150,960
20.205	Subregional Planning Grant	69-8083-0-7-401	150,960	150,960	01/01/07	12/31/07	71,191			150,960
Total Department of Transportation							11,597,064	10,797,337	6,406	26,869,313
U.S. Environmental Protection Agency:										
Pass-through State Department of Environmental Protection										
10.664	State Forestry Service - Green Communities Arbor Day	12-1105-0-1-302	2,000	2,000	01/01/02	12/31/02				2,000
66.001	Air Pollution Control Program	68-0103-0-1-304	108,976	572,276	07/01/07	06/30/08	108,976	41,862		571,170
66.460	Regional Storm Water Management Plan	68-0103-0-1-304	286,200	286,200	08/01/04	07/31/07	21,309	51,985		98,872
Total Environmental Protection Agency							130,285	93,847		671,992
U.S. Department of Education:										
Pass-through State Department of Education										
84.010	Title I-North Brunswick School District	91-0900-0-1-501	138,586	138,586	01/01/08	12/31/08	138,586	128,321		128,321
84.010	Title I-North Brunswick School District	91-0900-0-1-501	142,207	142,207	01/01/07	12/31/07				132,207
84.010	Title I-North Brunswick School District	91-0900-0-1-501	90,721	90,721	01/01/06	12/31/06		346		48,946
84.010	Title I-North Brunswick School District	91-0900-0-1-501	182,054	182,054	01/01/05	12/31/05				164,984
Total Department of Education							138,586	128,667		474,458

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

FEDERAL CFDA NUMBER	GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL PASS-THROUGH GRANTOR'S NUMBER	GRANT AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD FROM	TO	2008		CUMULATIVE EXPENDITURE	
							RECEIPTS	EXPENDITURES		
93 008	Office of the Surgeon General	75-0120-0-1-551	100,000	100,000	10/01/05	09/30/06	100,000		97,516	
93 008	Medical Service Corps	75-0120-0-1-551	50,000	50,000	10/01/04	09/30/05			49,139	
93 044	Medical Service Corps	75-0142-0-1-506	2,557,529	2,889,190	01/01/08	12/31/08	2,488,594	2,151,542	2,151,542	
93 044	Medical Service Corps	75-0142-0-1-506	2,456,229	2,852,028	01/01/07	12/31/07	1,290,231	584,988	2,735,265	
93 044	Medical Service Corps	75-0142-0-1-506	2,647,127	3,042,926	01/01/06	12/31/06		741	3,035,470	
93 044	Medical Service Corps	75-0142-0-1-506	2,662,880	2,892,772	01/01/05	12/31/05		29,269	2,862,205	
93 045	Middlesex County Senior Meals	75-0142-0-1-506	1,714,224	2,349,500	01/01/08	12/31/08	1,628,146	2,142,814	2,142,814	
93 045	Middlesex County Senior Meals	75-0142-0-1-506	1,808,054	2,379,192	01/01/07	12/31/07	1,096,327	51,195	2,360,698	
93 045	Middlesex County Senior Meals	75-0142-0-1-506	1,620,083	2,191,221	01/01/06	12/31/06		50	2,191,221	
93 045	Middlesex County Senior Meals	75-0142-0-1-506	1,602,385	2,146,803	01/01/05	12/31/05		1,757	2,146,803	
93 052	Caregiver Reimbursement	75-0142-0-1-506	480,000	480,000	01/01/08	12/31/08	480,000	334,671	334,671	
93 052	Caregiver Reimbursement	75-0142-0-1-506	470,000	470,000	01/01/07	12/31/07		972	465,000	
93 052	Caregiver Reimbursement	75-0142-0-1-506	237,000	237,000	01/01/06	12/31/06		893	237,000	
93 052	Caregiver Reimbursement	75-0142-0-1-506	100,000	100,000	01/01/05	12/31/05		2,807	93,487	
93 116	Tuberculosis Control Program	75-0943-0-1-550	169,845	169,845	01/01/08	12/31/08	98,317	169,843	169,843	
93 116	Tuberculosis Control Program	75-0943-0-1-550	169,845	169,845	01/01/07	12/31/07	82,923	46,944	169,845	
93 283	Comprehensive Cancer Control Plan	75-0943-0-1-550	65,000	65,000	01/01/08	12/31/08	900	4,569	4,569	
93 283	Comprehensive Cancer Control Plan	75-0943-0-1-550	65,000	65,000	01/01/07	12/31/07	55,764	55,848	64,109	
93 283	Public Health Preparedness Bioterrorism	75-0943-0-1-550	166,167	166,167	03/01/06	12/31/07	19,001	20,213	166,167	
93 283	Public Health Preparedness Bioterrorism	75-0943-0-1-550	541,557	541,557	01/01/05	12/31/06			541,557	
93 283	Public Health Preparedness Bioterrorism	75-0943-0-1-550	497,566	497,566	09/01/08	08/31/09	408,269	122,394	122,394	
93 283	Public Health Preparedness Bioterrorism	75-0943-0-1-550	546,426	546,426	09/01/07	08/31/08	402,196	402,196	546,401	
93 283	Public Health Preparedness Bioterrorism	75-0943-0-1-550	620,681	620,681	09/01/06	08/31/07	108,693	6,400	618,208	
93 959	Primary Prevention of Alcohol & Drug Abuse	75-1362-0-1-550	146,787	146,787	11/01/06	12/31/07	26,116	11,500	146,787	
93 959	Primary Prevention of Alcohol & Drug Abuse	75-1362-0-1-550	145,314	145,314	10/01/05	09/30/06		84,075	145,314	
93 136	Pass-through State Department of Community Affairs	75-0943-0-1-550	46,200	46,200	07/01/08	06/30/09	42,312	33,526	33,526	
93 136	Rape Crisis Intervention Center	75-0943-0-1-550	43,750	43,750	07/01/07	06/30/08	20,681	11,195	42,110	
93 563	Child Enforcement Program - Title IV Courts	75-1501-0-1-609	575,847	575,847	01/01/08	12/31/08	575,847	575,847	575,847	
93 563	Sheriff Department	75-1501-0-1-609	319,148	319,148	01/01/08	12/31/08	319,148	319,148	319,148	
93 914	U.S. Department of Health and Human Services	75-0350-0-1-550	2,462,767	2,462,767	03/01/08	02/28/09		985,397	985,397	
93 914	HIV Emergency Relief - Grant Prog.	75-0350-0-1-550	2,516,160	2,516,160	03/01/07	02/28/08	1,800,251	1,537,849	2,455,975	
93 914	HIV Emergency Relief - Grant Prog.	75-0350-0-1-550	2,639,015	2,639,015	03/01/06	02/28/07			2,587,932	
Total Department of Health and Human Services								10,641,520	9,724,708	30,594,090
Total Federal Financial Assistance								38,415,496	38,562,867	95,989,218

Footnotes:

Grant Award/Amount Reflects Current Year Awards

NOTE: See accompanying Notes to Schedules of Expenditures of Awards. Also, see paragraph on the accompanying schedules of federal awards and state financial assistance with respect to a partial disclaimer of opinion, included within the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and NJ OMB Circular 04-01.

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

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

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

Schedule B
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GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		PROGRAM RECEIPTS	2008 EXPENDITURES	2008 TRANSFERRED/ CANCELED	CUMULATIVE EXPENDITURE
				FROM	TO				
Department of Agriculture: State Agriculture Development Commission Farmland Preservation Plan Grant	010-3380-733-039-07	30,000	30,000	01/01/07	12/31/07		30,000		30,000
Total Department of Agriculture			30,000				30,000		30,000
Department of Community Affairs: SHARE/COUNT Grant Cross Acceptance Grant Smart Future Sustainable Hispanic Policy & Research Recreation for Individuals Disabilities Progr. Recreation for Individuals Disabilities Progr. Recreation for Individuals Disabilities Progr. Smart Growth Planning Sexual Assault Abuse & Rape Care Sexual Assault Abuse & Rape Care	022-8030-100-658-07 022-8049-100-006-04 022-8049-100-006-08 022-8050-100-034-08 022-8050-100-035-08 022-8050-100-035-07 022-8050-100-035-05 022-8070-100-039-00 022-8051-100-047-07 022-8051-100-047-07 022-8051-100-047-07 022-8051-100-047-06 022-8051-100-047-07	300,000 50,000 75,000 31,196 25,000 13,723 20,000 160,000 58,832 60,143 10,600 15,000 54,650	300,000 50,000 75,000 31,196 25,000 20,723 27,000 160,000 58,832 60,143 10,600 15,000 54,650	02/01/07 05/03/05 07/01/08 06/01/08 01/01/08 01/01/07 01/01/05 01/01/00 04/01/07 07/01/08 07/01/07 07/01/06 07/01/05	01/31/08 05/03/05 06/30/09 05/31/09 12/31/08 12/31/07 12/31/05 12/31/06 03/31/08 06/30/09 06/30/08 06/30/07 06/30/06	109,693 5,000 10,000 8,920 2,921 39,379 11,455 6,055	94,032 5,000 21,000 2,921 4,840 53,439 4,776	1,475	152,277 30,165 21,000 20,723 27,000 84,625 53,283 53,439 6,341 14,758 46,202
Total Department of Community Affairs			190,502			181,008	1,475		509,813
Department of Corrections: System Wide Support Program - Reimb. Custody Chgs.	026-7025-100-124-07	3,125,186	3,125,186	01/01/08	12/31/08		3,125,186		3,125,186
Total Department of Corrections			3,125,186				3,125,186		3,125,186
Department of Environmental Protection: Environmental Health Act Environmental Health Act Environmental Health Act Clean Communities Program Clean Communities Program Green Communities Grant Solid Waste Service Tax Solid Waste Service Tax Solid Waste Service Tax Solid Waste Service Tax Solid Waste Service Tax Office of Coastal Management Bea Shrink Wrap Recycling Program Green Trust Program: Whilherb Assoc. Property DKM Parcel	042-4855-100-075-08 042-4855-100-075-07 042-4855-100-075-06 042-4855-100-075-05 042-4900-765-005-08 042-4900-765-005-07 N/A 042-4900-758-005-08 042-4900-758-005-07 042-4900-758-005-06 042-4900-758-005-05 042-4900-758-005-04 078-6070-100-165-07 042-4800-727-002-06 042-4800-727-002-08	397,562 330,035 221,063 190,000 38,895 59,129 15,000 517,173 524,437 545,048 453,935 433,089 3,700 1,760,000 2,063,646	860,862 330,035 221,063 190,000 38,895 59,129 15,000 517,173 524,437 545,048 453,935 433,089 3,700 1,760,000 2,063,646	01/01/08 01/01/07 01/01/06 01/01/05 01/01/08 01/01/07 10/01/04 06/01/08 06/01/07 06/01/06 04/01/05 09/01/04 10/01/07 Indefinite 01/01/08	12/31/08 12/31/07 12/31/06 12/31/05 12/31/08 12/31/07 12/31/07 12/31/08 12/31/07 03/31/08 12/31/06 12/01/09	122,294 191,903 21,591 8,119 41,867 29,515 2,869 517,173 284,330 56,662 3,415 10,682 2,458	860,861 138,778 221,063 190,000 41,867 29,515 2,869 182,589 284,330 56,662 3,415 10,682 2,458		860,861 309,278 221,063 190,000 41,867 59,129 15,000 182,589 398,471 540,992 416,050 433,089 2,458 454,125 2,063,646
Total Department of Environmental Protection			2,953,911			3,706,513	2,869		6,188,618

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		PROGRAM RECEIPTS	2008 EXPENDITURES	2008 TRANSFERRED/ CANCELED	CUMULATIVE EXPEND/CANC.
				FROM	TO				
Department of Health & Senior Services:									
Child Lead Poison Prevention	046-4220-100-087-08	95,000	95,000	07/01/08	06/30/09		64,584		64,584
Child Lead Poison Prevention	046-4220-100-087-07	130,000	130,000	07/01/07	06/30/08	85,037	73,228		130,000
Special Child Health-Early Intervention	046-4220-100-233-08	1,095,980	1,095,980	07/01/08	06/30/09		448,493		448,493
Special Child Health-Early Intervention	046-4220-100-233-07	965,400	965,400	07/01/07	06/30/08	962,400	516,890		965,400
Special Child Health-Early Intervention	046-4220-100-233-06	1,081,090	1,081,090	07/01/06	06/30/07		144,668	144,668	1,081,090
Special Child Health-Early Intervention	046-4220-100-233-05	998,739	998,739	07/01/05	06/30/06		90,052	90,052	998,739
Public Health Priority Funding	046-4230-100-307-08	233,252	233,252	01/01/08	12/31/08	233,252	216,001		216,001
Public Health Priority Funding	046-4230-100-307-07	233,252	233,252	01/01/07	12/31/07		6,147		224,658
Public Health Priority Funding	046-4230-100-307-06	233,252	233,252	01/01/06	12/31/06		22,314		231,252
Right to Know	046-4230-100-105-08	18,119	18,119	01/01/08	12/31/08		18,118		18,118
Right to Know	046-4230-100-105-07	18,119	18,119	01/01/07	12/31/07	4,530	18,119		18,119
Tobacco Age of Sale Enforcement	046-4240-100-414-08	32,040	32,040	07/01/08	06/30/09		2,902		2,902
Tobacco Age of Sale Enforcement	046-4240-100-414-07	27,960	27,960	07/01/07	06/30/08	27,960	25,823		27,960
Respite Care Services	046-4240-100-414-06	31,200	31,200	07/01/06	12/31/07	31,200			31,200
Respite Care Services	046-4275-491-082-08	371,894	371,894	01/01/08	12/31/08	341,387	313,799		313,799
Respite Care Services	046-4275-491-082-07	372,761	372,761	01/01/07	12/31/07		36,422		372,761
Medicaid Waiver Program	N/A	30,000	30,000	04/01/08	03/31/09	30,000			
Medicaid Waiver Program	N/A	30,000	30,000	04/01/07	03/31/08		(3,346)		3,843
Medicaid Waiver Program	N/A	50,000	50,000	01/01/06	12/31/07		6,975		42,166
Medicaid Waiver Program	N/A	40,000	40,000	04/01/05	03/31/06		914		23,892
Cancer Education & Early Detection	046-4220-100-329-07	363,800	363,800	06/01/07	12/31/09	314,120	169,967		307,491
Cancer Education & Early Detection	046-4220-100-329-06	37,786	37,786	06/01/06	12/31/07		50,341		21,964
Cancer Education & Early Detection	046-4220-100-461-08	350,000	350,000	07/01/08	12/31/09		22,557		50,341
Cancer Education & Early Detection	046-4220-100-461-07	59,989	59,989	07/01/07	12/31/08		44,651		26,003
Cancer Education & Early Detection	046-4220-100-461-06	350,000	350,000	07/01/06	12/31/07		31,800		350,000
County Wide Transportation Program	046-4110-100-248-08	188,000	678,060	01/01/08	12/31/08		607,175		607,175
County Wide Transportation Program	046-4110-100-248-07	184,979	670,786	01/01/07	12/31/07		85,879		670,786
County Wide Transportation Program	046-4110-100-248-06	184,979	695,794	01/01/06	12/31/06	183,592		1,655	695,794
Tuberculosis Control Program	046-4230-100-305-08	204,312	204,312	07/01/08	06/30/09	51,331	84,899		84,899
Tuberculosis Control Program	046-4230-100-305-07	191,612	191,612	07/01/07	06/30/08	144,443	74,052		191,570
Tuberculosis Control Program	046-4230-100-305-06	191,612	191,612	07/01/06	06/30/07		687		191,612
Senior Meals/SIBA	N/A	36,008	36,008	01/01/08	12/31/08		476		37,198
Senior Meals/SIBA	N/A	37,198	37,198	01/01/07	12/31/07	37,198			37,198
County Comprehensive Alcohol & Drug Abuse Program	046-4240-100-024-08	1,283,424	1,283,424	01/01/08	12/31/08	272,991	1,016,962		1,016,962
County Comprehensive Alcohol & Drug Abuse Program	046-4240-100-024-07	1,322,973	1,322,973	01/01/07	12/31/07	424,395	264,535		1,239,554
County Comprehensive Alcohol & Drug Abuse Program	046-4240-100-024-06	1,315,632	1,315,632	01/01/06	12/31/06				1,264,173
Total Department of Health & Senior Services			3,193,433			4,106,973	304,027		11,944,422
Department of Human Services:									
Div. of Youth & Family Serv.									
Human Service Advisory Council	054-7570-100-072-08	87,762	143,507	01/01/08	12/31/08		114,938		114,938
Human Service Advisory Council	054-7570-100-072-07	62,699	118,444	01/01/07	12/31/07	75,262	2,361		118,444
Human Service Advisory Council	054-7570-100-072-06	62,229	117,974	01/01/06	12/31/06				112,180
Juvenile Shelter Alternative - Maint. Child. Instit.	054-7593-100-030-08	801,082	801,082	01/01/08	12/31/08	485,721	482,625		482,625
Juvenile Shelter Alternative - Maint. Child. Instit.	054-7593-100-030-07	708,749	708,749	01/01/07	12/31/07	161,000	103,335		509,628
Juvenile Shelter Alternative - Maint. Child. Instit.	054-7593-100-030-06	474,062	474,062	01/01/06	12/31/06				412,023
Juvenile Shelter Alternative - Maint. Child. Instit.	054-7593-100-030-04	462,464	462,464	01/01/04	12/31/04	3,740			439,308
Sub-Total			721,983			706,999			2,189,146

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		PROGRAM RECEIPTS	2008 EXPENDITURES	2008 TRANSFERRED/ CANCELED	CUMULATIVE EXPEND/CANC.
				FROM	TO				
Department of Human Services (Cont'd):									
Sub-Total Forward									
Other Programs:									
Office for the Disabled	054-7570-100-361-08	69,301	85,578	01/01/08	12/31/08	721,983	706,999		2,189,146
Office for the Disabled	054-7570-100-361-07	67,616	83,893	01/01/07	12/31/07	69,301	79,561		79,561
Office for the Disabled	054-7570-100-361-06	67,109	83,386	01/01/06	12/31/06		14,403		83,331
Personal Attendant Program	054-7545-100-005-08	736,000	736,000	01/01/08	12/31/09	736,000	600,893		600,893
Personal Attendant Program	054-7545-100-005-07	614,317	614,317	01/01/07	12/31/08		98,144		614,317
Personal Attendant Program	054-7545-100-005-06	590,804	590,804	01/01/06	12/31/06				587,469
DYFS-Services to Homeless	054-7550-100-072-08	593,588	593,588	01/01/08	12/31/08	570,191	473,246		473,246
DYFS-Services to Homeless	054-7550-100-072-07	583,460	583,460	01/01/07	12/31/07	45,865	63,059		583,460
DYFS-Services to Homeless	054-7550-100-072-06	622,621	622,621	01/01/06	12/31/06			14,598	622,621
Youth Incentive Program	054-7570-100-361-08	47,550	47,550	01/01/08	12/31/08	47,550	45,420		45,420
Youth Incentive Program	054-7570-100-361-07	46,394	46,394	01/01/07	12/31/07		4,572		46,394
Work First Transportation	054-7550-100-424-08	456,782	456,782	07/01/08	06/30/09		153,500		153,500
Work First Transportation	054-7550-100-424-07	456,782	456,782	07/01/07	06/30/08		278,282		455,511
Work First Transportation	054-7550-100-424-06	456,782	456,782	07/01/06	06/30/07		4,186		456,782
Mental Health Central Region	054-7700-100-029-08	6,000	6,000	07/01/08	06/30/09	6,000	1,600		1,600
Mental Health Central Region	054-7700-100-029-07	6,000	6,000	07/01/07	06/30/08	6,000	5,998		5,998
State Assumption of Costs:									
Social & Welfare Services:									
Suppl. S.S.I.	054-7550-100-125-08	1,640,894	1,640,894	01/01/08	12/31/08	1,640,894	1,640,894		1,640,894
Mental Health Clinics	054-7700-100-029-08	1,349,086	1,349,086	01/01/08	12/31/08	1,349,086	1,349,086		1,349,086
Total Department of Human Services									
		5,192,870	5,519,843			14,598			10,072,115
Department of Labor									
Division of Employment Services:									
Workforce Development Partnership	062-4545-780-002-08	95,051	95,051	07/01/08	06/30/09		14,275		14,275
Workforce Development Partnership	062-4545-780-002-07	97,789	97,789	07/01/07	06/30/08	39,789	59,266		97,789
Workforce Development Partnership	062-4545-780-002-06	147,611	147,611	07/01/06	06/30/07		138,985		147,611
Workforce Learning Link	062-4545-767-003-08	336,007	336,007	07/01/08	06/30/09	309,720	72,503		72,503
Workforce Learning Link	062-4545-767-003-07	370,720	370,720	07/01/07	06/30/08		222,753		356,169
Smart Steps	N/A	4,815	4,815	07/01/07	06/30/08	4,815	4,815		4,815
Total Department of Labor									
		354,324	512,397						693,162
Department of Law & Public Safety:									
Division of Criminal Justice:									
Body Armor Program	066-1020-718-001-08	55,686	55,686	01/01/08	12/31/08				
Body Armor Program	066-1020-718-001-07	48,193	48,193	01/01/07	12/31/07	55,686			35,893
Body Armor Program	066-1020-718-001-06	45,924	45,924	01/01/06	12/31/06		35,893		39,724
Body Armor Program	066-1020-718-001-05	47,909	47,909	01/01/05	12/31/05		17,751		44,696
Body Armor Program	066-1020-718-001-04	47,219	47,219	01/01/04	12/31/04				45,762
Sex Offender Internet Registry	066-1020-100-351-08	23,160	23,160	01/01/08	12/31/08	23,160	22,537		22,537
Sub-Total									
		78,846	97,563						188,612

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

Schedule B
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GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		PROGRAM RECEIPTS	2008 EXPENDITURES	2008 TRANSFERRED/ CANCELED	CUMULATIVE EXPEND/CANC.
				FROM	TO				
Department of Law & Public Safety (Cont'd):									
Sub-Total Forward						78,846	97,563		188,612
Division of Consumer Affairs:									
Securities Enforcement Fund	066-1310-100-041-08	7,698	7,698	01/01/07	12/31/07	7,698	7,698		7,698
Division of State Police:									
Community Emergency Response Team	066-1200-100-851-08	1,500	1,500	01/01/08	12/31/08	1,500			12,169
Community Emergency Response Team	066-1200-100-851-04	12,652	12,652	01/01/04	12/31/04		1,819		28,935
Work Plan for Critical Facilities	066-1200-100-045-04	28,935	28,935	Indefinite	Indefinite		2,935		20,000
Advanced Haznet Emergency Response	066-1200-100-703-08	42,639	42,639	Indefinite	Indefinite	42,639	8,070		8,070
Advanced Haznet Emergency Response	066-1200-100-703-07	9,350	9,350	Indefinite	Indefinite		1,400		12,344
Advanced Haznet Emergency Response	066-1200-100-703-05	13,234	13,234	Indefinite	Indefinite		639		32,000
Advanced Haznet Emergency Response	066-1200-100-703-04	32,000	32,000	Indefinite	Indefinite		209		33,808
Total Department of Law & Public Safety						130,683	148,629	822	352,651
New Jersey Juvenile Justice Commission									
Family Court Services	066-1500-100-021-08	251,340	251,340	01/01/08	12/31/08	42,734	111,526		111,526
Family Court Services	066-1500-100-021-07	247,626	247,626	01/01/07	12/31/07	201,067	83,026		247,626
Family Court Services	066-1500-100-021-06	383,802	383,802	01/01/06	12/31/06			138,630	383,302
Juvenile Detention Education	066-1500-100-032-08	254,250	508,500	01/01/08	12/31/08	254,250	337,417		496,666
Juvenile Detention Education	066-1500-100-032-07	270,000	513,000	01/01/07	12/31/07		139,028		546,554
Juvenile Detention Education	066-1500-100-032-06	306,000	560,250	01/01/06	12/31/06		1,340		509,860
Juvenile Detention Education	066-1500-100-032-05	308,250	560,250	01/01/05	12/31/05		480		501,902
Juvenile Detention Education	066-1500-100-032-04	274,500	526,500	01/01/04	12/31/04		2,944		560,782
Juvenile Detention Education	066-1500-100-032-03	327,500	579,500	01/01/03	12/31/03		8,451		612,083
Middlefields Group Home	066-1500-100-032-08	942,450	942,450	01/01/08	12/31/08	594,657	612,083		664,613
Middlefields Group Home	066-1500-100-032-07	880,433	880,433	01/01/07	12/31/07	157,250	27,591		651,774
Middlefields Group Home	066-1500-100-032-06	774,713	774,713	01/01/06	12/31/06		328		764,406
Middlefields Group Home	066-1500-100-032-05	769,029	769,029	01/01/05	12/31/05		1,277		637,656
Middlefields Group Home	066-1500-100-032-04	652,084	652,084	01/01/04	12/31/04		19,466		577,117
Middlefields Group Home	066-1500-100-032-03	644,266	644,266	01/01/03	12/31/03		5,178		506,206
Middlefields Group Home	066-1500-100-032-02	509,175	509,175	01/01/02	12/31/02		1,342		131,671
Middlefields Group Home	066-1500-100-032-01	510,791	510,791	01/01/01	12/31/01		131,671		501,746
State Incentive Program	066-1500-100-168-08	501,890	501,890	01/01/08	12/31/08	119,399	131,671		496,901
State Incentive Program	066-1500-100-168-07	496,921	496,921	01/01/07	12/31/07	264,474	252,690		467,798
State Incentive Program	066-1500-100-168-06	496,921	496,921	01/01/06	12/31/06	79,017	1,820		161,567
State Incentive Program	066-1500-100-168-05	492,001	492,001	01/01/05	12/31/05		30,349		372,963
Community Partnership Grant Prog.	066-1500-100-007-08	460,549	460,549	01/01/08	12/31/08	12,002	161,567		397,630
Community Partnership Grant Prog.	066-1500-100-007-07	453,889	453,889	01/01/07	12/31/07	208,084	112,902		358,960
Community Partnership Grant Prog.	066-1500-100-007-06	449,929	449,929	01/01/06	12/31/06		2,340		
Community Partnership Grant Prog.	066-1500-100-007-03	438,223	438,223	01/01/03	12/31/04				
Total New Jersey Juvenile Justice Commission						1,932,914	2,044,816	138,630	10,998,726
N. J. Department of Public Utility									
Solar Electric System	N/A	115,000	115,000	01/01/06	12/31/06		115,000		115,000
Total N. J. Department of Public Utility									115,000

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

Schedule B
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GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		PROGRAM RECEIPTS	2008 EXPENDITURES	2008 TRANSFERRED/ CANCELED	CUMULATIVE EXPENDITURE/ CANCELLED
				FROM	TO				
Department of Military & Veteran Affairs:									
Veteran Transportation Support Prog.	067-3610-100-058-08	44,000	44,000	07/01/08	06/30/09	33,372	37,387		37,387
Veteran Transportation Support Prog.	067-3610-100-058-07	22,000	22,000	07/01/07	06/30/08	14,668	11,628		22,000
Total Department of Military & Veteran Affairs			48,040			48,040	49,015		59,387
Department of State:									
Division of Archives and Records Management	074-2545-100-033-08	22,500	22,500	Indefinite		11,250	172,067		172,067
Division of Archives and Records Management	074-2545-100-033-07	1,009,300	1,009,300	Indefinite		504,650	116,932		667,886
Division of Archives and Records Management	074-2545-100-033-06	973,100	973,100	Indefinite		486,500	241,288		906,292
Field Work in Folk Arts	074-2530-100-032-03	21,700	21,700	Indefinite	05/01/03	02/28/04	3,377		18,727
N.J. Council on Arts-Folk Arts Program	074-2530-100-032-07	26,357	31,357	07/01/07	08/31/08	26,357	27,926		30,101
N.J. Council on Arts-Folk Arts Program	074-2530-100-032-06	24,633	29,633	07/01/06	08/31/07	4,990	4,990		27,232
N.J. Council on Arts-Folk Arts Program	074-2530-100-032-05	28,980	33,980	07/01/05	08/31/06	635	635	200	33,980
N.J. Council on Arts-Folk Arts Program	074-2530-100-032-04	28,980	33,980	07/01/04	08/31/05	2,160	2,160	2	33,980
N.J. Council on Arts-Folk Arts Program	074-2530-100-032-02	28,076	33,076	09/01/02	08/31/03	1,600	1,600		33,019
N.J. Council on Arts-Service to the Field	074-2530-100-032-08	189,956	234,956	09/01/08	12/31/09	3,766	3,766		3,766
N.J. Council on Arts-Service to the Field	074-2530-100-032-07	204,956	249,956	09/01/07	12/31/08	153,717	193,319		212,222
N.J. Council on Arts-Service to the Field	074-2530-100-032-06	182,997	227,997	09/01/06	12/31/07	45,749	18,475	8	227,997
N.J. Council on Arts-Service to the Field	074-2530-100-032-05	215,290	255,290	09/01/05	01/31/06	208,330	4,149		252,837
N.J. Council on Arts-Service to the Field	074-2530-100-032-03	168,330	208,330	07/01/03	08/31/04	370	370		207,850
N.J. Council on Arts-Service to the Field	074-2530-100-032-00	177,730	207,730	07/01/00	08/31/01	42	42	82	207,694
N.J. Historical Comm. History Grant	074-2540-100-105-08	122,010	129,010	07/01/08	06/30/09	29,400	50,478		50,478
N.J. Historical Comm. History Grant	074-2540-100-105-07	147,000	154,000	07/01/07	06/30/08	77,785	77,785		137,046
N.J. Historical Comm. History Grant	074-2540-100-105-06	126,900	133,900	07/01/06	06/30/07	5,410	5,410		122,316
N.J. Historical Comm. History Grant	074-2540-100-105-05	141,000	148,000	07/01/05	06/30/06	9,809	9,809		147,238
N.J. Historical Comm. History Grant	074-2540-100-105-03	89,000	96,000	07/01/03	06/30/04	1,835	1,835		96,000
Low House Historical Grant	N/A	90,000	95,000	06/01/02	12/31/04				94,830
We the People	N/A	3,000	4,500	07/01/06	12/31/07		863		4,290
Total Department of State			2,047,175			936,676	292		3,687,848
Governor's Council on Alcoholism & Drug Abuse:									
Drug Enforcement Demand Reduction	082-2000-100-044-08	791,033	791,033	01/01/08	12/31/08	308,560	483,166		483,166
Drug Enforcement Demand Reduction	082-2000-100-044-07	804,174	804,174	01/01/07	12/31/07	493,601	325,568		804,174
Total Governor's Council on Alcoholism & Drug Abuse			802,161			808,734			1,287,340
Office on Information Technology:									
Middlesex County 9-1-1 Coordinator	082-2034-100-050-6110	25,000	25,000	01/01/05	12/31/05	2,401	2,401		20,655
Total N. J. Office of Information Technology			2,401			2,401			20,655

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

Schedule B
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GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		PROGRAM RECEIPTS	2008 EXPENDITURES	2008 TRANSFERRED/ CANCELED	CUMULATIVE EXPEND/CANC.
				FROM	TO				
N.J. State Department of Education:									
Debt Service Aid:									
County College Bonds	Ch. 12, P.L. 1971	1,698,323	781,784	01/01/08	12/31/08	1,698,323	1,698,323		1,698,323
Vocational School Bonds	06-495-034-5120-125	163,000	163,000	01/01/08	12/31/08	156,117	156,117		156,117
Total N.J. State Department of Education						1,854,440	1,854,440		1,854,440
Department of Transportation									
Safe Routes to School Program		78,000	78,000	01/01/07	12/31/07		12,219		12,219
Local Bridge Bond Act 99		11,012,000	11,012,000	Indefinite			841,485		7,156,561
Local Bridge Rehab Program	N/A	958,000	958,000	Indefinite			12,514		853,532
Total N.J. Department of Transportation							866,218		8,022,112
N.J. Transit Corp.:									
Senior Citizen & Disabled Resident Transportation Assist.	N/A	2,788,344	2,788,344	01/01/08	12/31/08	1,774,118	2,358,389	(196,073)	2,358,389
Transportation Assist.	N/A	2,480,657	2,480,657	01/01/07	12/31/07	1,277,362	19,031		2,419,477
Transportation Assist.	N/A	2,453,651	2,453,651	01/01/06	12/31/06			196,073	2,453,651
Total N.J. Transit Corp.						3,051,480	2,377,420		7,231,517
Total State Financial Assistance						24,877,139	26,385,469	462,713	66,192,892

Footnotes:

Grant Award/Amount Reflects Current Year Awards

NOTE: See accompanying Notes to Schedules of Expenditures of Awards. Also, see paragraph on the accompanying schedules of federal awards and state financial assistance with respect to a partial disclaimer of opinion, included within the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and NJ OMB Circular 04-04.

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

N/A - Not Available

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

**COUNTY OF MIDDLESEX
NEW JERSEY**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

NOTE 1: GENERAL

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

NOTE 2: ORGANIZATION AND BASIS OF ACCOUNTING

Organization

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

Basis of Accounting

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

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

**COUNTY OF MIDDLESEX
NEW JERSEY**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

NOTE 2: ORGANIZATION AND BASIS OF ACCOUNTING (CONT'D.)

Basis of Accounting (Cont'd.)

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

The accounting principles and practices prescribed for municipalities and counties by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences, as disclosed in the Notes to Financial Statements – Regulatory Basis for the year ended December 31, 2008, as included in our report dated June 12, 2009, are as follows:

Revenues

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

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

Expenditures

For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the County "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts which

**COUNTY OF MIDDLESEX
NEW JERSEY**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

NOTE 2: ORGANIZATION AND BASIS OF ACCOUNTING (CONT'D.)

Basis of Accounting (Cont'd.)

Expenditures (Cont'd)

may be canceled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures would represent the designation of fund balance.

Compensated Absences

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

Inventories of Materials and Supplies

The cost of inventories of materials and supplies for all funds are recorded as expenditures at the time individual items are purchased. For the year ended December 31, 2008, the cost of inventories of material and supplies are included on the Current Fund balance sheet for inventory that has been established at year

**COUNTY OF MIDDLESEX
NEW JERSEY**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

NOTE 2: ORGANIZATION AND BASIS OF ACCOUNTING (CONT'D.)

Basis of Accounting (Cont'd.)

Inventories of Materials and Supplies (Cont'd)

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

Lease Purchase Agreements

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

Governmental Fixed Assets

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

Interfunds

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

**COUNTY OF MIDDLESEX
NEW JERSEY**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

NOTE 2: ORGANIZATION AND BASIS OF ACCOUNTING (CONT'D.)

Basis of Accounting (Cont'd.)

Self Insurance Reserves

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

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

Other Matters

Local Contributions

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

Reserve for Encumbrances Canceled

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

Grant Program Expenditures/Receipts Reported on Schedules

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

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

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

COUNTY OF MIDDLESEX
NEW JERSEY

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

NOTE 2: ORGANIZATION AND BASIS OF ACCOUNTING (CONT'D.)

Basis of Accounting (Cont'd.)

Indirect Costs

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

Resource Recovery Investment Tax

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

Capital Improvement Program-Raritan Center Overpass

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

Capital Improvement Program – Sewaren Marina Park Development

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

Other Assistance

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

State Assumption of Costs

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

**COUNTY OF MIDDLESEX
NEW JERSEY**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

NOTE 2: ORGANIZATION AND BASIS OF ACCOUNTING (CONT'D.)

Basis of Accounting (Cont'd.)

Non-Cash Federal Awards

The County did not report any non-cash Federal or State awards during the calendar year 2008.

Notification of Federal Awards

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

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the County's financial statements prepared on the basis of accounting in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

NOTE 4: CONTINGENCIES

The County participates in a number of federal and state assisted programs that are subject to audit and adjustment by the respective grantors. The audits of these programs for or including the year ended December 31, 2008, may have not been conducted or completed as of the date of this report. Grantor agencies reserve the right to conduct additional audits of the County's grant program for economy, efficiency, and program results which may result in disallowed costs to the County. However, County management does not believe such audits would result in any material amounts of disallowed costs.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Qualified
 Internal Control over financial reporting:

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

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

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

Federal Awards

Internal Control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.219</u>	<u>Community Development Block Grant</u>
<u>14.239</u>	<u>Home Investment Partnership Funds</u>
<u>14.871</u>	<u>Low Income Housing Assistance – Section 8</u>
<u>17.258</u>	<u>Workforce Investment Act - Adult</u>
<u>17.259</u>	<u>Workforce Investment Act - Youth</u>
<u>17.260</u>	<u>Workforce Investment Act - Dislocated Worker</u>

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

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

Federal Awards (Cont’d)

Identification of major programs (Cont’d):

<u>CFDA Number(s)</u>	<u>Name of Federal Program(s) or Cluster(s)</u>
<u>93.558</u>	<u>Workforce Investment Act - TANF</u>
<u>20.205</u>	<u>Capital Transportation Program</u>
<u>93.044</u>	<u>Area Plan Grant for Aging</u>
<u>93.045</u>	<u>Middlesex County Senior Meals</u>
<u>93.914</u>	<u>HIV Emergency Relief Grant Program</u>

Dollar threshold used to distinguish between type A and B programs: \$1,156,886

Auditee qualified as low-risk auditee? X Yes No

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$791,564

Auditee qualified as low-risk auditee? X Yes No

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

Internal Control over financial reporting:

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

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

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

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

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

State Awards (Cont’d)

Identification of major programs:

<u>Account/Contract/Agreement Number(s)</u>	<u>Name of State Program(s)</u>
<u>042-4855-100-075-07/08</u>	<u>Environmental Health Act</u>
<u>042-4800-727-002-08</u>	<u>DKM Parcel</u>
<u>042-4900-758-005-07/08</u>	<u>Solid Waste Service Tax</u>
<u>046-4275-491-082-07/08</u>	<u>Respite Care Services</u>
<u>046-4110-100-248-07/08</u>	<u>Country Wide Transportation Program</u>
<u>054-7593-100-030-07/08</u>	<u>Juvenile Shelter Alternative – Maint. Child. Ins</u>
<u>054-7545-100-008-07/08</u>	<u>Personal Attendant Program</u>
<u>054-7550-100-072-07/08</u>	<u>DYFS – Service to Homeless</u>
<u>054-7700-100-029-08</u>	<u>Mental Health Clinics</u>
<u>062-4545-767-003-07/08</u>	<u>Workforce Learning Link</u>
<u>074-2545-100-033-06/07</u>	<u>Division of Archives and Records Mgmt.</u>
<u>082-2000-100-044-07/08</u>	<u>Drug Enforcement Demand Reduction</u>
<u>078-6310-480-xxx</u>	<u>Transportation Assistance</u>

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

Section II – Financial Statement Findings

Significant Deficiency

None

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

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

FEDERAL & STATE AWARD PROGRAMS:

None

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

COUNTY OF MIDDLESEX, NEW JERSEY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008

Auditor Reference
Number

Finding 2007-02

Federal and State Grant Programs regarding Catalog of Federal Domestic Assistance (CFDA) numbers and State account numbers. The County has taken corrective action and no recommendation is made in the current year.

**SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

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

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

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

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

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

2. Performance Indicator #2 – Reasonable Rent

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

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

3. Performance Indicator #3 – Determination of Adjusted Income

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

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

4. Performance Indicator #4 – Utility Allowance Schedule

We have obtained the latest available Allowances for Tenant-Furnished Utilities And Other Services report, which is dated January 19, 2008. This report covers the period under audit.

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2008**

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

5. Performance Indicator #5 – HQS Quality Control Inspections

We have selected a sample of the Form HUD-52580 for our audit which indicates that the HA has performed its HQS reinspections. The sample was drawn from inspections that were completed during January 1, 2008 and December 31, 2008.

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

6. Performance Indicator #6 – HQS Enforcement

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

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

7. Performance Indicator #7 – Expanding Housing Opportunities

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

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

8. Performance Indicator #8 – Deconcentration Bonus

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets – regulatory basis of the various funds of the County of Middlesex, New Jersey, as of and for the years ended December 31, 2008 and 2007 and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2008. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements – regulatory basis based on our audits.

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, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements – regulatory basis 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, 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.

In our opinion, because the prescribed regulatory basis of accounting as described in the preceding paragraph is utilized by the County of Middlesex, New Jersey for the purpose of financial statement preparation, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County of Middlesex, New Jersey as of December 31, 2008 and 2007 or the results of its operations for the years then ended.

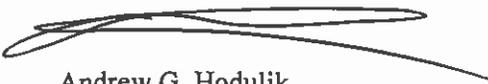
However, in our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position of the various funds of the County of Middlesex, New Jersey as of December 31, 2008 and 2007 and the results of operations and changes in fund balance of the various funds for the year ended December 31, 2008 on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated June 12, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Accounting Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information included in the supplementary data and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the County of Middlesex, New Jersey. Such information contained in the Supplementary Data and Supplementary Schedules has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects to the financial statements – regulatory basis taken as a whole.



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



Andrew G. Hodulik
Registered Municipal Accountant
No. 406

Highland Park, New Jersey
June 12, 2009

HODULIK & MORRISON, P.A.
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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 Director and Members
of the Board of Chosen Freeholders
County of Middlesex
New Brunswick, New Jersey 08903

We have audited the accompanying financial statements of the governmental activities and each major fund of the County of Middlesex as of and for the year ended December 31, 2008, which collectively comprise the County of Middlesex's basic financial statements and have issued our report thereon dated June 12, 2009. Our report expressed an unqualified opinion on the conformity of the financial statements with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our report also expressed an adverse opinion on the conformity of the financial statements to accounting principles generally accepted in the United States of America, due to the differences between those principles and the prescribed regulatory basis, which is more fully described in Note 2. Except as discussed in the preceding sentence, 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 agency's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. Condition 2008-1 exist whereby the same individual may collect, record, deposit or remit to the County Treasurer funds collected at the various departmental locations of the County.

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 County of Middlesex's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Middlesex's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

This report is intended solely for the information and use of the Director and Members of the Board of Chosen Freeholders, management, Division of Local Government Services and various federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Hodulik & Morrison, P.A.

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

Highland Park, New Jersey
June 12, 2009

COUNTY OF MIDDLESEX, NEW JERSEY
FINANCIAL STATEMENTS – REGULATORY BASIS

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2008 AND DECEMBER 31, 2007

<u>ASSETS</u>	REF.	<i>As of December 31,</i>	
		2008	2007
Regular Fund:			
Cash and Investments	A - 4	\$ 62,929,873	\$ 79,110,630
Cash - Change Fund	Reserve	600	600
Local Grants Receivable	A - 5	197,656	228,604
State and Federal Grants Receivable	A - 6	<u>30,256,677</u>	<u>24,892,548</u>
<i>Total Regular Fund Assets</i>		<u>93,384,806</u>	<u>104,232,382</u>
Receivables and Other Assets with Full Reserves:			
Inventory	A - 7	1,377,486	1,235,831
Added & Omitted Taxes Receivable	A - 8	133,353	188,925
Revenue Accounts Receivable	A - 9	<u>1,796,669</u>	<u>1,049,683</u>
<i>Total Receivables and Other Assets with Full Reserves</i>		<u>3,307,508</u>	<u>2,474,439</u>
Total Assets		<u>\$ 96,692,314</u>	<u>\$ 106,706,821</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-10	\$ 7,734,857	\$ 6,479,393
Reserve for Encumbrances	A - 11	20,376,913	28,837,342
Accounts Payable	A - 12	1,016,305	2,136,345
Payroll Deductions	A - 13	1,224,166	1,112,500
Unappropriated Reserves	A - 15	323,054	497,859
Reserve for Local Grants:			
Appropriated	A - 14	1,951,338	1,915,668
Reserve for State & Federal Grants:			
Appropriated	A - 16	42,857,669	36,583,836
Unappropriated	A - 17	<u>1,359,687</u>	<u>1,480,110</u>
<i>Total Liabilities and Reserve for Grants</i>		<u>76,843,989</u>	<u>79,043,053</u>
Reserve for Receivables	Reserve	3,307,508	2,474,439
Fund Balance	A - 1	<u>16,540,817</u>	<u>25,189,329</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 96,692,314</u>	<u>\$ 106,706,821</u>

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

	REF.	<i>For the year ended December 31,</i>	
		2008	2007
Revenues:			
Fund Balance Utilized	A-1,A-2	\$ 9,900,000	\$ 9,488,000
Miscellaneous Revenue Anticipated	A - 2	117,265,752	123,502,968
Receipts from Current Taxes	A - 2	281,223,000	262,500,000
Receipts from Added and Omitted Taxes	A - 2	2,182,371	2,344,971
Miscellaneous Revenues Not Anticipated	A - 2	4,145,481	1,294,931
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A - 10	1,600,000	2,100,000
Accounts Payable Cancelled	A - 12	1,900,000	1,900,000
Local Grants Appropriated - Cancellations (Net)	A - 14	8,033	151,951
State & Federal Grants Appropriated - Cancellations (Net)	A - 16	75,092	-
<i>Total Income</i>		<u>418,299,729</u>	<u>403,282,821</u>
Expenditures:			
Budget Appropriations:			
Salaries and Wages	A - 3	106,921,659	100,565,776
Other Expenses	A - 3	186,868,050	180,374,466
Public and Private Programs	A - 3	43,594,672	46,825,239
Debt Service	A - 3	55,287,913	48,223,347
Capital Improvements	A - 3	2,550,000	283,000
Deferred Charges and Statutory Expenditures	A - 3	21,825,947	16,954,182
<i>Total Expenditures</i>		<u>417,048,241</u>	<u>393,226,010</u>
<i>Excess in Revenue</i>		1,251,488	10,056,811
Fund Balance, January 1	A	<u>25,189,329</u>	<u>24,620,518</u>
		26,440,817	34,677,329
Decreased By:			
Utilization as Anticipated Revenue	A-1,A-2	<u>9,900,000</u>	<u>9,488,000</u>
Fund Balance, December 31,	A	<u><u>\$ 16,540,817</u></u>	<u><u>\$ 25,189,329</u></u>

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Fund Balance Anticipated	A-1	\$ 43,435	\$	\$ 43,435	\$
Surplus Anticipated with Prior Written Consent of Director of Local Govt.	A-1	9,856,565		9,856,565	
Total Surplus Anticipated		9,900,000		9,900,000	
Miscellaneous Revenues:					
Local Revenues:					
County Clerk	A-9	12,801,000		9,292,421	(3,508,579)
Surrogate	A-9	425,500		439,278	13,778
Sheriff	A-9	1,020,200		987,873	(52,327)
Fines	A-9	427,000		438,008	9,008
Interest on Invests. and Deposits	A-9	3,914,088		2,304,859	(1,609,228)
Mental Health Clinics:					
State Share of Costs	A-9	1,297,162		1,349,088	51,924
Other Revenue	A-9	1,436,100		1,606,834	170,734
Property Rentals	A-9	394,200		402,420	8,220
Subdivision and Site Plan Review Fees	A-9	850,800		603,982	(246,818)
Road Opening Fees	A-9	97,800		151,071	53,271
Bail Bond Forfeitures	A-9	394,800		829,474	434,674
Custody Charges - State Inmates in County Institutions	A-9	4,600,000		3,125,186	(1,474,814)
Parks Department - Fees and Permits	A-9	164,400		189,938	35,538
Microfilm and Printing Fees	A-9	65,300		51,715	(13,585)
N. J. Department of Education-Child Nutrition Program	A-9	108,100		124,057	15,957
Sale of Plans and Specifications	A-9	43,400		49,431	6,031
Discovery Fees and Reproduction Costs	A-9	75,100		116,404	41,304
Fire Academy Fees	A-9	331,100		345,593	14,493
Plays in the Park Admissions	A-9	192,900		199,914	7,014
MCIA Skating Ring	A-9	68,600		43,041	(23,559)
Commissions Earned on Public Telephones in County Buildings	A-9	657,600		596,738	(60,862)
Adult Correction Facility Inmate Medical Co-Pay	A-9	18,500		17,713	(787)
Adult Correction Facility - US Marshall INS Detainees	A-9	6,178,830		5,204,711	(974,119)
Adult Correction Facility Inmate Processing Fees	A-9	285,900		250,383	(35,517)
Adult Correction Facility Work Release Fees	A-9	10,400		6,405	(3,995)
Adult Correction Facility SSA Inmate Finders Fee	A-9	40,800		39,948	(852)
County Auction	A-9	151,200		145,196	(6,004)
Archives and Records Management Service Fees	A-9	31,500		38,831	7,331
Municipal School District Share of Election Expense	A-9	622,000		828,152	206,152
State Aid:					
County College Bonds (N.J.S.A. 18:64A-22.6)	A-9	1,698,323		1,698,323	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
State Assumption of Costs:				
A-9	1,565,852		1,640,894	75,242
A-9	4,397		57,521	53,124
A-6		7,670,903	7,670,903	
U.S. Department of Health and Human Services:				
A-6	2,834,177	1,437,576	4,271,753	
A-6		2,462,767	2,462,767	
A-6		95,000	95,000	
U.S. Department of Justice:				
A-6		4,255	4,255	
U.S. Department of Transportation:				
A-6	150,960		150,960	
A-6		120,497	120,497	
A-6	72,000		72,000	
N.J. Department of Law & Public Safety:				
A-6		29,975	29,975	
A-6		21,621	21,621	
Division of Criminal Justice:				
A-6		88,284	88,284	
A-6		126,503	126,503	
A-6	55,686		55,686	
A-6		153,694	153,694	
A-6		19,625	19,625	
A-6		45,000	45,000	
A-6		23,160	23,160	
Juvenile Justice Commission:				
A-6	254,250		254,250	
A-6	460,549		460,549	
A-6	251,340		251,340	
A-6	47,029		47,029	
A-6	510,791		510,791	
Division of State Police:				
A-6		42,639	42,639	
A-6		160,566	160,566	
A-6		1,729,337	1,729,337	
A-6		8,119	8,119	
A-6		1,500	1,500	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
State and Federal Revenues Offset with Appropriations (continued):					
N.J. Department of Community Affairs:					
Preparedness & Response for Bioterrorism	A-6		497,588	497,588	
Recreation - Individuals with Disabilities	A-6	18,000		18,000	
Sexual Assault, Abuse and Rape Care Program	A-6		60,143	60,143	
Rape Crisis Intervention - DCA	A-6	93,264	(47,064)	46,200	
Smart Future Sustainable Middlesex County	A-6	75,000		75,000	
Center for Hispanic Policy, Research & Development	A-6		31,196	31,196	
N.J. Department of Environmental Protection:					
Environmental Health Act	A-6	343,076		397,582	
Clean Communities Program	A-6		58,895	58,895	
Solid Waste Service Fund	A-6		517,173	517,173	
N.J. Department of Health & Senior Services:					
Public Health Priority Funding - 1977	A-6	233,252		233,252	
Tobacco Age Sale Enforcement	A-6		32,040	32,040	
Breast & Cervical Cancer Education & Early Detection	A-6		10,000	10,000	
Breast & Cervical Cancer Education & Early Detection	A-6		350,000	350,000	
Tuberculosis Control	A-6	169,845		169,845	
Worker and Community Right-to-Know Act	A-6	18,119		18,119	
Cancer Control Plan at the County Level	A-6		65,000	65,000	
Early Intervention Service Coordination	A-6		173,240	173,240	
Special Child Early Intervention	A-6		922,740	922,740	
Tuberculosis Program - State	A-6		204,312	204,312	
Home Care Services - Respite Program	A-6	368,084	5,830	371,894	
CCPED Medical Waiver	A-6	30,000		30,000	
DYFS - Area Wide Transportation Grant	A-6	188,000		188,000	
DYFS - Community-Based Program - JINS	A-6	801,082		801,082	
County Office of the Handicapped	A-6	69,301		69,301	
N.J. Department of Human Services:					
DYFS - Services to the Homeless	A-6	593,588		593,588	
Personal Attendant Demonstration Project	A-6	736,000		736,000	
DYFS - Residential Treatment Services	A-6	842,450		842,450	
Mental Health Board-Central Region	A-6		6,000	6,000	
Youth Incentive Program	A-6	47,550		47,550	
Caregivers Assistance Program	A-6	160,000		160,000	
Senior Meals - SIBA	A-6		300,000	480,000	
Human Services Council	A-6	74,282	13,500	36,008	
Governor's Council on Alcoholism & Drug Abuse:					
Alliance to Prevent Alcohol & Drug Abuse	A-6	791,033		791,033	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	REF	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
State and Federal Revenues Offset with Appropriations (continued):					
N.J. Department of State:					
N.J. Department of Elections					
Election Assistance to Individuals w Disabilities	A-6		31,594	31,594	
N.J. Council on the Arts:					
Local Arts Development	A-6		189,956	189,956	
General Support Folklife	A-6		23,194	23,194	
N.J. Historical Commission Service	A-6		122,010	122,010	
N.J. Division of Archives and Records Management					
Public Archives and Records Management	A-6		22,500	22,500	
N.J. Department of Military & Veterans Affairs:					
Transport Disabled Veterans	A-6		44,000	44,000	
N.J. Transit Corporation:					
Senior Citizens & Disabled Res. Transportation Ass.	A-6	2,591,703	186,073	2,787,776	
N.J. Department of Transportation:					
FY 08 Capital Transportation Program	A-6	6,051,000		6,051,000	
Bridge 3-B-152 Ryders Lane	A-6		1,127,050	1,127,050	
N.J. Department of Education:					
North Brunswick - Title I Funds:					
Compensatory Education	A-6	138,586		138,586	
Local Revenues Offset with Appropriations: Miscellaneous:					
Interlocal Service Trans. Woodbridge	A-5	298,885		298,885	
Interlocal Service Trans. Sayreville	A-5	179,531		179,531	
Interlocal Service Trans. Old Bridge	A-5	54,252		54,252	
North Brunswick Board of Education:					
Middlefields Program	A-5	69,650		69,650	
Environmental Supplemental Fund	A-5		200,000	200,000	
Middlesex County Utility Authority Contract	A-5	483,696		483,696	
Middlesex Cty Nutrition Client Fees	A-5	50,000		378,000	
Keep Middlesex Moving	A-5		89,490	89,490	
Medicare County Multi Assist Cost Share Program	A-5	20,000	106,250	106,250	
Medicare Reimbursement Flu Vaccine	A-5	80,000	55,607	75,607	
Respite Cost Share Program	A-5	13,000	7,984	20,984	
Fare & Donation Revenue Transportation Program	A-5	20,000	160,000	180,000	
Disaster Liason Grant	A-5		2,500	2,500	
Solid Waste Service Fee	A-5	365,563	100,000	100,000	
MCIA - Paint Recycling Program	A-5			365,563	
Client Contribution - Ensure Program	A-5		1,300	1,300	
Improvement to Summerhill Road	A-5		89,650	89,650	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	REF	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Miscellaneous Revenues:					
Open Space Trust Fund	A-9	10,089,789		9,632,025	(467,764)
Lease Purchase BSS Building	A-9	2,007,768		2,007,789	
Other Special Items:					
Child Support Enforcement Program IV-D - Federal Aid:					
Courts and County Clerk	A-9	888,227		575,847	(112,380)
Sheriff	A-9	358,005		319,148	(38,857)
N.J. Dept. of Education - Debt Service Aid - Vocational Schools	A-9	163,000		158,117	(6,883)
Added and Omitted Taxes	A-8	188,924		188,924	
Health Aid - Municipalities	A-9	1,578,591		1,488,761	(89,830)
Intoxicated Driver Resource Center Fees	A-9	235,002		235,002	
Open Space Trust Fund - County Bonds	A-9	780,825		780,825	
Division of Development Disabilities	A-9	93,697		179,261	85,564
State of NJ - Add'l Revenue - Raritan Bay Mental Health Center	A-9	51,924		(51,924)	
New Brunswick Housing Authority Reimbursement					
Bus Transportation Project	A-9	101,370		74,709	(26,661)
Office on Aging - State of N.J. Grant	A-6	20,000		20,000	
Central Inventory Control	A-9	3,000,000		3,188,333	188,333
Fringe Benefits & Indirect Costs - State and Federal Grants	A-9	2,108,580		1,751,075	(358,515)
Long Term Management Agreement with M.C.I.A.					
Tamarack Golf Course	A-9	250,000		250,000	
Civic Square II Lease / Purchase - New Brunswick Share	A-9	715,885		715,885	
Capital Surplus	A-9	119,580		119,580	
Service Agreement - Admin. Office of the Court	A-9	164,800		252,510	87,710
MCUA Franchise Fee	A-9	3,500,000		3,500,000	
Municipal Agreements for Road Paving	A-9	1,355,905		694,618	(661,289)
SERA - Administrative Fees	A-9	552,426		552,428	
SERA - Interest and Pay Down of BANS	A-9	6,668,611		6,668,611	
Heldrich Conference Center Debt Service Reimbursement	A-9	284,630		284,630	
Feb. 5, 2008 Election Reimbursement from State	A-9	992,105		876,240	(115,865)
State of N.J. Poll Worker Reimbursement	A-9	890,887		882,583	(8,124)
Prosecutor Salary (State Mandated)	A-9	53,000		53,000	
RCC Share of 2006 MCIA Lease/Purchase	A-9	184,807		184,807	
RCC Share of 2003 MCIA Lease/Purchase	A-9	25,564		25,564	
Cancellation of MCIA Projects to Debt Service	A-9	46,695		46,695	
MCIA Share of 2000 MCIA Lease / Purchase	A-9	115,037		115,037	
Additional Revenue - County Clerk	A-9	3,000,000		2,124,000	(876,000)
Additional Revenue - Sheriff	A-9	708,000		672,500	(36,500)
Additional Revenue - Surrogate	A-9	334,300		344,500	10,200
Additional Revenue - Adult Correction - US Marshall INS Detained	A-9	81,170		81,170	
State Criminal Alien Assistance Program (SCAAP)	A-9	307,488		307,488	
Somerset Cty Share of Operations - Juvenile Detention Center	A-9	612,788		711,848	99,078
Somerset Cty Debt Service Share - Juvenile Detention Center	A-9	515,854		515,654	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	REF	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Other Special Items (continued):					
Somerset City Share of Education - Juvenile Detention Center	A-9	38,470		38,941	471
Union County Juveniles at Detention Center	A-9	108,610		118,605	8,995
Debt Service - ER 1&2 MCC, Vo Tech and Mosquito Commission	A-9	485,280		485,281	1
Reserve for Payment of Debt Service	A-9	1,036,185		1,036,185	
Prosecutor's Office - Discovery Revenue	A-9	75,400		75,400	
Prosecutor's Office - Extradition Revenue	A-9	75,000		75,000	
MCLA Rollerblade Rink Revenue	A-9	100,000		7,745	(92,255)
Medicare - Part D	A-9	363,286		517,715	154,429
Total Miscellaneous Revenues	A-1	105,973,000	20,429,244	117,265,752	(9,136,492)
Amount to be Raised by Taxation:					
County Purpose Tax	A-1,A-8	281,223,000		281,223,000	
Budget Totals		387,096,000	20,429,244	408,368,752	(9,136,492)
Non-Budget Revenue:					
Added and Omitted Taxes	A-1,A-8			2,182,371	2,182,371
Miscellaneous Revenue Not Anticipated	A-1,A-2			4,145,481	4,145,481
Total Revenue		\$ 397,096,000	\$ 20,429,244	\$ 414,716,604	\$ (2,808,640)
	REF	A-3	A-3	A-1	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	REF	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REALIZED	EXCESS (DEFICIT)
Non-Budget Revenue:					
Miscellaneous Revenue Not Anticipated:					
Other Fees:					
Performance Guarantees				\$ 9,327	
Garnishes				5,286	
Autopsy Reports				9,586	
Community Labor Fees - Adult Correction				7,947	
Ranger User Fees				9,700	
Copies				11,286	
Vending Machines				5,931	
Office on Aging				38,000	
Misc. Other Fees				10,813	
Road Opening Deposits				1,832,248	
Reimbursements:					
Emergency Mgt. Salary Reimbursement				102,604	
Emergency Mgt. Programs				57,000	
Insurance Refunds				125,000	
Hybrid Car Purchases				28,000	
National Lead				1,020,683	
Misc. Other Reimbursement				17,581	
Various Settlements:					
N.Y. Life				513,102	
Mastercare Liquidation-Workers Comp				94,912	
Close Various Accounts					
M.C.I.A.				162,814	
Various Drainage Accounts				40,602	
Other Misc. Reimbursement				42,879	
Miscellaneous Revenues Not Anticipated				<u>\$ 4,145,481</u>	

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See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		RESERVED	CANCELED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED		
GENERAL GOVERNMENT						
ADMINISTRATION AND EXECUTIVE						
Board of Chosen Freeholders:						
Salaries and Wages	\$ 186,400	\$ 153,900	\$ 150,141	\$ 2,664	\$ 3,759	
Other Expenses	76,211	70,516	62,189		5,685	
County Administrator:						
Salaries and Wages	212,800	233,797	226,475	116	7,322	
Other Expenses	3,290	3,290	898		2,278	
Office of the Director:						
Salaries and Wages	63,200	65,882	63,804		2,078	
Secretarial Help:						
Salaries and Wages	83,000	82,959	80,310		2,649	
Advertising:	5,000	5,000	(47)	1,993	3,054	
Audit:	86,000	86,000			88,000	
Information Technology:						
Salaries and Wages	1,105,500	1,095,187	1,062,728		32,469	
Other Expenses	1,249,541	1,416,241	1,254,147	124,547	37,547	
Department of Real Estate:						
Salaries and Wages	181,400	180,741	175,008		5,735	
Other Expenses	3,668,722	3,641,845	3,452,812	160,257	28,576	
Department of Insurance:						
Salaries and Wages	76,200	79,322	76,784		2,538	
Other Expenses	1,700	1,700	1,428	75	199	
Department of Finance:						
County Treasurer's Office:						
Salaries and Wages	450,300	449,823	436,144		13,679	
Other Expenses	11,235	9,921	4,791	1,170	3,960	
County Comptroller's Office:						
Salaries and Wages	1,250,500	1,257,594	1,217,844	27,285	39,750	
Other Expenses	172,090	172,090	117,156		27,649	
Legal Department:						
County Counsel:						
Salaries and Wages	1,025,300	1,055,632	1,024,514		31,118	
Other Expenses	180,500	178,750	112,300	8,888	56,562	
County Adjuster's Office:						
Salaries and Wages	381,000	374,504	362,076		12,428	
Other Expenses	40,025	40,025	29,341	1,327	9,357	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		RESERVED	CANCELED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED		
GENERAL GOVERNMENT (continued)						
ADMINISTRATION AND EXECUTIVE (continued)						
Clerk of the Board:						
Salaries and Wages	214,900	225,221	216,632		8,589	
Other Expenses	32,610	31,870	26,057	4,314	1,489	
Personnel Department:						
Salaries and Wages	808,800	807,794	788,197		39,597	
Other Expenses	161,950	141,892	70,152	26,466	45,074	
County Clerk:						
Salaries and Wages	1,674,000	1,605,099	1,556,634		48,465	
Other Expenses	72,215	72,215	58,199	4,664	9,352	
Prosecutor's Office:						
Salaries and Wages	16,729,500	16,722,283	16,218,424		503,859	
Other Expenses	602,042	672,042	451,636	84,315	136,081	
Purchasing Department:						
Salaries and Wages	1,174,000	1,200,552	1,164,826		35,728	
Other Expenses	29,893	28,959	18,795	4,785	5,379	
Office Supply Inv. Increase						
Public Property						
Salaries and Wages	1,697,100	1,738,000	1,663,723		54,277	
Other Expenses	3,107,801	3,163,601	3,087,557	27,474	48,570	
Central Vehicle Maintenance and Repair:						
Salaries and Wages	637,900	687,250	634,831		52,419	
Other Expenses	315,800	343,100	214,713	37,588	90,799	
Parking Facilities						
Other Expenses	1,536,472	1,515,372	1,063,263	430,356	1,753	
Office of Economic Development						
Salaries and Wages	132,800	130,018	126,081		3,937	
Other Expenses	80,825	66,934	5,591	646	60,697	
Economic Commissioner						
Other Expenses	9,800	9,800	9,800			
Central Mail, and Reproduction:						
Salaries and Wages	600,400	590,100	572,122		17,978	
Other Expenses	675,952	672,792	640,811	19,698	12,283	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		CANCELED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	
GENERAL GOVERNMENT (continued)					
ADMINISTRATION AND EXECUTIVE (continued)					
Div. Of Archives & Record Mgt.					
Salaries and Wages	440,000	453,635	439,092		14,543
Other Expenses	85,108	78,182	37,656	11,996	28,530
Insurance:					
Group Insurance Plan for Employees	40,252,000	40,377,862	39,241,003	334,258	802,601
Worker's Compensation	2,525,245	2,517,804	2,517,804		
Surety Bond Premiums	14,300	13,064	11,264	888	802
Other Insurance Premiums	1,997,647	1,997,647	1,684,295	17,615	285,737
Temporary Disability Insurance	190,000	157,000	140,450		16,550
TOTAL GENERAL GOVERNMENT	86,308,974	86,674,419	82,600,447	1,334,395	2,739,577
JUDICIARY					
County Surrogate:					
Salaries and Wages	600,800	612,364	593,710		18,654
Other Expenses	28,184	26,184	22,461	1,242	2,481
Psychiatric and Legal Counsel Fees for Involuntary Civil Commitments (Admin. Office of the Court Rules 4:74-7):					
Salaries and Wages	32,500	33,900	32,580		1,320
Other Expenses	70,000	77,000	66,871	1,725	8,404
TOTAL JUDICIARY	729,484	749,448	715,622	2,967	30,859
UTILITIES & BULK PURCHASES					
Utilities					
Central Inventory Control	5,822,755	6,187,755	4,932,628	1,245,824	9,303
	3,000,000	3,250,000	3,249,999		1
TOTAL UTILITIES & BULK PURCHASES	8,822,755	9,437,755	8,182,627	1,245,824	9,304

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED
REGULATION					
Sheriff's Office:					
Salaries and Wages	18,045,000	18,181,024	17,553,741		607,283
Other Expenses	483,430	457,144	280,555	84,312	112,277
Weights and Measures Department:					
Salaries and Wages	366,400	318,937	305,984		12,953
Other Expenses	9,040	12,040	10,999	153	888
Board of Taxation:					
Salaries and Wages	316,100	318,176	308,542		9,634
Other Expenses	16,155	14,302	9,635	1,853	2,814
County Medical Examiner:					
Salaries and Wages	1,090,600	1,112,030	1,078,885	38,026	35,145
Other Expenses	388,606	354,888	207,823		109,039
Board of Elections:					
Salaries and Wages	1,155,500	1,315,121	1,276,341		38,780
Other Expenses	3,017,455	2,940,955	2,324,223	84,932	521,800
Elections (County Clerk)					
Salaries and Wages	220,600	185,600	179,779		5,821
Other Expenses	801,950	806,950	789,337	12,308	5,305
Office of Emergency Management:					
Salaries and Wages	189,500	240,845	234,633		6,212
Other Expenses	76,595	66,217	23,802	7,979	34,436
County Planning Board (R.S. 40:27-3)					
Salaries and Wages	1,313,000	1,297,777	1,251,118		46,659
Other Expenses	62,250	48,675	34,859	2,845	11,171
Construction Board of Appeals					
Other Expenses	2,650	2,650	1,922	150	578
TOTAL REGULATION	27,515,831	27,653,331	25,869,978	222,558	1,560,795
					-

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED
ROADS AND BRIDGES					
Highways and Bridges:					
Salaries and Wages	1,883,500	1,883,500	1,896,933		186,567
Other Expenses	153,472	153,472	55,487	24,017	73,968
Lighting of Highways and Bridges	70,000	70,000	57,238		12,762
Engineering Department:					
Salaries and Wages	722,200	708,786	641,486		87,300
Other Expenses	160,700	153,876	45,845	3,822	104,208
Road Supervisor's Office:					
Salaries and Wages	364,000	364,000	364,000		
Bridge Maintenance:					
Salaries and Wages	119,900	96,000	87,758		8,242
Other Expenses	4,720	4,720	3,682	1,003	35
TOTAL ROADS AND BRIDGES	3,278,492	3,434,354	2,952,429	26,842	453,083
CORRECTIONAL AND PENAL					
Adult Correction and Facility:					
Salaries and Wages	24,303,986	24,128,986	23,330,879		796,107
Other Expenses	8,411,064	8,411,064	6,684,924	1,276,491	449,649
Juvenile Detention Center:					
Salaries and Wages	6,253,400	5,927,077	5,715,377		211,700
Other Expenses	864,775	851,673	541,480	241,788	68,405
Office of Consumer Affairs					
Salaries and Wages	284,800	295,882	288,741		7,141
Other Expenses	2,840	2,840	1,235	122	1,483
TOTAL CORRECTIONAL AND PENAL	40,120,865	39,617,522	36,562,636	1,518,401	1,536,485
HEALTH AND WELFARE:					
Public Health Service - Interlocal Agreement:					
Salaries and Wages	2,462,600	2,462,436	2,357,901		104,535
Other Expenses	149,395	98,105	32,813	3,532	81,780
Environmental Health Act (CH. 443, P.L. 1977):					
Salaries and Wages	377,000	345,700	332,544		13,156
Other Expenses	36,175	36,175	33,769	117	2,289

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED
<u>HEALTH AND WELFARE (continued):</u>					
Specialty Challenged Children					
Salaries and Wages	98,300	98,500	96,452		3,048
HS - County Wide Referral System	80,000	60,000	50,000	10,000	
Haz Mat Division					
Salaries and Wages	776,700	747,600	711,172		36,428
Other Expenses	54,150	50,350	30,617	1,600	18,133
Roosevelt Care Center:					
Other Expenses	8,180,000	8,180,000	8,180,000		
Raritan Bay Mental Health Clinic (N.J.S.A. 40:5-2.9):					
Salaries and Wages	6,113,000	6,068,304	5,877,687		190,617
Other Expenses	267,200	303,200	203,473	13,495	86,232
Alcohol Services	152,494	152,494	152,465		9
Mental Health Administrator:					
Salaries and Wages	363,700	348,336	337,645		10,691
Other Expenses	570,737	570,737	348,071	222,666	
Aid to Middlesex County Unit - N.J. Association for Retarded Children (N.J.S.A. 40:23-8.11)	19,351	19,351	9,675	9,676	
Social Hygiene Clinic:					
Salaries and Wages	302,200	339,400	328,896		9,504
Other Expenses	19,550	19,550	11,416	742	7,392
Board of Social Services:					
Administration	12,883,363	12,883,363	12,883,363		
Services	711,168	711,168	711,168		
Assistance to Supplemental Security Income Recipients	1,565,652	1,565,652	1,565,652		
Temporary Assistance for Needy Families	357,012	357,012	357,012		
War Veterans Burial and Grave Decorations:					
Salaries and Wages	22,900	15,900	15,800		100
Other Expenses	34,546	34,546	34,546		
Childhood Immunization Clinic 99					
Salaries and Wages	130,700	129,400	123,745		5,655

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		RESERVED	CANCELED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED		
<u>HEALTH AND WELFARE (continued)</u>						
MC Mid School After School	50,000	42,550		42,550		
Department of Human Services:						
Salaries and Wages	516,800	528,285	515,742		13,543	
Other Expenses	109,204	107,204	89,050	14,572	3,582	
Housing Coalition (N.J.S. 40:20-1)						
Home Care for the Elderly (N.J.S.A. 30:4D-3)	1,520,568	1,520,568	1,199,561	252,820	68,187	
Aid to Family and Children's Services of Central NJ, Inc. - N.J.S.A. 40:5-2.9)	10,500	10,500	5,250	5,000	250	
Mosquito Extermination Commission (N.J.S.A. 26:9-13 et seq.)	2,407,260	2,407,260	2,407,260			
Maintenance of Patients in State Institutions for Mental Diseases						
Local Share	1,316,930	1,316,930	1,316,930			
MC Indigent Res. - Other County	100,000	100,000	1,138		98,864	
Aid to Kiddie Keep Well Camp (N.J.S.A. 40:23-8.17)	103,000	103,000	103,000			
Aid to New Brunswick Day Care Council, Inc. - (N.J.S.A. 40:23-8.14)	69,250	69,250	34,625	34,625		
Aid to South County Day Care Center (N.J.S.A. 40:23-8.14)	12,600	12,600	9,447	3,153		
Aid to Cerebral Palsy Association (N.J.S.A. 40:23-8.11)	86,250	96,250	72,104	24,056		
Bus Service - Board of Social Services Clients - Contractual						
Salaries and Wages	202,740	34,000	29,285		4,705	
Other Expenses	8,550	142,185	119,870		22,315	
Aid to South Brunswick Center for Independent Living	47,200	8,550	6,412	2,138		
Aid to Women Aware Inc. (N.J.S.A. 40:23-8.14)	83,000	47,200	35,400	11,800		
Aid to Middlesex Cty. Legal Services Corp. (N.J.S.A. 44:12-2)	27,112	83,000	62,250	20,750		
Aid to MIPH	22,475	27,112	27,112			
Aid to Edison Sheltered Workshop (N.J.S.A. 40:23-8.11)	71,855	22,475	16,856	5,619		
Aid to Puerto Rican Action Bd. (N.J.S.A. 40:23-8.14)	40,985	71,855	53,881	17,984		
Aid to Puerto Rican Association for Human Development (N.J.S.A. 40:23-8.14)	10,700	40,985	30,739	10,246		
Aid to Child Assault Prevention Program	24,767	10,700	5,350	5,350		
Aid to Jewish Family Service of Middlesex Cty. - (N.J.S.A. 40:5-2.9)		24,767	18,545	6,222		

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED	CANCELED
HEALTH AND WELFARE (continued)						
Aid to Elijah's Promise	24,400	24,400	12,200	12,200		
Laurel House	50,000	50,000	25,000	25,000		
Aid to MCC	17,093	17,093	12,820	4,273		
Aid to Salvation Army - Penth Amboy	28,818	28,818	66,385	28,818		
Aid to Catholic Charity Diocese of Metuchen	88,513	88,513	11,587	22,128		
Interfaith Network Care	15,450	15,450	9,850	3,863		
FISH Hospitality Program Inc.	19,700	19,700	11,681	9,850		
Monarch Housing Association	15,575	15,575		3,884		
TOTAL HEALTH AND WELFARE	42,819,988	42,888,054	41,096,340	828,719	760,995	-
EDUCATION:						
Office of County Superintendent of Schools:						
Salaries and Wages	318,200	314,364	304,827		9,537	
Other Expenses	15,710	15,710	6,537	2,675	6,488	
Vocational School	22,623,842	22,623,842	22,623,642			
County Extension Services - Farm and Home Demonstrations:						
Salaries and Wages	385,400	402,951	390,799	4,133	12,152	
Other Expenses	62,415	58,193	43,594		10,466	
Middlesex County College	15,914,662	15,914,662	15,914,662			
Reimbursement for Residents Attending Out-Of-County, Two-Year Colleges (N.J.S.A. 18A:64A-23)	275,000	275,000	230,156		44,844	
Reimbursement for Residents Attending Out-Of-County, Vocational Schools (N.J.S.A. 18A:64A-23.4)	1,000	1,000				1,000
Middlesex County Heritage Commission (N.J.S.A. 40:33A-6):						
Salaries and Wages	467,200	479,551	463,889		15,662	
Other Expenses	98,820	98,820	89,755	7,821	1,244	
Fire Training Academy:						
Salaries and Wages	765,800	762,100	757,650	67,194	24,450	
Other Expenses	368,679	344,758	147,612		129,952	
East Jersey Older Towns:						
Salaries and Wages	210,400	212,600	205,356		7,244	
Other Expenses	48,886	44,569	27,433	10,776	6,360	
TOTAL EDUCATION	41,553,624	41,567,920	41,205,912	92,599	288,409	1,000

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS			EXPENDED 2008		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED	CANCELED
RECREATION						
County Parks Department:						
Salaries and Wages	6,706,062	6,832,062	6,638,753		193,309	
Other Expenses	1,215,380	1,215,380	973,354	202,189	39,837	
TOTAL RECREATION	7,923,442	8,047,442	7,612,107	202,189	233,146	-
UNCLASSIFIED						
Solid Waste Management						
Salaries and Wages	402,800	403,233	388,864		4,369	
Other Expenses	8,331	8,331	8,484	228	619	
Garbage and Trash Removal (Contractual)	111,308	106,308	93,301	10,078	2,928	
Aid to New Jersey Association of Correction (N.J.S.A. 40:23-8.19)	37,035	37,035	27,776	9,259		1,958
Matching Fund for Grants	65,500	1,958				
Cornelius Low House Museum	43,558	43,558	21,711	11,589	10,258	
Supplemental Compensation at Retirement	300,000	300,000	300,000			
Life Support Program - New Brunswick - Contractual	53,000	53,000	53,000			
Intoxicated Driver Resource Center Fees	235,002	235,002	215,703	13,112	6,187	
Employee Child Care	90,000	90,000	79,898		10,102	
Aid to Keep Middlesex Moving, Inc.	14,500	14,500	14,500			
Civic Square III Lease / Purchase	1,544,057	1,544,057	1,544,056		1	
Civic Square II Lease / Purchase	3,087,793	3,087,793	3,081,542		6,251	
COP Lease Purchase BBS Building	2,007,768	2,007,768	2,007,768			
M.C. Improvement Authority - Capital Lease Purchase	12,039,429	12,039,429	12,039,429			
Open Space Trust Bonds	10,099,789	10,099,789	9,632,024		1	467,764
Dept. of Transportation:						
Salaries and Wages	179,700	185,829	179,898		5,731	
Other Expenses	34,450	225,450	222,624	210	2,616	
Salary & Wage Adjustment	546,152					
Unfunded Capital Ordinances						
Civic Square IV Lease / Purchase	3,041,610	3,041,610	3,035,329			6,281
MCIA/Recycling Operation	773,334	773,334	773,334			
TOTAL UNCLASSIFIED	34,716,117	34,288,785	33,728,242	44,476	49,064	476,003

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:					
Work Force Investment Act		4,782,984	4,782,984		
Work first - NJ Grants		2,431,137	2,431,137		
Work first - Transportation Services		456,782	456,782		
U.S. Dept. of Health and Human Services:					
Senior Meals of Middlesex County	1,636,128	2,349,500	2,349,500		
Area Plan Grant for Program on Aging - Title III	2,184,986	2,888,180	2,888,180		
Midd. City Nutrition Client Fees	50,000				
HIV Emergency Project		2,462,767	2,462,767		
Childhood Lead Poisoning Prevention		95,000	95,000		
U.S. Department of Justice:					
National Criminal History Improvement		4,255	4,255		
U.S. Dept. of Transportation:					
Sub Regional Transportation Planning	150,960	150,960	150,960		
Job Access Reverse Commute		120,487	120,487		
Sub Regional Study - Rt. 18	72,000	72,000	72,000		
N.J. Dept. of Law and Public Safety:					
Division of Highway and Traffic Safety:					
County D.W.I. Enforcement Grant		29,975	29,975		
Don't Drink and Drive		21,621	21,621		
Division of Criminal Justice:					
Multi-Jurisdictional Narcotics Task Force		88,284	88,284		
Edward Byrne Memorial Justice		26,167	26,167		
Multi Cultural Outreach & Services		45,000	45,000		
SART - SANE Project		128,503	128,503		
Body Armor Replacement Program - Corrections	25,961	25,961	25,961		
Body Armor Replacement Program - Prosecutors	8,987	8,987	8,987		
Body Armor Program - Sheriff	20,738	20,738	20,738		
Victim Assistance Project		153,694	153,694		
NJ Sex Offender Registry		23,160	23,160		
Services to Victims Sexual Violence					

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):					
N.J. Dept. of Law and Public Safety (continued):					
Juvenile Justice Commission:					
Juv. Justice Detention Education	508,500	508,500	508,500		
State/Community Partnership Grant Program	460,549	460,549	460,549		
Family Court Service	251,340	251,340	251,340		
Juvenile Incentive Block Program	52,254	52,254	52,254		
State Incentive Program	510,791	510,791	510,791		
Division of State Police:					
State Homeland Security Grant Program - EM FY 06		1,729,337	1,729,337		
State Homeland Security & Prep -JUSASJ Public Health		160,566	160,566		
Hazardous Material Response Unit		8,119	8,119		
Advance HAZMAT Emergency Response		42,639	42,639		
Community Emergency Response Grant		1,500	1,500		
N.J. Department of Community Affairs:					
PH-Preparation & Response - Bioterror		497,568	497,568		
Rape Crisis Intervention	93,284	46,200	46,200		
Sexual Assault, Abuse and Rape Care Program		60,143	60,143		
Recreation - Individuals with Disabilities	25,000	25,000	25,000		
Smart Future Sustainable Middlesex County	75,000	75,000	75,000		
Center for Hispanic Policy, Research & Development		51,196	51,196		
N.J. Department of Environmental Protection:					
Clean Communities Program		18,895	18,895		
Clean Communities Program		40,000	40,000		
Solid Waste Service Fund		517,173	517,173		
Environmental Health Act	806,378	860,862	860,862		
N.J. Department of Health & Senior Services:					
DYFS - Area wide Transportation Grant	678,060	678,060	678,060		
Public Health Priority Funding	233,252	233,252	233,252		
DYFS - Home Care Services - Respite Program	368,094	371,894	371,894		
Worker and Community Right to Know Act	18,119	18,119	18,119		
Early Intervention Service Coordination		173,240	173,240		

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):</u>					
N.J. Department of Health & Senior Services (cont'd):					
Comprehensive Cancer Control		65,000	65,000		
DYFS - Maintenance of Children in Institutions - JINS	801,082	801,082	801,082		
Tobacco Age Sale Enforcement		32,040	32,040		
Breast & Cervical Cancer Education & Early Detection		10,000	10,000		
Breast & Cervical Cancer Education & Early Detection		350,000	350,000		
Tuberculosis Program	169,845	169,845	169,845		
County Office of the Handicapped	85,578	85,578	85,578		
CCPED Medical Xaiver	30,000	30,000	30,000		
Special Child Health Services - Early Intervention		922,740	922,740		
Tuberculosis Control Program		204,312	204,312		
N.J. Department of Human Services:					
DYFS - Services to the Homeless	593,588	593,588	593,588		
Personal Attendant Demonstration Project	736,000	736,000	736,000		
DYFS - Residential Treatment Services	942,450	942,450	942,450		
Mental Health Board-Central Region		6,000	6,000		
Youth Incentive Program	47,550	47,550	47,550		
Caregivers Assistance Program	180,000	480,000	480,000		
Senior Meals - SIBA		36,008	36,008		
Human Services Council	130,007	143,507	143,507		
Governor's Council on Alcoholism and Drug Abuse:					
Drug Enforcement Demand Reduction Fund	791,033	791,033	791,033		
N.J. Department of State - Division of Election:					
N.J. Department of Elections					
Election Assistance to Individuals w Disabilities		31,594	31,594		
N.J. Council on the Arts:					
Local Arts Development		234,956	234,956		
General Support Folklife		28,194	28,194		
N.J. Historical Commission Service		129,010	129,010		
N.J. Division of Archives and Records Management		22,500	22,500		
Public Archives and Records Management					
N.J. Department of Defense:					
Transport Disabled Veterans		44,000	44,000		

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED	CANCELED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):						
N.J. Transit:						
Senior Citizens & Disabled Res. Transportation Ass.	2,592,271	2,788,344	2,788,344			
N.J. Department of Transportation:						
FY 08 Capital Transportation Program Middlesex County	6,051,000	6,051,000	6,051,000			
Bridge 3-B-152 Ryders Lane		1,127,050	1,127,050			
N.J. Department of Education:						
North Brunswick Title I Compensatory	138,586	138,586	138,586			
Local Revenue Miscellaneous:						
Client Contribution - Ensure Program		1,300	1,300			
Fare & Donation Revenue Transportation Program	20,000	180,000	180,000			
MCIA/Peant Recycle Program	365,553	365,553	365,553			
Solid Waste Service Fee		100,000	100,000			
North Brunswick Board of Education Middlefield's Program	69,650	69,650	69,650			
Middlesex Cty Multi-Assist Cost Share Program	20,000	75,607	75,607			
RESPITE Cost Share Program	13,000	20,984	20,984			
Improvement to Summerhill Road		89,650	89,650			
Environmental Supplemental Fund		200,000	200,000			
Disaster Liason Grant		2,500	2,500			
Middlesex County Utility Authority Solid Waste Contract	483,696	483,696	483,696			
M.C. Area Plan Client Contribution		378,000	378,000			
Keep Middlesex Moving		89,490	89,490			
Medicare Reimbursement Flu Vaccine	80,000	80,000	80,000			
Interlocal Service Trans. Sayreville	179,531	179,531	179,531			
Interlocal Service Trans. Woodbridge	298,885	298,885	298,885			
Interlocal Service Trans. Old Bridge	54,252	54,252	54,252			
Improvement to South Ramdolphville Road - Piscataway		106,250	106,250			
TOTAL PUBLIC AND PRIVATE PROG. OFFSET BY REVENUES	23,081,666	43,594,672	43,594,672			
Total Operations	316,972,458	397,761,702	324,122,012	5,520,970	7,641,717	477,003
Contingent	99,682	99,682	71,204		28,478	
Total Operations Including Contingent	316,972,140	397,861,384	324,193,216	5,520,970	7,670,195	477,003
Detail:						
Salaries & Wages	107,315,000	106,921,659	103,262,790		3,658,869	
Other Expenses (Including Contingent)	209,657,140	230,939,725	220,930,426	5,520,970	4,011,328	477,003

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED	CANCELED
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	2,550,000	2,550,000	2,550,000	-	-	-
TOTAL CAPITAL IMPROVEMENTS	2,550,000	2,550,000	2,550,000	-	-	-
COUNTY DEBT SERVICE:						
Payment of Bond Principal:						
County College Bonds	4,532,500	4,532,500	4,532,500	-	-	-
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	1,342,500	1,342,500	1,342,500	-	-	-
Vocational School Bonds	3,015,000	3,015,000	3,015,000	-	-	-
Open Space Bonds	585,000	585,000	585,000	-	-	-
Other Bonds	26,820,000	26,820,000	26,820,000	-	-	-
Payment of Refunding Notes Principal:						
Interest on Bonds:						
County College Bonds	1,556,408	1,556,408	1,556,408	-	-	-
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	355,823	355,823	355,823	-	-	-
Vocational School Bonds	1,480,489	1,480,489	1,480,489	-	-	-
Other Bonds	13,507,391	13,507,391	13,507,391	-	-	-
Open Space Bonds	205,826	205,826	205,826	-	-	-
Interest on Notes	1,119,041	1,119,041	1,119,041	-	-	-
Paydown on Notes	603,000	603,000	603,000	-	-	-
Green Trust Loan Program:						
Loan Repayment for Principal and Interest	64,937	64,937	64,937	-	-	-
TOTAL COUNTY DEBT SERVICE	55,287,913	55,287,913	55,287,913	-	-	-
DEFERRED CHARGES						
Prior Year Bills:						
Johnson Controls, Inc	9,155	9,155	9,155	-	-	-
New Solutions, Inc.	10,000	10,000	10,000	-	-	-
STATUTORY EXPENDITURES						
Contributions To:						
Public Employees' Retirement System	4,201,713	4,201,713	4,201,713	-	-	-
Social Security System (O.A.S.I.)	9,950,000	9,490,000	9,425,688	-	-	64,312
County Detective Pension Fund	27,500	27,500	27,150	-	-	350
Police and Firemen's Retirement System	6,087,579	8,087,579	8,087,579	-	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES	22,285,947	21,825,947	21,781,285	-	64,662	-

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	APPROPRIATIONS		EXPENDED 2008			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	CASH EXPENDED	ENCUMBERED	RESERVED	CANCELED
TOTAL GENERAL APPROPRIATIONS	\$ 397,096,000	\$ 417,525,244	\$ 403,792,414	\$ 5,520,970	\$ 7,734,857	\$ 477,003
REF.	A-2		A-1	A-1,A-11	A,A-1	
Budget		\$ 397,096,000				
Added By 40A:4-87		20,429,244				
		\$ 417,525,244				
Cash Transferred to:			\$ 360,197,742			
Reserve for State and Federal Grants Appropriated			40,819,324			
Reserve for Local Grants Appropriated			2,775,348			
			\$ 403,792,414			

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
TRUST FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
DECEMBER 31, 2008 AND DECEMBER 31, 2007

EXHIBIT B

<u>ASSETS</u>	REF.	<i>As of December 31,</i>	
		2008	2007
Cash and Investments	B - 1	\$ 49,542,226	\$ 49,688,763
Motor Vehicle Fines	B - 2	452,084	434,976
Federal Aid Receivable: Housing and Community Development Act 1974	B - 3	7,891,519	8,885,884
Federal Aid Receivable - Section 8 Housing Assistance Payments Prog.	B - 4	472,199	16,015
State Aid Receivable: Alcoholism Rehabilitation Program	B - 5	1,799,151	1,213,113
Section 8 Housing Assistance Prepayments	B - 6	511,938	459,296
Receivable from MCLIA Open Space Receipts	B - 7	13,486,000	23,449,764
Community Development Block Grant:			
Urban Housing Preservation Program Loans - Mortgages Receivable	B - 28	2,137,291	2,146,990
Open Space Program Receivable	B - 33	15,845	22,613
Receivable from Bridget Place Housing Program	B - 35	257,756	257,756
Total Assets		\$ 76,566,009	\$ 86,575,170
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Motor Vehicle Fines Receivable	B - 2	\$ 452,084	\$ 434,976
Motor Vehicle Fines - Road Fund	B - 8	1,098,962	425,167
Reserve for Encumbrances	B - 9	30,922,838	41,038,692
Performance and Escrow Deposits	B - 10	2,911,552	3,394,559
Reserve for Road Drainage Project	B - 11	1,210,898	1,186,665
Worker's Compensation Self-Insurance Fund	B - 12	3,083,317	3,527,069
Supplemental Compensation at Retirement	B - 13	190,970	145,642
Unemployment Compensation Fund	B - 14	456,692	350,115
Reserve for Alcoholism Rehabilitation Program	B - 15	1,080,127	1,157,456
Reserve for Housing and Community Development Expenditures	B - 16	592,969	126,171
Reserve for CDBG Funds on Hand	B - 17	780,701	796,826
Rental Rehabilitation Program	B - 18	26,812	26,812
Reserve for Section 8 Housing Assistance Payments Program	B - 19	688,488	725,269
Road Opening Bonds	B - 21	838,826	2,725,991
Self-Insurance Liability Trust Fund	B - 22	4,455,426	4,774,134
Miscellaneous Trust Accounts	B - 23	7,548,809	6,973,763
Dedicated Revenue by Statute	B - 24	767,189	585,448
Prosecutor's Office - Dedicated Funds	B - 25	2,569,115	2,294,422
State Seized Assets	B - 26	1,234,854	1,452,278
Reserve for Debt Service - Open Space and Farmland Preservation	B - 27	10,728,427	10,099,789
CDBG Urban Housing & Preservation Program Loans - Mortgages Rec.	B - 28	2,137,291	2,146,990
Reserve for BSS Building Lease Purchase Payments	B - 29	667,516	671,985
Escheated Seized Funds	B - 30	5,069	5,069
Reserve for Refundable Consumer Affairs Deposits	B - 31	62,875	56,941
Environmental Quality	B - 32	803,209	372,572
Reserve for Open Space Program Receivable	B - 33	15,845	22,613
Reserve for Open Space and Farmland Preservation	B - 34	977,392	800,000
Reserve for Bridget Place Housing Program	B - 36	257,756	257,756
Total Liabilities, Reserves and Fund Balance		\$ 76,566,009	\$ 86,575,170

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET- REGULATORY BASIS
DECEMBER 31, 2008 AND DECEMBER 31, 2007

<u>ASSETS</u>	REF.	<i>As of December 31,</i>	
		2008	2007
Cash and Investments	C- 2	\$ 61,421,197	\$ 32,510,452
Leases Receivable	C- 5	15,912,057	16,378,238
Due from N.J.D.E.P. Site Remediation Project	C-19	561,757	675,402
Loans Receivable	C-24	16,394,265	-
Deferred Charges to Future Taxation:			
Funded	C- 6	384,077,000	379,282,000
Funded Loans	C- 6	14,406,922	5,600,402
Funded - Capital Leases	C- 6	245,401,758	264,699,473
Unfunded	C- 7	190,483,718	190,476,229
Total Assets		\$ 928,658,674	\$ 889,622,196
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C- 8	\$ 306,816,000	\$ 297,236,000
General Serial Bonds -M.C.C. E.F.A.	C- 9	2,105,000	2,400,000
County College Bonds	C-10	27,230,000	29,467,500
County College Bonds (Ch. 12, P.L. 1971)	C-11	7,100,000	8,442,500
Vocational School Bonds	C-12	35,782,000	36,107,000
Bond Anticipation Notes	C-13	34,849,000	40,352,000
Open Space Bonds	C-14	5,044,000	5,629,000
Capital Leases Payable	C-23	245,401,758	261,933,172
Green Acres Loan Payable	C-22	5,221,030	5,600,402
MCIA Loan Payable	C-25	9,185,892	-
Improvement Authorizations:			
Funded	C-15	22,637,975	17,519,465
Unfunded	C-15	110,483,481	115,860,048
Capital Improvement Fund	C-16	1,814,680	9,444
Reserve For:			
Leases Receivable	C- 5	15,912,057	16,378,238
Bond Issue Costs	C-17	403,492	302,920
Encumbrances	C-18	58,263,623	48,052,584
Payment of Debt Service	C-20	-	1,036,195
Miscellaneous Capital Revenue	C-21	-	410,000
Payment of Bans	C- 4	23,758,280	-
Loans Receivable	C-24	16,394,265	-
Fund Balance	C- 1	256,141	119,427
Total Liabilities, Reserves and Fund Balance		\$ 928,658,674	\$ 886,855,895
 Bonds and Notes Authorized but not Issued	C-26	 \$ 155,634,718	 \$ 150,124,229

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
 GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

EXHIBIT C-1

	<u>REF.</u>	
Balance - December 31, 2007	C	\$ 119,427
Increased by:		
Premium on Sale of Bonds And BANs	C - 2	<u>256,141</u>
		375,568
Decreased by:		
Anticipated Revenue Realized in Current Fund	C - 2	<u>119,427</u>
Balance - December 31, 2008	C	<u><u>\$ 256,141</u></u>

See accompanying notes.

EXHIBIT D

COUNTY OF MIDDLESEX, NEW JERSEY
 BOND AND INTEREST FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2008 AND DECEMBER 31, 2007

	<u>REF.</u>	<i>As of December 31,</i>	
		<u>2008</u>	<u>2007</u>
<u>ASSETS</u>			
Cash	D - 1	\$ 127,627	\$ 132,627
Total Assets		<u>\$ 127,627</u>	<u>\$ 132,627</u>
<u>LIABILITIES</u>			
Bonds Payable	D - 2	\$ 84,000	\$ 89,000
Interest Payable	D - 3	42,052	42,052
Call Premium on Refunded Bonds	D - 4	<u>1,575</u>	<u>1,575</u>
Total Liabilities		<u>\$ 127,627</u>	<u>\$ 132,627</u>

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
 GOVERNMENTAL FIXED ASSET
 STATEMENT OF GOVERNMENTAL FIXED ASSETS
DECEMBER 31, 2008

EXHIBIT E

	<i>As of December 31,</i> <u>2008</u>
GOVERNMENTAL FIXED ASSETS:	
Land	\$ 313,640,081
Buildings and Improvements	291,266,436
Machinery and Equipment	14,739,132
Moving Vehicles	24,400,065
MCIA Lease Purchase Agreements Moving Vehicles	25,805,357
MCIA Lease Purchase Agreements	7,420,170
MCIA Capital Improvement/Construction Fund	<u>14,787,545</u>
Total Governmental Fixed Assets	<u><u>\$ 692,058,786</u></u>
 Investments in Governmental Fixed Assets	 <u><u>\$ 692,058,786</u></u>

See Accompanying Notes

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

1) FORM OF GOVERNMENT

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

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Description of Funds

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

Current Fund

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

Trust Fund

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

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Description of Funds (cont'd)

General Capital Fund

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

Bond and Interest Fund

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

Governmental Fixed Assets

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

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

Basis of Accounting

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

Revenues

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

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Basis of Accounting (cont'd)

Expenditures

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

Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the County requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of over expenditures and emergency appropriations. Over expenditures occur when expenditures recorded as “paid or charged” exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute.

Compensated Absences

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

Inventories of Supplies

The cost of inventories of supplies for all funds is recorded as expenditures at the time individual items are purchased. The cost of inventories is included on the Current Fund balance sheet, for inventory that has been established and reported at year-end with an offsetting reserve. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

Lease Purchase Agreements

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

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Basis of Accounting (cont'd)

Self Insurance Reserves

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

Interfunds

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

Fixed Assets

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

Governmental Fixed Assets

New Jersey Administrative Code 5:30-5.6, previously identified as Technical Accounting Directive No. 85-2, issued by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, established a mandate for fixed asset accounting by municipalities and counties, effective December 31, 1985. Assets acquired through December 31, 1985 were valued based on actual costs, where available and other methods, including current replacement value and estimated historical costs. Assets acquired subsequent to December 31, 1985 were valued based on actual costs. The initial inventory for assets acquired through December 31, 1985 utilized a \$1,000 threshold. For all assets acquired subsequent to December 31, 1985, the threshold is \$300. Improvements other than buildings, which consist of "infrastructure" fixed assets such as roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, etc., are excluded from the governmental fixed assets. Depreciation is not recorded in the governmental fixed assets. Lease Purchase Agreements have been recorded for amounts authorized and reported and classified in Governmental Fixed Assets under Lease Purchase Agreements (completed and in progress). The Governmental Fixed Assets at December 31, 2008 and 2007 does not include Roosevelt Hospital, as the facility was transferred to the M.C.I.A., Note 18.

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

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Basis of Accounting (cont'd)

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

Long-term debt: The County's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the County's long-term debt is provided in Notes 4 and 14.

Recent Accounting Standards

GASB issued Statement No. 50, "Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27" in May 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" in June 2007. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

GASB issued Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments" in November 2007. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" in June 2008. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments.

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

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Basis of Accounting (cont'd)

Comparative Data

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

Prior Period Adjustments and Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform to classifications in 2008.

3) DEFERRED COMPENSATION TRUST FUND

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

The plan is an arrangement whereby a public employer may establish a plan to permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The County has engaged three private contractors to administer the plan. Contributions are recognized when received by the administrators, withdrawals and administrative fees when paid by the administrators and earnings when the company with which the funds are invested notifies the administrators.

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

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

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS

Summary of County Debt

	<u>Year 2008</u>	<u>Year 2007</u>
Issued:		
General Bonds and Notes	\$418,926,000	\$419,634,000
Loans	<u>14,406,921</u>	<u>5,600,402</u>
 Net Debt Issued	 433,332,921	 425,234,402
Authorized but not issued:		
General Bonds and Notes	<u>155,634,710</u>	<u>150,124,229</u>
 Bonds and Notes Issued and Authorized but not Issued	 588,967,631	 575,358,631
Less: Bonds issued and authorized but not Issued – County College CH. 12	13,599,500	14,942,500
MCIA Loan	1,790,881	
Redevelopment Bonds	<u>9,027,158</u>	<u> </u>
 Net Bonds and Notes Issued and Authorized but not issued	 <u>\$564,550,093</u>	 <u>\$560,416,131</u>

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Summary of Statutory Debt Condition - Annual Debt Statement - Current Year 2008

The summarized statement of debt condition which follows is prepared in accordance with the required method of reporting for the Annual Debt Statement and indicated a statutory net debt of 0.64%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 808,902,632	\$ 244,352,539	\$ 564,550,093

Net Debt of \$564,550,093 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$107,201,610,762 equals 0.53%.

Equalized Valuation Basis

2006 Equalized Valuation Basis of Real Property	\$ 101,327,622,029
2007 Equalized Valuation Basis of Real Property	108,817,896,456
2008 Equalized Valuation Basis of Real Property	111,459,313,802
Average Equalized Valuation Basis	\$ 107,201,610,762

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

2% of Average Equalized Valuation Basis	\$ 2,144,032,215
Net Debt	564,550,093
Remaining Borrowing Power	\$ 1,579,482,122

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

Schedule of Debt Service as of December 31, 2008

Year	Total Principal *	Total Interest *	Total Debt Service
2009	\$ 37,270,000	\$ 15,918,700	\$ 53,188,700
2010	32,917,500	13,605,204	46,522,704
2011	33,462,500	12,208,595	45,671,095
2012	35,145,000	10,781,866	45,926,866
2013	34,358,500	9,326,143	43,684,643
2014-2018	140,649,000	26,416,454	167,065,454
2019-2023	61,229,500	4,604,479	65,833,979
2024-2028	605,000	387,175	992,175
2029-2033	940,000	219,453	1,159,453
2034-2037	400,000	34,000	434,000
	\$ 376,977,000	\$ 93,502,069	\$ 470,479,069

* Excludes \$8,365,426 of County College Bonds payable by the State of New Jersey.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Summary of County Debt for Capital Projects

Summarized below are the County's individual bond and loan issues which were outstanding at December 31, 2008:

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
General Improvement Debt				
General Improvement Bonds of 1997	35,756,000	5,126,000	4.85% to 5.00%	2013
Refunding Bonds of 1998	36,155,000	5,250,000	5.00%	2009
General Improvement Bonds of 1998	9,875,000	1,700,000	4.50% to 4.75%	2010
General Improvement Bonds of 2001	29,425,000	4,800,000	4.40%	2010
General Improvement Bonds of 2001	36,190,000	12,875,000	4.25% to 6.20%	2016
General Improvement Bonds of 2002	3,521,000	2,276,000	3.40% to 4.20%	2016
General Improvement Bonds of 2003	14,257,000	9,707,000	2.00% to 3.50%	2017
ERI-Refunding Bonds of 2004	10,315,000	9,375,000	3.54% to 5.44%	2033
Refunding Bonds of 2004	44,305,000	42,695,000	5.00%	2016
Refunding Bonds of 2004 501c	10,650,000	10,650,000	2.60% to 5.00%	2016
General Improvement Bonds of 2005	21,622,000	18,172,000	3.25% to 4.00%	2020
General Improvement Bonds of 2005 501c	6,190,000	5,235,000	3.25% to 4.00%	2020
General Improvement Bonds of 2006	51,300,000	47,050,000	4.00% to 4.125%	2021
General Improvement Bonds of 2006	35,500,000	32,500,000	4.125% to 4.25%	2022
General Improvement Bonds of 2007	19,500,000	18,550,000	3.50% to 4.00%	2021
General Improvement Bonds of 2007	43,405,000	41,455,000	4.00% to 4.25%	2021
Heldrich Center Hotel Project 2007	3,000,000	2,900,000	4.00% to 4.25%	2021
General Improvement Bonds of 2008	18,000,000	18,000,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008 501c	2,500,000	2,500,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008	16,000,000	<u>16,000,000</u>	3.250% to 4.00%	2022
Total General Improvement Debt		<u>306,816,000</u>		
Open Space Bonds 2002	8,414,000	<u>5,044,000</u>	3.40% to 4.20%	2016
County College Bonds				
County College Bonds of 1997	4,300,000	1,760,000	4.875% to 5.00%	2013
County College Bonds of 1999	4,512,000	787,500	4.70%	2012
County College Bonds of 2000	2,500,000	1,400,000	5.25% to 5.37%	2015
County College Bonds of 2001	3,500,000	1,750,000	4.40% to 4.50%	2013
County College Bonds of 2001	2,500,000	700,000	4.00%	2010
County College Bonds of 2002	2,500,000	1,025,000	4.00% to 4.25%	2011
County College Bonds of 2003	3,490,000	575,000	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	644,500	3.25% to 4.00%	2020
County College Bonds of 2005	9,800,000	7,275,000	3.25% to 4.00%	2015
County College Bonds of 2006	3,260,500	2,810,500	4.125%	2016
County College Bonds of 2007	2,500,000	2,315,000	3.50% to 4.00%	2019
County College Bonds of 2007	2,000,000	1,850,000	4.00%	2017
County College Bonds of 2007	2,500,000	2,337,500	4.00%	2017
County College Bonds of 2008	2,000,000	<u>2,000,000</u>	3.25% to 3.50%	2017
Total County College Bonds		<u>27,230,000</u>		

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

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

County College Bonds of 1997	2,000,000	235,000	4.875% to 5.00%	2012
County College Bonds of 1999	1,912,000	497,500	4.70%	2012
County College Bonds of 2003	3,490,000	575,000	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	644,500	3.25% to 4.00%	2020
County College Bonds of 2006	3,260,500	2,810,500	4.125%	2016
County College Bonds of 2007	2,500,000	<u>2,337,500</u>	4.00%	2017

Total County College Bonds (Ch. 12, P.L. 71) 7,100,000

County College E.F.A. (Ch. 12, P.L. 71) 4,320,000 2,105,000 4.85% to 5.25% 2014

Vocational School Bonds

Vocational School Bonds of 1997	1,910,000	235,000	4.875% to 5.00%	2013
Vocational School Bonds of 1999	1,200,000	400,000	4.70%	2012
Vocational School Bonds of 2000	1,455,000	320,000	5.30%	2010
Vocational School Bonds of 2001	2,435,000	1,600,000	4.40% to 4.50%	2016
Vocational School Bonds of 2001	1,200,000	450,000	4.00% to 4.10%	2011
Vocational School Bonds of 2002	10,609,000	7,384,000	4.00% to 4.75%	2017
Vocational School Bonds of 2003	2,000,000	1,600,000	2.00% to 4.00%	2023
Vocational School Bonds of 2005	16,888,000	14,488,000	3.25% to 4.00%	2020
Vocational School Bonds of 2006	2,000,000	1,725,000	4.00% to 4.125%	2016
Vocational School Bonds of 2007	2,600,000	2,380,000	3.50% to 4.00%	2017
Vocational School Bonds of 2007	2,700,000	2,510,000	4.00%	2017
Vocational School Bonds of 2008	2,690,000	<u>2,690,000</u>	3.25% to 3.50%	2018

Total Vocational School Bonds 35,782,000

Bond Anticipation Notes Issued

Bond Anticipation Notes due 06/10/09 34,849,000 34,849,000 2.50% 2009

Total Bond Anticipation Notes 34,849,000

(A) MCIA Loan Payable

County Loan from MCIA 2008 9,185,891 9,185,891 3.00% to 4.80% 2023

Green Acres Loans Issued

Sewaren Marine Park Development 1997	1,000,000	715,048	2.00%	2021
Bank of China Property Acquisition 2003	2,250,000	1,594,664	2.00%	2021
Old Bridge Park Acquisition 2005	3,244,264	<u>2,911,318</u>	2.00%	2020

Total Green Trust Program Loan 5,221,030

Total Debt Issued and Outstanding \$ 433,332,921

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

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Summary of Statutory Debt Condition - Annual Debt Statement -Prior Year 2007

The summarized statement of debt condition which follows is prepared in accordance with the required method of reporting for the Annual Debt Statement and indicated a statutory net debt of 0.56%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 775,702,631	\$ 215,286,500	\$ 560,416,131

Net Debt of \$560,416,131 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$99,392,451,644 equals 0.56%.

Equalized Valuation Basis

2005 Equalized Valuation Basis of Real Property	\$ 88,031,836,447
2006 Equalized Valuation Basis of Real Property	101,327,622,029
2007 Equalized Valuation Basis of Real Property	108,817,896,456
Average Equalized Valuation Basis	\$ 99,392,451,644

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

2% of Average Equalized Valuation Basis	\$ 1,987,849,033
Net Debt	560,416,131
Remaining Borrowing Power	\$ 1,427,432,902

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

Schedule of Debt Service as of December 31, 2007

<u>Year</u>	<u>Total Principal *</u>	<u>Total Interest *</u>	<u>Total Debt Service</u>
2008	\$ 35,052,500	\$ 16,750,109	\$ 51,802,609
2009	34,675,000	13,764,258	48,439,258
2010	30,112,500	12,259,938	42,372,438
2011	30,507,500	10,962,104	41,469,604
2012	32,100,000	9,638,369	41,738,369
2013-2017	138,887,500	28,620,046	167,507,546
2018-2022	67,339,500	6,401,357	73,740,857
2023-2027	680,000	414,089	1,094,089
2028-2032	860,000	260,287	1,120,287
2033-2037	625,000	59,925	684,925
	\$ 370,839,500	\$ 99,130,482	\$ 469,969,982

* Excludes \$10,063,749 of County College Bonds payable by the State of New Jersey.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Summary of County Debt for Capital Projects

Summarized below are the County's individual bond and loan issues which were outstanding at December 31, 2007:

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
<u>General Improvement Debt</u>				
General Improvement Bonds of 1997	35,756,000	7,571,000	4.875% to 5.00%	2013
Refunding Bonds of 1998	36,155,000	10,445,000	5.00%	2009
General Improvement Bonds of 1998	9,875,000	2,550,000	4.50% to 4.75%	2010
General Improvement Bonds of 2000	21,045,000	1,400,000	5.30%	2008
General Improvement Bonds of 2001	29,425,000	7,200,000	4.40%	2010
General Improvement Bonds of 2001	36,190,000	15,315,000	4.25% to 6.20%	2016
General Improvement Bonds of 2002	7,250,000	750,000	4.00%	2008
General Improvement Bonds of 2002	3,521,000	2,511,000	3.25% to 4.20%	2016
General Improvement Bonds of 2003	14,257,000	10,707,000	2.00% to 3.50%	2017
ERI-Refunding Bonds of 2004	10,315,000	9,635,000	3.26% to 5.44%	2033
Refunding Bonds of 2004	44,305,000	44,305,000	5.00%	2016
Refunding Bonds of 2004 501c	10,650,000	10,650,000	2.60% to 5.00%	2016
General Improvement Bonds of 2005	21,622,000	19,372,000	3.00% to 4.00%	2020
General Improvement Bonds of 2005 501c	6,190,000	5,570,000	3.00% to 4.00%	2020
General Improvement Bonds of 2006	51,300,000	49,300,000	4.00% to 4.125%	2021
General Improvement Bonds of 2006	35,500,000	34,050,000	4.125% to 4.25%	2022
General Improvement Bonds of 2007	19,500,000	19,500,000	3.50% to 4.00%	2021
General Improvement Bonds of 2007	43,405,000	43,405,000	4.00% to 4.25%	2021
Heldrich Center Hotel Project 2007	3,000,000	3,000,000	4.00% to 4.25%	2021
Total General Improvement Debt		<u>297,236,000</u>		
Open Space Bonds 2002	8,414,000	5,629,000	3.25% to 4.20%	2016
<u>County College Bonds</u>				
County College Bonds of 1997	4,300,000	1,975,000	4.875% to 5.00%	2013
County College Bonds of 1999	4,512,000	1,200,000	4.70%	2012
County College Bonds of 2000	2,500,000	1,600,000	5.25% to 5.37%	2015
County College Bonds of 2001	3,500,000	2,100,000	4.40% to 4.50%	2013
County College Bonds of 2001	2,500,000	1,050,000	4.00%	2010
County College Bonds of 2002	2,500,000	1,325,000	4.00% to 4.25%	2011
County College Bonds of 2003	3,490,000	1,300,000	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	682,000	3.00% to 4.00%	2020
County College Bonds of 2005	9,800,000	8,175,000	3.00% to 4.00%	2015
County College Bonds of 2006	3,260,500	3,060,500	4.125%	2016
County College Bonds of 2007	2,500,000	2,500,000	3.50% to 4.00%	2019
County College Bonds of 2007	2,000,000	2,000,000	4.00%	2017
County College Bonds of 2007	2,500,000	2,500,000	4.00%	2017
Total County College Bonds		<u>29,467,500</u>		

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

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

County College Bonds of 1997	2,000,000	280,000	4.875% to 5.00%	2012
County College Bonds of 1999	1,912,000	620,000	4.70%	2012
County College Bonds of 2003	3,490,000	1,300,000	2.00% to 3.20%	2015
County College Bonds of 2005	1,499,000	682,000	3.00% to 4.00%	2020
County College Bonds of 2006	3,260,500	3,060,500	4.125%	2016
County College Bonds of 2007	2,500,000	<u>2,500,000</u>	4.00%	2017

Total County College Bonds (Ch. 12, P.L. 71) 8,442,500

County College E.F.A. (Ch. 12, P.L. 71) 4,320,000 2,400,000 4.80% to 5.25% 2014

Vocational School Bonds

Vocational School Bonds of 1997	1,910,000	290,000	4.875% to 5.00%	2013
Vocational School Bonds of 1998	1,200,000	120,000	4.375% to 4.50%	2008
Vocational School Bonds of 1999	1,200,000	500,000	4.70%	2012
Vocational School Bonds of 2000	1,455,000	480,000	5.30%	2010
Vocational School Bonds of 2001	2,435,000	1,800,000	4.40% to 4.50%	2016
Vocational School Bonds of 2001	1,200,000	600,000	4.00% to 4.10%	2011
Vocational School Bonds of 2002	10,609,000	8,109,000	4.00% to 4.75%	2017
Vocational School Bonds of 2003	2,000,000	1,695,000	2.00% to 4.00%	2023
Vocational School Bonds of 2005	16,888,000	15,338,000	3.00% to 4.00%	2020
Vocational School Bonds of 2006	2,000,000	1,875,000	4.00% to 4.125%	2016
Vocational School Bonds of 2007	2,600,000	2,600,000	3.50% to 4.00%	2017
Vocational School Bonds of 2007	2,700,000	<u>2,700,000</u>	4.00%	2017

Total Vocational School Bonds 36,107,000

Bond Anticipation Notes Issued

Bond Anticipation Notes due 03/27/08	5,000,000	5,000,000	3.75%	2008
Bond Anticipation Notes due 06/12/08	35,352,000	<u>35,352,000</u>	3.50% to 4.00%	2008

Total Bond Anticipation Notes Issued 40,352,000

Green Acres Loans Issued

Sewaren Marine Park Development 1997	1,000,000	764,934	2.00%	2021
Bank of China Property Acquisition 2003	2,250,000	1,701,084	2.00%	2021
Old Bridge Park Acquisition 2005	3,244,264	<u>3,134,384</u>	2.00%	2020

Total Green Trust Program Loan 5,600,402

Total Debt Issued and Outstanding \$ 425,234,402

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

5) FUND BALANCE APPROPRIATED

Fund balance for the Current Fund at December 31, 2008 was reported in the amount of \$16,540,817, of which \$1,200,000 was appropriated and included as anticipated revenue for the year ending December 31, 2009.

Fund balance for the Current Fund at December 31, 2007 was reported in the amount of \$25,189,329, of which \$9,900,000 was appropriated and included as anticipated revenue for the year ending December 31, 2008.

6) INVENTORY – MATERIALS AND SUPPLIES

For the years ended 2008 and 2007, the County has reported Inventory on the balance sheet of the Current Fund. The Inventory is reported with an offsetting reserve. The amount reported is as follows:

	<u>2008</u>	<u>2007</u>
Inventory (Current Fund)		
Materials & Supplies	<u>\$1,377,486</u>	<u>\$1,235,831</u>

7) CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

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

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

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

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

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

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Deposits (cont'd)

At December 31, 2008, the County's recorded cash, cash equivalents and investments amounted to \$173,893,896 and an amount of \$83,948,879 was on deposit with the respective institutions, excluding Deferred Compensation Fund and Bond Interest Fund, of which cash, cash equivalent and investments are held by the respective Trustees. Of the bank balance, \$2,667,384 was FDIC insured and \$81,281,495 was GUDPA insured. Based on these insured amounts, all amounts are classified as a category 1 level of risk.

At December 31, 2007, the County's recorded cash, cash equivalents and investments amounted to \$161,310,446 and an amount of \$80,440,180 was on deposit with the respective institutions, excluding Deferred Compensation Fund and Bond Interest Fund, of which cash, cash equivalent and investments are held by the respective Trustees. Of the bank balance, \$1,118,948 was FDIC insured and \$79,321,240 was GUDPA insured. Based on these insured amounts, all amounts are classified as a category 1 level of risk.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2008, based upon the insured balances as provided by FDIC and NJGUDPA coverage, no amount of the County's bank balance of \$83,948,879 was considered exposed to custodial risk.

An Analysis of the County's cash, cash equivalents and investments at December 31, 2008 and 2007, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2008 Amount</u>	<u>2007 Amount</u>
Current	\$62,930,473	\$79,111,230
Trust	49,542,226	49,688,763
General Capital	<u>61,421,197</u>	<u>32,510,452</u>
Total Cash, Cash Equivalents & Investments	<u>\$173,893,896</u>	<u>\$161,310,445</u>

By Category (Type)

<u>Cash & Cash Equivalents:</u>	<u>2008 Amount</u>	<u>2007 Amount</u>
Change Fund	\$ 600	\$ 600
Demand Accounts	22,052,080	29,481,136
Savings, Money Market / N.O.W.	56,225,941	45,497,165
State of NJ Cash Mgmt. Fund	<u>95,615,275</u>	<u>86,312,596</u>
Total Cash & Cash Equivalents	<u>173,893,896</u>	<u>161,291,497</u>
<u>Investments:</u>		
Custodial Agreement - Forward Delivery Agreement	<u>-0-</u>	<u>18,948</u>
Total Cash, Cash Equivalents & Investments	<u>\$173,893,896</u>	<u>\$161,310,445</u>

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual fund;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligations bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local Government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 235 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

Investments (cont'd)

During the period ended December 31, 2008 and 2007, the County held investments in the State of New Jersey Cash Management Funds. Under the criteria established in Governmental Accounting Standards Board Statement No. 9, the year end balances in a New Jersey Cash Management Fund are considered to be cash equivalents under GAAP.

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

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

As of December 31, 2008 and 2007, the County had \$95,613,432 and \$86,369,996, respectively, recorded as investments on deposit with the New Jersey Cash Management Fund.

The County authorized participation in a Forward Treasury Purchase Agreement dated March 20, 1995. The Agreement requires the County to deposit funds with the Custodian in the designated Custodial Account. Accordingly, the County authorizes the Custodian to purchase qualified securities. On each respective payment date, the County shall be able to withdraw the related deposit amounts in the manner set forth in the Forward Delivery Agreement. The County receives revenue/interest up front upon execution of the Agreement. The investment in the Forward Treasury Purchase Agreement at December 31, 2007 is recorded in the amount of \$18,948. During 2000, the County has amended the Agreement for period extending to November, 2007. In 2008 the County discontinued participation with the Agreement and no balance exists at December 31, 2008.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

8) ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10th of the following year. Upon the filing of certified adopted budgets by the Local Units, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the local unit tax collector on or before May 13th. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the “lawful yearly expenditure” which includes the total amount of property taxes to be raised by the local unit that is due to the County.

9) PENSION AND RETIREMENT PLANS

Employees of the County of Middlesex are enrolled in one of the two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen’s Retirement System (PFRS). The Division of Pensions in the Department of Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the County who are members of the plans are not available. The contributions in 2008 and 2007 were \$9,966,243 and \$7,288,629 for PERS and \$13,847,076 and \$5,407,860 for PFRS, respectively, which includes contributions from the employees that are remitted on a quarterly basis.

10) ACCRUED SICK AND VACATION BENEFITS

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

Sick Leave

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

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

10) ACCRUED SICK AND VACATION BENEFITS (con't)

Vacations

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

The County maintains current records of each employee's status relating to earned and unused sick and vacation pay. At December 31, 2008 and 2007, the estimated cost of unused sick pay is calculated to be \$9,732,135 and \$9,495,413 respectively. At December 31, 2008 and 2007, the estimated cost of unused accrued vacation pay is calculated to be \$5,644,365 and \$5,333,679 respectively. Management indicates that this amount approximates the calculation as required by GASB No. 16, however, the methodology utilized does not fully meet the recognition and measurement criteria as set forth by the GASB. No estimate is provided for the approximate current cost of unused vacation pay based upon the policy restrictions on accumulations. As disclosed in Note 2, the County makes provision for the lump sum payment of benefits in each year's operating budget, based on cost projections for employees nearing normal retirement eligibility. In order to partially fund these benefits, the County has established a trust fund entitled "Supplemental Compensation at Retirement," and each year an annual appropriation is raised in the operating budget and transferred to the fund. In 2008, \$300,000 was appropriated and 2007, \$316,000 was appropriated and added to the fund and \$254,672 was disbursed to employees during 2008 while \$288,236 was disbursed to employees during 2007.

11) LEASES

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

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

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

<u>Year</u>	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>
2008		\$2,863,374
2009	\$2,925,445	2,901,142
2010	2,502,216	2,986,852
2011	2,428,719	3,035,919
2012	2,177,945	3,069,971
2013	1,556,850	

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

12) RISK MANAGEMENT

In response to rising premiums for traditional commercial insurance coverage, the County maintains a self-insurance risk management program for all liability claims including, but not limited to, general, police professional, hospital professional, public officials, and automobile liability. A commercial excess liability policy is in place to cover catastrophic type claims, which would include any claim exceeding the policy's \$350,000 self-insurance retention. A self-insurance Liability Fund has been established to fund those claims below \$350,000. The County of Middlesex together with the autonomous agencies; County College, Board of Social Services, Improvement Authority, Mosquito Extermination Commission comprising the Middlesex County Insurance Commission. The Middlesex County Insurance Commission provides liability coverage to above named autonomous agencies through Self-Insurance Liability Fund and Excess Liability policy. The Middlesex County Insurance Commissioners retain the services of an actuary to establish the amount of cash reserves deemed necessary to pay claims.

The County also maintains a self-insured Worker's Compensation Fund for all workers compensation claims with the exception of these claims which occurred during the period April 3, 1998 to June 2, 2000. Claims which occurred between April 3, 1998 and June 2, 2000 are covered in total by a commercial primary Workers Compensation Insurance policy. Claims occurring after June 2, 2000 are self-insured, however, a commercial excess Worker's Compensation policy is in place, subject to a \$500,000 Self-Insurance Retention.

The financial statements do not reflect any charges for claims incurred but not reported and any reported incurred claims that remain unpaid at December 31, 2008 for the respective funds.

The Commissioners assessed the following participants for 2008 and 2007, as follows:

<u>AGENCY</u>	<u>2008</u> <u>TOTAL</u>	<u>2007</u> <u>TOTAL</u>
County College	\$195,854	\$168,650
Board of Social Services	53,435	70,997
County Improvement Authority	<u>93,965</u>	<u>91,746</u>
	<u>\$343,254</u>	<u>\$331,393</u>

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

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Self-Insurance Fund at December 31, 2008 and 2007 totaled \$2,663,212 and \$2,949,960, respectively. The County has appropriated funds in the 2009 and 2008 Budgets, in accordance with this funding plan.

The County has purchased commercial public entity excess liability insurance for general liability and automobile liability coverage in effect at December 31, 2008 and 2007, was as follows:

Limits of Insurance:

Each Accident or Occurrence Limit	\$ 10,000,000
Policy Aggregate Limit	20,000,000
Self-Insured Limit Retention	350,000

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

12) RISK MANAGEMENT (cont'd)

During 2008 and 2007, the County maintained two individual excess healthcare/professional liability coverages, combined as follows:

Limit of Liability:

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

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

YEAR ENDED DECEMBER 31, 2008

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Worker's Compensation Fund at December 31, 2008 is \$5,021,591. This represents the run-off claims on file prior to the County purchase of commercial coverage policy for worker's compensation claims prior to April, 1998 and after June 2, 2000. The County has purchased commercial coverage for worker's compensation for the subsequent period: April 3, 1998 – June 2, 2000.

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

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

The activity within each of the Self-Insurance Fund reserves, the Worker's Compensation Fund reserves and Unemployment Compensation Fund reserves for the year ended December 31, 2008 were as follows:

	Balance <u>12/31/07</u>	Increases to <u>Reserves</u>	Decrease to <u>Reserves</u>	Balance <u>12/31/08</u>
Self-Insurance Fund	\$4,774,134	\$1,031,654	\$1,350,362	\$4,455,426
Workers' Compensation Fund	3,527,069	2,814,159	3,257,911	3,083,317
Unemployment Compensation Fund	350,115	180,682	74,105	456,692

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

12) RISK MANAGEMENT (cont'd)

YEAR ENDED DECEMBER 31, 2007

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Worker's Compensation Fund at December 31, 2007 is \$4,735,815. This represents the run-off claims on file prior to the County purchase of commercial coverage policy for worker's compensation claims prior to April, 1998 and after June 2, 2000. The County has purchased commercial coverage for worker's compensation for the subsequent period: April 3, 1998 – June 2, 2000.

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

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

The activity within each of the Self-Insurance Fund reserves, the Worker's Compensation Fund reserves and Unemployment Compensation Fund reserves for the year ended December 31, 2007 were as follows:

	<u>Balance</u> <u>12/31/06</u>	<u>Increases to</u> <u>Reserves</u>	<u>Decrease to</u> <u>Reserves</u>	<u>Balance</u> <u>12/31/07</u>
Self-Insurance Fund	\$5,286,418	\$1,551,230	\$2,063,514	\$4,774,134
Workers' Compensation Fund	4,029,793	2,352,616	2,855,340	3,527,069
Unemployment Compensation Fund	268,211	185,639	103,735	350,115

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

The County of Middlesex participates in the Middlesex County Joint Health Insurance Fund (MCJHIF). The MCJHIF consists of seven (7) County agencies within Middlesex County, representing a total of 4,857 and 4,844 retirees, cobra participants and active employees as of December 31, 2008 and 2007 respectively. The MCJHIF's purpose is to provide health care benefits to all eligible participants for medically necessary services covered under the health plan choices offered. The Fund is regulated by the State of New Jersey Department of Insurance as provided by statute and regulations and is subject to reporting requirements mandated by the State.

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

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

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

12) RISK MANAGEMENT (cont'd)

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

<u>Fund Year</u>	<u>At December 31,</u>	
	<u>2008 Fund Balance Balance</u>	<u>2007 Fund Balance Balance</u>
2008	\$ 1,068,703	
2007	233,582	\$ 7,352
2006		752,436

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

Accordingly, the financial statements of the County do not report or reflect its participatory share of fund claims, expenditures or fund (deficit) balance at December 31, 2008 and 2007.

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

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

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

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

At December 31, 2008, approximately 1004 retirees, representing the County and Roosevelt Care Center, were receiving non-contributory health coverage benefits at an estimated annual cost to the County of approximately \$6,300,480.

At December 31, 2007, approximately 993 retirees, representing the County and Roosevelt Care Center, were receiving non-contributory health coverage benefits at an estimated annual cost to the County of approximately \$5,469,984.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

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

The contribution requirements of plan members and the participating agencies are established and may be amended by the MCJHIF Commissioners. The County's annual postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, any amounts contributed to the plan and the County's net OPEB obligation. For 2008 and 2007, the County's annual OPEB cost (expense) of \$53,572,000 and \$51,200,000, respectively was equal to the ARC.

	2008 <u>Total</u>	2007 <u>Total</u>
Net OPEB obligation – beginning of year	\$42,800,000	\$0
Annual required contribution (ARC)	53,572,000	51,200,000
Less: Contributions	<u>9,462,000</u>	<u>8,400,000</u>
Net OPEB obligation – end of year	<u>\$86,910,000</u>	<u>\$42,800,000</u>

The funded status of the plan for the County as of January 1, 2008, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$524,400,000
Actuarial value of plan assets	- 0 -
Unfunded actuarial accrued liability (UAAL)	<u>\$524,400,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$109,550,563
UAAL as a percentage of covered payroll	478.68%

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

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

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

In the January 1, 2008 actuarial valuation, the projected unit credit method was used. A rate of 4.50% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of thirty (30) years.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

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

2008

The Middlesex County Improvement Authority has outstanding various issues of County Guaranteed Equipment Lease Revenue Bonds and various other County-Guaranteed Bonds. These Bonds are serviced through rental payments of the governmental entities that participate in the equipment lease program. In addition to these bonds being secured by a lien on the pledged property, they are further secured by a full and unconditional guarantee of the County of Middlesex to pay, when due, the principal of, redemption premium, if any, and interest on the Bonds. Total outstanding Improvement Authority Equipment Lease Revenue Bonds and other County-Guaranteed Bonds, guaranteed by the County of Middlesex at December 31, 2008 amounted to \$219,930,000, and are listed below:

	Original Issue <u>Amount</u>	Bonds Payable <u>Dec. 31, 2008</u>
Capital Equipment Lease Revenue Bonds,		
Series 1994	9,915,000	10,000
Series 1995	8,495,000	115,000
Series 1996	8,635,000	80,000
Series 1997	10,460,000	265,000
Series 1998	10,210,000	1,380,000
Series 2000	13,515,000	935,000
Series 2001	9,755,000	330,000
Series 2002	10,290,000	305,000
Series 2003	14,740,000	1,420,000
Series 2004	12,370,000	2,635,000
Series 2005	15,705,000	5,980,000
Series 2006	7,985,000	5,105,000
Series 2007	6,285,000	5,410,000
Series 2008	13,100,000	13,100,000
Capital Improvement Revenue Bonds, Series 1996 (County Share)	5,965,000	1,665,000
Open Space Trust Revenue Bonds, Series 2003	78,765,000	64,600,000
Middlesex County Educational Services Comm., Series 1999	7,455,000	5,585,000
Capital Improvement Revenue Bonds, Series 1999	9,535,000	4,850,000
The Meadows at Middlesex Golf Course, Series 1999	6,500,000	5,010,000
Middlesex County Educational Svcs. Comm., Series 2000	3,895,000 (1)	1,015,000
Middlesex County Educational Svcs. Comm., Series 2004 (Ref Bds)	14,010,000 (1)	13,560,000
The Meadows at Middlesex Golf Course, Series 2004 (Ref Bonds)	15,265,000	14,130,000
Heldrich Bond Issue, Series 2007	3,000,000	2,900,000
Middlesex County Educational Svcs. Comm., Series 2008	40,000,000	40,000,000
Open Space Refunded Bonds, Series 2008	29,545,000	<u>29,545,000</u>
		 <u>\$219,930,000</u>

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

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

14) COUNTY-GUARANTEED CAPITAL EQUIPMENT LEASE REVENUE BONDS
 AND OTHER ISSUES (con't)

2007

The Middlesex County Improvement Authority has outstanding various issues of County Guaranteed Equipment Lease Revenue Bonds and various other County-Guaranteed Bonds. These Bonds are serviced through rental payments of the governmental entities that participate in the equipment lease program. In addition to these bonds being secured by a lien on the pledged property, they are further secured by a full and unconditional guarantee of the County of Middlesex to pay, when due, the principal of, redemption premium, if any, and interest on the Bonds. Total outstanding Improvement Authority Equipment Lease Revenue Bonds and other County-Guaranteed Bonds, guaranteed by the County of Middlesex at December 31, 2007 amounted to \$206,800,000, and are listed below:

	Original Issue <u>Amount</u>	Bonds Payable <u>Dec. 31, 2007</u>
Capital Equipment Lease Revenue Bonds,		
Series 1993	\$ 5,395,000	\$ 15,000
Series 1994	9,915,000	20,000
Series 1995	8,495,000	175,000
Series 1996	8,635,000	80,000
Series 1997	10,460,000	515,000
Series 1998	10,210,000	1,755,000
Series 2000	13,515,000	1,405,000
Series 2001	9,755,000	445,000
Series 2002	10,290,000	385,000
Series 2003	14,740,000	4,260,000
Series 2004	12,370,000	4,795,000
Series 2005	15,705,000	10,190,000
Series 2006	7,985,000	6,985,000
Series 2007	6,285,000	6,285,000
Capital Improvement Revenue Bonds, Series 1996		
(County Share)	5,965,000	2,160,000
Open Space Trust Revenue Bonds, Series 1998	30,000,000	19,645,000
Open Space Trust Revenue Bonds, Series 1999	19,295,000	13,660,000
Open Space Trust Revenue Bonds, Series 2003	78,765,000	67,625,000
Middlesex County Educational Services Comm., Series 1999	7,455,000	5,970,000
Capital Improvement Revenue Bonds, Series 1999	9,535,000	5,530,000
The Meadows at Middlesex Golf Course, Series 1999	6,500,000	5,220,000
Middlesex County Educational Svcs. Comm., Series 2000	3,895,000 (1)	1,485,000
Middlesex County Educational Svcs. Comm., Series 2004 (Ref Bds)	14,010,000 (1)	13,675,000
The Meadows at Middlesex Golf Course, Series 2004 (Ref Bonds)	15,265,000	14,520,000
Middlesex County Educational Svcs. Comm., Series 2007	20,000,000	<u>20,000,000</u>
		<u>\$206,800,000</u>

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

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

15) LEASE PAYMENTS-2008

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments					2014 - End	Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2009	2010	2011	2012	2013						
MCIA 1995 Capital Equipment Lease Program	\$ 49,623	\$ 42,247	\$ -	\$ -	\$ -	\$ 91,870	4,638	87,232	Jan 1, 10	3.80%-5.50%	
MCIA 1996 Capital Equipment Lease Program	972	18,652	-	-	-	19,624	1,944	17,680	Jul 15, 10	3.80%-5.50%	
MCIA 1996 Capital Improvement Lease Program	615,743	612,130	622,155	-	-	1,850,028	185,028	1,665,000	Jul 15, 11	4.00%-5.45%	
MCIA Juvenile Detention Center Lease Program	1,247,098	1,244,201	1,243,328	1,239,585	1,237,822	9,922,374	1,772,374	8,150,000	May 1, 16	4.00%-5.00%	
MCIA 1997 Capital Equipment Lease Program	81,366	73,063	69,891	66,641	-	290,991	25,991	265,000	Mar 1, 12	3.95%-5.05%	
MCIA 1998 Capital Equipment Lease Program	341,262	324,362	312,400	300,162	287,650	1,565,836	185,836	1,380,000	Jul 15, 13	3.30%-4.60%	
MCIA 2000 Capital Equipment Lease Program	377,264	358,713	-	-	-	733,977	33,697	700,280	Jun 1, 10	4.30%-4.85%	
MCIA 2001 Capital Equipment Lease Program	101,333	97,613	93,800	-	-	292,746	17,134	275,612	Jun 15, 11	2.65%-4.20%	
MCIA 2003 Capital Equipment Lease Program	321,890	314,623	306,643	298,235	284,480	1,525,871	105,871	1,420,000	Apr 15, 13	2.00%-3.20%	
MCIA 2004 Capital Equipment Lease Program	1,359,685	-	-	-	-	1,359,685	20,753	1,338,932	Nov 15, 09	2.00%-3.10%	
MCIA 2005 Capital Equipment Lease Program	2,237,224	2,169,441	55,401	53,816	52,171	4,667,252	174,948	4,492,304	Aug 15, 15	3.00%-3.70%	
MCIA 2006 Capital Equipment Lease Program	947,587	514,698	495,865	41,255	39,164	2,150,395	131,696	2,018,699	May 15, 16	3.80%-4.25%	
MCIA 2007 Capital Equipment Lease Program	1,009,213	973,367	533,369	503,669	-	3,019,638	253,337	2,766,301	Jul 15, 17	4.00%-4.50%	
MCIA 2008 Capital Equipment Lease Program	88,297	159,877	155,599	151,322	147,044	700,139	56,492	641,647	Sep 15, 13	3.00%-3.50%	
MCIA 1999 Capital Improvement Lease Program	843,138	941,870	938,299	937,337	934,030	5,628,106	778,106	4,850,000	Apr 15, 14	4.00%-5.15%	
Sub Total of MCIA Capital Lease Programs	\$ 9,719,693	\$ 7,842,888	\$ 4,826,766	\$ 3,592,041	\$ 2,982,361	\$ 33,616,532	\$ 3,749,845	\$ 30,066,686			

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

13) LEASE PAYMENTS - 2008

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments					2014 - End	Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2009	2010	2011	2012	2013						
MCIA 1999 Open Space Trust Fund Program	938,855					938,855	43,855	895,000	Jul 15, 09	4.90%	
MCIA 2003 Open Space Trust Fund Program	6,155,418	6,145,218	6,158,132	6,163,532	6,168,733	62,125,165	28,316,198	64,600,000	Aug. 1, 23	2.00%-5.25%	
MCIA 2008 Open Space Trust Fund Program	2,788,225	3,731,275	3,734,925	3,731,175	3,731,675	20,078,950	8,259,225	29,545,000	Sep 15, 19	3.00%-5.00%	
Sub Total of MCIA Open Space Trust Fund Programs	\$ 9,884,507	\$ 9,878,503	\$ 9,895,088	\$ 9,896,718	\$ 9,902,421	\$ 82,202,115	\$ 36,618,278	\$ 95,040,000			
Sub Total of MCIA Programs	\$ 19,614,200	\$ 17,721,391	\$ 14,721,836	\$ 13,488,760	\$ 12,884,781	\$ 87,056,868	\$ 40,389,123	\$ 125,108,688			
Civic Square Project Certificates of Participations:											
Civic Square II Project, Series 1998	\$ 3,061,768	\$ 3,220,600	\$ 3,222,275	\$ 3,220,080	\$ 3,219,118	\$ 57,608,940	\$ 31,095,713	\$ 42,478,069	Jun 15, 29	Var.	
Civic Square III, Series 1998	1,538,003	1,540,899	1,537,311	1,540,133	1,539,130	23,098,359	11,108,935	19,665,000	Jun 1, 28	Var.	
Civic Square IV, Series 2001	3,037,810	3,037,425	3,036,175	3,037,425	3,036,925	54,629,950	69,814,710	40,815,000	Jul 15, 31	Var.	
Sub Total of Civic Square Projects	\$ 7,637,581	\$ 7,799,024	\$ 7,795,761	\$ 7,797,638	\$ 7,794,174	\$ 135,338,249	\$ 71,204,358	\$ 102,978,069			
Board of Social Services Certificates of Participations:											
BSS COP	\$ 1,897,756	\$ 1,994,281	\$ 1,992,394	\$ 1,992,869	\$ 1,978,828	\$ 12,938,000	\$ 5,566,928	\$ 17,315,000	Feb 15, 19	3.60%-5.00%	

The County of Middlesex issued \$23,415,000 insured Certificates of Participation dated May 15, 1994, evidencing interest of the owners thereof in certain obligations of the County due under its lease purchase agreement with PBCF New Jersey, Inc. The certificates, a combination of serial and term, were issued to provide funds to acquire certain real property, office building and other improvements. The basic rent payments due by the County of Middlesex for the certificates is provided for in part or whole by a sublease between the County and the Middlesex County Board of Social Services. The interest rate on the \$8,105,000 serial certificates range from 4.00% to 5.90% with a final maturity of August 15, 2009. The \$6,960,000 term certificate due August 15, 2014 and the \$5,250,000 term certificate due February 15, 2019, have interest rates of 6.00% and 6.125% respectively. The final basic rent payment is February 1, 2019. The County executed a Debt Service Reserve Forward delivery Agreement dated March 15, 1996, related to the Certificates of Participation.

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

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

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND DECEMBER 31, 2007

13) LEASE PURCHASE AGREEMENTS - 2007

The County participated in the following lease purchase agreements:

	2008	2009	2010	2011	2012	2013 - End	Total Minimum Lease Payments	Least Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate
MCIA 1993 Capital Equipment Lease Program	\$ 52,060	\$ 48,823	\$ 42,247	\$	\$	\$	143,960	10,812	133,348	Jan 1, 10	3.80%-5.50%
MCIA 1996 Capital Equipment Lease Program	972	972	16,852				20,598	2,916	17,880	Jul 13, 10	3.75%-5.70%
MCIA 1996 Capital Improvement Lease Program	812,720	815,743	812,130	622,155			2,482,748	302,748	2,180,000	Jul 13, 11	4.00%-5.45%
MCIA Juvenile Detention Center Lease Program	1,246,788	1,247,098	1,244,201	1,243,326	1,239,585	4,946,166	11,188,142	2,204,142	8,985,000	May 1, 16	4.00%-5.00%
MCIA 1997 Capital Equipment Lease Program	181,974	81,366	73,093	68,891	66,841		482,965	43,187	439,778	Mar 1, 12	3.95%-5.05%
MCIA 1998 Capital Equipment Lease Program	347,452	341,262	324,382	312,400	300,182	287,650	1,813,268	258,502	1,654,766	Jul 13, 13	3.30%-4.60%
MCIA 2000 Capital Equipment Lease Program	393,898	377,264	358,713				1,127,873	75,581	1,052,292	Jun 1, 10	4.30%-4.85%
MCIA 2001 Capital Equipment Lease Program	109,218	101,333	97,613	93,800			401,965	30,307	371,658	Jun 13, 11	2.85%-4.20%
MCIA 2003 Capital Equipment Lease Program	2,466,211	321,890	314,623	306,643	286,235	284,480	3,992,082	178,131	3,815,951	Apr 13, 13	2.00%-3.20%
MCIA 2004 Capital Equipment Lease Program	1,389,514	1,359,885					2,750,199	80,335	2,877,864	Nov 13, 09	2.00%-3.10%
MCIA 2005 Capital Equipment Lease Program	3,181,735	2,270,452	2,203,997	56,178	54,823	153,954	7,900,839	478,702	7,422,237	Aug 13, 15	3.00%-3.70%
MCIA 2006 Capital Equipment Lease Program	881,469	847,587	514,899	495,985	41,255	150,969	3,131,864	227,358	2,904,506	May 13, 16	3.80%-4.25%
MCIA 2007 Capital Equipment Lease Program	109,283	1,009,213	973,367	533,368	503,889		3,128,931	382,630	2,766,301	Jul 13, 17	4.00%-4.50%
MCIA 1999 Capital Improvement Lease Program	841,975	843,138	841,870	838,299	937,337	1,887,482	8,570,881	1,040,081	5,530,000	Apr 13, 14	4.00%-5.15%
MCIA 1998 Open Space Trust Fund Program	2,325,243	2,324,493	2,321,380	2,324,945	2,323,895	13,842,735	25,582,861	5,917,881	19,645,000	Jan 13, 18	3.30%-4.60%
MCIA 1999 Open Space Trust Fund Program	1,570,559	1,573,059	1,574,204	1,572,204	1,571,988	11,010,737	18,872,732	5,212,732	13,660,000	Jul 13, 19	3.70%-5.50%
MCIA 2003 Open Space Trust Fund Program	6,141,188	6,155,418	6,145,218	6,156,132	6,163,532	66,293,898	98,057,368	31,432,368	67,025,000	Aug 1, 23	2.00%-5.25%
Sub Total of MCIA Capital Lease Programs	\$ 22,051,258	\$ 18,719,894	\$ 17,138,359	\$ 14,737,327	\$ 13,509,913	\$ 100,840,051	\$ 180,687,411	\$ 47,858,011	\$ 140,841,401		
Civic Square Project Certificates of Participations:											
Civic Square II Project, Series 1996	\$ 3,081,543	\$ 3,081,786	\$ 3,220,800	\$ 3,222,275	\$ 3,220,000	\$ 80,828,059	\$ 78,855,325	\$ 33,252,256	\$ 43,403,069	Jun 13, 29	Var.
Civic Square III, Series 1998	1,536,056	1,538,003	1,540,899	1,537,311	1,540,133	24,837,489	32,331,891	12,078,991	20,255,000	Jun 1, 28	Var.
Civic Square IV, Series 2001	3,035,810	3,037,810	3,037,425	3,038,175	3,037,425	57,985,875	72,850,320	31,090,320	41,760,000	Jul 13, 31	Var.
Sub Total of Civic Square Projects	\$ 7,653,409	\$ 7,657,604	\$ 7,799,124	\$ 7,795,761	\$ 7,797,658	\$ 143,132,423	\$ 181,837,836	\$ 78,419,587	\$ 103,418,089		
Board of Social Services Certificates of Participations:											
BSS COP	\$ 2,007,788	\$ 1,897,759	\$ 1,894,281	\$ 1,892,394	\$ 1,892,659	\$ 14,814,828	\$ 24,869,897	\$ 8,449,897	\$ 18,440,000	Feb 13, 19	3.60%-5.00%

Board of Social Services Certificates of Participations:

The County of Middlesex issued \$23,415,000 Interest Certificates of Participation with \$25,070,000 refunding Certificates of Participation purchase agreement with PBCF New Jersey, Inc. The certificates, a combination of serial and term, were issued to provide funds to acquire certain real property, office buildings and other improvements. The basic rent payments due by the County of Middlesex for the certificates is provided for in part or whole by a sublease between the County and the Middlesex County Board of Social Services. The interest rate on the \$8,105,000 serial certificates range from 4.00% to 5.90% with a final maturity of August 13, 2009. The \$6,660,800 term certificate due August 13, 2014 and the \$9,250,000 term certificate due February 13, 2019, have interest rates of 6.00% and 6.122% respectively. The final basic rent payment is February 1, 2019. The County executed a Debt Service Reserve Forward delivery Agreement dated March 13, 1996, related to the Certificates of Participation.

On August 13, 1998 the County refinanced the outstanding \$23,060,000 Certificates of Participation with \$25,070,000 refunding Certificates of Participation.

COUNTY OF MIDDLESEX, NEW JERSEY
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16) LEASE AGREEMENTS RECEIVABLE

The County reports the following lease agreements within the General Capital Fund balance sheet as at December 31, 2008 and 2007:

<u>Lessee</u>	<u>2008 Amount Recorded</u>	<u>2007 Amount Recorded</u>	<u>Final Payment Date</u>
County of Somerset, NJ	\$ 2,006,538	\$ 2,320,228	May 1, 2016
City of New Brunswick, NJ	<u>12,573,069</u>	<u>12,708,069</u>	May 1, 2029
	<u>\$14,579,607</u>	<u>\$15,028,297</u>	

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

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

17) LEASE AGREEMENT - TAMARACK GOLF COURSE

Pursuant to a Lease and Agreement, dated as of April 1, 1996 (the "Lease and Agreement"), between the Authority and the County, the Authority has acquired a leasehold interest in the Golf Course for a period of 19 years. The Lease and Agreement provides that the Authority shall be responsible for the operation and maintenance of the Golf Course and shall be entitled to all revenues and user fees related to the Golf Course. In addition, the Authority shall have the ability to make alterations, additions and improvements to the Golf Course (at its own expense). The Lease and Agreement provided that the Authority will pay the County any Net Profits after Reserves for capital improvements/investments on an annual basis. During 2008 and 2007 the Golf Course has realized net income in the amount of \$250,000 and \$250,000 respectively, which represents the amount due to the County.

18) PROJECT ADVANCES/RECEIVABLES

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

The lease agreement between the Somerset County Youth Detention Center and the County of Middlesex was for an original amount of \$5,990,398 with payments beginning in 1999 and final payment in 2016. At December 31, 2008 the receivable balance to the County of Middlesex from the Somerset County Youth Detention Center was \$3,338,988.

The lease agreement between the City of New Brunswick Civic Square II and the County of Middlesex was for an original amount of \$13,068,069 with payments beginning in 2005 and final payment in 2029. At December 31, 2008 the receivable balance to the County of Middlesex from the City of New Brunswick Civic Square II was \$12,573,069.

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18) PROJECT ADVANCES/RECEIVABLES (cont'd)

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

The loan agreement between the Heldrich Center Hotel Project and the County of Middlesex was for an original amount of \$3,000,000 with payments beginning in 2008 and final payment in 2037. At December 31, 2008 the receivable balance to the County of Middlesex from the Heldrich Center Hotel Project was \$2,900,000. With respect to the Heldrich Center Project, as of June 23, 2009, of which the County holds Senior Revenue Bonds, Series A only, based upon the lack of timely deposits to certain debt service reserves required of the trustee agreement, the trustee has issued the Heldrich Center Project a notice of event of default. The Heldrich Center Project is in the process of reviewing its requirements for compliance with the trustee agreement based upon the notification. No amount of the County's fund balance is impaired based upon this current status.

The loan agreement between the SERA and the County of Middlesex was for an original amount of \$11,703,384 with payments beginning in 2009 and final payment in 2011. At December 31, 2008 the receivable balance to the County of Middlesex from the SERA was \$11,703,384. Of the SERA Project, the County is scheduled to receive \$8 million in 2009, of which \$1,215,664 of the funds was anticipated as revenue in the 2009 County Budget, \$6,722,920 was to be reserved for the payment of BAN's and the remaining \$61,416 was to be applied to MRNA.

19) HEALTH AND HOSPITALS

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

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

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

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

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20) COMMITMENTS AND CONTINGENCIES

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

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

The County participates in a number of federal and state assisted programs that are subject to audit and adjustment by the respective grantors. The audits of these programs for or including the years ended December 31, 2008 and 2007 may have not been conducted or completed as of the date of this report. Grantor agencies reserve the right to conduct additional audits of the County's grant program for economy, efficiencies and program results which may result in disallowed costs to the County. However, County management does not believe such audits would result in any material amounts of disallowed costs.

21) SUBSEQUENT EVENTS

- January 30 -

The County closed on its \$44,027,000 General Obligation Bond sale that permanently financed capital improvements and equipment in and for the County and improvements and equipment for the County College. The General Obligation Bonds are dated January 15, 2009 and consists of \$22,000,000 General Improvement Bonds, \$9,027,000 Redevelopment General Improvement Bonds and \$13,000,000 County College Bonds issued pursuant to County College Bond Act, 1971 N.J. Laws C. 12 as amended.

- April 13 -

The County's 2009 Budget was adopted.

- May 7 -

The Board of Chosen Freeholders finally adopted a Bond Ordinance for the acquisition of capital equipment and the undertaking of various 2009 capital improvements at and for facilities of Middlesex County College; appropriating \$2,000,000 therefor and financing such appropriation.

The Board of Chosen Freeholders finally adopted a Bond Ordinance providing for the 2009 general capital improvements and the acquisition of equipment for the Middlesex County Vocational and Technical High Schools; appropriating \$3,000,000 therefor and authorizing the issuance of \$3,000,000 Bonds or Notes of the County of Middlesex.

- May 21 -

The Board of Chosen Freeholders finally adopted a Bond Ordinance providing for a contribution towards a redevelopment project (long term care facility) being undertaken in the Township of Old Bridge; Appropriating \$41,160,000 to fund the cost thereof, and authorizing the issuance of \$41,160,000 Bonds or Notes of the County to finance such appropriation.

- June 21 -

The Board of Chosen Freeholders introduced on a first reading a Bond Ordinance providing for various 2009 general capital improvements; Appropriating \$59,096,900 therefor and authorizing the issuance of \$56,282,761 Bonds or Notes of the County to finance part of the cost thereof.