

**COUNTY OF MIDDLESEX
NEW JERSEY**

**SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS
AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010**

WITH
REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON 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, 2010

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, 2010

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Report on Compliance With Requirements That Could Have A Direct and Material Effect On Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and NJ OMB 04-04	1 - 2
<u>Schedules</u>	3
Sch. A - Schedule of Expenditures of Federal Awards	4 - 10
Sch. B - Schedule of Expenditures of State Financial Assistance	11 - 16
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance - Year Ended December 31, 2010	17 - 24
<u>Schedule</u>	25
Sch. C - Schedule of Findings and Questioned Costs For the Calendar Year Ended December 31, 2010	26 - 30
<u>Schedule</u>	31
Sch. D - Summary Schedule of Prior Year Audit Findings for the Calendar Year Ended December 31, 2010	32
<u>Schedule</u>	33
Sch. E - Schedule of Section Eight Management Assessment Program (SEMAP) For the Calendar Year Ended December 31, 2010	34 - 35

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON 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 County of Middlesex, New Jersey's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grant Compliance Supplement that could have a direct and material effect on each of the County of Middlesex's major federal and state programs for the year ended December 31, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2010.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Middlesex's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, 2010, and have issued our report thereon dated June 2, 2011. 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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.

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

Highland Park, New Jersey
September 15, 2011

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, 2010

FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT AMOUNT	GRANT YEAR	2010 RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE						
U. S. Department of Agriculture:						
Pass-through State Department of Agriculture						
Child Nutrition Cluster						
Division of Food & Nutrition:						
10.555	10-3350-100-026-09	77,322	2010	77,322	77,322	77,322
10.553	10-3350-100-028-09	52,954	2010	52,954	52,954	52,954
	National School Lunch Program					
	School Breakfast Program					
	Total Child Nutrition Cluster			130,276	130,276	130,276
	Total Department of Agriculture			130,276	130,276	130,276
U.S. Department of Housing and Urban Development						
Direct Programs:						
CDBG - Entitlement Grants Cluster						
14.218	N/A	1,945,720	2009	1,196,759	1,606,302	1,606,302
14.218	N/A	1,927,390	2008	689,600	153,073	1,927,390
14.253	N/A	523,531	2009	459,834	459,834	472,334
	Community Development Block Grants/Entitlement Grants					
	Community Development Block Grants/Entitlement Grants					
	Community Development Block Grant - ARRA Entitlement Grant					
	Total CDBG - Entitlement Grants Cluster			2,346,193	2,219,209	4,006,026
14.231	N/A	85,814	2009	40,130	40,130	85,814
	Emergency Shelter Grants Program					
	Total Emergency Shelter Grants Program			40,130	40,130	85,814
14.239	N/A	2,040,027	2009	1,148,232	1,231,426	1,231,426
14.239	N/A	1,845,706	2008	1,310,624	1,446,776	1,845,706
	Home Investment Partnerships Program					
	Home Investment Partnerships Program					
	Total Home Investment Partnerships Program			2,458,856	2,678,202	3,077,132
14.257	22-8020-10-179-09	800,475	2009	800,475	681,747	681,747
14.257		623,375	2009	8,463	99,543	125,517
	Homeless Prevention & Rapid Re-Housing Program - ARRA					
	Homeless Prevention & Rapid Re-Housing Program - ARRA					
	Total Homeless Prevention & Rapid Re-Housing Program - ARRA			808,938	781,290	807,264
14.871	N/A	7,054,221	2010	7,033,676	6,407,620	6,407,620
14.871	N/A	3,600,000	2009	20,545	670,648	3,600,000
	Low Income Housing Assistance					
	Section 8 Housing Choice Voucher Program					
	Section 8 Housing Choice Voucher Program					
	Total Low Income Housing Assistance			7,054,221	7,078,268	10,007,620
	Total Department of Housing and Urban Development			12,708,338	12,797,099	17,983,856

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT AMOUNT	GRANT YEAR	2010 RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
U.S. Department of Justice:							
Pass-through State Department of Law and Public Safety							
Division of Criminal Justice:							
Juvenile Accountability Incentive Block Grant	16.523	66-1500-100-121-10	59,523	2010	47,875	31,720	31,720
Juvenile Accountability Incentive Block Grant	16.523	66-1500-100-121-09	53,194	2009	14,581	53,194	53,194
Juvenile Accountability Incentive Block Grant	16.523	66-1500-100-121-08	52,254	2008		15,001	52,254
Total Juvenile Accountability Incentive Block Grant					62,456	99,915	137,168
Missing Children's Assistance - National Children's Alliance							
Missing Children's Assistance - National Children's Alliance	16.543	N/A	5,000	2010	5,000		
Missing Children's Assistance - National Children's Alliance	16.543	N/A	10,000	2007		5,000	10,000
Total Missing Children's Assistance - National Children's Alliance					5,000	5,000	10,000
Crime Victim Assistance - SANE/SART Project							
Crime Victim Assistance - SANE/SART Project	16.575	66-1020-100-142-09	67,655	2009	19,050	63,868	65,022
Crime Victim Assistance - SANE/SART Project	16.575	66-1020-100-142-08	126,503	2008	9,385	2,010	105,445
Crime Victim Assistance - Victim Witness Advocacy Fund	16.575	66-1020-100-142-10	55,000	2010		48,889	48,889
Crime Victim Assistance - Victim Witness Advocacy Fund	16.575	66-1020-100-142-10	222,713	2010	111,628	222,713	222,713
Total Crime Victim Assistance					140,063	337,480	442,069
Edward Byrne Memorial Formula Grant Program - Community Justice Grant Program - ARRA							
Edward Byrne Memorial Formula Grant Program - Community Justice Grant Program - ARRA	16.803	66-1020-100-421-09	64,674	2009	64,674	64,674	64,674
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	16.738	66-1020-100-364-10	51,477	2010	19,545	64,674	64,674
Edward Byrne Memorial Justice Assistance Grant Prog. - Multi-Jurisdictional Narcotics Task Force	16.738	66-1020-100-364-09	26,167	2009		25,223	25,223
Edward Byrne Memorial Justice Assistance Grant Prog. - Multi-Jurisdictional Narcotics Task Force	16.738	66-1020-100-364-08	88,824	2008		26,167	26,167
Total Edward Byrne Memorial Grant					148,893	192,738	269,562
STOP Violence Against Women - ARRA							
STOP Violence Against Women - ARRA	16.588	66-1020-100-419-10	67,621	2010	27,034	30,938	30,938
Division of State Police:							
Paul Coverdell Forensic Sciences Improvement	16.742	66-1200-100-903-09	66,000	2009	51,131	51,131	51,131
Total U.S. Department of Justice					434,577	717,202	940,868
U. S. Department of Homeland Security							
Pass-through State Department of Law and Public Safety							
Division of State Police:							
Urban Area Security Initiative - Annex Spending Plan	97.008	66-1005-100-008-10	185,250	2010	486,889	185,229	185,229
Urban Area Security Initiative - NJ Dex Program	97.008	66-1005-100-008-09	500,000	2009	18,481	73,302	500,000
Urban Area Security Initiative - Midd/Neptune/Hess	97.008	66-1005-100-008-09	145,941	2009	145,941	17,993	17,993
Urban Area Security Initiative	97.008	66-1005-100-008-09	800,000	2009		145,937	145,937
Urban Area Security Initiative	97.008	66-1005-100-008-09	545,256	2009	283,301	8,128	8,128
Urban Area Security Initiative	97.008	66-1005-100-008-07	346,784	2007	277,278	181,197	418,207
Total Urban Area Security Initiative					1,211,890	233,835	282,135
Emergency Management Performance - Non-Terrorism	97.042	66-1200-100-726-09	50,000	2010	50,000	50,000	50,000

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

GRANTOR DEPARTMENT & PROGRAM TITLE		FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT AMOUNT	GRANT YEAR	2010 RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
U. S. Department of Homeland Security (Cont'd.)								
Homeland Security Cluster								
	Homeland Security	97.067	66-1005-100-006-08	1,729,337	2008	931,486	555,813	997,216
	Homeland Security - Code Orange	97.067	66-1005-100-006-08	191,197	2008	171,735	190,147	190,147
	Homeland Security	97.067	66-1005-100-006-07	1,308,520	2007	1,263,086	191,358	1,308,455
	Homeland Security - Code Orange	97.067	66-1005-100-006-06	107,578	2007		198	73,471
	Homeland Security	97.073	66-1005-100-006-09	1,577,760	2009	329,353	237,408	277,283
Total Homeland Security Cluster						2,695,660	1,174,924	2,846,572
Total U. S. Department of Homeland Security						3,957,550	2,070,545	4,454,201
U.S. Department of Labor:								
Pass-through State Department of Labor								
WIA Cluster								
Work Force Investment Act								
	Adult Program	17.258	62-4545-100-101-10	934,367	2010	285,000	132,135	132,135
	Youth Activities	17.259	62-4545-100-249-10	1,083,360	2010	320,000	241,811	241,811
	Dislocated Worker	17.260	62-4545-100-105-10	2,309,233	2010	320,000	601,222	601,222
Total Work Force Investment Act - 2010						925,000	975,168	975,168
Work Force Investment Act - Stimulus (ARRA)								
	Dislocated Worker	17.260	62-4545-100-368-10		2010	0	120,510	120,510
Total Work Force Investment Act - Stimulus 2010 (ARRA)						0	120,510	120,510
Work Force Investment Act								
	Adult Program	17.258	62-4545-100-101-09	562,595	2009	192,500	473,880	564,531
	Youth Activities	17.259	62-4545-100-249-09	651,010	2009	534,010	449,364	607,784
	Dislocated Worker	17.260	62-4545-100-105-09	1,805,390	2009	1,805,350	1,716,764	1,943,131
Total Work Force Investment Act - 2009						2,531,860	2,640,008	3,115,446
Work Force Investment Act - Stimulus (ARRA)								
	Adult Program	17.258	62-4545-100-367-09	296,717	2009	80,000	112,136	259,525
	Youth Activities	17.259	62-4545-100-369-09	884,747	2009	12,200	17,675	883,208
	Dislocated Worker	17.260	62-4545-100-368-09	1,887,223	2009	1,047,000	887,292	1,675,531
Total Work Force Investment Act - Stimulus 2009 (ARRA)						1,139,200	1,017,103	2,818,264
Work Force Investment Act								
	Adult Program	17.258	62-4545-100-367-08	609,700	2008	45,028	294,258	608,840
	Youth Activities	17.259	62-4545-100-369-08	681,743	2008	1,737	87,814	649,709
	Dislocated Worker	17.260	62-4545-100-368-08	1,359,001	2008	131,578	190,284	1,359,001
Total Work Force Investment Act - 2008						178,343	572,356	2,617,550
Total WIA Cluster						4,774,403	5,325,145	9,646,938
Work Force Investment Act								
	H-1B High Growth Job Training Grants - WIRED BIO-1 Initiative	17.268	62-4545-100-001-10	1,656,667	2010	1,352,667	1,421,237	1,421,237
	H-1B High Growth Job Training Grants - WIRED BIO-1 Initiative	17.268	62-4545-100-001-09	1,656,667	2009	1,656,667	1,590,699	1,656,667
	H-1B High Growth Job Training Grants - WIRED BIO-1 Initiative	17.268	62-4545-100-001-08	1,656,667	2008	1,290,000	73,290	1,569,238
Total H-1B High Growth Job Training Grants - WIRED BIO-1 Initiative						4,299,334	3,085,226	4,647,142
Disability Program Navigator Grant		17.266	N/A	37,385	2010	25,000	21,427	21,427
Financial National Emergency Grant		17.277	N/A	225,000	2010		5,823	5,823
Total U.S. Department of Labor						9,098,737	8,437,621	14,321,330

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT AMOUNT	GRANT YEAR	2010 RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
U.S. Department of Transportation							
Pass-through N.J. Department of Transportation							
Highway Planning and Construction - County-Wide Guidrail Installation/Replacement - ARRA	20.205	078-6300-480-xxxx-09	6,731,000	2009		847,519	847,519
Highway Planning and Construction - County-Wide Pavement Resurfacing & Milling - ARRA	20.205	078-6320-480-xxxx-10	7,513,804	2010	103,053	2,803,628	2,803,628
Highway Planning and Construction - Local Scoping Program/N.B. Bikeway	20.205	078-6320-480-xxxx-09	349,911	2009	53,781	23	349,911
Highway Planning and Construction - Bridge 3-B-152 Ryders Lane	20.205	078-6320-480-297-08	1,127,050	2008		232,294	842,680
Total Highway Planning and Construction					156,834	3,883,464	4,843,738
North Jersey Transportation Planning Authority							
Highway Planning and Construction - Subregional Planning Grant	20.205	078-6320-480-xxxx-10	188,700	2010	77,489	150,960	150,960
Highway Planning and Construction - Subregional Planning Grant	20.205	078-6320-480-xxxx-09	188,700	2009	71,196	150,960	150,960
Highway Planning and Construction - Subregional Planning Grant	20.205	078-6320-480-xxxx-10	36,000	2009	33,244	36,000	36,000
Highway Planning and Construction - Subregional Planning Grant - ARRA	20.205	078-6320-480-xxxx-10	142,448	2010	54,494	74,919	74,919
Highway Planning and Construction - Subregional Planning Grant	20.205	078-6320-480-xxxx-08	72,000	2008		36,000	72,000
Total Highway Planning and Construction - Subregional Planning Grant					236,423	448,839	484,839
Federal Transportation Administration - New Jersey Transit New Freedom Grant	20.205	N/A	463,032	2009		164,752	164,752
Total pass-through N.J. Department of Transportation					393,257	4,497,055	5,493,329
Job Access - Reserve Commute Program	20.516	69-1125-0-1-401	274,829	2010	24,560	194,692	194,692
Job Access - Reserve Commute Program	20.516	69-1125-0-1-401	360,296	2009	221,893	160,971	356,839
Total Job Access - Reserve Commute Program					246,453	355,663	551,531
Highway Safety Cluster:							
State and Community Highway Safety	20.600	66-1160-100-047-10	96,650	2010		1,572	1,572
State and Community Highway Safety	20.600	66-1160-100-047-10	93,750	2010	15,816	15,816	15,816
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Don't Drink & Drive	20.601	66-1160-100-057-10	43,000	2010	30,975	30,975	30,975
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Don't Drink & Drive	20.601	66-1160-100-057-09	24,021	2009	12,750	12,552	12,552
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Don't Drink & Drive	20.601	66-1160-100-057-09	29,975	2009	11,505	11,505	11,505
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Don't Drink & Drive	20.601	66-1160-100-057-06	26,480	2006		6,385	26,480
Total Highway Safety Cluster					71,026	79,005	98,900

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT YEAR	2010 RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
U.S. Department of Transportation (Cont'd.)					
Division of State Police:					
	20.703	66-1200-100-703-10	16,521	16,521	16,521
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	66-1200-100-703-10	65,811	65,811	65,811
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	66-1200-100-703-09	1,785	1,785	66,475
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	66-1200-100-703-08	877	877	42,614
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	66-1200-100-703-07	9,345	9,345	9,345
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	66-1200-100-703-05	473	473	12,817
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	66-1200-100-703-10	18,998	18,998	18,998
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	66-1200-100-703-09	76,262	76,262	76,262
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	66-1200-100-703-08	7,945	7,945	7,945
Total Division of State Police			185,537	186,742	316,788
Total U.S. Department of Transportation			896,273	5,120,465	6,460,548
U.S. Environmental Protection Agency:					
Pass-through State Department of Environmental Protection					
	66.454	42-4801-100-504-09	93,040	96,154	96,154
Water Quality Management Planning - SEC604B - ARRA	66.605	42-4801-100-469-04	55,554	58,636	227,342
Performance Partnership Grants - Regional Storm Water Management Plan					
Total Environmental Protection Agency			148,594	154,790	323,496
U.S. Department of Education:					
Title I Grants to Local Educational Agencies - North Brunswick School District					
	84.010	N/A	197,997	179,278	179,278
Title I Grants to Local Educational Agencies - North Brunswick School District	84.010	N/A	196,323	1,194	173,742
Title I Grants to Local Educational Agencies - North Brunswick School District	84.010	N/A	182,054	1,897	168,402
Title I Grants to Local Educational Agencies - North Brunswick School District - ARRA	84.010	N/A	107,452	84,176	84,176
Total Department of Education			305,449	266,545	605,598
U.S. Department of Health and Human Services					
Pass-through State Department of Health & Senior Services.					
Aging Cluster					
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	46-4275-100-262-10	1,938,460	2,039,498	2,039,498
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	46-4275-100-262-09	1,525,385	431,486	2,866,524
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	46-4275-100-262-08	2,889,190	21,688	2,835,269
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	46-4275-100-262-07	2,852,028	62,839	2,852,028
Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging	93.044	46-4275-100-262-05	2,892,772	8,082	2,892,772
Total Special Programs for the Aging - Title III, Part B - Area Plan Grant For Aging			3,463,845	2,563,593	13,486,091
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-10	1,288,904	1,876,451	1,876,451
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-09	787,118	182,694	2,100,367
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-08	2,349,500	45,289	2,338,460
Total Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals			2,076,022	2,104,434	6,315,278
Subtotal Area Plan Grant for Aging			5,539,867	4,668,027	19,801,369

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT AMOUNT	GRANT YEAR	2010 RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
U.S. Department of Health and Human Services (Cont'd.)							
ARRA Funds							
Aging Home-Delivered Nutrition Services for States - Middlesex County Senior Meals - ARRA	93.705	46-4275-100-388-09	71,420	2009		11,071	18,277
Aging Congregate Nutrition Services for States - Area Plan Grant For Aging - ARRA	93.707	46-4275-100-387-09	145,072	2009	109,632	22,076	82,419
Subtotal Area Plan Grant for Aging - ARRA					109,632	33,147	100,696
Total Aging Cluster					5,649,499	4,701,174	19,902,065
National Family Caregiver Support, Title III, Part E	93.032	46-4275-100-331-10	180,000	2010	180,000	60,551	60,551
National Family Caregiver Support, Title III, Part E	93.032	46-4275-100-331-09	280,000	2009		135,211	275,000
National Family Caregiver Support, Title III, Part E	93.032	46-4275-100-331-08	480,000	2008		4,889	480,000
National Family Caregiver Support, Title III, Part E	93.032	46-4275-100-331-07	470,000	2007		5,000	470,000
Total National Family Caregiver Support, Title III, Part E					180,000	205,651	1,285,551
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	46-4230-100-146-10	169,845	2010	84,721	163,649	163,649
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	46-4230-100-146-09	169,845	2009	144,653	169,845	169,845
Total Project Grants and Cooperative Agreements for Tuberculosis Control Program					229,374	333,494	333,494
Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan	93.283	46-4220-100-421-10	50,000	2010		3,668	3,668
Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan	93.283	46-4220-100-421-09	65,000	2009	65,000	35,960	64,324
Total Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan					65,000	39,628	67,992
Public Health Emergency Preparedness	93.069	46-4230-100-360-10	672,949	2010		192,573	192,573
Public Health Emergency Preparedness	93.069	46-4230-100-360-09	1,522,331	2009	614,217	1,211,946	1,402,700
Public Health Emergency Preparedness	93.069	46-4230-100-360-08	501,566	2008		240	500,460
Total Public Health Emergency Preparedness					614,217	1,404,759	2,095,733
Pass-through State Department of Community Affairs:							
Injury Prevention and Control Research Projects - Rape Crisis Intervention Center	93.136	22-8051-100-083-10	43,600	2010	21,800	1,072	1,072
Injury Prevention and Control Research Projects - Rape Crisis Intervention Center	93.136	22-8051-100-083-09	43,600	2009	9,946		27,765
Total Injury Prevention and Control Research Projects - Rape Crisis Intervention Center					31,746	1,072	28,837
Child Support Enforcement Program - Title IV:							
Courts	93.563	98-9730-100-038-10	438,892	2010	438,892	438,892	438,892
Sheriff Department	93.563	98-9740-100-040-10	355,080	2010	355,080	355,080	355,080
Total Child Support Enforcement Program - Title IV:					793,972	793,972	793,972

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT AMOUNT	GRANT YEARS	2010 RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
Pass-through State Department of Labor TANF Cluster							
Work Force Investment Act							
Temporary Assistance for Needy Families (TANF)	93.558	62-7550-100-291-10	1,921,650	2010	472,000	654,680	654,680
Temporary Assistance for Needy Families (TANF)	93.558	62-7550-100-291-09	2,122,521	2009	1,616,963	1,234,976	2,000,534
Temporary Assistance for Needy Families (TANF)	93.558	62-4545-100-344-08	2,398,145	2008	146,249	32,803	2,308,116
Total Temporary Assistance for Needy Families (TANF)					2,235,212	1,922,459	4,963,330
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF)	93.714	054-7550-100-489-10	524,490	2010	524,490	522,994	522,944
Total TANF Cluster					2,759,702	2,445,453	5,486,274
Division of Election Assistance for Disabled Individuals:							
Election Assistance for Disabled Individuals	93.617	74-2525-100-011-09	31,733	2009		13,050	13,050
U.S. Department of Health and Human Services Direct Programs:							
HIV Emergency Relief - Grant Prog.	93.914	N/A	2,790,752	2010	641,131	1,289,113	1,289,113
HIV Emergency Relief - Grant Prog.	93.914	N/A	2,357,475	2009	2,084,681	1,450,977	2,264,565
Total HIV Emergency Relief - Grant Prog.					2,725,812	2,740,090	3,553,678
Total Department of Health and Human Services					13,049,322	12,678,343	33,560,646
Total Federal Financial Assistance					\$40,729,116	\$42,372,886	\$78,780,819

Footnotes:

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.

N/A - Not Applicable or Not Available

NOTE: 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 YEAR ENDED DECEMBER 31, 2010

GRANTOR, DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD FROM TO	2010 PROGRAM RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
Department of Community Affairs:							
Division of Local Government Services:							
SHARE/COUNT Grant	022-8030-100-658-07	300,000	300,000	02/01/07	52,286	76,148	297,104
Division of Community Resources:							
Hispanic Policy & Research	022-8050-100-034-08	31,196	51,196	06/01/08	4,640	12,000	24,000
Recreation for Individuals Disabilities Progr.	022-8050-100-035-10	15,000	22,000	01/01/10		22,000	22,000
Recreation for Individuals Disabilities Progr.	022-8050-100-035-09	20,000	27,000	01/01/09	20,000		27,000
Lead Hazard Control Assistance	022-8050-745-001-09	104,525	104,525	07/01/09		68,485	69,960
Office of Smart Growth:							
Cross Acceptance Grant-Right to Farm Program	022-8049-100-006-01	5,206	5,206	04/28/01		5,206	5,206
Cross Acceptance Grant-Right to Farm Program	022-8049-100-006-00	4,805	4,805	04/28/00		1,710	4,805
Smart Future Sustainable	022-8049-100-006-08	75,000	75,000	07/01/08	32,500	32,500	75,000
Division of Women:							
Sexual Assault Abuse & Rape Care	022-8051-100-047-10	62,557	62,557	07/01/10	37,444	42,640	42,640
Sexual Assault Abuse & Rape Care	022-8051-100-047-09	51,573	51,573	07/01/09		10,477	50,393
Sexual Assault Abuse & Rape Care	022-8051-100-047-08	60,143	60,143	07/01/08		415	60,143
Total Department of Community Affairs					146,870	271,581	678,251
Department of Corrections:							
System Wide Support Program - Reimb. Custody Chgs.	026-7025-100-124-10	605,936	605,936	01/01/10	605,936	605,936	605,936
Total Department of Corrections					605,936	605,936	605,936
Department of Environmental Protection:							
Administrative Operations							
Green Acres Trust - New Brunswick Land	042-4800-727-003-06	1,832,239	1,832,239	Indefinite	1,832,239	1,832,239	1,832,239
Solid Waste Administration							
Environmental Health Act	042-4855-100-075-10	341,976	805,276	01/01/10		798,221	798,221
Environmental Health Act	042-4855-100-075-09	356,545	819,845	01/01/09	86,547		819,762
Environmental Health Act	042-4855-100-075-08	397,562	860,862	01/01/08	98,056		860,861
Environmental Health Act	042-4855-100-075-07	330,035	330,035	01/01/07	106,809		309,278
Environmental Health Act	042-4900-752-007-10	369,000	369,000	12/01/09	369,000	80,775	80,775
Recycling Enhancement Act - Tax Bonus Grant	042-4900-765-005-10	78,164	78,164	01/01/10	78,164	59,166	59,166
Clean Communities Program	042-4900-765-005-09	75,368	75,368	01/01/09		10,400	74,743
Clean Communities Program	042-4900-752-007-10	880,000	880,000	02/01/10	880,000	307,238	307,238
Solid Waste Service Tax	042-4900-752-007-10	540,000	540,000	02/01/09		168,998	524,243
Solid Waste Service Tax	042-4900-758-005-08	517,173	517,173	06/01/08		17,224	517,173
Solid Waste Service Tax	042-4900-758-005-07	524,437	524,437	06/01/07		8,946	524,437
Total Department of Environmental Protection					3,450,815	3,283,207	6,708,136

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2010 PROGRAM RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND
				FROM	TO			
Department of Health & Senior Services:								
Child Lead Poison Prevention	046-4220-100-315-10	130,000	130,000	07/01/10	06/30/11	11,957	93,786	93,786
Child Lead Poison Prevention	046-4220-100-315-09	130,000	130,000	07/01/09	06/30/10	130,000	44,723	130,000
Special Child Health-Early Intervention	046-4220-100-129-10	181,240	181,240	07/01/10	06/30/11	21,871	112,499	112,499
Special Child Health-Early Intervention	046-4220-100-129-09	171,240	171,240	07/01/09	06/30/10	133,210	110,969	171,240
Special Child Health-Early Intervention	046-4220-100-460-10	236,600	236,600	07/01/10	06/30/11	236,592	236,600	236,600
Special Child Health-Early Intervention	046-4220-100-460-09	709,800	709,800	07/01/09	06/30/10	709,800	709,800	709,800
Special Child Health-Early Intervention	046-4220-100-460-08	922,740	922,740	07/01/08	06/30/09	922,740	243,934	243,934
Public Health Priority Funding	046-4230-100-307-10	233,252	233,252	01/01/10	12/31/10	233,252	222,333	222,333
Public Health Priority Funding	046-4230-100-307-09	233,252	233,252	01/01/09	12/31/09	7,920	7,920	232,099
Right to Know	046-4230-100-105-10	18,119	18,119	01/01/10	12/31/10	13,589	18,119	18,119
Right to Know	046-4230-100-105-09	18,119	18,119	01/01/09	12/31/09	9,059	18,119	18,119
Respite Care Services	046-4275-491-082-10	415,552	415,552	01/01/10	12/31/10	380,661	329,232	329,232
Respite Care Services	046-4275-491-082-09	367,302	367,302	01/01/09	12/31/09	9,497	65,662	352,576
Medicaid Waiver Program	N/A	30,000	30,000	04/01/10	03/31/11	30,000		
Medicaid Waiver Program	N/A	30,000	30,000	04/01/09	03/31/10		12,500	12,500
Medicaid Waiver Program	N/A	30,000	30,000	04/01/08	03/31/09		30,000	30,000
Medicaid Waiver Program	N/A	30,000	30,000	04/01/07	03/31/08		17,950	21,793
Medicaid Waiver Program	N/A	50,000	50,000	01/01/06	12/31/07		7,834	50,000
Medicaid Waiver Program	N/A	40,000	40,000	04/01/05	03/31/06		12,250	39,686
Cancer Education & Early Detection	046-4220-100-329-10	355,000	355,000	06/01/10	12/31/11		161,923	161,923
Cancer Education & Early Detection	046-4220-100-461-10	15,250	15,250	07/01/10	12/31/11		13,072	13,072
Cancer Education & Early Detection	046-4220-100-461-09	366,620	366,620	07/01/09	12/31/10	15,250	225,794	350,798
County Wide Transportation Program	046-4110-100-248-10	194,710	731,012	01/01/10	12/31/10	6,697	729,112	729,112
County Wide Transportation Program	046-4110-100-248-09	213,213	912,495	01/01/09	12/31/09	213,213	28,768	912,495
Tuberculosis Control Program	046-4230-100-080-10	221,992	221,992	07/01/10	06/30/11		114,806	114,806
Tuberculosis Control Program	046-4230-100-080-09	223,042	223,042	07/01/09	06/30/10	178,618	112,065	169,312
Senior Meals/SIBA	N/A	60,000	60,000	01/01/10	12/31/10	60,000	54,902	54,902
Senior Meals/SIBA	N/A	37,611	37,611	01/01/09	12/31/09		25,700	37,611
County Comprehensive Alcohol & Drug Abuse Program	046-4240-100-024-10	1,268,875	1,268,875	01/01/10	12/31/10	680,101	1,063,943	1,063,943
County Comprehensive Alcohol & Drug Abuse Program	046-4240-100-024-09	1,278,417	1,278,417	01/01/09	12/31/09	830,666	242,770	1,243,457
Total Department of Health & Senior Services			5,078,148			4,357,225	8,514,563	

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010**

GRANTOR, DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2010 PROGRAM RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
				FROM	TO			
Department of Human Services:								
Division of Family Development								
Youth Incentive Program	016-1620-100-013-10	47,550	47,550	01/01/10	12/31/10	47,550	44,046	44,046
Youth Incentive Program	016-1620-100-013-09	47,550	47,550	01/01/09	12/31/09	47,550	2,039	47,405
DYFS-Services to Homeless	054-7550-100-072-10	593,588	593,588	01/01/10	12/31/10	565,191	537,198	537,198
DYFS-Services to Homeless	054-7550-100-072-09	593,588	593,588	01/01/09	12/31/09	48,786	592,150	592,150
Human Service Advisory Council	054-7570-100-072-10	142,261	198,006	01/01/10	12/31/10	120,791	173,730	173,730
Human Service Advisory Council	054-7570-100-072-09	142,261	198,006	01/01/09	12/31/09	16,163	159,860	176,123
Human Service Advisory Council	054-7570-100-072-08	87,762	143,507	01/01/08	12/31/08	12,055	126,993	126,993
Office for the Disabled	054-7570-100-361-10	69,301	85,578	01/01/10	12/31/10	34,650	50,927	50,927
Office for the Disabled	054-7570-100-361-09	69,301	85,578	01/01/09	12/31/09	6,920	85,353	85,353
Office for the Disabled	054-7570-100-361-07	67,616	83,893	01/01/07	12/31/07	544	83,875	83,875
Division of Disability Services:								
Personal Attendant Program	054-7545-100-005-10	660,512	660,512	01/01/10	12/31/10	660,512	561,582	561,582
Personal Attendant Program	054-7545-100-005-09	736,000	736,000	01/01/09	12/31/09	88,587	736,000	736,000
Work First Transportation	054-7550-100-424-10	211,890	211,890	07/01/10	06/30/11	93,235	4,312	4,312
Work First Transportation	054-7550-100-424-09	395,559	395,559	07/01/09	06/30/10	74,226	280,185	398,497
Division of Mental Health Services:								
RBMHC Master Maintenance Contract	N/A	50,000	50,000	04/01/09	03/31/10		6,420	40,990
Mental Health Central Region	054-7700-100-029-09	6,000	6,000	07/01/09	06/30/10		5,281	5,913
State Assumption of Costs:								
Social & Welfare Services:								
Suppl. S.S.I.	054-7550-100-125-10	1,679,300	1,679,300	01/01/10	12/31/10	1,620,131	1,620,131	1,620,131
Mental Health Clinics	054-7700-100-029-10	1,301,504	1,301,504	01/01/10	12/31/10	1,092,067	1,092,067	1,092,067
Total Department of Human Services						4,420,852	4,645,984	6,377,292
Department of Labor								
Division of Employment Services:								
Workforce Learning Link	062-4545-767-003-10	318,017	318,017	07/01/10	06/30/11	53,098	121,615	121,615
Workforce Learning Link	062-4545-767-003-09	260,813	260,813	07/01/09	06/30/10	252,902	157,186	246,722
Workforce Learning Link	062-4545-767-003-08	336,007	336,007	07/01/08	06/30/09		7,937	336,007
Workforce Development Partnership	062-4545-780-002-09	85,899	85,899	07/01/09	06/30/10		50,500	85,926
Workforce Development Partnership	062-4545-780-002-08	95,051	95,051	07/01/08	06/30/09		31,682	95,051
REDI Grant-Business Resource Network	062-4545-780-007-09	565,000	565,000	07/01/09	06/30/10	155,800	91,780	122,616
Total Department of Labor						461,800	460,700	1,007,937

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2010 PROGRAM RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
				FROM	TO			
Department of Law & Public Safety:								
Division of Criminal Justice:								
Body Armor Program	066-1020-718-001-10	13,830	13,830	01/01/10	12/31/10	13,830	17,820	17,820
Body Armor Program	066-1020-718-001-09	49,404	49,404	01/01/09	12/31/09			
Juvenile Justice Commission:								
Family Court Services	066-1500-100-021-09	253,853	253,853	01/01/10	12/31/10		216,316	216,316
Family Court Services	066-1500-100-021-09	253,853	253,853	01/01/09	12/31/09	243,318	142,780	253,853
Family Court Services	066-1500-100-021-08	251,340	251,340	01/01/08	12/31/08	3,817	1,622	251,340
Juvenile Detention Education	066-1500-100-032-10	238,500	436,500	01/01/10	12/31/10	238,500	250,604	250,604
Juvenile Detention Education	066-1500-100-032-09	245,250	472,500	01/01/09	12/31/09		120,617	447,620
Juvenile Detention Education	066-1500-100-032-06	306,000	560,250	01/01/06	12/31/06		417	546,971
Juvenile Detention Education	066-1500-100-032-04	274,500	526,500	01/01/04	12/31/04		1,401	503,863
Juvenile Detention Education	066-1500-100-032-03	327,500	579,500	01/01/03	12/31/03		2,008	568,246
Juvenile Shelter Alternative - Maint. Child. Instt.	066-1500-100-032-10	798,894	798,894	01/01/10	12/31/10	382,130	443,821	443,821
Juvenile Shelter Alternative - Maint. Child. Instt.	066-1500-100-032-09	798,894	798,894	01/01/09	12/31/09	129,137	19,692	511,152
Juvenile Shelter Alternative - Maint. Child. Instt.	066-1500-100-032-08	801,082	801,082	01/01/08	12/31/08		6,248	506,980
Juvenile Shelter Alternative - Maint. Child. Instt.	066-1500-100-032-06	474,062	474,062	01/01/06	12/31/06		750	417,088
Juvenile Shelter Alternative - Maint. Child. Instt.	066-1500-100-032-06	460,440	460,440	01/01/04	12/31/05		393	456,330
Middlefields Group Home	066-1500-100-032-10	939,875	939,875	01/01/10	12/31/10	37,187	687,987	687,987
Middlefields Group Home	066-1500-100-032-09	939,875	939,875	01/01/09	12/31/09	70,400	30,314	671,167
Middlefields Group Home	066-1500-100-032-08	942,450	942,450	01/01/08	12/31/08		97	654,915
Middlefields Group Home	066-1500-100-032-07	880,443	880,443	01/01/07	12/31/07	4,538		670,892
Middlefields Group Home	066-1500-100-032-06	774,713	774,713	01/01/06	12/31/06		649	592,264
State Incentive Program	066-1500-100-168-10	253,395	253,395	01/01/10	12/31/10	227,273	218,753	218,753
State Incentive Program	066-1500-100-168-09	510,791	510,791	01/01/09	12/31/09	345,525	253,910	351,605
Community Partnership Grant Prog.	066-1500-100-007-10	465,154	465,154	01/01/10	12/31/10	29,284	318,489	318,489
Community Partnership Grant Prog.	066-1500-100-007-09	465,154	465,154	01/01/09	12/31/09	444,481	217,432	434,404
Community Partnership Grant Prog.	066-1500-100-007-08	460,549	460,549	01/01/08	12/31/08	26,018	198	450,196
Total Department of Law & Public Safety						2,195,438	2,952,318	10,442,676

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

GRANTOR, DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2010 PROGRAM RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
				FROM	TO			
Department of Military & Veteran Affairs:								
Veteran Transportation Support Prog.	067-3610-100-058-10	22,000	22,000	07/01/10	06/30/11	9,165	15,738	15,738
Veteran Transportation Support Prog.	067-3610-100-058-09	22,000	22,000	07/01/09	06/30/10	12,835	4,212	22,000
Total Department of Military & Veteran Affairs						22,000	19,950	37,738
Department of State:								
Division of Archives and Records Management								
PARIS GRANT	074-2545-100-033-09	319,000	319,000	Indefinite		79,750	280,000	280,000
N.J. Council on Arts								
Field Work in Folk Arts	074-2530-100-032-03	21,700	21,700	05/01/03	02/28/04		128	19,365
Folk Arts Program	074-2530-100-032-09	17,396	22,396	07/01/09	08/31/10	17,396	11,864	12,864
Folk Arts Program	074-2530-100-032-08	23,194	28,194	07/01/08	08/31/09		7,576	24,458
Folk Arts Program	074-2530-100-032-06	24,633	29,633	07/01/06	08/31/07		1,250	28,633
Service to the Field	074-2530-100-032-10	153,864	198,864	09/01/10	12/31/11		2,873	2,873
Service to the Field	074-2530-100-032-09	142,467	187,467	09/01/09	12/31/10	121,097	156,335	159,789
Service to the Field	074-2530-100-032-08	189,956	234,956	09/01/08	12/31/09	30,108	29,657	233,116
Service to the Field	074-2530-100-032-07	204,956	249,956	09/01/07	12/31/08		4,472	248,462
Service to the Field	074-2530-100-032-05	215,290	255,290	09/01/05	01/31/06		772	255,290
N.J. Historical Commission								
History Grant	074-2540-100-105-10	134,835	143,335	07/01/10	06/30/11		25,130	25,130
History Grant	074-2540-100-105-09	112,249	120,749	07/01/09	06/30/10	112,249	71,381	92,532
History Grant	074-2540-100-105-08	122,010	129,010	07/01/08	06/30/09		2,078	123,896
History Grant	074-2540-100-105-07	147,000	154,000	07/01/07	06/30/08		605	143,745
History Grant	074-2540-100-105-06	126,900	133,900	07/01/06	06/30/07		5,300	130,525
History Grant	074-2540-100-105-05	141,000	148,000	07/01/05	06/30/06		746	148,000
Total Department of State						360,600	600,167	1,928,678
Governor's Council on Alcoholism & Drug Abuse:								
Drug Enforcement Demand Reduction	082-2000-100-044-10	759,449	759,449	01/01/10	12/31/10	249,131	456,924	456,924
Drug Enforcement Demand Reduction	082-2000-100-044-09	759,449	759,449	01/01/09	12/31/09	579,409	339,482	729,632
Total Governor's Council on Alcoholism & Drug Abuse						828,540	796,406	1,186,556

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2010 PROGRAM RECEIPTS	2010 EXPENDITURES	CUMULATIVE EXPEND.
				FROM	TO			
N.J. State Department of Education:								
Debt Service Aid								
County College Bonds	Ch. 12, P.L. 1971	1,618,808	1,618,808	01/01/10	12/31/10	1,618,808	1,618,808	1,618,808
Vocational School Bonds	094-5120-495-017-10	150,000	150,000	01/01/10	12/31/10	114,811	114,811	114,811
Total N.J. State Department of Education						1,733,619	1,733,619	1,733,619
Department of Transportation								
Highway Planning & Construction								
2010 Capital Transportation Program	078-6320-480-AKT-10	7,750,000	7,750,000	Indefinite		7,750,000	2,624,418	2,624,418
2009 Capital Transportation Program	078-6320-480-AKG-09	6,052,000	6,052,000	Indefinite		6,052,000	381,313	2,428,450
2008 Capital Transportation Program	078-6320-480-AJ6-08	6,051,000	6,051,000	Indefinite			10,445	4,016,162
2007 Capital Transportation Program	078-6320-480-AJ6-07	6,051,000	6,051,000	Indefinite			236,569	10,432,672
2005 Capital Transportation Program	078-6320-480-AJ6-05	10,620,000	10,620,000	Indefinite			101,129	4,706,624
2002 Capital Transportation Program	078-6320-480-AJ6-02	5,310,000	5,310,000	Indefinite			58,025	8,051,516
Local Bridge Bond Act 99	N/A	11,012,000	11,012,000	Indefinite			79,144	938,000
Local Bridge Rehab Program	N/A	938,000	938,000	Indefinite			750,000	750,000
Bridge I-B-7 Blair Road	078-6320-480-AJ6-09	750,000	750,000	Indefinite				
Total N.J. Department of Transportation						13,802,000	4,241,043	33,987,842
N.J. Transit Corp:								
Senior Citizen & Disabled Resident Transportation Assistance								
Transportation Assistance								
	N/A	2,495,884	2,495,884	01/01/10	12/31/10	1,167,375	2,364,590	2,364,590
	N/A	2,373,761	2,373,761	01/01/09	12/31/09	614,607	18,692	2,124,446
Total N.J. Transit Corp.						1,781,982	2,383,282	4,489,036
Total State Financial Assistance						\$34,888,600	\$26,351,418	\$77,698,260

Footnotes:

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

N/A - Not Available

NOTE: 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, 2010**

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, 2010**

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, 2010, as included in our report dated June 2, 2011, 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, 2010**

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, 2010, 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, 2010**

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, 2010**

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, 2010**

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, 2010**

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 2010.

Notification of Federal Awards

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

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

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

NOTE 4: SUBRECIPIENTS

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

<u>CFDA NUMBER</u>	<u>Program Name</u>	<u>Amount Provide to Subrecipient</u>
14.218	Community Development Block Grant – Entitlement Grant	\$1,396,075
93.044	Special Programs for the Aging Title III, Part B	\$649,019
93.045	Special Programs for the Aging Title III, Part C	\$778,4450

**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, 2010**

NOTE 5: MAJOR PROGRAM IDENTIFICATION

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

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

NOTE 6: 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, 2010, 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, 2010**

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2010**

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified (OCBOA)

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>14.218</u>	<u>CDBG – Entitlement Grants Cluster</u> <u>CDBG/Entitlement Grants</u>
<u>14.253</u>	<u>CDBG/ARRA Entitlement Grants</u>
<u>14.239</u>	<u>Home Investment Partnership Funds</u>
<u>14.257</u>	<u>Homeless Prevention & Rapid Re-Housing Program – ARRA</u>
<u>14.871</u>	<u>Low Income Housing Assistance – Section 8</u> <u>WIA Cluster</u>
<u>17.258</u>	<u>Workforce Investment Act – Adult Program</u>

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2010**

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>17.259</u>	<u>WIA Cluster (Cont’d.)</u> <u>Workforce Investment Act - Youth Activities</u>
<u>17.260</u>	<u>Workforce Investment Act - Dislocated Worker</u>
<u>17.258</u>	<u>Workforce Investment Act – Adult Program - ARRA</u>
<u>17.259</u>	<u>Workforce Investment Act - Youth Activities –ARRA</u>
<u>17.260</u>	<u>Workforce Investment Act - Dislocated Worker - ARRA</u>
<u>17.268</u>	<u>H1-1B High Growth Job Training Grants</u>
<u>93.069</u>	<u>Public Health Emergency Preparedness</u>
<u>93.558</u>	<u>TANF Cluster</u> <u>WIA – Temporary Assistance for Needy Families</u>
<u>93.714</u>	<u>WIA – Temporary Assistance for Needy Families - ARRA</u>
<u>93.044</u>	<u>Aging Cluster</u> <u>Special Programs for the Aging – Title III, Part B</u>
<u>93.045</u>	<u>Special Programs for the Aging – Title III, Part C</u>
<u>93.705</u>	<u>Special Programs for the Aging – Title III, Part B - ARRA</u>
<u>93.707</u>	<u>Special Programs for the Aging – Title III, Part C – ARRA</u>
<u>93.914</u>	<u>HIV Emergency Relief Grant Program</u>

Dollar threshold used to distinguish between type A and B programs: \$1,271,187

Auditee qualified as low-risk auditee? X Yes No

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$790,543

Auditee qualified as low-risk auditee? X Yes No

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2010**

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

State Awards (Cont’d)

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

Identification of major programs:

<u>Account/Contract/Agreement Number(s)</u>	<u>Name of State Program(s)</u>
<u>042-4800-727-003-06</u>	<u>Green Acres Trust – New Brunswick Land</u>
<u>042-4855-100-075</u>	<u>Environmental Health Act</u>
<u>046-4240-100-024</u>	<u>County Comprehensive Alcohol & Drug Abuse Prog.</u>
<u>054-7550-100-072</u>	<u>DYFS Service to the Homeless</u>
<u>054-7550-100-125-09</u>	<u>Social & Welfare Services: Suppl. S.S.I.</u>
<u>054-7700-100-029</u>	<u>Mental Health Clinics</u>
<u>062-4545-780-002-09/08</u>	<u>Workforce Development Partnership</u>
<u>062-4545-767-003-09/08</u>	<u>Workforce Learning Link</u>
<u>066-1500-100-032-09/08</u>	<u>Juvenile Detention Education/ Juvenile Shelter</u> <u>Alternative/Middlefields Group Home</u>
<u>078-6310-480-xxx</u>	<u>Senior Cit. & Disabled Resident – Transp. Asst.</u>
<u>082-2000-100-044</u>	<u>Drug Enforcement Demand Reduction</u>
<u>Ch 12 P.L. 1971</u>	<u>County College Bonds</u>

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2010**

Section II – Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with chapter 5.18 of *Governmental Auditing Standards*.

Significant Deficiency(ies)/Material Weaknesses

None noted

Noncompliances

None noted

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2010**

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

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB Circular 04-04.

FEDERAL & STATE AWARD PROGRAMS:

Significant Deficiency(ies)/Material Weaknesses

None noted

Noncompliances

None noted

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2010**

**COUNTY OF MIDDLESEX, NEW JERSEY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2010**

None

**SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2010**

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2010**

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

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

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

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

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

2. Performance Indicator #2 – Reasonable Rent

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

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

3. Performance Indicator #3 – Determination of Adjusted Income

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

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

4. Performance Indicator #4 – Utility Allowance Schedule

We have obtained the latest available Allowances for Tenant-Furnished Utilities And Other Services report, which is dated January 1, 2010. 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, 2010**

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, 2010 and December 31, 2010.

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

6. Performance Indicator #6 – HQS Enforcement

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

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

7. Performance Indicator #7 – Expanding Housing Opportunities

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

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

8. Performance Indicator #8 – Deconcentration Bonus

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

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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, 2010 and 2009 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, 2010. 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, 2010 and 2009 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, 2010 and 2009 and the results of operations and changes in fund balance of the various funds for the year ended December 31, 2010 on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated June 2, 2011 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.

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


Andrew G. Hodulik
Registered Municipal Accountant
No. 406

Highland Park, New Jersey
June 2, 2011

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

**REPORT ON 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, 2010, which collectively comprise the County of Middlesex's basic financial statements and have issued our report thereon dated June 2, 2011. Our report was modified because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2 and was unqualified based upon the Other Comprehensive Basis of Accounting financial statement presentation. 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.

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

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

Compliance and Other Matters

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

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 2, 2011

COUNTY OF MIDDLESEX, NEW JERSEY
FINANCIAL STATEMENTS – REGULATORY BASIS

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2010 AND DECEMBER 31, 2009

<u>ASSETS</u>	REF.	<i>As of December 31,</i>	
		2010	2009
Regular Fund:			
Cash and Investments	A - 4	\$ 63,811,652	\$ 53,052,829
Cash - Change Fund Reserve		600	600
Cash held by Trustee for Civic Square I Parking Deck	A-18	-	4,530,000
Local Grants Receivable	A - 5	154,610	72,248
State and Federal Grants Receivable	A - 6	55,733,172	46,711,036
Accounts Receivable	A-19	213	
Overpayment Fraternal Order of Police #41			
<i>Total Regular Fund Assets</i>		<u>119,700,247</u>	<u>104,366,713</u>
Receivables and Other Assets with Full Reserves:			
Inventory	A - 7	1,529,122	1,512,001
Added & Omitted Taxes Receivable	A - 8	543,227	492,041
Revenue Accounts Receivable	A - 9	408,867	97,186
<i>Total Receivables and Other Assets with Full Reserves</i>		<u>2,481,216</u>	<u>2,101,228</u>
Total Assets		<u>\$ 122,181,463</u>	<u>\$ 106,467,941</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-10	\$ 7,325,741	\$ 7,413,310
Reserve for Encumbrances	A - 11	25,059,178	16,402,062
Accounts Payable	A - 12	2,067,344	1,807,018
Payroll Deductions	A - 13	982,031	1,024,462
Unappropriated Reserves	A - 15	206,282	263,537
Reserve for Local Grants:			
Appropriated	A - 14	2,152,619	2,670,776
Reserve for State & Federal Grants:			
Appropriated	A - 16	65,242,627	57,606,503
Unappropriated	A - 17	1,573,502	1,316,434
<i>Total Liabilities and Reserve for Grants</i>		<u>104,609,324</u>	<u>88,504,102</u>
Reserve for Receivables	Reserve	2,481,216	2,101,228
Fund Balance	A - 1	15,090,923	15,862,611
Total Liabilities, Reserves and Fund Balance		<u>\$ 122,181,463</u>	<u>\$ 106,467,941</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, 2010 AND DECEMBER 31, 2009

	REF.	<i>For the year ended December 31,</i>	
		2010	2009
Revenues:			
Fund Balance Utilized	A-1,A-2	\$ 3,882,500	\$ 1,200,000
Miscellaneous Revenue Anticipated	A - 2	130,000,422	127,827,710
Receipts from Current Taxes	A - 2	308,640,000	297,484,000
Receipts from Added and Omitted Taxes	A - 2	794,748	1,805,122
Miscellaneous Revenues Not Anticipated	A - 2	846,868	1,278,411
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A - 10	1,200,000	1,300,000
Accounts Payable Cancelled	A - 12	2,000,000	800,000
State & Federal Grants Appropriated - Cancellations (Net)	A - 16	121,274	242,312
State & Federal Grants Unappropriated	A - 17	-	13,247
<i>Total Income</i>		<u>447,485,812</u>	<u>431,950,802</u>
Expenditures:			
Budget Appropriations:			
Salaries and Wages	A - 3	102,407,682	104,931,015
Other Expenses	A - 3	189,282,874	184,783,270
Public and Private Programs	A - 3	69,797,439	59,363,782
Debt Service	A - 3	55,703,636	56,880,981
Capital Improvements	A - 3	2,150,000	1,100,000
Deferred Charges and Statutory Expenditures	A - 3	25,018,369	24,363,935
Other Debits to Income:			
Return of Prior Year Revenue	A - 4	15,000	6,025
<i>Total Expenditures</i>		<u>444,375,000</u>	<u>431,429,008</u>
<i>Excess in Revenue</i>		3,110,812	521,794
Fund Balance, January 1	A	<u>15,862,611</u>	<u>16,540,817</u>
		18,973,423	17,062,611
Decreased By:			
Utilization as Anticipated Revenue	A-1,A-2	<u>3,882,500</u>	<u>1,200,000</u>
Fund Balance, December 31,	A	<u>\$ 15,090,923</u>	<u>\$ 15,862,611</u>

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
		\$	\$	\$	\$	\$
Fund Balance Anticipated	A-1	3,882,500			3,882,500	
Surplus Anticipated with Prior Written Consent of Director of Local Govt.	A-1	3,882,500			3,882,500	
Total Surplus Anticipated						
Miscellaneous Revenues:						
Local Revenues:						
County Clerk	A-9	7,466,100			6,823,650	(642,250)
Surrogate	A-9	397,000			1,045,759	648,759
Sheriff	A-9	911,200			1,133,632	222,432
Fines	A-9	459,800			512,075	52,275
Interest on Invests. and Deposits	A-9	1,135,290			384,510	(750,780)
Mental Health Clinics:						
State Share of Costs	A-9	1,301,504			1,092,067	(209,437)
Other Revenue	A-9	1,693,700			1,364,669	(329,031)
Property Rentals	A-9	412,700			392,029	(20,671)
Subdivision and Site Plan Review Fees	A-9	357,100			313,225	(43,875)
Road Opening Fees	A-9	120,900			111,021	(9,879)
Bail Bond Forfeitures	A-9	225,200			657,747	432,547
Custody Charges - State Inmates in County Institutions	A-9	2,430,000			605,936	(1,824,064)
Parks Department - Fees and Permits	A-9	246,600			275,667	29,067
Microfilm and Printing Fees	A-9	84,500			85,295	795
N. J. Department of Education-Child Nutrition Program	A-9	106,100			103,611	(2,489)
Sale of Plans and Specifications	A-9	26,700			61,258	34,558
Discovery Fees and Reproduction Costs	A-9	115,800			130,803	15,003
Fire Academy Fees	A-9	312,700			321,262	8,562
Plays in the Park Admissions	A-9	171,800			183,141	11,341
MCHA Skating Ring	A-9	67,300			81,465	(5,835)
Commissions Earned on Public Telephones in County Buildings	A-9	593,300			510,372	(82,928)
Adult Correction Facility Inmate Medical Co-Pay	A-9	19,800			15,380	(4,420)
Adult Correction Facility Inmate Processing Fees	A-9	306,400			310,528	4,128
Adult Correction Facility - Work Release Fees	A-9	4,300			6,150	1,850
Adult Correction Facility SSA Inmate Finders Fee	A-9	45,600			37,200	(8,400)
County Auction	A-9	190,500			242,981	52,481
Archives and Records Management Service Fees	A-9	40,700			42,903	2,203
Municipal School District Share of Election Expense	A-9	806,200			720,734	(85,466)
State Aid:						
County College Bonds (N.J.S.A. 18:64A-22.6)	A-9	1,618,808			1,618,808	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-82	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
State Assumption of Costs:						
Social and Welfare Services (C. 66, P.L. 1990):	A-9	1,707,218			1,620,131	(87,087)
Supplemental Social Security Income						
Psychiatric Facilities (C. 73, P.L. 1990):	A-9	3,898			10,902	7,004
Board of County Patients in State and Other Institutions						
State and Federal Revenues Offset with Appropriations:						
Workforce - DHS	A-6	253,086	9,335,866		9,588,952	
U.S. Department of Health and Human Services:						
HIV Emergency Project	A-6	2,790,752			2,790,752	
Childhood Lead Poisoning Prevention	A-6		130,000		130,000	
Area Plan Grant - Program on Aging - Title III Federal	A-6	2,913,907	1,682,242		4,596,149	
U.S. Department of Justice:						
Speak Up Hotline & Public Education	A-6		500,000		500,000	
U.S. Department of Transportation:						
Subregional Transportation Planning	A-6	150,960			150,960	
Job Access Reverse Commute	A-6		274,829		274,829	
Sub-Regional Study - Route 18	A-6	80,000			80,000	
N.J. Department of State:						
N.J. Division of State Police:						
Hazardous Material Response Unit	A-6		18,998		18,998	
Advanced HazMat Emergency Training	A-6		66,500		66,500	
Haz Mat Emergency Prep-Hozmat Training	A-6		20,719		20,719	
N.J. Department of Law & Public Safety:						
Division of Criminal Justice:						
Edward Byrne - Megan's Law & Local Enforcement Program	A-6	19,545	19,063		38,608	
Body Armor Replacement Program - Sheriff	A-6		13,830		13,830	
Middlesex Cty Victim Assistance Program	A-6	222,713			222,713	
ARRA Stop Violence Against Women Act	A-6	50,716			50,716	
NJ Victim Assistance Grant	A-6	55,000			55,000	
National Children's Alliance	A-6		5,000		5,000	
Delinquency Prev. Through Evidence Based Soc. Education	A-6		194,871		194,871	
Division of Highway and Traffic Safety:						
County D.W.I. Enforcement Grant	A-6	43,000			43,000	
M.C. Comp Traffic Safety Program	A-6	95,750			95,750	
New Freedom Grant	A-6		463,032		463,032	
Middlesex County Comp Traffic Safety Program	A-6		96,650		96,650	
Juvenile Justice Commission:						
Juvenile Education	A-6	238,500			238,500	
State/Community Partnership Grant Program	A-6	465,154			465,154	
Family Court Services	A-6	253,853			253,853	
Juvenile Assistance Incentive Block Grant	A-6	53,571			53,571	
State Incentive Program	A-6	255,395			255,395	
Multi Jurisdictional Task Force (RJAG)	A-6		64,674		64,674	
FY 08 Spending Plan - Annex USAI	A-6		185,250		185,250	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
State and Federal Revenues Offset with Appropriations (continued):						
Division of State Police:						
Multi Jurisdictional Task Force	A-6		64,674		64,674	
Don't Drink and Drive	A-6		20,296		20,298	
Municipal Reimbursement from HESS	A-6		18,481		18,481	
State Homeland Security Grant Program FY 09	A-6		1,611,035		1,611,035	
State Homeland Security Grant Program FY 07	A-6		115,100		115,100	
State Homeland Security Grant Program FY 08	A-6		800,000		800,000	
N.J. Department of Military & Veterans Affairs:						
Transport Disabled Veterans	A-6		22,000		22,000	
N.J. Department of Community Affairs:						
Recreation - Individuals with Disabilities	A-6	15,000			15,000	
Sexual Assault, Abuse and Rape Care Program	A-6		62,557		62,557	
Rape Crisis Intervention - DCA	A-6	43,600			43,600	
Sharing Available Resources Efficiency	A-6		4,496		4,496	
N.J. Department of Environmental Protection:						
Environmental Health Act	A-6	301,946	40,030		341,976	
Clean Communities Program	A-6		76,164		76,164	
Solid Waste Service Fund	A-6		880,000		880,000	
Section 604B Water Quality Mgt Grant	A-6		11,400		11,400	
REA Fund Entitlement	A-6	369,000			369,000	
REA Fund Entitlement - Interest	A-6		757		757	
N.J. Department of Health & Senior Services:						
Public Health Priority Funding - 1977	A-6	233,252			233,252	
Preparedness & Response for Bioterrorism	A-6		672,949		672,949	
Breast & Cervical Cancer Education & Early Detection	A-6		15,250		15,250	
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		50,000		50,000	
Early Intervention Service Coordination	A-6	236,600			236,600	
Special Child Early Intervention	A-6		181,240		181,240	
Tuberculosis Program - State	A-6		221,992		221,992	
Home Care Services - Respite Program	A-6	415,552			415,552	
CCPED Medical Waiver	A-6	30,000			30,000	
Cancer Education and Early Detection	A-6		355,000		355,000	
N.J. Department of Human Services:						
DYFS - Area Wide Transportation Grant	A-6	190,113			190,113	
DYFS - Community-Based Program - JINS	A-6	798,894			798,894	
County Office of the Handicapped	A-6	69,301		34,651	34,650	
Human Services Council	A-6	142,281			142,261	
DYFS - Services to the Homeless	A-6	1,118,078			1,118,078	
Personal Attendant Demonstration Project	A-6	660,512			660,512	
DYFS - Residential Treatment Services	A-6	939,875			939,875	
Youth Incentive Program	A-6	47,550			47,550	
Caregivers Assistance Program	A-6	180,000			180,000	
Senior Meals - SIBA	A-6		60,000		60,000	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
State and Federal Revenues Offset with Appropriations (continued):						
N.J. Department of Education:						
North Brunswick - Title I Funds Compensatory Education	A-6	197,997			197,997	
ARRA Title I Education	A-6	107,725			107,725	
Governor's Council on Alcoholism & Drug Abuse:						
Alliance to Prevent Alcohol & Drug Abuse	A-6	759,449			759,449	
N.J. Transit Corporation:						
Senior Citizens & Disabled Res. Transportation Ass.	A-6	2,495,884			2,495,884	
N.J. Department of Transportation:						
Trust for Bridge I-B-133 Edison	A-6	1,000,000			1,000,000	
Highway Projects FY 2009 County Aid Program	A-6		6,052,000		6,052,000	
Highway Projects FY 2009 County Aid Program	A-6		2,852,000		2,852,000	
State Aid- NJ Transit/Old Trenton Road	A-6	765,270			765,270	
Capital Transportation Project	A-6	7,750,000			7,750,000	
Supplemental Subregion: Admin Staff Support	A-6		142,448		142,448	
Bordentown Ave & Emison Road	A-6		9,886,179		9,886,179	
New Brunswick Bikeway	A-6		834,117		834,117	
N.J. Council on the Arts:						
Local Arts Development	A-6		153,864		153,864	
General Support Folklife	A-6		18,266		18,266	
N.J. Historical Commission Service	A-6		134,835		134,835	
Local Revenues Offset with Appropriations: Miscellaneous:						
Interlocal Service Trans. Woodbridge	A-5	323,410			323,410	
Interlocal Service Trans. Sayreville	A-5	192,296			192,296	
Interlocal Service Trans. Old Bridge	A-5	61,515			61,515	
North Brunswick Board of Education:						
Middlefields Program	A-5	73,982			73,982	
MCUA - Environmental Health	A-5	437,235			437,235	
Middlesex Cty Nutrition Client Fees	A-5	50,000	252,000		302,000	
Medicare County Multi Assist Cost Share Program	A-5	48,000	112,000		160,000	
Medicare Reimbursement Flu Vaccine	A-5	95,000			95,000	
Respite Cost Share Program	A-5	9,300			9,300	
Fare & Donation Revenue Transportation Program	A-5	85,000	160,000		245,000	
MCIA - Solid Waste Management Services	A-5		163,269		163,269	
Client Contribution - Ensure Program	A-5		2,225		2,225	
Johnson & Johnson, New Brunswick	A-5	13,000			13,000	
Miscellaneous Revenues:						
Open Space Trust Fund	A-9	13,186,214			13,186,214	
Lease Purchase BSS Building	A-9	1,994,282			1,994,282	
Other Special Items:						
Child Support Enforcement Program IV-D - Federal Aid:						
Courts and County Clerk	A-9	415,700			438,892	23,192
Sheriff	A-9	328,500			355,080	28,580
N.J. Dept. of Education - Debt Service Aid - Vocational Schools	A-9	150,000			114,811	(35,189)
Added and Omitted Taxes	A-8	492,041			492,041	
Health Aid - Municipalities	A-9	1,999,343			2,037,870	38,527

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	REE	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
Other Special Items (continued):						
Intoxicated Driver Resource Center Fees	A-9	282,362			282,362	
Open Space Trust Fund - County Bonds	A-9	779,943			779,943	
Division of Development Disabilities	A-9	93,191			176,589	83,398
New Brunswick Housing Authority Reimbursement						
Bus Transportation Project	A-9	110,239			118,660	8,421
Office on Aging - State of N.J. Grant	A-6	20,000			20,000	
Central Inventory Control	A-9	3,000,000			2,614,218	(385,782)
Fringe Benefits & Indirect Costs - State and Federal Grants	A-9	1,705,300			1,876,701	171,401
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	856,688			858,689	1
Capital Surplus	A-9	28,387			28,387	
Service Agreement - Admin. Office of the Court	A-9	200,800			21,307	(179,493)
MCUA Franchise Fee	A-9	3,500,000			3,500,000	
Health Dept. Flu Shots	A-9	25,000			25,000	
RBMHC - Partial Care Program	A-9	58,810			67,079	8,269
Extension Service - Solar Panels Revenue	A-9	27,000			17,772	(9,228)
Municipal Agreements for Road Paving	A-9	369,827			83,612	(286,215)
Shari Borden Annuity Remittance	A-9	269,351			269,351	
Additional Revenue - Medical Examiner	A-9	130,000			109,274	(20,726)
Sale of Engineering Building - New Brunswick Redevelopment Corp	A-9	2,980,000			2,980,000	
Heidrich Conference Center Debt Service Reimbursement	A-9	234,475			234,475	
State of N.J. Poll Worker Reimbursement	A-9	701,000			594,500	(106,500)
Prosecutor Salary (State Mandated)	A-9	65,000			65,000	
RCC Share of 2006 MCIA Lease/Purchase	A-9	176,668			176,668	
RCC Share of 2008 MCIA Lease/Purchase	A-9	441,351			441,351	
Additional Revenue - County Clerk	A-9	1,751,300			1,600,656	(150,644)
Additional Revenue - Sheriff	A-9	633,300			821,667	188,367
Additional Revenue - Surrogate	A-9	312,000			787,778	475,778
Supplemental Staff Support for ARRA	A-9	100,000				(100,000)
State Criminal Alien Assistance Program (SCAAP)	A-9	263,537			263,537	
Monmouth County Youth Detention	A-9	1,250,000			1,250,000	
Somerset City Share of Operations - Juvenile Detention Center	A-9	613,579			652,207	38,628
Somerset City Debt Service Share - Juvenile Detention Center	A-9	514,591			514,591	
Somerset City Share of Education - Juvenile Detention Center	A-9	38,470			38,470	
Debt Service - ER 1&2 MCC, Vo Tech and Mosquito Commission	A-9	302,780			302,781	1
Additional Revenue - Surrogate	A-9	886,790			886,790	
Medicare - Part D	A-9	444,500			424,746	(19,754)
Total Miscellaneous Revenues	A-1	93,727,500	39,120,148	34,651	130,000,422	(2,812,576)
Amount to be Raised by Taxation:						
County Purpose Tax	A-1,A-8	308,640,000			308,640,000	
Budget Totals		406,250,000	39,120,148	34,651	442,522,922	(2,812,576)

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
Non-Budget Revenue:						
Added and Omitted Taxes	A-1,A-8				794,748	794,748
Miscellaneous Revenue Not Anticipated	A-1,A-2				846,868	846,868
Total Revenue		\$ 406,250,000	\$ 39,120,148	\$ 34,651	\$ 444,164,538	\$ (1,170,959)
	REF.	A-3	A-3	A-3	A-1	
Non-Budget Revenue:						
Miscellaneous Revenue Not Anticipated:						
Other Fees:						
Garnishees					6,500	
Autopsy Reports					11,372	
Community Labor Fees - Adult Correction					18,938	
Ranger User Fees					10,900	
Copies					8,058	
Vending Machines					7,068	
Office on Aging					38,000	
CTY Driving Simulator Fee					3,460	
MCIA Rollerblade Rink					5,615	
Misc. Other Fees					7,857	
Reimbursements:						
Various Salary Reimbursements					4,461	
County Clerk for 2009 Gubernatorial Election					28,322	
Express Script Rebate for 2008 and 2009					248,237	
Misc. Other Reimbursement					8,577	
Shared Services						
Monmouth County Medical					51,750	
Payment in Lieu of Taxes					61,172	
Close Various Accounts						
Various Road opening Fees					9,820	
MCIA 2005 - Interest Earned					181,448	
Various Drainage Accounts					108,410	
Excess Grant Receivables					17,164	
Other Misc. Reimbursement					11,739	
Miscellaneous Revenues Not Anticipated	A-1, A-4				\$ 846,868	

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS			EXPENDED 2010		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELED
GENERAL GOVERNMENT						
ADMINISTRATION AND EXECUTIVE:						
Board of Chosen Freeholders:						
Salaries and Wages	\$ 148,700	\$ 148,700	\$ 145,065		\$ 3,635	
Other Expenses	43,705	41,912	25,089		16,823	
County Administrator:						
Salaries and Wages	240,800	246,200	238,043		8,157	
Other Expenses	4,444	4,444	2,201	\$ 287	1,946	
Office of the Director:						
Salaries and Wages	47,400	51,400	48,727		1,673	
Secretarial Help:						
Salaries and Wages	98,800	98,800	95,408		3,391	
Advertising:	5,000	5,000	3,717		1,283	
Audit	88,000	88,000		88,000		
Information Technology						
Salaries and Wages	922,400	940,244	805,288		34,946	
Other Expenses	1,368,965	1,518,891	1,270,882	188,274	59,935	
Department of Real Estate:						
Salaries and Wages	187,000	190,700	184,353		6,347	
Other Expenses	3,755,899	3,785,038	3,562,253	222,736	47	
Department of Insurance:						
Salaries and Wages	77,700	80,800	78,009		2,791	
Other Expenses	1,430	1,430	1,221	79	130	
Department of Finance:						
County Treasurer's Office:						
Salaries and Wages	455,100	463,400	447,760		15,640	
Other Expenses	9,514	8,900	5,064	33	3,803	
County Comptroller's Office:						
Salaries and Wages	1,263,000	1,280,100	1,238,471		41,629	
Other Expenses	176,071	172,742	123,717	19,699	29,328	
Legal Department:						
County Counsel:						
Salaries and Wages	885,100	988,800	982,812		5,788	
Other Expenses	173,750	190,417	137,945	19,187	33,285	
County Adjuster's Office:						
Salaries and Wages	385,100	377,800	364,910		12,890	
Other Expenses	35,428	42,189	17,286	1,522	23,391	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS					
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELED
GENERAL GOVERNMENT (continued):						
ADMINISTRATION AND EXECUTIVE (continued):						
Clerk of the Board:						
Salaries and Wages	204,900	208,800	200,134		8,468	
Other Expenses	31,365	28,960	14,767	2,266	11,927	
Personnel Department:						
Salaries and Wages	690,780	716,780	692,198		24,582	
Other Expenses	135,867	86,038	47,448	30,148	18,442	
County Clerk:						
Salaries and Wages	1,503,100	1,518,812	1,467,450	2,573	51,362	
Other Expenses	56,665	43,130	38,081		2,478	
Prosecutor's Office:						
Salaries and Wages	16,392,610	16,333,883	15,839,498		494,385	
Other Expenses	562,132	542,122	428,719	84,374	29,028	
Purchasing Department:						
Salaries and Wages	1,115,900	1,142,154	1,103,939		38,215	
Other Expenses	21,341	19,841	13,306	2,561	3,974	
Public Property						
Salaries and Wages	1,889,100	1,779,114	1,711,916		67,198	
Other Expenses	3,293,620	3,293,620	3,223,203	26,199	44,218	
Central Vehicle Maintenance and Repair:						
Salaries and Wages	579,500	507,800	439,717		68,083	
Other Expenses	162,290	186,290	152,297	35,993		
Parking Facilities						
Other Expenses	1,853,020	1,814,890	1,440,872	370,138	3,880	
Office of Economic Development						
Salaries and Wages	274,800	283,938	274,660		9,278	
Other Expenses	73,010	14,510	7,285	3,498	3,727	
Economic Commissioner						
Other Expenses	9,800	9,800	9,800			
Central Mail, and Reproduction:						
Salaries and Wages	601,400	598,700	577,725	13,594	20,975	
Other Expenses	595,340	539,627	518,629		7,404	
Div. Of Archives & Record Mgt.						
Salaries and Wages	447,400	470,800	454,934		15,666	
Other Expenses	69,100	62,917	37,677	2,075	23,165	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS			EXPENDED 2010			CANCELED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED		
GENERAL GOVERNMENT (continued):							
ADMINISTRATION AND EXECUTIVE (continued):							
Insurance:							
Group Insurance Plan for Employees	44,028,000	44,026,000	42,483,398		942,602		600,000
Worker's Compensation	3,549,808	3,539,804	3,539,804				
Surety Bond Premiums	14,500	12,654	12,654				
Other Insurance Premiums	2,843,327	2,843,327	2,532,260	107,832	203,235		
Temporary Disability Insurance	176,300	151,300	147,391		3,909		
TOTAL GENERAL GOVERNMENT	81,464,480	91,512,926	87,288,794	1,221,078	2,403,054		600,000
JUDICIARY							
County Surrogate:							
Salaries and Wages	565,400	578,500	558,941		19,559		
Other Expenses	26,105	26,105	21,454	2,067	2,584		
Psychiatric and Legal Counsel Fees for Involuntary							
Civil Commitments (Admin. Office of the Court							
Rules 4:74-7):							
Salaries and Wages	40,000	40,700	39,419		1,281		
Other Expenses	80,000	76,000	65,808	9,050	1,042		
TOTAL JUDICIARY	711,505	721,305	665,722	11,117	24,468		-
UTILITIES & BULK PURCHASES							
Utilities	6,081,309	5,701,309	4,201,244	1,484,298	5,768		
Central Inventory Control	3,000,000	3,000,000	2,874,095		90,947		234,958
TOTAL UTILITIES & BULK PURCHASES	9,081,309	8,701,309	6,875,339	1,494,298	96,718		234,958
REGULATION							
Sheriff's Office:							
Salaries and Wages	17,603,900	17,399,300	16,786,785		600,505		
Other Expenses	382,461	354,223	224,578	74,814	54,831		
Weights and Measures Department:							
Salaries and Wages	150,600	201,561	189,128		12,435		
Other Expenses	8,170	6,065	7,980	75			

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS			EXPENDED 2010			RESERVED	CANCELED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	EXPENDED	RESERVED		
REGULATION (continued):								
Board of Taxation:								
Salaries and Wages	294,800	298,000	288,201				9,798	
Other Expenses	13,105	13,105	9,631		1,106		2,368	
County Medical Examiner:								
Salaries and Wages	1,146,000	1,124,970	1,093,218		18,242		31,752	
Other Expenses	352,183	313,035	213,019				81,774	
Board of Elections:								
Salaries and Wages	1,210,684	1,137,384	1,103,122		39,748		34,282	
Other Expenses	2,146,590	1,865,420	1,668,454				157,218	
Elections (County Clerk)								
Salaries and Wages	186,500	177,300	171,334				5,966	
Other Expenses	624,000	609,672	591,678		15,332		2,662	
Office of Emergency Management:								
Salaries and Wages	175,900	172,000	166,802				5,398	
Other Expenses	51,025	39,484	18,467		3,408		17,589	
County Planning Board (R.S. 40:27-3)								
Salaries and Wages	1,238,900	1,275,195	1,224,102		1,555		51,093	
Other Expenses	38,321	36,587	31,171				3,861	
Construction Board of Appeals								
Other Expenses	6,850	3,200	1,468		780		944	
TOTAL REGULATION	25,630,179	25,028,481	23,600,954	155,070	1,072,457			
ROADS AND BRIDGES								
Highways and Bridges:								
Salaries and Wages	1,334,378	2,465,076	2,417,063				47,993	
Other Expenses	62,807	127,807	(321,220)		228,068		219,859	
Lighting of Highways and Bridges	75,000	65,000	58,114				6,886	
Engineering Department:								
Salaries and Wages	304,800	331,000	258,568				74,432	
Other Expenses	50,630	44,665	40,244		2,411		2,010	
Road Supervisor's Office:								
Salaries and Wages	373,200	389,200	369,237				19,963	
Bridge Maintenance:								
Salaries and Wages	105,200	124,400	(98,465)		466		220,865	
Other Expenses	4,248	4,248	3,382				400	
TOTAL ROADS AND BRIDGES	2,310,281	3,551,386	2,726,843	231,845	592,508			

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS			EXPENDED 2010		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELED
CORRECTIONAL AND PENAL						
Adult Correction and Facility:						
Salaries and Wages	22,517,037	22,859,600	22,064,385		794,215	
Other Expenses	7,931,627	7,931,627	6,021,794	1,199,620	710,213	
Juvenile Detention Center:						
Salaries and Wages	5,634,700	5,057,571	4,890,427	182,740	167,144	
Other Expenses	811,877	799,098	476,740		139,618	
Office of Consumer Affairs						
Salaries and Wages	289,700	296,700	288,653		9,847	
Other Expenses	1,340	1,138	961	33	144	
TOTAL CORRECTIONAL AND PENAL	37,186,281	36,944,734	33,741,160	1,382,393	1,821,181	v
HEALTH AND WELFARE:						
Public Health Service - Intertocal Agreement:						
Salaries and Wages	2,211,900	2,389,349	2,293,010		96,339	
Other Expenses	46,240	29,929	13,181	1,016	15,732	
Environmental Health Act (CH. 443, P.L. 1977):						
Salaries and Wages	173,900	191,010	183,451		7,559	
Other Expenses	27,360	25,239	21,253		3,986	
Specialty Challenged Children						
Salaries and Wages	49,800	52,314	50,652		1,662	
Environmental Health						
Salaries and Wages	445,700	414,338	381,019		33,319	
Other Expenses	3,400	3,400	(38,692)	32,579	9,513	
HS - County Wide Referral System						
Haz. Mat Division						
Salaries and Wages	693,800	707,000	679,524		27,476	
Other Expenses	38,300	35,247	26,209	5,917	3,121	
Raritan Bay Mental Health Clinic (N.J.S.A. 40:5-2.9):						
Salaries and Wages	5,842,700	5,740,463	5,560,323		180,140	
Other Expenses	224,809	221,445	173,661	22,135	25,629	
Raritan Bay Mental Health Center - Partial Care Program						
Alcohol Services						
Other Expenses	58,810	43,965	22,544	6,953	14,468	
Roosevelt Care Center:						
Other Expenses	152,484	152,494	146,260	4,508	1,726	
Mental Health Administrator:						
Salaries and Wages	7,500,000	7,500,000	7,500,000			
Other Expenses	363,900	338,285	324,863	131,530	13,402	
Salaries and Wages	576,869	576,430	444,691		209	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS			EXPENDED 2010		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELED
HEALTH AND WELFARE (continued):						
Aid to Middlesex County Unit - N.J. Association for Retarded Children (N.J.S.A. 40:23-8.11)	19,351	19,351	19,351			
Social Hygiene Clinic:						
Salaries and Wages	175,500	195,556	187,303		6,253	
Other Expenses	16,560	16,560	9,424	3,140	3,998	
Board of Social Services:						
Administration	13,212,366	13,212,366	13,212,366			
Services	682,307	682,307	682,307			
Assistance to Supplemental Security Income Recipients	1,707,218	1,707,218	1,707,218			
Temporary Assistance for Needy Families	412,186	412,186	412,186			
War Veterans Burial and Grave Decorations:						
Other Expenses	39,398	39,931	38,930		1	
Childhood Immunization Clinic 99						
Salaries and Wages	67,300	71,779	69,103		2,676	
MC Mid School After School Department of Human Services:	50,000	50,000		50,000		
Salaries and Wages	521,300	528,752	509,011		19,741	
Other Expenses	169,406	149,233	142,859	2,832	3,542	
Home Care for the Elderly (N.J.S.A. 30:4D-3)						
Salaries and Wages	111,800	105,639	102,321		3,318	
Other Expenses	1,408,068	1,409,068	1,261,202	147,806	260	
Maintenance of Patients in State Institutions for Mental Diseases	2,500,399	2,500,399	2,500,399			
Local Share	2,314,953	2,314,953	2,314,953			
MC Indigent Res. - Other County	90,000	90,000			90,000	
Aid to Kiddie Keep Well Camp (N.J.S.A. 40:23-8.17)	102,280	102,280	102,280			
Aid to New Brunswick Day Care Council, Inc. - (N.J.S.A. 40:23-8.14)	70,000	70,000	52,500	17,500		
Aid to South County Day Care Center (N.J.S.A. 40:23-8.14)	12,600	12,600	9,450	3,150		

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS				EXPENDED 2010		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELED	
HEALTH AND WELFARE (continued):							
Aid to Cerebral Palsy Association (N.J.S.A. 40:23-8.11)	85,620	85,620	64,215	21,405			
Bus Service - Board of Social Services Clients - Contractual Salaries and Wages	128,400	129,238	129,238		382		
Other Expenses	43,163	43,163	28,000		15,163		
Aid to South Brunswick Center for Independent Living	8,550	8,550	8,550				
Aid to Women Aware Inc. (N.J.S.A. 40:23-8.14)	50,570	50,570	50,570				
Aid to Middlesex Cty. Legal Services Corp. (N.J.S.A. 44:12-2)	84,800	84,800	84,800				
Aid to MIPH	25,000	25,000	21,250	3,750			
Aid to Edison Sheltered Workshop (N.J.S.A. 40:23-8.11)	22,475	22,475	22,475				
Aid to Puerto Rican Action Bd. (N.J.S.A. 40:23-8.14)	78,870	78,870	57,852	19,218			
Aid to Puerto Rican Association for Human Development (N.J.S.A. 40:23-8.14)	40,985	40,985	30,739	10,246			
Aid to Child Assault Prevention Program	10,700	10,700	8,025	2,675			
Aid to Jewish Family Service of Middlesex Cty. - (N.J.S.A. 40:5-2.9)	27,560	27,560	27,560				
Aid to Anshe Emeth CDC	10,000	10,000	10,000				
Aid to Elijah's Promise	27,000	27,000	20,250	6,750			
Laurel House	25,000	25,000	25,000				
Aid to MCC	17,093	17,093	12,820	4,273			
Aid to Salvation Army - Perth Amboy	30,000	30,000	30,000				
Aid to Catholic Charity Diocese of Metuchen	86,230	86,230	72,972	22,658	800		
Interfaith Network Care	16,100	16,100	16,100				
FISH Hospitality Program Inc.	20,525	20,525	20,525				
Monarch Housing Association	18,535	18,535	13,801	4,634			
Literacy Program of NJ	10,000	10,000	7,500	2,500			
TOTAL HEALTH AND WELFARE	42,823,250	43,041,442	41,932,274	528,975	582,193	-	
EDUCATION							
Office of County Superintendent of Schools:							
Salaries and Wages	315,900	316,900	306,164		10,736		
Other Expenses	13,475	12,255	6,654		5,601		
Vocational School	23,033,320	23,033,320	23,033,318	2			
County Extension Services - Farm and Home Demonstrations:							
Salaries and Wages	386,400	383,800	371,029	5,704	12,771		
Other Expenses	57,654	39,654	23,167		10,783		

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED 2010			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELED
EDUCATION (continued):						
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)	325,000	325,000	234,069		90,931	
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	461,700	480,413	463,516		16,897	
Other Expenses	97,743	97,743	78,698	17,178	1,867	
Fire Training Academy:						
Salaries and Wages	782,400	766,900	745,313		21,587	
Other Expenses	435,146	384,786	222,109	109,779	32,888	
East Jersey Olde Towns:						
Salaries and Wages	212,700	220,300	212,165		8,135	
Other Expenses	46,819	46,819	30,118	11,585	5,116	
TOTAL EDUCATION	42,073,919	42,003,552	41,640,982	144,248	217,322	1,000
RECREATION						
County Parks Department:						
Salaries and Wages	6,064,750	6,428,841	6,130,864		295,977	
Other Expenses	1,129,162	1,185,162	922,974	169,528	92,662	
TOTAL RECREATION	7,193,912	7,612,003	7,053,838	169,528	388,639	-
UNCLASSIFIED						
Solid Waste Management						
Salaries and Wages	426,300	437,200	421,670		15,530	
Other Expenses	8,507	8,507	7,966	10	631	
Garbage and Trash Removal (Contractual)	110,000	110,000	103,975	1,833	4,192	
Aid to New Jersey Association of Correction (N.J.S.A. 40:23-8.19)	37,035	37,035	37,035			
Matching Fund for Grants	69,869					
Cornelius Low House Museum	29,846	29,846	18,459	10,164	1,223	
Supplemental Compensation at Retirement	200,000	300,000	300,000			
Life Support Program - New Brunswick - Contractual	53,000	53,000	53,000			
Intoxicated Driver Resource Center Fees	282,362	282,362	246,332	10,398	23,631	
Employee Child Care	120,000	100,000	80,673		19,127	

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS					
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELED
<u>UNCLASSIFIED (continued):</u>						
Aid to Keep Middlesex Moving, Inc.	14,500	14,500	14,489		1	
Civic Square III Lease / Purchase	1,551,128	1,551,126	1,551,126			
Civic Square II Lease / Purchase	3,228,850	3,228,850	3,228,850			
COP Lease Purchase BBS Building	1,994,282	1,994,282	1,994,281		1	
M.C. Improvement Authority - Capital Lease Purchase	8,062,449	8,062,449	7,929,941		832	131,676
Open Space Trust Bonds	13,186,214	13,186,214	13,186,214			
Dept. of Transportation:						
Salaries and Wages	185,100	190,000	183,714		6,286	
Other Expenses	40,950	40,950	40,819	105	26	
Salary & Wage Adjustment	361,183					
Civic Square IV Lease / Purchase	3,043,425	3,043,425	3,043,351		1	73
Unfunded Capital Ordinances	2,000	1,000	243		757	
MCI/Recycling Operation	773,334	773,334	773,334			
TOTAL UNCLASSIFIED	33,778,312	33,442,080	33,215,582	22,511	72,238	131,749

PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES:

Work Force Investment Act	220,348	2,033,727	2,033,727			
Work first REDI Grant	32,740	2,420,029	2,420,029			
Work first - NJ Grants		1,921,650	1,921,650			
Work first - Transportation Services		211,890	211,890			
Dislocated Workers		3,001,656	3,001,656			
U.S. Dept. of Justice:						
Speak Up Hotline & Public Education		355,000	355,000			
Speak Up Hotline & Public Education-Prosecutors		145,000	145,000			
U.S. Dept. of Health and Human Services:						
Senior Meals of Middlesex County	1,636,128	2,286,283	2,289,283			
Area Plan Grant for Program on Aging - Title III	2,244,716	3,273,803	3,273,803			
HIV Emergency Project	2,790,752	2,790,752	2,790,752			
Childhood Lead Poisoning Prevention		130,000	130,000			
U.S. Dept. of Transportation:						
Sub Regional Transportation Planning	150,960	150,960	150,960			
Job Access Reverse Commute		274,829	274,829			
Sub Regional Study - Rt. 18	80,000	80,000	80,000			

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED 2010			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):						
N.J. Dept. of Law and Public Safety:						
Division of Highway and Traffic Safety:						
County D. W.I. Enforcement Grant	43,000	43,000	43,000			
Don't Drink and Drive		20,296	20,296			
Division of Criminal Justice:						
Body Armor Replacement Program - Corrections		6,311	6,311			
Body Armor Replacement Program - Prosecutors		2,404	2,404			
Body Armor Program - Sheriff		5,115	5,115			
Megan's Law & Local Justice Assist	19,545	51,477	51,477			
NJ Victim Assistance Grant	55,000	55,000	55,000			
Victim Assistance Project	222,713	222,713	222,713			
ARRA Stop Violence Grant	50,716	50,718	50,718			
National Children's Alliance		5,000	5,000			
Multi Jurisdictional Task Force (RJAG 1-12 TF 09B)		64,874	64,874			
Delinquency Prev. Through Evidence Based Sic. Learning		194,871	194,871			
Juvenile Justice Commission:						
Juv. Justice Detention Education	436,500	436,500	436,500			
State/Community Partnership Grant Program	465,154	465,154	465,154			
Family Court Service	253,853	253,853	253,853			
Juvenile Incentive Block Program	59,523	59,523	59,523			
State Incentive Program	255,395	255,395	255,395			
Division of State Police:						
State Homeland Security Grant Program - EM FY 06		1,611,035	1,611,035			
Urban Area Homeland Security FY 08		800,000	800,000			
State Homeland Security Grant Program - EM FY 07		115,100	115,100			
Hazardous Material Response Unit		18,998	18,998			
HazMat Emergency Prep - Hazmat Training		20,719	20,719			
Advance HAZMAT Emergency Response		66,500	66,500			
Multi-Jurisdictional Task Force		64,874	64,874			
Municipal Reimbursement from HESS		18,481	18,481			
FY07 Spending Plan - Annex USAI		185,250	185,250			
N.J. Department of Community Affairs:						
MC Youth Services Title I	187,997	197,997	197,997			
ARRA - Title I Education	107,725	107,725	107,725			
N.J. Department of Community Affairs:						
Rape Crisis Intervention	43,600	43,600	43,600			
Sexual Assault, Abuse and Rape Care Program		62,557	62,557			
Recreation - Individuals with Disabilities	22,000	22,000	22,000			
Sharing Available Resources Efficiency		4,496	4,496			

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	EXPENDED 2010			
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	RESERVED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):				
N.J. Department of Environmental Protection:				
Clean Communities Program		78,164	78,164	
Solid Waste Service Fund		880,000	880,000	
Recycling Enhancement Act	369,000	369,000	369,000	
Recycling Enhancement Act - Interest		757	757	
Section 604B Water Quality Mgt Grant		11,400	11,400	
Environmental Health Act	765,248	805,276	805,276	
N.J. Department of Health & Senior Services:				
Comprehensive Cancer Control	169,845	50,000	50,000	
Tuberculosis Program		169,845	169,845	
PH-Preparation & Response - Bioterror		168,992	168,992	
PH-Preparation & Response - Bioterror		485,957	485,957	
DYFS - Area wide Transportation Grant	731,012	731,012	731,012	
DYFS - Services to the Homeless	1,118,078	1,118,078	1,118,078	
Public Health Priority Funding	233,252	233,252	233,252	
DYFS - Home Care Services - Respite Program	415,552	415,552	415,552	
DYFS - Residential Treatment Services	939,875	939,875	939,875	
Caregivers Assistance Program	180,000	180,000	180,000	
Worker and Community Right to Know Act	18,119	18,119	18,119	
Breast & Cervical Cancer Education & Early Detection	15,250	15,250	15,250	
DYFS - Maintenance of Children in Institutions - JINS	798,894	798,894	798,894	
Youth Incentive Program	47,550	47,550	47,550	
Human Services Council	188,006	188,006	188,006	
Cancer Education & Early Detection (CEED)	355,000	355,000	355,000	
Personal Attendant Demonstration Project	660,512	660,512	660,512	
County Office of the Handicapped	85,578	85,578	50,927	
CCPED Medical Xavier	30,000	30,000	30,000	
Early Intervention Service Coordination	181,240	181,240	181,240	
Special Child Health Services - Early Intervention	236,600	236,600	236,600	
Senior Meals - SIBA	60,000	60,000	60,000	
Tuberculosis Control Program	221,992	221,992	221,992	
Governor's Council on Alcoholism and Drug Abuse:				
Drug Enforcement Demand Reduction Fund	759,449	759,449	759,449	
				34,651

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS			EXPENDED 2010		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	CANCELED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued).						
N.J. Transit:						
Comprehensive Traffic Safety Program	95,750	95,750	95,750			
Senior Citizens & Disabled Res. Transportation Ass.	2,495,884	2,495,884	2,495,884			
NJDOT-State Aid -NBJ Transit	765,270	765,270	765,270			
N.J. Department of Transportation						
Capital Transportation Program Middlesex County	7,750,000	7,750,000	7,750,000			
Bridge 1-B-133 NJDOT	1,000,000	1,000,000	1,000,000			
Intersection Cranbury Rd Ext (Old Georges Rd & Old Tmt)	2,852,000	2,852,000	2,852,000			
Supplemental Subregion Admin Staff Support	142,448	142,448	142,448			
Bordentown Ave & Emston Rd	9,888,179	9,888,179	9,888,179			
Highway Projects FY 2009 County Aid program	6,052,000	6,052,000	6,052,000			
New Freedom Grant	463,032	463,032	463,032			
Middlesex County Comprehensive Traffic Safety Program	98,850	98,850	98,850			
New Brunswick Bikeway	834,117	834,117	834,117			
N.J. Council on the Arts						
Local Arts Development	198,884	198,884	198,884			
General Support Folklife	23,268	23,268	23,268			
N.J. Historical Commission Service	143,335	143,335	143,335			
N.J. Department of Defense:						
Transport Disabled Veterans	22,000	22,000	22,000			
Local Revenue Miscellaneous:						
Johnson & Johnson, New Brunswick	13,000	13,000	13,000			
Client Contribution - Ensure Program	2,225	2,225	2,225			
Fare & Donation Revenue Transportation Program	85,000	245,000	245,000			
MCA - Solid Waste Management Services	163,269	163,269	163,269			
North Brunswick Board of Education Middlefield's Program	73,982	73,982	73,982			
Middlesex Cty Multi-Assist Cost Share Program	48,000	160,000	160,000			
RESPIRE Cost Share Program	9,300	9,300	9,300			
MCUA - Environmental Health	437,235	437,235	437,235			
M.C. Area Plan Client Contribution	50,000	302,000	302,000			
Local Revenue Miscellaneous (continued):						
Medicare Reimbursement Flu Vaccine	95,000	95,000	95,000			
Interlocal Service Trans. Sayreville	182,298	182,298	182,298			
Interlocal Service Trans. Woodbridge	323,410	323,410	323,410			
Interlocal Service Trans. Old Bridge	61,515	61,515	61,515			
TOTAL PUBLIC AND PRIVATE PROG. OFFSET BY REVENUES	30,640,573	69,832,090	69,797,439	-	-	34,651
Total Operations	322,893,981	362,391,318	348,759,027	5,359,159	7,270,774	1,002,358
Contingent	99,035	99,035	46,548		52,487	
Total Operations including Contingent	322,993,016	362,490,353	348,805,575	5,359,159	7,323,261	1,002,358

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	APPROPRIATIONS		EXPENDED 2010			CANCELED
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED	
Detail:						
Salaries & Wages	101,251,000	102,441,001	98,617,229	-	3,780,453	-
Other Expenses (Including Contingent)	221,742,016	280,049,352	250,188,346	5,359,159	3,532,808	1,002,359
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	2,150,000	2,150,000	2,150,000	-	-	-
TOTAL CAPITAL IMPROVEMENTS	2,150,000	2,150,000	2,150,000	-	-	-
COUNTY DEBT SERVICE:						
Payment of Bond Principal:						
County College Bonds	4,377,500	4,377,500	4,370,410			7,090
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	1,047,500	1,047,500	1,047,500			
Vocational School Bonds	3,305,000	3,305,000	3,305,000			
Open Space Bonds	815,000	815,000	815,000			
Other Bonds	25,870,000	25,870,000	25,870,000			
MCIA Bond Principal	3,384,360	3,384,360	3,384,360			
Payment of Refunding Notes Principal:						
Interest on Bonds:						
County College Bonds	1,454,837	1,454,837	1,454,837			
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	571,308	571,308	571,308			
Vocational School Bonds	1,229,232	1,229,232	1,229,232			
Other Bonds	12,525,578	12,525,578	12,525,578			
Open Space Bonds	164,943	164,943	164,943			
MCIA Bond Interest	450,801	450,801	450,801			
Interest on Notes	48,930	48,930	48,930			
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	55,710,726	55,710,726	55,703,636	-	-	7,090
STATUTORY EXPENDITURES						
Contributions To:						
Public Employees' Retirement System	8,670,707	8,670,707	8,670,707		697	
Social Security System (O.A.S.I.)	9,600,000	9,222,812	8,222,115		1,733	
County Detective Pension Fund	28,900	28,900	27,167			
Police and Firemen's Retirement System	9,095,851	9,095,850	9,095,850			
Defined Contribution Retirement Plan	1,000	1,000	250		50	700
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES	25,396,258	25,018,069	25,015,989	-	2,480	700
TOTAL GENERAL APPROPRIATIONS	\$ 406,250,000	\$ 445,370,148	\$ 431,675,100	\$ 5,359,159	\$ 7,325,741	\$ 1,010,148

A, A-1

A-1, A-11

A-1

A-2

REF.

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

REF.	APPROPRIATIONS		EXPENDED 2010		
	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	ENCUMBERED	RESERVED
		\$ 406,250,000			
A-2		<u>39,120,148</u>			
		\$ <u>445,370,148</u>			
A-4			\$ 381,877,661		
A-16			67,719,207		
A-14			<u>2,078,232</u>		
			\$ <u>431,675,100</u>		

Budget
Added By 40A-4-87

Cash
Transferred to:
Reserve for State and Federal Grants Appropriated
Reserve for Local Grants Appropriated

See accompanying notes

COUNTY OF MIDDLESEX, NEW JERSEY
TRUST FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
DECEMBER 31, 2010 AND DECEMBER 31, 2009

	REF.	<i>As of December 31,</i>	
		2010	2009
ASSETS			
Cash and Investments	B - 1	\$ 31,622,833	\$ 45,529,091
Motor Vehicle Fines	B - 2	467,519	413,301
Federal Aid Receivable: Housing and Community Development Act 1974	B - 3	7,722,966	8,331,747
Federal Aid Receivable - Section 8 Housing Assistance Payments Prog.	B - 4	31,335	20,545
State Aid Receivable: Alcoholism Rehabilitation Program	B - 5	942,393	1,184,285
Section 8 Housing Assistance Prepayments	B - 6	597,831	572,069
Receivable from MCIA Open Space Receipts	B - 7	54,754,834	54,613,279
Community Development Block Grant:			
Urban Housing Preservation Program Loans - Mortgages Receivable	B - 28	1,853,534	1,921,458
Open Space Program Receivable	B - 33	45,536	56,152
Receivable from Bridget Place Housing Program	B - 35	-	257,756
Total Assets		\$ 98,038,781	\$ 112,899,683
LIABILITIES, RESERVES AND FUND BALANCE			
Reserve for Motor Vehicle Fines Receivable	B - 2	\$ 467,519	\$ 413,301
Motor Vehicle Fines - Road Fund	B - 8	23,289	81,754
Reserve for Encumbrances	B - 9	38,777,123	40,230,460
Performance and Escrow Deposits	B - 10	2,576,725	2,837,671
Reserve for Road Drainage Project	B - 11	1,122,460	1,053,470
Worker's Compensation Self-Insurance Fund	B - 12	3,947,392	3,297,872
Supplemental Compensation at Retirement	B - 13	59,121	125,847
Unemployment Compensation Fund	B - 14	285,542	483,304
Reserve for Alcoholism Rehabilitation Program	B - 15	417,155	356,443
Reserve for Housing and Community Development Expenditures	B - 16	5,008,982	2,088,272
Reserve for CDBG Funds on Hand	B - 17	278,736	344,304
Rental Rehabilitation Program	B - 18	26,812	26,812
Reserve for Section 8 Housing Assistance Payments Program	B - 19	646,601	670,648
Road Opening Bonds	B - 21	1,027,946	879,717
Self-Insurance Liability Trust Fund	B - 22	2,826,047	4,016,250
Miscellaneous Trust Accounts	B - 23	8,114,997	8,476,782
Dedicated Revenue by Statute	B - 24	1,067,922	933,756
Prosecutor's Office - Dedicated Funds	B - 25	2,763,123	2,420,607
State Seized Assets	B - 26	1,548,634	1,609,875
Reserve for Debt Service - Open Space and Farmland Preservation	B - 27	14,017,695	13,966,157
CDBG Urban Housing & Preservation Program Loans - Mortgages Rec.	B - 28	1,853,534	1,921,458
Reserve for BSS Building Lease Purchase Payments	B - 29	669,626	668,416
Escheated Seized Funds	B - 30	7,089	7,089
Reserve for Refundable Consumer Affairs Deposits	B - 31	58,935	67,399
Environmental Quality	B - 32	265,722	351,634
Reserve for Open Space Program Receivable	B - 33	45,536	56,152
Reserve for Open Space and Farmland Preservation	B - 34	10,134,518	25,256,477
Reserve for Bridget Place Housing Program	B - 36	-	257,756
Total Liabilities, Reserves and Fund Balance		\$ 98,038,781	\$ 112,899,683

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET- REGULATORY BASIS
DECEMBER 31, 2010 AND DECEMBER 31, 2009

<u>ASSETS</u>	REF.	<i>As of December 31,</i>	
		2010	2009
Cash and Investments	C- 2	\$ 49,468,403	\$ 44,414,040
Leases Receivable	C- 5	14,763,625	15,424,991
Due from N.J.D.E.P. Site Remediation Project	C-19	440,970	440,970
Loans/Other Accounts Receivable	C-22	17,269,288	18,388,708
Deferred Charges to Future Taxation:			
Funded	C- 6	407,897,000	390,099,000
Funded Loans	C- 6	33,199,988	22,844,293
Funded - Capital Leases	C- 6	250,806,396	268,173,138
Unfunded	C- 7	222,737,451	220,083,452
Total Assets		\$ 996,583,121	\$ 979,868,592
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C- 8	\$ 323,861,000	\$ 308,643,000
General Serial Bonds -M.C.C. E.F.A.	C- 9	1,470,000	1,795,000
County College Bonds	C-10	30,814,000	29,760,000
County College Bonds (Ch. 12, P.L. 1971)	C-11	12,994,000	12,865,000
Vocational School Bonds	C-12	35,078,000	32,587,000
Bond Anticipation Notes	C-13	3,390,000	3,764,800
Open Space Bonds	C-14	3,680,000	4,449,000
Capital Leases Payable	C-21	250,806,396	268,173,138
Green Acres Loan Payable	C-20	6,757,461	5,584,033
MCIA Loans Payable	C-23	26,442,527	17,260,260
Improvement Authorizations:			
Funded	C-15	37,531,284	38,208,431
Unfunded	C-15	170,921,592	166,978,520
Capital Improvement Fund	C-16	84,720	100,526
Reserve For:			
Payment of Debt Service	C-4	296,344	
Leases Receivable	C-5	14,763,625	15,424,991
Bond Issue Costs	C-17	626,242	821,012
Encumbrances	C-18	59,110,223	55,036,786
Loans/Other Accounts Receivable	C-22	17,269,288	18,388,708
Fund Balance	C- 1	686,419	28,387
Total Liabilities, Reserves and Fund Balance		\$ 996,583,121	\$ 979,868,592
 Bonds and Notes Authorized but not Issued	C-24	 \$ 219,347,451	 \$ 216,318,652

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
 GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>REF.</u>		
Balance - December 31, 2009	C		\$ 28,387
Increased by:			
Premium on Sale of Bonds And BANs	C - 2	494,903	
Reclassification of Receipt from Current Fund	C - 2	<u>662,343</u>	
			<u>1,157,246</u>
Total Available			1,185,633
Decreased by:			
Anticipated Revenue Realized in Current Fund	C - 2	28,387	
Transfer to Fund Unfunded Ordinance	C - 7	<u>470,827</u>	
			<u>499,214</u>
Balance - December 31, 2010	C		<u><u>\$ 686,419</u></u>

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
 BOND AND INTEREST FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2010 AND DECEMBER 31, 2009

	<u>REF.</u>	<i>As of December 31,</i>	
		<u>2010</u>	<u>2009</u>
<u>ASSETS</u>			
Cash	D - 1	\$ 127,627	\$ 127,627
Total Assets		<u>\$ 127,627</u>	<u>\$ 127,627</u>
 <u>LIABILITIES</u>			
Bonds Payable	D - 2	\$ 84,000	\$ 84,000
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>\$ 127,627</u>

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
 GOVERNMENTAL FIXED ASSET
 STATEMENT OF GOVERNMENTAL FIXED ASSETS
DECEMBER 31, 2010

	<i>As of December 31,</i> <u>2010</u>
GOVERNMENTAL FIXED ASSETS:	
Land	\$ 323,460,851
Buildings and Improvements	294,090,328
Machinery and Equipment	18,321,259
Moving Vehicles	27,734,593
MCIA Lease Purchase Agreements Moving Vehicles	7,167,341
MCIA Lease Purchase Agreements	18,345,108
MCIA Capital Improvement/Construction Fund	<u>14,787,545</u>
Total Governmental Fixed Assets	<u><u>\$ 703,907,025</u></u>
Investments in Governmental Fixed Assets	<u><u>\$ 703,907,025</u></u>

See Accompanying Notes

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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, 2010 AND DECEMBER 31, 2009

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, 2010 AND DECEMBER 31, 2009

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 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 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, 2010 AND DECEMBER 31, 2009

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, 2010 and 2009 does not include Roosevelt Hospital, as the facility was transferred to the M.C.I.A., Note 19.

Disclosures about Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments and include interest bearing accounts and short term investments with a maturity of three months or less.

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

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in March 2009. This Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

GASB issued Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*" in March 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

GASB issued Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*" in March 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes *accounting* principles—related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the *preparation* of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

GASB issued Statement No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*" in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

GASB issued Statement No. 58, "*Accounting and Financial Reporting for Chapter 9 Bankruptcies*" in December 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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

Basis of Accounting (cont'd)

GASB issued Statement No. 59, “Financial Instruments Omnibus” in June 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

GASB issued Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements” in November 2010. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

GASB issued Statement No. 61, “The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34” in November 2010. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

GASB issued Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” in December 2010. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

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

Comparative Data

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

Prior Period Adjustments and Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to classifications in 2010.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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, 2010 AND DECEMBER 31, 2009

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS

Summary of County Debt

	<u>Year 2010</u>	<u>Year 2009</u>
Issued:		
General Bonds and Notes	\$411,287,000	\$393,863,800
Loans	<u>33,199,988</u>	<u>22,844,293</u>
Net Debt Issued	444,486,988	416,708,093
Authorized but not issued:		
General Bonds and Notes	<u>219,347,451</u>	<u>216,318,653</u>
Bonds and Notes Issued and Authorized but not Issued	663,834,439	633,026,746
Less: Bonds issued and authorized but not Issued – County College CH. 12	12,994,000	14,041,500
MCIA Loans	2,854,455	3,197,862
Accounts Receivable/Redevelopment Bonds	<u>8,017,775</u>	<u>8,348,152</u>
Net Bonds and Notes Issued and Authorized but not issued	<u>\$639,968,209</u>	<u>\$607,439,232</u>

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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

Summary of Statutory Debt Condition - Annual Debt Statement - Current Year 2010

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 0.58%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 915,414,439	\$ 275,446,230	\$ 639,968,209

Net Debt of \$639,968,209 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$109,546,597,397 equals 0.58%.

Equalized Valuation Basis

2008 Equalized Valuation Basis of Real Property	\$ 111,459,313,802
2009 Equalized Valuation Basis of Real Property	111,014,524,284
2010 Equalized Valuation Basis of Real Property	106,165,954,106
Average Equalized Valuation Basis	\$ 109,546,597,397

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

2% of Average Equalized Valuation Basis	\$ 2,190,931,948
Net Debt	639,968,209
Remaining Borrowing Power	\$ 1,550,963,739

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

Schedule of Debt Service as of December 31, 2010

Year	Total Principal *	Total Interest *	Total Debt Service
2011	\$ 38,349,000	\$ 14,959,531	\$ 53,308,531
2012	40,260,000	12,918,693	53,178,693
2013	39,725,000	11,506,239	51,231,239
2014	38,200,000	10,041,083	48,241,083
2015	38,817,500	8,562,067	47,379,567
2016-2020	149,534,500	23,474,958	173,009,458
2021-2025	46,882,000	3,252,864	50,134,864
2026-2030	2,120,000	458,007	2,578,007
2031-2035	815,000	132,073	947,073
2036-2037	200,000	8,500	208,500
	\$ 394,903,000	\$ 85,314,015	\$ 480,217,015

* Excludes \$16,513,386 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, 2010 AND DECEMBER 31, 2009

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, 2010:

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
<u>General Improvement Debt</u>				
General Improvement Bonds of 2002	3,521,000	275,000	3.40% to 4.20%	2011
General Improvement Bonds of 2003	14,257,000	7,607,000	2.00% to 3.50%	2017
ERI-Refunding Bonds of 2004	10,315,000	8,715,000	3.54% to 5.44%	2033
Refunding Bonds of 2004	44,305,000	34,860,000	5.00%	2016
Refunding Bonds of 2004 501c	10,650,000	9,365,000	2.60% to 5.00%	2016
General Improvement Bonds of 2005	21,622,000	15,622,000	3.25% to 4.00%	2020
General Improvement Bonds of 2005 501c	6,190,000	4,535,000	3.25% to 4.00%	2020
General Improvement Bonds of 2006	51,300,000	41,800,000	4.00% to 4.125%	2021
General Improvement Bonds of 2006	35,500,000	29,100,000	4.125% to 4.25%	2022
General Improvement Bonds of 2007	19,500,000	16,350,000	3.50% to 4.00%	2021
General Improvement Bonds of 2007	43,405,000	36,675,000	4.00% to 4.25%	2021
Heldrich Center Hotel Project 2007	3,000,000	2,700,000	4.00% to 4.25%	2021
General Improvement Bonds of 2008	18,000,000	15,850,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008 501c	2,500,000	2,180,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008	16,000,000	13,975,000	3.250% to 4.00%	2022
General Improvement Bonds of 2009	22,000,000	21,000,000	2.00% to 4.00%	2023
Redev. General Improvement Bonds 2009	9,027,000	9,027,000	2.000% to 4.125%	2025
General Improvement Bonds of 2010	41,000,000	41,000,000	2.00% to 3.50%	2024
General Improvement Refunding Bonds of 2010	3,830,000	3,830,000	2.00% to 4.00%	2016
Genl. Improve. Refunding Taxable Bonds of 2010	9,395,000	9,395,000	1.03% to 3.44%	2016
Total General Improvement Debt		<u>323,861,000</u>		
Open Space Bonds 2002	8,414,000	615,000	3.40% to 4.20%	2011
Open Space Refunding Bonds 2010	3,065,000	3,065,000	3.00% to 4.00%	2016
Total Open Space Bonds		<u>3,680,000</u>		
<u>County College Bonds</u>				
County College Bonds of 2000	2,500,000	200,000	5.25% to 5.37%	2011
County College Bonds of 2001	3,500,000	350,000	4.40% to 4.50%	2011
County College Bonds of 2002	2,500,000	350,000	4.00% to 4.25%	2011
County College Bonds of 2003	3,490,000	462,500	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	562,000	3.25% to 4.00%	2020
County College Bonds of 2005	9,800,000	5,350,000	3.25% to 4.00%	2015
County College Bonds of 2006	3,260,500	2,185,500	4.125%	2016
County College Bonds of 2007	2,500,000	1,935,000	3.50% to 4.00%	2019
County College Bonds of 2007	2,000,000	1,535,000	4.00%	2017
County College Bonds of 2007	2,500,000	1,975,000	4.00%	2017
County College Bonds of 2008	2,000,000	1,550,000	3.25% to 3.50%	2017
County College Bonds of 2009	6,500,000	6,250,000	2.00% to 4.625%	2029
County College Bonds of 2010	4,000,000	4,000,000	2.00% to 3.00%	2020
County College Refunding Bonds of 2010	2,550,000	2,550,000	2.00% to 4.00%	2015
County College Bonds of 2010	1,176,500	1,176,500	2.00% to 3.50%	2025
Total County College Bonds		<u>30,431,500</u>		

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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

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

County College Bonds of 2003	3,490,000	462,500	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	562,000	3.25% to 4.00%	2020
County College Bonds of 2006	3,260,500	2,185,500	4.125%	2016
County College Bonds of 2007	2,500,000	1,975,000	4.00%	2017
County College Bonds of 2009	6,500,000	6,250,000	2.00% to 4.625%	2029
County College Bonds of 2010	1,176,500	1,176,500	2.00% to 3.500%	2025
County College Refunding Bonds of 2010	765,000	<u>765,000</u>	2.00% to 3.000%	2012

Total County College Bonds (Ch. 12, P.L. 71) 13,376,500

County College E.F.A. (Ch. 12, P.L. 71) 4,320,000 1,470,000 4.85% to 5.25% 2014

Vocational School Bonds

Vocational School Bonds of 2001	2,435,000	200,000	4.40% to 4.50%	2011
Vocational School Bonds of 2001	1,200,000	150,000	4.00% to 4.10%	2011
Vocational School Bonds of 2002	10,609,000	725,000	4.00% to 4.75%	2011
Vocational School Bonds of 2003	2,000,000	1,400,000	2.00% to 4.00%	2023
Vocational School Bonds of 2005	16,888,000	12,638,000	3.25% to 4.00%	2020
Vocational School Bonds of 2006	2,000,000	1,350,000	4.00% to 4.125%	2016
Vocational School Bonds of 2007	2,600,000	1,920,000	3.50% to 4.00%	2017
Vocational School Bonds of 2007	2,700,000	2,095,000	4.00%	2017
Vocational School Bonds of 2008	2,690,000	2,235,000	3.25% to 3.50%	2018
Vocational School Bonds of 2010	6,100,000	6,100,000	2.00% to 3.125%	2022
Vocational School Refunding Bonds of 2010	6,265,000	<u>6,265,000</u>	2.00% to 4.000%	2017

Total Vocational School Bonds 35,078,000

Bond Anticipation Notes Issued

Bond Anticipation Notes due 06/08/11 3,390,000 3,390,000 1.25% 2011

Total Bond Anticipation Notes 3,390,000

(A) MCIA Loan Payable

County Loan from MCIA 2008	9,185,891	6,411,153	3.00% to 4.80%	2023
County Loan from MCIA 2009	9,000,036	7,464,748	1.00% to 3.25%	2024
County Loan from MCIA 2010	12,566,626	<u>12,566,626</u>	1.50% to 4.00%	2015

26,442,527

Green Acres Loans Issued

Sewaren Marine Park Development 1997	1,000,000	612,249	2.00%	2021
Bank of China Property Acquisition 2003	2,250,000	1,375,364	2.00%	2021
Old Bridge Park Acquisition 2005	3,244,264	2,451,644	2.00%	2020
Old Bridge Park Acquisition 2009	750,000	718,204	2.00%	2029
New Brunswick Landing Lane Project 2010	1,600,000	<u>1,600,000</u>	0.00%	2030

Total Green Trust Program Loan 6,757,461

Total Debt Issued and Outstanding \$ 444,486,988

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

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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

Summary of Statutory Debt Condition - Annual Debt Statement - Prior Year 2009

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	\$ 886,241,746	\$ 278,802,514	\$ 607,439,232

Net Debt of \$607,439,232 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$110,526,972,630 equals 0.55%.

Equalized Valuation Basis

2007 Equalized Valuation Basis of Real Property	\$ 108,817,896,456
2008 Equalized Valuation Basis of Real Property	111,459,313,802
2009 Equalized Valuation Basis of Real Property	111,303,707,632
Average Equalized Valuation Basis	\$ 110,526,972,630

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

2% of Average Equalized Valuation Basis	\$ 2,210,539,453
Net Debt	607,439,232
Remaining Borrowing Power	\$ 1,603,100,221

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

Schedule of Debt Service as of December 31, 2009

Year	Total Principal *	Total Interest *	Total Debt Service
2010	\$ 34,167,500	\$ 15,374,588	\$ 49,542,088
2011	35,205,000	13,388,033	48,593,033
2012	37,020,000	11,925,130	48,945,130
2013	36,371,000	10,430,531	46,801,531
2014	34,907,500	8,948,219	43,855,719
2015-2019	141,136,500	24,965,845	166,102,345
2020-2024	54,124,500	4,116,250	58,240,750
2025-2029	3,117,000	572,764	3,689,764
2030-2034	885,000	174,267	1,059,267
2035-2037	300,000	19,125	319,125
	\$ 377,234,000	\$ 89,914,752	\$ 467,148,752

* Excludes \$16,650,834 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, 2010 AND DECEMBER 31, 2009

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, 2009:

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
<u>General Improvement Debt</u>				
General Improvement Bonds of 1997	35,756,000	3,676,000	4.85% to 5.00%	2013
General Improvement Bonds of 1998	9,875,000	850,000	4.50% to 4.75%	2010
General Improvement Bonds of 2001	29,425,000	2,400,000	4.40%	2010
General Improvement Bonds of 2001	36,190,000	11,655,000	4.25% to 6.20%	2016
General Improvement Bonds of 2002	3,521,000	2,031,000	3.40% to 4.20%	2016
General Improvement Bonds of 2003	14,257,000	8,707,000	2.00% to 3.50%	2017
ERI-Refunding Bonds of 2004	10,315,000	9,070,000	3.54% to 5.44%	2033
Refunding Bonds of 2004	44,305,000	38,800,000	5.00%	2016
Refunding Bonds of 2004 501c	10,650,000	9,365,000	2.60% to 5.00%	2016
General Improvement Bonds of 2005	21,622,000	16,922,000	3.25% to 4.00%	2020
General Improvement Bonds of 2005 501c	6,190,000	4,885,000	3.25% to 4.00%	2020
General Improvement Bonds of 2006	51,300,000	44,550,000	4.00% to 4.125%	2021
General Improvement Bonds of 2006	35,500,000	30,850,000	4.125% to 4.25%	2022
General Improvement Bonds of 2007	19,500,000	17,500,000	3.50% to 4.00%	2021
General Improvement Bonds of 2007	43,405,000	39,200,000	4.00% to 4.25%	2021
Heldrich Center Hotel Project 2007	3,000,000	2,800,000	4.00% to 4.25%	2021
General Improvement Bonds of 2008	18,000,000	17,000,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008 501c	2,500,000	2,355,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008	16,000,000	15,000,000	3.250% to 4.00%	2022
General Improvement Bonds of 2009	22,000,000	22,000,000	2.00% to 4.00%	2023
Redev. General Improvement Bonds 2009	9,027,000	9,027,000	2.000% to 4.125%	2025
Total General Improvement Debt		<u>308,643,000</u>		
Open Space Bonds 2002	8,414,000	4,449,000	3.40% to 4.20%	2016
<u>County College Bonds</u>				
County College Bonds of 1997	4,300,000	1,512,500	4.875% to 5.00%	2013
County College Bonds of 1999	4,512,000	375,000	4.70%	2012
County College Bonds of 2000	2,500,000	1,200,000	5.25% to 5.37%	2015
County College Bonds of 2001	3,500,000	1,400,000	4.40% to 4.50%	2013
County College Bonds of 2001	2,500,000	350,000	4.00%	2010
County College Bonds of 2002	2,500,000	700,000	4.00% to 4.25%	2011
County College Bonds of 2003	3,490,000	525,000	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	604,500	3.25% to 4.00%	2020
County College Bonds of 2005	9,800,000	6,325,000	3.25% to 4.00%	2015
County College Bonds of 2006	3,260,500	2,510,500	4.125%	2016
County College Bonds of 2007	2,500,000	2,125,000	3.50% to 4.00%	2019
County College Bonds of 2007	2,000,000	1,695,000	4.00%	2017
County College Bonds of 2007	2,500,000	2,162,500	4.00%	2017
County College Bonds of 2008	2,000,000	1,775,000	3.25% to 3.50%	2017
County College Bonds of 2009	6,500,000	6,500,000	2.00% to 4.625%	2029
Total County College Bonds		<u>29,760,000</u>		

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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	187,500	4.875% to 5.00%	2012
County College Bonds of 1999	1,912,000	375,000	4.70%	2012
County College Bonds of 2003	3,490,000	525,000	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	604,500	3.25% to 4.00%	2020
County College Bonds of 2006	3,260,500	2,510,500	4.125%	2016
County College Bonds of 2007	2,500,000	2,162,500	4.00%	2017
County College Bonds of 2009	6,500,000	<u>6,500,000</u>	2.00% to 4.625%	2029

Total County College Bonds (Ch. 12, P.L. 71) 12,865,000

County College E.F.A. (Ch. 12, P.L. 71) 4,320,000 1,795,000 4.85% to 5.25% 2014

Vocational School Bonds

Vocational School Bonds of 1997	1,910,000	200,000	4.875% to 5.00%	2013
Vocational School Bonds of 1999	1,200,000	300,000	4.70%	2012
Vocational School Bonds of 2000	1,455,000	160,000	5.30%	2010
Vocational School Bonds of 2001	2,435,000	1,400,000	4.40% to 4.50%	2016
Vocational School Bonds of 2001	1,200,000	300,000	4.00% to 4.10%	2011
Vocational School Bonds of 2002	10,609,000	6,659,000	4.00% to 4.75%	2017
Vocational School Bonds of 2003	2,000,000	1,500,000	2.00% to 4.00%	2023
Vocational School Bonds of 2005	16,888,000	13,588,000	3.25% to 4.00%	2020
Vocational School Bonds of 2006	2,000,000	1,550,000	4.00% to 4.125%	2016
Vocational School Bonds of 2007	2,600,000	2,155,000	3.50% to 4.00%	2017
Vocational School Bonds of 2007	2,700,000	2,310,000	4.00%	2017
Vocational School Bonds of 2008	2,690,000	<u>2,465,000</u>	3.25% to 3.50%	2018

Total Vocational School Bonds 32,587,000

Bond Anticipation Notes Issued

Bond Anticipation Notes due 06/09/10 3,764,800 3,764,800 1.25% 2010

Total Bond Anticipation Notes 3,764,800

(A) MCIA Loan Payable

County Loan from MCIA 2008	9,185,891	8,260,224	3.00% to 4.80%	2023
County Loan from MCIA 2009	9,000,036	<u>9,000,036</u>	1.00% to 3.25%	2024

17,260,260

Green Acres Loans Issued

Sewaren Marine Park Development 1997	1,000,000	664,160	2.00%	2021
Bank of China Property Acquisition 2003	2,250,000	1,486,105	2.00%	2021
Old Bridge Park Acquisition 2005	3,244,264	2,683,768	2.00%	2020
Old Bridge Park Acquisition 2009	750,000	<u>750,000</u>	2.00%	2029

Total Green Trust Program Loan 5,584,033

Total Debt Issued and Outstanding \$ 416,708,093

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

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTD.)

General Obligation Refunding Bonds, Series 2010

The County issued \$25,870,000 in General Obligation Refunding Bonds, Series 2010, dated December 16, 2010. Included in the \$25,870,000 aggregate principal amount is \$3,830,000 of General Obligation Refunding Bonds, \$2,550,000 County College Refunding Bonds, \$765,000 County College Refunding Bonds (County College Bond Act), \$6,265,000 County Vocational-Technical Schools Refunding Bonds, \$3,065,000 Open Space Refunding Bonds and \$9,395,000 Federally Taxable General Improvement Refunding Bonds. The plan of refunding and restructuring was to provide level debt service in future years as opposed to the existing payment schedules.

The total amount of the Refunded Bonds equals \$26,310,000 with maturities from 2011 through 2017. The interest rates range from 4.00% to 5.375% for the tax-exempt bonds and 6.20% for the taxable bonds.

As a result, the County will realize a total of \$1,684,611 in debt service savings through 2017. The debt service savings provided for net present value costs of 6.98% of the refunded principal. The General Obligation Refunding Bonds carry interest rates from 2.00% to 4.00% from 2011 to maturity on December 15, 2016. The County College Refunding Bonds carry interest rates from 2.00% to 4.00% from 2011 to maturity on December 15, 2015. The County College Refunding Bonds (County College Bond Act) carry interest rates from 2.00% to 3.00% from 2011 to maturity on December 15, 2012. The County Vocational-Technical Schools Refunding Bonds carry interest rates from 2.00% to 4.00% from 2011 to maturity on December 15, 2017. The Open Space Refunding Bonds carry interest rates from 3.00% to 4.00% from 2012 to maturity on December 15, 2016 and the Federally Taxable General Improvement Refunding Bonds carry interest rates from 1.03% to 3.44% from 2011 to maturity on December 15, 2016.

The outstanding debt service with respect to the County's 2010 General Obligation Refunding Bonds, Series 2010 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,190,000	\$ 777,390	\$ 3,967,390
2012	5,705,000	729,627	6,434,627
2013	5,445,000	589,186	6,034,186
2014	3,700,000	408,293	4,108,293
2015	3,630,000	285,018	3,915,018
2016	3,390,000	159,796	3,549,796
2017	810,000	32,400	842,400
	<u>\$ 25,870,000</u>	<u>\$ 2,981,710</u>	<u>\$ 28,851,710</u>

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

5) FUND BALANCE APPROPRIATED

Fund balance for the Current Fund at December 31, 2010 was reported in the amount of \$15,090,923, of which \$3,694,000 was appropriated and included as anticipated revenue for the year ending December 31, 2011.

Fund balance for the Current Fund at December 31, 2009 was reported in the amount of \$15,862,611, of which \$3,882,500 was appropriated and included as anticipated revenue for the year ending December 31, 2010.

6) INVENTORY – MATERIALS AND SUPPLIES

For the years ended 2010 and 2009, 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>2010</u>	<u>2009</u>
Inventory (Current Fund)		
Materials & Supplies	\$ <u>1,529,122</u>	\$ <u>1,512,001</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, 2010 AND DECEMBER 31, 2009

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

Deposits (cont'd)

At December 31, 2010, the County's recorded cash, cash equivalents and investments amounted to \$144,903,488 and an amount of \$87,972,151 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, \$3,250,000 was FDIC insured and \$84,722,151 was GUDPA insured.

At December 31, 2009, the County's recorded cash, cash equivalents and investments amounted to \$142,996,560 and an amount of \$95,137,996 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, \$3,250,000 was FDIC insured and \$91,887,996 was GUDPA insured.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2010, based upon the insured balances as provided by FDIC and NJGUDPA coverage, no amount of the County's bank balance of \$87,972,151 was considered exposed to custodial risk.

An Analysis of the County's cash, cash equivalents and investments at December 31, 2010 and 2009, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2010 Amount</u>	<u>2009 Amount</u>
Current	\$63,812,252	\$53,053,429
Trust	31,622,833	45,529,091
General Capital	<u>49,468,403</u>	<u>44,414,040</u>
Total Cash, Cash Equivalents & Investments	<u>\$144,903,488</u>	<u>\$142,996,560</u>

By Category (Type)

<u>Cash & Cash Equivalents:</u>	<u>2010 Amount</u>	<u>2009 Amount</u>
Change Fund	\$ 600	\$ 600
Demand Accounts	16,987,742	12,601,242
Savings, Money Market / N.O.W.	54,426,328	47,712,955
State of NJ Cash Mgmt. Fund	<u>61,725,457</u>	<u>51,651,377</u>
Total Cash & Cash Equivalents	<u>\$133,140,127</u>	<u>\$111,966,174</u>
<u>Investments:</u>		
Certificates of Deposit	<u>11,763,361</u>	<u>31,030,386</u>
Total Cash, Cash Equivalents & Investments	<u>\$144,903,488</u>	<u>\$142,996,560</u>

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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, 2010 AND DECEMBER 31, 2009

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

Investments (cont'd)

During the period ended December 31, 2010 and 2009, 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.

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

Concentration of Credit Risk – This is the risk associated with the amount of investments that the County has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the County does not have an investment policy regarding Credit Risk except to the extent outlined under the County's investment policy. The New Jersey Cash Management Fund is not rated.

As of December 31, 2010 and 2009, the County had \$61,731,002 and \$51,653,939, respectively, recorded as investments on deposit with the New Jersey Cash Management Fund.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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 2010 and 2009 were \$12,479,540 and \$11,768,142 for PERS and \$14,413,079 and \$13,916,462 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, 2010 AND DECEMBER 31, 2009

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

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, 2010 and 2009, the estimated cost of unused sick pay is calculated to be \$11,328,033 and \$9,692,176 respectively. At December 31, 2010 and 2009, the estimated cost of unused accrued vacation pay is calculated to be \$9,040,640 and \$5,857,692 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 2010, \$300,000 was appropriated and 2009, \$200,000 was appropriated and added to the fund and \$366,726 was disbursed to employees during 2010 while \$265,123 was disbursed to employees during 2009.

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>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>
2010		\$3,113,913
2011	\$3,040,761	3,018,499
2012	2,670,983	2,732,960
2013	2,070,264	2,126,922
2014	1,922,087	1,854,685
2015	862,038	

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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, 2010 for the respective funds.

The Commissioners assessed the following participants for 2010 and 2009, as follows:

<u>AGENCY</u>	<u>2010</u> <u>TOTAL</u>	<u>2009</u> <u>TOTAL</u>
County College	\$248,503	\$198,623
Board of Social Services	70,133	60,585
County Improvement Authority	<u>76,205</u>	<u>80,718</u>
	<u>\$394,841</u>	<u>\$339,926</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, 2010 and 2009 totaled \$1,374,224 and \$2,868,876, respectively. The County has appropriated funds in the 2011 and 2010 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, 2010 and 2009, 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, 2010 AND DECEMBER 31, 2009

12) RISK MANAGEMENT (cont'd)

During 2010 and 2009, 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, 2010

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Worker's Compensation Fund at December 31, 2010 is \$5,691,089. 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, 2010 were as follows:

	<u>Balance</u> <u>12/31/09</u>	<u>Increases to</u> <u>Reserves</u>	<u>Decrease to</u> <u>Reserves</u>	<u>Balance</u> <u>12/31/10</u>
Self-Insurance Fund	\$4,016,250	\$2,035,183	\$3,225,386	\$2,826,047
Workers' Compensation Fund	3,297,872	3,531,124	2,881,604	3,947,392
Unemployment Compensation Fund	483,304	177,184	374,946	285,542

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

12) RISK MANAGEMENT (cont'd)

YEAR ENDED DECEMBER 31, 2009

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Worker's Compensation Fund at December 31, 2009 is \$4,545,391. 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, 2009 were as follows:

	<u>Balance</u> <u>12/31/08</u>	<u>Increases to</u> <u>Reserves</u>	<u>Decrease to</u> <u>Reserves</u>	<u>Balance</u> <u>12/31/09</u>
Self-Insurance Fund	\$4,455,426	\$1,865,181	\$2,304,357	\$4,016,250
Workers' Compensation Fund	3,083,317	3,142,354	2,927,799	3,297,872
Unemployment Compensation Fund	456,692	175,351	148,739	483,304

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 4,748 and 4,771 retirees, cobra participants and active employees as of December 31, 2010 and 2009 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, 2010 AND DECEMBER 31, 2009

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>2010 Fund Balance Balance</u>	<u>2009 Fund Balance Balance</u>
2010	\$ 193,672	
2009	1,227,757	\$ 1,140,403
2008		1,091,594

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, 2010 and 2009.

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, 2010, approximately 1029 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 \$7,607,930.

At December 31, 2009, approximately 997 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 \$6,845,572.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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 2010 and 2009, the County's annual OPEB cost (expense) of \$50,027,000 and \$48,160,000, respectively was less than the ARC. In 2008, the County's annual OPEB cost (expense) of \$53,572,000 was less than the ARC.

	2010 <u>Total</u>	2009 <u>Total</u>	2008 <u>Total</u>
Net OPEB obligation – beginning of year	\$123,041,000	\$86,910,000	\$42,800,000
Annual required contribution (ARC)	52,044,000	49,585,000	54,274,000
Interest on Net OPEB Obligation	5,537,000	3,911,000	1,926,000
Adjustment to the ARC	<u>(7,554,000)</u>	<u>(5,336,000)</u>	<u>(2,628,000)</u>
Annual OPEB Cost	50,027,000	48,160,000	<u>53,572,000</u>
Less: Contributions	<u>13,282,000</u>	<u>12,029,000</u>	<u>9,462,000</u>
Net OPEB obligation – end of year	<u>\$159,786,000</u>	<u>\$123,041,000</u>	<u>\$86,910,000</u>

The funded status of the plan for the County as of January 1, 2010, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$575,103,000
Actuarial value of plan assets	- 0 -
Unfunded actuarial accrued liability (UAAL)	<u>\$575,103,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$107,136,374
UAAL as a percentage of covered payroll	536.80%

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

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, 2009 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, 2010 AND DECEMBER 31, 2009

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

2010

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, 2010 amounted to \$244,680,000, and are listed below:

	Original Issue <u>Amount</u>	Bonds Payable <u>Dec. 31, 2010</u>
Capital Equipment Lease Revenue Bonds,		
Series 1997	\$10,460,000	\$130,000
Series 1998	10,210,000	825,000
Series 2001	9,755,000	110,000
Series 2002	10,290,000	150,000
Series 2003	14,740,000	855,000
Series 2004	12,370,000	375,000
Series 2005	15,705,000	600,000
Series 2006	7,985,000	2,075,000
Series 2007	6,285,000	1,890,000
Series 2008	13,100,000	9,140,000
Series 2009	13,115,000	10,995,000
Series 2010	14,075,000	14,075,000
Capital Improvement Revenue Bonds, Series 1996 (County Share)	5,965,000	590,000
Open Space Trust Revenue Bonds, Series 2003	78,765,000	58,225,000
Capital Improvement Revenue Bonds, Series 1999	9,535,000	3,385,000
Middlesex County Educational Svcs. Comm., Series 2004 (Ref Bds)	14,010,000 (1)	13,315,000
The Meadows at Middlesex Golf Course, Series 2004 (Ref Bonds)	15,265,000	13,315,000
Heldrich Bond Issue, Series 2007	3,000,000	2,700,000
Middlesex County Educational Svcs. Comm., Series 2008	40,000,000	38,245,000
Open Space Refunded Bonds, Series 2008	29,545,000	25,435,000
Open Space Trust Revenue Bonds, Series 2009	40,000,000	38,650,000
The Meadows at Middlesex Golf Course, Series 2009 (Ref Bonds)	4,755,000	4,755,000
Middlesex County Educational Services Comm., Series 201	5,300,000	<u>4,845,000</u>
		 <u>\$244,680,000</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, 2010 AND DECEMBER 31, 2009

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

2009

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, 2009 amounted to \$253,215,000, and are listed below:

	Original Issue <u>Amount</u>	Bonds Payable <u>Dec. 31, 2009</u>
Capital Equipment Lease Revenue Bonds,		
Series 1995	\$ 8,495,000	\$ 55,000
Series 1996	8,635,000	80,000
Series 1997	10,460,000	195,000
Series 1998	10,210,000	1,100,000
Series 2000	13,515,000	465,000
Series 2001	9,755,000	220,000
Series 2002	10,290,000	225,000
Series 2003	14,740,000	1,135,000
Series 2004	12,370,000	475,000
Series 2005	15,705,000	3,290,000
Series 2006	7,985,000	3,225,000
Series 2007	6,285,000	3,650,000
Series 2008	13,100,000	11,625,000
Series 2009	13,115,000	13,115,000
Capital Improvement Revenue Bonds, Series 1996 (County Share)	5,965,000	1,140,000
Open Space Trust Revenue Bonds, Series 2003	78,765,000	61,470,000
Middlesex County Educational Services Comm., Series 1999	7,455,000	5,185,000
Capital Improvement Revenue Bonds, Series 1999	9,535,000	4,135,000
Middlesex County Educational Svcs. Comm., Series 2000	3,895,000 (1)	520,000
Middlesex County Educational Svcs. Comm., Series 2004 (Ref Bds)	14,010,000 (1)	13,440,000
The Meadows at Middlesex Golf Course, Series 2004 (Ref Bonds)	15,265,000	13,730,000
Heldrich Bond Issue, Series 2007	3,000,000	2,800,000
Middlesex County Educational Svcs. Comm., Series 2008	40,000,000	39,205,000
Open Space Refunded Bonds, Series 2008	29,545,000	27,980,000
Open Space Trust Revenue Bonds, Series 2009	40,000,000	40,000,000
The Meadows at Middlesex Golf Course, Series 2009 (Ref Bonds)	4,755,000	<u>4,755,000</u>
		 <u>\$253,215,000</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, 2010 AND DECEMBER 31, 2009

15) LEASE PAYMENTS - 2010

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments					Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2011	2012	2013	2014	2015					
MCTA 1996 Capital Improvement Lease Program	\$ 622,155	\$	\$	\$	\$	\$ 622,155	\$ 32,155	\$ 590,000	Jul 15, 11	4.00%-5.45%
MCTA Juvenile Detention Center Lease Program	1,243,326	1,238,585	1,237,822	1,238,369	1,236,067	7,431,077	1,031,077	6,400,000	May 1, 16	4.00%-5.00%
MCTA 1997 Capital Equipment Lease Program	68,891	68,641				136,532	6,532	130,000	Mar. 1, 12	3.85%-5.05%
MCTA 1998 Capital Equipment Lease Program	312,400	300,182	287,650			900,212	75,212	825,000	Jul. 15, 13	3.30%-4.60%
MCTA 2001 Capital Equipment Lease Program	83,800					83,800	1,928	81,871	Jun. 15, 11	2.95%-4.20%
MCTA 2003 Capital Equipment Lease Program	308,643	298,235	284,480			889,358	38,358	850,000	Apr. 15, 13	2.00%-3.20%
MCTA 2005 Capital Equipment Lease Program	55,401	53,616	52,171	50,473	48,727	260,367	21,379	239,208	Aug. 15, 15	3.00%-3.70%
MCTA 2006 Capital Equipment Lease Program	495,865	41,255	38,881	38,466	37,051	688,109	34,537	653,573	May. 15, 16	3.80%-4.25%
MCTA 2007 Capital Equipment Lease Program	533,359	503,889				1,037,058	63,059	973,899	Jul 15, 17	4.00%-4.50%
MCTA 2008 Capital Equipment Lease Program	155,588	151,322	147,044			453,955	28,200	427,765	Sep. 15, 13	3.00%-3.50%
MCTA 2009 Capital Equipment Lease Program	131,663	131,663	131,663	131,663		526,652	30,754	485,898	Jul 15, 14	1.00%-2.50%
MCTA 1999 Capital Improvement Lease Program	838,299	837,337	834,030	833,432		3,743,088	358,088	3,385,000	Apr 15, 14	4.00%-5.15%
Sub Total of MCTA Capital Lease Programs	\$ 4,866,431	\$ 3,723,705	\$ 3,114,721	\$ 2,382,403	\$ 1,321,874	\$ 18,782,603	\$ 1,720,280	\$ 15,062,313		

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

13) LEASE PAYMENTS - 2010

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments						Total Minimum Lease Payments	Less Annual Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2011	2012	2013	2014	2015	2016 - End					
MClA 2003 Open Space Trust Fund Program	6,156,132	6,163,532	6,169,733	6,169,133	6,179,733	49,780,300	80,615,562	22,390,562	59,225,000	Aug. 1, 23	2.00%-5.25%
MClA 2008 Open Space Trust Fund Program	3,734,825	3,731,175	3,731,875	3,729,875	3,734,825	12,612,450	31,274,725	5,839,725	25,435,000	Sep 15, 19	3.00%-5.00%
MClA 2009 Open Space Trust Fund Program	3,309,374	3,307,974	3,309,024	3,313,624	3,310,824	45,204,424	81,755,044	23,105,044	39,650,000	Nov 1, 29	2.00%-6.11%
Sub Total of MClA Open Space Trust Fund Programs	<u>13,202,431</u>	<u>13,202,681</u>	<u>13,209,432</u>	<u>13,211,632</u>	<u>13,221,882</u>	<u>107,697,174</u>	<u>173,845,331</u>	<u>61,336,331</u>	<u>122,310,000</u>		
Sub Total of MClA Programs	<u>16,180,882</u>	<u>16,928,386</u>	<u>18,324,162</u>	<u>18,604,035</u>	<u>14,543,668</u>	<u>108,669,643</u>	<u>190,427,934</u>	<u>63,055,870</u>	<u>137,372,313</u>		
Civic Square Project Certificates of Participation:											
Civic Square II Project, Series 1998	\$ 3,222,275	\$ 3,220,080	\$ 3,219,119	\$ 3,214,202	\$ 3,419,177	\$ 50,976,561	\$ 67,271,414	\$ 26,923,345	\$ 40,348,069	Jun. 15, 29	Var.
Civic Square III, Series 1998	1,537,311	1,540,133	1,539,130	1,541,205	1,641,230	20,015,924	27,714,933	8,249,933	19,465,000	Jun. 1, 28	Var.
Civic Square IV, Series 2001	3,036,175	3,037,425	3,035,925	3,032,600	3,034,675	48,562,875	63,739,475	24,934,475	38,805,000	Jul. 15, 31	Var.
Sub Total of Civic Square Projects	<u>7,795,761</u>	<u>7,797,638</u>	<u>7,794,174</u>	<u>7,788,007</u>	<u>7,995,082</u>	<u>119,555,160</u>	<u>158,725,822</u>	<u>61,107,753</u>	<u>97,618,069</u>		
Board of Social Services Certificates of Participation:											
BSS COP	\$ 1,862,394	\$ 1,962,669	\$ 1,878,828	\$ 1,865,375	\$ 1,867,750	\$ 9,002,875	\$ 18,869,891	\$ 3,954,891	\$ 14,935,000	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 PECF 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 term 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 4.09% to 5.90% with a final maturity of August 15, 2009. The \$6,060,000 term certificate due August 15, 2014 and the \$9,250,000 term certificate due February 15, 2019, have interest rates of 6.09% and 6.125% respectively. The final basic term 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, 2010 AND DECEMBER 31, 2009

15) LEASE PAYMENTS - 2009

The County participated in the following lease purchase agreements

	Future Minimum Lease Payments						2015 - End	Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2010	2011	2012	2013	2014	2015						
MCIA 1995 Capital Equipment Lease Program	\$ 42,247	\$	\$	\$	\$	\$	42,247	1,131	41,116	Jan 1, 10	3.80%-5.50%	
MCIA 1996 Capital Equipment Lease Program	18,652						18,652	972	17,680	Jul 15, 10	3.80%-5.50%	
MCIA 1996 Capital Improvement Lease Program	612,130	622,155					1,234,285	94,285	1,140,000	Jul 15, 11	4.00%-5.45%	
MCIA Juvenile Detention Center Lease Program	1,244,201	1,243,326	1,239,585	1,237,822	1,238,369	2,471,975	8,675,278	1,380,278	7,295,000	May 1, 16	4.00%-5.00%	
MCIA 1997 Capital Equipment Lease Program	73,093	69,891	66,641				209,625	14,625	195,000	Mar 1, 12	3.95%-5.05%	
MCIA 1998 Capital Equipment Lease Program	324,362	312,400	300,182	287,650			1,224,574	124,574	1,100,000	Jul 15, 13	3.30%-4.60%	
MCIA 2000 Capital Equipment Lease Program	358,713						358,713	8,445	348,268	Jun 1, 10	4.30%-4.85%	
MCIA 2001 Capital Equipment Lease Program	97,613	93,800					191,413	7,672	183,741	Jun 15, 11	2.65%-4.20%	
MCIA 2003 Capital Equipment Lease Program	314,623	306,643	298,235	284,480			1,203,981	68,981	1,135,000	Apr 15, 13	2.00%-3.20%	
MCIA 2005 Capital Equipment Lease Program	2,169,441	55,401	53,816	52,171	50,473	48,727	2,430,027	64,271	2,365,756	Aug 15, 15	3.00%-3.70%	
MCIA 2006 Capital Equipment Lease Program	514,699	495,885	41,255	39,861	36,466	72,642	1,202,808	69,918	1,132,891	May 15, 16	3.80%-4.25%	
MCIA 2007 Capital Equipment Lease Program	973,367	533,369	503,689				2,010,425	140,275	1,870,150	Jul 15, 17	4.00%-4.50%	
MCIA 2008 Capital Equipment Lease Program	159,877	155,599	151,322	147,044			813,842	43,489	570,353	Sep 15, 13	3.00%-3.50%	
MCIA 2009 Capital Equipment Lease Program	131,663	131,663	131,663	131,663	131,663		658,315	43,203	615,112	Jul 15, 14	1.00%-2.50%	
MCIA 1999 Capital Improvement Lease Program	941,870	938,299	937,337	934,030	933,432		4,684,968	549,968	4,135,000	Apr 15, 14	4.00%-5.15%	
Sub Total of MCIA Capital Lease Programs	\$ 7,874,651	\$ 4,958,431	\$ 3,723,705	\$ 3,114,721	\$ 2,392,403	\$ 2,693,344	24,757,154	\$ 2,612,087	\$ 22,145,067			

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

13) LEASE PAYMENTS - 2009

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments					2015 - End	Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2010	2011	2012	2013	2014						
MCIA 2003 Open Space Trust Fund Program	6,145,218	6,158,132	6,163,532	6,168,733	6,168,133	55,957,033	86,760,780	25,290,780	61,470,000	Aug. 1, 23	2.00%-5.25%
MCIA 2008 Open Space Trust Fund Program	3,731,275	3,734,925	3,731,175	3,731,875	3,729,875	16,347,075	35,006,000	7,026,000	27,980,000	Sep 15, 19	3.00%-5.00%
MCIA 2009 Open Space Trust Fund Program	3,233,566	3,309,374	3,307,974	3,309,024	3,313,624	48,515,048	64,988,610	24,988,610	40,000,000	Nov 1, 29	2.00%-6.11%
Sub Total of MCIA Open Space Trust Fund Programs	<u>13,110,059</u>	<u>13,202,431</u>	<u>13,202,681</u>	<u>13,209,632</u>	<u>13,211,632</u>	<u>120,819,158</u>	<u>188,755,390</u>	<u>67,305,390</u>	<u>128,450,000</u>		
Sub Total of MCIA Programs	<u>21,084,610</u>	<u>18,160,862</u>	<u>18,926,388</u>	<u>18,324,182</u>	<u>15,804,035</u>	<u>123,412,489</u>	<u>211,512,543</u>	<u>59,817,477</u>	<u>151,595,067</u>		
Civic Square Projects/Certificates of Participation:											
Civic Square II Project, Series 1998	\$ 3,220,600	\$ 3,222,275	\$ 3,220,080	\$ 3,219,119	\$ 3,214,202	\$ 54,395,738	\$ 70,492,014	\$ 28,983,945	\$ 41,508,069	Jun 15, 29	Var
Civic Square III, Series 1998	1,540,999	1,537,311	1,540,133	1,539,130	1,541,205	21,557,154	29,255,932	10,165,932	19,090,000	Jun 1, 28	Var
Civic Square IV, Series 2001	3,037,425	3,036,175	3,037,425	3,035,925	3,032,600	51,597,350	66,778,900	28,946,900	39,830,000	Jul 15, 31	Var.
Sub Total of Civic Square Projects	<u>7,799,024</u>	<u>7,795,761</u>	<u>7,797,638</u>	<u>7,794,174</u>	<u>7,788,007</u>	<u>127,550,242</u>	<u>166,524,846</u>	<u>68,096,777</u>	<u>100,428,069</u>		
Board of Social Services/Certificates of Participation:											
BSS COP	\$ 1,994,281	\$ 1,992,394	\$ 1,982,669	\$ 1,978,828	\$ 1,965,375	\$ 10,970,625	\$ 20,884,172	\$ 4,734,172	\$ 16,150,000	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 \$6,060,000 term certificate due August 15, 2014 and the \$9,250,000 term certificate due February 15, 2019, have interest rates of 6.00% and 6.125% respectively. The final basic rent payment in 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 \$23,070,000 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, 2010 AND DECEMBER 31, 2009

16) LEASE AGREEMENTS RECEIVABLE

The County reports the following lease agreements within the General Capital Fund balance sheet as at December 31, 2009 and 2008:

<u>Lessee</u>	<u>2010 Amount Recorded</u>	<u>2009 Amount Recorded</u>	<u>Final Payment Date</u>
County of Somerset, NJ	\$ 2,625,556	\$ 2,991,922	May 1, 2016
City of New Brunswick, NJ	<u>12,138,069</u>	<u>12,433,069</u>	May 1, 2029
	<u>\$14,763,625</u>	<u>\$15,424,991</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 2010 and 2009 the County has budgeted and realized revenues in the amount of \$250,000 and \$250,000 respectively.

18) PROJECT ADVANCES/RECEIVABLES

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

The lease agreement between the Somerset County Youth Detention Center and the County of Middlesex was for an original amount of \$5,990,398 with payments beginning in 1999 and final payment in 2016. At December 31, 2010 the receivable balance to the County of Middlesex from the Somerset County Youth Detention Center was \$2,625,556.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

18) PROJECT ADVANCES/RECEIVABLES (cont'd)

The lease agreement between the City of New Brunswick Civic Square II and the County of Middlesex was for an original amount of \$13,068,069 with payments beginning in 2005 and final payment in 2029. At December 31, 2010 the receivable balance to the County of Middlesex from the City of New Brunswick Civic Square II was \$12,138,069.

The 2008 loan agreement between the MCIA and the County of Middlesex for acquisitions through the lease purchase financing program was for an original amount of \$1,790,881 with payments beginning in 2009 and final payment in 2023. At December 31, 2010 the receivable balance to the County of Middlesex from the MCIA was \$1,407,536.

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, 2010 the receivable balance to the County of Middlesex from the Heldrich Center Hotel Project was \$2,700,000.

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, 2010 the receivable balance to the County of Middlesex from the SERA was \$4,092,332.

The 2008 annuity agreement between Shari Borden and the County of Middlesex for the settlement of the insurance claim was for an original amount of \$2,835,211 with payments beginning in 2008 and final payment in 2012. At December 31, 2010 the receivable balance to the County of Middlesex from the Shari Borden annuity agreement was \$1,217,658.

The 2009 loan agreement between the MCIA and the County of Middlesex for acquisitions through the lease purchase financing program was for an original amount of \$1,535,517 with payments beginning in 2010 and final payment in 2024. At December 31, 2010 the receivable balance to the County of Middlesex from the MCIA was \$1,446,919.

The 2009 subsidy agreement between Built America Bond and the County of Middlesex is to offset the costs for the 2009 Open Space Trust fund Revenue Bonds, Series 2009 in the amount of \$40,000,000. The original amount of the subsidy was \$6,800,940 with payments beginning in 2010 and final payment in 2029. At December 31, 2010 the receivable balance to the County of Middlesex from the Built America Bond was \$6,404,843.

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.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

19) HEALTH AND HOSPITALS (cont'd)

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

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

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

20) COMMITMENTS AND CONTINGENCIES

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

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

The County participates in a number of federal and state assisted programs that are subject to audit and adjustment by the respective grantors. The audits of these programs for or including the years ended December 31, 2010 and 2009 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 18 -

The County closed on its \$47,440,000 General Obligation Redevelopment Bonds to finance the acquisition of its long term care facility in the Township of Old Bridge.

- April 7 -

The County’s 2011 budget was adopted.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

21) SUBSEQUENT EVENTS (cont'd)

- May 19 -

The Board of Chosen Freeholders finally adopted Bond Ordinance 393 providing for various 2011 capital improvements at and for facilities of Middlesex County; appropriating \$50,987,017 therefore and authorizing the issuance of \$48,559,034 bonds or notes of the County for financing such appropriation.

The Board of Chosen Freeholders finally adopted Bond Ordinance 394 providing for the acquisition of capital equipment and the undertaking of various 2011 capital improvements at and for facilities of the Middlesex County College; appropriating \$2,000,000 therefore and authorizing the issuance of \$2,000,000 bonds or notes of the County of financing such appropriation.

The Board of Chosen Freeholders finally adopted Bond Ordinance 395 providing for 2011 general capital improvements and the acquisition of equipment for the Middlesex County Vocational and Technical High Schools, appropriating \$3,100,000 therefore and authorizing the issuance of \$3,100,000 bonds or notes of the County for financing such appropriation.