

**COUNTY OF MIDDLESEX
NEW JERSEY**

**SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS
AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012**

WITH
REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04

AND

SCHEDULES OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2012

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, 2012**

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
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, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Middlesex's major federal and state programs based on our audit of the types of compliance requirements referred above. 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 OMB Circular A-133 and New Jersey OMB Circular 04-04 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 and 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination on the County of Middlesex's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the County of Middlesex complied, in all material respects, with the types of 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, 2012.

Report on Internal Control Over Compliance

Management of the County of Middlesex is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Middlesex's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey 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 and 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2012, and have issued our report thereon dated June 14, 2013. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise the County of Middlesex's financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB 04-04 and is not a required part of the financial statements. Such information, as identified herein, except for the completeness and the categorization of federal and state funding sources for certain grants, along with the reporting of various CFDA and account numbers included within the aforementioned schedules of financial assistance, on which we express no opinion, has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB 04-04. Accordingly, this report is not suitable for any other purpose.

Hodulik & Morrison, P.A.

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

Highland Park, New Jersey
September 18, 2013

SCHEDULES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
					FROM	TO			
U. S. Department of Agriculture:									
Pass-through State Department of Agriculture									
Child Nutrition Cluster									
Division of Food & Nutrition:									
National School Lunch Program	10.555	10-3350-100-026-12	\$42,679	\$42,679	01/01/12	12/31/12	\$42,679	\$42,679	\$42,679
School Breakfast Program	10.553	10-3350-100-028-12	28,239	28,239	01/01/12	12/31/12	28,239	28,239	28,239
Total Department of Agriculture							70,918	70,918	70,918
U.S. Department of Housing and Urban Development									
Direct Programs:									
CDBG - Entitlement Grants Cluster									
Community Development Block Grants/Entitlement Grants	14.218	N/A	2,099,436	2,099,436	07/01/10	06/30/11	692,464	692,464	692,464
Community Development Block Grant - ARRA Entitlement Grant	14.253	N/A	523,531	523,531	07/01/09	06/30/10	49,058	49,058	523,531
Total CDBG - Entitlement Grants Cluster							741,522	741,522	1,215,995
Home Investment Partnership Funds									
Home Investment Partnership Funds	14.239	86-0205-0-1-604	1,098,156	1,098,156	07/01/12	06/30/13			
Home Investment Partnership Funds	14.239	86-0205-0-1-604	1,791,184	1,791,184	07/01/11	06/30/12	147,131	147,131	147,131
Home Investment Partnership Funds	14.239	86-0205-0-1-604	2,023,854	2,023,854	07/01/10	06/30/11	1,323,053	1,323,053	2,023,854
Total Home Investment Partnership Funds							1,470,184	1,470,184	2,170,985
Homeless Prevention & Rapid Re-Housing Program - ARRA									
Homeless Prevention & Rapid Re-Housing Program - ARRA	14.257	86-0193-0-1-604	800,475	800,475	07/01/09	06/30/10	1,760	1,760	793,484
Homeless Prevention & Rapid Re-Housing Program - ARRA	14.257	22-8020-100-179-09	673,671	673,671	11/15/09	11/14/12	69,841	69,841	673,671
Total Homeless Prevention & Rapid Re-Housing Program - ARRA							71,601	71,601	1,467,155
Low Income Housing Assistance									
Section 8 Voucher Program	14.871	86-0319-0-1-604	4,480,000	4,689,486	07/01/12	06/30/13	4,681,070	3,968,198	3,968,198
Section 8 Voucher Program	14.871	86-0319-0-1-604	4,780,000	4,980,074	07/01/11	06/30/12	22,105	753,570	4,980,074
Total Low Income Housing Assistance							4,703,175	4,721,768	8,948,272
Total Department of Housing and Urban Development							6,986,482	7,005,075	13,802,407

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Schedule A
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FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
					FROM	TO			
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	66-1500-100-121-12	39,571	43,968	01/01/12	12/31/12	19,181	43,968	43,968
Juvenile Accountability Incentive Block Grant	16.523	66-1500-100-121-11	52,173	56,482	01/01/11	12/31/11	3,878	4,309	56,482
Total Juvenile Accountability Incentive Block Grant							23,059	48,277	100,450
Delinquency Prev. through Evidence Based Social Learning	16.540	66-1500-100-026-12	103,391	103,391	09/01/11	09/30/12	43,519	43,518	43,518
Delinquency Prev. through Evidence Based Social Learning	16.540	66-1500-100-026-10	129,914	129,914	09/01/10	09/30/11	1,915	21,148	129,914
Total Delinquency Prev. through Evidence Based Social Learning							45,434	64,666	173,432
Crime Victim Assistance - SART/SANE Project	16.575	66-1020-100-142-12	67,655	67,655	09/01/12	08/31/13	26,783	66,043	66,043
Crime Victim Assistance - SART/SANE Project	16.575	66-1020-100-142-11	67,655	67,655	09/01/11	08/31/12	18,281	1,868	67,655
Crime Victim Assistance - Victim Assistance Project	16.575	66-1020-100-142-11	55,000	55,000	01/01/11	12/31/11	41,760	996	55,000
Crime Victim Assistance - Victim Assistance Project	16.575	66-1020-100-142-10	55,000	55,000	01/01/10	12/31/10	55,000		55,000
Crime Victim Assistance - Victim Assistance Project	16.575	66-1020-100-142-12	265,627	265,627	01/01/12	12/31/12		224,311	224,311
Crime Victim Assistance - Victim Assistance Project	16.575	66-1020-100-142-11	265,627	265,627	01/01/11	12/31/11	81,918	996	265,627
Crime Victim Assistance - Victim Assistance Project - VAWA	16.575	66-1020-100-142-12	62,413	62,413	01/01/12	12/31/12	36,351		62,413
Crime Victim Assistance - Victim Assistance Project - VAWA	16.575	66-1020-100-142-11	62,413	62,413	01/01/11	12/31/11	62,413	44,997	62,413
Total Crime Victim Assistance							322,506	339,211	796,049
STOP Violence Against Women	16.588	66-1020-100-419-12	32,952	32,952	01/01/12	12/31/12	22,304	32,952	32,952
STOP Violence Against Women	16.588	66-1020-100-419-11	30,375	30,375	01/01/11	12/31/11	30,375		30,375
STOP Violence Against Women-ARRA	16.588	66-1020-100-419-11	15,000	15,000	01/01/12	12/31/12	10,836	15,000	15,000
STOP Violence Against Women-ARRA	16.588	66-1020-100-419-11	15,000	15,000	01/01/11	12/31/11		1,114	14,873
STOP Violence Against Women-ARRA	16.588	66-1020-100-246-11	13,486	13,486	01/01/11	12/31/11	13,486		13,486
STOP Violence Against Women-ARRA	16.588	66-1020-100-419-10	50,716	50,716	02/01/10	03/31/11		13,474	50,716
Total STOP Violence Against Women							77,001	62,540	157,402
JAG Program Cluster									
Edward Byrne Memorial Justice Assistance Grant - Megan's Law	16.738	66-1020-100-417-11	19,437	25,916	04/01/11	03/31/12	19,437	25,916	25,916
Edward Byrne Memorial Justice Assistance Grant-Multi-Jurisdictional Task Force	16.738	66-1020-100-364-12	110,908	110,908	04/01/12	03/31/13	110,908	110,908	110,908
Total JAG Program Cluster							130,345	136,824	136,824
Division of State Police:									
Paul Coverdell Forensic Sciences Improvement	16.742	66-1200-100-905-12	26,800	26,800	01/01/12	12/31/12	8,410	26,033	26,033
Total Department of Justice							606,755	677,551	1,390,190
U. S. Department of Homeland Security									
Pass-through State Department of Law and Public Safety									
Office of Homeland Security and Preparedness:									
Urban Area Security Initiative	97.008	66-1005-100-008-12	37,213	37,213	09/01/12	08/31/14	37,213	37,213	37,213
Urban Area Security Initiative	97.008	66-1005-100-008-11	10,000	10,000	01/01/11	12/31/11		1,959	1,959
Urban Area Security Initiative	97.008	66-1005-100-008-10	115,100	115,100	01/01/10	12/31/10	91,261	42,704	91,262
Urban Area Security Initiative	97.008	66-1005-100-008-12	345,000	345,000	09/01/12	08/31/14		70,434	70,434
Urban Area Security Initiative	97.008	66-1005-100-008-11	1,034,350	1,034,350	01/01/11	07/31/13	510,659	435,595	591,877
Urban Area Security Initiative	97.008	66-1005-100-006-10	800,000	800,000	05/01/10	04/30/11	302,028	52,571	777,593
Urban Area Security Initiative	97.008	66-1005-100-006-09	545,256	545,256	05/01/09	04/30/11	76,554	122,109	516,252
Total Urban Area Security Initiative							1,017,715	762,585	2,086,590
Pre-Disaster Mitigation Planning	97.017	66-1200-100-920-07	200,000	200,000	08/01/07	11/30/09		62	199,987
Disaster Grants - Public Assistance - Hurricane Sandy	97.036	66-1200-100-A92-13 (1)	1,896,978	1,896,978			348,276	1,896,978	1,896,978
Interoperable Emergency Communication Grant	97.055	66-1005-100-027-13	220,881	220,881	08/01/12	07/31/13	29,812	219,784	219,784
Homeland Security Cluster									
Homeland Security - Code Orange	97.067	66-1005-100-006-07	107,578	107,578	10/01/07	indefinite		30,640	107,569
Homeland Security	97.073	66-1005-100-006-12	779,535	779,535	09/01/12	08/31/14		162,936	162,936
Homeland Security	97.073	66-1005-100-006-10	1,611,035	1,611,035	10/01/10	indefinite	1,240,644	678,869	1,339,885
Homeland Security	97.073	66-1005-100-006-09	1,577,760	1,577,760	10/01/09	indefinite	1,298,377	1,104,521	1,577,730
Homeland Security	97.067	66-1005-100-006-08	1,729,337	1,729,337	10/01/08	indefinite	412,200	293,329	1,728,587
Total Homeland Security Cluster							2,951,221	2,270,295	4,916,707
Total U. S. Department of Homeland Security							4,347,024	5,149,704	9,320,046

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
					FROM	TO			
U.S. Department of Labor:									
Pass-through State Department of Labor									
Work Force Investment Act									
Adult	17.258	62-4545-100-101-12	1,300,072	1,300,072	07/01/12	06/30/13	233,706	81,093	81,093
Youth	17.259	62-4545-100-249-12	1,389,265	1,389,265	07/01/12	06/30/13	127,000	154,614	154,614
Dislocated Worker	17.260	62-4545-100-105-12	2,312,923	2,312,923	07/01/12	06/30/13	210,000	101,260	101,260
Total Work Force Investment Act - 2012							<u>570,706</u>	<u>336,967</u>	<u>336,967</u>
Adult	17.258	62-4545-100-101-11	986,137	986,137	07/01/11	06/30/12	763,137	782,129	980,637
Youth	17.259	62-4545-100-249-11	1,265,480	1,265,480	07/01/11	06/30/12	968,980	1,088,299	1,209,526
Dislocated Worker	17.260	62-4545-100-105-11	2,406,667	2,406,667	07/01/11	06/30/12	1,631,667	2,011,170	2,406,667
Total Work Force Investment Act - 2011							<u>3,363,784</u>	<u>3,881,598</u>	<u>4,596,830</u>
Adult	17.258	62-4545-100-101-10	934,367	934,367	07/01/10	06/30/11		83,846	934,367
Youth	17.259	62-4545-100-249-10	1,083,360	1,083,360	07/01/10	06/30/11		28,448	1,082,796
Dislocated Worker	17.260	62-4545-100-105-10	2,309,233	2,309,233	07/01/10	06/30/11		91,760	2,308,697
Total Work Force Investment Act - 2010								<u>204,054</u>	<u>4,325,860</u>
WIRED BIO-1 Initiative	17.268	62-4545-100-001-10	1,656,667	1,656,667	07/01/10	06/30/11	25,692	28,520	1,378,359
WIA - WIB Administrative	N/A	N/A	54,500	54,500	07/01/11	06/30/12		19,703	48,465
Total U.S. Department of Labor							<u>3,960,182</u>	<u>4,470,842</u>	<u>10,686,481</u>

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Schedule A
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FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
					FROM	TO			
U.S. Department of Transportation									
Pass-through N.J. Department of Transportation									
Highway Planning & Construction									
Highway Planning and Construction - County-wide Guiderail Installation/Replacement - ARRA	20.205	078-6300-480-FAT	6,731,000	6,731,000	06/01/09	12/31/12	511,646	601,341	3,668,754
Highway Planning and Construction - County-wide Pavement Resurfacing & Milling - ARRA	20.205	078-6300-480-FAT	7,513,804	7,513,804	06/01/09	12/31/12		75,032	5,749,629
Total Highway Planning & Construction							511,646	676,373	9,418,383
North Jersey Transportation Planning Authority									
Highway Planning and Construction - Subregional Planning Grant - ARRA									
Highway Planning and Construction - Subregional Planning Grant	20.205	69-8083-0-7-401	142,448	142,448	07/01/09	06/30/10	17,692		142,448
Highway Planning and Construction - Subregional Planning Grant	20.205	69-8083-0-7-401	150,960	150,960	01/01/12	12/31/12	90,337	150,960	150,960
Highway Planning and Construction - Subregional Planning Grant	20.205	69-8083-0-7-401	150,960	150,960	01/01/11	12/31/11	103,891		150,960
Highway Planning and Construction - Subregional Planning Grant - Southern MC Trans. Imp. Study	20.205	69-8083-0-7-401	80,000	80,000	01/01/12	12/31/13	29,778	40,000	40,000
Total Highway Planning and Construction - Subregional Planning Grant							241,698	190,960	484,368
Federal Transportation Administration - New Jersey Transit									
New Freedom Grant	20.205	N/A	362,731	362,731	01/01/12	12/31/13		246,231	246,231
New Freedom Grant	20.205	N/A	463,032	463,032	01/01/09	12/31/10	76,011	20,766	463,032
Total Federal Transportation Administration - New Jersey Transit							76,011	266,997	709,263
Total pass-through N.J. Department of Transportation							829,355	1,134,330	10,612,014
Job Access - Reserve Commute									
Job Access - Reserve Commute	20.516	69-1125-0-1-401	472,812	472,812	01/01/12	Indefinite	172,812	353,937	353,937
Job Access - Reserve Commute	20.516	69-1125-0-1-401	322,152	322,152	01/01/11	Indefinite	178,399	40,142	322,152
Total Job Access - Reserve Commute							351,211	394,079	676,089
Highway Safety Cluster:									
Division of Highway Traffic Safety:									
State and Community Highway Safety									
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Don't Drink & Drive	20.601	66-1160-100-047-11	70,000	70,000	10/01/11	09/30/12	70,000		63,535
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Don't Drink & Drive	20.601	66-1160-100-057-12	15,130	15,130	10/01/12	09/30/13		159	159
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - Don't Drink & Drive	20.601	66-1160-100-057-11	15,135	15,135	10/01/11	09/30/12	14,373	14,373	14,373
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - DWI Enforcement Grant	20.601	66-1160-100-057-12	33,040	33,040	10/01/12	09/30/13		3,300	3,300
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants - DWI Enforcement Grant	20.601	66-1160-100-057-11	43,000	43,000	10/01/11	09/30/12	10,725	4,925	13,854
Total Highway Safety Cluster							95,098	22,757	95,221
Division of State Police:									
Interagency Hazmat Public Sector Training & Planning Grants - Advanced Hazmat Emerg Response									
Interagency Hazmat Public Sector Training & Planning Grants - Advanced Hazmat Emerg Response	20.703	66-1200-100-703-12	7,563	7,563	01/01/12	12/31/12	6,546	7,052	7,052
Interagency Hazmat Public Sector Training & Planning Grants - Advanced Hazmat Emerg Response	20.703	66-1200-100-703-12	59,771	59,771	01/01/12	12/31/12	59,771		59,771
Interagency Hazmat Public Sector Training & Planning Grants - Advanced Hazmat Emerg Response	20.703	66-1200-100-703-11	60,000	60,000	01/01/11	12/31/11		23,735	59,771
Total Interagency Hazardous Materials Public Sector Training & Planning Grants							66,317	30,787	66,823
Total Department of Transportation							1,341,981	1,581,953	11,450,147
U.S. Environmental Protection Agency:									
Pass-through State Department of Environmental Protection									
Office of Policy and Planning:									
319-H Regional Storm Water Management Plan	66.605	42-4801-100-469-04	286,200	286,200	08/01/04	07/31/07	23,239		286,200
Total Environmental Protection Agency							23,239		286,200

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
					FROM	TO			
U.S. Department of Education:									
Pass-through State Department of Education									
Title I Grants to Local Educational Agencies - -North Brunswick School District									
	84.010	91-0900-0-1-501	303,606	303,606	01/01/12	12/31/12	303,606	220,897	220,897
Total Department of Education									
							303,606	220,897	220,897
U.S. Department of Health and Human Services									
Pass-through State Department of Health & Senior Services:									
Division of Aging and Community Services									
Aging Cluster									
Special Programs for the Aging - Title III, Part B - Area Plan Grant for Aging	93.044	46-4275-100-262-12			01/01/12	12/31/12	2,345,412	2,775,917	2,775,917
Special Programs for the Aging - Title III, Part B - Area Plan Grant for Aging	93.044	46-4275-100-262-11	2,791,579	3,148,240	01/01/11	12/31/11	131,379	931,907	2,768,352
Special Programs for the Aging - Title III, Part B - Area Plan Grant for Aging	93.044	46-4275-100-262-10	2,942,142	3,273,803	01/01/10	12/31/10		8,800	3,037,589
Special Programs for the Aging - Title III, Part B - Area Plan Grant for Aging	93.044	46-4275-100-262-09	2,770,180	3,101,841	01/01/09	12/31/09		62,348	3,199,631
Special Programs for the Aging - Title III, Part B - Area Plan Grant for Aging	93.044	46-4275-100-262-08	2,557,529	2,889,190	01/01/08	12/31/08		6,000	2,889,190
Total Special Programs for the Aging - Title III, Part B - Area Plan Grant for Aging							2,476,791	3,784,972	14,670,679
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-12			01/01/12	12/31/12	1,700,264	1,089,039	1,089,039
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-11	1,607,553	2,217,829	01/01/11	12/31/11		30,462	2,166,680
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-10	1,654,007	2,289,283	01/01/10	12/31/10		145,230	2,203,745
Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals	93.045	46-4275-100-061-09	1,693,854	2,329,130	01/01/09	12/31/09		20,001	2,233,144
Total Special Programs for the Aging - Title III, Part C - Middlesex County Senior Meals							1,700,264	1,284,732	7,692,608
Total Aging Cluster							4,177,055	5,069,704	22,363,287
State Health Insurance Program	93.779	46-4275-100-056-12	31,000	31,000	01/01/12	12/31/12	18,600	13,859	13,859
State Health Insurance Program	93.779	46-4275-100-056-11	31,000	31,000	04/01/11	03/31/12	15,500	2,655	30,728
Total State Health Insurance Program							34,100	16,514	44,587
National Family Caregiver Support, Title III, Part E	93.052	46-4275-100-331-12	495,000	495,000	01/01/12	12/31/12	495,000	415,116	415,116
National Family Caregiver Support, Title III, Part E	93.052	46-4275-100-331-11	375,000	375,000	01/01/11	12/31/11		7,588	375,000
National Family Caregiver Support, Title III, Part E	93.052	46-4275-100-331-09	280,000	280,000	01/01/09	12/31/09		348	279,382
Total National Family Caregiver Support, Title III, Part E							495,000	423,052	1,069,498
Division of Family Health Services:									
Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan	93.283	46-4220-100-421-12	132,763	132,763	01/01/12	12/31/12	16,263	40,779	40,779
Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan	93.283	46-4220-100-421-12	52,407	52,407	01/01/12	12/31/12	52,407	52,407	52,407
Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan	93.283	46-4220-100-421-10	50,000	50,000	01/01/10	12/31/10		3,613	42,800
Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan	93.283	46-4220-100-421-09	65,000	65,000	01/01/09	12/31/09		258	64,084
Total Centers for Disease Control and Prevention - Comprehensive Cancer Control Plan							68,670	97,057	200,070
Div. Epidemiology Comm:									
Public Health Emergency Preparedness	93.069	46-4230-100-360-12	750,705	750,705	09/01/12	08/31/13	356,591		
Public Health Emergency Preparedness	93.069	46-4230-100-360-11	457,520	457,520	09/01/11	08/31/12	277,988	291,944	434,924
Public Health Emergency Preparedness	93.069	46-4230-100-360-09	1,518,331	1,518,331	09/01/09	08/31/10		4,160	1,496,374
Total Public Health Emergency Preparedness							634,579	296,104	1,931,298
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	46-4230-100-146-011	198,146	198,146	01/01/12	12/31/12	142,381	164,868	164,868
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	46-4230-100-146-011	169,845	169,845	01/01/11	12/31/11	40,505	4,254	157,029
Total Project Grants and Cooperative Agreements for Tuberculosis Control Program							182,886	169,122	321,897

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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FEDERAL GRANTOR DEPARTMENT & PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
					FROM	TO			
U.S. Department of Health and Human Services (Cont'd.)									
Division of Family Development:									
TANF Cluster									
Work Force Investment Act									
Temporary Assistance for Needy Families	93.558	62-7550-100-291-12	2,166,544	2,166,544	07/01/12	06/30/13	599,000	627,688	627,688
Temporary Assistance for Needy Families	93.558	62-7550-100-291-11	1,819,163	1,819,163	07/01/11	06/30/12	1,355,145	1,223,192	1,670,893
Temporary Assistance for Needy Families	93.558	62-7550-100-291-10	1,895,231	1,895,231	07/01/10	06/30/11		66,523	1,893,394
Total Temporary Assistance for Needy Families (TANF)							<u>1,954,145</u>	<u>1,917,403</u>	<u>4,191,975</u>
Pass-through State Department of Community Affairs:									
Division on Women:									
Injury Prevention and Control Research Projects - Rape Crisis Intervention Center	93.136	22-8051-100-083-12	51,000	51,000	11/01/12	10/31/13	51,000	43,015	43,015
Injury Prevention and Control Research Projects - Rape Crisis Intervention Center	93.136	22-8051-100-083-11	43,600	43,600	11/01/11	10/31/12		1,458	37,813
Injury Prevention and Control Research Projects - Rape Crisis Intervention Center	93.136	22-8051-100-083-10	43,600	43,600	11/01/10	10/31/11		864	42,580
Injury Prevention and Control Research Projects - Rape Crisis Intervention Center	93.136	22-8051-100-083-09	43,600	43,600	11/01/09	10/31/10		1,027	42,130
Total Injury Prevention and Control Research Projects - Rape Crisis Intervention Center							<u>51,000</u>	<u>46,364</u>	<u>165,538</u>
U.S. Department of Health and Human Services Direct Programs:									
HIV Emergency Relief Program	93.914	75-0350-0-1-550	2,697,231	2,697,231	03/01/12	02/28/13	168,168	1,187,832	1,187,832
HIV Emergency Relief Program	93.914	75-0350-0-1-550	2,757,588	2,757,588	03/01/11	02/28/12	1,601,399	1,590,620	2,724,407
HIV Emergency Relief Program	93.914	75-0350-0-1-550	2,790,752	2,790,752	03/01/10	02/28/11	175,289	87,627	2,790,752
HIV Emergency Relief Program	93.914	75-0350-0-1-550	2,557,475	2,557,475	03/01/09	02/28/10	72,030		2,327,331
Total HIV Emergency Relief Program							<u>2,016,886</u>	<u>2,866,079</u>	<u>9,030,322</u>
Child Enforcement Program - Title IV:									
Courts	93.563	98-9730-100-038-12	423,200	423,200	01/01/12	12/31/12	420,101	420,101	420,101
Sheriff Department	93.563	98-9740-100-040-12	376,500	376,500	01/01/12	12/31/12	308,517	308,517	308,517
Total Child Enforcement Program - Title IV							<u>728,618</u>	<u>728,618</u>	<u>728,618</u>
Total Department of Health and Human Services							<u>10,342,939</u>	<u>11,630,017</u>	<u>40,047,090</u>
Total Federal Financial Assistance							<u>\$27,983,126</u>	<u>\$30,806,957</u>	<u>\$87,274,376</u>

Footnotes:

The County Federal 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, Div. of Local Government Services, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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

(1) - Represents 90% of \$2,107,753.44 requested

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 PROGRAM RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Agriculture:								
Planning Incentive Grants:								
Balz Property	010-3380-579-001-12	377,395	377,395	01/01/12	12/31/12	377,395	377,395	377,395
Total Department of Agriculture						<u>377,395</u>	<u>377,395</u>	<u>377,395</u>
Department of Community Affairs:								
Division of Community Resources:								
Recreation for Individuals Disabilities Progr.	022-8050-100-035-12	7,500	7,500	01/01/12	12/31/12		7,500	7,500
Recreation for Individuals Disabilities Progr.	022-8050-100-035-11	18,000	25,000	01/01/11	12/31/11	15,000	4,277	22,000
Division of Women:								
Sexual Assault Abuse & Rape Care	022-8051-100-047-12	31,159	31,159	07/01/12	06/30/13	31,159	31,159	31,159
Sexual Assault Abuse & Rape Care	022-8051-100-047-11	62,557	62,557	07/01/11	06/30/12	6,614	27,793	62,364
Sexual Assault Abuse & Rape Care	022-8051-100-047-10	62,557	62,557	07/01/10	06/30/11		2,168	49,512
Sexual Assault Abuse & Rape Care	022-8051-100-047-09	51,573	51,573	07/01/09	06/30/10		464	50,974
Total Department of Community Affairs						<u>52,773</u>	<u>73,361</u>	<u>223,509</u>
Department of Corrections:								
System Wide Support Program - Reimb. Custody Chgs.	026-7025-100-124-10	122,200	122,200	01/01/12	12/31/12	150,581	150,581	150,581
Total Department of Corrections						<u>150,581</u>	<u>150,581</u>	<u>150,581</u>
Department of Environmental Protection:								
Administrative Operations								
SEC604B Water Quality Management	042-4850-100-118-12	40,000	40,000	01/01/12	12/31/12	39,399	1,131	1,131
SEC604B Water Quality Management	042-4801-100-444-10	11,400	11,400	07/01/10	06/30/11	1,348	11,010	11,400
SEC604B Water Quality Management	042-4801-100-444-05	88,600	88,600	07/01/06	06/30/07		15,175	88,600
Solid Waste Administration								
Environmental Health Act	042-4855-100-075-12	302,505	757,805	01/01/12	12/31/12	126,098	747,544	747,544
Environmental Health Act	042-4855-100-075-11	292,184	763,484	01/01/11	12/31/11	292,184	29,133	292,184
Environmental Health Act	042-4855-100-075-10	341,976	805,276	01/01/10	12/31/10	12,660		779,873
Clean Communities Program	042-4900-765-005-12	76,150	76,150	01/01/12	12/31/12	76,150	32,965	32,965
Clean Communities Program	042-4900-765-005-11	77,217	77,217	01/01/11	12/31/11		56,849	77,217
Recycling Enhancement Act Tax Entitlement	042-4900-752-008-12	1,324	1,324	01/01/12	12/31/12	1,324		
Recycling Enhancement Act Tax Entitlement	042-4900-752-008-10	485,100	485,100	11/01/11	10/31/14	485,100	156,698	156,698
Recycling Enhancement Act Tax Entitlement	042-4900-752-007-10	880,757	880,757	02/01/10	01/31/13		154,580	827,456
Recycling Enhancement Act Tax Entitlement	042-4900-752-007-10	369,000	369,000	12/01/09	11/30/12		34,159	172,275
Total Department of Environmental Protection						<u>1,034,263</u>	<u>1,239,244</u>	<u>3,187,343</u>

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 PROGRAM RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Health & Senior Services:								
Child Lead Poison Prevention	046-4220-100-315-12	130,000	130,000	07/01/12	06/30/13	32,500	130,000	130,000
Child Lead Poison Prevention	046-4220-100-315-11	130,000	130,000	07/01/11	06/30/12	95,284	23,598	130,000
Special Child Health-Early Intervention	046-4220-100-129-12	181,240	181,240	07/01/12	06/30/13	45,309	181,240	181,240
Special Child Health-Early Intervention	046-4220-100-129-11	181,240	181,240	07/01/11	06/30/12	142,037		181,240
Public Health Priority Funding	046-4230-100-307-12	233,252	233,252	01/01/12	12/31/12	233,252	197,921	197,921
Public Health Priority Funding	046-4230-100-307-11	233,252	233,252	01/01/11	12/31/11		3,882	210,196
Public Health Priority Funding	046-4230-100-307-10	233,252	233,252	01/01/10	12/31/10		6,476	228,809
Right to Know	046-4230-100-105-12	18,119	18,119	01/01/12	12/31/12	9,060	18,119	18,119
Right to Know	046-4230-100-105-11	18,119	18,119	01/01/11	12/31/11	4,529		18,119
Respite Care Services	046-4275-491-082-12	360,721	360,721	01/01/12	12/31/12	332,292	225,473	225,473
Respite Care Services	046-4275-491-082-11	360,721	360,721	01/01/11	12/31/11	60,121	3,035	360,721
Medicaid Waiver Program	N/A	30,000	30,000	04/01/10	03/31/11		6,480	6,480
Medicaid Waiver Program	N/A	30,000	30,000	04/01/09	03/31/10		9,827	27,217
Cancer Education & Early Detection	046-4220-100-329-12	32,150	32,150	07/01/12	06/30/13	30,000	25,300	25,300
Cancer Education & Early Detection	046-4220-100-329-11	364,051	364,051	07/01/11	06/30/12	310,499	173,293	352,238
Cancer Education & Early Detection	046-4220-100-329-10	355,000	355,000	07/01/10	06/30/11		2,901	350,445
Cancer Education & Early Detection	046-4220-100-461-12	499,800	499,800	07/01/12	06/30/13	78,342	162,122	162,122
County Wide Transportation Program	046-4110-100-248-12	344,000	1,126,979	01/01/12	12/31/12	188,000	1,075,882	1,075,882
Tuberculosis Control Program	046-4230-100-080-12	219,121	219,121	07/01/12	06/30/13		136,835	136,835
Tuberculosis Control Program	046-4230-100-080-11	221,992	221,992	07/01/11	06/30/12	178,138	118,874	201,430
Tuberculosis Control Program	046-4230-100-080-10	221,992	221,992	07/01/10	06/30/11		600	198,237
Tuberculosis Control Program	046-4230-100-080-09	223,042	223,042	07/01/09	06/30/10		20,933	221,992
County Comprehensive Alcohol & Drug Abuse Program	046-4240-100-024-12	1,243,522	1,243,522	01/01/12	12/31/12	950,449	1,057,766	1,057,766
County Comprehensive Alcohol & Drug Abuse Program	046-4240-100-024-11	1,222,108	1,222,108	01/01/11	12/31/11	263,764	112,296	1,174,652
Total Department of Health & Senior Services:						2,953,576	3,692,853	6,872,434

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

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STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD FROM	TO	2012 PROGRAM RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
Department of Human Services:								
Division of Youth and Family Services								
Youth Incentive Program	016-1620-100-013-12	47,550	47,550	01/01/12	12/31/12	47,550	47,550	47,550
Youth Incentive Program	016-1620-100-013-11	47,550	47,550	01/01/11	12/31/11		6,494	47,550
Human Service Advisory Council	016-1630-100-024-12	104,761	160,506	01/01/12	12/31/12	104,761	132,477	132,477
Human Service Advisory Council	016-1630-100-024-11	142,261	198,006	01/01/11	12/31/11	11,845	11,474	152,817
Human Service Advisory Council	016-1630-100-024-09	142,261	198,006	01/01/09	12/31/09		1,621	180,252
Human Service Advisory Council	016-1630-100-024-06	62,229	117,974	01/01/06	12/31/06		1,562	117,951
DYFS-Services to Homeless	054-7550-100-072-12	595,670	595,670	01/01/12	12/31/12		437,113	437,113
DYFS-Services to Homeless	054-7550-100-072-11	593,588	593,588	01/01/11	12/31/11	44,902	53,179	591,994
Division of Disability Services:								
Personal Attendant Program	054-7545-100-005-12	700,000	700,000	01/01/12	12/31/12	402,498	395,032	395,032
Personal Attendant Program	054-7545-100-005-11	700,000	700,000	01/01/11	12/31/11		62,682	641,662
Work First Transportation	054-7550-100-291-12	211,890	211,890	07/01/12	06/30/13	127,396	106,134	106,134
Work First Transportation	054-7550-100-291-11	254,890	254,890	07/01/11	06/30/12	94,771	60,337	254,890
State Assumption of Costs:								
Social & Welfare Services:								
Suppl. S.S.I.	054-7550-100-125-11	1,432,407	1,432,407	01/01/12	12/31/12	1,342,744	1,342,744	1,342,744
Mental Health Clinics	054-7700-100-029-11	729,794	729,794	01/01/12	12/31/12	818,133	818,133	818,133
Total Department of Human Services						<u>2,994,600</u>	<u>3,476,532</u>	<u>5,266,299</u>
Department of Labor								
Division of Employment Services:								
Workforce Learning Link	062-4545-767-003-12	200,000	200,000	07/01/12	06/30/13	20,000	41,527	41,527
Workforce Learning Link	062-4545-767-003-11	302,871	302,871	07/01/11	06/30/12	186,734	142,786	284,234
Workforce Development Partnership	062-4545-780-002-12	38,688	38,688	07/01/12	06/30/13	20,000	19,571	19,571
Workforce Development Partnership	062-4545-780-002-11	93,276	93,276	07/01/11	06/30/12	23,166	51,627	93,276
REDI Grant-Business Resource Network	062-4545-780-007-10	182,961	182,961	07/01/10	06/30/11	25,692	98,384	140,804
Total Department of Labor						<u>275,592</u>	<u>353,895</u>	<u>579,412</u>

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

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STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 PROGRAM RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Law & Public Safety:								
Division of Criminal Justice:								
Body Armor Program	066-1020-718-001-12	50,957	60,957	01/01/12	12/31/12	50,957	33,072	33,072
Body Armor Program	066-1020-718-001-11	41,081	41,081	01/01/11	12/31/11		20,941	20,941
Body Armor Program	066-1020-718-001-10	13,830	13,830	01/01/10	12/31/10		7,532	7,532
Body Armor Program	066-1020-718-001-09	49,404	49,404	01/01/09	12/31/09		8,484	26,304
Body Armor Program	066-1020-718-001-08	55,686	55,686	01/01/08	12/31/08		7,709	31,215
Juvenile Justice Commission:								
Family Court Services-Crisis Intervention	066-1500-100-021-12	253,853	253,853	01/01/12	12/31/12	78,105	149,461	149,461
Family Court Services-Crisis Intervention	066-1500-100-021-11	253,853	253,853	01/01/11	12/31/11		51,158	253,853
Juvenile Detention Education	066-1500-100-032-12	423,000	751,500	01/01/12	12/31/12	423,000	175,268	175,268
Juvenile Detention Education	066-1500-100-032-11	420,750	607,500	01/01/11	12/31/11		175,168	460,056
Juvenile Detention Education	066-1500-100-032-10	238,500	436,500	01/01/10	12/31/10		2,442	342,277
Juvenile Detention Education	066-1500-100-032-08	254,250	508,500	01/01/08	12/31/08		772	484,392
Juvenile Detention Education	066-1500-100-032-05	308,250	560,250	01/01/05	12/31/05		11,527	521,917
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-12	798,894	798,894	01/01/12	12/31/12	299,179	466,100	466,100
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-11	798,894	798,894	01/01/11	12/31/11	184,628	19,057	483,333
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-10	798,894	798,894	01/01/10	12/31/10		57,006	692,651
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-09	798,894	798,894	01/01/09	12/31/09		11,590	527,870
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-08	801,082	801,082	01/01/08	12/31/08		144,684	651,664
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-07	708,749	708,749	01/01/07	12/31/07		53,282	568,624
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-06	474,062	474,062	01/01/06	12/31/06		29,135	446,223
Juvenile Shelter Alternative - Maint. Child. Instit.	066-1500-100-032-05	460,440	460,440	01/01/05	12/31/05		945	457,275
Middlefields Group Home	066-1500-100-032-12	939,875	939,875	01/01/12	12/31/12	470,686	653,642	653,642
Middlefields Group Home	066-1500-100-032-11	625,875	625,875	01/01/11	12/31/11	159,759	5,590	585,930
Community Partnership Grant Prog.	066-1500-100-007-12	465,154	465,154	01/01/12	12/31/12	6,246	362,160	362,160
Community Partnership Grant Prog.	066-1500-100-007-11	465,154	465,154	01/01/11	12/31/11	320,003	126,615	465,154
Community Partnership Grant Prog.	066-1500-100-007-10	465,154	465,154	01/01/10	12/31/10		15	464,953
Community Partnership Grant Prog.	066-1500-100-007-09	465,154	465,154	01/01/09	12/31/09		2,363	450,686
Total Department of Law & Public Safety						1,992,563	2,575,718	9,782,553

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

Schedule B
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STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 PROGRAM RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
Department of Military & Veteran Affairs:								
Veteran Transportation Support Prog.	067-3610-100-058-12	22,000	22,000	07/01/12	06/30/13		16,164	16,164
Veteran Transportation Support Prog.	067-3610-100-058-11	22,000	22,000	07/01/11	06/30/12	12,835	6,674	22,000
Total Department of Military & Veteran Affairs						12,835	22,838	38,164
Department of State:								
N.J. Council on Arts								
Folk Arts Program	074-2530-100-032-11	17,353	22,353	01/01/11	12/31/11	17,353	17,695	18,295
Folk Arts Program	074-2530-100-032-10	18,266	23,266	07/01/10	06/30/11		6,246	10,686
Folk Arts Program	074-2530-100-032-09	17,396	22,396	07/01/09	08/31/10		1,051	22,213
Folk Arts Program	074-2530-100-032-06	24,633	29,633	07/01/06	08/31/07		345	28,978
Folk Arts Program	074-2530-100-032-03	21,700	21,700	07/01/03	08/31/04		750	20,115
Service to the Field	074-2530-100-032-12	163,864	208,864	01/01/12	12/31/12		2,873	2,873
Service to the Field	074-2530-100-032-11	163,864	208,864	01/01/11	12/31/11	139,285	146,112	149,899
Service to the Field	074-2530-100-032-10	153,864	198,864	09/01/10	12/31/11	23,079	22,475	173,643
Service to the Field	074-2530-100-032-09	142,467	187,467	09/01/09	12/31/10		500	184,448
N.J. Historical Commission								
History Grant	074-2540-100-105-12	134,683	143,183	07/01/12	06/30/13	114,481	21,300	21,300
History Grant	074-2540-100-105-11	134,635	143,135	07/01/11	06/30/12	134,683	78,975	107,908
History Grant	074-2540-100-105-10	134,835	143,335	07/01/10	06/30/11		7,480	86,009
History Grant	074-2540-100-105-09	112,249	120,749	07/01/09	06/30/10		500	117,949
History Grant	074-2540-100-105-08	122,010	129,010	07/01/08	06/30/09		1,119	126,660
History Grant	074-2540-100-105-07	147,000	154,000	07/01/07	06/30/08		4,580	148,800
History Grant	074-2540-100-105-06	126,900	133,900	07/01/06	06/30/07		2,601	133,395
Total Department of State						428,881	314,602	1,353,171
Governor's Council on Alcoholism & Drug Abuse:								
Drug Enforcement Demand Reduction	082-2000-100-044-12	759,449	759,449	01/01/12	12/31/12	230,320	474,360	474,360
Drug Enforcement Demand Reduction	082-2000-100-044-11	759,449	759,449	01/01/11	12/31/11	353,322	349,975	722,053
Total Governor's Council on Alcoholism & Drug Abuse						583,642	824,335	1,196,413

COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

Schedule B
Page 6 of 6

STATE GRANTOR DEPARTMENT & PROGRAM TITLE	STATE ACCOUNT NUMBER	GRANT/ AWARD AMOUNT	PROGRAM AMOUNT	GRANT PERIOD		2012 PROGRAM RECEIPTS	2012 EXPENDITURES	CUMULATIVE EXPEND/CANC.
				FROM	TO			
N.J. State Department of Education:								
Debt Service Aid:								
County College Bonds	Ch. 12, P.L. 1971	1,694,510	1,694,510	01/01/12	12/31/12	1,694,510	1,694,510	1,694,510
Vocational School Bonds	034-5120-495-017-10	40,000	40,000	01/01/12	12/31/12	19,907	19,907	19,907
Total N.J. State Department of Education						<u>1,714,417</u>	<u>1,714,417</u>	<u>1,714,417</u>
Department of Transportation								
Highway Planning & Construction								
2012 Capital Transportation Program	078-6320-480-ALB-12	6,052,000	6,052,000	Indefinite		6,052,000		
2011 Capital Transportation Program	078-6320-480-AK2-11	6,052,000	6,052,000	Indefinite			997,144	997,144
2010 Capital Transportation Program	078-6320-480-AKT-10	7,750,000	7,750,000	Indefinite			2,939,645	2,939,645
2009 Capital Transportation Program	078-6320-480-AG-09	6,052,000	6,052,000	Indefinite			1,217,439	4,734,240
2008 Capital Transportation Program	078-6320-480-AJ6-08	6,051,000	6,051,000	Indefinite			39,790	2,478,144
2007 Capital Transportation Program	078-6320-480-AJW-07	6,051,000	6,051,000	Indefinite			392,269	4,886,367
2005/06 Capital Transportation Programs	078-6320-480-AJ6-05	10,620,000	10,620,000	Indefinite			22,726	10,478,643
Bordentown/Ernst Road	078-6300-480-FHY-10	9,886,179	9,886,179	06/03/10	12/31/13		4,759,135	5,730,121
Local Bridge Bond Act 99	078-6220-572-xxx	4,074,114	4,074,114	Indefinite			361,660	1,000,000
Local Bridge Bond Act 99	078-6220-572-xxx	11,012,000	11,012,000	Indefinite			207,259	9,817,786
New Brunswick Bikeway	N/A	834,117	834,117	01/01/10	12/31/10		24,365	806,536
Bridge 2-B-146 - South Avenue	N/A	1,000,000	1,000,000	Indefinite			1,000,000	1,000,000
Bridge 5-B-112 - Barclay	N/A	1,000,000	1,000,000	Indefinite			806,860	806,860
Total N.J. Department of Transportation						<u>6,052,000</u>	<u>12,768,292</u>	<u>45,675,486</u>
N.J. Transit Corp.:								
Senior Citizen & Disabled Resident								
Transportation Assistance	N/A	1,838,137	1,838,137	01/01/12	12/31/12	1,247,542	1,786,397	1,786,397
Transportation Assistance	N/A	2,287,409	2,287,409	01/01/11	12/31/11	444,431	47,757	2,267,549
South Amboy Shuttle	N/A	234,893	234,893	01/01/11	12/31/11		150,948	178,898
Total N.J. Transit Corp.						<u>1,691,973</u>	<u>1,985,102</u>	<u>4,232,844</u>
Total State Financial Assistance						<u>\$20,315,091</u>	<u>\$29,569,165</u>	<u>\$80,650,021</u>

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

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, 2012**

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, 2012**

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, 2012, as included in our report dated June 14, 2013, 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, 2012**

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 re 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, 2012, 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, 2012**

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, 2012**

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, 2012**

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, 2012**

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 2012.

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 Provided to Subrecipient</u>
14.218	Community Development Block Grant – Entitlement Grant	\$1,564,282
93.044	Special Programs for the Aging Title III, Part B	\$618,287
93.045	Special Programs for the Aging Title III, Part C	\$328,906

**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, 2012**

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. DISASTER GRANTS – PUBLIC ASSISTANCE – HURRICANE SANDY

Even though a single audit must be performed, grant recipients also are subject to additional audits by the DHS Office of the Inspector General and State auditors. OMB requires grant recipients to maintain financial and program records for 3 years beyond the date of final FSR or follow their and the Grantee's standard record retention policy if that policy requires record retention beyond the 3-year requirement. If an FSR is not required, records must be maintained for 3 years from the date of the final certification of completion of the applicant's last project.

NOTE 7: 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, 2012, 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, 2012**

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2012**

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>14.871</u>	<u>Low Income Housing Assistance – Section 8</u>
<u>17.258</u>	<u>WIA Cluster</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, 2012**

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.) Workforce Investment Act - Youth Activities</u>
<u>17.260</u>	<u>Workforce Investment Act - Dislocated Worker</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>
<u>93.558</u>	<u>WIA – Temporary Assistance for Needy Families Aging Cluster</u>
<u>93.044</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>93.563</u>	<u>Child Enforcement Program – Title IV</u>
<u>97.036</u>	<u>Disaster Grants – Public Assistance – Hurricane Sandy</u>

Dollar threshold used to distinguish between type A and B programs: \$924,209

Auditee qualified as low-risk auditee? X Yes No

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$887,075

Auditee qualified as low-risk auditee? X Yes No

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

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2012**

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

State Awards (Cont’d)

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>010-3380-579-001-12</u>	<u>Balz Property</u>
<u>042-4900-752-008-12</u>	<u>Recycling Enhancement Act Tax Entitlement</u>
<u>046-4220-100-329-12</u>	<u>Cancer Education & Early Detection</u>
<u>046-4230-100-080-12</u>	<u>Tuberculosis Control Program.</u>
<u>054-7550-100-125-009</u>	<u>Social & Welfare Services: Suppl. S.S.I.</u>
<u>078-6320-480-xxx-011</u>	<u>Capital Transportation Program</u>
<u>078-6300-480-xx-010</u>	<u>Bordentown/Ernston Road Project</u>
<u>078-6220-572-xxx</u>	<u>Local Bridge Bond Act 99</u>
<u>N/A</u>	<u>Bridge 2-B-146 South Ave</u>
<u>N/A</u>	<u>Bridge 5-B-112 Barclay</u>
<u>062-4545-767-003-011</u>	<u>Workforce Learning Link</u>

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2012**

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, 2012

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, 2012**

COUNTY OF MIDDLESEX, NEW JERSEY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2012

Noncompliances

Finding FY2011-01 – Compliance with Davis-Bacon Act

Grantor Department: Department of Transportation
Program Title: Local Bridge Bond Act 99
State Account Number: 078-6220-572-6220-xxx

Criteria:

The Davis-Bacon Act requires that construction projects over \$2,000 need to include a provision for compliance with prevailing wage requirements. It states that a Contractor shall place a copy of the current prevailing wage determination in each solicitation, and award of the contract shall be conditioned upon the acceptance of the wage determination. Under this Act, Contractors and Sub-Contractors are required to pay wages to laborers and mechanics at a rate not less than minimum wages specified in the wage determination established by the Department of Labor.

Condition:

We noted one contractor did not provide assurance to the County that compliance with the Davis-Bacon Act was being adhered to during the period.

Cause:

Although the County performs random investigations of its contractors for compliance with the Davis-Bacon Act, the certified payrolls selected may not have been investigated by the County.

Current Year Status:

Of the projects tested in the current year, the County is in compliance with the Davis Beacon Act. As a result no recommendation is made in the current year.

**SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2012**

**COUNTY OF MIDDLESEX, NEW JERSEY
SCHEDULE OF SECTION EIGHT MANAGEMENT
ASSESSMENT PROGRAM (SEMAP)
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2012**

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, 2012. 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, 2012**

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, 2012 and December 31, 2012.

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

6. Performance Indicator #6 – HQS Enforcement

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

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

7. Performance Indicator #7 – Expanding Housing Opportunities

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

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

8. Performance Indicator #8 – Deconcentration Bonus

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the County of Middlesex, New Jersey, as of and for the years ended December 31, 2012 and 2011 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, 2012 and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the County of Middlesex, New Jersey, as of December 31, 2012 and 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the County of Middlesex, New Jersey as of December 31, 2012 and 2011 and the results of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2012, on the basis of accounting described in Note 2.

Other Matters

Other Information

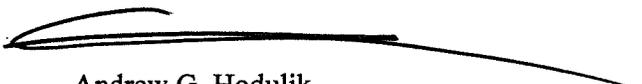
Our audit was made for the purpose of forming an opinion on the financial statements of the County of Middlesex, New Jersey. The information included in Part II – Supplementary Schedules and Part III – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated June 14, 2013 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.

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 14, 2013

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis, of the County of Middlesex as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County of Middlesex's financial statements and have issued our report thereon dated June 14, 2013. 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 statements presentation.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Purpose of this Report

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

Hodulik & Morrison, P.A.

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

Highland Park, New Jersey
June 14, 2013

COUNTY OF MIDDLESEX, NEW JERSEY
FINANCIAL STATEMENTS – REGULATORY BASIS

COUNTY OF MIDDLESEX, NEW JERSEY
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND DECEMBER 31, 2011

	REF.	<i>As of December 31,</i>	
		2012	2011
<u>ASSETS</u>			
Regular Fund:			
Cash and Investments	A - 4	\$ 63,943,479	\$ 65,444,088
Cash - Change Fund Reserve	Reserve	600	600
Local Grants Receivable	A - 5	115,918	149,004
State and Federal Grants Receivable	A - 6	47,277,220	48,929,601
<i>Total Regular Fund Assets</i>		<u>111,337,218</u>	<u>114,523,293</u>
Receivables and Other Assets with Full Reserves:			
Inventory	A - 7	1,549,701	1,467,002
Added & Omitted Taxes Receivable	A - 8	1,018,012	65,998
Revenue Accounts Receivable	A - 9	308,027	282,758
<i>Total Receivables and Other Assets with Full Reserves</i>		<u>2,875,740</u>	<u>1,815,758</u>
Total Assets		<u>\$ 114,212,958</u>	<u>\$ 116,339,051</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-10	\$ 6,802,842	\$ 6,693,913
Reserve for Encumbrances	A - 11	22,728,326	29,942,747
Accounts Payable	A - 12	171,087	423,101
Payroll Deductions	A - 13	1,661,167	1,150,878
Unappropriated Reserves	A - 15	182,919	270,506
Reserve for Local Grants:			
Appropriated	A - 14	2,467,513	1,933,277
Unappropriated	A - 18	321,880	359,791
Reserve for Federal & State Grants:			
Appropriated	A - 16	54,575,729	54,505,600
Unappropriated	A - 17	1,338,386	1,159,233
<i>Total Liabilities and Reserve for Grants</i>		<u>90,249,849</u>	<u>96,439,046</u>
Reserve for Receivables	Reserve	2,875,740	1,815,758
Fund Balance	A - 1	21,087,369	18,084,247
Total Liabilities, Reserves and Fund Balance		<u>\$ 114,212,958</u>	<u>\$ 116,339,051</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, 2012 AND DECEMBER 31, 2011

	REF.	<i>For the year ended December 31,</i>	
		2012	2011
Revenues:			
Fund Balance Utilized	A-1,A-2	-	\$ 3,694,000
Miscellaneous Revenue Anticipated	A - 2	\$ 102,547,965	99,910,031
Receipts from Current Taxes	A - 2	328,466,000	320,093,000
Receipts from Added and Omitted Taxes	A - 2	910,477	1,144,661
Miscellaneous Revenues Not Anticipated	A - 2	1,839,228	1,514,200
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A - 10	889,064	1,500,000
Accounts Payable Cancelled		-	1,900,000
Federal & State Grants Appropriated - Cancellations (Net)	A - 16	94,418	
<i>Total Income</i>		<u>434,747,152</u>	<u>429,755,892</u>
Expenditures:			
Budget Appropriations:			
Salaries and Wages	A - 3	105,210,530	98,750,577
Other Expenses	A - 3	186,660,731	190,169,251
Public and Private Programs	A - 3	44,245,811	41,928,524
Debt Service	A - 3	67,157,601	61,436,235
Capital Improvements	A - 3	1,500,000	2,425,000
Deferred Charges and Statutory Expenditures	A - 3	26,934,141	28,355,101
Other Debits to Income:			
Local Grants Receivable - Cancellations (Net)	A - 5	35,215	-
Federal & State Grants Receivable - Cancellations (Net)		-	3,880
<i>Total Expenditures</i>		<u>431,744,029</u>	<u>423,068,568</u>
<i>Excess in Revenue</i>		3,003,123	6,687,324
Fund Balance, January 1	A	<u>18,084,247</u>	<u>15,090,923</u>
		21,087,369	21,778,247
Decreased By:			
Utilization as Anticipated Revenue	A-1,A-2	-	3,694,000
Fund Balance, December 31,	A	<u>\$ 21,087,369</u>	<u>\$ 18,084,247</u>

See accompanying notes.

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

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
Miscellaneous Revenues:						
Local Revenues:						
County Clerk	A-9	\$ 7,319,600			\$ 7,666,199	\$ 366,599
Surrogate	A-9	413,700			645,240	231,540
Sheriff	A-9	465,400			748,605	283,205
Fines	A-9	626,400			288,937	(337,463)
Interest on Invests. and Deposits	A-9	216,591			135,655	(80,936)
Mental Health Clinics:						
Medical Examiner - Shared Services	A-9	140,300			185,733	45,433
State Share of Costs	A-9	729,794			818,133	88,339
Other Revenue	A-9	1,559,400			1,576,273	16,873
Adult Correction Facility - Work Release Fees	A-9	4,200			2,970	(1,230)
Adult Correction Facility Inmate Medical Co-Pay	A-9	14,500			15,682	1,182
Adult Correction Facility Inmate Processing Fees	A-9	299,200			297,507	(1,693)
Adult Correction Facility SSA Inmate Finders Fee	A-9	38,000			37,200	(800)
Archives and Records Management Service Fees	A-9	760,700			43,151	(449)
Bail Bond Forfeitures	A-9	43,600			211,055	(549,645)
Commissions Earned on Public Telephones in County Buildings	A-9	494,800			507,598	12,798
County Auction	A-9	200,900			183,706	(17,194)
Custody Charges - State Inmates in County Institutions	A-9	122,200			150,581	28,381
Discovery Fees and Reproduction Costs	A-9	136,900			167,096	30,196
Fire Academy Fees	A-9	243,800			266,697	22,897
Juv Detention Home Fees	A-9					
MCI/IA Skating Rink	A-9	106,600			123,555	16,955
Microfilm and Printing Fees	A-9	50,700			64,361	13,661
Municipal School District Share of Election Expense	A-9	748,600			378,302	(370,302)
N. J. Department of Education-Child Nutrition Program	A-9	113,100			70,919	(42,181)
Parks Department - Fees and Permits	A-9	356,400			361,308	4,908
Plays in the Park Admissions	A-9	164,600			183,738	19,138
Property Rentals	A-9	398,100			402,330	4,230
Road Opening Fees	A-9	65,800			87,484	21,684
Sale of Plans and Specifications	A-9	25,100			29,271	4,171
Subdivision and Site Plan Review Fees	A-9	399,900			374,136	(25,764)
State Aid:						
County College Bonds (N.J.S.A. 18:64A-22.6)	A-9	1,694,510			1,694,510	
State Assumption of Costs:						
Social and Welfare Services (C. 66, P.L. 1990):						
Supplemental Social Security Income	A-9	1,432,407			1,342,744	(89,663)
Psychiatric Facilities (C. 73, P.L. 1990):						
Board of County Patients in State and Other Institutions	A-9	10,605			10,101	(504)
Federal and State Revenues Offset with Appropriations:						
Workforce - DHS	A-6	325,057	\$ 7,617,462		7,942,519	
U.S. Department of Health and Human Services:						
Area Plan Grant - Program on Aging - Title III Federal	A-6	2,167,842			4,335,951	
HIV Emergency Relief Program	A-6		2,168,109		2,697,231	
Childhood Lead Poisoning Prevention	A-6		130,000		130,000	
Comprehensive Cancer	A-6		132,763		132,763	
FDA Voluntary Retail Food	A-6		2,500		2,500	

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

Federal and State Revenues Offset with Appropriations (continued):

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
U.S. Department of Justice:						
P. Coverdell Forensic Grant	A-6		26,800		26,800	
U.S. Department of Transportation:						
Subregional Transportation Planning	A-6	150,960	472,812		150,960	
Job Access Reverse Commute	A-6				472,812	
Sub-Regional Study - Route 18	A-6	80,000			80,000	
Advanced HazMat Training	A-6		59,771		59,771	
HazMat Emergency-Hazmat Training	A-6		7,563		7,563	
Interoperable Emergency Communications	A-6	220,881			220,881	
Reimbursement for UASI Grant S/W	A-6		37,213		37,213	
N.J. Department of Law & Public Safety:						
Division of Criminal Justice:						
ARRA Stop Violence Act	A-6		32,952		32,952	
Body Armor Replacement Program - Sheriff	A-6	40,951	10,006		50,957	
Delinquency Prev. Through Evidence Based Soc. Education	A-6	103,931			103,931	
Megan's Law JAG 1-12-08	A-6		19,437		19,437	
Middlesex Cty. Victim Assistance Program	A-6	234,311			234,311	
NJ Victim Assistance Grant	A-6		55,000		55,000	
Victim Witness Advocacy - Supplement	A-6	62,413			62,413	
Division of Highway and Traffic Safety:						
D.W.I. Enforcement Grant	A-6	33,040			33,040	
New Freedom Grant	A-6		362,731		362,731	
Move Over Law Program	A-6		74,625		74,625	
Juvenile Justice Commission:						
Family Court Services	A-6	253,853			253,853	
Juvenile Assistance Incentive Block Grant	A-6	39,571			39,571	
Juvenile Education	A-9	420,750			423,000	
NJ Community Partnership Grant Program	A-6	465,154			465,154	
Division of State Police:						
Don't Drink and Drive	A-6		15,130		15,130	
Edward Byrne Memorial	A-6		23,530		23,530	
Governors Grant in Aid	A-6		45,595		45,595	
Homeland Security - 12UASI	A-6		734,836		734,836	
Homeland Security Grant	A-6		779,535		779,535	
Insurance Fraud Reimb.	A-6	100,000	100,000		100,000	
Multi Jurisdictional NARC Task Force	A-6		110,447		110,447	
NJ Task Force Child Abuse& Neglect	A-6		19,385		19,385	
SART/SANE Project	A-6		75,935		75,935	
Sexual Assault Advocacy	A-6		8,482		8,482	
Stop Violence Against Women Formula Grant	A-6		15,000		15,000	
Urban Areas Security Unit.	A-6		598,000		598,000	
Urban Areas Security Int.	A-6		250,092		250,092	
N.J. Department of Military & Veterans Affairs:						
Transport Disabled Veterans	A-6		22,000		22,000	

2,250

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

	REE	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
Federal and State Revenues Offset with Appropriations (continued):						
N.J. Department of Community Affairs:						
Rape Crisis Intervention - DCA	A-6	51,000			51,000	
Recreation - Individuals with Disabilities	A-6		7,500		7,500	
Sexual Assault, Abuse and Rape	A-6		31,159		31,159	
N.J. Department of Environmental Protection:						
Clean Communities Program	A-6		76,150		76,150	
Environmental Health Act	A-6	248,020	54,485		302,505	
Recycling Enhancement Act - Interest	A-6		1,364		1,364	
Section 604B Water Quality Mgt Grant	A-6		40,000		40,000	
Solid Waste Service Fund	A-6		485,100		485,100	
N.J. Department of Health & Senior Services:						
Breast & Cervical Cancer Education & Early Detection	A-6		499,800		499,800	
Cancer Control Plan at the County Level	A-6		52,407		52,407	
Home Care Services - Respite Program	A-6	360,721			360,721	
MC Area Wide S.H.I.P. Grant	A-6		31,000		31,000	
NJDH&S CEED Program	A-6		31,250		31,250	
Preparedness & Response for Bioterrorism	A-6		750,705		750,705	
Public Health Priority Funding - 1977	A-6	233,252			233,252	
Special Child Early Intervention	A-6		181,240		181,240	
Tuberculosis Program	A-6	169,845	28,301		198,146	
Tuberculosis Program - State	A-6		219,121		219,121	
Worker and Community Right-to-Know Act	A-6	18,119			18,119	
N.J. Department of Human Services:						
Area Wide Transportation Grant	A-6	194,000	150,000		344,000	
DH & SS Caregiver Assistance Program	A-6	205,000	290,000		495,000	
DYFS - Community-Based Program - JINS	A-6	798,894			798,894	
DYFS - Residential Treatment Services	A-6	939,875			939,875	
DYFS - Services to the Homeless	A-6	593,588	2,082		595,670	
Human Services Council	A-6	142,261		37,500	104,761	(37,500)
Personal Attendant Demonstration Project	A-6	700,000		297,502	402,498	(297,502)
Senior Meals - SIBA	A-6		84,025		84,025	
Youth Incentive Program	A-6	47,550			47,550	
N.J. Department of Education:						
North Brunswick - Title I Funds Compensatory Education	A-6	303,606			303,606	
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	1,838,137			1,838,137	
N.J. Department of Transportation:						
Capital Transportation Project	A-6		6,052,000		6,052,000	
MUTCD Traffic Sign Inventory	A-6		133,000		133,000	
N.J. Council on the Arts:						
Folk Art Program	A-6		17,353		17,353	
Local Arts Program	A-6		163,864		163,864	
N.J. Historical Commission Service	A-6		134,683		134,683	

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

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
Local Revenues Offset with Appropriations: Miscellaneous:						
Client Contribution - Ensure Program	A-5		691		691	
Commission on Women	A-5		4,333		4,333	
Disaster Liaison Grant	A-5		2,500		2,500	
Fares, Donation & Adv. Transportation	A-5	110,000	189,000		299,000	
Improvement Woodbridge - Gurley	A-5		1,000,000		1,000,000	
Improvements New Brunswick, Piscataway	A-5		220,570		220,570	
Interlocal Service Trans. Sayreville	A-5	207,987			207,987	
Interlocal Service Trans. Woodbridge	A-5	349,508			349,508	
Johnson & Johnson, New Brunswick	A-5		30,000		30,000	
Kessler Foundation	A-5		48,048		48,048	
MC Nutrition Client Fee	A-5	50,000			297,733	
MCIA - Paint Recycling Program	A-5	154,601	247,733		305,963	
MCUA - Solid Waste Contract	A-5	436,878	151,362		436,878	
Medicare County Multi Assist Cost Share Program	A-5	12,000			31,000	
Medicare Reimbursement Flu Vaccine	A-5	95,000	19,000		95,000	
North Brunswick Board of Education:						
Middlefields Program	A-5	62,800			62,800	
Respite Cost Share Program	A-5	2,500			2,500	
SIMS Electronics Recycling	A-5		91,653		91,653	
Miscellaneous Revenues:						
Open Space Trust Fund	A-9	12,905,254			12,905,254	
Lease Purchase BSS Building	A-9	1,982,669			1,982,669	
Other Special Items:						
Child Support Enforcement Program IV-D - Federal Aid:						
Courts and County Clerk	A-9	423,200			420,101	(3,099)
Health Aid - Municipalities	A-9	2,221,934			2,100,956	(120,978)
Intoxicated Driver Resource Center Fees	A-9	313,000			313,000	
N.J. Dept. of Education - Debt Service Aid - Vocational Schools	A-9	40,000			19,907	(20,093)
Open Space Trust Fund - County Bonds	A-9	716,600			716,600	
Sheriff	A-9	376,500			308,517	(67,983)
Added and Omitted Taxes	A-8	65,998			65,998	
Additional Revenue - County Clerk	A-9	1,716,900			1,802,935	86,035
Additional Revenue - Sheriff	A-9	323,400			520,217	196,817
Additional Revenue - Surrogate	A-9	325,100			506,974	181,874
Capital Surplus	A-9	26,773			26,773	
Capital Surplus - 2010 MCIA Closeout	A-9	662,343			662,343	
Central Inventory Control	A-9	3,250,000			3,424,317	174,317
Civic Square II Lease / Purchase - New Brunswick Share	A-9	858,065			858,065	
Debt Service - ER 1&2 MCC, Vo Tech and Mosquito Commission	A-9	328,874			328,874	
Division of Development Disabilities	A-9	77,513			163,674	86,161
Extension Service - Solar Panels Revenue	A-9	6,100			3,797	(2,303)
Fire Marshall - Fire Prevention	A-9	162,834			159,440	(3,394)
Fringe Benefits & Indirect Costs - State and Federal Grants	A-9	1,876,000			1,960,656	84,656
Green Acres Farm Lease	A-9	3,351			3,401	50
Health Dept. Flu Shots	A-9	12,800				(12,800)
Office on Aging - State of N.J. Grant	A-9	20,000			20,000	

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

	REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
Other Special Items (continued):						
Heildrich Conference Center Debt Service Reimbursement	A-9	224,695			224,695	
Tamarack Golf Course	A-9	250,000			250,000	
MCIA Reimbursement - IT Services	A-9	70,000			62,500	(7,500)
MCUA Franchise Fee	A-9	3,500,000			3,500,000	
Medicare - Part D	A-9	762,200			516,974	(245,226)
Mercer County - Youth Services	A-9	2,084,238			1,562,799	(521,439)
Monmouth County Youth Detention	A-9	2,573,022			2,569,224	(3,798)
Municipal Agreements for Road Paving	A-9	396,200			174,674	(221,526)
New Brunswick Housing Authority Reimbursement						
Bus Transportation Project	A-9	128,958			127,601	(1,357)
Prosecutor Salary (State Mandated)	A-9	65,000			65,000	
RBMHC - Partial Care Program	A-9	51,800			49,712	(2,088)
RCC Share of 2006 MCIA Lease/Purchase	A-9	118,190			118,190	
RCC Share of 2008 MCIA Lease/Purchase	A-9	446,580			446,580	
Reserve for Payment of BANS due 12/21/12	A-9	568,125			568,125	
Service Agreement - Admin. Office of the Court	A-9	139,600			72,172	(67,428)
Shari Borden Annuity Remittance	A-9	218,311			218,311	
Somerset Cty Debt Service Share - Juvenile Detention Center	A-9	512,683			512,683	
Somerset Cty Share of Education - Juvenile Detention Center	A-9	22,503			33,561	11,058
Somerset Cty Share of Operations - Juvenile Detention Center	A-9	597,979			602,526	4,547
State Criminal Alien Assistance Program (SCAAP)	A-9	269,328			269,328	
State of N.J. Poll Worker Reimbursement	A-9	604,263			610,608	6,345
Union County Shared Services - Health	A-9	87,405			50,487	(36,918)
Total Miscellaneous Revenues	A-1	75,466,000	28,226,421	335,002	102,547,965	(1,144,456)
Amount to be Raised by Taxation:						
County Purpose Tax	A-1,A-8	328,466,000			328,466,000	
Budget Totals		403,932,000	28,226,421	335,002	431,013,965	(1,144,456)
Non-Budget Revenue:						
Added and Omitted Taxes	A-1,A-8				910,477	910,477
Miscellaneous Revenue Not Anticipated	A-1,A-2				1,839,228	1,839,228
Total Revenue	REF.	\$ 403,932,000	\$ 28,226,421	\$ 335,002	\$ 433,763,670	\$ 1,605,249
		A-3	A-3	A-3	A-1	

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

REF.	ADOPTED BUDGET	SPECIAL N.J.S.40A:4-87	REVENUES CANCELLED	REALIZED	EXCESS (DEFICIT)
				\$	
Non-Budget Revenue:					
Miscellaneous Revenue Not Anticipated:					
Other Fees:					
Garnishees				5,529	
Autopsy Reports				10,460	
Appeal Fees				1,700	
Community Labor Fees - Adult Correction				13,352	
Ranger User Fees				4,000	
Copies				2,951	
Extension Services Fees				28,200	
Vending Machines				3,100	
Health & Inspection Fees				52,897	
Plan Performance Guarantee Retirement Fees				48,156	
MCIA Rollerblade Rink				11,779	
Misc. Other Fees				37,346	
Reimbursements:					
Federal Tax Refund				23,505	
Hurricane Irene				469,233	
IT S/W Old Bridge Long-Term Care Facility				298,798	
Misc. Other Reimbursement				6,714	
NJS Snowstorm Reimb				61,482	
Various Settlements:					
Great Northern - Personal Property Damage				26,255	
S.E.R.A. Settlement				172,518	
Other Misc. Revenue not Anticipated:					
Prior Year Voids				6,061	
MC Sheriffs Summons				275,000	
Payment in Lieu of Taxes				130,641	
Close Various Accounts:					
Alcoholism Grants Write-off				49,955	
Drainage Accounts				62,475	
Other Misc. Receipts				37,121	
Miscellaneous Revenues Not Anticipated				\$ 1,839,228	

A-1, A-4

See accompanying notes.

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			RESERVED	CANCELLED
			EXPENDED	ENCUMBERED			
	\$	\$	\$	\$	\$		
GENERAL GOVERNMENT							
ADMINISTRATION AND EXECUTIVE:							
Board of Chosen Freeholders:							
Salaries and Wages	150,000	143,580	140,270		3,310		
Other Expenses	28,925	23,100	20,536	20	2,544		
County Administrator:							
Salaries and Wages	249,200	224,699	219,844		4,855		
Other Expenses	4,410	4,410	1,545	234	2,631		
Office of the Director:							
Salaries and Wages	31,700	42,980	41,676		1,304		
Secretarial Help:							
Salaries and Wages	102,200	102,983	100,592		2,391		
Advertising	2,000	1,000	664		336		
Audit	88,000	88,000	2,090	85,910	-		
Information Technology:							
Salaries and Wages	1,012,700	1,058,284	1,028,080		30,204		
Other Expenses	1,630,620	1,730,620	1,489,275	220,856	20,489		
Department of Real Estate:							
Salaries and Wages	198,800	195,135	189,927		5,208		
Other Expenses	3,958,682	3,912,582	3,738,802	171,098	2,682		
Department of Insurance:							
Salaries and Wages	83,000	85,428	83,228		2,200		
Other Expenses	1,430	1,430	1,023	79	328		
Department of Finance:							
County Treasurer's Office:							
Salaries and Wages	444,100	451,076	439,502		11,574		
Other Expenses	6,008	4,668	3,392	435	841		
County Comptroller's Office:							
Salaries and Wages	1,241,600	1,272,901	1,237,487		35,414		
Other Expenses	275,000	263,000	218,105	2,924	41,971		
Legal Department:							
County Counsel:							
Salaries and Wages	878,600	868,395	843,596		24,799		
Other Expenses	194,450	164,850	135,598	18,300	10,952		
County Adjuster's Office:							
Salaries and Wages	420,100	421,310	411,794		9,516		
Other Expenses	35,860	30,430	25,122	3,925	1,383		
Clerk of the Board:							
Salaries and Wages	155,400	158,425	154,929		3,496		
Other Expenses	22,495	20,145	12,259	7,508	378		

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			RESERVED	CANCELLED
			EXPENDED	ENCUMBERED			
GENERAL GOVERNMENT							
ADMINISTRATION AND EXECUTIVE (continued):							
Personnel Department:							
Salaries and Wages	701,900	678,578	663,470		15,108		
Other Expenses	90,740	53,540	25,374	23,869	4,297		
County Clerk:							
Salaries and Wages	1,505,400	1,538,594	1,501,389		37,205		
Other Expenses	41,550	38,620	33,122	1,913	3,585		
Prosecutor's Office:							
Salaries and Wages	16,832,600	16,788,797	16,361,268	118,630	427,529		
Other Expenses	582,132	547,232	390,218		38,384		
Purchasing Department:							
Salaries and Wages	1,058,400	1,086,173	1,058,151	996	28,022		
Other Expenses	15,545	14,735	12,651		1,088		
Public Property							
Salaries and Wages	1,563,100	1,538,860	1,499,857		39,003		
Other Expenses	3,262,225	3,251,025	3,214,932	17,772	18,321		
Central Vehicle Maintenance and Repair:							
Salaries and Wages	539,200	678,200	614,519		63,681		
Other Expenses	265,355	265,355	211,922	51,620	1,813		
Parking Facilities							
Other Expenses	1,948,992	1,906,862	1,631,402	274,671	789		
Office of Economic Development							
Salaries and Wages	395,700	401,598	389,454		12,144		
Other Expenses	36,050	18,340	7,734	7,133	3,473		
Economic Commissioner							
Other Expenses	9,800	9,800	9,800				
Central Mail, and Reproduction:							
Salaries and Wages	613,200	614,880	600,640		14,240		
Other Expenses	538,327	588,327	560,431	26,788	1,108		
Div. Of Archives & Record Mgt.							
Salaries and Wages	426,200	416,540	406,105		10,435		
Other Expenses	43,546	33,896	22,746	7,459	3,691		
Insurance:							
Group Insurance Plan for Employees	47,981,884	47,981,884	47,205,660	555,422	220,802		
Worker's Compensation	2,375,000	2,342,800	2,342,800				
Surety Bond Premiums	14,400	12,670	12,654		16		
Other Insurance Premiums	1,750,000	750,000	750,000				
Temporary Disability Insurance	147,000	145,020	145,018		2		
TOTAL GENERAL GOVERNMENT	93,953,526	92,971,757	90,210,653	1,597,562	1,163,542		

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			RESERVED	CANCELLED
			EXPENDED	ENCUMBERED			
<u>JUDICIARY</u>							
County Surrogate:							
Salaries and Wages	627,000	629,765	614,531		15,234		
Other Expenses	24,665	23,465	19,309	3,071	1,085		
Psychiatric and Legal Counsel Fees for Involuntary Civil Commitments (Admin. Office of the Court Rules 4:74-7):							
Other Expenses	75,000	67,500	58,800	8,700			
TOTAL JUDICIARY	726,665	720,730	692,640	11,771	16,319		
<u>UTILITIES & BULK PURCHASES</u>							
Utilities	5,112,069	4,397,069	3,812,768		584,301		
Central Inventory Control	3,250,000	3,190,000	3,011,638		178,362		
TOTAL UTILITIES & BULK PURCHASES	8,362,069	7,587,069	6,824,406		762,663		
<u>REGULATION</u>							
Sheriff's Office:							
Salaries and Wages	17,549,400	16,989,867	16,382,959		606,908		
Other Expenses	341,085	346,085	275,626	70,459			
Weights and Measures Department:							
Salaries and Wages	111,700	152,079	142,204	149	9,875		
Other Expenses	7,110	7,810	7,661				
Board of Taxation:							
Salaries and Wages	349,300	315,330	308,665		6,665		
Other Expenses	10,980	10,980	9,475	1,192	313		
County Medical Examiner:							
Salaries and Wages	1,206,500	1,296,700	1,255,123		41,577		
Other Expenses	279,009	294,009	228,750	36,944	28,315		
Board of Elections:							
Salaries and Wages	1,138,000	1,348,206	1,316,452		31,754		
Other Expenses	1,945,835	1,692,115	1,398,622	55,018	238,475		
Elections (County Clerk)							
Salaries and Wages	154,800	176,120	171,893		4,227		
Other Expenses	652,100	561,100	513,464	39,657	7,979		
Office of Emergency Management:							
Salaries and Wages	196,000	196,582	191,565		5,017		
Other Expenses	19,675	299,675	223,667	4,971	71,037		

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			RESERVED	CANCELLED
			EXPENDED	ENCUMBERED			
<u>REGULATION (continued):</u>							
County Planning Board (R.S. 40:27-3)	1,236,000	1,254,522	1,210,341		44,181		
Salaries and Wages	34,085	29,710	22,177	1,776	5,757		
Other Expenses							
Construction Board of Appeals	3,850	2,250	1,249	545	456		
Other Expenses							
TOTAL REGULATION	25,235,429	24,973,140	23,659,893	210,711	1,102,536		
<u>ROADS AND BRIDGES</u>							
Highways and Bridges:							
Salaries and Wages	652,100	731,166	610,728		120,438		
Other Expenses	944,693	394,693	(394,145)	98,158	690,680		
Lighting of Highways and Bridges	67,000	67,000	55,948		11,052		
Engineering Department:							
Salaries and Wages	233,000	288,757	231,468		57,289		
Other Expenses	46,060	37,160	33,050	3,174	936		
Road Supervisor's Office:							
Salaries and Wages	279,600	266,191	254,800		11,391		
Bridge Maintenance:							
Salaries and Wages	247,400	225,150	217,125		8,025		
Other Expenses	4,248	4,248	3,762	484	2		
TOTAL ROADS AND BRIDGES	2,474,101	2,014,365	1,012,736	101,816	899,813		
<u>CORRECTIONAL AND PENAL</u>							
Adult Correction and Facility:							
Salaries and Wages	22,579,800	24,543,313	23,919,105		624,208		
Other Expenses	8,427,495	8,427,495	6,811,582	864,046	751,867		
Juvenile Detention Center:							
Salaries and Wages	5,256,100	4,990,711	4,856,130		134,581		
Other Expenses	954,615	874,065	622,587	154,722	96,756		
Office of Consumer Affairs							
Salaries and Wages	311,800	316,724	309,105		7,619		
Other Expenses	1,240	1,240	1,115	47	78		
TOTAL CORRECTIONAL AND PENAL	37,531,050	39,153,548	36,519,624	1,018,815	1,615,109		

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			RESERVED	CANCELLED
			EXPENDED	ENCUMBERED			
HEALTH AND WELFARE							
Public Health Service - Interlocal Agreement:							
Salaries and Wages	2,583,600	2,916,974	2,845,249		71,725		
Other Expenses	20,540	14,340	13,434	378	528		
Environmental Health Act (CH. 443, P.L. 1977):							
Salaries and Wages	187,600	183,053	179,336		3,717		
Other Expenses	26,360	33,910	33,910				
Specialty Challenged Children							
Salaries and Wages	57,000	84,900	73,735		11,165		
Environmental Health							
Salaries and Wages	351,500	642,571	642,571				
Other Expenses	11,205	26,205	11,937	13,119	1,149		
Dept. of Community Services							
Salaries and Wages	61,400	70,470	64,977		5,493		
Other Expenses	10,000	8,500	5,129	1,696	1,675		
HS - County Wide Referral System	53,785	31,385	31,384		1		
Haz Mat Division							
Salaries and Wages	766,500	960,180	936,582		23,598		
Other Expenses	30,300	63,300	48,112	4,064	11,124		
Raritan Bay Mental Health Clinic (N.J.S.A. 40:5-2.9):							
Salaries and Wages	4,965,100	5,015,646	4,876,981		138,665		
Other Expenses	611,976	558,626	473,476	24,178	60,972		
Raritan Bay Mental Health Center - Partial Care Program	37,250	35,150	23,608	8,791	2,751		
Alcohol Services							
Other Expenses	152,494	152,494	151,998	153	343		
Roosevelt Care Center							
Other Expenses	7,500,000	7,500,000	7,500,000				
Mental Health Administrator							
Salaries and Wages	389,600	365,902	356,741		9,161		
Other Expenses	579,869	579,869	470,856	108,587	426		
Aid to Middlesex County Unit - N.J. Association for Retarded Children (N.J.S.A. 40:23-8.11)							
Salaries and Wages	18,920	18,920	14,190	4,730			
Social Hygiene Clinic:							
Salaries and Wages	203,900	174,530	168,498		6,032		
Other Expenses	15,400	12,050	9,411	1,762	877		
Board of Social Services:							
Administration	13,354,618	13,354,618	13,354,618				
Services	604,318	604,318	597,411	6,907			
Assistance to Supplemental Security Income Recipients	1,432,407	1,432,407	1,432,407				
Temporary Assistance for Needy Families	566,410	566,410	566,410				

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			RESERVED	CANCELLED
			EXPENDED	ENCUMBERED			
HEALTH AND WELFARE (continued):							
War Veterans Burial and Grave Decorations:							
Other Expenses	39,653	39,653	39,652			1	
MC Mid School After School	50,000	50,000		50,000			
Department of Human Services:							
Salaries and Wages	478,600	449,348	442,431			6,917	
Other Expenses	211,406	204,406	199,937		3,256	1,213	
Home Care for the Elderly (N.J.S.A. 30:4D-3)							
Salaries and Wages	124,400	122,610	119,790			2,820	
Other Expenses	1,308,760	1,304,760	921,659			2,514	
Mosquito Extermination Commission (N.J.S.A. 26:9-13 et seq.)	2,450,399	2,450,399	2,450,399				
Maintenance of Patients in State Institutions for Mental Diseases							
Local Share	3,768,358	3,712,858	3,712,719			139	
MC Indigent Res. - Other County	310,800	370,800	370,800				
Aid to Kiddie Keep Well Camp (N.J.S.A. 40:23-8.17)	90,015	90,015	67,511		22,504		
Aid to New Brunswick Day Care Council, Inc. - (N.J.S.A. 40:23-8.14)	68,450	68,450	51,337		17,113		
Aid to South County Day Care Center (N.J.S.A. 40:23-8.14)	12,320	12,320	9,240		3,080		
Aid to Cerebral Palsy Association (N.J.S.A. 40:23-8.11)	83,720	83,720				83,720	
Bus Service - Board of Social Services Clients - Contractual Salaries and Wages	136,600	135,800	131,565				
Other Expenses	43,000	43,000	43,000				
Aid to South Brunswick Center for Independent Living	8,360	8,360	8,360				
Aid to Women Aware Inc. (N.J.S.A. 40:23-8.14)	49,450	49,450	36,862			12,588	
Aid to Middlesex Cty. Legal Services Corp. (N.J.S.A. 44:12-2)	82,925	82,925	62,193			20,732	
Aid to MIPH	9,780	9,780	7,335			2,445	
Aid to Edison Sheltered Workshop (N.J.S.A. 40:23-8.11)	21,980	21,980	16,485			5,495	
Aid to Puerto Rican Action Bd. (N.J.S.A. 40:23-8.14)	75,165	75,165	56,374			18,791	
Aid to Puerto Rican Association for Human Development (N.J.S.A. 40:23-8.14)	40,075	40,075	30,056			10,019	
Aid to Child Assault Prevention Program	9,490	9,490	7,117			2,373	
Aid to Jewish Family Service of Middlesex Cty. - (N.J.S.A. 40:5-2.9)	26,950	26,950	20,212			6,738	
Aid to Anshe Elneth CDC	9,780	9,780	7,335			2,445	
Aid to Elijah's Promise	26,405	26,405	19,804			6,601	
Laurel House	22,000	22,000	16,500			5,500	
Aid to MCC	16,715	16,715	12,536			4,179	
Aid to Salvation Army - Perth Amboy	29,335	29,335	29,335				
Aid to Catholic Charity Diocese of Metuchen	94,104	94,104	71,947			22,157	

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			CANCELLED
			EXPENDED	ENCUMBERED	RESERVED	
HEALTH AND WELFARE (continued):						
Interfaith Network Care	15,745	15,745		15,745		
FISH Hospitality Program Inc.	20,070	20,070	15,052	5,018		
Monarch Housing Association	18,125	18,125	13,594	4,531		
TOTAL HEALTH AND WELFARE	44,344,987	45,121,321	43,874,098	796,262	450,961	-
EDUCATION						
Office of County Superintendent of Schools:						
Salaries and Wages	283,300	281,605	275,081		6,524	
Other Expenses	7,375	7,375	3,872	1,121	2,382	
Vocational School	23,314,842	23,314,842	23,314,842			
County Extension Services - Farm and Home Demonstrations:						
Salaries and Wages	398,400	393,743	383,618		10,125	
Other Expenses	43,850	50,850	10,042	3,311	37,497	
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	196,289		128,711	
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	490,200	501,036	488,291		12,745	
Other Expenses	95,243	95,243	77,364	15,925	1,954	
Fire Inspection Bureau:						
Salaries and Wages	115,000	102,790	99,771	610	3,019	
Other Expenses	10,270	6,270	4,904		756	
Fire Training Academy:						
Salaries and Wages	760,300	681,666	307,338		374,328	
Other Expenses	326,957	305,207	246,068	50,815	8,324	
East Jersey Olde Towns:						
Salaries and Wages	229,500	237,230	230,963		6,267	
Other Expenses	44,319	44,319	22,734	19,014	2,571	
TOTAL EDUCATION	42,360,218	42,262,838	41,575,839	90,796	595,203	1,000
RECREATION						
County Parks Department:						
Salaries and Wages	5,529,400	6,089,713	5,933,030		156,683	
Other Expenses	1,000,496	994,796	828,210	165,419	1,167	
TOTAL RECREATION	6,529,896	7,084,509	6,761,240	165,419	157,850	-

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			RESERVED	CANCELLED
			EXPENDED	ENCUMBERED			
UNCLASSIFIED							
Solid Waste Management	373,000	374,367	364,886		9,481		
Salaries and Wages	8,488	8,488	7,623		865		
Other Expenses	113,036	107,036	105,430	1,050	556		
Garbage and Trash Removal (Contractual)							
Aid to New Jersey Association of Correction (N.J.S.A. 40:23-8.19)	36,215	36,215	27,161	9,054			
Matching Fund for Grants	83,500	8,521					8,521
Cornelius Low House Museum	29,846	29,846	22,657	5,571	1,618		
Supplemental Compensation at Retirement	500,000	500,000	500,000				
Life Support Program - New Brunswick - Contractual	53,000	53,000	53,000				
Intoxicated Driver Resource Center Fees	313,000	291,000	274,776	16,224			
Employee Child Care	83,000	80,000	74,592		5,408		
Aid to Keep Middlesex Moving, Inc.	14,500						
Civic Square III Lease / Purchase	1,549,919	1,549,919	1,549,919				
Civic Square II Lease / Purchase	1,521,716	1,521,716	1,521,715		1		
COP Lease Purchase BBS Building	1,982,669	1,982,669	1,982,669				
M.C. Improvement Authority - Capital Lease Purchase	3,381,822	3,381,822	3,345,345		1		36,476
Open Space Trust Bonds	12,905,254	12,905,254	12,905,254				
Dept. of Transportation:							
Salaries and Wages	198,500	157,294	155,008		2,286		
Other Expenses	102,745	252,745	204,600	48,105	40		
Salary & Wage Adjustment	3,534,000	2,780,503	2,780,465		38		
Civic Square IV Lease / Purchase	3,043,425	3,043,425	3,037,425				6,000
MCIA/Recycling Operation	773,334	773,334	773,334				
TOTAL UNCLASSIFIED	30,600,969	29,837,154	29,685,859	80,004	20,294	50,997	

PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES

Work Force Investment Act	90,524	2,689,337	2,689,337				
Work first REDI Grant		561,825	561,825				
Work first - NJ Grants		2,166,544	2,166,544				
Work first - Transportation Services		211,890	211,890				
Dislocated Workers	234,533	2,312,923	2,312,923				

U.S. Dept. of Justice:
P. Coverdell Forensic Grant

26,800

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012		
			EXPENDED	ENCUMBERED	RESERVED
					CANCELLED
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):					
U.S. Dept. of Health and Human Services:					
Comprehensive Cancer Control		132,763	132,763		
FDA Voluntary Retail Food Program Standards Initiative		2,500	2,500		
Senior Meals of Middlesex County	1,425,111	2,315,113	2,315,113		
Area Plan Grant for Program on Aging - Title III	1,709,668	2,987,775	2,987,775		
HIV Emergency Relief Program		2,897,231	2,897,231		
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		472,812	472,812		
Sub Regional Study - Rt. 18	80,000	80,000	80,000		
N.J. Dept. of Law and Public Safety:					
Division of Highway and Traffic Safety:					
Don't Drink and Drive		15,130	15,130		
Move Over Law Program		8,000	8,000		
SART/SANE Project		75,935	75,935		
I1 Comprehensive Traffic Safety		66,625	66,625		
County D. W.I. Enforcement Grant	33,040	33,040	33,040		
Division of Criminal Justice:					
Body Armor Replacement Program - Corrections					
	20,779	20,779	20,779		
Body Armor Replacement Program - Prosecutors					
Body Armor Program - Sheriff	7,146	27,152	27,152		
Megan's Law JAG 1-12-08	13,026	13,026	13,026		
NJ Victim Assistance Grant		25,916	25,916		
Victim Assistance Project		55,000	55,000		
Victim Witness Advocacy - Supplement	234,311	234,311	234,311		
ARRA Stop Violence Grant	62,413	62,413	62,413		
Interoperable Emergency Comm.	220,881	32,952	32,952		
Delinquency Prev. Through Evidence Based Sic. Learning	103,931	220,881	220,881		
		103,931	103,931		
Juvenile Justice Commission:					
Juv. Justice Detention Education	751,500	751,500	751,500		
State/Community Partnership Grant Program	465,154	465,154	465,154		
Family Court Service	253,853	253,853	253,853		
Juvenile Incentive Block Program	43,968	43,968	43,968		
Homeland Security Grant					
Urban Area Homeland Security FY 08		779,535	779,535		
HazMat Emergency-Hazmat Training		734,836	734,836		
		7,563	7,563		

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			CANCELLED
			EXPENDED	ENCUMBERED	RESERVED	
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):</u>						
Division of State Police:						
Advanced HazMat Training		59,771	59,771			
ARRA - Stop Violence		15,000	15,000			
Edward Byrne Memorial Justice Assistance Grant		23,530	23,530			
Governor's Grant in Aid		45,595	45,595			
Insurance Fraud Reimb.		100,000	100,000			
Multi Jurisdictional NARC Task Force		110,447	110,447			
NJ Task Force Child Abuse & Neglect		19,385	19,385			
Sexual Assault Advocacy		8,482	8,482			
UASI Grant		298,000	298,000			
Urban Areas Security Init.		300,000	300,000			
Urban Areas Security Int.		250,092	250,092			
N.J. Department of Community Affairs:	303,606	303,606	303,606			
MC Youth Services Title I						
N.J. Department of Community Affairs:	51,000	51,000	51,000			
Rape Crisis Intervention		31,159	31,159			
Sexual Assault, Abuse and Rape		7,500	7,500			
Recreation - Individuals with Disabilities						
N.J. Department of Environmental Protection:						
Clean Communities Program		76,150	76,150			
Solid Waste Service Fund		485,100	485,100			
Recycling Enhancement Act - Interest		1,364	1,364			
Section 604B Water Quality Mgt Grant		40,000	40,000			
Environmental Health Act	703,320	757,805	757,805			
N.J. Department of Health & Senior Services:						
Comprehensive Cancer Control		52,407	52,407			
Tuberculosis Program		198,146	198,146			
MC Area Wide S.H.I.P. Grant	169,845	31,000	31,000			
PH-Preparation & Response - Bioterror		750,705	750,705			
Area Wide Transportation Grant		1,126,979	1,126,979			
DYFS - Services to the Homeless		593,588	595,670			
Public Health Priority Funding		233,252	233,252			
DYFS - Home Care Services - Respite Program		360,721	360,721			
DYFS - Residential Treatment Services		939,875	939,875			
DH & SS Caregiver Assistance Program	205,000	495,000	495,000			
Worker and Community Right to Know Act	18,119	18,119	18,119			
Breast & Cervical Cancer Education & Early Detection		499,800	499,800			
DYFS - Maintenance of Children in Institutions - JINS		798,894	798,894			
Youth Incentive Program		47,550	47,550			
Human Services Council	198,006	198,006	160,506			37,500

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			CANCELLED
			EXPENDED	ENCUMBERED	RESERVED	
N.J. Department of Health & Senior Services (continued):						
NJDH&S CEED Program		31,250	31,250			
Personal Attendant Demonstration Project	700,000	700,000	402,498			297,502
Early Intervention Service Coordination		181,240	181,240			
Senior Meals - SIBA		84,025	84,025			
Tuberculosis Control Program		219,121	219,121			
Governor's Council on Alcoholism and Drug Abuse:						
Drug Enforcement Demand Reduction Fund	759,449	759,449	759,449			
N.J. Transit:						
Senior Citizens & Disabled Res. Transportation Ass.	1,838,137	1,838,137	1,838,137			
N.J. Department of Transportation						
Capital Transportation Program Middlesex County		6,052,000	6,052,000			
MUTCD Traffic Sign Inventory		133,000	133,000			
Reimbursement for UASI Grant S/W		37,213	37,213			
New Freedom Grant		362,731	362,731			
N.J. Council on the Arts:						
Local Arts Program		208,864	208,864			
Folk Art Program		22,353	22,353			
N.J. Historical Commission Service		143,183	143,183			
N.J. Department of Defense:						
Transport Disabled Veterans		22,000	22,000			
Local Revenue Miscellaneous:						
Johnson & Johnson, New Brunswick		30,000	30,000			
Client Contribution - Ensure Program		691	691			
Improvements to Woodbridge Ave. - Gurley Road		1,000,000	1,000,000			
Fares, Donation & Adv. Transportation	110,000	299,000	299,000			
MCIA - Paint Recycling Program	154,601	305,963	305,963			
Improvements New Brunswick, Piscataway		220,570	220,570			
SIMS Electronics Recycling		91,653	91,653			
Kessler Foundation		48,048	48,048			
North Brunswick Board of Education Middlefield's Program	62,800	62,800	62,800			
Middlesex Cty Multi-Assist Cost Share Program	12,000	31,000	31,000			
Commission on Women		4,333	4,333			
Disaster Liaison Grant		2,500	2,500			
Respite Cost Share Program	2,500	2,500	2,500			
MCUA - Environmental Health	436,878	436,878	436,878			
MC Nutrition Client Fee	50,000	297,733	297,733			
Medicare Reimbursement Flu Vaccine	95,000	95,000	95,000			
Interlocal Service Trans. Sayreville	207,987	207,987	207,987			

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

	ADOPTED BUDGET	BUDGET AFTER MODIFICATION	EXPENDED 2012			CANCELLED
			EXPENDED	ENCUMBERED	RESERVED	
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES (continued):</u>						
Local Revenue Miscellaneous (continued):						
Interlocal Service Trans. Woodbridge	349,508	349,508	349,508			
	<u>16,279,413</u>	<u>44,580,813</u>	<u>44,245,811</u>			<u>335,002</u>
TOTAL PUBLIC AND PRIVATE PROG. OFFSET BY REVENUES						
Total Operations	308,398,323	336,307,244	325,062,799	4,073,156	6,784,290	386,999
Contingent	196,827	196,827	180,531		16,296	
Total Operations Including Contingent	<u>308,595,150</u>	<u>336,504,071</u>	<u>325,243,330</u>	<u>4,073,156</u>	<u>6,800,586</u>	<u>386,999</u>
Detail:						
Salaries & Wages	102,482,500	104,465,169	101,834,879		3,375,651	-
Other Expenses (Including Contingent)	206,112,650	232,038,902	223,408,451	4,073,156	3,424,935	386,999
<u>CAPITAL IMPROVEMENTS</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>			
Capital Improvement Fund						
TOTAL CAPITAL IMPROVEMENTS	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>			
<u>COUNTY DEBT SERVICE</u>						
Payment of Bond Principal:						
County College Bonds	4,595,000	4,595,000	4,595,000			
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	1,280,000	1,280,000	1,280,000			
Vocational School Bonds	3,680,000	3,680,000	3,680,000			
Open Space Bonds	600,000	600,000	600,000			
Other Bonds	31,385,000	31,385,000	31,385,000			
MClA Bond Principal	7,462,880	7,462,880	7,462,880			
Payment of Refunding Notes Principal:						
Interest on Bonds:						
County College Bonds	1,089,995	1,089,995	1,089,995			
State Aid-County College Bonds (N.J.S. 18A:64A-22.6)	414,511	414,511	414,510		1	16,188
Vocational School Bonds	1,090,749	1,090,749	1,074,561			45,818
Other Bonds	13,245,639	13,245,639	13,199,821			
Open Space Bonds	116,600	116,600	116,600			
MClA Bond Interest	874,018	874,018	874,018			
Interest on Notes	716,280	716,280	716,280			
Paydown on Notes	604,600	604,600	604,600			600

COUNTY OF MIDDLESEX, NEW JERSEY
TRUST FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS
DECEMBER 31, 2012 AND DECEMBER 31, 2011

	REF.	<i>As of December 31,</i>	
		2012	2011
ASSETS			
Cash and Investments	B - 1	\$ 58,432,994	\$ 56,635,523
Motor Vehicle Fines	B - 2	516,094	556,495
Federal Aid Receivable: Housing and Community Development Act 1974	B - 3	4,864,288	4,075,995
Federal Aid Receivable - Section 8 Housing Assistance Payments Prog.	B - 4	8,416	22,105
State Aid Receivable: Alcoholism Rehabilitation Program	B - 5	752,411	959,606
Section 8 Housing Assistance Prepayments	B - 6	684,162	733,211
Receivable from MCIA Open Space Receipts	B - 7	23,639,122	21,668,149
Community Development Block Grant:			
Urban Housing Preservation Program Loans - Mortgages Receivable	B - 28	1,687,152	1,779,187
Open Space Program Receivable	B - 33	94,370	6,394
Total Assets		\$ 90,679,009	\$ 86,436,665
LIABILITIES, RESERVES AND FUND BALANCE			
Reserve for Motor Vehicle Fines Receivable	B - 2	\$ 516,094	\$ 556,495
Motor Vehicle Fines - Road Fund	B - 8	35,124	901,342
Reserve for Encumbrances	B - 9	35,126,075	33,464,350
Performance and Escrow Deposits	B - 10	2,679,967	2,677,268
Reserve for Road Drainage Project	B - 11	926,243	986,853
Worker's Compensation Self-Insurance Fund	B - 12	973,856	2,483,005
Supplemental Compensation at Retirement	B - 13	62,042	-
Unemployment Compensation Fund	B - 14	-	71,539
Reserve for Alcoholism Rehabilitation Program	B - 15	158,099	422,122
Reserve for Housing and Community Development Expenditures	B - 16	395,299	2,316,683
Reserve for CDBG Funds on Hand	B - 17	222,727	257,891
Rental Rehabilitation Program	B - 18	26,812	26,812
Reserve for Section 8 Housing Assistance Payments Program	B - 19	721,288	753,570
Road Opening Bonds	B - 21	1,339,828	1,179,256
Self-Insurance Liability Trust Fund	B - 22	4,378,392	4,664,684
Miscellaneous Trust Accounts	B - 23	8,812,645	9,310,660
Dedicated Revenue by Statute	B - 24	1,013,858	1,126,708
Prosecutor's Office - Dedicated Funds	B - 25	2,447,788	2,597,842
State Seized Assets	B - 26	2,639,753	2,151,535
Debt Service Reserve - Open Space and Farmland Preservation	B - 27	13,640,742	13,621,854
Reserve for Urban Housing & Preservation Program Loans	B - 28	1,687,152	1,779,187
Reserve for BSS Building Lease Purchase Payments	B - 29	670,388	669,496
Escheated Seized Funds	B - 30	7,089	7,089
Reserve for Refundable Consumer Affairs Deposits	B - 31	76,551	65,503
Environmental Quality	B - 32	262,814	231,160
Reserve for Open Space Program Receivable	B - 33	94,370	6,394
Reserve for Open Space and Farmland Preservation	B - 34	11,764,013	4,107,367
Total Liabilities, Reserves and Fund Balance		\$ 90,679,009	\$ 86,436,665

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET- REGULATORY BASIS
DECEMBER 31, 2012 AND DECEMBER 31, 2011

	REF.	<i>As of December 31,</i>	
		2012	2011
ASSETS			
Cash and Investments	C- 2	\$ 23,574,625	\$ 52,787,823
Leases Receivable	C- 5	13,339,118	14,068,510
Due from N.J.D.E.P. Site Remediation Project	C-19	-	440,970
Loans/Other Accounts Receivable	C-22	13,677,181	16,463,568
Deferred Charges to Future Taxation:			
Funded	C- 6	382,407,000	415,794,000
Funded Loans	C- 6	34,318,773	35,133,072
Funded - Capital Leases	C- 6	225,277,430	238,306,535
Unfunded	C- 7	257,657,545	235,886,027
Total Assets		\$ 950,251,672	\$ 1,008,880,505
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C- 8	\$ 310,414,000	\$ 342,086,000
General Serial Bonds -M.C.C. E.F.A.	C- 9	770,000	1,130,000
County College Bonds	C-10	26,370,000	26,355,000
County College Bonds (Ch. 12, P.L. 1971)	C-11	14,770,000	11,800,000
Vocational School Bonds	C-12	27,618,000	31,358,000
Bond Anticipation Notes	C-13	47,281,000	47,885,000
Open Space Bonds	C-14	2,465,000	3,065,000
Green Acres Loan Payable	C-20	5,714,322	6,240,265
Capital Leases Payable	C-21	225,277,430	238,306,535
MCIA Loans Payable	C-23	28,604,451	28,892,807
Improvement Authorizations:			
Funded	C-15	40,122,675	33,260,776
Unfunded	C-15	112,705,640	144,359,395
Capital Improvement Fund	C-16	35,072	81,737
Reserve For:			
Payment of Debt Service	C-4	1,077,379	672,012
Leases Receivable	C-5	13,339,118	14,068,510
Bond Issue Costs	C-17	615,756	649,277
Encumbrances	C-18	77,112,237	60,949,382
Loans/Other Accounts Receivable	C-22	13,677,181	16,463,568
Payment of BAN's	C-24	877,482	568,125
Fund Balance	C- 1	1,404,929	689,116
Total Liabilities, Reserves and Fund Balance		\$ 950,251,672	\$ 1,008,880,505
Bonds and Notes Authorized but not Issued	C-25	\$ 210,376,545	\$ 188,001,027

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>REF.</u>		
Balance - December 31, 2011	C		\$ 689,116
Increased by:			
Premium on Sale of Bonds And BANs	C - 2	251,830	
Refund from County College (Chap.12)	C - 2	198	
MCIA Loan Ordinance Premium	C - 2	255,767	
Savings From Civic IV Refinancing	C - 2	782,000	
2001&2002 MCIA Closeout	C - 2	355,739	
Improvement Authorization Cancellations	C-15	<u>15,261</u>	
			<u>1,660,795</u>
			2,349,911
Decreased by:			
Anticipated Revenue Realized in Current Fund	C - 2	689,116	
Transfer to Fund Unfunded Ordinance	C - 7	255,767	
Payment to State Of New Jersey(Chap.12)	C - 2	<u>99</u>	
			<u>944,982</u>
Balance - December 31, 2012	C		<u>\$ 1,404,929</u>

See accompanying notes.

COUNTY OF MIDDLESEX, NEW JERSEY
 BOND AND INTEREST FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2012 AND DECEMBER 31, 2011

	REF.	<i>As of December 31,</i>	
		<u>2012</u>	<u>2011</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, 2012

	<i>As of December 31,</i> <u>2012</u>
GOVERNMENTAL FIXED ASSETS:	
Land	\$ 346,794,272
Buildings and Improvements	294,863,530
Machinery and Equipment	21,332,752
Moving Vehicles	32,372,184
MCIA Lease Purchase Agreements Moving Vehicles	5,569,805
MCIA Lease Purchase Agreements	17,891,135
MCIA Capital Improvement/Construction Fund	<u>14,787,545</u>
Total Governmental Fixed Assets	<u><u>\$ 733,611,223</u></u>
Investments in Governmental Fixed Assets	<u><u>\$ 733,611,223</u></u>

See Accompanying Notes

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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, 2012 AND DECEMBER 31, 2011

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. Federal and State 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, 2012 AND DECEMBER 31, 2011

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

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

Compensated Absences

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

Inventories of Supplies

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

Lease Purchase Agreements

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

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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, 2012 and 2011 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, 2012 AND DECEMBER 31, 2011

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. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" in June 2011. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

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

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

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

GASB issued Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25" in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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

Basis of Accounting (cont'd)

Recent Accounting Standards (cont'd)

GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

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 2011 financial statements to conform to classifications in 2012.

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, 2012 AND DECEMBER 31, 2011

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITIONS

Summary of County Debt

	<u>Year 2012</u>	<u>Year 2011</u>
Issued:		
General Bonds and Notes	\$429,688,000	\$463,679,000
Loans	<u>34,318,773</u>	<u>35,133,072</u>
 Net Debt Issued	 464,006,773	 498,812,072
Authorized but not issued:		
General Bonds and Notes	<u>210,376,545</u>	<u>188,001,027</u>
 Bonds and Notes Issued and Authorized but not Issued	 674,383,318	 686,813,099
Less: Bonds issued and authorized but not Issued – County College CH. 12	14,770,000	16,050,000
MCIA Loans	2,367,417	2,783,956
Accounts Receivable/Redevelopment Bonds	<u>4,781,000</u>	<u>6,108,628</u>
 Net Bonds and Notes Issued and Authorized but not issued	 <u>\$652,464,901</u>	 <u>\$661,870,515</u>

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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

Summary of Statutory Debt Condition - Annual Debt Statement - Current Year 2012

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

	Gross Debt	Deductions	Net Debt
General Debt	\$ 894,743,318	\$ 242,278,417	\$ 652,464,901

Net Debt of \$652,464,901 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$101,630,794,128 equals 0.64%.

Equalized Valuation Basis

2010 Equalized Valuation Basis of Real Property	\$ 106,165,954,106
2011 Equalized Valuation Basis of Real Property	102,315,132,475
2012 Equalized Valuation Basis of Real Property	96,411,295,804
Average Equalized Valuation Basis	\$ 101,630,794,128

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

2% of Average Equalized Valuation Basis	\$ 2,032,615,883
Net Debt	652,464,901
Remaining Borrowing Power	\$ 1,380,150,982

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

Schedule of Debt Service as of December 31, 2012

Year	Total Principal *	Total Interest *	Total Debt Service
2013	\$ 43,265,000	\$ 13,853,326	\$ 57,118,326
2014	42,015,000	12,253,247	54,268,247
2015	42,800,000	10,673,962	53,473,962
2016	42,496,000	9,050,317	51,546,317
2017	33,230,000	7,569,728	40,799,728
2018-2022	134,034,000	20,648,517	154,682,517
2023-2027	31,282,000	5,438,221	36,720,221
2028-2032	12,660,000	1,278,913	13,938,913
2033-2037	625,000	59,925	684,925
	\$ 382,407,000	\$ 80,826,156	\$ 463,233,156

* Excludes \$18,225,020 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, 2012 AND DECEMBER 31, 2011

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, 2012:

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
General Improvement Debt				
ERI-Refunding Bonds of 2004	\$ 10,315,000	\$ 7,830,000	3.54% to 5.44%	2033
Refunding Bonds of 2004	44,305,000	20,170,000	5.00%	2016
Refunding Bonds of 2004 501c	10,650,000	6,470,000	2.60% to 5.00%	2016
General Improvement Bonds of 2005	21,622,000	12,872,000	3.25% to 4.00%	2020
General Improvement Bonds of 2005 501c	6,190,000	3,765,000	3.25% to 4.00%	2020
General Improvement Bonds of 2006	51,300,000	35,300,000	4.00% to 4.125%	2021
General Improvement Bonds of 2006	35,500,000	25,250,000	4.125% to 4.25%	2022
General Improvement Bonds of 2007	19,500,000	13,750,000	3.50% to 4.00%	2021
General Improvement Bonds of 2007	43,405,000	31,175,000	4.00% to 4.25%	2021
Heldrich Center Hotel Project 2007	3,000,000	2,500,000	4.00% to 4.25%	2037
General Improvement Bonds of 2008	18,000,000	13,300,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008 501c	2,500,000	1,800,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008	16,000,000	11,850,000	3.25% to 4.00%	2022
General Improvement Bonds of 2009	22,000,000	18,700,000	2.00% to 4.00%	2023
Redev. General Improvement Bonds 2009	9,027,000	8,247,000	2.00% to 4.125%	2025
General Improvement Bonds of 2010	41,000,000	36,750,000	2.00% to 3.50%	2024
General Improvement Refunding Bonds of 2010	3,830,000	1,895,000	2.00% to 4.00%	2016
Genl. Improve. Refunding Taxable Bonds of 2010	9,395,000	6,230,000	1.03% to 3.44%	2016
Genl. Oblig. Redev Bonds Series 2011	47,440,000	47,440,000	2.00% to 6.25%	2031
Genl. Oblig. Redev Bonds Series 2012	5,120,000	5,120,000	2.00% to 4.00%	2017
Total General Improvement Debt		<u>310,414,000</u>		
Open Space Refunding Bonds 2010	3,065,000	2,465,000	3.00% to 4.00%	2016
Total Open Space Bonds		<u>2,465,000</u>		
County College Bonds				
County College Bonds of 2003	3,490,000	300,000	2.00% to 3.20%	2015
County College Bonds of 2005	9,800,000	3,300,000	3.25% to 4.00%	2015
County College Bonds of 2005	749,500	464,500	3.25% to 4.00%	2020
County College Bonds of 2006	3,260,500	1,498,000	4.125%	2016
County College Bonds of 2007	2,500,000	1,535,000	3.50% to 4.00%	2019
County College Bonds of 2007	2,000,000	1,155,000	4.00%	2017
County College Bonds of 2007	2,500,000	1,487,500	4.00%	2017
County College Bonds of 2008	2,000,000	1,100,000	3.25% to 3.50%	2017
County College Bonds of 2009	6,500,000	5,712,500	2.00% to 4.625%	2029
County College Bonds of 2010	4,000,000	3,200,000	2.00% to 3.00%	2020
County College Bonds of 2010	1,176,500	1,057,500	2.00% to 3.50%	2025
County College Refunding Bonds of 2010	2,550,000	1,310,000	2.00% to 4.00%	2015
County College Bonds of 2012	4,250,000	4,250,000	2.00% to 3.00%	2027
Total County College Bonds		<u>26,370,000</u>		

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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

<u>County College Bonds (Ch. 12, P.L. 71)</u>				
County College Bonds of 2003	3,490,000	300,000	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	464,500	3.25% to 4.00%	2020
County College Bonds of 2006	3,260,500	1,498,000	4.125%	2016
County College Bonds of 2007	2,500,000	1,487,500	4.00%	2017
County College Bonds of 2009	6,500,000	5,712,500	2.00% to 4.625%	2029
County College Bonds of 2010	1,176,500	1,057,500	2.00% to 3.50%	2025
County College Bonds of 2012	4,250,000	<u>4,250,000</u>	2.00% to 3.00%	2027
Total County College Bonds (Ch. 12, P.L. 71)		<u>14,770,000</u>		
County College E.F.A. (Ch. 12, P.L. 71)	4,320,000	<u>770,000</u>	4.85% to 5.25%	2014
 <u>Vocational School Bonds</u>				
Vocational School Bonds of 2005	16,888,000	10,488,000	3.25% to 4.00%	2020
Vocational School Bonds of 2006	2,000,000	925,000	4.00% to 4.125%	2016
Vocational School Bonds of 2007	2,600,000	1,420,000	3.50% to 4.00%	2017
Vocational School Bonds of 2007	2,700,000	1,605,000	4.00%	2017
Vocational School Bonds of 2008	2,690,000	1,740,000	3.25% to 3.50%	2018
Vocational School Bonds of 2010	6,100,000	5,225,000	2.00% to 3.125%	2022
Vocational School Refunding Bonds of 2010	6,265,000	5,075,000	2.00% to 4.00%	2017
Vocational School Refunding Bonds of 2012	1,140,000	<u>1,140,000</u>	2.00% to 4.00%	2023
Total Vocational School Bonds		<u>27,618,000</u>		
 <u>Bond Anticipation Notes Issued</u>				
Bond Anticipation Notes due 06/06/13	2,281,000	2,281,000	1.50%	2013
Bond Anticipation Notes due 03/21/13	45,000,000	<u>45,000,000</u>	2.00%	2013
Total Bond Anticipation Notes		<u>47,281,000</u>		
 <u>(A) MCIA Loan Payable</u>				
County Loan from MCIA 2008	9,185,891	2,694,233	3.00% to 4.80%	2023
County Loan from MCIA 2009	9,000,036	4,349,513	1.00% to 3.25%	2024
County Loan from MCIA 2010	12,566,626	8,368,863	1.50% to 4.00%	2015
County Loan from MCIA 2011	7,451,081	6,017,319	1.25% to 3.00%	2016
County Loan from MCIA 2012	7,174,523	<u>7,174,523</u>	1.25% to 3.00%	2017
		<u>28,604,451</u>		
 <u>Green Acres Loans Issued</u>				
Sewaren Marine Park Development 1997	1,000,000	505,278	2.00%	2021
Bank of China Property Acquisition 2003	2,250,000	1,147,160	2.00%	2021
Old Bridge Park Acquisition 2005	3,244,264	1,973,305	2.00%	2020
Old Bridge Park Acquisition 2009	750,000	652,683	2.00%	2029
New Brunswick Landing Lane Project 2010	1,600,000	<u>1,435,896</u>	0.00%	2030
Total Green Trust Program Loan		<u>5,714,322</u>		
Total Debt Issued and Outstanding		<u>\$ 464,006,773</u>		

(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, 2012 AND DECEMBER 31, 2011

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

Summary of Statutory Debt Condition - Annual Debt Statement - Prior Year 2011

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 0.62%.

	Gross Debt	Deductions	Net Debt
General Debt	\$ 918,033,099	\$ 256,162,584	\$ 661,870,515

Net Debt of \$661,870,515 divided by the Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended of \$106,498,536,955 equals 0.62%.

Equalized Valuation Basis

2009 Equalized Valuation Basis of Real Property	\$ 111,014,524,284
2010 Equalized Valuation Basis of Real Property	106,165,954,106
2011 Equalized Valuation Basis of Real Property	102,315,132,475
Average Equalized Valuation Basis	\$ 106,498,536,955

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

2% of Average Equalized Valuation Basis	\$ 2,129,970,739
Net Debt	661,870,515
Remaining Borrowing Power	\$ 1,468,100,224

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

Schedule of Debt Service as of December 31, 2011

Year	Total Principal *	Total Interest *	Total Debt Service
2012	\$ 41,540,000	\$ 15,957,494	\$ 57,497,494
2013	43,030,000	13,615,626	56,645,626
2014	41,585,000	12,067,353	53,652,353
2015	42,305,000	10,501,117	52,806,117
2016	41,986,000	8,894,821	50,880,821
2017-2021	149,536,000	25,568,060	175,104,060
2022-2026	39,097,000	6,539,187	45,636,187
2027-2031	15,885,000	1,922,229	17,807,229
2032-2036	730,000	93,687	823,687
2037	100,000	2,125	102,125
	\$ 415,794,000	\$ 95,161,699	\$ 510,955,699

* Excludes \$14,850,627 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, 2012 AND DECEMBER 31, 2011

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, 2011:

Bonds Issued	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
<u>General Improvement Debt</u>				
General Improvement Bonds of 2003	14,257,000	6,507,000	2.00% to 3.50%	2017
ERI-Refunding Bonds of 2004	10,315,000	8,305,000	3.54% to 5.44%	2033
Refunding Bonds of 2004	44,305,000	27,545,000	5.00%	2016
Refunding Bonds of 2004 501c	10,650,000	8,100,000	2.60% to 5.00%	2016
General Improvement Bonds of 2005	21,622,000	14,272,000	3.25% to 4.00%	2020
General Improvement Bonds of 2005 501c	6,190,000	4,160,000	3.25% to 4.00%	2020
General Improvement Bonds of 2006	51,300,000	38,800,000	4.00% to 4.125%	2021
General Improvement Bonds of 2006	35,500,000	27,250,000	4.125% to 4.25%	2022
General Improvement Bonds of 2007	19,500,000	15,100,000	3.50% to 4.00%	2021
General Improvement Bonds of 2007	43,405,000	34,025,000	4.00% to 4.25%	2021
Heldrich Center Hotel Project 2007	3,000,000	2,600,000	4.00% to 4.25%	2037
General Improvement Bonds of 2008	18,000,000	14,600,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008 501c	2,500,000	1,995,000	3.625% to 4.00%	2021
General Improvement Bonds of 2008	16,000,000	12,925,000	3.25% to 4.00%	2022
General Improvement Bonds of 2009	22,000,000	19,900,000	2.00% to 4.00%	2023
Redev. General Improvement Bonds 2009	9,027,000	8,647,000	2.00% to 4.125%	2025
General Improvement Bonds of 2010	41,000,000	39,000,000	2.00% to 3.50%	2024
General Improvement Refunding Bonds of 2010	3,830,000	2,950,000	2.00% to 4.00%	2016
Genl. Improve. Refunding Taxable Bonds of 2010	9,395,000	7,965,000	1.03% to 3.44%	2016
Genl. Oblig. Redev Bonds Series 2011	47,440,000	47,440,000	2.00% to 6.25%	2031
Total General Improvement Debt		<u>342,086,000</u>		
Open Space Refunding Bonds 2010	3,065,000	<u>3,065,000</u>	3.00% to 4.00%	2016
Total Open Space Bonds		<u>3,065,000</u>		
<u>County College Bonds</u>				
County College Bonds of 2003	3,490,000	387,500	2.00% to 3.20%	2015
County College Bonds of 2005	9,800,000	4,350,000	3.25% to 4.00%	2015
County College Bonds of 2005	749,500	514,500	3.25% to 4.00%	2020
County College Bonds of 2006	3,260,500	1,848,000	4.125%	2016
County College Bonds of 2007	2,500,000	1,735,000	3.50% to 4.00%	2019
County College Bonds of 2007	2,000,000	1,350,000	4.00%	2017
County College Bonds of 2007	2,500,000	1,750,000	4.00%	2017
County College Bonds of 2008	2,000,000	1,325,000	3.25% to 3.50%	2017
County College Bonds of 2009	6,500,000	5,987,500	2.00% to 4.625%	2029
County College Bonds of 2010	4,000,000	3,600,000	2.00% to 3.00%	2020
County College Bonds of 2010	1,176,500	1,120,000	2.00% to 3.50%	2025
County College Refunding Bonds of 2010	2,550,000	2,195,000	2.00% to 4.00%	2015
County College Refunding Bonds of 2010	382,500	<u>192,500</u>	3.00%	2012
Total County College Bonds		<u>26,355,000</u>		

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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

<u>County College Bonds (Ch. 12, P.L. 71)</u>				
County College Bonds of 2003	3,490,000	387,500	2.00% to 3.20%	2015
County College Bonds of 2005	749,500	514,500	3.25% to 4.00%	2020
County College Bonds of 2006	3,260,500	1,848,000	4.125%	2016
County College Bonds of 2007	2,500,000	1,750,000	4.00%	2017
County College Bonds of 2009	6,500,000	5,987,500	2.00% to 4.625%	2029
County College Bonds of 2010	1,176,500	1,120,000	2.00% to 3.50%	2025
County College Refunding Bonds of 2010	382,500	192,500	2.00% to 3.00%	2012
Total County College Bonds (Ch. 12, P.L. 71)		<u>11,800,000</u>		
County College E.F.A. (Ch. 12, P.L. 71)	4,320,000	<u>1,130,000</u>	4.85% to 5.25%	2014
 <u>Vocational School Bonds</u>				
Vocational School Bonds of 2003	2,000,000	1,300,000	2.00% to 4.00%	2023
Vocational School Bonds of 2005	16,888,000	11,588,000	3.25% to 4.00%	2020
Vocational School Bonds of 2006	2,000,000	1,150,000	4.00% to 4.125%	2016
Vocational School Bonds of 2007	2,600,000	1,675,000	3.50% to 4.00%	2017
Vocational School Bonds of 2007	2,700,000	1,860,000	4.00%	2017
Vocational School Bonds of 2008	2,690,000	1,990,000	3.25% to 3.50%	2018
Vocational School Bonds of 2010	6,100,000	5,675,000	2.00% to 3.125%	2022
Vocational School Refunding Bonds of 2010	6,265,000	<u>6,120,000</u>	2.00% to 4.00%	2017
Total Vocational School Bonds		<u>31,358,000</u>		
 <u>Bond Anticipation Notes Issued</u>				
Bond Anticipation Notes due 06/07/12	2,885,000	2,885,000	1.50%	2012
Bond Anticipation Notes due 12/21/12	45,000,000	<u>45,000,000</u>	1.50%	2012
Total Bond Anticipation Notes		<u>47,885,000</u>		
 <u>(A) MCIA Loan Payable</u>				
County Loan from MCIA 2008	9,185,891	4,565,142	3.00% to 4.80%	2023
County Loan from MCIA 2009	9,000,036	5,921,265	1.00% to 3.25%	2024
County Loan from MCIA 2010	12,566,626	10,955,319	1.50% to 4.00%	2015
County Loan from MCIA 2011	7,451,081	<u>7,451,081</u>	1.25% to 3.00%	2016
		<u>28,892,807</u>		
 <u>Green Acres Loans Issued</u>				
Sewaren Marine Park Development 1997	1,000,000	559,297	2.00%	2021
Bank of China Property Acquisition 2003	2,250,000	1,262,397	2.00%	2021
Old Bridge Park Acquisition 2005	3,244,264	2,214,854	2.00%	2020
Old Bridge Park Acquisition 2009	750,000	685,769	2.00%	2029
New Brunswick Landing Lane Project 2010	1,600,000	<u>1,517,948</u>	0.00%	2030
Total Green Trust Program Loan		<u>6,240,265</u>		
Total Debt Issued and Outstanding		<u>\$ 498,812,072</u>		

(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, 2012 AND DECEMBER 31, 2011

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

General Obligation Refunding Bonds, Series 2012

The County issued \$6,260,000 in General Obligation Refunding Bonds, Series 2012, dated March 20, 2012. Included in the \$6,260,000 aggregate principal amount is \$5,120,000 General Improvement Refunding Bonds and \$1,140,000 County Vocational-Technical Schools 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 \$6,607,000 with maturities from 2013 through 2023. The interest rates range from 3.00% to 3.50% for the general improvement bonds and from 3.00% to 4.00% for the vocational tech school bonds.

As a result, the County will realize a total of \$424,863 in debt service savings through 2023. The debt service savings provided for net present value costs of 6.231% of the refunded principal. The General Improvement Refunding Bonds carry interest rates from 2.00% to 4.00% from 2013 to maturity on June 15, 2017. The County Vo-Tech Refunding Bonds carry interest rates from 2.00% to 4.00% from 2013 to maturity on June 15, 2023.

The outstanding debt service with respect to the County's 2012 General Obligation Refunding Bonds, Series 2012 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,135,000	\$ 198,400	\$ 1,333,400
2014	1,130,000	170,100	1,300,100
2015	1,135,000	130,450	1,265,450
2016	1,140,000	84,950	1,224,950
2017	1,055,000	41,050	1,096,050
2018	95,000	18,525	113,525
2019	115,000	15,375	130,375
2020	115,000	11,925	126,925
2021	115,000	8,475	123,475
2022	115,000	5,025	120,025
2023	110,000	1,650	111,650
	<u>\$ 6,260,000</u>	<u>\$ 685,925</u>	<u>\$ 6,945,925</u>

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

5) FUND BALANCE APPROPRIATED

Fund balance for the Current Fund at December 31, 2012 was reported in the amount of \$21,087,369, of which \$0 was appropriated and included as anticipated revenue for the year ending December 31, 2013.

Fund balance for the Current Fund at December 31, 2011 was reported in the amount of \$18,084,247, of which \$0 was appropriated and included as anticipated revenue for the year ending December 31, 2012.

6) INVENTORY – MATERIALS AND SUPPLIES

For the years ended 2012 and 2011, 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>2012</u>	<u>2011</u>
Inventory (Current Fund)		
Materials & Supplies	<u>\$1,549,701</u>	<u>\$1,467,002</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, 2012 AND DECEMBER 31, 2011

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

Deposits (cont'd)

At December 31, 2012, the County's recorded cash, cash equivalents and investments amounted to \$145,951,698 and an amount of \$150,183,512 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, \$3,210,970 was FDIC insured and \$146,972,542 was GUDPA insured.

At December 31, 2011, the County's recorded cash, cash equivalents and investments amounted to \$174,868,034 and an amount of \$172,245,219 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, \$3,249,346 was FDIC insured and \$168,995,872 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, 2012, based upon the insured balances as provided by FDIC and NJGUDPA coverage, no amount of the County's bank balance of \$150,183,512 was considered exposed to custodial risk.

An Analysis of the County's cash, cash equivalents and investments at December 31, 2012 and 2011, by Fund/Category (Type) is as follows:

By Fund:

<u>Fund</u>	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>
Current	\$63,944,079	\$65,444,688
Trust	58,432,994	56,635,523
General Capital	<u>23,574,625</u>	<u>52,787,823</u>
Total Cash, Cash Equivalents & Investments	<u>\$145,951,698</u>	<u>\$174,868,034</u>

By Category (Type)

<u>Cash & Cash Equivalents:</u>	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>
Change Fund	\$ 600	\$ 600
Demand Accounts	47,570,025	56,918,981
Savings, Money Market / N.O.W.	67,554,688	51,102,984
State of NJ Cash Mgmt. Fund	<u>2,288,298</u>	<u>10,636,484</u>
Total Cash & Cash Equivalents	<u>\$117,413,611</u>	<u>\$118,659,049</u>
 <u>Investments:</u>		
Certificates of Deposit	<u>28,538,087</u>	<u>56,208,985</u>
Total Cash, Cash Equivalents & Investments	<u>\$145,951,698</u>	<u>\$174,868,034</u>

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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, 2012 AND DECEMBER 31, 2011

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

Investments (cont'd)

During the period ended December 31, 2012 and 2011, 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.

Interest Rate Risk – Based upon existing investment policies, the County is generally not exposed to interest rate risk as the average maturity of the County's investments is less than one year nor are its deposits and investments exposed to foreign currency risks.

As of December 31, 2012 and 2011, the County had \$2,288,379 and \$10,636,484, 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, 2012 AND DECEMBER 31, 2011

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 2012 and 2011 were \$14,949,166 and \$13,707,603 for PERS and \$14,632,762 and \$16,342,235 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.

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.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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

The County maintains current records of each employee's status relating to earned and unused sick and vacation pay. At December 31, 2012 and 2011, the estimated cost of unused sick pay is calculated to be \$8,844,969 and \$8,791,330 respectively. At December 31, 2012 and 2011, the estimated cost of unused accrued vacation pay is calculated to be \$4,996,079 and \$4,618,326 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 2012, \$500,000 was appropriated and 2011, \$300,000 was appropriated and added to the fund and \$437,958 was disbursed to employees during 2012 while \$359,121 was disbursed to employees during 2011. At December 31, 2012 the balance of the Supplemental Compensation at Retirement is \$62,042.

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>2012 Amount</u>	<u>2011 Amount</u>
2012		\$3,006,273
2013	\$3,304,739	2,424,894
2014	3,049,571	2,296,357
2015	1,906,412	1,236,658
2016	1,156,063	794,890
2017	668,900	

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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, 2012 for the respective funds.

The Commissioners assessed the following participants for 2012 and 2011, as follows:

<u>AGENCY</u>	<u>2012 TOTAL</u>	<u>2011 TOTAL</u>
County College	\$245,694	\$244,304
Board of Social Services	54,916	55,399
County Improvement Authority	<u>63,436</u>	<u>64,889</u>
	<u>\$364,046</u>	<u>\$364,592</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, 2012 and 2011 totaled \$1,166,246 and \$1,163,916, respectively. The County has appropriated funds in the 2013 and 2012 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, 2012 and 2011, 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, 2012 AND DECEMBER 31, 2011

12) RISK MANAGEMENT (cont'd)

During 2012 and 2011, 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, 2012

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Worker's Compensation Fund at December 31, 2012 is \$6,940,558. This includes 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, 2012 were as follows:

	<u>Balance</u> <u>12/31/11</u>	<u>Increases to</u> <u>Reserves</u>	<u>Decrease to</u> <u>Reserves</u>	<u>Balance</u> <u>12/31/12</u>
Self-Insurance Fund	\$4,664,684	\$1,418,475	\$1,704,767	\$4,378,392
Workers' Compensation Fund	2,483,005	2,292,296	3,801,445	973,856
Unemployment Compensation Fund	71,539	267,537	339,076	0

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

12) RISK MANAGEMENT (cont'd)

YEAR ENDED DECEMBER 31, 2011

The estimated liability, as established by the third party administrator, for claims incurred and reported for the Worker's Compensation Fund at December 31, 2011 is \$6,417,259. This includes 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, 2011 were as follows:

	<u>Balance</u> <u>12/31/10</u>	<u>Increases to</u> <u>Reserves</u>	<u>Decrease to</u> <u>Reserves</u>	<u>Balance</u> <u>12/31/11</u>
Self-Insurance Fund	\$2,826,047	\$2,842,625	\$1,003,988	\$4,664,684
Workers' Compensation Fund	3,947,392	1,095,805	2,560,192	2,483,005
Unemployment Compensation Fund	285,542	152,523	366,526	71,539

Increases to Reserves represent 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 4,771 and 4,764 retirees, cobra participants and active employees as of December 31, 2012 and 2011 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, 2012 AND DECEMBER 31, 2011

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>2012 Fund Balance Balance</u>	<u>2011 Fund Balance Balance</u>
2012	\$1,039,236	
2011	4,634,227	\$3,888,062
2010		815,250

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, 2012 and 2011.

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, 2012, approximately 1,066 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 \$17,938,296.

At December 31, 2011, approximately 1,033 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 \$17,525,484.

COUNTY OF MIDDLESEX, NEW JERSEY
 NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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 2012 and 2011, the County's annual OPEB cost (expense) of \$51,556,000 and \$49,763,000, respectively was less than the ARC. In 2010, the County's annual OPEB cost (expense) of \$50,027,000 was less than the ARC.

	2012 <u>Total</u>	2011 <u>Total</u>	2010 <u>Total</u>
Net OPEB obligation – beginning of year	\$194,858,000	\$159,786,000	\$123,041,000
Annual required contribution (ARC)	54,750,000	52,383,000	52,044,000
Interest on Net OPEB Obligation	8,769,000	7,190,000	5,537,000
Adjustment to the ARC	<u>(11,963,000)</u>	<u>(9,810,000)</u>	<u>(7,554,000)</u>
Annual OPEB Cost	51,556,000	49,763,000	50,027,000
Less: Contributions	<u>15,898,000</u>	<u>14,691,000</u>	<u>13,282,000</u>
Net OPEB obligation – end of year	<u>\$230,516,000</u>	<u>\$194,858,000</u>	<u>\$159,786,000</u>

The funded status of the plan for the County as of January 1, 2013, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$633,423,000
Actuarial value of plan assets	- 0 -
Unfunded actuarial accrued liability (UAAL)	<u>\$633,423,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$109,467,528
UAAL as a percentage of covered payroll	578.64%

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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, 2011 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, 2012 AND DECEMBER 31, 2011

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

2012

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, 2012 amounted to \$231,220,000, and are listed below:

	<u>Original Issue Amount</u>	<u>Bonds Payable Dec. 31, 2012</u>
Capital Equipment Lease Revenue Bonds,		
Series 1998	\$10,210,000	\$275,000
Series 2003	14,740,000	280,000
Series 2004	12,370,000	175,000
Series 2005	15,705,000	360,000
Series 2006	7,985,000	740,000
Series 2008	13,100,000	4,100,000
Series 2009	13,115,000	6,695,000
Series 2010	14,075,000	9,300,000
Series 2011	9,595,000	7,750,000
Series 2012	11,815,000	11,815,000
Open Space Trust Revenue Bonds, Series 2003	78,765,000	3,640,000
Capital Improvement Revenue Bonds, Series 1999 (Ref Bonds)	2,120,000	1,075,000
Middlesex County Educational Svcs. Comm., Series 2004 (Ref Bds)	14,010,000 (1)	11,950,000
The Meadows at Middlesex Golf Course, Series 2004 (Ref Bonds)	15,265,000	12,430,000
Heldrich Bond Issue, Series 2007	3,000,000	2,500,000
Middlesex County Educational Svcs. Comm., Series 2008	40,000,000	36,230,000
Open Space Refunded Bonds, Series 2008	29,545,000	20,110,000
Open Space Trust Revenue Bonds, Series 2009	40,000,000	35,775,000
The Meadows at Middlesex Golf Course, Series 2009 (Ref Bonds)	4,755,000	4,360,000
Middlesex County Educational Services Comm., Series 2010	5,300,000	3,970,000
Open Space Refunded Bonds, Series 2011 (Ref Bonds)	46,830,000	<u>46,830,000</u>
		 <u>\$220,360,000</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, 2012 AND DECEMBER 31, 2011

14) COUNTY-GUARANTEED CAPITAL EQUIPMENT LEASE REVENUE BONDS
AND OTHER ISSUES (cont'd)

2011

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, 2011 amounted to \$231,220,000, and are listed below:

	Original Issue <u>Amount</u>	Bonds Payable <u>Dec. 31, 2011</u>
Capital Equipment Lease Revenue Bonds,		
Series 1997	\$10,460,000	\$65,000
Series 1998	10,210,000	550,000
Series 2002	10,290,000	75,000
Series 2003	14,740,000	565,000
Series 2004	12,370,000	275,000
Series 2005	15,705,000	480,000
Series 2006	7,985,000	925,000
Series 2007	6,285,000	940,000
Series 2008	13,100,000	6,640,000
Series 2009	13,115,000	8,865,000
Series 2010	14,075,000	12,175,000
Series 2011	9,595,000	9,595,000
Open Space Trust Revenue Bonds, Series 2003	78,765,000	7,135,000
Capital Improvement Revenue Bonds, Series 1999 (Ref Bonds)	2,120,000	1,595,000
Middlesex County Educational Svcs. Comm., Series 2004 (Ref Bds)	14,010,000 (1)	12,645,000
The Meadows at Middlesex Golf Course, Series 2004 (Ref Bonds)	15,265,000	12,885,000
Heldrich Bond Issue, Series 2007	3,000,000	2,600,000
Middlesex County Educational Svcs. Comm., Series 2008	40,000,000	37,255,000
Open Space Refunded Bonds, Series 2008	29,545,000	22,810,000
Open Space Trust Revenue Bonds, Series 2009	40,000,000	37,240,000
The Meadows at Middlesex Golf Course, Series 2009 (Ref Bonds)	4,755,000	4,660,000
Middlesex County Educational Services Comm., Series 2010	5,300,000	4,415,000
Open Space Refunded Bonds, Series 2011 (Ref Bonds)	46,830,000	46,830,000
		<u>\$231,220,000</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, 2012 AND DECEMBER 31, 2011

15) LEASE PAYMENTS - 2012

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments							2018 - End	Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2013	2014	2015	2016	2017	2018	2019						
MCIA Juvenile Detention Center Lease Program (1997 Series)	\$ 1,236,950	\$ 1,252,550	\$ 1,248,750	\$ 1,243,375	\$	\$	\$	\$ 4,981,625	\$ 246,625	\$ 4,735,000	May 1, 16	4.00%-5.00%	
MCIA 1998 Capital Equipment Lease Program	287,650							287,650	12,650	275,000	Jul. 15, 13	3.30%-4.60%	
MCIA 2003 Capital Equipment Lease Program	284,480							284,480	4,480	280,000	Apr. 15, 13	2.00%-3.20%	
MCIA 2005 Capital Equipment Lease Program	52,171	50,473	48,727					151,371	7,847	143,524	Jun 15, 15	3.00%-3.70%	
MCIA 2006 Capital Equipment Lease Program	39,860	38,466	37,051	35,591				150,968	11,565	139,403	May 15, 16	3.80%-4.25%	
MCIA 2008 Capital Equipment Lease Program	147,044							147,044	4,455	142,589	Jul. 15, 13	3.00%-3.50%	
MCIA 2009 Capital Equipment Lease Program	131,663	131,663						263,326	9,555	253,771	Jul. 15, 14	1.00%-2.50%	
MCIA 2010 Capital Equipment Lease Program	193,387	193,387	193,387					580,161	34,846	545,315	Jul. 15, 15	1.50%-4.00%	
MCIA 2011 Capital Equipment Lease Program	207,390	207,390	207,391	207,391				829,562	56,671	770,891	Jul. 15, 16	1.25%-3.00%	
MCIA 2011 Capital Equipment Revenue Ref Bonds (1999 Series)	559,750	555,900						1,115,650	40,650	1,075,000	Jun. 15, 14	3.00%-4.00%	
MCIA 2012 Capital Equipment Lease Program	193,942	193,942	193,942	193,942	193,941			969,709	77,773	891,936	Jul. 15, 17	1.25%-3.00%	
Sub Total of MCIA Capital Lease Programs	\$ 3,334,287	\$ 2,623,771	\$ 1,829,248	\$ 1,680,299	\$ 193,941	\$	\$	\$ 9,761,546	\$ 509,118	\$ 9,252,429			

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

15) LEASE PAYMENTS - 2012

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments						2018 - End	Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2013	2014	2015	2016	2017	2018						
MCIA 2003 Open Space Trust Fund Program	3,785,600						3,785,600	145,600	3,640,000	Aug. 1, 13	2.00%-5.25%	
MCIA 2008 Open Space Trust Fund Program	3,731,875	3,729,875	3,734,625	3,794,650	3,733,650	5,144,150	23,808,625	3,698,625	20,110,000	Jul. 15, 19	3.00%-5.00%	
MCIA 2009 Open Space Trust Fund Program	3,309,025	3,313,625	3,310,624	3,315,225	3,317,024	38,572,181	55,137,704	19,362,704	35,775,000	Nov. 1, 29	2.00%-6.11%	
MCIA 2011 Open Space Trust Ref Bonds (2003 Series)	2,046,638	5,821,637	5,828,388	5,852,137	5,861,888	35,293,738	60,704,425	13,874,425	46,830,000	Aug. 1, 28	3.00%-5.00%	
Sub Total of MCIA Open Space Trust Fund Programs	12,872,938	12,865,137	12,873,637	12,902,012	12,912,562	79,010,069	143,436,354	37,051,354	106,385,000			
Sub Total of MCIA Programs	16,207,225	15,488,908	14,802,885	14,582,311	13,106,503	79,010,069	153,197,900	37,590,472	115,607,429			
Civic Square Project Certificates of Participation:												
Civic Square II Project, Series 1998							5,375,000	0	5,375,000	Jun. 15, 25	Var.	
Civic Square III, Series 1998 (Refunded in 2009)	1,543,794	1,542,919	1,541,294	1,542,681	1,541,369	16,968,440	24,680,487	6,875,497	18,005,000	Jun. 15, 28	Var.	
Civic Square IV, Series 2001	3,035,925	3,032,600	3,034,675	3,032,900	3,037,275	42,492,500	57,665,875	21,065,875	36,600,000	Jul. 15, 31	Var.	
2011 Civic Square II - Refunded COP	1,474,113	2,784,163	3,414,213	3,417,913	3,412,706	38,732,050	53,235,156	15,890,156	37,345,000	Jun. 15, 29	Var.	
Sub Total of Civic Square Projects	6,053,832	7,359,682	7,890,182	7,983,494	7,991,350	103,567,990	140,956,528	43,831,528	97,125,000			
Board of Social Services Certificates of Participation:												
BSS COP	1,978,828	1,985,375	1,967,750	1,941,625	1,927,875	5,133,375	14,914,828	2,569,828	12,345,000	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 PRCF 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 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 \$23,070,000 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.02), 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:2-5 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, 2012 AND DECEMBER 31, 2011

15) LEASE PAYMENTS - 2011

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments						2017 - End	Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2012	2013	2014	2015	2016	2017						
MCIA Juvenile Detention Center Lease Program (1997 Series)	\$ 799,450	\$ 1,236,950	\$ 1,252,550	\$ 1,248,750	\$ 1,243,375	\$ -	\$ 5,781,075	\$ 386,075	\$ 5,395,000	May 1, 16	4.00%-5.00%	
MCIA 1997 Capital Equipment Lease Program	66,641						66,641	1,641	65,000	Mar. 1, 12	3.95%-5.05%	
MCIA 1998 Capital Equipment Lease Program	300,162	287,650					587,812	37,812	550,000	Jul. 15, 13	3.30%-4.60%	
MCIA 2003 Capital Equipment Lease Program	298,235	284,480					582,715	17,715	565,000	Apr. 15, 13	2.00%-3.20%	
MCIA 2005 Capital Equipment Lease Program	53,816	52,171	50,473	48,727			205,187	13,821	191,366	Jun. 15, 15	3.00%-3.70%	
MCIA 2006 Capital Equipment Lease Program	41,254	39,860	38,466	37,051	35,591		192,222	17,968	174,255	May 15, 16	3.80%-4.25%	
MCIA 2007 Capital Equipment Lease Program	503,689						503,689	21,690	481,999	Jul. 15, 12	4.00%-4.50%	
MCIA 2008 Capital Equipment Lease Program	151,322	147,044					298,366	13,189	285,177	Jul. 15, 13	3.00%-3.50%	
MCIA 2009 Capital Equipment Lease Program	131,663	131,663	131,663				394,989	18,956	376,033	Jul. 15, 14	1.00%-2.50%	
MCIA 2010 Capital Equipment Lease Program	193,387	193,387	193,387	193,387			773,548	59,700	713,848	Jul. 15, 15	1.50%-4.00%	
MCIA 2011 Capital Equipment Lease Program	207,390	207,390	207,390	207,391	207,391		1,036,952	83,096	953,856	Jul. 15, 16	1.25%-3.00%	
MCIA 2011 Capital Equipment Revenue Ref Bonds (1999 Series)	565,500	559,750	555,900				1,681,150	86,150	1,595,000	Jun. 15, 14	3.00%-4.00%	
Sub Total of MCIA Capital Lease Programs	\$ 3,312,609	\$ 3,140,345	\$ 2,429,829	\$ 1,735,306	\$ 1,486,357	\$ -	\$ 12,104,346	\$ 757,812	\$ 11,346,534			

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NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS
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15) LEASE PAYMENTS - 2011

The County participated in the following lease purchase agreements:

	Future Minimum Lease Payments						2017 - End	Total Minimum Lease Payments	Less Amount Representing Interest	Principal Minimum Lease Payment	Date of Final Lease Payment	Interest Rate Range
	2012	2013	2014	2015	2016	2017 - End						
MCIA 2003 Open Space Trust Fund Program	3,780,400	3,785,600					7,566,000	431,000	7,135,000	Aug. 1, 13	2.00%-5.25%	
MCIA 2008 Open Space Trust Fund Program	3,731,175	3,731,675	3,729,875	3,734,625	3,734,650	8,877,800	27,539,800	4,729,800	22,810,000	Jul. 15, 19	3.00%-5.00%	
MCIA 2009 Open Space Trust Fund Program	3,307,974	3,309,025	3,313,625	3,310,624	3,315,225	41,889,205	58,445,578	21,205,678	37,240,000	Nov. 1, 29	2.00%-6.11%	
MCIA 2011 Open Space Trust Ref Bonds (2003 Series)	2,012,527	2,046,638	5,821,637	5,828,388	5,852,137	41,155,625	64,716,952	15,866,952	46,830,000	Aug. 1, 28	3.00%-5.00%	
Sub Total of MCIA Open Space Trust Fund Programs	12,832,076	12,872,938	12,865,137	12,873,637	12,902,012	91,922,630	156,268,430	42,253,430	114,015,000			
Sub Total of MCIA Programs	16,144,685	16,013,283	15,294,966	14,608,943	14,388,369	91,922,630	168,372,776	43,011,242	125,361,534			
Civic Square Project Certificates of Participation:												
Civic Square II Project, Series 1998						\$ 5,375,000	\$ 5,375,000	\$ 0	\$ 5,375,000	Jun. 15, 25	Var.	
Civic Square III, Series 1998 (Refunded in 2009)	\$ 1,543,919	\$ 1,543,794	\$ 1,542,919	\$ 1,541,294	\$ 1,542,681	18,509,809	26,224,416	7,394,416	18,830,000	Jun. 15, 28	Var.	
Civic Square IV, Series 2001	3,037,425	3,035,925	3,032,600	3,034,675	3,032,900	45,529,775	60,703,300	22,873,300	37,730,000	Jul. 15, 31	Var.	
2011 Civic Square II - Refunded COP	1,510,965	1,474,113	2,784,163	3,414,213	3,417,913	42,144,756	54,746,122	17,401,122	37,345,000	Jun. 15, 29	Var.	
Sub Total of Civic Square Projects	6,092,309	6,053,832	7,359,682	7,990,182	7,983,494	111,559,340	147,048,838	47,768,838	99,280,000			
Board of Social Services Certificates of Participation:												
BSS COP	\$ 1,982,669	\$ 1,978,828	\$ 1,985,375	\$ 1,987,750	\$ 1,941,625	7,061,250	16,897,497	3,232,497	13,665,000	Feb. 15, 19	3.60%-5.00%	

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

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 is February 1, 2019. The County executed a Debt Service Reserve Forward delivery Agreement dated March 15, 1996, related to the Certificates of Participation.

(A) - As a result of legislation that impacted and provided for limitations on increases in tax levy amounts (PL 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, 2012 AND DECEMBER 31, 2011

16) LEASE AGREEMENTS RECEIVABLE

The County reports the following lease agreements within the General Capital Fund balance sheet as at December 31, 2012 and 2011:

<u>Lessee</u>	<u>2012 Amount Recorded</u>	<u>2011 Amount Recorded</u>	<u>Final Payment Date</u>
County of Somerset, NJ	\$ 1,836,049	\$ 2,240,441	May 1, 2016
City of New Brunswick, NJ	<u>11,503,069</u>	<u>11,828,069</u>	May 1, 2029
	<u>\$13,339,118</u>	<u>\$14,068,510</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 2012 and 2011 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, 2012 the receivable balance to the County of Middlesex from the Somerset County Youth Detention Center was \$1,836,049.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
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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, 2012 the receivable balance to the County of Middlesex from the City of New Brunswick Civic Square II was \$11,503,069.

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, 2012 the receivable balance to the County of Middlesex from the MCIA was \$879,140.

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, 2012, the receivable balance to the County of Middlesex from the Heldrich Center Hotel Project, in the form of Senior Revenue Bonds, Series A, was \$2,500,000, and all payments have been received as scheduled. With respect to the Heldrich Center Project, the debt service requirements for Series A bonds have been satisfied through January 2012, however based upon the lack of timely deposits to certain debt service reserves required of the trustee agreement, the trustee has issued the Heldrich Center Project a notice of event of default. The Heldrich Center Project is in the process of reviewing its requirements for compliance with the trustee agreement based upon the notification. No amount of the County's fund balance is impaired based upon this current status.

The loan agreement between the SERA and the County of Middlesex was for an original amount of \$11,703,384 with payments beginning in 2009. At December 31, 2012 the receivable balance to the County of Middlesex from the SERA was \$3,215,118.

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, 2012 the receivable balance to the County of Middlesex from the MCIA was \$1,269,950.

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, 2012 the receivable balance to the County of Middlesex from the Built America Bond was \$5,594,646.

The 2011 loan agreement between the MCIA and the County of Middlesex for acquisitions through the lease purchase financing program was for an original amount of \$270,145 with payments beginning in 2012 and final payment in 2016. At December 31, 2012 the receivable balance to the County of Middlesex from the MCIA was \$218,327.

COUNTY OF MIDDLESEX, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS – REGULATORY BASIS
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19) HEALTH AND HOSPITALS

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

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

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

As to the historic, original portions of the existing Roosevelt Care Center, the plan is 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, 2012 and 2011 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.

COUNTY OF MIDDLESEX, NEW JERSEY
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FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

21) SUBSEQUENT EVENTS

- March 7, 2013 –

The County's 2013 Operating Budget was adopted

- March 21, 2013 –

The County Closed on \$47,439,000 aggregate principal amount of General Obligation Bonds, consisting of \$40,839,000 General Improvement Bonds, Series 2013, \$2,000,000 County College Bonds, Series 2013, \$3,100,000 Vocational-Technical School Bonds, Series 2013 and \$1,500,000 County College Bonds, Series 2013 (County College Bond Act, 1971 N.J. Laws C 12, as Amended).

- May 2, 2013 –

The Board of Chosen Freeholders introduced a Bond Ordinance providing for various 2013 capital improvements, by and in the County; appropriating \$21,000,000 therefor and authorizing \$20,000,000 bonds or notes of the County to finance part of the cost thereof.

The Board of Chosen Freeholders introduced a Bond Ordinance providing for the acquisition of capital equipment and the undertaking of various 2013 capital improvements at and for facilities of Middlesex County College; appropriating \$2,000,000 therefor and authorizing the issuance of \$2,000,000 bonds or notes of the County for financing such appropriation.

The Board of Chosen Freeholders introduced a Bond Ordinance providing for the acquisition of capital equipment and the undertaking of various 2013 capital improvements at and for facilities of Middlesex County Vocational and Technical High Schools; appropriating \$3,100,000 therefor and authorizing the issuance of \$3,100,000 bonds or notes of the County for financing such appropriation.

The Board of Chosen Freeholders introduced a refunding Bond Ordinance providing for the refunding of certain outstanding general obligation Bonds of the County to achieve debt service savings and authorizing the issuance of not to exceed \$99,900,000 aggregate principal amount of general obligation refunding bonds of the County to effect such refunding and appropriating the proceeds therefor.

- June 6, 2013 –

The Board of Chosen Freeholders finally adopted a Bond Ordinance providing for various 2013 capital improvements, by and in the County of Middlesex; appropriating \$21,000,000 therefor and authorizing \$20,000,000 bonds or notes of the County to finance part of the cost thereof.

The Board of Chosen Freeholders finally adopted a Bond Ordinance providing for the acquisition of capital equipment and the undertaking of various 2013 capital improvements at and for facilities of Middlesex County College; appropriating \$2,000,000 therefor and authorizing the issuance of \$2,000,000 bonds or notes of the County for financing such appropriation.

The Board of Chosen Freeholders finally adopted a Bond Ordinance providing for the acquisition of capital equipment and the undertaking of various 2013 capital improvements at and for facilities of Middlesex County Vocational and Technical High Schools; appropriating \$3,100,000 therefor and authorizing the issuance of \$3,100,000 bonds or notes of the County for financing such appropriation.