

**TOWNSHIP OF MIDDLE
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2011**

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TOWNSHIP OF MIDDLE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2011

1535 HAVEN AVENUE • PO BOX 538
OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548
MAYS LANDING, NJ 08330
PHONE 609.625.0999 • FAX 609.625.2421

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Township Committee
Township of Middle
33 Mechanic Street
Cape May Court House, New Jersey 08210

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Township of Middle, State of New Jersey (the “Township”), as of December 31, 2011 and 2010 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, 2011, as listed in the accompanying table of contents. These financial statements – regulatory basis are the responsibility of the Township’s management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, the Township prepares its financial statements on a basis of accounting prescribed by the Division that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The presentation requirement does not include a Management Discussion and Analysis as required by the Governmental Accounting Standards Board to be presented as Required Supplementary Information, but not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The effects on the financial statements of the variances 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.

In our opinion, because of the Township’s policy to prepare its financial statements on the prescribed basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the various funds and account groups of the Township, as of December 31, 2011 and 2010, and the results of operations and changes in fund balance of such funds for the years then ended, and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2011.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township, as of December 31, 2011 and 2010 and the results of operations and changes in fund balances of such funds for the years then ended and the statement of revenues and statement of expenditures of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 19, 2012 on our consideration of the Township's internal control structure 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 Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. The schedule of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the financial statements of the Township. The supplemental schedules and the schedule of federal awards as listed in the table of contents 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 the auditing procedures applied to 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 procedures generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

July 19, 2012

**EXHIBIT - A
CURRENT FUND**

TOWNSHIP OF MIDDLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 7,665,469.37	\$ 7,545,518.41
		<u>7,665,469.37</u>	<u>7,545,518.41</u>
Other Receivables:			
Chapter 20 P.L. 1971		6,259.38	1,778.76
		<u>6,259.38</u>	<u>1,778.76</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	860,895.54	948,307.05
Tax Title Liens Receivable	A-8	257,361.73	180,000.84
Property Acquired for Taxes at Assessed Valuation			
Valuation		2,696,023.47	2,722,623.47
Revenue Accounts Receivable	A-9	16,480.21	32,785.84
Interfunds Receivable:			
Grant Fund		78,643.74	166,860.94
Dog Trust Fund		3,719.77	1,281.16
		<u>3,913,124.46</u>	<u>4,051,859.30</u>
Deferred Charges:			
None		-	-
		<u>-</u>	<u>-</u>
		<u>11,584,853.21</u>	<u>11,599,156.47</u>
Federal and State Grant Fund:			
Grants Receivable	A-11	1,822,619.55	850,292.55
		<u>1,822,619.55</u>	<u>850,292.55</u>
		<u>\$ 13,407,472.76</u>	<u>\$ 12,449,449.02</u>

TOWNSHIP OF MIDDLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 405,458.18	\$ 743,107.60
Reserve for Encumbrances	A-3	326,060.93	340,077.52
Accounts Payable		103,476.23	106,400.84
Prepaid Taxes		665,938.35	653,851.55
Tax Overpayments		35,777.78	-
Local School District Tax Payable		3,548,042.21	3,366,801.13
Special District Taxes Payable		0.80	-
Deposits on Land Sales		3,000.00	3,000.00
County Added Tax Payable		17,823.51	16,332.45
Due to Water Districts		231.08	-
Payroll Deductions Payable		80,547.13	75,291.99
Reserve for Sale of Municipal Assets		577,550.00	577,550.00
Reserve for State Tax Appeals		100,000.00	100,000.00
Reserve for Garden State Preservation Trust Fund		47,481.00	47,481.00
Interfunds Payable:			
Other Trust Funds		62.33	-
Sewer Operating Fund		18,451.62	47,350.41
		<u>5,929,901.15</u>	<u>6,077,244.49</u>
Reserve for Receivables and Other Assets		3,913,124.46	4,051,859.30
Fund Balance	A-1	<u>1,741,827.60</u>	<u>1,470,052.68</u>
		<u>11,584,853.21</u>	<u>11,599,156.47</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	32,128.66	123,840.58
Appropriated Reserves	A-13	1,327,837.06	432,302.68
Encumbrances Payable		384,010.09	127,288.35
Due to Current Fund		78,643.74	166,860.94
		<u>1,822,619.55</u>	<u>850,292.55</u>
		<u>\$ 13,407,472.76</u>	<u>\$ 12,449,449.02</u>

TOWNSHIP OF MIDDLE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS

	Ref.	Year 2011	Year 2010
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	1,000,000.00	\$ 2,423,000.00
Miscellaneous Revenue Anticipated		7,232,878.55	7,424,781.08
Receipts from Delinquent Taxes		791,120.90	721,877.54
Receipts from Current Taxes		44,337,351.50	43,503,518.74
Non-Budget Revenue		627,823.95	418,431.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		642,860.17	741,685.23
Interfunds Returned		89,498.36	54,465.82
Total Income		<u>54,721,533.43</u>	<u>55,287,760.39</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		7,987,069.00	7,985,119.29
Other Expenses		7,032,949.00	7,323,400.71
Deferred Charges & Statutory Expenditures		2,150,026.00	1,867,816.03
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		126,381.00	138,970.00
Other Expenses		302,064.50	934,929.47
Capital Improvements		1,354,252.13	1,112,000.00
Municipal Debt Service		1,455,964.46	1,403,107.34
Deferred Charges		-	-
County Taxes		6,506,905.58	6,742,627.61
County Added and Omitted Taxes		17,823.51	16,332.45
Local District School Tax		24,207,102.00	23,844,673.00
Special District Taxes		2,307,458.00	2,282,065.00
Refund or Prior Year Revenue		-	276.33
Prior Year Deduction Disallowed		1,763.33	3,000.00
Interfunds Created		-	166,860.94
Total Expenditures		<u>53,449,758.51</u>	<u>53,821,178.17</u>

TOWNSHIP OF MIDDLE
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2011</u>	<u>Year 2010</u>
Excess In Revenue		\$ 1,271,774.92	\$ 1,466,582.22
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Year		-	-
		-	-
Statutory Excess to Fund Balance		1,271,774.92	1,466,582.22
Fund Balance January 1	A	1,470,052.68	2,426,470.46
		2,741,827.60	3,893,052.68
Decreased by:			
Utilization as Anticipated Revenue		1,000,000.00	2,423,000.00
Fund Balance December 31	A	\$ 1,741,827.60	\$ 1,470,052.68

**TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$	1,000,000.00	\$	1,000,000.00	\$ -
		1,000,000.00	-	1,000,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages		6,744.00		5,792.00	(952.00)
Other		39,000.00		52,819.00	13,819.00
Fees and Permits		139,700.00		139,233.70	(466.30)
Municipal Court - Fines and Costs		244,000.00		259,723.31	15,723.31
Interest and Costs on Taxes		197,000.00		253,791.97	56,791.97
Interest on Investments		46,000.00		17,138.20	(28,861.80)
Registrar of Vital Statistics - Fees		69,000.00		59,093.00	(9,907.00)
Trailer Tax		142,000.00		137,490.00	(4,510.00)
Hotel/Motel Tax		37,000.00		36,361.57	(638.43)
Ambulance Fees		721,000.00		713,071.67	(7,928.33)
Host Community Benefits		14,500.00		18,417.50	3,917.50
Energy Receipts Tax		3,519,743.00		3,519,743.00	-
Garden State Preservation Trust Fund - Reserved		47,481.00		47,481.00	-
Uniform Construction Code Fees		290,000.00		225,215.00	(64,785.00)
Other Special Items:					
Police Officer - Cape May County Technical School		70,000.00		70,000.00	-
Middle Township Fire District #2 - JIF Insurance		34,847.00		49,734.00	14,887.00
Borough of Woodbine - Municipal Court - Interlocal		60,000.00		60,000.00	-
Special Items:					
Public and Private Programs Off-Set by Revenues:					
Clean Air, Cool Planet Environmental Grant		2,500.00		2,500.00	-
BPU Clean Energy Audit		9,467.00		9,467.00	-
Pet Smart Charities Grant		-	13,000.00	13,000.00	-
Whitesboro School Building - Phase III		-	556,415.00	556,415.00	-

**TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40A:4-87		
Miscellaneous Revenues (continued):					
Special Items:					
Public and Private Programs Off-Set by Revenues: (Continued)					
Safe and Secure Communities Program		\$ 56,381.00	\$	56,381.00	\$ -
Clean Communities Program		6,851.87	40,555.72	47,407.59	-
NJ Transportation Trust Fund Authority Act		673,377.00		673,377.00	-
Click it or Ticket		3,450.00		3,450.00	-
Municipal Court Alcohol Education		3,267.75	2,157.39	5,425.14	-
COPS in Shops		1,200.00		1,200.00	-
Recycling Tonnage Grant		68,695.86	56,361.94	125,057.80	-
FEMA - Reeds Beach Project		24,460.13		24,460.13	-
Over the Limit Under Arrest		9,075.00		9,075.00	-
Emergency Management Assistance		5,000.00	5,000.00	10,000.00	-
Justice Advocacy Grant (JAG)					
City of Wildwood		24,298.00	230.00	24,528.00	-
Police Body Armor Grant		6,029.97		6,029.97	-
Total Miscellaneous Revenues	A-1	6,572,068.58	673,720.05	7,232,878.55	(12,910.08)
Receipts from Delinquent Taxes	A-1:A-2	1,015,000.00		791,120.90	(223,879.10)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		12,314,248.45		12,461,757.86	147,509.41
Total Amount to be Raised by Taxes for Support of Municipal Budget		12,314,248.45	-	12,461,757.86	147,509.41
Budget Totals		20,901,317.03	673,720.05	21,485,757.31	(89,279.77)
Non-Budget Revenues		20,901,317.03	673,720.05	22,113,581.26	538,544.18

See Accompanying Notes to Financial Statements – Regulatory Basis

TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$ 44,337,351.50
Allocated to:	
Reserve for Tax Appeals	
School, County and Other Taxes	<u>33,039,289.09</u>
Balance for Support of Municipal Budget Appropriations	11,298,062.41
Add: Appropriation	
"Reserve for Uncollected Taxes"	<u>1,163,695.45</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 12,461,757.86</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 658,788.50
Tax Title Lien Collections	<u>132,332.40</u>
	<u>\$ 791,120.90</u>

Analysis of Non-Budget Revenues:Miscellaneous Revenue Not Anticipated:

Tax Collector Miscellaneous	\$ 600.00
Interlocal Agreement - Animal Control	40,581.67
Interlocal - Municipal Court Stone Harbor	3,600.00
Refunds	23,946.47
Bounced Check Fee	460.00
Cable Franchise Fee	77,863.33
Police Reports	5,633.62
Zoning Books, Maps and Copies	994.25
Restitution	86.00
CMCMUA Recycling Rebate	74,313.47
Construction Miscellaneous	194.16
NJ American Water	8,944.95
Tax Premiums Escheat	17,390.78
Cancelled Checks	54.46
Cape Express Soccer Club	5,000.00
Children and Families at Rec	1,700.00
FEMA Reimbursements - Storms	164,187.31
Copies	14.40
Bids Specs	2,325.00
Police Car Rental/Admin Fee	623.78
Trash Removal	9,179.78
Whitesboro Trailer - U.S. Postal	2,200.00
Payments in Lieu of Taxes	24,875.00
DMV Inspection Fines	2,951.29
Canceled Grants	19,462.24
Police Accreditation	2,500.00
DWI Checkpoints	880.00
Insurance Reimbursements - Joint Insurance Fund	73,211.88
Host Community Benefits Settlement	20,000.00
Interlocal - Middle Twp. Board of Education	29,999.00
Cape Educational Compact - Interlocal	5,922.00
Sale of Township Property	100.00
Fire Reimbursements	2,964.75
Senior Citizen and Veteran Administration Fee	<u>5,064.36</u>
	<u>\$ 627,823.95</u>

**TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
	\$	\$	\$	\$	\$	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT FUNCTIONS:						
General Administration	150,000.00	150,000.00	142,993.82		7,006.18	
Salaries and Wages	18,000.00	18,000.00	16,181.03	328.99	1,489.98	
Other Expenses	47,000.00	47,500.00	47,467.30		32.70	
Human Resources - Personnel	11,000.00	11,000.00	8,900.80	1,594.76	504.44	
Salaries and Wages	52,500.00	52,500.00	52,320.06		179.94	
Other Expenses	4,000.00	4,000.00	3,659.72	5.00	335.28	
Mayor and Committee						
Salaries and Wages	109,000.00	109,500.00	109,225.02		274.98	
Other Expenses	7,000.00	7,000.00	2,427.81	4,572.19	-	
Codification of Ordinances	24,100.00	26,100.00	24,951.91	205.33	942.76	
Miscellaneous Other Expenses						
Financial Administration	145,600.00	130,000.00	128,735.28		1,264.72	
Salaries and Wages	55,000.00	55,000.00	42,637.20	10,089.86	2,272.94	
Other Expenses	1,000.00	1,000.00	-		1,000.00	
Bond Registrar						
Other Expenses	32,000.00	32,000.00	10,378.64		21,621.36	
Information Technology						
Other Expenses	31,000.00	31,000.00	21,800.00		9,200.00	
Audit Services						
Other Expenses	101,500.00	110,100.00	102,418.07		7,681.93	
Assessment of Taxes	30,000.00	30,000.00	13,014.76	10,599.50	6,385.74	
Salaries and Wages	125,500.00	125,500.00	117,415.38		8,084.62	
Other Expenses	19,900.00	22,900.00	20,019.17	2,327.40	553.43	
Collection of Taxes						
Liquidation of Tax Title Liens and Foreclosed Property						
Other Expenses	9,500.00	9,500.00	-		9,500.00	
Legal Services						
Salaries and Wages	2,500.00	2,500.00	2,499.90		0.10	
Other Expenses	384,500.00	387,500.00	196,759.74	189,184.01	1,556.25	

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Budget After Modification	Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget			Encumbered	Reserved	
Engineering Services	\$ 85,000.00	\$ 85,000.00	\$ 85,000.00	70,220.14	\$ 14,620.34	\$ 159.52	\$
Other Expenses							
Grants Administration	48,000.00	48,000.00	48,000.00	47,575.25		424.75	
Salaries and Wages							
Other Expenses	34,000.00	34,000.00	34,000.00	22,034.45	11,655.20	310.35	
Public Affairs							
Other Expenses	1,000.00	1,000.00	1,000.00	101.91	115.00	783.09	
Municipal Court							
Salaries and Wages	176,000.00	176,000.00	176,000.00	176,800.00		-	
Other Expenses	22,600.00	22,600.00	22,600.00	12,267.75	175.38	10,156.87	
Public Defender							
Salaries and Wages	18,500.00	18,500.00	18,500.00	18,018.00		482.00	
Volunteers in Medicine - Donation (NJS 40:5-2-10c)	1,250.00	1,250.00	1,250.00	-	1,250.00	-	
Records Management							
Other Expenses	1,000.00	1,000.00	1,000.00	-		1,000.00	
LAND USE ADMINISTRATION:							
Planning Board							
Smart Growth Expense	30,000.00	35,700.00	35,700.00	29,816.25		5,883.75	
Other Expenses	2,200.00	2,200.00	2,200.00	2,200.00		-	
Zoning Board of Adjustment							
Salaries and Wages	135,000.00	135,000.00	135,000.00	131,488.69	1,705.27	1,806.04	
Other Expenses	30,000.00	30,000.00	30,000.00	8,622.15		21,377.85	
INSURANCE:							
General Liability Insurance	208,900.00	208,900.00	208,900.00	196,004.00		12,896.00	
Workers Compensation Insurance	488,000.00	488,000.00	488,000.00	488,000.00		-	
Group Insurance Plan for Employees	2,709,349.00	2,626,949.00	2,626,949.00	2,616,179.21		10,769.79	
Health Benefit Waivers							
Salaries and Wages	8,000.00	8,000.00	8,000.00	8,000.00		-	
PUBLIC SAFETY:							
Police							
Salaries and Wages	4,308,919.00	4,354,919.00	4,354,919.00	4,345,822.08		9,096.92	
Other Expenses	133,300.00	133,300.00	133,300.00	112,657.29	20,476.44	166.27	
Police and Radio Communications							
Salaries and Wages	443,400.00	443,400.00	443,400.00	419,504.19		23,895.81	
Other Expenses	7,000.00	7,000.00	7,000.00	6,832.50	14.95	152.55	
Contribution to First Aid Squads	70,000.00	70,000.00	70,000.00	70,000.00		-	
Rescue Squad							
Salaries and Wages	392,000.00	402,000.00	402,000.00	401,075.43		924.57	
Other Expenses	42,000.00	42,000.00	42,000.00	34,956.56	5,450.80	1,592.64	

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Expended		
				Encumbered	Reserved	
Emergency Management Services						
Salaries and Wages	\$ 9,500.00	\$ 9,500.00	\$ 9,306.04	\$	193.96	\$
Other Expenses	2,000.00	2,000.00	412.50		1,587.50	
Municipal Prosecutor						
Salaries and Wages	30,500.00	30,500.00	30,500.00		-	
PUBLIC WORKS FUNCTIONS:						
Road Repair and Maintenance						
Salaries and Wages	798,800.00	788,000.00	787,500.59		499.41	
Other Expenses	130,000.00	136,000.00	122,013.00	12,380.94	1,606.06	
Motor Pool	190,000.00	193,000.00	182,148.61	8,731.36	2,120.03	
Shade Tree Commission						
Other Expenses	750.00	750.00	729.75		20.25	
Garbage and Trash Removal - Contractual	328,000.00	328,400.00	328,316.00		84.00	
Recycling Contractual	328,000.00	328,000.00	328,000.00		-	
Public Buildings and Grounds						
Salaries and Wages	100,000.00	100,000.00	99,642.14		357.86	
Other Expenses	90,000.00	80,500.00	73,860.25	4,641.99	1,997.76	
HEALTH AND WELFARE:						
Board of Health						
Salaries and Wages	850.00	850.00	818.33		31.67	
Other Expenses	2,500.00	2,500.00	2,205.70		294.30	
Animal Control						
Salaries and Wages	67,300.00	67,300.00	63,525.71		3,774.29	
Other Expenses	10,000.00	10,000.00	5,651.57	430.59	3,917.84	
Animal Control - Animal Shelter						
Contractual	61,500.00	61,500.00	61,500.00		-	
CODE ENFORCEMENT ADMINISTRATION:						
Code Enforcement Officer						
Salaries and Wages	31,500.00	31,500.00	31,398.12		101.88	
Demolition of Substandard Buildings						
Other Expenses	500.00	500.00	-		500.00	

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
PARKS AND RECREATION FUNCTION:						
Recreation						
Salaries and Wages	\$ 210,000.00	\$ 210,000.00	\$ 181,910.27	\$ 28,089.73	\$ -	
Other Expenses	45,000.00	45,000.00	20,851.21	4,820.34	19,328.45	
Senior Center						
Salaries and Wages	44,000.00	44,000.00	41,229.29	2,770.71		
Other Expenses	24,000.00	24,000.00	20,634.37	922.37	2,443.26	
Beach Restoration						
Other Expenses	500.00	500.00	-	500.00		
Environmental Commission						
Other Expenses	2,500.00	2,500.00	-	2,500.00		
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	143,200.00	144,200.00	144,064.94	135.06		
Other Expenses	9,500.00	9,500.00	5,958.44	1,236.89	2,304.67	
Electrical Inspector						
Salaries and Wages	29,000.00	29,000.00	28,596.10	403.90		
Fire Protection						
Salaries and Wages	18,000.00	18,000.00	17,664.14	335.86		
UNCLASSIFIED:						
Terminal Leave	200,000.00	200,000.00	200,000.00	-		
Maintenance and Service Policies -						
Various Machines	185,000.00	186,000.00	178,168.39	7,566.00	265.61	
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	320,000.00	320,000.00	310,646.19	9,000.00	353.81	
Postage	7,500.00	7,500.00	7,500.00	-		
Telephone	150,000.00	98,300.00	98,039.90	260.10		
Natural Gas	55,000.00	46,500.00	35,813.73	730.23	9,956.04	
Fuel Oil	3,000.00	3,000.00	540.30		2,459.70	
Gasoline	240,000.00	327,500.00	284,770.20	1,229.80	41,500.00	
Street Lighting	100.00	100.00	-	100.00		
SANITARY LANDFILL DISPOSAL COSTS:						
Sanitary Landfill - Contractual	400,000.00	395,500.00	350,184.37	45,315.63		
TOTAL OPERATIONS WITHIN "CAPS"	15,020,018.00	15,020,018.00	14,336,081.61	326,060.93	357,875.46	-
Contingent						
None						

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered Reserved	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	\$ 15,020,018.00	\$ 15,020,018.00	\$ 14,336,081.61	\$ 326,060.93	\$ -
Detail:					
Salaries and Wages	7,942,069.00	7,987,069.00	7,887,514.14	1,705.27	97,849.59
Other Expenses	7,077,949.00	7,032,949.00	6,448,567.47	324,355.66	260,025.87
DEFERRED CHARGES:					
None					
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	404,125.00	399,125.00	399,125.00	-	-
Social Security System (O.A.S.I.)	625,000.00	625,000.00	589,353.78	35,646.22	-
Unemployment Compensation Insurance	45,000.00	45,000.00	45,000.00	-	-
Police and Firemen's Retirement System	1,065,901.00	1,070,901.00	1,070,901.00	-	-
Defined Contribution Retirement Plan	10,000.00	10,000.00	5,613.50	4,386.50	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	2,150,026.00	2,150,026.00	2,109,993.28	40,032.72	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	17,170,044.00	17,170,044.00	16,446,074.89	326,060.93	397,908.18
OPERATIONS EXCLUDED FROM "CAPS"					
Public Assistance - Township Share of Costs	500.00	500.00	500.00	-	-
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	500.00	500.00	500.00	-	-
ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES					
Interlocal- Cape May County Technical School Salaries and Wages - Police	70,000.00	70,000.00	70,000.00	-	-
Interlocal-Middle Township Fire District #2 JIF Insurance	34,487.00	34,487.00	33,374.00	1,113.00	-
TOTAL ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES	104,487.00	104,487.00	103,374.00	1,113.00	-

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Expended		
				Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET						
BY REVENUES						
Safe and Secure Communities Program						
Police						
Salaries and Wages	\$ 56,381.00	\$ 56,381.00	\$ 56,381.00	\$ -	\$ -	\$ -
Clean Communities Program (40A:4-87 \$40,555.72+)	6,851.87	47,407.59	47,407.59	-	-	-
Municipal Court Alcohol Education (40A:4-87 \$2,157.39+)	3,267.75	5,425.14	5,425.14	-	-	-
COPS in Shops	1,200.00	1,200.00	1,200.00	-	-	-
BPU - Clean Energy Audit	9,467.00	9,467.00	9,467.00	-	-	-
Justice Advocacy Grant - Wildwood (40A:4-87 \$230.00+)	24,298.00	24,528.00	24,528.00	-	-	-
Police Body Armor Grant	6,029.97	6,029.97	6,029.97	-	-	-
Recycling Tonnage Grant (40A:4-87 \$56,361.94+)	68,695.86	125,057.80	125,057.80	-	-	-
Clean Air, Cool Plant Environmental Grant	2,500.00	2,500.00	2,500.00	-	-	-
Click it or Ticket Program	3,450.00	3,450.00	3,450.00	-	-	-
Over the Limit Under Arrest (40A:4-87 \$5,000.00+)	4,075.00	9,075.00	9,075.00	-	-	-
Emergency Management Assist. (40A:4-87 \$5,000.00+)	5,000.00	10,000.00	10,000.00	-	-	-
Municipal Alliance Grant - Local Match	3,500.00	3,500.00	3,500.00	-	-	-
PetSmart Charities Grant (40A:4-87 \$13,000+)	-	13,000.00	13,000.00	-	-	-
SFSP - District Payments	6,437.00	6,437.00		6,437.00		
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	<u>201,153.45</u>	<u>323,458.50</u>	<u>317,021.50</u>	<u>-</u>	<u>6,437.00</u>	<u>-</u>
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	<u>306,140.45</u>	<u>428,445.50</u>	<u>420,895.50</u>	<u>-</u>	<u>7,550.00</u>	<u>-</u>
Detail: Salaries and Wages	126,381.00	126,381.00	126,381.00	-	-	-
Other Expenses	179,759.45	302,064.50	294,514.50	-	7,550.00	-
CAPITAL IMPROVEMENTS						
Capital Improvement Fund						
Public and Private Appropriations Offset	100,000.00	100,000.00	100,000.00	-	-	-
by Revenues:						
N.J. Transportation Trust Fund Authority Act						
Reconstruction of Main Street	153,377.00	153,377.00	153,377.00	-	-	-
Bikepath Extension - Shellbay to Indian Trail	320,000.00	320,000.00	320,000.00	-	-	-
Curbs and Sidewalks - Main Street	200,000.00	200,000.00	200,000.00	-	-	-
FEMA - Reeds Beach Project	24,460.13	24,460.13	24,460.13	-	-	-
Small Cities Program;						
Whitesboro School-Ph. III (40A:4-87 \$556,415.00+)	-	556,415.00	556,415.00	-	-	-
TOTAL CAPITAL IMPROVEMENTS	<u>797,837.13</u>	<u>1,354,252.13</u>	<u>1,354,252.13</u>	<u>-</u>	<u>-</u>	<u>-</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

**TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
DEBT SERVICE						
Payment of Bond Principal	\$ 1,115,000.00	\$ 1,115,000.00	\$ 1,115,000.00			-
Interest on Bonds	241,000.00	241,000.00	240,307.54			692.46
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	74,000.00	74,000.00	73,258.83	-		741.17
New Jersey Environmental Infrastructure Trust Loan:						
Principal	22,000.00	22,000.00	21,010.67			989.33
Interest	6,600.00	6,600.00	6,387.42			212.58
TOTAL DEBT SERVICE	<u>1,458,600.00</u>	<u>1,458,600.00</u>	<u>1,455,964.46</u>	<u>-</u>	<u>-</u>	<u>2,635.54</u>
DEFERRED CHARGES						
None		-	-			
TOTAL DEFERRED CHARGES						
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>19,732,621.58</u>	<u>3,241,297.63</u>	<u>3,231,112.09</u>	<u>-</u>	<u>7,550.00</u>	<u>2,635.54</u>
Reserve for Uncollected Taxes	1,163,695.45	1,163,695.45	19,677,186.98	326,060.93	405,458.18	2,635.54
TOTAL GENERAL APPROPRIATIONS	<u>\$ 20,896,317.03</u>	<u>\$ 21,575,037.08</u>	<u>\$ 20,840,882.43</u>	<u>\$ 326,060.93</u>	<u>\$ 405,458.18</u>	<u>\$ 2,635.54</u>
Adopted Budget		\$ 20,896,317.03				
Appropriation by N.J.S.A. 40A:4-87		<u>678,720.05</u>				
		<u>\$ 21,575,037.08</u>				
Reserve for Uncollected Taxes		\$ 1,163,695.45				
Payroll Deductions Payable		3,930,313.80				
Federal and State Grants		1,567,773.63				
Cash Disbursed		<u>14,179,099.55</u>				
		<u>\$ 20,840,882.43</u>				

See Accompanying Notes to Financial Statements - Regulatory Basis

**EXHIBIT - B
TRUST FUND**

TOWNSHIP OF MIDDLE
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ <u>10,286.47</u>	\$ <u>8,178.67</u>
		<u>10,286.47</u>	<u>8,178.67</u>
<u>Other Funds</u>			
Cash and Investments	B-2	3,813,333.30	3,912,723.87
Due from State-Burial Permits		935.00	955.00
Loans Receivable - UDAG		286,648.49	192,830.05
Due from Current Fund		62.33	-
		<u>4,100,979.12</u>	<u>4,106,508.92</u>
		\$ <u><u>4,111,265.59</u></u>	\$ <u><u>4,114,687.59</u></u>

TOWNSHIP OF MIDDLE
TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 6,565.50	\$ 6,897.51
Due to State of New Jersey	B-1	1.20	-
Due to Current Fund		3,719.77	1,281.16
		<u>10,286.47</u>	<u>8,178.67</u>
<u>Other Funds</u>			
Reserve for:			
Community Development Block Grant		2,676.80	2,676.80
Deposits for Redemption of Tax Liens		50,414.71	58,926.93
Tax Sale Premiums		48,000.00	76,800.00
Unemployment Compensation		65,959.59	52,263.43
Escrow Deposits		1,287,991.47	1,373,731.12
Street Openings		10,770.00	15,770.00
Sewer Escrows		190,093.04	162,364.37
Housing Rehabilitation		58,380.71	55,943.05
Parking Offense Adjudication Act		62.00	-
Urban Aid		399,634.35	389,361.29
Recreation Dedicated Trust		92,079.39	70,888.93
Police Forfeiture		3,180.64	2,175.96
Special Police Detail		76,859.56	40,502.56
Municipal Alliance		3,828.32	6,631.51
Snow Removal		64,262.50	100,000.00
Subdivisions - Map Changes		2,700.00	3,300.00
Accumulated Absences		124,364.71	171,024.70
Donations - Bus Shelters		9,768.39	9,768.39
Council on Affordable Housing - Fees		1,311,226.45	1,310,953.83
Loans Receivable - UDAG		286,648.49	192,830.05
Due to State of New Jersey:			
Construction Code Fees		11,480.00	10,073.00
Marriage Licenses/Burial Permits		598.00	523.00
		<u>4,100,979.12</u>	<u>4,106,508.92</u>
		<u>\$ 4,111,265.59</u>	<u>\$ 4,114,687.59</u>

EXHIBIT - C
GENERAL CAPITAL FUND

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Assets</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Cash and Investments	C-2,C-3	\$ 4,466,556.24	\$ 1,841,125.56
Deferred Charges to Future Taxation:			
Funded	C-5	5,821,312.26	7,014,459.92
Unfunded	C-6	5,658,941.86	5,727,198.00
		<u>\$ 15,946,810.36</u>	<u>\$ 14,582,783.48</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 4,847,000.00	\$ 5,962,000.00
Green Trust Loan Payable	C-8A	744,839.38	802,337.53
New Jersey Environmental Infrastructure Trust			
Fund Loan Payable	C-8B	229,472.88	250,122.40
Bond Anticipation Notes Payable	C-9	4,353,250.00	-
Improvement Authorizations:			
Funded	C-7	469,058.02	436,912.63
Unfunded	C-7	2,276,002.76	3,611,426.78
Reserve to Pay Bonds and Notes		140.78	140.78
Contracts Payable		500,657.69	829,741.59
Capital Improvement Fund	C-4	2,399,024.01	2,577,300.00
Fund Balance	C-1	127,364.84	112,801.78
		<u>\$ 15,946,810.36</u>	<u>\$ 14,582,783.49</u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2010	<u>Ref.</u> C		\$	112,801.78
Increased By:				
Premium on Notes Issued		\$		12,756.00
Cancellation of Funded Improvement Authorizations				1,807.06
				14,563.06
				127,364.84
Decreased By:				
None		-		-
Balance December 31, 2011	C		\$	127,364.84

EXHIBIT - D
SEWER UTILITY FUND

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 621,688.11	\$ 664,074.05
Due from Sewer Operating Fund		285,873.37	-
Due from Current Fund		<u>18,451.62</u>	<u>47,350.41</u>
		<u>926,013.10</u>	<u>711,424.46</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-7	<u>541,812.54</u>	<u>515,475.99</u>
		<u>541,812.54</u>	<u>515,475.99</u>
Deferred Charges:			
Emergency Authorization		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Total Operating Fund		<u>1,467,825.64</u>	<u>1,226,900.45</u>
Capital Fund:			
Cash and Investments	D-5	-	3,158,734.16
Grants Receivable - USDA		1,048,009.95	2,042,838.86
Fixed Capital:			
Completed		27,699,608.37	26,833,053.51
Authorized and Uncompleted		16,297,400.00	17,371,655.00
Total Capital Fund		<u>45,045,018.32</u>	<u>49,406,281.53</u>
		<u>\$ 46,512,843.96</u>	<u>\$ 50,633,181.98</u>

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Operating Fund:			
Appropriation Reserves	D-4	\$ 51,796.97	\$ 98,665.86
Encumbrances Payable	D-4	72,328.66	85,148.88
Overpayments	D-5	13,773.97	23,740.95
Accounts Payable		13,980.10	13,889.40
Accrued Interest on Bonds and Notes	D-11	292,891.27	291,428.33
		<u>444,770.97</u>	<u>512,873.42</u>
Reserve for Receivables		541,812.54	515,475.99
Fund Balance	D-1	481,242.13	198,551.04
Total Operating Fund		<u>1,467,825.64</u>	<u>1,226,900.45</u>
Capital Fund:			
Serial Bonds Payable	D-13	3,945,000.00	4,120,000.00
Bond Anticipation Notes Payable	D-14	-	6,269,150.00
Loans Payable	D-13a	20,240,582.81	15,009,861.97
Contracts Payable	D-12	1,675,945.93	4,103,311.75
Due to Sewer Operating Fund	D	285,873.37	-
Reserve to Pay Bonds		134,905.02	104,005.02
Improvement Authorizations			
Funded	D-12	320,763.58	280,940.70
Unfunded	D-12	59,102.40	1,654,197.40
Reserve for Amortization		15,687,073.47	14,789,707.68
Deferred Reserve for Amortization		2,530,915.09	2,787,388.86
Fund Balance	D-2	164,856.65	287,718.15
Total Capital Fund		<u>45,045,018.32</u>	<u>49,406,281.53</u>
		<u>\$ 46,512,843.96</u>	<u>\$ 50,633,181.98</u>

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN OPERATING FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year 2011.</u>	<u>Year 2010</u>
Revenue and Other Income Realized			
Fund Balance Utilized	\$	190,000.00	\$ 421,200.00
Sewer Rents		3,690,383.57	2,766,591.30
Miscellaneous		154,936.82	283,757.58
Utility Capital Surplus		275,000.00	50,000.00
Miscellaneous Revenue Not Anticipated		-	-
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves		87,666.27	244,293.12
Total Income		<u>4,397,986.66</u>	<u>3,765,842.00</u>
 Expenditures:			
Operations:			
Salaries and Wages		270,000.00	283,000.00
Other Expenses		204,500.00	240,300.00
Insurance		163,483.00	182,100.00
CMCMUA User Charges		1,800,000.00	1,750,000.00
Capital Improvements		50,000.00	50,000.00
Debt Service		1,326,612.57	1,155,915.60
Deferred Charges and Statutory Expenditures		110,700.00	52,000.00
Total Expenditures		<u>3,925,295.57</u>	<u>3,713,315.60</u>
Excess in Revenue		472,691.09	52,526.40
 Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years		-	-
		<u>472,691.09</u>	<u>52,526.40</u>
Fund Balance January 1	D	<u>198,551.04</u>	<u>567,224.64</u>
		671,242.13	619,751.04
Decreased By:			
Utilization as Anticipated Revenue		<u>190,000.00</u>	<u>421,200.00</u>
Balance December 31	D	<u>\$ 481,242.13</u>	<u>\$ 198,551.04</u>

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

Balance December 31, 2010	<u>Ref.</u> D		\$	287,718.15
Increased By:				
Improvement Authorizations Canceled		\$ 152,138.50		
				152,138.50
				439,856.65
Decreased By:				
Appropriated to 2011 Budget Revenue		275,000.00		
				275,000.00
Balance December 31, 2011	D		\$	164,856.65

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Fund Balance Anticipated	\$ 190,000.00	\$ 190,000.00	\$ -
Anticipated Revenue:			
Sewer Rents	3,346,183.00	3,690,383.57	344,200.57
Utility Capital Surplus	275,000.00	275,000.00	-
Miscellaneous	<u>230,000.00</u>	<u>154,936.82</u>	<u>(75,063.18)</u>
	<u>3,851,183.00</u>	<u>4,120,320.39</u>	<u>269,137.39</u>
Total Revenue	<u>\$ 4,041,183.00</u>	<u>\$ 4,310,320.39</u>	<u>\$ 269,137.39</u>

Analysis of Realized Revenue:

Sewer Rents			
Accounts Receivable	\$ 3,670,032.62		
Sewer Overpayments Applied	<u>20,350.95</u>		
Total Sewer Rents		<u>\$ 3,690,383.57</u>	
Miscellaneous Revenue			
Interest on Investments	4,510.63		
Penalties on Delinquent Accounts	30,843.96		
Application Fees	<u>119,582.23</u>		
Total Miscellaneous		<u>\$ 154,936.82</u>	

**TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	Appropriations		Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations:					
Salaries and Wages	\$ 260,000.00	\$ 270,000.00	\$ 269,527.79	\$ 472.21	\$ -
Other Expenses	204,500.00	204,500.00	204,496.57	3.43	-
Insurance	163,483.00	163,483.00	159,961.88	3,521.12	-
CMC/MJA User Charges	1,800,000.00	1,800,000.00	1,754,666.00	45,334.00	-
	<u>2,427,983.00</u>	<u>2,437,983.00</u>	<u>2,388,652.24</u>	<u>49,330.76</u>	<u>-</u>
Capital Improvements:					
Capital Outlay	50,000.00	50,000.00	49,214.17	785.83	-
	<u>50,000.00</u>	<u>50,000.00</u>	<u>49,214.17</u>	<u>785.83</u>	<u>-</u>
Debt Service:					
Payment of Bond Principal	422,300.00	422,300.00	422,279.16	-	20.84
Payment of Bond Antic. Note Principal	46,500.00	46,500.00	10,300.00	-	36,200.00
Interest on Bonds	938,400.00	893,400.00	817,179.35	-	76,220.65
Interest on Notes	35,300.00	80,300.00	76,854.06	-	3,445.94
	<u>1,442,500.00</u>	<u>1,442,500.00</u>	<u>1,326,612.57</u>	<u>-</u>	<u>115,887.43</u>
Deferred Charges and Statutory Expenditures					
Deferred Charges - Unfunded					
Ordinance 1134-03	18,700.00	18,700.00	18,700.00	-	-
Terminal Leave	75,000.00	65,000.00	65,000.00	-	-
PERS	5,000.00	5,000.00	5,000.00	-	-
Social Security System (O.A.S.I.)	22,000.00	22,000.00	20,319.62	1,680.38	-
	<u>120,700.00</u>	<u>110,700.00</u>	<u>109,019.62</u>	<u>1,680.38</u>	<u>-</u>
	<u>\$ 4,041,183.00</u>	<u>\$ 4,041,183.00</u>	<u>\$ 3,873,498.60</u>	<u>\$ 51,796.97</u>	<u>\$ 115,887.43</u>
Ref.					
Adopted Budget	<u>D</u>	<u>D</u>			
	\$	\$	\$	\$	\$
	<u>4,041,183.00</u>	<u>4,041,183.00</u>	<u>2,907,136.53</u>	<u>894,033.41</u>	<u>72,328.66</u>
			<u>3,873,498.60</u>		
Cash Disbursed					
Accrued Interest on Bonds and Notes					
Encumbered					

EXHIBIT - E
PUBLIC ASSISTANCE FUND

TOWNSHIP OF MIDDLE
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
<u>Assets</u>			
Cash Trust I	E-1	\$ 19,345.20	\$ 18,809.90
		<u>\$ 19,345.20</u>	<u>\$ 18,809.90</u>
<u>Liabilities and Reserves</u>			
Reserve for Public Assistance		\$ 19,345.20	\$ 18,809.90
		<u>\$ 19,345.20</u>	<u>\$ 18,809.90</u>

EXHIBIT - F
GENERAL FIXED ASSETS ACCOUNT GROUP

TOWNSHIP OF MIDDLE
GENERAL FIXED ASSET ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>General Fixed Assets</u>	<u>Ref.</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Dec. 31, 2010</u>
Land	\$	1,048,535.00	\$ 1,048,535.00
Land Improvements		1,927,238.85	1,927,238.85
Buildings and Improvements		7,774,091.55	7,735,353.95
Machinery and Equipment		7,202,728.21	6,350,186.40
		<u>\$ 17,952,593.61</u>	<u>\$ 17,061,314.20</u>
 <u>Investment in General Fixed Assets</u>			
Investment in General Fixed Assets	\$	17,952,593.61	\$ 17,061,314.20
		<u>\$ 17,952,593.61</u>	<u>\$ 17,061,314.20</u>

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements – regulatory basis of the Township of Middle have been prepared in conformity with an “Other Comprehensive Basis of Accounting” (OCBOA), as established by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting differs from Accounting Principles Generally Accepted in the United States of America (GAAP). The more significant of the Township’s accounting policies are described below.

Description of Financial Reporting Entity

The Township of Middle is an inland community located in the County of Cape May, State of New Jersey. The population according to the 2010 census is 18,911.

The Township was incorporated in 1798 and operates under a Committee form of government.

Component Units

The financial statements of the component units of the Township of Middle are not presented in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14. If the provisions of GASB 14 had been complied with, the other entity’s financial statements would have to be either, blended or discretely presented with the financial statements – regulatory basis of the Township of Middle, the primary government.

Basis of Presentation, Fund Accounting

The financial statements – regulatory basis of the Township of Middle contain all funds and account groups in accordance with the “Requirements of Audit”, as promulgated 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 Township of Middle accounts for its financial transactions through the following separate funds that differ from the funds required by GAAP.

Current Fund

The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

Trust Funds

The various Trust Funds account for receipts, custodianship and disbursement of funds, in accordance with the purpose for which each fund was created.

General Capital Funds

The General Capital Fund accounts for the receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

Sewer Utility Operating and Capital Funds

The Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The Township of Middle must adopt an annual budget, in accordance with N.J.S.A. 40A:4 et al. State statutes require the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget, and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date of introduction. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the statutory due dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements – statutory basis.

Cash and Investments

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank approved by the State Department of Banking and Insurance, and organized under laws of the United States or the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The cash management plan adopted by the Township of Middle requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any governmental unit. Public depositories include banks (both state and federal), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, are available to pay the full amount of their deposits to the governmental units.

Generally, the Township considers all investments that mature in one year or less to be cash equivalents.

All certificates of deposit are recorded as cash regardless of date of maturity.

Interfunds

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to Fund Balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

General Fixed Assets

Property and Equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2, as issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions of the Directive: Fixed Assets used in governmental operations, (“general fixed assets”), are accounted for in the General Fixed Assets Account Group. Public Domain, (“Infrastructure”), fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost, or estimated historical cost, if actual historical cost is not available.

No depreciation on general fixed assets is recorded in the financial statements – statutory basis.

Expenditures for construction in progress are recorded in Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants-in-aid or contributed capital, have not been accounted for separately.

Utility Fixed Assets

Property and equipment purchased by a utility fund are recorded in the utility capital fund at cost and are adjusted for disposition or abandonment. The amounts shown do not represent replacement cost or current value. Contributions in aid of construction are not capitalized. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. GAAP does not require the establishment of a Reserve for Amortization of Fixed Capital, but GAAP does require the recognition of depreciation of property by the utility fund.

Foreclosed Property

Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily, it is the intention of the municipality to resell foreclosed property, in order to recover all or a portion of the delinquent taxes or assessments by returning the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded at historical cost at the time of acquisition.

Deferred Charges

The recognition of certain expenditures is deferred to future periods. These expenditures, or Deferred Charges, are generally over-expenditures of legally adopted budget appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriation Reserves

Appropriation Reserves covering any unexpended appropriation balance are automatically created at year end, and recorded as liabilities, except for amounts that may be canceled by the governing body. Appropriation Reserves are available, until lapsed at the close of the succeeding fiscal year. Lapsed Appropriation Reserves are recorded as income. Appropriation Reserves are not established under GAAP.

Liens Sold for Other Governmental Units

Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the other governmental unit net of costs of the sale. The related costs of sale are recognized as revenue when received.

Fund Balance

Fund Balances included in the Current Fund and Utility Operating Funds, represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues

Revenues are recorded as received in cash except for certain amounts that are due from other governmental units. Revenue, from federal and state grants, is realized as revenue when anticipated as such, in the Township's budget. Other amounts that are due the Township, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenue be recognized when actual expenditures financed by the grant are made.

Property Tax Revenues

Property tax revenues are collected in quarterly installments due February 1st, May 1st, August 1st, and November 1st. Property taxes unpaid following their final due date are subject to tax sale in accordance with statutes. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

School Taxes

The Township is responsible for levying, collecting and remitting school taxes for the Township of Middle School District. Fund Balance is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, decreased by the amount deferred at December 31, 2010, and decreased by the amount deferred at December 31, 2011. GAAP would require the recording of deferred revenue.

<u>Category</u>	<u>2011</u>	<u>2010</u>
School Tax Payable	\$ 3,548,042.21	\$ 3,366,801.13
School Tax Deferred	9,676,265.00	9,676,265.00
	<u>\$ 13,224,307.21</u>	<u>\$ 13,043,066.13</u>

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

County Taxes

The Township is responsible for levying, collecting and remitting county taxes for the County of Cape May. Fund balance is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, fund balance is charged for the County share of added and omitted taxes, certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

Reserve for Uncollected Taxes

The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from taxes not paid currently. The minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A reserve for uncollected taxes is not established under GAAP.

Expenditures

Expenditures are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance system. Outstanding encumbrances at December 31st are recorded as a cash liability. Appropriations for principal payments on outstanding General Capital and Utility Capital Fund bonds and notes are provided on the cash basis. Interest on General Capital Fund indebtedness is on the cash basis, whereas interest on Utility Fund indebtedness is on the accrual basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Compensated Absences and Post – Employment Benefits

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a “pay as you go” basis. Likewise, no accrual is made for post employment benefits, if any, which are also funded on a “pay as you go” basis. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as an expenditure in the operating funds, and the remaining obligations be recorded as long-term obligations.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year</u> <u>2011</u>	<u>Year</u> <u>2010</u>	<u>Year</u> <u>2009</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 9,945,089.38	\$ 7,014,459.92	\$ 8,111,797.08
Sewer Utility:			
Bonds, Notes and Loans	<u>24,185,582.81</u>	<u>25,399,011.97</u>	<u>25,371,071.42</u>
Total Issued	<u>34,130,672.19</u>	<u>32,413,471.89</u>	<u>33,482,868.50</u>
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:			
General	140.78	140.78	140.78
Sewer Utility	<u>134,905.02</u>	<u>104,605.12</u>	<u>58,005.02</u>
Net Debt Issued	<u>33,995,626.39</u>	<u>32,308,725.99</u>	<u>33,424,722.70</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	1,305,691.86	5,727,198.00	1,737,198.00
Sewer Utility:			
Bonds and Notes	<u>1,593,437.00</u>	<u>1,228,600.00</u>	<u>513,000.00</u>
Total Authorized But Not Issued	<u>2,899,128.86</u>	<u>6,955,798.00</u>	<u>2,250,198.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 36,894,755.25</u>	<u>\$ 39,264,523.99</u>	<u>\$ 35,674,920.70</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .38%:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 9,080,000.00	\$ 9,080,000.00	\$ -
Sewer Utility Debt	25,779,019.81	25,779,019.81	-
General Debt	<u>11,480,254.12</u>	<u>140.78</u>	<u>11,480,113.34</u>
	<u>\$ 46,339,273.93</u>	<u>\$ 34,859,160.59</u>	<u>\$ 11,480,113.34</u>

Net debt \$11,480,113.34, divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$3,054,023,858=.38%.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

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

3-1/2% of Equalized Valuation Basis	\$ 106,890,835.03
Net Debt	<u>11,480,113.34</u>
Remaining Borrowing Power	<u><u>\$ 95,410,721.69</u></u>

Calculation of “Self-Liquidating Purpose”, Sewer Utility Per N.J.S.A. 40A:2-45:

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 4,310,320.39
Deductions:	
Operating & Maintenance Costs	\$ 2,519,983.00
Debt Service per Sewer Funds	<u>1,326,612.57</u>
Total Deductions	<u>3,846,595.57</u>
Excess (Deficit) in Revenue	<u><u>\$ 463,724.82</u></u>

Description of Bonds and Loans Payable

At December 31, 2011 bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$2,490,000 General Improvement Bonds dated March 15, 2002, due in annual installments through March 15, 2012, bearing interest at variable rates from 3.75% to 4.25% per annum. The balance remaining as of December 31, 2011 is \$300,000.

\$7,072,000 General Improvement Bonds dated July 6, 2006, due in annual installments through July 15, 2016, bearing interest at variable rates from 4.00% to 4.125% per annum. The balance remaining as of December 31, 2011 is \$4,547,000.

\$215,345 Green Acres Loan dated November 16, 1999, due in semi-annual installments through August 19, 2019, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011 is \$98,542.34.

\$340,000 Green Acres Loan dated November 3, 2004, due in semi-annual installments through August 24, 2024, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011 is \$240,971.38.

\$455,700 Green Acres Loan, \$250,000 drawn down on December 21, 2004 and \$205,700 drawn down on December 24, 2006, due in semi-annual installments through July 5, 2024, and December 24, 2025, bearing an interest rate of 2.00%. The balances remaining as of December 31, 2011 are \$189,281.72 and \$118,184.27 respectively.

\$150,000 Green Acres Loan dated December 31, 2004, due in semi-annual installments through September 17, 2024, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2011, is \$97,859.67.

\$177,597 New Jersey Environmental Infrastructure Trust Fund Loan dated December 7, 2004, due in semi-annual installments through August 1, 2022, bearing an interest rate of 0%. The balance remaining as of December 31, 2011, is \$127,597.00.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
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YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Description of Bonds and Loans Payable (Continued)

\$177,597 New Jersey Environmental Infrastructure Trust Fund Loan dated December 7, 2004, due in semi-annual installments through August 1, 2022, bearing interest at variable rates ranging from 3% to 5%. The balance remaining as of December 31, 2011, is \$101,875.88.

At December 31, 2011, bonds payable in the Sewer Utility Fund consisted of the following individual issues:

\$4,365,000 Sewer Refunding Bonds dated February 3, 2010, due in annual installments on December 15 through December 15, 2031, bearing interest at various rates from 1.125%-2.75% through 2015 and 3%-4.375% thereafter. The balance remaining as of December 31, 2011 was \$3,915,000.00.

\$275,000 Sewer Utility Bonds dated March 15, 2002, due in annual installments through March 15, 2012, bearing interest variable rates from 3.50% to 4.25% per annum. The balance remaining as of December 31, 2011, is \$30,000.

\$2,385,000 Rural Development Loan dated July 16, 1993, due in semi-annual installments through July 16, 2033, bearing an interest rate of 5.00%. The balance remaining as of December 31, 2011, is \$1,849,240.38.

\$1,604,700 Rural Development Loan dated July 14, 1994, due in semi-annual installments through July 1, 2034, bearing an interest rate of 4.50%. The balance remaining as of December 31, 2011, is \$1,247,811.71.

\$1,375,000 Rural Development Loan dated December 1, 1995, due in semi-annual installments through July 1, 2035, bearing an interest rate of 4.50%. The balance remaining as of December 31, 2011, is \$1,085,046.32.

\$2,374,000 Rural Development Loan dated February 1, 1996, due in semi-annual installments through August 1, 2036, bearing an interest rate of 4.50%. The balance remaining as of December 31, 2011, is \$1,895,030.47.

\$2,080,000 Rural Development Loan dated July 27, 2001, due in semi-annual installments through August 1, 2041, bearing an interest rate of 4.50%. The balance remaining as of December 31, 2011, is \$1,843,191.08.

\$2,408,000 Rural Development Loan dated February 24, 2006, due in semi-annual installments through August 1, 2036, bearing an interest rate of 4.50%. The balance remaining as of December 31, 2011, is \$2,272,364.34.80.

\$450,000 Rural Development Loan dated February 24, 2006, due in semi-annual installments through August 1, 2041, bearing an interest rate of 4.50%. The balance remaining as of December 31, 2011, is \$424,647.67.

\$3,039,000 Rural Development Loan dated July 15, 2010, due in semi-annual installments through July 15, 2050, bearing an interest rate of 4.00%. The balance remaining as of December 31, 2011, is \$3,007,261.76.

\$1,150,000 Rural Development Loan dated July 15, 2010, due in semi-annual installments through July 15, 2050, bearing an interest rate of 4.00%. The balance remaining as of December 31, 2011, is \$1,137,989.08.

\$1,815,000 Rural Development Loan dated December 15, 2011, due in semi-annual installments through December 15, 2051, bearing an interest rate of 2.25%. The balance remaining as of December 31, 2011, is \$1,815,000.00.

\$3,663,000 Rural Development Loan dated December 15, 2011, due in semi-annual installments through December 15, 2051, bearing an interest rate of 3.75%. The balance remaining as of December 31, 2011, is \$3,663,000.00.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
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YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 2: LONG-TERM DEBT (Continued)

Changes in Long-Term Debt

The following schedule represents the changes in the Long-Term Debt:

	<u>Outstanding 12/31/10</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/11</u>
General Capital Fund:				
Bonds Payable	\$ 5,962,000.00	\$	\$ 1,115,000.00	\$ 4,847,000.00
Loans Payable	1,052,459.92		78,147.66	974,312.26
Total General Capital Fund	<u>7,014,459.92</u>	<u>-</u>	<u>1,193,147.66</u>	<u>5,821,312.26</u>
Utility Capital Fund:				
Bonds Payable	4,120,000.00		175,000.00	3,945,000.00
Loans Payable	15,009,861.97	5,478,000.00	247,279.16	20,240,582.81
Total Utility Capital Fund	<u>19,129,861.97</u>	<u>5,478,000.00</u>	<u>422,279.16</u>	<u>24,185,582.81</u>
Total All Funds	<u>\$ 26,144,321.89</u>	<u>\$ 5,478,000.00</u>	<u>\$ 1,615,426.82</u>	<u>\$ 30,006,895.07</u>

Schedule of Annual Debt Service for Principal and Interest for Serial Bonds and Loan Issued and Outstanding

<u>Year Ending December 31</u>	<u>General Capital Fund</u>		<u>Utility Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,273,980.90	\$ 214,556.23	\$ 507,541.09	\$ 976,558.91
2013	959,837.38	169,583.53	496,497.66	958,214.84
2014	970,701.41	131,555.91	511,065.86	939,771.64
2015	1,026,589.65	93,091.58	531,272.99	920,302.01
2016	1,019,518.65	52,358.86	552,147.59	900,027.41
2017 - 2021	408,465.16	41,772.10	3,099,383.56	4,153,941.44
2022 - 2026	162,219.11	5,003.73	3,800,212.56	3,447,992.44
2027 - 2031	-	-	4,500,524.15	2,561,889.61
2032 - 2036	-	-	3,373,316.77	1,659,579.64
2037 - 2041	-	-	2,537,340.02	1,084,157.98
2042 - 2046	-	-	2,388,332.62	591,554.99
2047 - 2051	-	-	1,887,897.94	174,497.28
	<u>\$ 5,821,312.26</u>	<u>\$ 707,921.94</u>	<u>\$ 24,185,532.81</u>	<u>\$ 18,368,488.19</u>

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
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(CONTINUED)

NOTE 3: SHORT-TERM FINANCING

Short-term debt provides for financing of governmental activities and capital projects. On November 17, 2011, the Township issued Bond Anticipation Notes in the amount of \$4,353,250.00 to finance General Capital projects at a rate of 1.50%. The notes will mature on November 16, 2012.

On December 29, 2011, the Township paid Bond Anticipation Notes in the amount of \$6,269,150 in the Sewer Capital Fund. Of that total amount, \$5,347,100.00 was paid by the issuance of USRDA bonds, \$911,750.00 notes were not renewed and will be funded with grant proceeds. The 2011 Sewer budget included \$10,300.00 as a pay-down of these notes.

The following is a summary of changes in short-term debt for the year ended December 31, 2011.

	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Sewer Capital Fund</u>	<u>Total</u>
Balance December 31, 2010	\$ -	\$ -	\$ 6,269,150.00	\$ 6,269,150.00
Increases		4,353,250.00	-	4,353,250.00
Decreases			6,269,150.00	6,269,150.00
Balance December 31, 2011	<u>\$ -</u>	<u>\$ 4,353,250.00</u>	<u>\$ -</u>	<u>\$ 4,353,250.00</u>

NOTE 4: COMPENSATED ABSENCES

The Township has permitted employees to accrue unused vacation, personal and sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either, charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2011, the Township estimates this liability to approximate \$1,352,416.45 based on 2011 pay rates and compensated absence balances. The Township has established a reserve with a balance at December 31, 2011 of \$124,364.71.

NOTE 5: DEFERRED COMPENSATION ACCOUNT

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. In 1998, the Township of Middle amended the plan by resolution to comply with a private letter ruling of the Internal Revenue Service that requires assets of deferred compensation plans be held in trust under the beneficial ownership of the Trustee, (Township of Middle) serving as Trustee, for the exclusive benefit of the plan participants and their beneficiaries, and that the assets shall not be diverted to any other purpose.

NOTE 6: TAXES COLLECTED IN ADVANCE

Taxes collected in advance include amounts set forth as cash liabilities in the financial statements as follows:

	<u>Balance December 31, 2011</u>	<u>Balance December 31, 2010</u>
Prepaid Taxes - Cash Liability	<u>\$ 665,938.35</u>	<u>\$ 653,851.55</u>

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 7: LEASE OBLIGATIONS

At December 31, 2011, the Township had lease agreements in effect for the following:

- Capital:
None
- Operating:
Copiers (approx. 12)

The following is an analysis of operating leases.

Operating Leases – Future minimum rental payments under operating lease agreements are as follows:

<u>Year</u>	<u>Total</u>	<u>Copiers</u>
2012	\$ 26,991.60	\$ 26,991.60
2013	20,292.60	20,292.60
2014	6,339.48	6,339.48
Rental payments under the operating leases for the year 2011 were		\$ 35,865.13

NOTE 8: RETIREMENT PLANS

Plan Descriptions

All eligible employees participate in the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) contributory defined benefit public employee retirement systems that have been established by State Statute. These systems are sponsored and administered by the State of New Jersey.

The Public Employees' Retirement System was established in January 1955, under the provisions of N.J.S.A. 43:14A, to provide coverage including post-retirement health care to substantially, all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not a member of another state-administered retirement system. Membership is mandatory for such employees, and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55, receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one-quarter of one percent for each month the member lacks of attaining the age 55).

The Police and Firemen's Retirement System was established in July 1944, under the provisions of N.J.S.A. 43:16A, to provide coverage to substantially, all full-time county and municipal police or firemen, and State firemen appointed after June 30, 1944. Membership is mandatory for such employees, with vesting occurring after 10 years of membership.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
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YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 8: RETIREMENT PLANS (Continued)

Plan Descriptions (Continued)

Defined Contribution Retirement Program (DCRP)-The Defined Contribution Retirement Program expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage. Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service. Retirement benefits for age and service are available at age 60 and, under recently enacted legislation are generally determined to be 1/55 of final average salary for each year of service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:3B. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55 and generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

Funding Policy

The Contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5.5% of employees' annual compensation (increased to 6.5% effective 10/1/11), For PFRS, employee contributions are 8.5% of base compensation (increased to 10% effective 10/1/11) as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Township is billed annually for its normal contribution plus any accrued liability.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 8: RETIREMENT PLANS (Continued)

Pension Deferral Program

Public Law 2009, c.19 (S-21) was enacted on March 17, 2009 and allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the PERS and/or PFRS obligations for payments due in the State fiscal year ending June 30, 2009. The amount deferred will be repaid starting in April of 2012 over a 15 year period. The Township of Middle has elected to not to defer that portion of their PERS and PFRS obligations allowed by law.

For the Public Employees' Retirement System, the Township's contributions, equal to the required contribution for each fiscal year, was as follows:

Fiscal Year	Normal Contribution	Life Insurance	Accrued Liability	Total Liability	Funded by Excess Pension Asset Credit	Early Retirement Incentive I	Paid by Township
2011	\$ 115,392.00	\$ 22,056.00	\$ 230,784.00	\$ 368,232.00	\$	\$ 9,568.00	\$ 377,800.00
2010	141,530.00	27,877.00	225,518.00	394,925.00		9,200.00	404,125.00
2009	128,273.00	40,645.00	164,816.00	333,734.00		8,846.00	342,580.00

For the Police and Firemen's Retirement System, the Township's contributions, equal to the required contribution for each fiscal year, was as follows:

Fiscal Year	Normal Contribution	Life Insurance	Accrued Liability	Total Liability	Paid by Township
2011	\$ 430,770.00	\$ 33,536.00	\$ 484,799.00	\$ 949,105.00	\$ 949,105.00
2010	569,564.00	44,639.00	456,698.00	1,070,901.00	1,070,901.00
2009	504,493.00	44,382.00	355,020.00	903,895.00	903,895.00

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were several employees enrolled in the DCRP for the year ended December 31, 2011.

NOTE 9: POST- RETIREMENT BENEFITS

Annual OPEB Cost and Net OPEB Obligation

The Township's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
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(CONTINUED)

NOTE 9: POST- RETIREMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2010 actuarial valuation, the “projected unit credit cost method” was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 4.0% per annum, compounded annually; medical trend rates starting at 8% for medical and prescription drug, with a .5% annual decline until year 2017 and 5% thereafter. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years and is calculated assuming a level percentage of projected payroll. 100% participation is assumed for all active employees, with each member electing to remain in the plan they are currently enrolled in after retirement. Membership of the plan consisted of the following at December 31, 2011:

Retirees and beneficiaries receiving benefits	71
Active Plan Members	127
 Total	 198

Other Post-Employment Benefit Costs and Obligations

In the January 1, 2010 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2011 was projected as follows:

Unfunded Accrued Liability 12/31/10	\$	12,508,458
Amortization of Unfunded Liability		416,949
Normal Cost		208,734
ARC as of 12/31/11		625,683
Interest		25,027
Total ARC as of 12/31/11	\$	650,710

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
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(CONTINUED)

NOTE 9: POST- RETIREMENT BENEFITS (Continued)

The following reflects the components of the 2011 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the December 31, 2010 actuarial valuation and actual OPEB payments made or accrued during 2011:

	December 31, 2011
Annual required contribution	\$ 625,683
Interest on net OPEB obligation	25,027
Adjustment to annual required contribution	-
Annual OPEB cost (Expense)	650,710
Contributions made	(1,044,773)
Increase/(Decrease)in net OPEB obligation	(394,063)
Net OPEB obligation - beginning of year	12,508,458
Net OPEB obligation - end of year	\$ 12,114,395

Required Supplementary Information:

	<u>12/31/2011</u>
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL)	12,114,395
Total Unfunded AAL (UAAL)	\$ 12,114,395
Funded ratio	0.00%

NOTE 10: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Operating cash, in the form various checking, savings and Money Market Accounts, are held in the Township's name by a commercial banking institution. At December 31, 2011, the carrying amount of the Township's deposits were \$16,525,551.16 and the bank balance was \$16,308,419.45. Of the bank balance, \$576,397.62 was insured with Federal Deposit Insurance. The remaining balance was insured under the Governmental Unit Deposit Protection Act (GUDPA).

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the Township's bank accounts are profiled in order to determine exposure, if any to Custodial Credit Risk (risk that in the event of failure of the counterparty the Township would not be able to recover the value of it's deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged by the depositor), collateralized with securities held by the pledging institution or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2010, all of the Township's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The Township does not have a policy for custodial credit risk.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
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(CONTINUED)

NOTE 10: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments

Pursuant to the cash management plan, the Township may invest in the following:

- Direct obligations of, or obligations as to which the principal and interest is guaranteed by, the United States of America
- Government money market mutual funds
- Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress
- Bonds or obligations of the local unit or other obligations of school districts within the local unit
- Local government investment pools
- State of New Jersey Cash Management Fund
- Agreements for the repurchase of fully collateralized securities

At December 31, 2011, the Township had the following investments:

<u>Investment Type</u>	<u>Average Credit/ Quality Ratings (1)</u>	<u>Face Amount</u>	<u>Carrying Amount</u>	<u>Investment Maturities (in Years)</u>		
				<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
MBIA						
New Jersey						
CLASS	AAA	\$ 72,025.48	\$ 72,025.48	\$ 72,025.48	\$ _____	\$ _____
		\$ 72,025.48	\$ 72,025.48	\$ 72,025.48	\$ -	\$ -

(1) Ratings are provided where applicable to indicate associated credit risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township does not have a policy for custodial credit risk. MBIA's New Jersey CLASS pool is a 2a7-like investment pool. Investments in pools are not categorized because they are not evidenced by securities that make up the pool. The Township's investment is with the pool, not the securities that make up the pool.

Credit Risk – The Township does not have an investment policy regarding the management of 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 investments guaranteed by the U.S. government.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Township does not have a policy to limit interest rate risk. All of the Township's investments have a maturity of less than one year.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
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(CONTINUED)

NOTE 11: PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value.

Upon the filing of certified adopted budgets by the municipality, the local and regional school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof is set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in July. The preliminary taxes are due February 1 and May 1 respectively and are based upon one half of the current year's total tax. The final bills are due August 1 and November 1 of the year, and are adjusted to reflect the actual tax liability.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency, and 18% per annum on any amount in excess of \$1,500. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in the tax sale in accordance with New Jersey Statutes.

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the County Board of Taxation unsatisfactorily reviewed the petition, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement and any losses in tax collection from prior years are charged to a reserve set aside for this purpose or directly charged to Fund Balance.

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years:

Comparative Schedule of Tax Rates				
	2011	2010	2009	
Tax Rate	\$ 1.365	\$ 1.306	\$ 1.238	
Apportionment of Tax Rate:				
Municipal	0.390	0.363	0.333	
County	0.208	0.209	0.200	
Local School	0.767	0.734	0.705	

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
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NOTE 11: PROPERTY TAXES (Continued)

Assessed Valuation		
2011	\$	3,159,783,058
2010		3,252,571,288
2009		3,264,079,105

Comparison of Tax Levies and Collections				
Year		Tax Levy	Collections	Percentage of Collections
2011	\$	45,560,973.58	\$ 44,337,351.50	97.31%
2010		44,863,839.78	43,503,518.74	96.97%
2009		42,805,829.92	41,968,670.57	98.04%

Delinquent Taxes and Tax Title Liens					
Year		Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2011	\$	257,361.73	\$ 860,895.54	\$ 1,118,257.27	2.45%
2010		180,000.84	948,307.05	1,128,307.89	2.51%
2009		85,743.36	691,548.04	777,291.40	1.91%

Property Acquired by Tax Title Lien Liquidation

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

Year	Amount
2011	\$ 2,696,023.47
2010	2,722,623.47
2009	2,722,623.47

NOTE 12: ECONOMIC DEPENDENCY

The Township of Middle receives support from the State of New Jersey through state aid and grants. A significant reduction in the level of support, if this were to occur, would have an effect on the Township's programs and activities.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 13: BUDGETARY DATA

Annually, the Township Committee adopts the annual appropriation budgets for the Current Fund, the Capital Improvement Plan, as well as for the Sewer Utility Fund. Once approved, the Township Committee may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Supplemental appropriations per N.J.S.A. 40A:4-46 and 54, Emergencies and Special Emergencies, become charges against the budget of the following year per N.J.S.A. 40A:4-47, except when financing is provided for by bonding ordinances.

Budget transfers between appropriation accounts are prohibited until the last two months of the year. The Township Committee approves the transfers by resolution. Budgetary transfers during the year were significant.

NOTE 14: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year, and the amounts utilized in the subsequent year's budgets:

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2011	\$ 1,741,827.60	\$ 1,211,000.00	69.52%
	2010	1,470,052.68	1,000,000.00	68.02%
	2009	2,426,470.46	2,423,000.00	99.86%
	2008	3,886,476.89	2,750,000.00	70.76%
	2007	4,164,509.17	3,000,000.00	72.04%
Sewer Utility	2011	481,242.13	190,000.00	39.48%
	2010	198,551.04	190,000.00	95.69%
	2009	567,224.64	421,200.00	74.26%
	2008	733,452.89	575,000.00	78.40%
	2007	544,676.09	500,000.00	91.80%

NOTE 15: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables and payables at December 31, 2011, are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 3,719.77	Current Fund	Dog Trust Fund
78,643.74	Current Fund	Federal and State Grant Fund
62.33	Trusts - Other	Current Fund
18,451.62	Water & Sewer Operating	Current Fund
<u>\$ 100,877.46</u>		

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 16: FEDERAL AND STATE GRANTS

In the normal course of operations, the Township receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liabilities for reimbursement that may arise as a result of these audits are not believed to be material.

NOTE 17: GENERAL FIXED ASSETS

The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2011.

	Balance as of December 31, 2010	Additions	Adjustment/ Disposals	Balance as of December 31, 2011
Land	\$ 1,048,535.00	\$	\$	\$ 1,048,535.00
Land Improvements	1,927,238.85			1,927,238.85
Building Improvements	7,735,353.95	38,737.60		7,774,091.55
Machinery & Equipment	6,350,186.40	852,541.81		7,202,728.21
Total	<u>\$ 17,061,314.20</u>	<u>\$ 891,279.41</u>	<u>\$ -</u>	<u>\$ 17,952,593.61</u>

NOTE 18: JOINT INSURANCE POOL

The Township of Middle is a member of the Atlantic County Municipal Joint Insurance Fund. The Fund provides its members with the following coverages:

- Workers' Compensation
- General Liability, Law Enforcement Liability
- Employee Benefits Liability
- Public Official Liability
- Property, Real and Personal
- Automobile Liability
- Boiler and Machinery
- Crime, Fidelity

Contributions to the Fund, including a reserve for contingencies, are payable in two installments, and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 19: LITIGATION

The Township is a defendant in several legal proceedings that are in various stages of litigation. If a judgment is rendered against the Township, part of the lost wages and damages may not be covered by insurance and could result in a significant liability.

NOTE 20: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2011 and July 19, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Township that would require disclosure.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2010	\$ 7,545,518.41	\$ -
Increased By Receipts:		
Taxes Receivable	\$ 44,082,826.40	\$
Tax Title Liens	132,332.40	
Revenue Accounts Receivable	6,245,447.87	
Prepaid Taxes	665,938.35	
Tax Overpayments	152,500.69	
Due from State - Seniors and Veterans	253,218.10	
Reserve for Garden State		
Preservation Trust Fund	47,481.00	
Due to Water Districts	231.08	
Due to Trust Fund	62.33	
Due from Dog Trust	1,281.16	
Due to Sewer Utility Operating Fund	117,074.34	
Due from Federal and State Grant Fund		471,546.05
Federal and State Grants Receivable		32,128.66
Federal and State Grants Unappropriated		
	51,786,610.92	503,674.71
	59,332,129.33	503,674.71

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2011 Appropriations	\$ 14,179,099.55	\$
2010 Appropriation Reserves	402,673.88	
Accounts Payable	40,575.68	
Payroll Deductions Payable	3,925,058.66	
County Taxes	6,506,905.58	
Due County - Added Taxes	16,332.45	
Tax Overpayments Refunded	116,722.91	
Local District School Tax	24,025,860.92	
Special District Levy	2,307,457.20	
Due to Sewer Utility Fund	145,973.13	
Due from Dog Trusts		
Federal and State Grant Fund Expenditures		412,517.51
Canceled Grants to Current Fund - Unanticipated Revenue		2,940.00
Due to Current Fund		88,217.20
	\$ 51,666,659.96	503,674.71
Balance December 31, 2011	\$ 7,665,469.37	-

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2010	2011 Levy	Collections		Added Taxes	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2011
			2010	2011				
2008	\$ 1,366.12	\$	\$	600.91	\$	\$	\$	765.21
2009	5,164.80			(53,469.94)	(56,975.84)	49.50		1,609.40
2010	941,776.13			711,657.53	(152,087.24)	89,834.51		5,635.48
	948,307.05	-	-	658,788.50	(209,063.08)	89,884.01		8,010.09
2011		45,560,973.58	653,851.55	43,683,499.95	(267,986.29)	102,750.34		852,885.45
Ref.	\$ 948,307.05	\$ 45,560,973.58	\$ 653,851.55	\$ 44,342,288.45	\$ (477,049.37)	\$ 192,634.35	\$	\$ 860,895.54
	A							A

Cash Receipts \$ 44,082,826.40
Senior Citizens and Veterans 259,462.05
\$ 44,342,288.45

Analysis of 2011 Property Tax Levy

Tax Yield:
General Property Tax \$ 43,131,066.48
Special District Taxes 2,322,340.57
Added Taxes (54.4-63.1 et. seq.) 107,566.53
\$ 45,560,973.58

Tax Levy:
Local District School Tax: \$ 24,207,102.00
Levy 2,307,458.00
Fire Districts 26,514,560.00

General County Taxes 5,356,017.90
County Library Taxes 855,814.37
County Open Space Taxes 295,073.31
County Taxes Added and Omitted 17,823.51
Total County Taxes 6,524,729.09

Local Tax for Municipal Purposes 12,314,248.45
Add: Additional Tax Levied 207,436.04
\$ 45,560,973.58

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2010	<u>Ref.</u> A		\$	180,000.84
Increased By Receipts:				
Transfers from Taxes Receivable		\$ 192,634.35		
Interest and Costs on Tax Sale		17,058.94		
		<u> </u>		<u>209,693.29</u>
				389,694.13
Decreased By:				
Collections		<u>132,332.40</u>		<u>132,332.40</u>
Balance December 31, 2011	A		\$	<u><u>257,361.73</u></u>

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2010	Accrued In 2011	Collected	Cancelled	Balance Dec. 31, 2011
<u>Miscellaneous Revenue Anticipated:</u>					
Licenses:					
Alcoholic Beverages	-	5,792.00	5,792.00		-
Other	-	52,819.00	52,819.00		-
Fees and Permits	-	139,233.70	139,233.70		-
Municipal Court - Fines and Costs	16,425.84	259,777.68	259,723.31		16,480.21
Interest and Costs on Taxes	-	253,791.97	253,791.97		-
Interest on Investments	-	17,138.20	17,138.20		-
Registrar of Vital Statistics - Fees	-	59,093.00	59,093.00		-
Trailer Tax	-	137,490.00	137,490.00		-
Hotel/Motel Tax	-	36,361.57	36,361.57		-
Ambulance Fees	-	713,071.67	713,071.67		-
Host Community Benefits	-	18,417.50	18,417.50		-
Energy Receipts Tax	-	3,519,743.00	3,519,743.00		-
Garden State Trust	-	47,481.00	47,481.00		-
Uniform Construction Code Fees	-	225,215.00	225,215.00		-
Police Officer - Cape May County Technical School	-	70,000.00	70,000.00		-
Middle Township Fire District #2 - JIF Insurance	16,360.00	33,374.00	49,734.00		-
Borough of Woodbine - Municipal Court - Interlocal	-	60,000.00	60,000.00		-
<u>Miscellaneous Revenue Not Anticipated</u>					
General Revenue	-	627,823.95	627,823.95		-
TOTALS	\$ 32,785.84	\$ 6,276,623.24	\$ 6,292,928.87	\$ -	\$ 16,480.21
	A				A
Ref.					
Reserve for Garden State Trust-Realized as 2011 Revenue		\$ 47,481.00			
Collected in Current Fund		6,245,447.87			
		\$ 6,292,928.87			

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses:	\$	\$	\$	\$
General Administration	5,731.52	5,731.52	5,664.90	66.62
Human Resources (Personnel)	1,669.00	1,669.00	798.25	870.75
Mayor and Committee	1,842.43	1,842.43	1,768.96	73.47
Township Clerk	3,876.34	3,876.34	3,876.34	-
Codification of Ordinances	2,350.00	2,350.00	2,350.00	-
Financial Administration	13,197.50	13,197.50	13,144.51	52.99
Records Management	1,000.00	1,000.00	687.99	312.01
Collection of Taxes	603.92	603.92	360.64	243.28
Assessment of Taxes	4,823.13	14,823.13	11,663.58	3,159.55
Legal Services	105,287.70	105,287.70	53,884.34	51,403.36
Engineering Services	11,346.12	11,346.12	7,178.75	4,167.37
Grants Administration	12,066.25	12,066.25	6,858.51	5,207.74
Municipal Court	12,272.36	12,272.36	1,245.50	11,026.86
Zoning Board	9,520.65	9,520.65	2,608.59	6,912.06
Group Insurance Plan for Employees	175,532.90	175,532.90	309.39	175,223.51
Dental Insurance Premiums	25,644.75	25,644.75	16,295.15	9,349.60
Prescription Plan	72,150.54	72,150.54	59,248.71	12,901.83
Police Radio and Communications	4,647.34	4,647.34	4,647.28	0.06
Police	30,943.22	30,943.22	26,453.03	4,490.19
Emergency Management	2,056.92	2,056.92	49.98	2,006.94
Rescue Squad	13,117.19	13,117.19	5,755.70	7,361.49
Road Repair and Maintenance	37,584.23	37,584.23	20,478.73	17,105.50
Motor Pool	47,791.88	47,791.88	46,427.49	1,364.39
Shade Tree Commission	900.00	900.00	397.50	502.50
Public Buildings and Grounds	11,385.01	11,385.01	8,500.20	2,884.81
Sanitation	-	-	-	-
Board of Health	902.67	902.67	827.40	75.27
Animal Control	1,901.44	1,901.44	53.72	1,847.72
Animal Control -Contractual	-	-	-	-
Code Enforcement	168.85	168.85	165.92	2.93
Demolition of Substandard Buildings	-	-	-	-
Recreation	16,059.74	16,059.74	12,833.17	3,226.57
Senior Center	4,848.66	4,848.66	3,268.43	1,580.23

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

	Balance Dec. 31, 2010	Balance After Transfers	Paid or Charged	Balance Lapsed
Other Expenses (Continued):				
Construction Code	\$ 3,423.85	\$ 3,423.85	\$ 2,102.07	\$ 1,321.78
Maintenance and Service Policies - Various Machines	25,792.35	25,792.35	11,592.08	14,200.27
Unclassified:				
Electricity	15,316.35	15,316.35	1,666.54	13,649.81
Telephone	66,954.98	66,954.98	10,907.51	56,047.47
Natural Gas	31,804.48	31,804.48	17,985.91	13,818.57
Gasoline	50,863.94	50,863.94	36,918.91	13,945.03
Street Lighting	100.00	5,100.00		5,100.00
Sanitary Landfill - Contractual	62,792.37	62,792.37	37,072.44	25,719.93
Contribution to:				
Social Security				
Defined Contribution Retirement Plan	6,985.93	6,985.93	4,276.83	2,709.10
Accounts with No Change	53,965.03	38,965.03		38,965.03
	133,963.58	133,963.58		133,963.58
TOTALS	<u>\$ 1,083,185.12</u>	<u>\$ 1,083,185.12</u>	<u>\$ 440,324.95</u>	<u>\$ 642,860.17</u>
Ref.				
			\$ 37,651.07	
			<u>402,673.88</u>	
			<u>\$ 440,324.95</u>	

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
State:					
Recycling Tonnage Grant	\$ -	\$ -	\$ -	\$ -	\$ -
2010		68,695.86	68,695.86		-
2011		56,361.94	56,361.94		-
Alcohol Education and Rehabilitation	-				-
2010		3,267.75	3,267.75		-
2011		2,157.39	2,157.39		-
Clean Communities Grant-					-
2010		6,851.87	6,851.87		-
2011		40,555.72	40,555.72		-
Transportation Trust Fund:					-
2008 - Boyd Street	24,250.00		24,250.00		-
2002 - Church Street	24,985.23				24,985.23
2006 - Boyd Street	3,610.88				3,610.88
2009 - Romney Place	135,000.00		101,250.00		33,750.00
2010 - Bennett Road	65,200.44				65,200.44
2011 - Main Street		153,377.00			153,377.00
2011 - Bikepath Extention		320,000.00			320,000.00
2011 - Curbs and Sidewalks - Main Street		200,000.00			200,000.00
Green Communities				60.00	-
2008	3,000.00		2,940.00		-
Police Body Armor Grant					-
2011		6,029.97	6,029.97		-
BPU Clean Energy Grant					-
2011		9,467.00	9,467.00		-
Federal:					
Department of Transportation - I.S.T.E.A. Bike Path					145,000.00
2005 - Goshen - Shellbay	145,000.00				-
Community Development Block Grants (Small Cities):					7,684.00
Whitesboro Water Phase I - 2002	7,684.00				-
Whitesboro School Phase II - 2006	25.00				25.00
Whitesboro Sewer Connection Fees - 2006	252,000.00		49,625.00		202,375.00
Whitesboro School Phase III - 2008	99,537.00		74,911.00		24,626.00
Whitesboro Water - Phase III - 2011		556,415.00			556,415.00
Click-it or Ticket					-
2010	-	3,450.00	3,450.00		-
COP in Shops					-
2010	-	1,200.00	1,200.00		-

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Emergency Management Assistance Grant	\$ -	\$ -	\$ -	\$ -	\$ -
2010		5,000.00	5,000.00		-
2011		5,000.00	5,000.00		-
Safe and Secure Communities Grant		56,381.00	810.00		55,571.00
2010	60,000.00		60,000.00		-
2006	30,000.00				30,000.00
Over the Limit Under Arrest	-		-		-
2010		4,075.00	4,075.00		-
2011		5,000.00	5,000.00		-
Justice Advocacy Grant		24,528.00	24,528.00		-
City of Wildwood - 2011					
FEMA		24,460.13	24,460.13		-
2011 - Reeds Beach					
Other:					
Pet Smart Charities Grant		13,000.00	13,000.00		-
2011					
Clean Air, Cool Plant		2,500.00	2,500.00		-
2011					
TOTALS	\$ <u>850,292.55</u>	\$ <u>1,567,773.63</u>	\$ <u>595,386.63</u>	\$ <u>60.00</u>	\$ <u>1,822,619.55</u>
	A				A
Cash Received		\$ 471,546.05			-
Unappropriated Reserves Realized		<u>123,840.58</u>			
		\$ <u>595,386.63</u>			

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF RESERVES FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Received</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2011
State:					
Police Body Armor Grant					
2009	\$ 1,745.31		\$ 1,745.31		-
2010	4,284.66		4,284.66		-
2011		4,419.54			4,419.54
Municipal Court Alcohol Grant					
2010	3,267.75		3,267.75		-
Drunk Driving Enforcement Fund					
2011	-	26,709.12			26,709.12
Clean Communities Grant					
2009	-				-
2010	6,851.87		6,851.87		-
Recycling Tonnage Grant					
2010	68,695.86		68,695.86		-
Federal:					
COPS in Shops Grant					
2010	1,200.00		1,200.00		-
Emergency Management Assistance					
2010	5,000.00		5,000.00		-
Safe and Secure Communities Grant					
2009	810.00		810.00		-
Over the Limit, Under Arrest					
2010	4,075.00		4,075.00		-
2011		1,000.00			1,000.00
Click-it or Ticket					
2010	3,450.00		3,450.00		-
FEMA for Reeds Beach					
2010	24,460.13		24,460.13		-
TOTALS	\$ 123,840.58	\$ 32,128.66	\$ 123,840.58	\$ -	\$ 32,128.66
	A				A
Ref.					

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2011
State:					
Clean Communities					
2011	\$ 37,506.42	\$ 40,555.72			\$ 40,555.72
2010		6,851.87	44,292.02		66.27
Storm Water Management Grant					
2006	1,172.39		435.00		737.39
2008	6,014.00				6,014.00
Recycling Tonnage Grant					
2008	-		(23.19)		23.19
2009	10,433.93		10,418.00		15.93
2010		68,695.86	10,425.00		58,270.86
2011		56,361.94			56,361.94
Drunk Driving Enforcement Fund					
2006	1,224.31		284.00		940.31
2010	16,154.49		4,928.00		11,226.49
Statewide Livable Communities Grant (MLK)					
2004	283.16		-		283.16
Police Body Armor Grant					
2008	612.04		612.04		-
2009	5,039.29				5,039.29
2010		6,029.97	6,029.00		0.97
Transportation Trust Fund:					
2002 - Church Street	12,595.03		57.50		12,537.53
2010 - Bennet Road	23,331.98		4,360.50		18,971.48
2011 - Main Street		153,377.00	153,377.00		-
2011 - Bikepath Extension - Shellbay to Indian Trail		320,000.00	16,367.50		303,632.50
2011 - Curbs & Sidewalks - Main Street		200,000.00	200,000.00		-
Buckle Up South Jersey - 2006	1,301.88		1,301.88		-
Enhanced 911 Grant					
2006	11.00				11.00
Alcohol Education and Rehabilitation					
2009	2,274.07				-
2010		3,267.75			2,274.07
2011		2,157.39			3,267.75
BPU Energy Audit - 2011		9,467.00	9,467.00		2,157.39
					-

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2011
Federal:					
Edward Byrne Memorial Formula Grants:					
County Narcotics Task Force - 2004	\$ 27.65				\$ 27.65
Justice Advocacy Grant					
City of Wildwood	-	24,528.00	24,278.89		249.11
City of N. Wildwood	4,776.05		4,776.05		0.00
ISTEA Bike Path - 2006 - Goshen-Shellbay	4,387.60		3,265.00		1,122.60
Over the Limit Under Arrest					
2008	3,496.59				3,496.59
2009	3,450.76		3,450.76		-
2010		4,075.00	4,075.00		-
2011		5,000.00			5,000.00
Safe and Secure Communities - 2011		56,381.00	56,381.00		-
Small Cities Grants:					
2002 - Whitesboro Water - Phase I	9,924.00				9,924.00
2004 - Whitesboro Water - Phase II	5,500.00				5,500.00
2006 - Whitesboro Sewer Connection Fees	244,450.00		54,050.00		190,400.00
2006 - Whitesboro School - Phase II	7,224.30		467.50		6,756.80
2008 - Whitesboro School - Phase III	649.74		(0.60)		650.34
2011 - Whitesboro Water - Phase III		556,415.00	19,285.00		537,130.00
US Dept of Justice - Body Armor					
2007	7,703.25		3,534.75		4,168.50
COP in Shops					
2009	1,808.52				1,808.52
2010		1,200.00	1,200.00		-
Click-it or Ticket					
2009	3,044.60		3,044.60		-
2010		3,450.00	3,450.00		-
Emergency Management Assistance Grant					
2010		5,000.00			5,000.00
2011		5,000.00	2,738.00		2,262.00
FEIMA					
2011 - Reeds Beach		24,460.13			24,460.13
Aggressive Driving					
2008	6,160.63		5,217.05		943.58

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2010	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2011
Local:					
Concerned Citizens/Whitesboro Donation	\$ 8,745.00		\$ 8,745.00		\$ -
Clean Air, Cool Planet - 2011		2,500.00	2,500.00		-
Pet Smart Charities - 2011		13,000.00	6,450.00		6,550.00
Donation- Cape Express Soccer-2007	3,000.00			3,000.00	-
TOTALS	<u>\$ 432,302.68</u>	<u>\$ 1,567,773.63</u>	<u>\$ 669,239.25</u>	<u>\$ 3,000.00</u>	<u>\$ 1,327,837.06</u>
Ref.	A				A
Disbursed			\$ 412,517.51		
Cancel Prior Encumbrances			(127,288.35)		
Encumbered			384,010.09		
			<u>\$ 669,239.25</u>		

TOWNSHIP OF MIDDLE
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH

	<u>Ref.</u>		
Balance December 31, 2010	<u>B</u>		\$ 8,178.67
Increased By Receipts:			
Dog Licenses Fees		\$ 3,465.00	
Replacement Fees		0.25	
Kennel Fees		100.00	
Interest Earned on Deposits		17.51	
Due to State of New Jersey		993.00	
		<hr/>	<hr/>
			4,575.76
			<hr/>
			12,754.43
Decreased By Disbursements:			
Dog Fund Expenditures		195.00	
Due to State of New Jersey		991.80	
Due to Current Fund		1,281.16	
		<hr/>	<hr/>
			2,467.96
Balance December 31, 2011	B		\$ <u><u>10,286.47</u></u>

TOWNSHIP OF MIDDLE
TRUST FUND
SCHEDULE OF OTHER TRUST CASH

	<u>Ref.</u>		
	B		
Balance December 31, 2010			\$ 3,912,723.87
Increased By Receipts:			
Escrow Deposits		\$ 236,151.53	
Unemployment		58,349.85	
Emergency Housing - State Aid		109,316.17	
Emergency Housing - Loan Payments		30,325.00	
Forfeited Funds		1,004.68	
Municipal Alliance Grant Receipts		11,444.52	
Municipal Alliance Cash Match		3,500.00	
Dedicated Recreation Receipts		94,918.45	
Dedicated Recreation - Drum Fish Tournament		26,646.83	
Dedicated Recreation - National Night Out		4,050.00	
Dedicated Recreation - Harvest Fest		18,302.39	
Dedicated Recreation - Seniors		6,140.12	
Dedicated Recreation - Shade Tree		620.00	
Sewer Escrow Receipts		30,000.00	
UDAG - Loan Repayments and Interest Earned		22,273.06	
UDAG - Grant		98,000.00	
COAH Funds Received & Interest Earned		2,459.65	
Tax Title Lien Premiums		12,000.00	
Tax Title Lien Redemptions		1,037,899.58	
Police Special Detail		104,626.22	
Subdivisions - Map Changes		2,700.00	
Parking Offenses		62.00	
Other Deposits		20.00	
State of New Jersey - Marriage Licenses/Burial Permits		3,275.00	
State Burial Permits		25.00	
State Training Fees		20,015.00	
Accumulated Absences and Interest Earned		265,222.43	
		<hr/>	2,199,347.48
			<hr/>
			6,112,071.35
Decreased By Disbursements:			
Escrow Disbursements		321,891.18	
Emergency Housing		137,203.51	
Municipal Alliance Expenses		17,747.71	
Dedicated Recreation Expenditures		83,110.81	
Dedicated Recreation - Drum Fish Tournament		10,819.36	
Dedicated Recreation - National Night Out		4,147.08	
Dedicated Recreation - Harvest Fest		23,293.45	
Dedicated Recreation - Seniors		7,128.99	
Dedicated Recreation - Shade Tree		987.64	
Sewer Escrow Expenditures		2,271.33	
Snow Removal Expenditures		35,737.50	
UDAG - Loans Made		110,000.00	
COAH Expenses		2,187.03	
Titles and Deeds		16.00	
Subdivisions - Map Changes		3,300.00	
Tax Title Lien Premiums		40,800.00	
Tax Title Lien Redemptions		1,046,411.80	
Street Opening Deposits		5,000.00	
Other Deposits		20.00	
State of New Jersey - Marriage Licenses/Burial Permits		3,205.00	
State of New Jersey - Construction Code		18,608.00	
Police Special Detail		68,269.22	
Accumulated Absences		311,882.42	
Unemployment Expenditures		44,653.69	
Due to Current fund		46.33	
		<hr/>	2,298,738.05
			<hr/>
Balance December 31, 2011	B		\$ <u><u>3,813,333.30</u></u>

TOWNSHIP OF MIDDLE
TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2010	<u>Ref.</u> B		\$	6,897.51
Increased By:				
Dog Licenses Fees Collected		\$ 3,465.00		
Replacement Fee		0.25		
Kennel Fees		100.00		
Interest on Investments		<u>17.51</u>		
				<u>3,582.76</u>
				10,480.27
Decreased By:				
Statutory Excess Due to Current Fund		3,719.77		
Animal Control Expenditures		<u>195.00</u>		
				<u>3,914.77</u>
Balance December 31, 2011	B		\$	<u><u>6,565.50</u></u>

		<u>Year</u>		
License Fees Collected		2009	\$	3,676.25
		2010		<u>2,889.25</u>
			\$	<u><u>6,565.50</u></u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2010	<u>Ref.</u> C		\$ 1,841,125.56
Increased By Receipts:			
Budget Appropriation:			
Capital Improvement Fund		\$ 100,000.00	
Bond Anticipation Notes		4,353,250.00	
Premium on Notes		<u>12,756.00</u>	
			<u>4,466,006.00</u>
			6,307,131.56
Decreased By Disbursements:			
Improvement Authorizations		<u>1,840,575.32</u>	
			<u>1,840,575.32</u>
Balance December 31, 2011	C		\$ <u><u>4,466,556.24</u></u>

**TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Notes Issued	Loans Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 112,801.78	\$	\$	\$ 12,756.00	\$	\$	\$	\$ 1,807.06	\$ 127,364.84
Capital Improvement Fund	2,577,300.00			100,000.00			280,000.00	1,724.01	2,399,024.01
Contracts Payable	829,741.59						829,741.59	500,657.69	500,657.69
Reserve for Payment of Bonds and Notes	140.78							140.78	140.78
Improvement Authorizations									
Ord. Number									
874-93	Renovation to Police Headquarters	2,492.73							2,492.73
987-97	Various General Improvements:								
1029-98	c) Purchase of Land at Goshen Complex	70.00					70.00		-
1094-01	Shellbay Park Improvements	257.94					257.94		-
1126-03/ 1304/08	Various Capital Improvements a) Acquisition and Installation of Police Radio	6,948.69							6,948.69
	c) Improvements to Township Hall	11.71			5,454.92			5,618.19	174.98
	d) Telephone System	-						7,834.50	7,834.50
1169-04	Various Capital Improvements b) Recreational Improvements at the Clarence Davies Sports Complex	65.87							65.87
	d) Various Improvements to the Fort Apache Recreational Area	87,739.89			1,105.00		10,264.62		76,370.27
	f) Acquisition of Public Works Vehicles and Equipment	-			8,635.68			8,635.68	-
1180-05	Various Improvements at Fort Apache Recreation Area	60,160.67			115.00		51,305.00	94,395.00	103,135.67
1229-06	Improvements to Bike Path	-			33,658.69		355.33	34,014.02	-
1263-07	CMC Joint Venture - Snack Stand	1,479.12					1,479.12		-
1299-08	Various Capital Improvements a) Recreational Improvements b) Renovations & Improvements to Maintenance Building/Restrooms	(288,448.00)			15,505.41		8,430.00	8,430.00	(288,448.00)
1312-08	Reconstruction of Steel Road	45,000.00						449.00	(77,313.32)
									45,000.00

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2010	<u>Ref.</u> C		\$	2,577,300.00
Increased By:				
2011 Budget Appropriation		\$		100,000.00
Cancellation of Unexpended Improvement Authorizations				<u>1,724.01</u>
				<u>101,724.01</u>
				2,679,024.01
Decreased By:				
Appropriation to Finance Improvement Authorizations				<u>280,000.00</u>
				280,000.00
Balance December 31, 2011	C		\$	<u><u>2,399,024.01</u></u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>			
Balance December 31, 2010	<u>C</u>		\$	7,014,459.92
Increased By:				
None		\$	<u>-</u>	
				<u>-</u>
				7,014,459.92
Decreased By:				
2011 Budget Appropriation to Pay Bonds/Loans:				
Municipal Bonds		1,115,000.00		
Green Trust Loans		57,498.15		
New Jersey Environmental Infrastructure Trust Fund Loan		<u>20,649.51</u>		
				<u>1,193,147.66</u>
Balance December 31, 2011	C		\$	<u><u>5,821,312.26</u></u>

**TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2010		2010 Authorizations		Deferred Charges to Future Taxation	Paid or Charged	Cancellations	Balance December 31, 2011	
				Funded	Unfunded	Funding	Other				Funded	Unfunded
874-93	Renovation to Police Headquarters	12/02/93	\$ 150,000.00	\$ 2,492.73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,492.73	\$ -
987-97	Various General Improvements:											
1029-98	c) Purchase of Land at Goshen Complex	12/21/98	1,083,000.00	70.00	-	-	-	-	70.00	-	-	-
1094-01	Shelby Park Improvements	10/15/2001	150,000.00	257.94	-	-	-	-	257.94	-	-	-
1126-03/ 1304/08	Various Capital Improvements a) Acquisition and Installation of Police Radio b) Communications System c) Improvements to Township Hall d) Telephone System	4/7/2003	2,982,000.00	6,948.69	11.71	-	-	(163.27) (7,834.50)	-	-	6,948.69	174.98 7,834.50
1169-04	Various Capital Improvements b) Recreational Improvements at the Clarence Davies Sports Complex d) Various Improvements to the Fort Apache Recreational Area f) Acquisition of Public Works Vehicles and Equipment	8/13/2004	2,685,000.00	65.87	87,739.89	-	-	-	11,369.62	-	65.87	76,370.27
1180-05	Various Improvements at Fort Apache Recreation Area	2/7/2005	950,000.00	60,160.67	-	-	-	(42,975.00)	-	-	103,135.67	-
1263-07	CMC Joint Venture - Snack Stand		53,211.00	1,479.12	-	-	-	-	1,479.12	-	-	-
1299-08	Various Capital Improvements a) Recreational Improvements b) Renovations & Improvements to Maintenance Building/Restrooms	6/16/2008	530,000.00	-	23,243.09	-	-	15,056.41	-	-	-	8,186.68
1229-06	Improvements to Bike Path	7/17/2006	128,056.00	-	-	-	-	-	-	-	-	-
1312-08	Reconstruction of Steel Road	12/15/2008	45,000.00	45,000.00	-	-	-	-	-	-	45,000.00	-
1324-09	Various Capital Improvements a) Acquisition of Vehicles c) Purchase of Radar Signs d) Purchase In-Car Video Systems f) Purchase Computer, Integrated Scheduling System	6/15/2009	459,950.00	179.06	20.00	301.00	-	-	179.06	20.00	301.00	-
1325-09	Various Capital Improvements a) Reconstruction of Romney Place b) Various Improvements to Municipal Building	6/15/2009	1,435,000.00	55.76	68,371.14	95,000.00	-	115.00	68,256.14	-	-	90,021.77

**TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2010		2010 Authorizations		Deferred Charges to Future Taxation	Paid or Charged	Cancellations	Balance December 31, 2011	
				Funded	Unfunded	Funding	Other				Funded	Unfunded
1339-10	Emergency Road Repairs in Rio Grande	4/5/2010	\$ 30,000.00	\$ 1,223.25	\$ -	\$ -	\$ -	\$ -	\$ 20,804.10	\$ 1,223.25	\$ -	\$ -
1340-10	Police Radio Communications Equipment	4/5/2010	215,000.00	45,169.55	-	-	-	-	-	-	-	24,365.45
1341-10	Repair and Replace Snow Removal Vehicles	4/5/2010	75,000.00	-	-	-	-	-	-	-	-	-
1359-10	Road and Drainage Improvements	6/21/2010	4,200,000.00	-	3,424,812.55	-	-	-	1,247,018.24	-	-	2,177,794.31
1360-10	Various Capital Improvements a) E Ticket Hardware & Software b) Purchase Radar Signs c) Purchase Ballistic Helmets d) Whitesboro School Parking Lot e) Improve Server Dispatch Room f) Improvements to Public Buildings g) Improve Town Hall Parking Lot	6/21/2010	298,700.00	44,000.00	-	-	-	-	-	-	-	44,000.00
				77.20	-	-	-	-	-	-	-	77.20
				9.61	-	-	-	-	-	-	-	9.61
				71,894.88	-	-	-	-	70,121.56	-	-	1,773.32
				69,755.00	-	-	-	-	69,755.00	-	-	-
1374-11	Various Capital Improvements a) Police Computer/Hardware b) Recreation HVAC and Floors c) Public Works GPS Units d) Fingerprint Scanners e) Zoning and Clerk Scanners	2/23/2011	230,000.00	-	-	68,000.00	108,000.00	-	67,207.08	-	-	792.92
				-	-	20,000.00	20,000.00	-	7,500.00	-	-	100,500.00
				-	-	13,000.00	13,000.00	-	20,000.00	-	-	-
				-	-	21,000.00	21,000.00	-	8,608.00	-	-	4,392.00
				-	-	50,000.00	50,000.00	-	19,875.19	-	-	1,124.81
1393-11	Whitesboro Water Project - Phase III	8/15/2011	50,000.00	-	-	-	-	-	-	-	-	50,000.00
				\$ 436,912.63	\$ 3,611,426.78	\$ 280,000.00	\$ 280,000.00	\$ -	\$ 1,511,491.42	\$ 71,787.21	\$ -	\$ 469,058.02
			Ref.	C	C	C	C					C
				Capital Improvement Fund								
				\$ 280,000.00								
				\$ 280,000.00								
				Cash Disbursed					\$ 1,840,575.32			
				Prior Encumbrances Canceled					(829,741.59)			
				Encumbered - Current Year					500,657.69			
									\$ 1,511,491.42			
				Deferred Charges - Unfunded					\$ 68,256.14			
				General Capital Fund Balance					1,807.06			
				Capital Improvement Fund					1,724.01			
									\$ 71,787.21			

**TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2010	Balance Dec. 31, 2011
			Date	Dec. 31, 2011	Amount	Dec. 31, 2010			
General Improvement Bonds of 2002	3/15/2002	\$ 2,490,000	3/15/2012	\$ 300,000.00	4.25%	\$ 600,000.00	\$ 300,000.00	\$ 300,000.00	
General Improvement Bonds of 2007	7/6/2007	7,072,000	7/15/2012	895,000.00	4.125%	5,362,000.00	815,000.00	4,547,000.00	
			7/15/2013	880,000.00	4.125%				
			7/15/2014	890,000.00	4.125%				
			7/15/2015	945,000.00	4.125%				
			7/15/2016	937,000.00	4.125%				
					Ref.	\$ 5,962,000.00	\$ -	\$ 4,847,000.00	
						C		C	
							\$ 1,115,000.00	\$ 1,115,000.00	

Funded by Budget Appropriation

**TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
1325-09	Various Capital Improvements	11/17/2011	11/17/2011	11/16/2012	1.50%	-	\$ 59,993.86	-	\$ 59,993.86
	a) Reconstruction of Romney Place								
	b) Various Improvements to Municipal Building	11/17/2011	11/17/2011	11/16/2012	1.50%		95,000.00		95,000.00
	c) Acquisition of Fire House	11/17/2011	11/17/2011	11/16/2012	1.50%		1,140,000.00		1,140,000.00
1359-10	Road and Drainage Improvements	11/17/2011	11/17/2011	11/16/2012	1.50%		3,058,256.14		3,058,256.14
						\$ -	\$ 4,353,250.00	\$ -	\$ 4,353,250.00
						C	C-2		C

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2010</u>	<u>Bond, Notes or Grants</u>	<u>Canceled</u>	<u>Balance Dec. 31, 2011</u>
1299-08	Various Capital Improvements				
	a) Recreational Improvements	\$ 288,448.00	\$		\$ 288,448.00
	b) Renovations & Improvements to Maintenance Building/Restrooms	85,500.00			85,500.00
1325-09	Various Capital Improvements				
	a) Reconstruction of Romney Place	128,250.00	59,993.86	68,256.14	-
	b) Various Improvements to Municipal Building	95,000.00	95,000.00		-
	c) Acquisition of Fire House	1,140,000.00	1,140,000.00		-
1359-10	Road and Drainage Improvements	3,990,000.00	3,058,256.14		931,743.86
		<u>\$ 5,727,198.00</u>	<u>\$ 4,353,250.00</u>	<u>\$ 68,256.14</u>	<u>\$ 1,305,691.86</u>
		C	C-9	C-7	C
	Ref.				

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
SCHEDULE OF CASH

	Ref.	Operating	Capital
	D	\$	\$
Balance December 31, 2010		664,074.05	3,158,734.16
Increased by Receipts:			
Sewer Rent Collected	\$	3,649,962.18	
Sewer Overpayments		13,773.97	
Utility Capital Surplus		275,000.00	
Miscellaneous Revenue Anticipated		154,936.82	
Due from Current Fund		48,969.23	
Budget Appropriation - Deferred Charges			18,700.00
Grants - Deferred Reserve for Amortization			428,213.00
Due from Sewer Operating Fund			285,873.37
USDA Rural Development Bonds			5,478,000.00
Grants Receivable			885,142.54
		4,142,642.20	7,095,928.91
		4,806,716.25	10,254,663.07
Decreased by Disbursements:			
Current Appropriations		2,907,136.53	
Appropriation Reserves		96,057.77	
Due to Sewer Capital Fund		285,873.37	
Utility Overpayments Refunded		3,390.00	
Improvement Authorizations			3,720,813.07
Bond Anticipation Notes paid by USDA Bonds			5,347,100.00
Bond Anticipation Notes not Renewed			911,750.00
Accrued Interest on Bonds and Notes		892,570.47	
Sewer Capital Fund Balance - Paid to Sewer Operating			275,000.00
		4,185,028.14	10,254,663.07
Balance December 31, 2011	D	\$ 621,688.11	\$ -

**TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2011
	Balance Dec. 31, 2010	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Capital Fund Balance	\$ 287,718.15	\$ -	\$ -	\$ 285,873.37	\$ -	\$ 275,000.00	\$ -	\$ 152,138.50	\$ 164,856.65
Due (from)/to Sewer Operating Fund	-	-	-	-	-	-	-	-	285,873.37
Contracts Payable	4,103,311.75	-	-	-	-	-	4,103,311.75	1,675,945.93	1,675,945.93
Reserve to Pay Bonds and Notes	104,005.02	-	-	-	-	-	-	30,900.00	134,905.02
Improvement Authorizations									
Ord. Number									
1134-03 Acquire Sewer Vac Truck	(37,600.00)	-	-	18,700.00	-	-	-	-	(18,900.00)
1137-03 Whitesboro/Edgewood Sewer Project - Phase I	-	-	-	-	604,917.24	-	20,000.00	911,107.88	286,190.64
1156-04 Whitesboro/Edgewood Sewer Project - Phase II	(289,446.12)	-	-	576,241.14	395,306.01	-	-	0.04	(108,510.95)
1223-06/ Various Sewer Improvements: 1267-07 (a) Shellbay, Shunpike, Crest Haven, Goshen Sewer Project	35,687.60	3,663,000.00	-	308,901.40	2,298,122.35	3,532,100.00	1,103,758.66	2,679,927.96	(246,464.05)
(b) Water Reuse Project	(219,462.50)	-	-	-	3,215.02	100,000.00	155,500.00	100,000.00	(378,177.52)
1294-08 Satt Blvd. Sanitary Sewer	90,716.43	-	-	-	-	-	152,138.50	66,156.25	4,734.18
1308-08 Whitesboro/Edgewood Sewer Phase 1 - Supplement	5,869.24	1,815,000.00	-	428,213.00	78,251.48	2,626,750.00	-	74,586.05	(381,333.19)
1364-10 Various Sewer Improvements: Shellbay, Shunpike, Crest Haven, Goshen Sewer Project - Supplement	(922,065.41)	-	-	-	341,000.97	-	527,587.27	371,533.57	(1,419,120.08)
	\$ 3,158,734.16	\$ 5,478,000.00	\$ -	\$ 1,617,928.91	\$ 3,720,813.07	\$ 6,533,850.00	\$ 6,062,296.18	\$ 6,062,296.18	\$ -
									D

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

Balance December 31, 2010	<u>Ref.</u> D	\$ 515,475.99
Increased By:		
Sewer Rents and Other Charges Levied	\$ 3,716,720.12	
	<hr/>	<u>3,716,720.12</u>
		4,232,196.11
Decreased By:		
Collections - Sewer Fund	3,649,962.18	
Collections - Current Fund	20,070.44	
Overpayments Applied	20,350.95	
	<hr/>	<u>3,690,383.57</u>
Balance December 31, 2011	D	\$ <u><u>541,812.54</u></u>

TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Balance</u> <u>After</u> <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Overexpended</u>
Operating:					
Salaries and Wages	\$ 16,861.98	\$ 16,861.98	\$	\$ 16,861.98	\$
Other Expenses	44,713.26	44,713.26	44,706.07	7.19	
Insurance	11,747.40	11,747.40	9,747.40	2,000.00	
CMCMUA User Charges	33,759.00	33,759.00		33,759.00	
Capital Outlay	50,000.00	50,000.00	41,695.00	8,305.00	
Terminal Leave	25,000.00	25,000.00		25,000.00	
Social Security System	1,733.10	1,733.10		1,733.10	
	<u>\$ 183,814.74</u>	<u>\$ 183,814.74</u>	<u>\$ 96,148.47</u>	<u>\$ 87,666.27</u>	<u>\$</u>
TOTALS				D-1	-
Appropriation Reserves	\$ 98,665.86				
Reserve for Encumbrances	<u>85,148.88</u>				
	<u>\$ 183,814.74</u>				
Transfer to Accounts Payable			\$ 90.70		
Cash Disbursements			<u>96,057.77</u>		
			<u>\$ 96,148.47</u>		

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF UTILITY CAPITAL IMPROVEMENT FUND

Balance December 31, 2010	<u>Ref.</u> D		\$	-
Increased By:				
None		\$		-
		\$		-
Decreased By:				
None				-
				-
Balance December 31, 2011	D		\$	-

**TOWNSHIP OF MIDDLE
SEWER OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES AND ANALYSIS OF BALANCE**

Balance December 31, 2010	Ref. <u>D</u>		\$	291,428.33
Increased By:				
Budget Appropriation:				
Interest on Bonds		\$ 817,179.35		
Interest on Notes		76,854.06		
				894,033.41
				1,185,461.74
Decreased By:				
Payments of Interest		892,570.47		
				892,570.47
Balance December 31, 2011	D		\$	292,891.27

Analysis of Accrued Interest December 31, 2011

Principal Outstanding Dec. 31, 2011	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>					
\$ 3,915,000.00	Variable	12/15/11	12/31/11	16	\$ 6,500.93
30,000.00	Variable	09/15/11	12/31/11	107	378.96
<u>Rural Development Bonds</u>					
1,849,240.38	5.00%	07/16/11	12/31/11	169	42,810.04
1,247,811.71	4.50%	07/01/11	12/31/11	184	28,306.52
1,085,046.32	4.50%	12/01/11	12/31/11	31	4,146.96
1,895,030.47	4.50%	08/01/11	12/31/11	153	35,745.98
1,843,191.08	4.50%	7/28/11	12/31/11	157	35,677.11
2,272,364.34	4.50%	08/1/11	12/31/11	162	45,385.03
424,647.67	4.50%	08/1/11	12/31/11	162	8,481.32
3,007,261.76	4.00%	07/13/11	12/31/11	172	56,684.82
1,137,989.08	4.00%	07/13/11	12/31/11	172	21,450.31
1,815,000.00	2.25%	12/15/11	12/31/11	15	1,678.25
3,663,000.00	3.75%	12/15/11	12/31/11	15	5,645.03
\$ 24,185,582.81					\$ 292,891.27

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RURAL DEVELOPMENT ADMINISTRATION BONDS

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds			Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
			Date	Amount	Interest Rate				
1	\$69,809	Semi-annual payments to July 16, 2033 for Principal and Interest							
2	\$43,841	Semi-annual payments to July 1, 2034 for Principal and Interest							
3	\$37,222	Semi-annual payments to December 1, 2035 for Principal and Interest							
4	\$64,265	Semi-annual payments to August 1, 2036 for Principal and Interest							
5	\$56,306	Semi-annual payments to August 1, 2041 for Principal and Interest							
6	\$65,185	Semi-annual payments to August 1, 2046 for Principal and Interest							
7	\$12,182	Semi-annual payments to August 1, 2046 for Principal and Interest							
8	\$76,492	Semi-annual payments to July 13, 2050 for Principal and Interest							
9	\$88,792	Semi-annual payments to December 27, 2051 for Principal and Interest							
10	\$34,540	Semi-annual payments to December 27, 2051 for Principal and Interest							

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

Ord. Number	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
1223-06/	Various Sewer Improvements:	12/29/2010	12/29/2010	12/14/2011	1.28%	\$ 413,000.00	\$	\$ 413,000.00	\$ -
1267-07	a. Shellbay, Shunpike, Crest Haven, Goshen Sewer Project	7/20/2006	12/29/2010	12/14/2011	1.28%	779,400.00		779,400.00	-
		12/29/2010	12/29/2010	12/14/2011	1.28%	2,350,000.00		2,350,000.00	-
						-		-	-
1223-06/	Various Sewer Improvements:					-		-	-
1267-07	b. Water Reuse Project	12/30/2009	12/29/2010	12/14/2011	1.28%	100,000.00		100,000.00	-
1308-08	Whitesboro/Edgewood Sewer Project - Phase I Supplement	12/30/2009	12/29/2010	12/14/2011	1.28%	2,626,750.00		2,626,750.00	-
						\$ 6,269,150.00	\$ -	\$ 6,269,150.00	\$ -
					Ref.	D			D
							\$	\$ 5,347,100.00	
								911,750.00	
								10,300.00	
							\$	-	
								6,269,150.00	

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2010	Notes Not Renewed	Bond, Notes or Grants Issued	Budget Appropriation	Balance Dec. 31, 2011
1134-03	Acquisition of Sewer Vac Truck	\$ 37,600.00	\$	\$	\$ 18,700.00	\$ 18,900.00
1223-06/	Various Sewer Improvements:					
1267-07	a. Shellbay, Shunpike, Crest Haven and Goshen Sewer Project	100,000.00		100,000.00		-
	b. Water Reuse Project		100,000.00			100,000.00
1308-08	Whitesboro/Edgewood Sewer Project - Phase I Supplement		811,750.00	428,213.00		383,537.00
1364-10	Various Sewer Improvements:					
	a. Shellbay, Shunpike, Crest Haven and Goshen Sewer Project - Supplement	1,091,000.00				1,091,000.00
		<u>\$ 1,228,600.00</u>	<u>\$ 911,750.00</u>	<u>\$ 528,213.00</u>	<u>\$ 18,700.00</u>	<u>\$ 1,593,437.00</u>
	Ref.	D				D

TOWNSHIP OF MIDDLE
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Balance December 31, 2010	E	\$ 18,809.90	\$ -
Increased By Receipts:			
Other Receipts		\$ 535.30	-
		535.30	-
		19,345.20	-
Decreased By Disbursements:			
None		-	-
		-	-
Balance December 31, 2011	E	\$ 19,345.20	\$ -

**TOWNSHIP OF MIDDLE
PUBLIC ASSISTANCE FUND
STATEMENT OF PUBLIC ASSISTANCE CASH AND RECONCILIATION
PER N.J.S. 40A:5-5**

	Ref.	Trust Fund I	Trust Fund II
Balance December 31, 2011	E-1	\$ 19,345.20	\$ -
Increased By Receipts:			
Cash Receipts Record		\$ 507.44	\$ -
		507.44	-
		19,852.64	-
Decreased By Disbursements:			
Cash Disbursement Record		-	
		-	-
Balance May 31, 2012	E-2	\$ 19,852.64	\$ -
Reconciliation May 31, 2012			
Balance on Deposit per Statement:			
Sturdy Savings Bank -#9800651136		\$ 19,852.64	\$ -
Less: Outstanding Checks			-
Book Balance		\$ 19,852.64	\$ -

TOWNSHIP OF MIDDLE
PUBLIC ASSISTANCE FUND
SCHEDULE OF REVENUES

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
Township Contribution		\$ 500.00	\$ -
Interest		35.30	
Total Revenues (PATF)		<u>535.30</u>	<u>-</u>
		<u>\$ 535.30</u>	<u>\$ -</u>

SCHEDULE OF EXPENDITURES

	<u>Ref.</u>	<u>Trust Fund I</u>	<u>Trust Fund II</u>
None		\$ -	\$ -
Total Disbursements (PATF)		<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF MIDDLE

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2011

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

To the Honorable Mayor and
Members of the Township Committee
Township of Middle
33 Mechanic Street
Cape May Court House, New Jersey 08210

We have audited the financial statements – regulatory basis of the Township of Middle, State of New Jersey (the “Township”), as of and for the year ended December 31, 2011, and have issued our report thereon dated July 19, 2012. Our report disclosed that, as described in Note 1 to the financial statements, the Township prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements prescribed by the Division.

Internal Control Over Financial Reporting

Management of the Township of Middle, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting.. In planning and performing our audit, we considered the Township’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township’s internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2011-1 to be a material weaknesses.

A *significant deficiency* is a deficiency or 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2011-2 and 2011-3 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division. These findings are described as 2011-4 in the Schedule of Findings and Questioned Costs.

We also noted certain matters that we reported to the Township's management in a separate letter dated July 19, 2012.

The Township of Middle's responses to the findings identified in our audit are described in the accompanying Findings and Recommendations section of the report. We did not audit the Township of Middle's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Township Committee, others within the entity, and the Division as well as other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

July 19, 2012

TOWNSHIP OF MIDDLE

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." The Township's bid threshold was \$36,000.

The governing body of the Township of Middle has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in a violation of the statute, the Township Committee's opinion should be sought before a commitment is made.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

The minutes indicate that bids were sought by public advertising for the following items:

- | | |
|-----------------------------------|---|
| Snow Removal | Disposal of Class B Recycling Materials |
| Home Rehabilitation Projects | Parking Lot Improvements |
| IT Professional | GPS Upgrades/Mobile Data Terminals |
| Stone Harbor Manor Roads– Phase I | Beach Avenue Roads – Phase I |
| Gasoline powered utility vehicles | Water reuse booster |
| Various Road Reconstruction | Curbs and Sidewalks |

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

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

BE IT RESOLVED by the Township Committee of the Township of Middle, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Township of Middle, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

This Resolution shall take effect January 5, 2011.

It appears from an examination of the Collector's records that interest was charged in accordance with the foregoing resolution.

TOWNSHIP OF MIDDLE

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The tax sale was held on January 12, 2011, and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31st of the last three years.

<u>Year</u>	<u>Number</u>
2011	277
2010	231
2009	179

It is essential to good management that all means provided by the statutes be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges, as well as current payments, was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2010 and 2011 Taxes	25
Delinquent Taxes	25
Tax Title Liens	1
Payment of Sewer Rents	25
Delinquent Sewer Rents	25
Total	<u>101</u>

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that municipal funds were deposited within the mandated time.

TOWNSHIP OF MIDDLE

FINDINGS AND RECOMMENDATIONS

*Finding 2011-1:

Our review of open purchase orders (encumbrances) found items for closed and completed projects and for services that have been performed that are still open in the accounting system. In addition, the detail list of orders did not agree to the budgetary accounting system by approximately \$117,000 for all funds.

Criteria:

The list of open purchase orders should be reviewed and monitored on a periodic basis and a resolution to cancel open contract/orders should be presented to Township Committee.

Condition:

The Township's list of open purchase orders and encumbrances charged in the accounting system is not accurate and does not reflect the current status of open contracts.

Cause:

The Finance Office has not reviewed the open orders with Department Heads in order to prepare a resolution for cancellation for Township Committee consideration.

Effect:

The amounts reflected as encumbrances payable in the various funds at year end is overstated.

Recommendation:

That the Finance Office review open purchase orders in the accounting system with Department Heads on a periodic basis for accuracy.

Management Response:

Management agrees with the finding and will address it in a Corrective Action Plan.

Finding 2011-2:

Our audit of employee compensation found two employees who were overpaid in 2011.

Criteria:

The Township should only pay employees for amounts they are contractually due.

Condition:

One retired employee was paid for several pay periods subsequent to retirement resulting in an overpayment of \$5,249. The second employee was paid for hours that were not worked during a sick leave period. The overpayment amount in this instance is still being calculated.

Cause:

Controls are not sufficient in payroll area that would provide a system of checks and balances to prevent these overpayments.

Effect:

Some Township employees have been overpaid in 2011. Repayment has started from the retired employee but still must be done for the second employee.

Recommendation:

That internal controls over payroll and compensation be strengthened to prevent overpayments to employees.

Management Response:

Management agrees with the finding and will address it in a Corrective Action Plan.

TOWNSHIP OF MIDDLE

FINDINGS AND RECOMMENDATIONS (Continued)

Finding 2011-3:

Our audit of terminal leave found two instances of former employees being paid incorrect amounts of leave upon and after separation.

Criteria:

Township Committee approves the amount of terminal leave due a retiring employee at separation or over time if requested by the employee.

Condition:

One retired employee was overpaid \$6,975.11 and one other was underpaid a minor amount of several hundred dollars.

Cause:

It appears to be a lack of monitoring and review of separation agreements and subsequent payments through payroll over time.

Effect:

Some retired Township employees have been both overpaid and underpaid for terminal leave due at retirement.

Recommendation:

That internal controls over terminal leave payments be strengthened to ensure retiring employees are paid proper amounts due for accumulated time.

Management Response:

Management agrees with the finding and will address it in a Corrective Action Plan.

***Finding 2011-4:**

As part of our audit, we reviewed the Township's compliance with the employee pension and benefits law. We chose one health insurance bill and noted two employees listed with coverage that did not have the required employee withholding and contribution. In addition we found one employee who opted out of health and dental coverage in July 2011 but was still on the plans in November 2011.

Criteria:

Employees are required to contribute 1.5% of their salary toward health care coverage. Employees opting out of health and dental coverage should be removed from the plans in a timely manner.

Condition:

Two employees did not have the required withholding for the time period and billing period randomly selected for testing. One employee was not removed from health and dental bills in a timely manner.

Cause:

The Township is not properly monitoring and reviewing personnel files against medical bills and withholdings from employees.

Effect:

The Township did not comply with employee pension and benefits regulations in all instances.

Recommendation:

That the Township ensure all employees comply with the health benefit contribution requirements under state law and that employees opting out of coverage be removed from health plans in a timely manner.

Management Response:

Management agrees with the finding and will address it in a Corrective Action Plan.

TOWNSHIP OF MIDDLE

FINDINGS AND RECOMMENDATIONS (Continued)

* Indicates a similar recommendation made in the prior year.

In accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and Division of Local Government Services Regulations, a Corrective Action Plan must be prepared and filed by the Township in response to my recommendations.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

July 19, 2012

TOWNSHIP OF MIDDLE

PART III

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

FOR THE YEAR ENDED

DECEMBER 31, 2011

TOWNSHIP OF MIDDLE
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Period From	Period To	Cash Received	Amount of Expenditures	Cumulative Expenditures
U.S. Department of Housing and Urban Development							
Community Development Block Grants - Entitlement Grants Cluster:							
Urban Development Action Grant	14.218	8020-100-022-8020-078-F292-6120	Revolving		\$ 120,273.06	\$ 110,000.00	\$ 424,721.62
Emergency Housing Rehabilitation	14.218	8020-100-022-8020-078-F292-6120	10/1/06	12/31/11	139,641.17	137,203.51	472,320.27
Total CDBG Entitlement Grants Cluster							
Community Development Block Grants - State Administered CDBG Cluster:							
Small Cities Program:							
Whitesboro Water Grant - Phase I - 2002	14.228	8020-100-022-8020-078-F292-6120	Open		-	-	390,076.00
Whitesboro Water Grant - Phase II - 2004	14.228	8020-100-022-8020-078-F292-6120	Open		-	-	394,500.00
Whitesboro Water Grant - Phase III - 2011	14.228	8020-100-022-8020-078-F292-6120	Open		-	19,285.00	19,285.00
Whitesboro School Grant - Phase II - 2006	14.228	8020-100-022-8020-078-F292-6120	Open		-	467.50	393,243.20
Whitesboro School Grant - Phase III - 2008	14.228	8020-100-022-8020-078-F292-6120	Open		74,911.00	(0.60)	399,349.66
Whitesboro Sewer Connection Fees - 2006	14.228	8020-100-022-8020-078-F292-6120	Open		49,625.00	54,050.00	61,600.00
Total CDBG - State Administered CDBG Cluster							
Total U.S. Department of Housing and Urban Development							
U.S. Department of Transportation							
Highway Safety Cluster:							
Aggressive Driving Grant	20.600	N/A	10/1/07	9/30/08	-	5,217.05	26,368.42
Click it or Ticket	20.604	N/A	10/1/08	9/30/09	-	3,044.60	3,044.60
Click it or Ticket	20.604	N/A	10/1/09	9/30/10	-	3,450.00	3,450.00
Over the Limit, Under Arrest	20.601	N/A	10/1/08	9/30/09	-	3,450.76	3,450.76
Over the Limit, Under Arrest	20.601	N/A	10/1/09	9/30/10	-	4,075.00	4,075.00
Over the Limit, Under Arrest	20.601	N/A	10/1/10	9/30/11	6,000.00	-	-
Total Highway Safety Cluster							
Highway Planning Construction - I.S.T.E.A.	20.205	N/A	10/1/04	9/30/05	6,000.00	19,237.41	40,388.78
Bike Path - 2005 - Goshen to Shellbay					-	3,265.00	143,877.40
Total U.S. Department of Transportation							
U.S. Department of Justice							
Bulletproof Vest Partnership							
Community Policing Grant - COPS In Shops	16.607	N/A	10/1/06	9/30/07	-	3,534.75	6,666.50
Justice Advocacy Grant	16.710	N/A	10/1/09	9/30/10	-	1,200.00	1,200.00
City of Wildwood							
City of North Wildwood	16.815	N/A	10/1/2010	9/30/2011	24,528.00	24,278.89	24,278.89
Safe and Secure Communities Grant	16.815	N/A	10/1/2009	9/30/2010	-	4,776.05	57,772.00
Safe and Secure Communities Grant	16.580	N/A	10/1/2009	9/30/2010	60,000.00	810.00	59,288.00
Safe and Secure Communities Grant	16.580	N/A	10/1/2010	9/30/2011	-	55,571.00	55,571.00
Total U.S. Department of Justice							
Total U.S. Department of Justice							

TOWNSHIP OF MIDDLE
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Period From	To	Cash Received	Amount of Expenditures	Cumulative Expenditures
U.S. Department of Human Services							
Emergency Management Assistance	97.042	N/A	10/1/2010	9/30/2011	\$ 5,000.00	\$ 2,738.00	\$ 2,738.00
U.S. Department of Agriculture							
Rural Development Administration:							
Grant Portion - SSGC Supplement - (1364-10)	10.760	N/A	Open	Open	-	328,120.08	328,120.08
Loan Portion - SSGC - Supplement - (1364-10)	10.760	N/A	Open	Open	-	168,934.59	1,091,000.00
Grant Portion - Whitesboro/Edgewood							
Sewer Extension - Phase I (1137-03)	10.760	N/A	Open	Open	1,316,000.00	(286,190.64)	1,029,809.36
Loan Portion - Whitesboro/Edgewood							
Sewer Extension - Phase I (1137-03)	10.760	N/A	Open	Open	-	-	3,039,000.00
Grant Portion - Whitesboro/Edgewood							
Sewer Extension - Phase II (1156-04)	10.760	N/A	Open	Open	576,241.14	395,305.97	1,500,000.00
Loan Portion - Whitesboro/Edgewood							
Sewer Extension - Phase II (1156-04)	10.760	N/A	Open	Open	1,150,000.00	-	1,150,000.00
Grant Portion - Whitesboro/Edgewood							
Sewer Extension - Phase I - Suppl (1308-08)	10.760	N/A	Open	Open	428,213.00	3,665.43	922,796.19
Loan Portion - Whitesboro/Edgewood							
Sewer Extension - Phase I - Suppl (1308-08)	10.760	N/A	Open	Open	1,815,000.00		1,815,000.00
Grant Portion - SSGC - (1223-06a)	10.760	N/A	Open	Open	308,901.00	555,365.71	555,365.05
Loan Portion - SSGC - (1223-06a)	10.760	N/A	Open	Open	3,663,000.00	35,687.34	3,663,000.00
Water Reuse Project (1223-06b)- Grant Portion	10.760	N/A	Open	Open		78,177.52	78,177.52
Water Reuse Project (1223-06b)- Township Portion	10.760	N/A	Open	Open		80,537.50	300,000.00
Total U.S. Department of Agriculture					9,257,355.14	1,359,603.50	
Total Federal Assistance					\$ 9,737,333.37	\$ 1,796,020.01	

TOWNSHIP OF MIDDLE
NOTES TO SCHEDULE OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

Note 1: General

The accompanying schedule of financial assistance, presents the activity of all Federal financial assistance programs of the Township of Middle. The Township is defined in Note 1 to the Township's financial statements – regulatory basis.

Note 2: Basis of Accounting

The accompanying schedule of financial assistance is presented using the modified accrual basis of accounting, in accordance with the "Requirements of Audit", as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. 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 Township accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP).

Note 3: Relationship to Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the Township's financial statements –regulatory basis. The financial statements – regulatory basis present the Grant Fund on a budgetary basis. The Grant Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>	<u>Total</u>
Grant Fund	\$ 189,213.00	\$ 189,213.00
Trust Fund	247,203.51	247,203.51
Sewer Capital Fund	<u>1,359,603.50</u>	<u>1,359,603.50</u>
Total Financial Assistance	<u>\$ 1,796,020.01</u>	<u>\$ 1,796,020.01</u>

Note 4: Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related Federal financial reports.

1535 HAVEN AVENUE • PO BOX 538
OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710



1409 CANTILLON BLVD. • PO BOX 548
MAYS LANDING, NJ 08330
PHONE 609.625.0999 • FAX 609.625.2421

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and
Members of the Township Committee
Township of Middle
33 Mechanic Street
Cape May Court House, New Jersey 08210

Compliance

We have audited the compliance of the Township of Middle, State of New Jersey (the "Township"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards, OMB A-133 and State of New Jersey prescribed audit requirements 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 program occurred. An audit includes examining on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of management, the Township's governing body, and the Division and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Registered Municipal Accountant
No. 427

July 19, 2012

TOWNSHIP OF MIDDLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2011

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unqualified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting" dated July 19, 2012.**

Internal control over financial reporting:

- 1) Material Weakness identified? **YES**
- 2) Significant deficiencies identified **YES**

Non-Compliance material to Financial Statements – Statutory Basis noted? **YES**

Federal Awards

Internal control over major programs:

- 1) Material Weakness identified? **NO**
- 2) Significant deficiencies identified **NONE REPORTED**

Type of auditor's report issued on compliance for major programs: **Unqualified Opinion issued on compliance for major programs, dated July 19, 2012.**

Any audit findings disclosed that are required to be reported in accordance with OMB Circular Letter A-133? **NO**

Identification of major programs: **10.760** **USDA – Rural Development Grant/Loans for Sewer Extensions**

Dollar threshold used to distinguish between Type A and Type B Programs: **\$300,000**

Auditee qualified as low-risk Auditee? **NO**

TOWNSHIP OF MIDDLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2011
(CONTINUED)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – STATUTORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed five findings relating to the financial statements – regulatory basis that are required to be reported. These findings are listed in the Findings and Recommendations as Findings 2011-1, 2011-2, 2011-3 and 2011-4. We have also issued a Management Letter dated July 19, 2012.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

STATUS OF PRIOR YEAR FINDINGS

Financial Statement

Finding #2010-01

The General Fixed Asset ledger was not maintained during 2009. Fixed asset activity was not recorded, updated and provided for audit.

Current Year Status:

The condition no longer exists.

Finding #2010-02

The Township's Finance Office is not sufficiently reviewing and maintaining encumbrance and accounts payable balances.

Current Year Status:

The condition still exists.

Finding #2010-03

The Township made over \$140,000 in payments for engineering services related to a Sewer Capital project in excess of the original contract amount without the approval of any change orders.

Current Year Status:

The condition no longer exists.

Finding #2010-04

The Township did not obtain or review a detailed listing of State Health Benefits invoices. In addition, one employee was billed twice on the Township's new health insurance provider's invoices, and correspondingly, the Township paid the provider twice.

Current Year Status:

The condition still exists.

Finding #2010-05

The Township's Sewer Department did not ensure that all sewer user accounts were billed when a new software system was installed.

Current Year Status:

The condition no longer exists.

Finding #2010-06

The Township established and recorded a Reserve for Snow Removal Trust Fund which was never approved by the Division of Local Government Services. Trust accounts should not be set up until the account has been approved as a budget rider by the State Division.

Current Year Status:

The condition no longer exists.

TOWNSHIP OF MIDDLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2011
(CONTINUED)

STATUS OF PRIOR YEAR FINDINGS

Federal: None