

**TOWNSHIP OF MIDDLE
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2012**

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TOWNSHIP OF MIDDLE

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2012



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of Township Committee
Township of Middle, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Middle, New Jersey, as of December 31, 2012 and 2011, 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 of the various funds for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Middle on a basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of American, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Middle as of December 31, 2012 and 2011, or changes in financial position for the years the ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2012 and 2011, the regulatory basis statements of operations for the years the ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2012 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Middle’s basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2013 on our consideration of the Township of Middle's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Middle's internal control over financial reporting and compliance.

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

Glen J. Ortman

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

July 24, 2013

**EXHIBIT - A
CURRENT FUND**

TOWNSHIP OF MIDDLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Regular Fund:			
Cash and Investments:			
Treasurer	A-4	\$ 7,277,425.08	\$ 7,665,469.37
		<u>7,277,425.08</u>	<u>7,665,469.37</u>
Other Receivables:			
Chapter 20 P.L. 1971		-	6,259.38
		<u>-</u>	<u>6,259.38</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	772,157.73	860,895.54
Tax Title Liens Receivable	A-8	316,033.23	257,361.73
Property Acquired for Taxes at Assessed Valuation		2,629,223.47	2,696,023.47
Valuation		14,001.01	16,480.21
Revenue Accounts Receivable	A-9	6,907.06	78,643.74
Interfunds Receivable:			
Grant Fund		1,034.83	3,719.77
Dog Trust Fund		-	-
		<u>3,739,357.33</u>	<u>3,913,124.46</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves		1,765.06	-
Special Emergency Authorization		85,000.00	-
Emergency Authorization		50,000.00	-
		<u>136,765.06</u>	<u>-</u>
		<u>11,153,547.47</u>	<u>11,584,853.21</u>
Federal and State Grant Fund:			
Grants Receivable	A-11	637,460.41	1,822,619.55
		<u>637,460.41</u>	<u>1,822,619.55</u>
		<u>\$ 11,791,007.88</u>	<u>\$ 13,407,472.76</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

TOWNSHIP OF MIDDLE
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3:A-10	\$ 435,380.10	\$ 405,458.18
Reserve for Encumbrances	A-3	500,521.81	326,060.93
Accounts Payable		92.00	103,476.23
Prepaid Taxes		557,085.21	665,938.35
Prepaid Licenses and Fees		36,824.00	-
Tax Overpayments		-	35,777.78
Local School District Tax Payable		3,598,848.15	3,548,042.21
Special District Taxes Payable		0.80	0.80
Deposits on Land Sales		3,000.00	3,000.00
County Added Tax Payable		24,543.24	17,823.51
Due to Water Districts		2,903.32	231.08
Payroll Deductions Payable		43,411.37	80,547.13
Due to State of N.J. - Senior Citizen/Veterans		6,203.68	-
Reserve for Sale of Municipal Assets		296,550.00	577,550.00
Reserve for Revaluation/Reassessment		53,605.40	-
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		57,196.38	18,451.62
		<u>5,763,646.46</u>	<u>5,929,901.15</u>
Reserve for Receivables and Other Assets		3,739,357.33	3,913,124.46
Fund Balance	A-1	<u>1,650,543.68</u>	<u>1,741,827.60</u>
		<u>11,153,547.47</u>	<u>11,584,853.21</u>
Federal and State Grant Fund:			
Unappropriated Reserves	A-12	2,288.72	32,128.66
Appropriated Reserves	A-13	587,881.82	1,327,837.06
Encumbrances Payable		40,382.81	384,010.09
Due to Current Fund		6,907.06	78,643.74
		<u>637,460.41</u>	<u>1,822,619.55</u>
		<u>\$ 11,791,007.88</u>	<u>\$ 13,407,472.76</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Fund Balance Utilized	\$	1,211,000.00	\$ 1,000,000.00
Miscellaneous Revenue Anticipated		6,328,464.08	7,232,878.55
Receipts from Delinquent Taxes		890,787.02	791,120.90
Receipts from Current Taxes		43,923,526.98	44,337,351.50
Non-Budget Revenue		376,883.99	627,823.95
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		431,508.36	642,860.17
Interfunds Returned		82,363.51	89,498.36
Accounts Payable Cancelled		103,476.23	-
Total Income		<u>53,348,010.17</u>	<u>54,721,533.43</u>
 <u>Expenditures</u>			
Budget and Emergency Appropriations:			
Appropriations Within "CAP"			
Operations:			
Salaries and Wages		8,064,300.00	7,987,069.00
Other Expenses		7,240,377.00	7,032,949.00
Deferred Charges & Statutory Expenditures		2,001,905.00	2,150,026.00
Appropriations Excluded from "CAP"			
Operations:			
Salaries and Wages		130,000.00	126,381.00
Other Expenses		334,447.64	302,064.50
Capital Improvements		-	1,354,252.13
Municipal Debt Service		1,554,483.18	1,455,964.46
County Taxes		6,490,086.14	6,506,905.58
County Added and Omitted Taxes		24,543.24	17,823.51
Local District School Tax		24,232,437.00	24,207,102.00
Special District Taxes		2,282,773.00	2,307,458.00
Prior Year Deduction Disallowed		-	1,763.33
Interfunds Created		7,941.89	-
Total Expenditures		<u>52,363,294.09</u>	<u>53,449,758.51</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>Ref.</u>	<u>Year 2012</u>	<u>Year 2011</u>
Excess In Revenue		\$ 984,716.08	\$ 1,271,774.92
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Year		135,000.00	-
		<u>135,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance		1,119,716.08	1,271,774.92
Fund Balance January 1	A	1,741,827.60	1,470,052.68
		2,861,543.68	2,741,827.60
Decreased by:			
Utilization as Anticipated Revenue		1,211,000.00	1,000,000.00
Fund Balance December 31	A	\$ <u>1,650,543.68</u>	\$ <u>1,741,827.60</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Ref.	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
	\$ 1,211,000.00	\$ -	\$ 1,211,000.00	\$ -
	1,211,000.00	-	1,211,000.00	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	5,700.00		5,772.00	72.00
Other	52,000.00		56,709.00	4,709.00
Fees and Permits	139,000.00		169,800.20	30,800.20
Municipal Court - Fines and Costs	262,000.00		258,072.95	(3,927.05)
Interest and Costs on Taxes	250,000.00		243,125.75	(6,874.25)
Interest on Investments	17,000.00		9,426.82	(7,573.18)
Registrar of Vital Statistics - Fees	59,000.00		59,341.00	341.00
Trailer Tax	137,000.00		140,570.00	3,570.00
Hotel/Motel Tax	36,000.00		45,711.76	9,711.76
Ambulance Fees	713,000.00		708,163.95	(4,836.05)
Host Community Benefits	18,000.00		5,709.01	(12,290.99)
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	225,000.00		270,040.00	45,040.00
Other Special Items:				
Police Officer - Cape May County Technical School	70,000.00		70,560.00	560.00
Middle Township Fire District #2 - JIF Insurance	34,212.00		34,212.00	-
Borough of Woodbine - Municipal Court - Interlocal	61,200.00		61,200.00	-
Sewer Utility - Indirect Costs	75,000.00		75,000.00	-
Reserve for Municipal Assets	281,000.00		281,000.00	-
Comcast Technology Revenue	20,000.00		20,000.00	-
Special Items:				
Public and Private Programs Off-Set by Revenues:				
Drive Sober		4,400.00	4,400.00	-
Drunk Driving Enforcement	26,709.12	9,993.74	36,702.86	-
ANJEC NJ Grant	-	8,000.00	8,000.00	-

TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

	Ref.	Anticipated		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		\$ 60,000.00	\$	\$ 60,000.00
Clean Communities Program			41,236.25	41,236.25
Comcast Technology Grant			20,000.00	-
Municipal Court Alcohol Education			2,967.97	2,967.97
COPS in Shops		2,215.92		2,215.92
Recycling Tonnage Grant			46,046.95	46,046.95
Bullet Proof Vest Partnership			6,308.13	6,308.13
Over the Limit Under Arrest		1,000.00		1,000.00
Emergency Management Assistance			5,000.00	5,000.00
Sustainable New Jersey		14,000.00	10,000.00	10,000.00
Pet Smart Charities Grant		4,419.54	4,528.02	14,000.00
Police Body Armor Grant				8,947.56
Total Miscellaneous Revenues	A-1	6,130,680.58	158,481.06	6,328,464.08
Receipts from Delinquent Taxes	A-1:A-2	940,000.00		890,787.02
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes		11,771,849.62		11,914,329.22
Total Amount to be Raised by Taxes for Support of Municipal Budget		11,771,849.62	-	11,914,329.22
Budget Totals		20,053,530.20	158,481.06	20,344,580.32
Non-Budget Revenues				376,883.99
		\$ 20,053,530.20	\$ 158,481.06	\$ 20,721,464.31
				142,479.60
				142,479.60
				132,569.06
				376,883.99
				509,453.05

TOWNSHIP OF MIDDLE
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS

Analysis of Realized RevenuesAllocation of Current Tax Collections:

Revenues from Collections	\$	43,923,526.98
Allocated to:		
Reserve for Tax Appeals		
School, County and Other Taxes		<u>33,029,839.38</u>
Balance for Support of Municipal Budget Appropriations		10,893,687.60
Add: Appropriation		
"Reserve for Uncollected Taxes"		<u>1,020,641.62</u>
Amount for Support of Municipal Budget Appropriations	\$	<u><u>11,914,329.22</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$	775,140.04
Tax Title Lien Collections		<u>115,646.98</u>
	\$	<u><u>890,787.02</u></u>

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:		
Interlocal Agreement - Animal Control	\$	39,775.96
Concerned Citizens		1,500.00
Interlocal - Municipal Court Video		1,200.00
Refunds		3,173.41
Bounced Check Fee		541.19
Cable Franchise Fee		89,435.06
Raffle Recycling		558.63
Police Reports		4,976.62
Zoning Books, Maps and Copies		1,351.95
Restitution		282.86
Clerk/OPRA Requests		500.43
Bail Forfeiture		1,354.00
Tax Collector Cost of Sale		53,620.97
NJ American Water		6,091.30
RPJK Reimbursement for Work		12,945.00
Cape Express Soccer Club		5,750.00
Alarm Billing Company Reimbursement		3,036.25
Copies		63.77
Bids Specs		1,200.00
Police Car Rental/Admin Fee		2,041.16
Trash Removal		14,276.71
Whitesboro Trailer - U.S. Postal		2,400.00
Payments in Lieu of Taxes		27,024.00
Lorco Petroleum Services		600.00
Miscellaneous		2,533.93
Police Miscellaneous		1,512.93
Police Grant Reimbursement		12,185.47
Insurance Reimbursements - Joint Insurance Fund		1,000.00
Host Community Benefits Settlement		24,595.40
Interlocal - Middle Twp. Board of Education		29,999.00
Cape Educational Compact - Interlocal		4,632.00
Sale of Township Property		21,850.00
Senior Citizen and Veteran Administration Fee		<u>4,875.99</u>
	\$	<u><u>376,883.99</u></u>

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	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT FUNCTIONS:						
General Administration						
Salaries and Wages	\$ 148,000.00	\$ 148,000.00	\$ 143,257.75	\$ 4,742.25	\$ -	
Other Expenses	17,500.00	17,500.00	15,188.55	1,839.65	471.80	
Human Resources - Personnel						
Salaries and Wages	51,000.00	51,000.00	51,000.00	-	151.64	
Other Expenses	9,500.00	9,500.00	8,941.43	406.93	-	
Mayor and Committee						
Salaries and Wages	52,500.00	52,500.00	52,320.06	179.94	-	
Other Expenses	4,000.00	2,500.00	2,133.78	350.00	16.22	
Township Clerk						
Salaries and Wages	115,000.00	108,000.00	107,478.92	521.08	-	
Other Expenses:						
Codification of Ordinances	8,600.00	8,600.00	5,491.09	3,108.91	-	
Miscellaneous Other Expenses	33,500.00	36,500.00	27,210.54	4,497.33	4,792.13	
Financial Administration						
Salaries and Wages	171,000.00	160,700.00	154,437.92	6,262.08	-	
Other Expenses	52,000.00	52,000.00	42,999.62	8,772.17	228.21	
Bond Registrar						
Other Expenses	1,000.00	-	-	-	-	
Information Technology						
Other Expenses	25,000.00	25,000.00	25,000.00	-	-	
Audit Services						
Other Expenses	31,000.00	31,000.00	19,400.00	10,800.00	800.00	
Assessment of Taxes						
Salaries and Wages	121,000.00	122,000.00	121,529.67	470.33	-	
Other Expenses	35,000.00	25,000.00	21,239.37	1,630.75	2,129.88	
Revaluation/Reassessment - Spec. Emergency Appr.		85,000.00	85,000.00	-	-	
Collection of Taxes						
Salaries and Wages	113,000.00	111,000.00	110,641.62	358.38	-	
Other Expenses	23,000.00	23,000.00	22,613.13	386.87	-	
Liquidation of Tax Title Liens and Foreclosed Property						
Other Expenses	9,000.00	200.00	108.00	92.00	-	
Legal Services						
Salaries and Wages	2,500.00	2,500.00	-	-	2,500.00	
Other Expenses	386,500.00	355,100.00	228,806.06	101,175.08	25,118.86	

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				Encumbered	Reserved	
Engineering Services	\$ 70,000.00	\$	70,000.00	\$ 60,051.30	\$ 9,923.70	\$ 25.00	\$
Other Expenses							
Grants Administration	49,000.00		49,000.00	48,896.12		103.88	
Salaries and Wages							
Other Expenses	29,000.00		29,000.00	13,528.88	14,912.50	558.62	
Public Affairs							
Other Expenses	750.00		750.00	458.98		291.02	
Municipal Court							
Salaries and Wages	181,500.00		202,500.00	195,400.02		7,099.98	
Other Expenses	15,100.00		16,100.00	13,763.46	2,291.50	45.04	
Public Defender							
Salaries and Wages	17,500.00		17,500.00	17,500.00		-	
Volunteers in Medicine - Donation (NJS 40:5-2-10c)	1,250.00		1,250.00			1,250.00	
Records Management							
Other Expenses	1,000.00		-			-	
LAND USE ADMINISTRATION:							
Planning Board							
Smart Growth Expense	30,000.00		30,000.00	14,948.45	4,534.05	10,517.50	
Other Expenses	2,200.00		2,200.00	1,980.00		220.00	
Zoning Board of Adjustment							
Salaries and Wages	85,000.00		85,000.00	83,581.21		1,418.79	
Other Expenses	33,500.00		33,500.00	28,330.67	1,532.43	3,636.90	
INSURANCE:							
General Liability Insurance	185,000.00		185,000.00	170,692.00		14,308.00	
Workers Compensation Insurance	542,000.00		542,000.00	530,000.00		12,000.00	
Group Insurance Plan for Employees	2,732,027.00		2,732,027.00	2,732,027.00		-	
Health Benefit Waivers							
Salaries and Wages	8,000.00		18,300.00	17,266.67		1,033.33	
PUBLIC SAFETY:							
Police							
Salaries and Wages	4,464,000.00		4,438,000.00	4,383,077.02		54,922.98	
Other Expenses	120,300.00		120,300.00	86,428.13	32,412.35	1,459.52	
Police and Radio Communications							
Salaries and Wages	395,000.00		416,200.00	414,815.12		1,384.88	
Other Expenses	7,000.00		7,000.00	3,193.92	3,680.69	125.39	
Contribution to First Aid Squads	70,000.00		70,000.00	70,000.00		-	
Rescue Squad							
Salaries and Wages	411,000.00		422,000.00	420,646.93		1,353.07	
Other Expenses	39,000.00		39,000.00	32,205.68	3,529.16	3,265.16	

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	\$ 4,800.00	\$ 4,800.00	\$ 4,661.68	\$	138.32	\$
Other Expenses	1,000.00	1,000.00	636.81		363.19	
Municipal Prosecutor						
Salaries and Wages	30,500.00	30,500.00	30,500.00		-	
PUBLIC WORKS FUNCTIONS:						
Road Repair and Maintenance						
Salaries and Wages	834,500.00	838,500.00	837,556.31		943.69	
Other Expenses	128,500.00	128,500.00	90,489.25	37,711.96	298.79	
Motor Pool	190,000.00	190,000.00	151,705.13	34,269.14	4,025.73	
Shade Tree Commission						
Other Expenses	750.00	750.00	363.75		386.25	
Garbage and Trash Removal - Contractual	340,000.00	340,000.00	308,823.80	28,144.84	3,031.36	
Recycling Contractual	340,000.00	340,000.00	308,823.80	28,144.84	3,031.36	
Public Buildings and Grounds						
Salaries and Wages	102,750.00	102,750.00	102,041.34		708.66	
Other Expenses	80,000.00	80,000.00	66,417.74	5,462.71	8,119.55	
HEALTH AND WELFARE:						
Board of Health						
Salaries and Wages	850.00	850.00	818.06		31.94	
Other Expenses	2,500.00	2,500.00	1,349.65	500.00	650.35	
Animal Control						
Salaries and Wages	60,000.00	60,000.00	58,179.29		1,820.71	
Other Expenses	10,000.00	10,000.00	1,867.15	44.52	8,088.33	
Animal Control - Animal Shelter						
Contractual	64,000.00	64,000.00	63,687.00		313.00	
CODE ENFORCEMENT ADMINISTRATION:						
Code Enforcement Officer						
Salaries and Wages	32,200.00	32,200.00	32,026.02		173.98	
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	\$ 195,000.00	\$ 195,000.00	\$ 182,729.41	\$ 12,270.59	\$	
Other Expenses	32,000.00	32,000.00	31,683.13	303.88	12.99	
Senior Center						
Salaries and Wages	44,000.00	44,000.00	43,679.58	320.42		
Other Expenses	20,000.00	20,000.00	17,158.75	749.53	2,091.72	
Beach Restoration						
Other Expenses	500.00	500.00		500.00		
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	145,500.00	145,500.00	144,817.14	682.86		
Other Expenses	8,500.00	8,500.00	6,517.51	150.00	1,832.49	
Electrical Inspector						
Salaries and Wages	29,000.00	29,000.00	27,298.13	1,701.87		
Fire Protection						
Salaries and Wages	18,000.00	18,000.00	17,664.14	335.86		
UNCLASSIFIED:						
Terminal Leave	140,000.00	159,000.00	159,000.00	-		
Maintenance and Service Policies -						
Various Machines	199,000.00	203,500.00	194,315.75	9,167.68	16.57	
Hurricane/Superstorm Sandy-Emergency Approp		50,000.00	17,705.00	32,295.00		
UTILITY EXPENSES AND BULK PURCHASES:						
Electricity	330,000.00	330,000.00	287,947.29	7,830.81	34,221.90	
Postage	7,500.00	7,500.00	7,500.00	-		
Telephone	110,000.00	110,000.00	96,928.11	435.45	12,636.44	
Natural Gas	50,000.00	50,000.00	30,889.22	2,027.99	17,082.79	
Fuel Oil	2,000.00	2,000.00	115.93	84.07	1,800.00	
Gasoline	330,000.00	330,000.00	263,384.61	39,892.55	26,722.84	
Street Lighting	100.00	100.00		100.00		
SANITARY LANDFILL DISPOSAL COSTS:						
Sanitary Landfill - Contractual	390,000.00	390,000.00	303,212.62	79,000.00	7,787.38	
TOTAL OPERATIONS WITHIN "CAPS"	15,169,677.00	15,304,677.00	14,476,082.17	476,300.26	352,294.57	-
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"	\$ 15,169,677.00	\$ 15,304,677.00	\$ 14,476,082.17	\$ 476,300.26	\$ 352,294.57
Detail:					
Salaries and Wages	8,022,100.00	8,064,300.00	7,962,820.13	-	101,479.87
Other Expenses	7,147,577.00	7,240,377.00	6,513,262.04	476,300.26	250,814.70
DEFERRED CHARGES:					
None					
STATUTORY EXPENDITURES:					
Contributions to:					
Public Employees' Retirement System	372,800.00	372,800.00	372,800.00	-	-
Social Security System (O.A.S.I.)	625,000.00	625,000.00	601,548.04	-	23,451.96
Unemployment Compensation Insurance	45,000.00	45,000.00	45,000.00	-	-
Police and Firemen's Retirement System	949,105.00	949,105.00	949,105.00	-	-
Defined Contribution Retirement Plan	10,000.00	10,000.00	8,300.57	986.02	713.41
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"	2,001,905.00	2,001,905.00	1,976,753.61	986.02	24,165.37
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	17,171,582.00	17,306,582.00	16,452,835.78	477,286.28	376,459.94
OPERATIONS EXCLUDED FROM "CAPS"					
Employee Group Health	82,973.00	82,973.00	25,545.31	18,507.53	38,920.16
Public Assistance - Township Share of Costs	500.00	500.00	500.00	-	-
TOTAL OTHER OPERATIONS EXCLUDED FROM "CAPS"	83,473.00	83,473.00	26,045.31	18,507.53	38,920.16
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	34,212.00	34,212.00	34,212.00	-	-
JIF Insurance					
TOTAL ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES	104,212.00	104,212.00	104,212.00	-	-

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	Encumbered	Reserved	
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
Safe and Secure Communities Program						
Police						
Salaries and Wages	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$ -	\$ -	\$ -
Clean Communities Program (40A:4-87 \$41,236.25+)		41,236.25	41,236.25	-	-	-
Municipal Court Alcohol Education (40A:4-87 \$2,967.97+)		2,967.97	2,967.97	-	-	-
COPS in Shops	2,215.92	2,215.92	2,215.92	-	-	-
Comcast Technology Grant (40A:4-87 \$20,000.00+)		20,000.00	-	20,000.00	-	-
Body Armor Grant (40A:4-87 \$4,528.02+)	4,419.54	8,947.56	8,947.56	-	-	-
Drunk Driving Enforcement (40A:4-87 \$9,993.74+)	26,709.12	36,702.86	36,702.86	-	-	-
Recycling Tonnage Grant (40A:4-87 \$46,046.95+)		46,046.95	46,046.95	-	-	-
Bullet Proof Vest Partnership (40A:4-87 \$6,308.13+)		6,308.13	6,308.13	-	-	-
ANJEC NJ Grant (40A:4-87 \$8,000+)		8,000.00	8,000.00	-	-	-
Over the Limit Under Arrest	1,000.00	1,000.00	1,000.00	-	-	-
Emergency Management Assist. (40A:4-87 \$5,000.00+)		5,000.00	5,000.00	-	-	-
Municipal Alliance Grant - Local Match	3,500.00	3,500.00	3,500.00	-	-	-
Drive Sober (40A:4-87 \$4,400.00+)		4,400.00	4,400.00	-	-	-
Sustainable New Jersey (40A:4-87 \$10,000.00+)		10,000.00	10,000.00	-	-	-
Pet Smart Charities Grant	14,000.00	14,000.00	14,000.00	-	-	-
SFSP - District Payments	6,437.00	6,437.00	6,437.00	-	-	-
TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES	<u>118,281.58</u>	<u>276,762.64</u>	<u>256,762.64</u>	<u>-</u>	<u>20,000.00</u>	<u>-</u>
TOTAL OPERATIONS EXCLUDED FROM "CAPS"	<u>305,966.58</u>	<u>464,447.64</u>	<u>387,019.95</u>	<u>18,507.53</u>	<u>58,920.16</u>	<u>-</u>
Detail: Salaries and Wages	130,000.00	130,000.00	130,000.00	-	-	-
Other Expenses	175,966.58	334,447.64	257,019.95	18,507.53	58,920.16	-
CAPITAL IMPROVEMENTS						
None						
TOTAL CAPITAL IMPROVEMENTS	<u>-</u>	<u>-</u>	<u>-</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		Paid or Charged	Expended		(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification		Encumbered	Reserved	
DEBT SERVICE						
Payment of Bond Principal	\$ 1,195,000.00	\$ 1,195,000.00	\$ 1,195,000.00	\$ -	\$ -	-
Interest on Bonds	193,940.00	193,940.00	193,938.78	-	-	1.22
Interest on Notes	65,300.00	65,300.00	65,117.36	-	-	182.64
Green Trust Loan Program:						
Loan Repayments for Principal & Interest	74,000.00	74,000.00	74,000.00	-	-	-
New Jersey Environmental Infrastructure Trust Loan:						
Principal	21,000.00	21,000.00	20,327.04	-	-	672.96
Interest	6,100.00	6,100.00	6,100.00	-	-	-
TOTAL DEBT SERVICE	1,555,340.00	1,555,340.00	1,554,483.18	-	-	856.82
DEFERRED CHARGES						
None	-	-	-	-	-	-
TOTAL DEFERRED CHARGES	-	-	-	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,861,306.58	2,019,787.64	1,941,503.13	18,507.53	58,920.16	856.82
SUBTOTAL GENERAL APPROPRIATIONS	19,032,888.58	19,326,369.64	18,394,338.91	495,793.81	435,380.10	856.82
Reserve for Uncollected Taxes	1,020,641.62	1,020,641.62	1,020,641.62	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 20,053,530.20	\$ 20,347,011.26	\$ 19,414,980.53	\$ 495,793.81	\$ 435,380.10	\$ 856.82
Adopted Budget	\$ 20,053,530.20	\$ 20,053,530.20				
Special Emergency Authorization 40A:4-53	85,000.00	85,000.00				
Emergency Authorization	50,000.00	50,000.00				
Appropriation by N.J.S.A. 40A:4-87	158,481.06	158,481.06				
	\$ 20,347,011.26	\$ 20,347,011.26				
Reserve for Uncollected Taxes		\$ 1,020,641.62				
Payroll Deductions Payable		4,214,332.02				
Federal and State Grants		246,825.64				
Reserve for Revaluation/Reassessment		85,000.00				
Cash Disbursed		13,848,181.25				
		\$ 19,414,980.53				

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, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Animal Control Fund</u>			
Cash and Investments	B-1	\$ <u>7,489.33</u>	\$ <u>10,286.47</u>
		<u>7,489.33</u>	<u>10,286.47</u>
<u>Other Funds</u>			
Cash and Investments	B-2	3,466,533.91	3,813,333.30
Due from State-Burial Permits		935.00	935.00
Loans Receivable - UDAG		293,131.47	286,648.49
Due from Current Fund		-	62.33
		<u>3,760,600.38</u>	<u>4,100,979.12</u>
		\$ <u>3,768,089.71</u>	\$ <u>4,111,265.59</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

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, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-3	\$ 6,450.90	\$ 6,565.50
Due to State of New Jersey	B-1	3.60	1.20
Due to Current Fund		1,034.83	3,719.77
		<u>7,489.33</u>	<u>10,286.47</u>
<u>Other Funds</u>			
Reserve for:			
Community Development Block Grant		2,676.80	2,676.80
Deposits for Redemption of Tax Liens		19,918.35	50,414.71
Tax Sale Premiums		77,700.00	48,000.00
Unemployment Compensation		103,354.66	65,959.59
Escrow Deposits		982,935.91	1,287,991.47
Street Openings		10,770.00	10,770.00
Sewer Escrows		143,245.37	190,093.04
Housing Rehabilitation		82,634.21	58,380.71
Parking Offense Adjudication Act		102.00	62.00
Urban Aid		397,689.77	399,634.35
Recreation Dedicated Trust		73,763.88	92,079.39
Police Forfeiture		7,216.92	3,180.64
Special Police Detail		93,885.48	76,859.56
Municipal Alliance		5,681.47	3,828.32
Snow Removal		64,262.50	64,262.50
Subdivisions - Map Changes		1,157.50	2,700.00
Accumulated Absences		31.38	124,364.71
Donations - Bus Shelters		9,768.39	9,768.39
Council on Affordable Housing - Fees		1,376,363.32	1,311,226.45
Loans Receivable - UDAG		293,131.47	286,648.49
Due to State of New Jersey:			
Construction Code Fees		12,713.00	11,480.00
Marriage Licenses/Burial Permits		1,598.00	598.00
		<u>3,760,600.38</u>	<u>4,100,979.12</u>
		<u>\$ 3,768,089.71</u>	<u>\$ 4,111,265.59</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

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, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Cash and Investments	C-2,C-3	\$ 4,160,356.84	\$ 4,466,556.24
Grants Receivable		39,799.43	-
Deferred Charges to Future Taxation:			
Funded	C-5	4,947,331.36	5,821,312.26
Unfunded	C-6	5,284,993.86	5,658,941.86
		<u>\$ 14,432,481.49</u>	<u>\$ 15,946,810.36</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	\$ 3,652,000.00	\$ 4,847,000.00
Green Trust Loan Payable	C-8A	1,086,185.52	744,839.38
New Jersey Environmental Infrastructure Trust			
Fund Loan Payable	C-8B	209,145.84	229,472.88
Bond Anticipation Notes Payable	C-9	4,353,250.00	4,353,250.00
Improvement Authorizations:			
Funded	C-7	759,163.95	469,058.02
Unfunded	C-7	1,306,200.42	2,276,002.76
Reserve to Pay Bonds and Notes		26,192.78	140.78
Contracts Payable		728,831.70	500,657.69
Capital Improvement Fund	C-4	2,184,146.44	2,399,024.01
Fund Balance	C-1	127,364.84	127,364.84
		<u>\$ 14,432,481.49</u>	<u>\$ 15,946,810.36</u>

There were bond and notes authorized but not issued at December 31, 2012 and 2011 of \$931,743.86 and \$1,305,691.86, respectively (C-10)

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

			<u>2012</u>		<u>2011</u>
Balance December 31,	<u>Ref.</u>				
	C	\$	127,364.84	\$	112,801.78
Increased By:					
Cancellation of Funded Improvement Authorizations			-		1,807.06
Premium on Notes Issued			-		12,756.00
			<u>127,364.84</u>		<u>127,364.84</u>
Decreased By:					
None			-		-
Balance December 31,	C	\$	<u><u>127,364.84</u></u>	\$	<u><u>127,364.84</u></u>

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - D
SEWER UTILITY FUND

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Operating Fund:			
Cash and Investments	D-5	\$ 922,158.48	\$ 621,688.11
Due from Sewer Capital Fund		-	285,873.37
Due from Current Fund		57,196.38	18,451.62
		<u>979,354.86</u>	<u>926,013.10</u>
Receivables With Full Reserves			
Consumer Accounts Receivable	D-7	739,530.03	541,812.54
		<u>739,530.03</u>	<u>541,812.54</u>
Deferred Charges:			
Overexpenditure of Appropriations		9,434.07	-
		<u>9,434.07</u>	<u>-</u>
Total Operating Fund		<u>1,728,318.96</u>	<u>1,467,825.64</u>
Capital Fund:			
Cash and Investments	D-5	487,747.52	-
Grants Receivable - USDA		665,400.00	1,048,009.95
Fixed Capital:			
Completed		28,032,495.05	27,699,608.37
Authorized and Uncompleted		17,722,550.00	16,297,400.00
		<u>46,908,192.57</u>	<u>45,045,018.32</u>
Total Capital Fund		<u>46,908,192.57</u>	<u>45,045,018.32</u>
		<u>\$ 48,636,511.53</u>	<u>\$ 46,512,843.96</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

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, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Operating Fund:			
Appropriation Reserves	D-4	\$ 194,747.04	\$ 51,796.97
Encumbrances Payable	D-4	27,099.12	72,328.66
Overpayments	D-5	10,029.76	13,773.97
Accounts Payable		-	13,980.10
Accrued Interest on Bonds and Notes	D-11	276,558.18	292,891.27
		<u>508,434.10</u>	<u>444,770.97</u>
Reserve for Receivables		739,530.03	541,812.54
Fund Balance	D-1	480,354.83	481,242.13
Total Operating Fund		<u><u>1,728,318.96</u></u>	<u><u>1,467,825.64</u></u>
Capital Fund:			
Serial Bonds Payable	D-13	3,765,000.00	3,945,000.00
Bond Anticipation Notes Payable	D-10	1,000,000.00	-
Loans Payable	D-13a	19,914,694.76	20,240,582.81
Contracts Payable	D-12	651,052.65	1,675,945.93
Due to Sewer Operating Fund	D	-	285,873.37
Reserve to Pay Bonds		248,155.02	134,905.02
Improvement Authorizations			
Funded	D-12	334,293.92	320,763.58
Unfunded	D-12	1,700,939.28	59,102.40
Reserve for Amortization		16,601,048.20	15,687,073.47
Deferred Reserve for Amortization		2,578,152.09	2,530,915.09
Fund Balance	D-2	114,856.65	164,856.65
Total Capital Fund		<u><u>46,908,192.57</u></u>	<u><u>45,045,018.32</u></u>
		<u><u>\$ 48,636,511.53</u></u>	<u><u>\$ 46,512,843.96</u></u>

There were bond and notes authorized but not issued at December 31, 2012 and 2011 of \$1,896,150.00 and \$1,593,437.00, respectively (D-15)

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

	Ref.	Year 2012	Year 2011
Revenue and Other Income Realized			
Fund Balance Utilized	\$	190,000.00	\$ 190,000.00
Sewer Rents		3,698,807.82	3,690,383.57
Miscellaneous		180,737.43	154,936.82
Utility Capital Surplus		50,000.00	275,000.00
Other Credits to Income:			
Accounts Payable Cancelled		13,980.10	-
Unexpended Balance of Appropriation Reserves		66,413.19	87,666.27
Total Income		<u>4,199,938.54</u>	<u>4,397,986.66</u>
Expenditures:			
Operations:			
Salaries and Wages		225,000.00	270,000.00
Other Expenses		210,500.00	204,500.00
Insurance		170,000.00	163,483.00
CMCMUA User Charges		1,789,813.00	1,800,000.00
Capital Improvements		39,180.00	50,000.00
Debt Service		1,467,766.91	1,326,612.57
Deferred Charges and Statutory Expenditures		118,000.00	110,700.00
Total Expenditures		<u>4,020,259.91</u>	<u>3,925,295.57</u>
Excess in Revenue		179,678.63	472,691.09
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years		9,434.07	-
		<u>189,112.70</u>	<u>472,691.09</u>
Fund Balance January 1	D	<u>481,242.13</u>	<u>198,551.04</u>
		670,354.83	671,242.13
Decreased By:			
Utilization as Anticipated Revenue		190,000.00	190,000.00
Balance December 31	D	<u>\$ 480,354.83</u>	<u>\$ 481,242.13</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

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

	<u>Ref.</u>	<u>2012</u>	<u>2011</u>
Balance December 31,	D	\$ 164,856.65	\$ 287,718.15
Increased By:			
Improvement Authorizations Canceled		-	152,138.50
		164,856.65	439,856.65
Decreased By:			
Appropriated to 2012 Budget Revenue		50,000.00	275,000.00
Balance December 31,	D	\$ <u>114,856.65</u>	\$ <u>164,856.65</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

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	3,650,000.00	3,698,807.82	48,807.82
Utility Capital Surplus	50,000.00	50,000.00	-
Miscellaneous	<u>154,000.00</u>	<u>180,737.43</u>	<u>26,737.43</u>
	<u>3,854,000.00</u>	<u>3,929,545.25</u>	<u>75,545.25</u>
Total Revenue	<u>\$ 4,044,000.00</u>	<u>\$ 4,119,545.25</u>	<u>\$ 75,545.25</u>

Analysis of Realized Revenue:

Sewer Rents			
Accounts Receivable	\$ 3,685,033.85		
Sewer Overpayments Applied	<u>13,773.97</u>		
Total Sewer Rents		<u>\$ 3,698,807.82</u>	
Miscellaneous Revenue			
Interest on Investments	635.43		
Penalties on Delinquent Accounts	41,202.00		
Connection Fee	130,300.00		
Application Fees	<u>8,600.00</u>		
Total Miscellaneous		<u>\$ 180,737.43</u>	

See Accompanying Notes to Financial Statements - Regulatory Basis

**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	\$ 225,000.00	\$ 225,000.00	\$ 135,630.53	\$ 89,369.47	\$ -
Other Expenses	210,000.00	210,500.00	193,957.51	16,542.49	-
Insurance	170,000.00	170,000.00	170,000.00	-	-
CMC/MUA User Charges	1,800,000.00	1,789,813.00	1,709,754.90	80,058.10	-
	2,405,000.00	2,395,313.00	2,209,342.94	185,970.06	-
Capital Improvements:					
Capital Outlay	50,000.00	39,180.00	39,179.64	0.36	-
	50,000.00	39,180.00	39,179.64	0.36	-
Debt Service:					
Payment of Bond Principal	477,600.00	498,107.00	507,541.07	-	(9,434.07)
Interest on Bonds	993,400.00	993,400.00	960,225.84	-	33,174.16
	1,471,000.00	1,491,507.00	1,467,766.91	-	23,740.09
Deferred Charges and Statutory Expenditures					
Deferred Charges - Unfunded					
Ordinance 1134-03	18,900.00	18,900.00	18,900.00	-	-
Township of Middle Indirect Costs	75,000.00	75,000.00	75,000.00	-	-
PERS	5,000.00	5,000.00	5,000.00	-	-
Social Security System (O.A.S.I.)	19,100.00	19,100.00	10,323.38	8,776.62	-
	118,000.00	118,000.00	109,223.38	8,776.62	-
	\$ 4,044,000.00	\$ 4,044,000.00	\$ 3,825,512.87	\$ 194,747.04	\$ 23,740.09
Ref.	D			D	
Adopted Budget		\$ 4,044,000.00			
		\$ 4,044,000.00			
Cash Disbursed			\$ 2,838,187.91		
Accrued Interest on Bonds and Notes			960,225.84		
Encumbered			27,099.12		
			\$ 3,825,512.87		

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - E
PUBLIC ASSISTANCE TRUST FUND

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

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Assets</u>			
Cash Trust I	E-1	\$ 19,859.27	\$ 19,345.20
		<u>\$ 19,859.27</u>	<u>\$ 19,345.20</u>
<u>Liabilities and Reserves</u>			
Reserve for Public Assistance		\$ 19,859.27	\$ 19,345.20
		<u>\$ 19,859.27</u>	<u>\$ 19,345.20</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

EXHIBIT - F
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	<u>Ref.</u>	<u>Balance Dec. 31, 2012</u>	<u>Balance Dec. 31, 2011</u>
<u>General Fixed Assets</u>			
Land	\$	1,048,535.00	\$ 1,048,535.00
Land Improvements		1,907,773.85	1,927,238.85
Buildings and Improvements		7,663,091.56	7,774,091.55
Machinery and Equipment		6,055,201.91	7,202,728.21
		<u>\$ 16,674,602.32</u>	<u>\$ 17,952,593.61</u>
<u>Investment in General Fixed Assets</u>			
Investment in General Fixed Assets	\$	16,674,602.32	\$ 17,952,593.61
		<u>\$ 16,674,602.32</u>	<u>\$ 17,952,593.61</u>

See Accompanying Notes to Financial Statements - Regulatory Basis

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

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 regulatory basis of accounting, 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

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Township of Middle has component units consisting of four fire districts as defined by Governmental Accounting Standards Board (GASB).

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.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Budgets and Budgetary Accounting

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2012 and 2011 current fund statutory budgets included a reserve for uncollected taxes in the amount of \$1,020,641.62, and \$1,163,695.45. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of current fund balance budgeted to balance the 2012 and 2011 statutory budgets was \$1,211,000.00 of \$1,741,827.60 available fund balance and \$1,000,000.00 of \$1,470,052.68 available fund balance. The amount of sewer utility operating fund balance budgeted to balance the 2012 and 2011 statutory budgets was \$190,000.00 of \$481,242.13 available fund balance and \$190,000.00 of \$198,551.04 available fund balance

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Township Committee. The following significant budget transfers were approved in the 2012 and 2011 calendar years.

<u>Current Fund Budget</u>	<u>2012</u>	<u>2011</u>
Group Insurance Plans for Employees-OE		(82,400)
Legal Services and Costs– OE	(31,400)	3,000
Police – S&W	(26,000)	46,000
Police & Radio Communications – S&W	21,200	
Municipal Court - S&W	21,000	
Telephone		(51,700)
Gasoline		87,500
 <u>Sewer Operating Budget</u>		
Salaries & Wages		10,000
Terminal Leave		(10,000)
Capital Outlay	(10,820)	
Bond Principal	20,507	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2012 calendar year, the Township Committee approved a budget insertion for Clean Communities Program in the amount of \$41,236; one for Alcohol Education for \$2,968; one for Body Armor Grant for \$4,528; one for Drunk Driving Enforcement for \$9,994; one for Recycling Tonnage for \$46,047; one for U.S. Bulletproof Vest Partnership for \$6,308; one for ANJEC for \$8,000; one for Emergency Management Assistance for \$5,000; one for Drive Sober for \$4,400; and one for Sustainable New Jersey for \$10,000. During the 2011 calendar year, the Township Committee approved a budget insertion for Clean Communities Program in the amount of \$40,556; one for Alcohol Education for \$2,157; one for Justice Advocacy Grant-Wildwood for \$230; one for Recycling Tonnage for \$56,362; one for Over the Limit Under Arrest for \$5,000; one for Pet Smart Charities for \$13,000; one for Emergency Management Assistance for \$5,000; and one for Small Cities Program for \$556,415.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency or those funded by a subsequent bond ordinance, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. Special emergencies authorized in 2012 were Revaluation/Reassessment of Property for \$85,000, and an Emergency Appropriation for Hurricane/Superstorm Sandy for \$50,000. There were no Special Emergency or Emergency Appropriations authorized in 2011.

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, 2012 AND 2011
(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 issued by the Division of Local Government Services, differs in certain respects from GAAP. The following is a brief description of the provisions as issued by the D.L.G.S.: 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 – regulatory 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, 2012 AND 2011
(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.

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, increased by the amount deferred at December 31, 2011, and decreased by the amount deferred at December 31, 2012. GAAP would require the recording of deferred revenue.

	December 31, 2012	December 31, 2011
	<u> </u>	<u> </u>
Balance of Tax	\$ 13,275,113.15	\$ 13,224,307.21
Less: Local School Tax Deferred	<u>9,676,265.00</u>	<u>9,676,265.00</u>
Local School Tax Payable	<u>\$ 3,598,848.15</u>	<u>\$ 3,548,042.21</u>

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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.

Required Financial Statements

Governmental Accounting Standards Board (GASB) prescribes the financial statement presentation requirements for governmental units which are significantly different from the reporting requirements under the regulatory basis of accounting in the State of New Jersey. Generally Accepted Accounting Principles (GAAP) prescribes that the financial statements must be presented on an entity wide basis including all funds exclusive of fiduciary funds and segregating only government type and business type funds. The statements are presented on a full accrual basis and include all of the non fiduciary assets and liabilities of the entity. In addition, GAAP requires separate fund basis financial statements for all governmental, proprietary and fiduciary funds. The New Jersey Regulatory basis requires reporting of the appropriate separate fund financial statements and the fixed asset account group.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Township's financial position. However, comparative data has not been presented in the Statement of Revenue-Regulatory Basis and the Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

Recent Accounting Pronouncements Not Yet Effective

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61 "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The purpose of the statement is to amend the criteria for reporting and including component units with the primary government. This statement, which is effective for fiscal periods beginning after June 15, 2012, is not anticipated to have any effect on the Township's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Township's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the Township's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the Township's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the Township's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the Township's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013 will not have any impact on the financial position of the Township.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 2: LONG-TERM DEBT

Summary of Municipal Debt

	<u>Year</u> <u>2012</u>	<u>Year</u> <u>2011</u>	<u>Year</u> <u>2010</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 9,300,581.36	\$ 9,945,089.38	\$ 7,014,459.92
Sewer Utility:			
Bonds, Notes and Loans	<u>24,679,694.76</u>	<u>24,185,582.81</u>	<u>25,399,011.97</u>
Total Issued	<u>33,980,276.12</u>	<u>34,130,672.19</u>	<u>32,413,471.89</u>
Less:			
Funds Temporarily Held to Pay			
Bonds and Notes:			
General	26,192.78	140.78	140.78
Sewer Utility	<u>248,155.02</u>	<u>134,905.02</u>	<u>104,605.12</u>
Net Debt Issued	<u>33,705,928.32</u>	<u>33,995,626.39</u>	<u>32,308,725.99</u>
Authorized But Not Issued:			
General:			
Bonds and Notes	931,743.86	1,305,691.86	5,727,198.00
Sewer Utility:			
Bonds and Notes	<u>1,896,150.00</u>	<u>1,593,437.00</u>	<u>1,228,600.00</u>
Total Authorized But Not Issued	<u>2,827,893.86</u>	<u>2,899,128.86</u>	<u>6,955,798.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 36,533,822.18</u>	<u>\$ 36,894,755.25</u>	<u>\$ 39,264,523.99</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 .348%:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 7,885,000.00	\$ 7,885,000.00	\$ -
Sewer Utility Debt	26,575,844.76	26,575,844.76	-
General Debt	<u>10,232,325.22</u>	<u>26,192.78</u>	<u>10,206,132.44</u>
	<u>\$ 44,693,169.98</u>	<u>\$ 34,487,037.54</u>	<u>\$ 10,206,132.44</u>

Net debt \$10,206,132.44, divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,931,700,416=.348%.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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	\$	102,609,514.57
Net Debt		<u>10,206,132.44</u>
Remaining Borrowing Power	\$	<u><u>92,403,382.13</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		\$	4,119,545.25
Deductions:			
Operating & Maintenance Costs	\$		2,494,413.00
Debt Service per Sewer Funds			<u>1,467,766.91</u>
Total Deductions			<u>3,962,179.91</u>
Excess (Deficit) in Revenue		\$	<u><u>157,365.34</u></u>

Description of Bonds and Loans Payable

At December 31, 2012 bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$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, 2012 is \$3,652,000.

\$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, 2012 is \$87,065.25.

\$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, 2012 is \$224,566.90

\$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, 2012 are \$176,396.10 and \$107,704.73 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, 2012, is \$90,452.54.

\$400,000 Green Acres Loan dated June 28, 2012, due in semi-annual installments through April 3, 2032, bearing an interest rate of 2.00%. The balance remaining as of December 31, 2012, is \$400,000.00.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 an interest rate of 0%. The balance remaining as of December 31, 2012, is \$117,597.00

\$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, 2012, is \$91,548.84.

At December 31, 2012, 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, 2012 was \$3,765,000.00.

\$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, 2012, is \$1,801,729.13

\$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, 2012, is \$1,216,951.43

\$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, 2012, is \$1,059,136.25

\$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, 2012, is \$1,851,320.32

\$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, 2012, is \$1,813,671.05.

\$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, 2012, is \$2,243,836.82.

\$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, 2012, is \$419,315.48.

\$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, 2012, is \$2,974,241.30.

\$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, 2012, is \$1,125,492.92.

\$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, 2012, is \$1,786,598.64.

\$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, 2012, is \$3,622,401.42.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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 12/31/11</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/12</u>	<u>Amounts Due In One Year</u>
General Capital Fund:					
Bonds Payable	\$ 4,847,000.00	\$	\$ 1,195,000.00	\$ 3,652,000.00	\$ 880,000.00
Loans Payable	<u>974,312.26</u>	<u>400,000.00</u>	<u>78,980.90</u>	<u>1,295,331.36</u>	<u>96,795.01</u>
Total General Capital Fund	<u>5,821,312.26</u>	<u>400,000.00</u>	<u>1,273,980.90</u>	<u>4,947,331.36</u>	<u>976,795.01</u>
Utility Capital Fund:					
Bonds Payable	3,945,000.00		180,000.00	3,765,000.00	155,000.00
Loans Payable	<u>20,240,582.81</u>	<u>1,653.02</u>	<u>327,541.07</u>	<u>19,914,694.76</u>	<u>343,200.70</u>
Total Utility Capital Fund	<u>24,185,582.81</u>	<u>1,653.02</u>	<u>507,541.07</u>	<u>23,679,694.76</u>	<u>498,200.70</u>
Total All Funds	<u>\$ 30,006,895.07</u>	<u>\$ 401,653.02</u>	<u>\$ 1,781,521.97</u>	<u>\$ 28,627,026.12</u>	<u>\$ 1,474,995.71</u>

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

Year Ending December 31	General Capital Fund		Utility Capital Fund	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 976,795.01	\$ 177,499.17	\$ 498,200.70	\$ 958,214.84
2014	987,999.90	139,130.69	511,065.86	939,771.64
2015	1,044,235.84	100,318.67	531,272.99	920,302.01
2016	1,037,519.53	59,231.26	552,147.59	900,027.41
2017	101,835.50	18,441.57	573,719.49	878,505.51
2018 - 2022	503,385.02	59,752.67	3,223,844.41	4,026,880.59
2023 - 2027	189,028.09	9,905.62	3,962,433.34	3,286,021.66
2028 - 2032	106,532.47	-	4,401,094.34	2,366,604.42
2033 - 2037	-	-	3,081,241.52	1,521,380.89
2038 - 2042	-	-	2,525,344.92	983,541.08
2043 - 2047	-	-	2,324,647.33	500,506.28
2048 - 2052	-	-	1,494,682.27	110,172.95
	<u>\$ 4,947,331.36</u>	<u>\$ 564,279.65</u>	<u>\$ 23,679,694.76</u>	<u>\$ 17,391,929.28</u>

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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%. These notes were rolled over in 2012 at an interest rate of 1.175% and now mature on November 15, 2013.

On December 27, 2012, the Township issued \$1,000,000 of Bond Anticipation Notes in the Sewer Capital Fund at a rate of 1.15%. The notes will mature on November 15, 2013.

The following is a summary of changes in short-term debt for the year ended December 31, 2012.

	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Sewer Capital Fund</u>	<u>Total</u>
Balance December 31, 2011	\$ -	\$ 4,353,250.00	\$ -	\$ 4,353,250.00
Increases		4,353,250.00	1,000,000.00	5,353,250.00
Decreases		4,353,250.00	-	4,353,250.00
Balance December 31, 2012	<u>\$ -</u>	<u>\$ 4,353,250.00</u>	<u>\$ 1,000,000.00</u>	<u>\$ 5,353,250.00</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, 2012, the Township estimates this liability to approximate \$1,235,813.34 based on 2012 pay rates and compensated absence balances. The Township has established a reserve with a balance at December 31, 2012 of \$31.38.

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>December 31, 2012</u>	<u>December 31, 2011</u>
Prepaid Taxes - Cash Liability	<u>\$ 557,085.21</u>	<u>\$ 665,938.35</u>

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 7: LEASE OBLIGATIONS

At December 31, 2012, 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>
2013	\$ 20,292.60	\$ 20,292.60
2014	6,339.48	6,339.48
Rental payments under the operating leases for the year 2012 were		\$ 26,991.60

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), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Police and Fireman's Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 8: RETIREMENT PLANS (Continued)

Plan Descriptions (Continued)

Defined Contribution Retirement Program (DCRP) – The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2010. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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 for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 415, P.L. 1999, the member rate was set at 6.5% of base salary through September 30, 2012 and 6.6% thereafter. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The contribution policy for PFRS is set by N.J.S.A. 43:16A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. Members contribute at a uniform rate of 10% of base salary.

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, 2012 AND 2011
(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	Early Retirement Incentive I	Paid by Township
2012	\$ 102,286.00	\$ 20,644.00	\$ 244,568.00	\$ 367,498.00	\$ 10,117.00	\$ 377,615.00
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

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
2012	\$ 408,508.00	\$ 39,197.00	\$ 540,604.00	\$ 988,309.00	\$ 988,309.00
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

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, 2012.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 8: RETIREMENT PLANS (Continued)

Significant Legislation (Continued)

- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

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.

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 December 31, 2012 actuarial valuation, the “projected unit credit funding method” was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 4.50% per annum, compounded annually; medical trend rates starting at 7% 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, 2012:

Retirees and beneficiaries receiving benefits	90	
Active Plan Members	109	
Total	199	

Other Post-Employment Benefit Costs and Obligations

In the December 31, 2012 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2012 was projected as follows:

Unfunded Accrued Liability 12/31/11	\$	-	
Amortization of Unfunded Liability		3,991,633	
Normal Cost		640,620	
ARC as of 12/31/12		4,632,253	
Interest		-	
Total ARC as of 12/31/12	\$	4,632,253	

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 9: POST- RETIREMENT BENEFITS (Continued)

The following reflects the components of the 2012 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the December 31, 2012 actuarial valuation and actual OPEB payments made or accrued during 2012:

	December 31, 2012
Annual required contribution	\$ 4,632,253
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (Expense)	<u>4,632,253</u>
Contributions made	<u>(1,044,773)</u>
Increase/(Decrease)in net OPEB obligation	3,587,480
Net OPEB obligation - beginning of year	<u>68,606,740</u>
Net OPEB obligation - end of year	<u><u>\$ 65,019,260</u></u>

Required Supplementary Information:

	<u>12/31/2012</u>
Actuarial Value of Plan Assets	\$ -
Actuarial Accrued Liability (AAL)	65,019,260
Total Unfunded AAL (UAAL)	<u>\$ 65,019,260</u>
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, 2012, the carrying amount of the Township's deposits were \$16,197,625.55 and the bank balance was \$16,276,861.72. Of the bank balance, \$582,866.02 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 –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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, 2012, 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	\$ <u>72,032.64</u>	\$ <u>72,032.64</u>	\$ <u>72,032.64</u>	\$ _____	\$ _____
		\$ <u>72,032.64</u>	\$ <u>72,032.64</u>	\$ <u>72,032.64</u>	\$ <u>-</u>	\$ <u>-</u>

(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 –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(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					
	2012		2011		2010
Tax Rate	\$	1.410	\$	1.365	\$ 1.306
Apportionment of Tax Rate:					
Municipal		0.391		0.390	0.363
County		0.216		0.208	0.209
Local School		0.803		0.767	0.734

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 11: PROPERTY TAXES (Continued)

Assessed Valuation		
2012	\$	3,018,201,048
2011		3,159,783,058
2010		3,252,571,288

Year		Tax Levy		Collections	Percentage of Collections
2012	\$	44,993,967.57	\$	43,923,526.98	97.62%
2011		45,560,973.58	\$	44,337,351.50	97.31%
2010		44,863,839.78		43,503,518.74	96.97%

Year		Tax Title Liens		Delinquent Taxes		Total Delinquent	Percentage of Tax Levy
2012	\$	316,033.23	\$	772,157.73	\$	1,088,190.96	2.42%
2011		257,361.73		860,895.54		1,118,257.27	2.49%
2010		180,000.84		948,307.05		1,128,307.89	2.77%

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
2012	\$	2,629,223.47
2011		2,696,023.47
2010		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, 2012 AND 2011
(CONTINUED)

NOTE 13: 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	2012	\$ 1,650,543.68	\$ 1,140,000.00	69.07%
	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%
Sewer Utility	2012	480,354.83	170,000.00	35.39%
	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%

NOTE 14: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Receivables between municipal funds are a result of either temporary funding of activity or collections received in one fund and due to another as of year end. Interfunds are expected to be returned within the following year. Receivables and payables at December 31, 2012 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 1,034.83	Current Fund	Dog Trust Fund
6,907.06	Current Fund	Federal and State Grant Fund
57,196.38	Sewer Operating Fund	Current Fund
<u>\$ 65,138.27</u>		

NOTE 15: 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.

TOWNSHIP OF MIDDLE
NOTES TO FINANCIAL STATEMENTS –
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(CONTINUED)

NOTE 16: GENERAL FIXED ASSETS

In 2012, the Township approved an increase in their threshold for accounting for fixed assets to \$3,000.00. As a result, \$1,251,539.78 has been adjusted downward and is included in the total adjustment/disposal amount. The following schedule is a summarization of the changes in General Fixed Assets for the year ended December 31, 2012.

	Balance as of December 31, 2011	Additions	Adjustment/ Disposals	Balance as of December 31, 2012
Land	\$ 1,048,535.00	\$	\$	\$ 1,048,535.00
Land Improvements	1,927,238.85	13,915.00	(33,380.00)	1,907,773.85
Building Improvements	7,774,091.55	10,885.00	(121,884.99)	7,663,091.56
Machinery & Equipment	7,202,728.21	96,794.07	(1,244,320.37)	6,055,201.91
Total	<u>\$ 17,952,593.61</u>	<u>\$ 121,594.07</u>	<u>\$ (1,399,585.36)</u>	<u>\$ 16,674,602.32</u>

NOTE 17: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2012 and 2011 the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Joint Insurance Fund

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, 2012 AND 2011
(CONTINUED)

NOTE 17: RISK MANAGEMENT (Continued)

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

<u>Calendar Year</u>	<u>Borough Contribution</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	45,000.00	-	61.24	7,666.17	103,354.66
2011	45,000.00	13,293.76	56.09	44,653.69	65,959.59
2010	45,000.00	13,446.58	56.09	30,532.29	52,263.43

NOTE 18: 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 19: AFFORDABLE HOUSING TRUST FUND

During 2012, the Township adopted several resolutions authorizing financial subsidies and committing to expend \$1,307,990.58 in Affordable Housing Trust Funds. These commitments have not been recorded as liabilities in the financial statements.

NOTE 20: SUBSEQUENT EVENTS

On April 24, 2013, the Township issued general obligation bonds, which were sold to the United States Department of Agriculture, Rural Development (“USRDA”) in the amounts of \$794,400 at 2.75%, to fund project costs related to Ordinance 1364 of 2010.

On April 24, 2013, the Township issued general obligation bonds, which were sold to the United States Department of Agriculture, Rural Development (“USRDA”) in the amounts of \$100,000 at 3.50%, to fund project costs related to Ordinance 1267 of 2007.

On April 30, 2013, the Township issued general obligation refunding bonds in the amount of \$10,350,000 at varying rates ranging from 2.00%-3.875%, refunding previously issued Sewer Utility Capital USDA loans.

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2012 and July 24, 2013, 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.

SUPPLEMENTAL INFORMATION



FORD - SCOTT

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of Township Committee
Township of Middle, New Jersey

We have audited, in accordance with the 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, the regulatory basis financial statements of the various funds and account group, of the Township of Middle, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 24, 2013 which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as Finding 2012-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from 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 which are described in the accompanying schedule of findings and questioned costs as Finding 2012-3.

Purpose of this Report

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

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 24, 2013



FORD - SCOTT

& ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of Township Committee
Township of Middle, New Jersey

Report on Compliance for Each Major Federal Program

We have audited Township of Middle's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Township of Middle's major federal award programs for the year ended December 31, 2012. Township of Middle's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Township of Middle's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments*. Those standards, OMB Circular A-133 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 Township of Middle's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Township of Middle's compliance.

Opinion on Each Major Federal Program

In our opinion, the Township of Middle complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Township of Middle is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Township of Middle's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Township of Middle's internal control over compliance.

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

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

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

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Middle, New Jersey, as of December 31, 2012 and 2011, 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 of the various funds for the year ended December 31, 2012, and have issued our report thereon dated July 24, 2013, which contained an adverse opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements 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 24, 2013

**TOWNSHIP OF MIDDLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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>U.S. Department of Housing and Urban Development</u>							
Community Development Block Grants - Entitlement Grants Cluster:							
Urban Development Action Grant	14.218	8020-100-022-8020-078-F292-6120	Revolving		\$ 20,249.95	\$ 15,000.00	\$ 439,721.62
Emergency Housing Rehabilitation	14.218	8020-100-022-8020-078-F292-6120	10/1/06	12/31/12	85,073.00	62,404.50	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	2011-100-022-8020-078-F292-10SC-6120	2/1/11	7/31/13	496,085.00	521,020.00	540,305.00
Whitesboro School Grant - Phase II - 2006	14.228	8020-100-022-8020-078-F292-6120	Open		-	-	393,243.20
Whitesboro School Grant - Phase III - 2008	14.228	8020-100-022-8020-078-F292-6120	Open		-	-	399,349.66
Whitesboro Sewer Connection Fees - 2006	14.228	8020-100-022-8020-078-F292-6120	Open		-	-	61,600.00
Total CDBG - State Administered CDBG Cluster							
Total U.S. Department of Housing and Urban Development							
<u>U.S. Department of Transportation</u>							
Highway Safety Cluster:							
Aggressive Driving Grant	20.600	N/A	10/1/07	9/30/08	-	-	26,368.42
Over the Limit, Under Arrest	20-601	N/A	10/1/011	9/30/12	-	1,000.00	1,000.00
Over the Limit, Under Arrest	20-601	N/A	10/1/10	9/30/11	-	5,000.00	5,000.00
Total Highway Safety Cluster							
Highway Planning Construction - I.S.T.E.A.	20-205	N/A	10/1/04	9/30/05	145,000.00	1,100.00	143,877.40
Bike Path - 2005 - Goshen to Shellbay						7,100.00	182,740.42
Total U.S. Department of Transportation							
<u>U.S. Department of Justice</u>							
Bulletproof Vest Partnership	16.607	N/A	10/1/11	9/30/12	6,308.13	6,308.13	6,308.13
Community Policing Grant - COPS In Shops	16.710	N/A	10/1/11	9/30/12	2,215.92	2,215.92	2,215.92
Justice Advocacy Grant							
City of Wildwood	16.815	N/A	10/1/2010	9/30/2011		60,000.00	24,278.89
Safe and Secure Communities Grant	16.580	N/A	10/1/2011	9/30/2012			59,288.00
Safe and Secure Communities Grant	16.580	N/A	10/1/2010	9/30/2011	55,571.00	-	60,000.00
Total U.S. Department of Justice							
					64,095.05	68,524.05	209,862.94

**TOWNSHIP OF MIDDLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/ Program Title	Pass-Through Grantor's Number	From	Period To	Cash Received	Amount of Expenditures	Cumulative Expenditures
97.042	U.S. Department of Human Services Emergency Management Assistance	N/A	10/1/2010	9/30/2011	5,000.00	2,738.00	\$ 2,738.00
10.760	U.S. Department of Agriculture Rural Development Administration: Grant Portion - SSGC Supplement - (1364-10)	N/A		Open	-		328,120.08
10.760	Loan Portion - SSGC - Supplement - (1364-10)	N/A		Open	-		1,091,000.00
10.760	Grant Portion - Whitesboro/Edgewood Sewer Extension - Phase I (1137-03)	N/A		Open		198,796.96	1,228,606.32
10.760	Loan Portion - Whitesboro/Edgewood Sewer Extension - Phase I (1137-03)	N/A		Open			3,039,000.00
10.760	Grant Portion - Whitesboro/Edgewood Sewer Extension - Phase II (1156-04)	N/A		Open	108,510.95		1,500,000.00
10.760	Loan Portion - Whitesboro/Edgewood Sewer Extension - Phase II (1156-04)	N/A		Open			1,150,000.00
10.760	Grant Portion - Whitesboro/Edgewood Sewer Extension - Phase I - Suppl (1308-08)	N/A		Open	383,537.00		922,796.19
10.760	Loan Portion - Whitesboro/Edgewood Sewer Extension - Phase I - Suppl (1308-08)	N/A		Open			1,815,000.00
10.760	Grant Portion - SSGC - (1223-06a)	N/A		Open	274,099.00		555,365.05
10.760	Loan Portion - SSGC - (1223-06a)	N/A		Open			3,663,000.00
10.760	Water Reuse Project (1223-06b)- Grant Portion	N/A		Open		11,710.37	89,887.89
10.760	Water Reuse Project (1223-06b)-Township Portion	N/A		Open			300,000.00
	Total U.S. Department of Agriculture				766,146.95	210,507.33	
	Total Federal Assistance				<u>1,581,649.95</u>	<u>887,293.88</u>	

TOWNSHIP OF MIDDLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

Note 1: General

The accompanying schedule of expenditures of federal awards, 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	\$ 599,382.05	\$ 599,382.05
Trust Fund	77,404.50	77,404.50
Sewer Capital Fund	<u>210,507.33</u>	<u>210,507.33</u>
Total Financial Assistance	<u>\$ 887,293.88</u>	<u>\$ 887,293.88</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.

TOWNSHIP OF MIDDLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2012

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Adverse Opinion in accordance with U.S. Generally Accepted Accounting Principles and Unqualified Opinion issued on the Financial Statements – Regulatory Basis of Accounting dated July 24, 2013.**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant deficiencies identified **YES**

Non-Compliance material to Financial Statements – Regulatory Basis noted? **NO**

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-Regulatory Basis issued on compliance for major programs, dated July 24, 2013.**

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

Identification of major program(s): **14.228 Small Cities-Whitesboro Water Grant-Phase III**

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, 2012
(CONTINUED)

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

In accordance with Government Auditing Standards, our audit disclosed three 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 **2012-1, 2012-2, 2013-3**. We have also issued a Management Letter dated July 24, 2013.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

STATUS OF PRIOR YEAR FINDINGS

Financial Statement

Finding #2011-01, 2010-02

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

Current Year Status:

The condition no longer exists.

Finding #2011-02

The Township overpaid two employees in 2011.

Current Year Status:

The condition still existed in 2012 for three employees.

Finding #2011-03

The Township paid former employees incorrect amounts for terminal leave pay after separation.

Current Year Status:

The condition no longer exists.

Finding #2011-04

The Township did not have the required employee health insurance withholding and contribution for two employees. 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.

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 no longer exists.

STATUS OF PRIOR YEAR FINDINGS

Federal Awards: **None**

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.	Current Fund	Federal and State Grant Fund
Balance December 31, 2011	\$ 7,665,469.37	\$ -
Increased By Receipts:		
Taxes Receivable	\$ 43,783,142.20	\$
Tax Title Liens	115,646.98	
Revenue Accounts Receivable	6,130,041.43	
Prepaid Taxes	557,085.21	
Prepaid Licenses and Fees	36,824.00	
Due from State - Seniors and Veterans Reserve for Garden State Preservation Trust Fund	256,014.70	
Due to Water Districts	47,481.00	
Due from Dog Trust	2,672.24	
Due to Sewer Utility Operating Fund	3,719.77	
Due from Federal and State Grant Fund	38,744.76	1,399,856.12
Federal and State Grants Receivable	71,736.68	2,288.72
Federal and State Grants Unappropriated		
	51,043,108.97	1,402,144.84
	58,708,578.34	1,402,144.84

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.	Current Fund	Federal and State Grant Fund
Decreased By Disbursements:		
2012 Appropriations	\$ 13,848,181.25	\$
2011 Appropriation Reserves	296,683.81	
Payroll Deductions Payable	4,251,467.78	
County Taxes	6,490,086.14	
Due County - Added Taxes	17,823.51	
Tax Overpayments Refunded	35,777.78	
Local District School Tax	24,181,631.06	
Special District Levy	2,282,773.00	
Reserve for Revaluation/Reassessment	26,666.60	
Due to Trust Fund	62.33	
Federal and State Grant Fund Expenditures		1,330,408.16
Due to Current Fund		71,736.68
	51,431,153.26	1,402,144.84
Balance December 31, 2012	\$ 7,277,425.08	\$ -

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

Year	Balance Dec. 31, 2011	2012 Levy	Added Taxes	2011 Collections	2012 Collections	Adjustments	Transferred To Tax Title Liens	Balance Dec. 31, 2012
2007	\$	\$	\$	\$	\$	\$	\$	1,250.00
2008	765.21					1,750.00		2,515.21
2009	1,609.40					2,000.00		3,609.40
2010	5,635.48					2,250.00		7,885.48
2011	852,885.45			775,140.04	775,140.04	(4,771.05)	59,093.82	13,880.54
	860,895.54	-	-	-	775,140.04	2,478.95	59,093.82	29,140.63
2012		44,993,964.57		665,938.35	43,257,588.63	(223,612.68)	103,807.81	743,017.10
	860,895.54	44,993,964.57	-	665,938.35	44,032,728.67	(221,133.73)	162,901.63	772,157.73
Ref.	A							A

Cash Receipts
Senior Citizens and Veterans
\$ 43,783,142.20
249,586.47
\$ 44,032,728.67

Analysis of 2012 Property Tax Levy

Tax Yield:
General Property Tax \$ 42,556,634.78
Special District Taxes 2,279,817.95
Added Taxes (54-4-63.1 et. seq.) 157,511.84
\$ 44,993,964.57

Tax Levy:

Local District School Tax:
Levy \$ 24,232,437.00
Fire Districts 2,282,773.00

General County Taxes 5,394,407.00
County Library Taxes 814,626.69
County Open Space Taxes 281,052.45
County Taxes Added and Omitted 24,543.24
Total County Taxes 6,514,629.38

Local Tax for Municipal Purposes 11,771,849.62
Add: Additional Tax Levied 192,275.57
\$ 44,993,964.57

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

Balance December 31, 2011	<u>Ref.</u> A		\$ 257,361.73
Increased By Receipts:			
Transfers from Taxes Receivable		\$ 162,901.63	
Interest and Costs on Tax Sale		12,918.06	
		<u>175,819.69</u>	<u>433,181.42</u>
Decreased By:			
Collections		115,646.98	
Cancelled		<u>1,501.21</u>	
		117,148.19	<u>316,033.23</u>
Balance December 31, 2012	A		\$ <u><u>316,033.23</u></u>

**TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Balance Dec. 31, 2011</u>	<u>Accrued In 2012</u>	<u>Collected</u>	<u>Balance Dec. 31, 2012</u>
<u>Miscellaneous Revenue Anticipated:</u>				
Licenses:				
Alcoholic Beverages	\$ -	\$ 5,772.00	\$ 5,772.00	\$ -
Other	-	56,709.00	56,709.00	-
Fees and Permits	-	169,800.20	169,800.20	-
Municipal Court - Fines and Costs	16,840.21	255,233.75	258,072.95	14,001.01
Interest and Costs on Taxes	-	243,125.75	243,125.75	-
Interest on Investments	-	9,426.82	9,426.82	-
Registrar of Vital Statistics - Fees	-	59,341.00	59,341.00	-
Trailer Tax	-	140,570.00	140,570.00	-
Hotel/Motel Tax	-	45,711.76	45,711.76	-
Ambulance Fees	-	708,163.95	708,163.95	-
Host Community Benefits	-	5,709.01	5,709.01	-
Energy Receipts Tax	-	3,519,743.00	3,519,743.00	-
Garden State Trust	-	47,481.00	47,481.00	-
Uniform Construction Code Fees	-	270,040.00	270,040.00	-
Police Officer - Cape May County Technical School	-	70,560.00	70,560.00	-
Middle Township Fire District #2 - JIF Insurance	-	34,212.00	34,212.00	-
Borough of Woodbine - Municipal Court - Interlocal	-	61,200.00	61,200.00	-
Sewer Utility - Indirect Costs	-	75,000.00	75,000.00	-
Reserve for Municipal Assets	-	281,000.00	281,000.00	-
Comcast Technology Revenue	-	20,000.00	20,000.00	-
<u>Miscellaneous Revenue Not Anticipated</u>				
General Revenue	\$ 16,840.21	\$ 376,883.99	\$ 376,883.99	\$ 14,001.01
TOTALS	\$ 16,840.21	\$ 6,455,683.23	\$ 6,458,522.43	\$ 14,001.01
	A			A
		\$	\$ 47,481.00	
Reserve for Garden State Trust-Realized as 2012 Revenue			281,000.00	
Reserve for Sale of Municipal Assets			6,130,041.43	
Collected in Current Fund		\$	<u>6,458,522.43</u>	

TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Over Expended
Other Expenses:					
General Administration	\$ 1,818.97	\$ 1,818.97	\$ 326.00	\$ 1,492.97	\$ -
Human Resources (Personnel)	2,099.20	2,099.20	1,609.48	489.72	-
Mayor and Committee	340.28	340.28	340.28	-	-
Township Clerk	1,148.09	1,148.09	431.32	716.77	-
Codification of Ordinances	4,572.19	4,572.19	-	4,572.19	-
Financial Administration	12,362.80	12,362.80	4,977.30	7,385.50	-
Bond Registrar	1,000.00	1,000.00	-	1,000.00	-
Information Technology	21,621.36	17,621.36	5,949.73	11,671.63	-
Audit Services	9,200.00	9,200.00	-	9,200.00	-
Collection of Taxes	2,880.83	2,880.83	2,764.76	116.07	-
Assessment of Taxes	16,985.24	16,985.24	8,883.90	8,101.34	-
Liquidation of Tax Title Liens and Foreclosed Property	9,500.00	7,500.00	-	7,500.00	-
Legal Services	190,740.26	190,740.26	58,771.30	131,968.96	-
Engineering Services	14,779.86	14,779.86	8,343.34	6,436.52	-
Grants Administration	11,965.55	11,965.55	479.00	11,486.55	-
Public Affairs	898.09	898.09	115.00	783.09	-
Municipal Court	10,332.25	10,332.25	909.38	9,422.87	-
Volunteers in Medicine	1,250.00	1,250.00	1,250.00	-	-
Records Management	1,000.00	1,000.00	-	1,000.00	-
Planning Board - Smart Growth	5,883.75	5,883.75	3,282.50	2,601.25	-
Zoning Board	21,377.85	21,377.85	22,111.40	-	(733.55)
General Liability Insurance	12,896.00	12,896.00	-	12,896.00	-
Group Insurance Plan for Employees	10,769.79	10,769.79	11,801.30	-	(1,031.51)
Police Radio and Communications	167.50	167.50	112.95	54.55	-
Police	20,642.71	25,642.71	23,005.53	2,637.18	-
Emergency Management	1,587.50	1,587.50	-	1,587.50	-
Rescue Squad	7,043.44	8,543.44	8,205.68	337.76	-
Road Repair and Maintenance	13,987.00	17,987.00	7,683.00	10,304.00	-
Motor Pool	10,851.39	16,851.39	13,980.52	2,870.87	-
Shade Tree Commission	20.25	20.25	-	20.25	-
Garbage and Trash Removal - Contractual	84.00	84.00	84.00	-	-
Public Buildings and Grounds	6,639.75	6,639.75	4,074.13	2,565.62	-
Board of Health	294.30	294.30	-	294.30	-
Animal Control	4,348.43	4,348.43	702.29	3,646.14	-

**TOWNSHIP OF MIDDLE
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011**

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Over Expended
Other Expenses (Continued):					
Construction Code	\$ 3,541.56	\$ 3,541.56	\$ 1,249.85	\$ 2,291.71	\$
Beach Restoration	500.00	500.00		500.00	
Environmental Commission	2,500.00	2,500.00		2,500.00	
Demolition of Substandard Buildings	500.00	500.00		500.00	
Recreation	24,148.79	24,148.79	5,808.08	18,340.71	
Senior Center	3,365.63	3,365.63	922.37	2,443.26	
Maintenance and Service Policies - Various Machines	7,831.61	7,831.61	558.49	7,273.12	
Unclassified:					
Electricity	9,353.81	9,353.81	5,587.00	3,766.81	
Telephone	260.10	260.10		260.10	
Natural Gas	10,686.27	10,686.27	2,165.35	8,520.92	
Fuel Oil	2,459.70	2,459.70		2,459.70	
Gasoline	42,729.80	42,729.80	41,160.62	1,569.18	
Street Lighting	100.00	100.00		100.00	
Sanitary Landfill - Contractual	45,315.63	45,315.63	42,485.87	2,829.76	
Contribution to:					
Social Security	35,646.22	35,646.22		35,646.22	
Defined Contribution Retirement Plan	4,386.50	4,386.50	207.09	4,179.41	
SFSP - District Payments	6,437.00	6,437.00	6,437.00	-	
Salaries and Wages					
Administration	7,006.18	1,506.18		1,506.18	
Tax Collection	8,084.62	3,084.62		3,084.62	
Police	9,096.92	9,096.92	5,000.00	4,096.92	
Accounts with No Change	76,480.14	76,480.14		76,480.14	
TOTALS	\$ 731,519.11	\$ 731,519.11	\$ 301,775.81	\$ 431,508.36	\$ (1,765.06)
Ref.					
Transfer to Accounts Payable			\$ 92.00		
Due from Grant Fund			5,000.00		
Cash Disbursements			296,683.81		
			<u>\$ 301,775.81</u>		

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

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
State:					
Recycling Tonnage Grant	\$ -	\$ 46,046.95	46,046.95	-	-
2012	-	-	-	-	-
Alcohol Education and Rehabilitation	-	2,967.97	2,967.97	-	-
2012	-	-	-	-	-
Clean Communities Grant-	-	41,236.25	41,236.25	-	-
2012	-	-	-	-	-
Transportation Trust Fund:	-	-	-	-	-
2002 - Church Street	24,985.23	-	-	-	24,985.23
2006 - Boyd Street	3,610.88	-	-	-	3,610.88
2009 - Romney Place	33,750.00	-	33,750.00	-	-
2010 - Bennett Road	65,200.44	-	32,660.39	-	32,540.05
2011 - Main Street	153,377.00	-	65,032.75	-	88,344.25
2011 - Bikepath Extension	320,000.00	-	224,250.00	-	95,750.00
2011 - Curbs and Sidewalks - Main Street	200,000.00	-	200,000.00	-	-
Drive Sober	-	-	-	-	-
2012	-	4,400.00	4,400.00	-	-
Police Body Armor Grant	-	-	-	-	-
2011	-	4,419.54	4,419.54	-	-
2012	-	4,528.02	4,528.02	-	-
Druck Driving Enforcement Fund	-	-	-	-	-
2011	-	26,709.12	26,709.12	-	-
2012	-	9,993.74	9,993.74	-	-
ANJEC Grant	-	8,000.00	-	-	8,000.00
Sustainable New Jersey	-	10,000.00	10,000.00	-	-
Federal:					
Department of Transportation - I.S.T.E.A. Bike Path	145,000.00	-	145,000.00	-	-
2005 - Goshen - Shellbay	-	-	-	-	-
Community Development Block Grants (Small Cities):	-	-	-	-	-
Whitesboro Water Phase I - 2002	7,684.00	-	-	-	7,684.00
Whitesboro School Phase II - 2006	25.00	-	-	-	25.00
Whitesboro Sewer Connection Fees - 2006	202,375.00	-	-	-	202,375.00
Whitesboro School Phase III - 2008	24,626.00	-	-	-	24,626.00
Whitesboro Water - Phase III - 2011	556,415.00	-	496,085.00	-	60,330.00
COP in Shops	-	-	-	-	-
2012	-	2,215.92	2,215.92	-	-

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

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Emergency Management Assistance Grant 2012	\$ -	\$ 5,000.00	\$ 5,000.00		-
Safe and Secure Communities Grant 2011	55,571.00		55,571.00		-
2012	-	60,000.00			60,000.00
2006	30,000.00		810.00		29,190.00
Over the Limit Under Arrest 2012	-	1,000.00	1,000.00		-
Justice Advocacy Grant City of Wildwood - 2011	-				-
Bulletproof Vest Partnership	-	6,308.13	6,308.13		-
Other: Pet Smart Charities Grant 2012	-	14,000.00	14,000.00		-
TOTALS	<u>\$ 1,822,619.55</u>	<u>\$ 246,825.64</u>	<u>\$ 1,431,984.78</u>	<u>\$ -</u>	<u>\$ 637,460.41</u>
	Ref. A				A
Cash Received			\$ 1,399,856.12		
Unappropriated Reserves Realized			<u>32,128.66</u>		
			<u>\$ 1,431,984.78</u>		

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

<u>Purpose</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Received</u>	<u>Anticipated</u> <u>Revenues</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
State:					
Police Body Armor Grant 2011	\$ 4,419.54	\$	4,419.54	\$	-
Municipal Court Alcohol Grant 2012	-	2,163.72			2,163.72
Drunk Driving Enforcement Fund 2011	26,709.12		26,709.12		-
Federal:					
Over the Limit, Under Arrest 2011	1,000.00		1,000.00		-
Local:					
Pet Smart	-	125.00			125.00
TOTALS	<u>\$ 32,128.66</u>	<u>\$ 2,288.72</u>	<u>\$ 32,128.66</u>	<u>\$ -</u>	<u>\$ 2,288.72</u>
Ref.	A				A

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

State:	Purpose	Balance	Budget	Expended	Cancelled	Balance
		Dec. 31, 2011	Appropriations			Dec. 31, 2012
	Clean Communities					
	2011	\$ 40,555.72	\$	33,102.49		\$ 7,453.23
	2010	66.27		66.27		-
	2012	-	41,236.25			41,236.25
	Storm Water Management Grant					
	2006	737.39				737.39
	2008	6,014.00				6,014.00
	Recycling Tonnage Grant					
	2008	23.19				23.19
	2009	15.93				15.93
	2010	58,270.86		20,521.29		37,749.57
	2011	56,361.94				56,361.94
	2012	-	46,046.95			46,046.95
	Drunk Driving Enforcement Fund					
	2006	940.31		940.31		-
	2010	11,226.49		11,226.49		-
	2011	-	26,709.12	13,209.40		13,499.72
	2012	-	9,993.74			9,993.74
	Drive Sober		4,400.00			4,400.00
	Statewide Livable Communities Grant (MLK)					
	2004	283.16				283.16
	Police Body Armor Grant					
	2012	-	8,947.56	6,491.74		2,455.82
	2009	5,039.29		3,315.37		1,723.92
	2010	0.97		0.97		-
	Transportation Trust Fund:					
	2002 - Church Street	12,537.53				12,537.53
	2010 - Bennet Road	18,971.48		(289.39)		19,260.87
	2011 - Bikepath Extension - Shellbay to Indian Trail	303,632.50		303,632.50		-
	Enhanced 911 Grant					
	2006	11.00				11.00

Alcohol Education and Rehabilitation

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

Purpose	Balance	Budget	Expended	Cancelled	Balance
	Dec. 31, 2011	Appropriations			Dec. 31, 2012
2009	\$ 2,274.07		\$ 700.00		\$ 1,574.07
2010	3,267.75				3,267.75
2011	2,157.39				2,157.39
2012		2,967.97			2,967.97
ANJEC Grant		8,000.00			8,000.00
Sustainable New Jersey	-	10,000.00			10,000.00
Federal:					
Edward Byrne Memorial Formula Grants:					
County Narcotics Task Force - 2004	27.65				27.65
Justice Advocacy Grant					
City of Wildwood	249.11				249.11
ISTEA Bike Path - 2006 - Goshen-Shellbay	1,122.60		1,100.00		22.60
Over the Limit Under Arrest					
2008	3,496.59				3,496.59
2012	-	1,000.00	1,000.00		-
2011	5,000.00		5,000.00		-
Safe and Secure Communities		60,000.00	60,000.00		-
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	190,400.00		(2,275.00)		192,675.00
2006 - Whitesboro School - Phase II	6,756.80				6,756.80
2008 - Whitesboro School - Phase III	650.34		(10,821.38)		11,471.72
2011 - Whitesboro Water - Phase III	537,130.00		521,020.00		16,110.00
US Dept of Justice - Body Armor					
2007	4,168.50		(3,509.00)		7,677.50
COP in Shops					
2009	1,808.52		1,808.52		-
2012	-	2,215.92	2,215.92		-
Emergency Management Assistance Grant					
2010	5,000.00				5,000.00
2011	2,262.00				2,262.00
2012	-	5,000.00			5,000.00
FEMA					
2011 - Reeds Beach	\$ 24,460.13				\$ 24,460.13

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

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2011	<u>Budget</u> Appropriations	<u>Expended</u>	<u>Cancelled</u>	<u>Balance</u> Dec. 31, 2012
Bulletproof Vest Partnership Aggressive Driving 2008	-	6,308.13	6,308.13		-
Local:	943.58				943.58
Concerned Citizens/Whitesboro Donation					
Clean Air, Cool Planet - 2011	-		(1,258.75)		1,258.75
Pet Smart Charities - 2011	6,550.00		6,550.00		-
Pet Smart Charities - 2012	-	14,000.00	6,725.00		7,275.00
TOTALS	<u>\$ 1,327,837.06</u>	<u>\$ 246,825.64</u>	<u>\$ 986,780.88</u>	<u>\$ -</u>	<u>\$ 587,881.82</u>
Ref.	A				A
Disbursed			\$ 1,330,408.16		
Cancel Prior Encumbrances			(384,010.09)		
Encumbered			<u>40,382.81</u>		
			<u>\$ 986,780.88</u>		

TOWNSHIP OF MIDDLE
TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH

	<u>Ref.</u>		
Balance December 31, 2011	<u>B</u>		\$ 10,286.47
Increased By Receipts:			
Dog Licenses Fees		\$ 7,210.00	
Donation		30.60	
Interest Earned on Deposits		6.74	
Due to State of New Jersey		<u>1,908.00</u>	
			<u>9,155.34</u>
			19,441.81
Decreased By Disbursements:			
Dog Fund Expenditures		6,327.11	
Due to State of New Jersey		1,905.60	
Due to Current Fund		<u>3,719.77</u>	
			<u>11,952.48</u>
Balance December 31, 2012	B		\$ <u><u>7,489.33</u></u>

TOWNSHIP OF MIDDLE
TRUST FUND
SCHEDULE OF OTHER TRUST CASH

	<u>Ref.</u>	
	B	
Balance December 31, 2011		\$ 3,813,333.30
Increased By Receipts:		
Escrow Deposits	\$ 487,742.09	
Unemployment	44,728.24	
Emergency Housing - State Aid	85,073.00	
Emergency Housing - Loan Payments	1,585.00	
Forfeited Funds	4,036.28	
Municipal Alliance Grant Receipts	17,188.41	
Dedicated Recreation Receipts	108,021.74	
Dedicated Recreation - Drum Fish Tournament	6,825.00	
Dedicated Recreation - National Night Out	5,950.00	
Dedicated Recreation - Harvest Fest	19,301.60	
Dedicated Recreation - Seniors	4,661.00	
Dedicated Recreation - Shade Tree	300.00	
UDAG - Loan Repayments and Interest Earned	20,249.95	
COAH Funds Received & Interest Earned	185,030.90	
Tax Title Lien Premiums	229,000.00	
Tax Title Lien Redemptions	1,022,133.97	
Police Special Detail	75,184.74	
Subdivisions - Map Changes	1,900.00	
Parking Offenses	40.00	
State of New Jersey - Marriage Licenses/Burial Permits	4,405.00	
State Training Fees	24,865.00	
Accumulated Absences and Interest Earned	159,028.82	
Due to / from Current Fund	62.33	
	<hr/>	<u>2,507,313.07</u>
		6,320,646.37
Decreased By Disbursements:		
Escrow Disbursements	792,797.65	
Emergency Housing	62,404.50	
Municipal Alliance Expenses	15,335.26	
Dedicated Recreation Expenditures	112,163.60	
Dedicated Recreation - Drum Fish Tournament	18,711.06	
Dedicated Recreation - National Night Out	4,654.42	
Dedicated Recreation - Harvest Fest	20,411.86	
Dedicated Recreation - Seniors	6,677.39	
Dedicated Recreation - Shade Tree	756.52	
Sewer Escrow Expenditures	46,847.67	
UDAG - Loans Made	15,000.00	
UDAG Expenses	7,194.53	
COAH Expenses	119,894.03	
Subdivisions - Map Changes	3,442.50	
Tax Title Lien Premiums	199,300.00	
Tax Title Lien Redemptions	1,052,630.33	
State of New Jersey - Marriage Licenses/Burial Permits	3,405.00	
State of New Jersey - Construction Code	23,632.00	
Police Special Detail	58,158.82	
Accumulated Absences	283,362.15	
Unemployment Expenditures	7,333.17	
Due to Current fund	<hr/>	<u>2,854,112.46</u>
Balance December 31, 2012	B	\$ <u><u>3,466,533.91</u></u>

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

Balance December 31, 2011	<u>Ref.</u> B		\$	6,565.50
Increased By:				
Dog Licenses Fees Collected		\$		7,210.00
Miscellaneous				30.60
Interest on Investments				6.74
				<u>7,247.34</u>
				13,812.84
Decreased By:				
Statutory Excess Due to Current Fund				1,034.83
Animal Control Expenditures				6,327.11
				<u>7,361.94</u>
Balance December 31, 2012	B		\$	<u><u>6,450.90</u></u>

License Fees Collected	<u>Year</u>			
	2010	\$		2,889.25
	2011			3,565.25
		\$		<u><u>6,454.50</u></u>

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2011	<u>Ref.</u> C		\$	4,466,556.24
Increased By Receipts:				
Fire District Contribution		\$		30,000.00
Green Acres Loan Proceeds				<u>400,000.00</u>
				<u>430,000.00</u>
				4,896,556.24
Decreased By Disbursements:				
Improvement Authorizations				<u>736,199.40</u>
				736,199.40
Balance December 31, 2012	C		\$	<u><u>4,160,356.84</u></u>

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

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Notes Issued	Loans Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Fund Balance	\$ 127,364.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	127,364.84
Capital Improvement Fund	2,399,024.01			30,000.00			244,877.57		2,184,146.44
Contracts Payable	500,657.69						500,657.69	728,831.70	728,831.70
Reserve for Payment of Bonds and Notes	140.78		26,052.00						26,192.78
<u>Improvement Authorizations</u>									
Ord. Number									
874-93	Renovation to Police Headquarters								2,492.73
1126-03/ 1304/08	Various Capital Improvements a) Acquisition and Installation of Police Radio Communications System c) Improvements to Township Hall d) Telephone System	6,948.69 174.98 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	76,370.27			14,366.59		523.00	10,264.62	71,745.30
1180-05	Various Improvements at Fort Apache Recreation Area	103,135.67			260.00		740.00	51,305.00	153,440.67
1229-06	Improvements to Bike Path	-			355.33			355.33	-
1299-08	Various Capital Improvements a) Recreational Improvements b) Renovations & Improvements to Maintenance Building/Restrooms	(288,448.00) (77,313.32)	288,448.00		758.83			8,430.00	7,671.17
1312-08	Reconstruction of Steel Road	45,000.00							45,000.00

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

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Notes Issued	Loans Issued	Misc.	Improvement Authorizations	Misc.	From	To	
1325-09 Various Capital Improvements									
b) Various Improvements to Municipal Building	\$ 90,021.77	\$	\$	\$	1,916.91	\$	\$	1,956.27	\$ 90,061.13
1340-10 Police Radio Communications Equipment	24,365.45								24,365.45
1359-10 Road and Drainage Improvements	1,246,050.45				679,290.73		675,208.57	392,844.28	284,395.43
1360-10 Various Capital Improvements									
a) E Ticket Hardware & Software	44,000.00								44,000.00
c) Purchase Ballistic Helmets	77.20								77.20
e) Improve Server Dispatch Room	9.61							6,676.82	6,686.43
f) Improvements to Public Buildings	1,773.32				10,353.73			10,057.37	1,476.96
1374-11 Various Capital Improvements									
a) Police Computer/Hardware	792.92				3,561.07			1,175.00	792.92
b) Recreation HVAC and Floors	100,500.00							3,109.00	98,113.93
c) Public Works GPS Units	-								3,109.00
d) Fingerprint Scanners	4,392.00				1,205.02				3,186.98
e) Zoning and Clerk Scanners	1,124.81				14,484.00			14,484.00	1,124.81
1393-11 Whitesboro Water Project - Phase III	50,000.00								50,000.00
1409-12 Various Capital Improvements									
a) Police Equipment & Radio Upgrades					9,647.19		34,037.50	108,500.00	74,462.50
b) Improvements to Public Buildings							13,428.33	22,000.00	5,352.81
c) Recreation/Rio Grande Playground								57,177.00	8,571.67
d) Public Works Equipment							4,894.30	5,000.00	57,177.00
e) EMS Visability Jackets									105.70
1429-12 Repair and Acquisition of HVAC Units								37,200.57	37,200.57
	\$ 4,466,556.24	\$ -	\$ 400,000.00	\$ 30,000.00	\$ 736,199.40	\$ -	\$ 1,474,366.96	\$ 1,474,366.96	\$ 4,160,356.84
									C

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2011	<u>Ref.</u> C		\$	2,399,024.01
Increased By:				
Fire District Contribution		\$ <u>30,000.00</u>		<u>30,000.00</u>
				2,429,024.01
Decreased By:				
Appropriation to Finance Improvement Authorizations		<u>244,877.57</u>		<u>244,877.57</u>
Balance December 31, 2012	C		\$	<u><u>2,184,146.44</u></u>

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

Balance December 31, 2011	<u>Ref.</u> C		\$	5,821,312.26
Increased By:				
Loans Issued	C-8A	\$ <u>400,000.00</u>		<u>400,000.00</u>
				6,221,312.26
Decreased By:				
2012 Budget Appropriation to Pay Bonds/Loans:				
Municipal Bonds		1,195,000.00		
Green Trust Loans		58,653.86		
New Jersey Environmental Infrastructure Trust Fund Loan		<u>20,327.04</u>		
				<u>1,273,980.90</u>
Balance December 31, 2012	C		\$	<u><u>4,947,331.36</u></u>

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

Ord. Number	Improvement Description	Ord. Date	Amount	2011		2012 Authorizations		Paid or Charged	Balance December 31, 2012	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
874-93	Renovation to Police Headquarters	12/02/93	\$ 150,000.00	\$ 2,492.73	\$ -	\$ -	\$ -	\$ -	\$ 2,492.73	\$ -
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	-	-	-	-	6,948.69	-
1169-04	Various Capital Improvements b) Recreational Improvements at the Clarence Davies Sports Complex d) Various Improvements to the Fort Apache Recreational Area	8/13/2004	2,685,000.00	174.98	7,834.50	65.87	-	4,624.97	174.98	7,834.50
1180-05	Various Improvements at Fort Apache Recreation Area	2/7/2005	950,000.00	76,370.27	-	-	-	(50,305.00)	71,745.30	-
1299-08	Various Capital Improvements a) Recreational Improvements b) Renovations & Improvements to Maintenance Building/Restrooms	6/16/2008	530,000.00	103,135.67	-	-	-	(7,671.17)	153,440.67	7,671.17
1312-08	Reconstruction of Steel Road	12/15/2008	45,000.00	45,000.00	-	-	-	-	45,000.00	-
1325-09	Various Capital Improvements b) Various Improvements to Municipal Building	6/15/2009	1,435,000.00	-	8,186.68	-	-	(39.36)	-	8,186.68
1340-10	Police Radio Communications Equipment	4/5/2010	215,000.00	24,365.45	-	-	-	-	24,365.45	-
1359-10	Road and Drainage Improvements	6/21/2010	4,200,000.00	2,177,794.31	-	-	-	961,655.02	1,216,139.29	-
1360-10	Various Capital Improvements a) E Ticket Hardware & Software c) Purchase Ballistic Helmets e) Improve Server Dispatch Room f) Improvements to Public Buildings	6/21/2010	298,700.00	44,000.00	77.20	9.61	1,773.32	(6,676.82)	44,000.00	77.20
				77.20	9.61	1,773.32	296.36	1,476.96	6,686.43	1,476.96

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

Ord. Number	Improvement Description	Ord. Date	Amount	Balance December 31, 2011		Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Balance December 31, 2012	
				Funded	Unfunded				Funded	Unfunded
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	\$ 792.92	\$ -	\$ -	\$ -	\$ 2,386.07 (3,109.00) 1,205.02	\$ 792.92 98,113.93 3,109.00 3,186.98 1,124.81	\$ -
1393-11	Whitesboro Water Project - Phase III	8/15/2011	50,000.00	50,000.00					50,000.00	
1409-12	Various Capital Improvements a) Police Equipment & Radio Upgrades b) Improvements to Public Buildings c) Recreation/Rio Grande Playground d) Public Works Equipment e) EMS Visibility Jackets	6/18/2012	207,677.00			108,500.00 15,000.00 22,000.00 57,177.00 5,000.00		34,037.50 9,647.19 13,428.33 8,571.67 4,894.30	74,462.50 5,352.81 5,571.67 57,177.00 105.70	
1429-12	Repair and Acquisition of HVAC Units	12/3/2012	77,000.00			77,000.00			77,000.00	
				\$ 469,058.02	\$ 2,276,002.76	\$ 284,677.00	\$ -	\$ 964,373.41	\$ 759,163.95	\$ 1,306,200.42
			Ref.							
	Grants Receivable			\$ 39,799.43						
	Capital Improvement Fund			244,877.57						
				284,677.00						
	Cash Disbursed							\$ 736,199.40		
	Prior Encumbrances Canceled							(500,657.69)		
	Encumbered - Current Year							728,831.70		
								964,373.41		

TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACRES LOANS PAYABLE

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans Outstanding Dec. 31, 2012	Date	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
987-97									
1029-98 Green Acres - Goshen Sports Complex	11/16/99	\$ 215,345	1	1	2.000%	\$ 98,542.34	\$	\$ 11,477.09	\$ 87,065.25
1070-00 Green Acres - Goshen Sports Complex	11/03/04	340,000	2	2	2.000%	240,971.38		16,404.48	224,566.90
1107-02 Land Acquisition - Fort Apache Recreation Area	12/21/04	250,000	3	3	2.000%	189,281.72		12,885.62	176,396.10
1094-01 Shellbay Park Improvements	12/31/04	150,000	4	4	2.000%	97,859.67		7,407.13	90,452.54
1107-02 Land Acquisition - Fort Apache Recreation Area	12/24/2005	205,700	5	5	2.000%	118,184.27		10,479.54	107,704.73
1299-08 Goshen Rd Complex Ph II	6/28/2012	400,000	6	6	2.000%		400,000.00		400,000.00
						\$ 744,839.38	\$ 400,000.00	\$ 58,653.86	\$ 1,086,185.52
					Ref.	C			C
					Funded by Budget Appropriation		\$	58,653.86	
							\$	58,653.86	

- 1 \$ 6,695.42 Semi-annual payments to August 19, 2019 for Principal and Interest
- 2 \$10,571.14 Semi-annual payments to August 8, 2024 for Principal and Interest
- 3 \$8,303.58 Semi-annual payments to July 5, 2024 for Principal and Interest
- 4 \$4,663.74 Semi-annual payments to September 17, 2024 for Principal and Interest
- 5 \$ 6,395.54 Semi-annual payments to December 24, 2025 for Principal and Interest
- 6 \$12,436.64 Semi-annual payments to April 3, 2032 for Principal and Interest

**TOWNSHIP OF MIDDLE
GENERAL CAPITAL FUND
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE**

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Loans			Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012	
			Date	Amount	Outstanding December 31, 2012						
1107-02 and 1139-03 Land Acquisition - Fort Apache Recreation Area	12/07/04	\$ 177,597	8/1/2013	\$ 10,000.00	10,000.00	5.250%	127,597.00	\$	10,000.00	\$ 117,597.00	
			8/1/2014	10,000.00	10,000.00	5.250%					
			8/1/2015	10,000.00	10,000.00	5.000%					
			8/1/2016	10,000.00	10,000.00	5.000%					
			8/1/2017	10,000.00	10,000.00	5.000%					
			8/1/2018	10,000.00	10,000.00	5.000%					
			8/1/2019	10,000.00	10,000.00	5.000%					
			8/1/2020	10,000.00	10,000.00	5.000%					
			8/1/2021	15,000.00	15,000.00	5.000%					
			8/1/2022	22,597.00	22,597.00	4.750%					
	Land Acquisition - Fort Apache Recreation Area	12/07/04	177,597	2/1/2013	1,777.60	1,777.60	None	101,875.88		10,327.04	91,548.84
			8/1/2013	8,226.97	8,226.97						
			2/1/2014	1,608.31	1,608.31						
			8/1/2014	8,057.67	8,057.67						
			2/1/2015	1,439.01	1,439.01						
			8/1/2015	7,888.38	7,888.38						
			2/1/2016	1,277.78	1,277.78						
			8/1/2016	7,727.14	7,727.14						
			2/1/2017	1,116.54	1,116.54						
			8/1/2017	7,565.91	7,565.91						
			2/1/2018	955.31	955.31						
			8/1/2018	7,404.67	7,404.67						
		2/1/2019	794.07	794.07							
		8/1/2019	7,243.44	7,243.44							
		2/1/2020	632.84	632.84							
		8/1/2020	7,082.21	7,082.21							
		2/1/2021	471.60	471.60							
		8/1/2021	10,145.65	10,145.65							
		2/1/2022	229.75	229.75							
		8/1/2022	9,903.99	9,903.99							
							\$ 229,472.88	C	\$ 20,327.04	\$ 209,145.84	
							-	C	\$ 20,327.04	\$ 20,327.04	
							-	C	\$ 20,327.04	\$ 20,327.04	

**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, 2011	Increased	Decreased	Balance Dec. 31, 2012
1325-09	Various Capital Improvements	11/17/2011	11/16/2012	11/15/2013	1.175%	\$ 59,993.86	\$ 59,993.86	\$ 59,993.86	\$ 59,993.86
	a) Reconstruction of Romney Place								
	b) Various Improvements to Municipal Building	11/17/2011	11/16/2012	11/15/2013	1.175%	95,000.00	95,000.00	95,000.00	95,000.00
	c) Acquisition of Fire House	11/17/2011	11/16/2012	11/15/2013	1.175%	1,140,000.00	1,140,000.00	1,140,000.00	1,140,000.00
1359-10	Road and Drainage Improvements	11/17/2011	11/16/2012	11/15/2013	1.175%	3,058,256.14	3,058,256.14	3,058,256.14	3,058,256.14
						<u>\$ 4,353,250.00</u>	<u>\$ 4,353,250.00</u>	<u>\$ 4,353,250.00</u>	<u>\$ 4,353,250.00</u>
						C	C-2	C	C

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	Bond, Notes or Grants	Bond Loans Issued	Balance Dec. 31, 2012
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	-
1359-10	Road and Drainage Improvements	931,743.86			931,743.86
		<u>\$ 1,305,691.86</u>	-	<u>\$ 373,948.00</u>	<u>\$ 931,743.86</u>
		C	C-9		C

Ref.

TOWNSHIP OF MIDDLE
SEWER UTILITY FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
	D	\$	\$
Balance December 31, 2011		621,688.11	-
Increased by Receipts:			
Sewer Rent Collected	\$	3,627,530.99	\$
Sewer Overpayments		10,029.76	
Utility Capital Surplus		50,000.00	
Miscellaneous Revenue Anticipated		180,737.43	
Due from Current Fund		18,758.10	
Due from Sewer Capital Fund		285,873.37	
Bond Anticipation Notes Issued			1,000,000.00
Reserve to Pay Bonds			113,250.00
Due from Sewer Operating Fund-Deferred Charges Unfunded			18,900.00
USDA			383,537.00
Grants Receivable			382,609.95
		4,172,929.65	1,898,296.95
		4,794,617.76	1,898,296.95
Decreased by Disbursements:			
Current Appropriations		2,838,187.91	
Appropriation Reserves		57,712.44	
Due to Sewer Operating Fund			285,873.37
Improvement Authorizations			1,074,676.06
Accrued Interest on Bonds and Notes		976,558.93	
Sewer Capital Fund Balance - Paid to Sewer Operating			50,000.00
		3,872,459.28	1,410,549.43
Balance December 31, 2012	D	\$ 922,158.48	\$ 487,747.52

TOWNSHIP OF MIDDLE
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Receipts			Disbursements			Transfers		Balance Dec. 31, 2012
	Balance Dec. 31, 2011	Bonds Issued	Notes Issued	Misc.	Improvement Authorizations	Misc.	From	To	
Capital Fund Balance	\$ 164,856.65	\$ -	\$ -	\$ -	\$ -	\$ 50,000.00	\$ -	\$ -	\$ 114,856.65
Due (from)/to Sewer Operating Fund	285,873.37	-	-	285,873.37	-	-	-	-	-
Contracts Payable	1,675,945.93	-	-	-	-	-	1,675,945.93	651,052.65	651,052.65
Reserve to Pay Bonds and Notes	134,905.02	-	-	113,250.00	-	-	-	-	248,155.02
<u>Improvement Authorizations</u>									
Ord.									
1134-03 Acquire Sewer Vac Truck	(18,900.00)	-	-	18,900.00	-	-	-	-	-
1137-03 Whitesboro/Edgewood Sewer Project - Phase I	286,190.64	-	-	-	218,796.76	-	0.20	20,000.00	87,393.68
1156-04 Whitesboro/Edgewood Sewer Project - Phase II	(108,510.95)	-	-	108,510.95	-	-	-	-	-
1223-06/ Various Sewer Improvements:									
1267-07 (a) Shellbay, Shunpike, Crest Haven, Goshen Sewer Project	(246,464.05)	-	-	274,099.00	747,334.08	-	11,500.77	972,858.66	241,658.76
(b) Water Reuse Project	(378,177.52)	-	-	-	48,299.45	-	118,910.92	155,500.00	(389,887.89)
1294-08 Satt Blvd. Sanitary Sewer	4,734.18	-	-	-	1,696.50	-	0.01	-	3,037.67
1308-08 Whitesboro/Edgewood Sewer Phase 1 - Supplement	(381,333.19)	-	-	383,537.00	-	-	-	-	2,203.81
1364-10 Various Sewer Improvements: Shellbay, Shunpike, Crest Haven, Goshen Sewer Project - Supplement	(1,419,120.08)	-	-	-	54,490.02	-	280,000.00	527,587.27	(1,226,022.83)
1417-12 Grassy Sound Connection to Sewer System	-	-	1,000,000.00	-	4,059.25	-	240,640.75	-	755,300.00
1427-12 Acquisition of Sewer Jet Vac Truck	-	-	-	-	-	-	280,000.00	280,000.00	-
	\$ -	\$ -	\$ 1,000,000.00	\$ 898,296.95	\$ 1,074,676.06	\$ 335,873.37	\$ 2,606,998.58	\$ 2,606,998.58	\$ 487,747.52
Ref.	D			D		D			D

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

	<u>Ref.</u>		
Balance December 31, 2011	D		\$ 541,812.54
Increased By:			
Sewer Rents and Other Charges Levied		\$ 3,896,525.31	
			3,896,525.31
			4,438,337.85
Decreased By:			
Collections - Sewer Fund		3,627,530.99	
Collections - Current Fund		57,502.86	
Overpayments Applied		13,773.97	
			3,698,807.82
Balance December 31, 2012	D		\$ <u><u>739,530.03</u></u>

**TOWNSHIP OF MIDDLE
SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011**

	Balance Dec. 31, 2011	Balance After Transfers	Paid or Charged	Balance Lapsed	Overexpended
Operating:					
Salaries and Wages	\$ 472.21	\$ 472.21		\$ 472.21	
Other Expenses	35,548.05	37,548.05	19,407.28	18,140.77	
Insurance	3,521.12	1,521.12	1,521.12	-	
CMCMJA User Charges	45,334.00	45,334.00		45,334.00	
Capital Outlay	37,569.87	37,569.87	36,784.04	785.83	
Social Security System	1,680.38	1,680.38		1,680.38	
TOTALS	<u>\$ 124,125.63</u>	<u>\$ 124,125.63</u>	<u>\$ 57,712.44</u>	<u>\$ 66,413.19</u>	<u>\$ -</u>
			D-5	D-1	
Appropriation Reserves	\$ 51,796.97				
Reserve for Encumbrances	<u>72,328.66</u>				
	<u>\$ 124,125.63</u>				

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, 2011	Increased	Decreased	Balance Dec. 31, 2012
1417-12	Sewer Utility Grassy Sound Connection to Sewer System	12/27/2012	12/27/2012	11/15/2013	1.15%		1,000,000.00		1,000,000.00
					Ref.	\$ -	\$ 1,000,000.00	\$ -	\$ 1,000,000.00
						D			D

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

Balance December 31, 2011	Ref. D		\$ 292,891.27
Increased By:			
Budget Appropriation:			
Interest on Bonds		\$ 960,225.84	
			960,225.84
			1,253,117.11
Decreased By:			
Payments of Interest		976,558.93	
			976,558.93
Balance December 31, 2012	D		\$ 276,558.18

Analysis of Accrued Interest December 31, 2012

Principal Outstanding Dec. 31, 2012	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>					
\$ 3,765,000.00	Variable	12/15/12	12/31/12	16	\$ 6,336.55
<u>Rural Development Bonds</u>					
1,801,729.13	5.00%	07/16/12	12/31/12	169	41,711.26
1,216,951.43	4.50%	07/01/12	12/31/12	184	27,606.46
1,059,136.25	4.50%	12/01/12	12/31/12	31	4,047.93
1,851,320.32	4.50%	08/01/12	12/31/12	153	34,921.48
1,813,671.05	4.50%	7/28/12	12/31/12	157	35,105.71
2,243,836.82	4.50%	08/24/12	12/31/12	129	35,686.23
419,315.48	4.50%	08/24/12	12/31/12	129	6,668.84
2,974,241.30	4.00%	07/13/12	12/31/12	172	56,024.47
1,125,492.92	4.00%	07/13/12	12/31/12	172	21,214.77
1,786,598.64	2.25%	12/15/12	12/31/12	15	1,651.99
3,622,401.42	3.75%	12/15/12	12/31/12	15	5,582.47
23,679,694.76					\$ 276,558.18

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 Outstanding Dec. 31, 2012	Interest Rate	Balance Dec. 31, 2011	Increased	Decreased	Balance Dec. 31, 2012
750-90 Rio Grande West Sewerline	7/16/1993	\$ 2,385,000	1	5.00%	\$ 1,849,240.38	\$ 236.71	\$ 47,747.96	\$ 1,801,729.13
826-92 Court House South Sewerline	7/14/1994	1,604,700	2	4.50%	1,247,811.71	1,024.91	31,885.19	1,216,951.43
887-94 Court House North Sewerline	12/1/1995	1,375,000	3	4.50%	1,085,046.32	(4.96)	25,905.11	1,059,136.25
854-83 Court House Central Sewerline	2/1/1996	2,374,000	4	4.50%	1,895,030.47	30.08	43,740.23	1,851,320.32
1025-98 Courthouse North Sewerline	7/27/2002	2,080,000	5	4.50%	1,843,191.08	482.14	30,002.17	1,813,671.05
1085-01 Green Creek Sewerline	2/24/2006	2,408,000	6	4.50%	2,272,364.34	(97.64)	28,429.88	2,243,836.82
1173-04 Green Creek Sewerline Supplement	2/24/2006	450,000	7	4.50%	424,647.67	(18.22)	5,313.97	419,315.48
1137-03 Whitesboro Phase I Sewerline	7/15/2010	3,039,000	8	4.00%	3,007,261.76		33,020.46	2,974,241.30
1156-04 Whitesboro Phase II Sewerline	7/15/2010	1,150,000	9	4.00%	1,137,989.08		12,496.16	1,125,492.92
1308-08 Whitesboro Phase I Sewerline Supplement	12/15/2011	1,815,000	10	2.25%	1,815,000.00		28,401.36	1,786,598.64
1223-06(a) Shellbay, Shunpike, Crest Haven, Goshen Sewerline	12/15/2011	3,663,000	11	3.75%	3,663,000.00		40,598.58	3,622,401.42
					\$ 20,240,582.81	\$ 1,653.02	\$ 327,541.07	\$ 19,914,694.76
				Ref.	D			D
					Paid by Budget Appropriation	\$	\$ 327,541.07	

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, 2011	Balance Dec. 31, 2012
			Outstanding Dec. 31, 2012	Interest Rate	Increased/Decreased		
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	\$28,946	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					
11	\$88,792	Semi-annual payments to December 27, 2051 for Principal and Interest					

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Bond, Notes or Grants Issued	Budget Appropriation	Balance Dec. 31, 2012
1134-03	Acquisition of Sewer Vac Truck	\$ 18,900.00	\$	\$	18,900.00	-
1223-06/ 1267-07	Various Sewer Improvements: b. Water Reuse Project	100,000.00				100,000.00
1308-08	Whitesboro/Edgewood Sewer Project - Phase I Supplement	383,537.00		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
1417-12	Grassy Sound Connection to Sewer System		1,705,150.00	1,000,000.00		705,150.00
	Ref.	\$ 1,593,437.00	\$ 1,705,150.00	\$ 1,383,537.00	\$ 18,900.00	\$ 1,896,150.00
		D				D

**TOWNSHIP OF MIDDLE
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER**

	Trust Fund I	Trust Fund II
Balance December 31, 2011	\$ 19,345.20	\$ -
Increased By Receipts:		
Other Receipts	\$ 514.07	-
	514.07	-
	19,859.27	-
Decreased By Disbursements:		
None	-	-
Balance December 31, 2012	\$ 19,859.27	\$ -

**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, 2012	E-1	\$ 19,859.27	\$ -
Increased By Receipts:			
Cash Receipts Record		\$ 503.28	
		<u>503.28</u>	<u>-</u>
		20,362.55	-
Decreased By Disbursements:			
Cash Disbursement Record		-	
		<u>-</u>	<u>-</u>
Balance May 31, 2013	E-2	\$ <u>20,362.55</u>	\$ <u>-</u>
Reconciliation May 31, 2013			
Balance on Deposit per Statement:			
Sturdy Savings Bank -#9800651136		\$ 20,362.55	\$ -
Less: Outstanding Checks			
Book Balance		\$ <u>20,362.55</u>	\$ <u>-</u>

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		14.07	
Total Revenues (PATF)		<u>514.07</u>	<u>-</u>
	\$	<u>514.07</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, 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:

Bike Path Phase III	Disposal of Class B Recycling Materials
Home Rehabilitation Projects	Roadway Improvements
Combination Vacuum/Jetter	Police Uniforms
Gym Floor and HVAC Rehab	Various Road Reconstruction

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 4, 2012.

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 February 8, 2012, 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>
2012	313
2011	277
2010	231

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 2012 and 2013 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 2012-1:

Sewer utility commercial properties were not always charged in accordance with the Township ordinance. Consumption amounts were not always accurate resulting in mischarges. There were inconsistencies pertaining to the creation and recording of new sewer accounts as it relates to the timing of their applications, connections, and approved inspections.

Criteria:

The Township is responsible for the administration and billing of sewer utility fees and for accurate and completeness of those billings in accordance with approved ordinances.

Condition:

The Township's sewer billings for commercial properties were not always in accordance with the approved ordinance in effect, four consumption amounts entered into the billing system were inaccurate, some were based on units or flat fees rather than consumption and some creation of new accounts were not done or done timely, in the computer system. One accounts' inspection was over a year prior to the application fee being paid, and one account, which paid both application and connection fee, was not created in the computer system.

Cause:

A change in department head personnel, vagueness of the Township ordinance, and inadvertent oversight.

Effect:

Incomplete, inconsistent, and at times, inaccurate sewer billings.

Recommendation:

That the Township review the current sewer billing ordinance to ensure all types of properties and water sources, and review the process over the creation of new accounts as they relate to application, connection and inspections. That sewer charges be in accordance with the applicable ordinance, and that consumption amounts be recorded accurately.

Management Response:

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

***Finding 2012-2:**

Our audit of employee compensation found three employees who were overpaid in 2012.

Criteria:

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

Condition:

Two salaried employees were overpaid based upon miscalculations, and the reason for one employee's overpayment could not be determined.

Cause:

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

Effect:

Some Township employees were overpaid in 2012.

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 2012-3:

The Township had overexpenditure of appropriations in the sewer utility fund and current fund appropriation reserves.

Criteria:

The Township is required to oversee and review charges and available balances prior to incurring expenditures.

Condition:

The sewer utility operating fund was overexpended by \$9,453.24 and the current fund appropriation reserves was overexpended by \$1,765.06.

Cause:

Insufficient review of year end balances in order to make the appropriate budget transfers to provide sufficient availability of funds for required expenditures.

Effect:

Overexpenditures and deferred charges required to be raised in future years' budgets.

Recommendation:

That a sufficient review of appropriation balances be made prior to incurring expenditures.

Management Response:

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

* Indicates a similar recommendation made in the prior year.

In accordance with *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 24, 2013