

**TOWNSHIP OF MINE HILL
COUNTY OF MORRIS
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2011**

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

PART I - REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

<u>AUDITORS' REPORTS</u>		<u>PAGE</u>
Independent Auditor's Report		3-4
<u>FINANCIAL STATEMENTS</u>		5
<u>CURRENT FUND</u>	<u>EXHIBIT</u>	
Comparative Balance Sheet	A	6-7
Comparative Statement of Operations and Change in Fund Balance	A-1	8
Statement of Revenues	A-2	9-10
Statement of Expenditures	A-3	11-16
<u>TRUST FUND</u>		
Comparative Balance Sheet	B	17
<u>GENERAL CAPITAL FUND</u>		
Comparative Balance Sheet	C	18
Schedule of Fund Balance	C-1	19
<u>WATER UTILITY FUND</u>		
Comparative Balance Sheet	D	20
Comparative Statement of Operations and Change in Fund Balance	D-1	21
Schedule of Fund Balance - Water Capital Fund	D-1a	22
Statement of Revenues	D-2	23
Statement of Expenditures	D-3	24
<u>SEWER UTILITY FUND</u>		
Comparative Balance Sheet	E	25
Comparative Statement of Operations and Change in Fund Balance	E-1	26
Schedule of Fund Balance - Sewer Capital Fund	E-1a	27
Statement of Revenues	E-2	28
Statement of Expenditures	E-3	29

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

FINANCIAL STATEMENTS-(CONTINUED)

SPECIAL GARBAGE DISTRICT FUND

Comparative Balance Sheet	F	30
Comparative Statement of Operations and Change in Fund Balance	F-1	31
Statement of Revenues	F-2	32
Statement of Expenditures	F-3	33

GENERAL FIXED ASSETS

Statement of General Fixed Assets	G	34
-----------------------------------	---	----

PAYROLL AGENCY FUND

Comparative Balance Sheet	H	35
---------------------------	---	----

<u>NOTES TO FINANCIAL STATEMENTS</u>		36-51
---	--	-------

PART II - SUPPLEMENTARY INFORMATION

<u>CURRENT FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash – Treasurer	A-4	52
Schedule of Cash - Collector	A-5	53
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	54
Schedule of Tax Title Liens	A-7	55
Schedule of Revenue Accounts Receivable	A-8	56
Schedule of Appropriation Reserves - 2010	A-9	57
Schedule of Reserve for Encumbrances	A-10	58
Schedule of Taxes Collected in Advance	A-11	59
Schedule of Tax Overpayments	A-12	60
Schedule of County Taxes Payable	A-13	61
Schedule of Local District School Tax Payable	A-14	62
Schedule of Special Garbage District Tax Payable	A-15	63
Schedule of Municipal Open Space Taxes	A-16	64
Schedule of Amount Due to State of New Jersey for Senior Citizens and Veterans Deductions	A-17	65
Schedule of Reserve for Third Party Liens	A-18	66
Schedule of State/Federal Grants Receivable	A-19	67
Schedule of Appropriated Reserves for State Grants	A-20	68
Schedule of Unappropriated Reserves for State Grants	A-21	69

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

PART II - SUPPLEMENTARY INFORMATION-(CONTINUED)

<u>CURRENT FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Reserve for Sale of Municipal Assets	A-22	70
Schedule of Reserve for Pending Tax Appeals	A-23	71
Schedule of Reserve for Revaluation of Property	A-24	72
Schedule of Reserve for Deferred Charges	A-25	73
Schedule of Reserve for Tax Sale Premiums	A-26	74

<u>TRUST FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash - Treasurer	B-2	75
Schedule of Reserve for Animal Control Fund Expenditures	B-3	76
Schedule of Amount Due to State of New Jersey Department of Health	B-4	77
Schedule of Amount Due Current Fund - Dog License Fund	B-5	78
Schedule of Reserve for Encumbrances	B-6	79
Schedule of Amount Due Current Fund - Other Trust Funds	B-7	80
Schedule of Reserve for Developer's Escrow	B-8	81
Schedule of Reserve for Unemployment Trust	B-9	82
Schedule of Reserve for Municipal Open Space	B-10	83
Schedule of Reserve for Other Trust Deposits	B-11	84
Schedule of Reserve for Affordable Housing Trust	B-12	85

<u>GENERAL CAPITAL FUND</u>		
Schedule of Cash - Treasurer	C-2	86
Schedule of Amount Due Current Fund	C-3	87
Schedule of Accounts Receivable	C-4	88
Schedule of Deferred Charges to Future Taxation-Funded	C-5	89
Schedule of Deferred Charges to Future Taxation-Unfunded	C-6	90
Schedule of Encumbrances	C-7	91
Schedule of Capital Improvement Fund	C-8	92
Schedule of Lease Purchase Agreements	C-9	93
Schedule of Bond Anticipation Notes	C-10	94
Schedule of Improvement Authorizations	C-11	95
Schedule of Serial Bonds Payable	C-12	96
Schedule of Various Reserves	C-13	97
Schedule of Amount Due Water Operating Fund	C-14	98
Schedule of Amount Due Sewer Capital Fund	C-15	99
Schedule of Amount Due Outside Agencies	C-16	100
Schedule of Amount Due Open Space Trust Fund	C-17	101

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

PART II - SUPPLEMENTARY INFORMATION-(CONTINUED)

<u>WATER UTILITY FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash - Treasurer	D-4	102
Schedule of Cash - Collector	D-5	103
Schedule of Consumer Accounts Receivable	D-6	104
Schedule of Appropriation Reserves-2010	D-7	105
Schedule of Fixed Capital	D-8	106
Schedule of Fixed Capital Authorized and Uncompleted	D-9	107
Schedule of Improvement Authorizations	D-10	108
Schedule of Sewer Capital Improvement Fund	D-11	109
Schedule of Reserve for Amortization	D-12	110
Schedule of Deferred Reserve for Amortization	D-13	111
Schedule of Serial Bonds Payable	D-14	112
<u>SEWER UTILITY FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash - Treasurer	E-4	113
Schedule of Cash - Collector	E-5	114
Schedule of Consumer Accounts Receivable	E-6	115
Schedule of Appropriation Reserves-2010	E-7	116
Schedule of Fixed Capital	E-8	117
Schedule of Fixed Capital Authorized and Uncompleted	E-9	118
Schedule of Improvement Authorizations	E-10	119
Schedule of Sewer Capital Improvement Fund	E-11	120
Schedule of Reserve for Amortization	E-12	121
Schedule of Deferred Reserve for Amortization	E-13	122
Schedule of Bond Anticipation Notes	E-14	123
Schedule of Serial Bonds Payable	E-15	124
Schedule of New Jersey Environmental Infrastructure Trust Loans	E-16	125
<u>SPECIAL GARBAGE DISTRICT FUND</u>	<u>EXHIBIT</u>	<u>PAGE</u>
Schedule of Cash - Treasurer	F-4	126
Schedule of Cash - Collector	F-5	127
Schedule of District Tax Accounts Receivable	F-6	128
Schedule of Appropriation Reserves-2010	F-7	129
<u>GENERAL FIXED ASSETS</u>		
Schedule of Additions and Deletions	G-1	130

TOWNSHIP OF MINE HILL

TABLE OF CONTENTS

PART III – SUPPLEMENTARY INFORMATION

	<u>PAGE</u>
General Comments	131-140
Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	141-142
Schedule of Federal/State Awards	143-144
Notes to Schedule of Federal/State Awards	145
Status of Prior Audit Findings	146-147
Schedule of Findings and Questioned Costs-General Findings	148-150
Municipal Corrective Action Plan	N/A

PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2011

AUDITORS' REPORTS



ARDITO & Co., LLP

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Mine Hill
County of Morris, New Jersey
10 Baker Street
Mine Hill, New Jersey 07830

We have audited the accompanying balance sheets-regulatory basis of the various funds of the Township of Mine Hill as of December 31, 2011, and the related statements of operations and changes in fund balance-regulatory basis for the year then ended and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year then ended. These financial statements are the responsibility of the Township of Mine Hill's management. Our responsibility is to express an opinion on these financial statements based on our audits.

The financial statements of the Township of Mine Hill as of December 31, 2010, were audited by other auditors whose report dated April 23, 2011, on those statements included an explanatory paragraph that described the inability to obtain sufficient evidence to support the cost of the fixed asset account group. We do not express an opinion or provide any assurance on the December 31, 2010 financial statements.

Except as discussed in the fifth paragraph, we conducted our audits in accordance with generally accepted auditing standards in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and **Government Audit 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Township of Mine Hill prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

-Continued-


We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group, or fixed assets of the utility general capital account. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual cost. We are, therefore, unable to express an opinion as to the general fixed asset account group and the utility general capital fixed assets at December 31, 2011, stated at \$16,847,765 and \$4,299,240 respectively.

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the fourth paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles in the United States of America, the financial position of the Township of Mine Hill at December 31, 2011, or the results of its operations.

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the general fixed asset account group and utility fixed assets been audited, the financial statements-regulatory basis referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the Township of Mine Hill, as of December 31, 2011, and the results of operations and changes in fund balance-regulatory basis of such funds for the year then ended and the statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, We have also issued our report dated May 15, 2012, on our consideration of the Township of Mine Hill's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 with the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Mine Hill's financial statements as a whole. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, on the basis of accounting described in Note 1 to the financial statements.



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
May 15, 2012

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
Cash And Cash Equivalents:			
Cash - Treasurer	A-4	\$ 756,932	\$ 755,653
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-17	<u>10,236</u>	<u>10,236</u>
		<u>767,168</u>	<u>765,889</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	182,965	296,264
Tax Title Liens Receivable	A-7	326,205	306,354
Revenue Accounts Receivable	A-8	8,173	325
Property Acquired for Taxes at Assessed Valuation		23,500	23,500
Amount Due From Other Trust Fund	B	20	132
Amount Due From Dog License Fund	B	7	14
Amount Due From General Capital Fund	C	-	178
Amount Due From Payroll Fund	G	-	5
Subtotal		<u>540,870</u>	<u>626,772</u>
Deferred Charges:			
Special Emergency Authorizations	A-25	15,000	36,000
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-19	46,672	56,721
Due Current Fund	A	<u>92,400</u>	<u>79,255</u>
Subtotal		<u>139,072</u>	<u>135,976</u>
TOTAL ASSETS		<u>\$ 1,462,110</u>	<u>\$ 1,564,637</u>

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Reserve For Encumbrances	A-10	\$ 4,793	\$ 28,595
Appropriation Reserves	A-3:9	39,004	78,952
Amount Due To Grant Fund	A	92,400	79,255
Amount Due To General Capital Fund	C	11	-
Due Water Utility Fund	D	-	2,168
Due State of New Jersey-Marriage License Fees		3	100
Taxes Collected In Advance	A-11	32,124	27,107
Tax Overpayments	A-12	18,659	9,980
County Taxes Payable	A-13	305	598
Local District School Taxes Payable	A-14	4,835	-
Garbage District Tax Payable	A-15	524	-
Municipal Open Space Tax Payable	A-16	2	-
Reserve for Outside Liens	A-18	9,089	15,750
Reserve for Sale of Municipal Assets	A-22	21,440	21,440
Reserve for Pending Tax Appeals	A-23	74,352	75,000
Reserve for Revaluation	A-24	<u>1,850</u>	<u>30,000</u>
Subtotal		<u>299,391</u>	<u>368,945</u>
Reserve For Receivables And Other Assets	A	540,870	626,772
Fund Balance	A-1	<u>482,777</u>	<u>432,944</u>
Subtotal		<u>1,323,038</u>	<u>1,428,661</u>
Federal And State Grant Fund:			
Due to Water Utility Fund	D	221	221
Encumbrances	A	32,741	32,741
Reserve For State Grants - Appropriated	A-20	103,835	100,739
Reserve For State Grants - Unappropriated	A-21	<u>2,275</u>	<u>2,275</u>
Subtotal		<u>139,072</u>	<u>135,976</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 1,462,110</u>	<u>\$ 1,564,637</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2011</u>	<u>YEAR</u> <u>2010</u>
Fund Balance Utilized	A-2	\$ 270,000	\$ 255,000
Miscellaneous Revenue Anticipated	A-2	699,890	1,132,240
Receipts From Delinquent Taxes	A-2	307,870	263,601
Receipts From Current Taxes	A-2	10,379,495	10,079,011
Non-Budget Revenues	A-2	31,898	18,624
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-9	93,481	136,765
Tax Overpayments Canceled	A-12		2,463
Interfunds Returned	B:C:D:G	3,356	65,009
TOTAL INCOME		<u>11,785,990</u>	<u>11,952,713</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations Within "Caps":			
Salaries and Wages	A-3	612,165	595,475
Other Expenses	A-3	997,331	1,107,718
Statutory Expenditures	A-3	137,724	137,680
Operations Excluded from "CAPS":			
Other Expenses	A-3	1,580,289	1,512,129
Capital Improvements	A-3	6,400	490,975
Municipal Debt Service	A-3	515,555	505,783
Deferred Charges to Future Taxation	A-3	36,000	-
County Taxes	A-13	1,173,166	1,180,320
Amount Due County For Added and Omitted Taxes	A-13	305	598
Local District School Taxes	A-14	5,988,745	5,819,146
Garbage District Tax	A-15	377,524	377,191
Municipal Open Space Tax	A-16	11,002	11,005
Refund of Prior Year Revenue	A-4	32,783	37,476
Interfund Advances	A:D	12,168	329
TOTAL EXPENDITURES		<u>11,481,157</u>	<u>11,775,825</u>
Excess (Deficit) Revenue Over Expenditures		304,833	176,888
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	15,000	36,000
Statutory Excess To Fund Balance		319,833	212,888
Fund Balance January 1	A	<u>432,944</u>	<u>475,056</u>
		752,777	687,944
Decreased by:			
Utilization as Anticipated Revenue	A-1	270,000	255,000
Fund Balance December 31	A	<u>\$ 482,777</u>	<u>\$ 432,944</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

A-2

		<u>ANTICIPATED</u>		<u>REVENUE</u>	<u>EXCESS OR</u>
	REF.	<u>BUDGET</u>	<u>N.J.S. 40A:4-87</u>	<u>RECEIVED</u>	<u>DEFICIT</u>
SURPLUS ANTICIPATED		\$ 270,000		\$ 270,000	
LICENSES:					
ALCOHOLIC BEVERAGES - CLERK	A-8	5,800		5,800	
BEACH CONCESSION FEES	A-8	19,900		20,497	\$ (597)
FINES AND COSTS:					
MUNICIPAL COURT	A-8	82,038		109,213	(27,175)
INTEREST AND COSTS ON TAXES	A-5	58,898		49,064	9,834
INTEREST ON INVESTMENTS	A-8	11,030		8,540	2,490
CONSOLIDATED MUN PROPERTY TAX RELIEF	A-8	34,042		34,042	
EMERGENCY RECEIPTS TAX	A-8	249,301		249,301	
UNIFORM CONSTRUCTION CODE FEES	A-8	29,000		57,061	(28,061)
RADIO DISPATCH - WHARTON BOROUGH	A-8	4,564		4,564	
CLEAN COMMUNITIES PROGRAM	A-19		2,661	2,661	
RECYCLING TONNAGE GRANT	A-19		6,316	6,316	
CABLE TV FRANCHISE FEES	A-8	33,323		33,323	-
CELL TOWER LEASES	A-8	90,357		91,668	(1,311)
GENERAL CAPITAL FUND BALANCE	A-8	7,090		7,090	-
FIRE SAFETY FEES	A-8	7,700		10,720	(3,020)
VERIZON FRANCHISE FEES	A-8	10,030	-	10,030	-
TOTAL MISCELLANEOUS REVENUES		<u>643,073</u>	<u>8,977</u>	<u>699,890</u>	<u>(47,840)</u>
RECEIPTS FROM DELINQUENT TAXES	A-1	288,444	-	307,870	(19,426)
AMOUNT TO BE RAISED BY TAXES	A-6	3,025,730	-	3,194,512	(168,782)
TOTAL GENERAL REVENUES		<u>4,227,247</u>	<u>8,977</u>	<u>4,472,272</u>	<u>(236,048)</u>
NON-BUDGET REVENUE	A-2			<u>31,898</u>	<u>(31,898)</u>
		<u>\$ 4,227,247</u>	<u>\$ 8,977</u>	<u>\$ 4,504,170</u>	<u>\$ (267,946)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF REVENUES

ANALYSIS OF REALIZED REVENUES	<u>REF.</u>
Allocation Of Current Tax Collections:	
Revenue from Collections	\$ 10,324,161
State of New Jersey, Senior Citizens and Veterans Deductions	<u>55,334</u>
	10,379,495
Allocated To:	
School, County, Garbage and Municipal Open Space Taxes	7,550,743
Balance for Support of Municipal Budget	2,828,752
Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3 <u>365,760</u>
Amount For Support Of Municipal Budget Appropriations	A-2 <u>\$ 3,194,512</u>

ANALYSIS OF NON-BUDGET REVENUES	<u>REF</u>	
Miscellaneous Revenue Not Anticipated:		
Treasurer:		
Fees & Permits		\$ 3,576
Refunds		680
Miscellaneous		<u>26,012</u>
	A-4	30,268
Tax Collector		
Miscellaneous	A-5	<u>1,630</u> <u>\$ 31,898</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>
GENERAL GOVERNMENT FUNCTIONS:				
General Administration:				
Salaries and Wages	\$ 87,000	\$ 87,000	\$ 86,267	\$ 733
Other Expenses	38,000	38,000	36,628	1,372
Mayor and Council:				
Salaries and Wages	20,750	20,750	20,750	
Other Expenses	600	600	568	32
Municipal Clerk:				
Salaries and Wages	57,420	53,220	52,870	350
Other Expenses	12,775	9,775	8,272	1,503
Financial Administration:				
Salaries and Wages	48,000	47,000	46,993	7
Other Expenses	7,800	7,800	7,748	52
Audit Services:				
Other Expenses	36,000	32,100	32,067	33
Revenue Administration (Tax Collection):				
Salaries and Wages	34,150	34,150	33,659	491
Other Expenses	7,000	5,000	4,371	629
Tax Assessment Administration:				
Salaries and Wages	21,000	21,000	20,724	276
Other Expenses	2,300	2,300	2,016	284
Legal Services (Legal Dept.):				
Other Expenses	106,000	117,000	116,529	471
Engineering Services:				
Other Expenses	27,000	18,300	17,165	1,135
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	7,850	7,850	7,636	214
Other Expenses	3,000	3,000	2,190	810
Board of Adjustment:				
Salaries and Wages	4,500	4,500	4,323	177
Other Expenses	1,100	800	760	40
Zoning Officer:				
Salaries and Wages	21,550	21,550	21,400	150
Other Expenses	200	200	186	14
Environmental Commission(RS 40:56A-1, et seq):				
Other Expenses	300	300		300

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
INSURANCE:				
General Liability Insurance	81,854	81,854	81,854	
Workmens Compensation Insurance	76,375	76,375	76,375	
Employee Group Insurance	204,652	204,652	204,447	205
PUBLIC SAFETY FUNCTIONS:				
Police:				
Salaries and Wages	11,120	10,120	9,776	344
Office of Emergency Management:				
Salaries and Wages	2,510	2,510	2,502	8
Other Expenses	500	500	359	141
Contribution to First Aid Organizations	26,500	26,500	26,500	
Aid to Volunteer Fire Companies:	57,000	58,000	57,991	9
Annual Inspection:				
Other Expenses	1,000	1,000	1,000	
Uniform Fire Safety Bureau:				
Salaries and Wages	5,615	8,615	6,965	1,650
Other Expenses	200	600	582	18
PUBLIC WORKS FUNCTIONS:				
Streets and Road Maintenance:				
Salaries and Wages	145,350	163,975	162,452	1,523
Other Expenses(Special Emergency Appropriation, N.J.S. 40A:4-55.1, \$15,000.)	151,500	166,500	161,962	4,538

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>
HEALTH AND HUMAN SERVICES FUNCTIONS:				
Animal Control:				
Salaries and Wages	300	130		130
Other Expenses	3,750	1,750	1,095	655
Senior Citizen and Disabled Resident Transportation:				
Salaries and Wages	10,000	10,000	9,912	88
Other Expenses	1,000	200	14	186
Mandated Inoculations - Hepatitis B Vaccine:				
Other Expenses	100	100		100
New Jersey Public Employees' Occupational Safety and Health Act (PEOSHA):				
Other Expenses	100	100		100
 PARK AND RECREATION FUNCTIONS:				
Board of Recreation Commissioners(40:12-1, et seq):				
Salaries and Wages	7,100	7,750	7,738	12
Other Expenses	16,500	15,000	13,899	1,101
Beach:				
Salaries and Wages	23,250	25,870	25,870	
Other Expenses	4,000	4,000	3,876	124
Celebration of Public Events, Anniversary/Holiday:				
Other Expenses	3,650	2,400	2,046	354
Contribution to Senior Citizen's Center(40:48-9.4)	1,850	1,850	1,850	
 UNIFORM CONSTRUCTION CODE - Appropriations Offset by Dedicated Revenues(N.J.A.C. 5:23-4.17):				
Construction Official:				
Salaries and Wages	53,250	50,250	49,151	1,099
Other Expenses	3,500	4,700	3,635	1,065
Fire Subcode Official:				
Salaries and Wages	5,000	3,500	2,859	641
Plumbing Subcode Official:				
Salaries and Wages	11,500	11,500	11,473	27
Electrical Subcode Official:				
Salaries and Wages	10,900	10,900	10,873	27
Smoke Detector Inspection:				
Salaries and Wages	3,500	4,500	3,990	510
Building Subcode Official:				
Salaries and Wages	5,525	5,525	4,742	783

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
OTHER COMMON OPERATING FUNCTIONS:				
(Unclassified):				
Accrued Sick Leave Compensation	9,000			
 UTILITY EXPENSES AND BULK PURCHASES:				
Gasoline	17,000	19,500	19,500	
Electricity	15,000	15,000	11,648	3,352
Telephone (excluding equipment acquisition)	10,500	9,000	8,382	618
Heating Fuel	15,000	15,000	12,578	2,422
Street Lighting	51,000	53,000	49,164	3,836
Sewer Fees	2,000	2,575	2,574	1
Water Fees	2,000	2,000	1,408	592
Total Operations - Within "CAPS "	1,594,746	1,609,496	1,574,164	35,332
Detail:				
Salaries and Wages	597,140	612,165	602,925	9,240
Other Expenses	997,606	997,331	971,239	26,092
DEFERRED CHARGES AND STATUTORY EXPENDITURES Within "CAPS":				
Statutory Expenditures :				
Social Security System (O.A.S.I.)	50,000	50,250	47,576	2,674
Contribution to:				
PERS	69,642	69,642	69,642	
PFRS	13,832	13,832	13,832	
Unemployment Insurance	4,000	4,000	4,000	
Total Deferred Charges and Statutory Expenditures-within "CAPS"	137,474	137,724	135,050	2,674
Total General Appropriations for Municipal Purposes Within "CAPS"	1,732,220	1,747,220	1,709,214	38,006

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	
OPERATIONS-EXCLUDED from "CAPS"				
Maintanance of Privately - Owned Library (P. L. 1985, C.82 and 541)	1,500	1,500	502	998
Total Other Operations-Excluded from "CAPS"	<u>1,500</u>	<u>1,500</u>	<u>502</u>	<u>998</u>
Interlocal Municipal Service Agreements Excluded from "CAPS":				
Shared Services Interlocal Agreement:				
Police Services - Borough of Wharton	1,373,648	1,373,648	1,373,648	
Radio Dispatch Services - Borough of Wharton	4,564	4,564	4,564	
Radio Dispatch Services - County of Morris	54,948	54,948	54,948	
Board of Health:			-	
Other Expenses	46,652	46,652	46,652	
Municipal Court - Town of Dover:				
Other Expenses	90,000	90,000	90,000	
Total Interlocal Municipal Service Agreements	<u>1,569,812</u>	<u>1,569,812</u>	<u>1,569,812</u>	
Public and Private Programs Offset by Revenues-: Excluded from "CAPS"				
Recycling Tonnage Grant:				
Other Expenses	2,661	2,661	2,661	
Clean Communities Program(PY):				
Other Expenses	6,316	6,316	6,316	
Total Public and Private Programs Offset by Revenues-Excluded from "CAPS"	<u>8,977</u>	<u>8,977</u>	<u>8,977</u>	
Total Operations-Excluded from "CAPS"	<u>1,580,289</u>	<u>1,580,289</u>	<u>1,579,291</u>	<u>998</u>
Detail:				
Other Expenses	<u>1,580,289</u>	<u>1,580,289</u>	<u>1,579,291</u>	<u>998</u>
Capital Improvements-Excluded from "CAPS":				
Capital Improvement Fund	6,400	6,400	6,400	
Total Capital Improvements-Excluded from "CAPS"	<u>6,400</u>	<u>6,400</u>	<u>6,400</u>	

CURRENT FUND
STATEMENT OF EXPENDITURES

	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
Municipal Debt Service-Excluded from "CAPS":				
Payment of Bond Principal	220,000	220,000	220,000	
Payment of Bond Anticipation and Capital Notes	114,000	114,000	114,000	
Interest on Bonds	14,815	14,815	14,815	
Interest on Bond Anticipation and Capital Notes	42,524	42,524	42,524	
Capital Lease Obligations Approved Prior to 7/1/2008:				
Principal	110,721	110,721	110,721	
Interest	13,495	13,495	13,495	
Total Municipal Debt Service	515,555	515,555	515,555	
 Deferred Charges-Excluded from "CAPS":				
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	36,000	36,000	36,000	
 Total Deferred Charges	 36,000	 36,000	 36,000	
 Total General Appropriations for Municipal Purposes Excluded from "CAPS"	 2,138,244	 2,138,244	 2,137,246	 998
Subtotal General Appropriations	3,870,464	3,885,464	3,846,460	39,004
Reserve For Uncollected Taxes	365,760	365,760	365,760	
 TOTALS	 \$ 4,236,224	 \$ 4,251,224	 \$ 4,212,220	 \$ 39,004

A

	<u>REF.</u>			
Appropriation 40A:4-87	A-2	\$	8,977	
Special Emergency Appropriation(40A:4-55.1)	A-2		15,000	
Budget	A-2		4,227,247	
		\$	4,251,224	

	<u>REF.</u>			
Reserve for State Grants	A-21	\$	8,977	
Deferred Charges	C		36,000	
Reserve for Encumbrances	A-10		3,801,483	
Reserve for Uncollected Taxes	A-2		365,760	
		\$	4,212,220	

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 3,504	\$ 3,944
Total Dog License Fund		<u>3,504</u>	<u>3,944</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	<u>794,182</u>	<u>858,304</u>
Total Other Trust Funds		<u>794,182</u>	<u>858,304</u>
TOTAL ASSETS		<u>\$ 797,686</u>	<u>\$ 862,248</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 2,444	\$ 3,911
Amount Due State of New Jersey	B-4	-	19
Amount Due Current Fund	B-5	7	14
Reserve for Encumbrances	B-6	<u>1,053</u>	<u>-</u>
Total Dog License Fund		<u>3,504</u>	<u>3,944</u>
Other Trust Fund:			
Amount Due to Current Fund	B-6	18	132
Amount Due to General Capital Fund	B-6	62	-
Reserve for Developers Escrow	B-8	61,992	65,898
Reserve for State Unemployment Insurance	B-9	6,440	5,956
Reserve for Municipal Open Space Trust	B-10	57,366	45,347
Reserve for Other Trust Deposits	B-11	349,569	423,261
Reserve for Affordable Housing Trust	B-12	<u>318,735</u>	<u>317,710</u>
Total Other Trust Fund		<u>794,182</u>	<u>858,304</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 797,686</u>	<u>\$ 862,248</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
Cash and Cash Equivalents	C-2	\$ 52,410	\$ 1,227,798
Cash Due from Attorney Escrow	C	110,845	110,845
Due Current Fund	C-3	11	
Grants Receivable	C-4	822,000	415,475
Due Water Utility Operating Fund	C-13	-	2,168
Due Municipal Open Space Trust Fund	C-17	62	-
Deferred Charges to Future Taxation:			
Funded	C-5	464,362	795,083
Unfunded	C-6	<u>2,662,100</u>	<u>3,488,250</u>
TOTAL ASSETS		<u>\$ 4,111,790</u>	<u>\$ 6,039,619</u>

LIABILITIES, RESERVES AND FUND BALANCE

Due Current Fund	C-3	-	178
Due Sewer Utility Capital Fund	C-15	120,300	195,300
Capital Improvement Fund	C-8	8,296	11,796
Lease Purchase Agreement Payable	C-9	245,361	356,082
Bond Anticipation Notes Payable	C-10	2,474,000	3,388,250
Serial Bonds Payable	C-12	219,000	439,000
Encumbrances	C-7	82,702	-
Improvement Authorizations:			
Funded	C-11	463,531	60,538
Unfunded	C-11	412,238	709,694
Various Reserves	C-13	65,293	865,295
Due to Outside Agencies	C-16	6,397	6,397
Fund Balance	C-1	<u>14,672</u>	<u>7,089</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 4,111,790</u>	<u>\$ 6,039,619</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>		
Balance December 31, 2010	C	\$	7,089
Increased by:			
Bond Anticipation Note Premium	C-3	\$	11,286
Bond Anticipation Note Premium	C-2	<u>3,387</u>	<u>14,673</u>
			21,762
Decreased by:			
Anticipated as Revenue - Current Fund Budget	C-2		<u>7,090</u>
Balance December 31, 2011	C	<u>\$</u>	<u>14,672</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY FUND
COMPARATIVE BALANCE SHEET

D

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 152,820	\$ 198,520
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	D-6	50,097	48,703
Deferred Charges - Overexpended Appropriations	D-1	10,916	-
Deferred Charges - Operating Deficit	D-1	23,644	-
Deferred Charges - Overexpended Appropriation Reserves	D-7	1,972	-
Due Current Fund	A	-	2,168
Due Special Garbage District	F	-	4,543
Due Grants Fund	A	221	221
Due Water Capital Fund	D	20	-
Total Operating Fund		<u>239,690</u>	<u>254,155</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	54,557	40,960
Fixed Capital	D-8	2,209,435	2,209,435
Fixed Capital - Authorized and Uncompleted	D-9	600,249	583,000
Developer Contribution Receivable	D	367	367
Amount Due from Operating Fund	D	-	11,577
Total Capital Fund		<u>2,864,608</u>	<u>2,845,339</u>
 TOTAL ASSETS		 <u>\$ 3,104,298</u>	 <u>\$ 3,099,494</u>

LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves :			
Encumbered	D-3	\$ 26,381	\$ 21,464
Unencumbered	D-3	3,321	1,052
Water Rent Overpayments	D-5	3,105	3,105
Due Water Capital Fund	D	-	11,577
Due General Capital Fund	C	-	2,168
Accrued Interest on Notes	D	949	1,849
Reserve for Receivables	D	50,097	48,703
Fund Balance	D-1	<u>155,837</u>	<u>164,237</u>
Total Operating Fund		<u>239,690</u>	<u>254,155</u>
Capital Fund:			
Encumbrances	D-10	1,098	-
Serial Bonds Payable	D-14	93,000	188,000
Due Water Operating Fund	D	20	-
Capital Improvement Fund	D-11	110	8,110
Improvement Authorization - Funded	D-10	51,268	35,117
Deferred Reserve for Amortization	D-13	165,249	148,000
Reserve for Amortization	D-12	2,551,435	2,456,435
Fund Balance	D-1a	<u>2,428</u>	<u>9,677</u>
Total Capital Fund		<u>2,864,608</u>	<u>2,845,339</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE		 <u>\$ 3,104,298</u>	 <u>\$ 3,099,494</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE

D-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2011</u>	<u>YEAR</u> <u>2010</u>
Operating Surplus	D-2	\$ 8,400	\$ 8,720
Rents	D-2	519,108	554,499
Miscellaneous	D-2	6,296	6,900
Connection Fees	D-2	4,225	20,000
Other Credits to Income			
Balance of Reserved Budget	D-7	11,968	38,201
Other Credits	D-4	901	383
Total Income		<u>550,898</u>	<u>628,703</u>
EXPENDITURES			
Operating	D-3	461,416	422,000
Capital Improvements	D-3	2,000	2,000
Debt Service	D-3	100,500	103,361
Deferred Charges and Statutory Expenditures	D-3	9,000	17,700
Interfund Advance	D-4	12,542	-
Total Expenditures		<u>585,458</u>	<u>545,061</u>
Excess (Deficit) Revenue Over Expenditures		(34,560)	83,642
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D	<u>34,560</u>	<u>-</u>
Statutory Excess To Fund Balance		-	83,642
Balance January 1	D	<u>164,237</u>	<u>89,315</u>
		164,237	172,957
Decreased by:			
Utilized as Anticipated Revenue	D-1	<u>8,400</u>	<u>8,720</u>
Balance December 31	D	<u>\$ 155,837</u>	<u>\$ 164,237</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY CAPITAL FUND
SCHEDULE OF FUND BALANCE

D-1a

	<u>REF.</u>		
Balance December 31, 2010	C	\$	9,677
Increased by:			
Cancel Improvement Authorizations	D-10	<u>32,751</u>	
			42,428
Decreased by:			
To finance Improvement Authorizations	D-10	<u>40,000</u>	
Balance December 31, 2011	C	\$	<u>2,428</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY FUND
STATEMENT OF REVENUES

D-2

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Operating Surplus	D-1	\$ 8,400	\$ 8,400	
Rents	D-1	548,000	519,108	\$ (28,892)
Connection Fees	D-1	1,500	4,225	2,725
Miscellaneous - Interest	D-1	4,100	6,296	2,196
 Total WATER Utility Revenue		<u>\$ 562,000</u>	<u>\$ 538,029</u>	<u>\$ (23,971)</u>
 REF.		 D-3	 D-1	

The accompanying Notes to the Financial Statements are an integral part of this statement.

WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES

D-3

	<u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>OVER-EXP-</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>	<u>ENDED</u>
OPERATING:					
Salaries and Wages	\$ 125,500	\$ 111,500	\$ 109,436	\$ 2,064	
Other Expenses	325,000	339,000	349,916		\$ (10,916)
Statutory Expenditures	9,000	9,000	7,743	1,257	
Capital Improvement Fund	2,000	2,000	2,000		
Debt Service - Principal	95,000	95,000	95,000		
Debt Service - Interest	5,500	5,500	5,500		
Total WATER Utility Appropriations	<u>\$ 562,000</u>	<u>\$ 562,000</u>	<u>\$ 569,595</u>	<u>\$ 3,321</u>	<u>\$ (10,916)</u>
REF.	D-2			D	D

Paid	D-4	\$ 543,214
Charged - Encumbered	D	<u>26,381</u>
		<u>\$ 569,595</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

E

ASSETS	REF.	BALANCE <u>12/31/11</u>	BALANCE <u>12/31/10</u>
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 112,542	\$ 60,224
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	E-6	44,263	28,871
Deferred Charges - Emergencies	E-1	27,000	-
Due Sewer Capital Fund	E	<u>-</u>	<u>5,466</u>
Total Operating Fund		<u>183,805</u>	<u>94,561</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	27,468	45,671
Fixed Capital	E-8	2,089,805	2,089,805
Fixed Capital - Authorized and Uncompleted	E-9	950,000	950,000
CDBG Receivable	E	3,527	3,527
Due Sewer Operating Fund	E	89,932	-
Amount Due from General Capital Fund	C	<u>120,300</u>	<u>195,300</u>
Total Capital Fund		<u>3,281,032</u>	<u>3,284,303</u>
 TOTAL ASSETS		 <u>\$ 3,464,837</u>	 <u>\$ 3,378,864</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:			
Liabilities:			
Appropriation Reserves :			
Encumbered	E-3:7	\$ 1,037	\$ 1,130
Unencumbered	E-3:7	3,132	2,755
Prepaid Sewer Rents	E-5:6	1,210	1,210
Due Sewer Capital Fund	E	89,932	-
Accrued Interest on Notes	E	33,584	26,484
Reserve for Receivables	E	44,263	28,871
Fund Balance	E-1	<u>10,647</u>	<u>34,111</u>
Total Operating Fund		<u>183,805</u>	<u>94,561</u>
Capital Fund:			
Bond Anticipation Notes	E-14	420,000	420,000
Serial Bonds Payable	E-15	976,000	1,016,000
NJ Environmental Trust Loans	E-16	475,482	585,526
Due Sewer Operating Fund	E	-	5,466
Capital Improvement Fund	E-11	12,018	12,018
Improvement Authorization - Funded	E-10	14,440	14,440
Improvement Authorization - Unfunded	E-10	211,248	211,548
Deferred Reserve for Amortization	E-13	87,500	87,500
Reserve for Amortization	E-12	1,080,823	930,779
Fund Balance	E-1a	<u>3,521</u>	<u>1,026</u>
Total Capital Fund		<u>3,281,032</u>	<u>3,284,303</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE		 <u>\$ 3,464,837</u>	 <u>\$ 3,378,864</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE

E-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2011</u>	<u>YEAR</u> <u>2010</u>
Operating Surplus	E-2	\$ 35,978	\$ 89,811
Rents	E-2	270,273	285,112
Miscellaneous	E-2	57,098	9,687
NJ Environmental Infrastructure Trust - Savings Credits	E-2	28,762	29,188
Other Credits to Income			
Balance of Reserved Budget	E-7	3,320	1,816
Other Credits	E-4	-	-
Total Income		<u>395,431</u>	<u>415,614</u>
EXPENDITURES			
Operating	E-3	152,000	154,252
Debt Service	E-3	222,028	220,789
Deferred Charges and Statutory Expenditures	E-3	29,500	6,463
Other Charges	E-4	6,389	-
Total Expenditures		<u>409,917</u>	<u>381,504</u>
Excess (Deficit) Revenue Over Expenditures		(14,486)	34,110
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	E-3	<u>27,000</u>	<u>-</u>
Statutory Excess To Fund Balance		12,514	34,110
Balance January 1	E-1	<u>34,111</u>	<u>89,812</u>
		46,625	123,922
Decreased by:			
Utilized as Anticipated Revenue	E-1	<u>35,978</u>	<u>89,811</u>
Balance December 31	E	<u>\$ 10,647</u>	<u>\$ 34,111</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FUND BALANCE

E-1a

	<u>REF.</u>		
Balance December 31, 2010	E	\$	1,026
Increased by:			
Accrued Interest/Premium	E-1	<u>2,495</u>	3,521
Balance December 31, 2011	E	<u>\$</u>	<u>3,521</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY FUND
STATEMENT OF REVENUES

E-2

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Operating Surplus	E-1	\$ 35,978	\$ 35,978	
User Fees and Charges	E-1	286,300	270,273	\$ (16,027)
NJ Environmental Savings Credit	E-1	27,930	28,762	832
Miscellaneous - Interest	E-1	26,320	57,098	30,778
 Total Sewer Utility Revenue		<u>\$ 376,528</u>	<u>\$ 392,111</u>	<u>\$ 15,583</u>
 REF.		 E-3	 E-1	

The accompanying Notes to the Financial Statements are an integral part of this statement.

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES

E-3

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
OPERATING:				
Salaries and Wages	\$ 31,000	\$ 24,000	\$ 22,854	\$ 1,146
Other Expenses	121,000	128,000	127,748	252
Statutory Expenditures	2,500	2,500	1,748	752
Deferred Charge - Emergency		27,000	26,018	982
Debt Service	222,028	222,028	222,028	
Total Sewer Utility Appropriations	<u>\$ 376,528</u>	<u>\$ 403,528</u>	<u>\$ 400,396</u>	<u>\$ 3,132</u>

	REF.		D
Emergency Appropriation(40A:4-47)	A-2	27,000	
Original Budget	A-2	<u>376,528</u>	
		<u>\$ 403,528</u>	
		Paid	E-4
		Deferred Charges	E
		Charged - Encumbered	E
			\$ 373,341
			26,018
			<u>1,037</u>
			<u>\$ 400,396</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE BALANCE SHEET

F

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
Assets:			
Cash and Cash Equivalents	F-4	\$ 64,297	\$ 76,930
Due Current Fund	F	<u>524</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 64,821</u>	<u>\$ 76,930</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Appropriation Reserves :			
Unencumbered	F-3:7	\$ 4,850	\$ 11,465
Due Water Utility Operating Fund	D	-	4,543
Reserve for Receivables	F	524	-
Fund Balance	F-1	<u>59,447</u>	<u>60,922</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 64,821</u>	<u>\$ 76,930</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SPECIAL GARBAGE DISTRICT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN OPERATING FUND BALANCE

F-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2011</u>	<u>YEAR</u> <u>2010</u>
Operating Surplus	F-2	\$ 13,000	\$ 8,000
District Tax	F-2	377,524	377,191
Miscellaneous	F-2	60	146
Other Credits to Income			
Balance of Reserved Budget	F-7	<u>11,465</u>	<u>22,875</u>
Total Income		<u>402,049</u>	<u>408,212</u>
EXPENDITURES			
Operating	F-3	386,800	382,000
Deferred Charges and Statutory Expenditures	F-3	3,200	3,000
Interfunds Advanced	F-3	<u>524</u>	<u>-</u>
Total Expenditures		<u>390,524</u>	<u>385,000</u>
Excess (Deficit) Revenue Over Expenditures		11,525	23,212
Balance January 1	F-1	<u>60,922</u>	<u>45,710</u>
		72,447	68,922
Decreased by:			
Utilized as Anticipated Revenue	F-1	<u>13,000</u>	<u>8,000</u>
Balance December 31	F	<u>\$ 59,447</u>	<u>\$ 60,922</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF REVENUES

F-2

	<u>ANTICIPATED</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR</u> <u>(DEFICIT)</u>
Surplus Anticipated	\$ 13,000	\$ 13,000	
Special District Tax	377,000	377,524	\$ 524
Miscellaneous - Interest		60	60
 Total Garbage District Revenue	<u>\$ 390,000</u>	<u>\$ 390,584</u>	<u>\$ 584</u>

REF.

F-3

F-1

The accompanying Notes to the Financial Statements are an integral part of this statement.

SPECIAL GARBAGE DISTRICT FUND
STATEMENT OF EXPENDITURES

F-3

	<u>BUDGET</u>	<u>APPROPRIATIONS</u> <u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>EXPENDED</u> <u>PAID OR</u> <u>CHARGED</u>	<u>RESERVED</u>
OPERATING:				
Contractual Services	\$ 324,000	\$ 324,000	\$ 324,000	
Other Expenses	21,800	19,800	16,089	\$ 3,711
Salaries and Wages	41,000	43,000	41,861	1,139
Statutory Expenditures	3,200	3,200	3,200	-
Total Garbage District Appropriations	<u>\$ 390,000</u>	<u>\$ 390,000</u>	<u>\$ 385,150</u>	<u>\$ 4,850</u>
REF.	F-2	F-2	F-4	D

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2011
(UNAUDITED)

	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
General Fixed Assets:		
Land and Buildings	\$ 14,330,500	\$ 12,580,500
Buildings and Improvements	636,021	636,021
Machinery and Equipment	1,881,244	1,881,244
 Total General Fixed Assets	 <u>\$ 16,847,765</u>	 <u>\$ 15,097,765</u>
 Investment In General Fixed Assets	 <u>\$ 16,847,765</u>	 <u>\$ 15,097,765</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

H

ASSETS	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
Cash and Cash Equivalents	\$ 1,863	\$ 5,209
TOTAL ASSETS	<u>\$ 1,863</u>	<u>\$ 5,209</u>
 LIABILITIES AND RESERVES		
Payroll Deductions Payable	\$ 1,863	\$ 5,209
TOTAL LIABILITIES AND RESERVES	<u>\$ 1,863</u>	<u>\$ 5,209</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Mine Hill include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township. The financial statements of the Township do not include the operations of the Board of Education.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America(GAAP).

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

Current Fund

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

Trust Funds

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

General Capital Fund

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Description of Funds (Continued)

Water Operating and Capital Fund

Account for the operations and acquisition of capital facilities of the municipality-owned Water Utility.

Sewer Operating and Capital Fund

Account for the operations and acquisition of capital facilities of the municipality-owned Sewer Utility.

Special Garbage District Fund

Account for the operations and collection of special district taxes for the cost of providing garbage collection.

General Fixed Assets Account Group

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township budget. 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. Other amounts that are due the Township which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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 Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Property Tax Revenue--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15, May 15, August 15 and November 15. The Open Space Levy is paid quarterly to the Township's other trust funds on February 15, May 15, August 15 and November 15.

When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears after the eleventh day of the eleventh month in the year in which they are due, the collector in the municipality shall, subject to provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting Principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Foreclosed Property--Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds--Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

General Fixed Assets (Unaudited)--In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the municipality develops a fixed asset accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general 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.

General fixed assets are recorded at estimated historical cost except for land which is recorded at 1992 assessed values, and buildings which are recorded at 1992 replacement values. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund and Utility Capital Funds. The values recorded in the General Fixed Assets Account and the Current and Capital Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastruc

Property and equipment purchased by the Utility Funds is recorded in the Utility Capital accounts at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

Budget and Budgetary Procedures--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

The Township is not required to adopt budgets for the following funds:

**General Capital Fund
Trust Fund**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Budget and Budgetary Procedures (Continued)

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year.

The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Tax Appeals and Other Contingent Losses--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

Deferred Charges to Future Taxation Funded and Unfunded--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Departures from Generally Accepted Accounting Principles--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.

Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.

Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.

Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

Statutory-Basis Financial Statements--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Note 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's 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 municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2011, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

As of December 31, 2011, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	\$ <u>2,020,575</u>	\$ <u>2,020,575</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2011, was \$2,020,575 and the bank balance was \$2,559,721. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$562,176 was covered by federal depository insurances and \$1,997,545 was covered by collateral pool.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 3: LONG-TERM DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

The Township debt is summarized as follows:

Summary of Municipal Debt

	YEAR <u>2011</u>	YEAR <u>2010</u>	YEAR <u>2009</u>
Issued			
General:			
Bonds and Notes	\$ 2,938,361	\$ 4,183,333	\$ 3,938,885
Water Utility:			
Bonds and Notes	93,000	188,000	283,000
Sewer Utility:			
Bonds and Notes	1,871,482	2,021,526	2,165,238
Net Debt Issued	<u>4,902,843</u>	<u>6,392,859</u>	<u>6,387,123</u>
Less:			
Statutory Deductions	982,203	356,083	462,535
Reserve to Pay Debt Service		800,000	
	<u>3,920,640</u>	<u>5,236,776</u>	<u>5,924,588</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	188,101	100,000	445,900
Water Utility:			
Bonds and Notes			9,700
Sewer Utility:			
Bonds and Notes			
Total Authorized But Not Issued	<u>188,101</u>	<u>100,000</u>	<u>455,600</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u><u>\$ 4,108,741</u></u>	<u><u>\$ 5,336,776</u></u>	<u><u>\$ 6,380,188</u></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 0.84%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 1,753,000	\$ 1,753,000	
Water and Sewer Utility Debt	1,964,482	982,203	\$ 982,279
General Debt	3,126,462	-	3,126,462
	<u><u>\$ 6,843,944</u></u>	<u><u>\$ 2,735,203</u></u>	<u><u>\$ 4,108,741</u></u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 3: LONG-TERM DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement - (Continued)

Net Debt \$ 4,108,741 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended \$488,646,222 equals 0.84%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 17,102,618
Net Debt	<u>4,108,741</u>
Remaining Borrowing Power	<u><u>\$ 12,993,877</u></u>

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar Year	General		Water Utility		Sewer Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	219,000	7,665	93,000	3,255	150,482	61,919
2013					105,000	57,269
2014					110,000	52,559
2015					115,000	47,539
2016					115,000	42,228
2017-2023	-	-	-	-	856,000	158,492
	<u>\$ 219,000</u>	<u>\$ 7,665</u>	<u>\$ 93,000</u>	<u>\$ 3,255</u>	<u>\$ 1,451,482</u>	<u>\$ 420,006</u>

General Obligation Bonds and Loans

General Obligation Bonds-Multi-Purposes-dated October 1, 2003, issued in the original amount of \$1,174,000 with interest rates of 2.75% to 3.5%, maturing on September 15, 2012. The remaining balance as of December 31, 2011, was \$219,000. Outstanding bond principal and interest is paid from the Current Fund of the Township.

Water Improvement Bonds-dated October 1, 2003, issued in the original amount of \$518,000 with interest rates of 2.75% to 3.5%, maturing on September 15, 2012. The remaining balance as of December 31, 2011, was \$93,000. Outstanding bond principal and interest is paid from the Water Utility Operating Fund of the Township.

Sewer Improvement Bonds-dated October 1, 2003, issued in the original amount of \$921,000 with interest rates of 2.75% to 3.5%, maturing on September 15, 2023. The remaining balance as of December 31, 2011, was \$796,000. Outstanding bond principal and interest is paid from the Sewer Utility Operating Fund of the Township.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 3: LONG-TERM DEBT (Continued)

General Obligation Bonds and Loans - (Continued)

Sewer Refunding Bonds-dated October 1, 2003, issued in the original amount of \$300,000 with interest rates of 2.75% to 4.4%, maturing on September 15, 2023. The remaining balance as of December 31, 2011, was \$180,000. Outstanding bond principal and interest is paid from the Sewer Utility Operating Fund of the Township.

New Jersey Environmental Infrastructure Trust Loan (Wastewater Trust Loan)-dated October 15, 1997, issued in the original amount of \$955,000 with interest rates of 4.0% to 5.0%, maturing on August 1, 2017. The remaining balance as of December 31, 2011, was \$430,000. Outstanding loan principal and interest is paid from the Sewer Utility Operating Fund of the Township.

New Jersey Environmental Infrastructure Trust Loan (Wastewater Fund Loan)-dated October 15, 1997, issued in the original amount of \$594,181 with a zero interest rate, maturing on August 1, 2012. The remaining balance as of December 31, 2011, was \$45,482. Outstanding loan principal and interest is paid from the Sewer Utility Operating Fund of the Township.

Bond Anticipation Notes

The Township has outstanding at December 31, 2011, bond anticipation notes in the amount of \$2,894,000 payable to Oppenheimer & Company, Inc., Philadelphia, PA. These notes mature on May 11, 2012. The interest rate on the notes are 2.0% payable at maturity. Principal and interest on this note is paid from the current fund budget and the sewer operating utility budget.

Lease Purchase Agreements Payable

On August 1, 2005, the Township entered into a lease purchase agreement with the Morris County Improvement Authority (MCIA) in the amount of \$552,750 with an interest rate of 3.69%, which represents a direct obligation of the Township. The lease purchase agreement was obtained to finance the purchase of a fire truck. Principal payments commenced August 1, 2006 and will continue on an annual basis over ten years. The principal balance payable is \$245,361 as of December 31, 2011. Lease principal and interest on this agreement is paid from the current fund budget.

On September 15, 2006, the Township entered into a lease purchase agreement with the Morris County Improvement Authority (MCIA) in the amount of \$251,250 with an interest rate of 4.34%, which represents a direct obligation of the Township. The lease purchase agreement was obtained to finance the purchase of various township vehicles. Principal payments commenced September 15, 2007 and concluded on September 15, 2011. The principal balance payable is zero as of December 31, 2011. Lease principal and interest on this agreement was paid from the current fund budget.

	Debt <u>Outstanding</u>
Total General Capital Bonds, Loans and Notes Above	\$ 2,938,361
Total Water Utility Bonds, Loans and Notes Above	93,000
Total Sewer Utility Bonds, Loans and Notes Above	<u>1,871,482</u>
Total Debt Issued and Outstanding	<u>\$ 4,902,843</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 4: GENERAL FIXED ASSETS

The following is a summary of changes in the general fixed assets:

	Balance <u>1/1/11</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>12/31/11</u>
Land and Buildings	\$ 12,580,500	\$ 1,750,000		\$ 14,330,500
Buildings and Improvements	636,021	-		636,021
Machinery and Equipment	1,881,244	-	-	1,881,244
	<u>\$ 15,097,765</u>	<u>\$ 1,750,000</u>	<u>-</u>	<u>\$ 16,847,765</u>

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012, were as follows:

Current Fund	\$270,000	(Introduced Budget)
Water Utility Fund	\$68,375	(Introduced Budget)
Sewer Utility Fund	\$10,000	(Introduced Budget)
Special Garbage District	\$50,000	(Introduced Budget)

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The Township elected to fund various capital ordinances over a five year period through the municipal operating budget. At December 31, 2011, the Township recorded the following deferred charges which are included in the following budgets:

	Balance <u>12/31/10</u>	Raised as 2011 Budget <u>Appropriation</u>	Resulting <u>from 2011</u>	Balance to Succeeding <u>Budgets</u>
<u>Current Fund:</u>				
Emergency Appropriation (40A:4-55)	\$ 36,000	\$ 36,000		
Special Emergency Appropriation (40A:4-55)	-	-	\$ 15,000	\$ 15,000
	<u>\$ 36,000</u>	<u>\$ 36,000</u>	<u>\$ -</u>	<u>\$ -</u>

The appropriations in the 2012 Budget are not less than that required by statute.

Note 7: SCHOOL TAXES

The Township of Mine Hill has elected not to defer school taxes. School taxes are levied and collected in the period to which they relate, July 1 through June 30, and are turned over to the school district on a monthly basis.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 8: PENSIONS

Description of Plans - All required employees of the Township are covered by the Public Employees' Retirement System which has been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, obligations of the System 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 Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

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 Public Employees' Retirement System 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 or local jurisdiction.

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 that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. 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 of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Township's normal contributions to the Fund may be reduced based on the revaluation of assets.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 8: PENSIONS-(Continued)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Three-Year Trend Information for PERS and PFRS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2011	\$83,474	100%	-0-
2010	\$93,627	100%	-0-
2009	\$82,782	100%	-0-

Note 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension.

Note 10: ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 10: ACCRUED SICK AND VACATION BENEFITS-(Continued)

The Township has, through contractual obligation, permitted Department of Public Works employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon amount as determined by the Township council. At the time of audit the cost of such unpaid compensation totaled \$18,536. Such compensation would be included in the Township's budget operating expenditures in the year it is used.

Note 11: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

LITIGATION

The Township is involved with various litigation matters. We are advised by Township Counsel, that the Township is involved in current litigation matters that could have a material impact on the Financial Statements, however the financial impact is unknown at this time.

Note 12: OTHER REQUIRED DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

- A. Summary disclosures of debt service requirements for all types of outstanding debt. This requirement is met by Note 3.
- B. Summary disclosures of changes in general fixed assets by major asset class. This requirement is met by Note 4.
- C. Summary disclosures of changes in general long-term debt. This requirement is met by Note 3.
- D. Excesses of expenditures over appropriations in individual funds. There were no excess of expenditures over appropriations in any of the individual funds where budgets were required or employed as a management control device.
- E. Deficit fund balances or retained earnings balances of individual funds. There were no deficits in fund balances or retained earnings in any of the individual funds, except as noted in Note 6.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 12: OTHER REQUIRED DISCLOSURES (Continued)

F. Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2011:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 27	\$ 92,937
Federal/State Grants Fund	92,400	221
General Capital Fund	73	120,300
Animal Control Fund	-	7
Other Trust Funds	-	80
Water Operating Fund	241	-
Water Capital Fund	-	20
Sewer Operating Fund	-	89,932
Sewer Capital Fund	210,232	-
Special Garbage District Fund	524	-
	<u>\$ 303,497</u>	<u>\$ 303,497</u>

Note 13: RISK FINANCING

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

Note 16: OTHER POST-RETIREMENT BENEFITS

Plan Description. The Mine Hill Township contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Mine Hill Township authorized participation in the SHBP's post-retirement benefit program through resolution in accordance with the provisions of Chapter 88, P.L. 1974, as amended by Chapter 436, P.L. 1981.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 16: OTHER POST-RETIREMENT BENEFITS - (Continued)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2011.pdf

Funding Policy: Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Mine Hill Township on a monthly basis.

The Mine Hill Township contributions to SHBP for the years ended December 31, 2011, 2010, and 2009, were \$54,935, \$49,225, and \$43,509, respectively, which equaled the required contributions for each year. There were approximately four retired participants eligible at December 31, 2011, 2010, and 2009.

PART II
SUPPLEMENTARY INFORMATION
CURRENT FUND SCHEDULES

CURRENT FUND/FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH -TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance December 31, 2010	A	\$ 755,653
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	A-2	\$ 30,268
Refund of Prior Year Expenditures	A-1	-
Collector	A-5	11,298,135
Revenue Accounts Receivable	A-8	634,001
Senior Citizens/Veterans Deductions	A-17	55,334
Federal/State Grant Funds	A-19	<u>8,977</u>
		<u>12,026,715</u>
		12,782,368
Decreased by Disbursements:		
Refund of Prior Year Revenues	A-1	32,783
2010 Appropriation Reserves	A-9	38,076
Reserve for Encumbrances	A-10	3,791,908
Tax Overpayments Refunded	A-12	4,925
County Taxes	A-13	1,173,764
Local District School Tax	A-14	5,983,910
Regional District School Tax	A-15	377,000
Municipal Open Space Tax to Trust Fund	A-16	11,000
Outside Liens	A-18	562,350
Federal/State Grant Funds	A-20	5,832
Reserve for Pending Tax Appeals	A-23	648
Reserve for Revaluation	A-24	4,140
Reserve for Tax Sale Premium	A-26	<u>39,100</u>
		<u>12,025,436</u>
Balance December 31, 2011	A	<u>\$ 756,932</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$	49,064	
Miscellaneous	A-2		1,630	
Taxes Receivable	A-6		10,599,067	
Tax Title Liens	A-7		7,209	
2012 Prepaid Taxes	A-11		32,124	
Tax Overpayments	A-12		14,252	
Reserve for Tax Sale Premiums	A-26		39,100	
Reserve for Tax Outside Liens	A-18		<u>555,689</u>	<u>\$ 11,298,135</u>

Decreased by Disbursements:

Payments to Treasurer	A-4			<u>\$ 11,298,135</u>
-----------------------	-----	--	--	----------------------

CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

YEAR	BALANCE	ADDED	2011	CASH COLLECTIONS		TRANSFERRED	OVERPAID	CANCELLED	BALANCE
	<u>12/31/10</u>	<u>TAXES</u>		<u>LEVY</u>	<u>2010</u>	<u>2011</u>			<u>TO TAX</u>
						<u>TITLE LIENS</u>	<u>APPLIED</u>		
2010	\$ 296,264	\$ 4,398			\$ 300,662				-
	296,264	4,398			300,662			-	-
2011			\$ 10,579,363	\$ 27,107	10,351,739	\$ 16,328	\$ 648	\$ 576	182,965
TOTALS	\$ 296,264	\$ 4,398	\$ 10,579,363	\$ 27,107	\$ 10,652,401	\$ 16,328	\$ 648	\$ 576	\$ 182,965
REF.	A			A-12		A-7	A-12		A

REF.

State of New Jersey -- Senior Citizens
and Veterans Deductions
Received by Collector

A-2	\$ 53,334
A-5	10,599,067
	<u>\$ 10,652,401</u>

ANALYSIS OF PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax		\$ 10,188,295
Special District Taxes-Garbage		377,426
Special District Taxes-Open Space		11,000
Added Taxes (54:4-63.1 et.seq.)		<u>2,642</u>
		<u>\$ 10,579,363</u>

Tax Levy:

	<u>REF.</u>		
Local District School Tax	A-14	\$ 5,988,745	
Garbage District Tax	A-15	377,524	
Municipal Open Space Tax	A-16	11,002	
County Taxes:			
County Tax (Abstract)	A-13	\$ 1,086,283	
County Open Space Tax	A-13	86,883	
Due County for Added and Omitted Taxes(54.4-63.1,et.seq.)	A-13	<u>305</u>	1,173,471
Local Tax for Municipal Purposes	A-2		3,025,730
Add: Additional Tax Levied		<u>2,891</u>	<u>\$ 10,579,363</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2010	A	\$306,354
Increased by:		
Interest and Costs		\$ 147
Added Taxes		10,585
Transfers from Taxes Receivable	A-6	<u>16,328</u> <u>27,060</u>
		333,414
Decreased by:		
Paid	A-4	<u>7,209</u>
Balance December 31, 2011	A	<u>\$326,205</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>ACCRUED</u> <u>IN 2011</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/11</u>
Licenses:					
Alcoholic Beverages	A-2		\$ 5,800	\$ 5,800	
Beach Concession Fees	A-2		20,497	20,497	
Municipal Court:					
Fines and Costs	A-2		109,213	101,040	\$ 8,173
Interest on Investments and Deposits	A-2		8,540	8,540	
Consolidated Municipal Property Tax Relief	A-2		34,042	34,042	
Energy Receipts Tax	A-2		249,301	249,301	
Uniform Construction Code Fees	A-2	\$ 325	57,061	57,386	
Wharton Borough - Radio Dispatch	A-2		4,564	4,564	
Cable TV Franchise Fees	A-2		33,323	33,323	
Cell Tower Leases	A-2		91,668	91,668	
General Capital Fund Balance	A-2		7,090	7,090	
Fire Safety Fees	A-2		10,720	10,720	
Verizon Franchise Fees	A-2		10,030	10,030	
Totals		<u>\$ 325</u>	<u>\$ 641,849</u>	<u>\$ 634,001</u>	<u>\$ 8,173</u>
	REF.	A	A-2	A-4	A

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

A-9
Sheet 1

	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u> <u>12/31/10</u>	<u>PAID</u> <u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LASPED</u>
General Administration:				
Other Expenses	\$ 1,205	\$ 1,962	\$ 694	\$ 1,268
Mayor and Council:				
Other Expenses	190	305	115	190
Municipal Clerk:				
Salaries and Wages	354	354	(171)	525
Other Expenses	305	389	84	305
Tax Collection:				
Other Expenses	2,492	2,492	480	2,012
Tax Assessment:				
Other Expenses	413	413	319	94
Legal Services (Legal Dept.):				
Other Expenses	7,127	7,127	7,120	7
Engineering Services:				
Other Expenses	11,023	11,929	906	11,023
Planning Board:				
Other Expenses	920	1,183	263	920
Zoning Board:				
Other Expenses	200	110	106	4
Building Official:				
Other Expenses	677	677	180	497
Insurance:				
Group	3,363	3,942	578	3,364
Aid to Volunteer Fire Department:				
Other Expenses	1,195	1,226	1,226	-
Uniform Fire Safety Official:				
Other Expenses	77	200	123	77
Streets and Roads (DPW) Maintenance:				
Other Expenses	3,260	16,268	13,519	2,749
Celebration of Public Events:				
Other Expenses	7	548	540	8
Unclassified:				
Electricity	2,926	4,126	1,183	2,943
Street Lighting	2,837	10,837	4,248	6,589
Telephone	2,039	2,069	6	2,063
Gasoline and Diesel	102	102	102	-
Heating Fuel	4,383	7,090	6,455	635
Other Accounts - No Change	33,857	58,208		58,208
TOTALS	\$ 78,952	\$ 131,557	\$ 38,076	\$ 93,481

	A		A-4	A-1
Appropriation Reserve	A	\$ 78,952		
Reassessment Reserve	A-24	24,010		
Encumbrances	A-10	28,595		
		\$ 131,557		

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-10

	<u>REF.</u>		
Balance December 31, 2010	A	\$	28,595
Increased by:			
Encumbrances Added			
Transfer from Current Year Appropriations	A-3	<u>3,801,483</u>	<u>3,801,483</u>
			3,830,078
Decreased by:			
Encumbrances Cancelled		4,782	
Transfer to Appropriations Reserve	A-9	28,595	
Cash Disbursements	A-4	<u>3,791,908</u>	<u>3,825,285</u>
Balance December 31, 2011	A	\$	<u>4,793</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-11

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 27,107
Increased by:		
2012 Taxes Collected in Advance	A-5	<u>32,124</u> 59,231
Decreased by:		
Applied to 2011 Taxes Receivable	A-6	<u>27,107</u>
Balance December 31, 2011	A	<u>\$ 32,124</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-12

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 9,980
Increased by:		
2011 Tax Overpayments	A-5	<u>14,252</u>
		24,232
Decreased by:		
Applied to 2011 Taxes	A-6	\$ 648
Refunded	A-4	<u>4,925</u> <u>5,573</u>
Balance December 31, 2011		<u>\$ 18,659</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-13

	<u>REF.</u>	
Balance December 31, 2010		\$ 598
Increased by:		
2011 Levy:		
County Taxes	A-1:6	\$1,086,283
County Open Space Tax	A-1:6	86,883
County Added and Omitted Taxes	A-1:6	<u>305</u>
		<u>1,173,471</u>
		1,174,069
Decreased by:		
Payments	A-4	<u>1,173,764</u>
Balance December 31, 2011		<u>\$ 305</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-14

	<u>REF.</u>	
Balance December 31, 2010:		
School Tax Payable	A	-
Increased by:		
Levy - Calendar Year 2011	A-6	\$ 5,988,745
		<u>5,988,745</u>
Decreased by:		
Payments	A-4	<u>5,983,910</u>
Balance December 31, 2011:		
School Tax Payable	A	<u>\$ 4,835</u>
 2011 Liability for Local District School Tax:		
Tax Paid		\$ 5,983,910
Tax Payable 12/31/11		<u>4,835</u>
		5,988,745
Less -- Tax Payable 12/31/10		<u>-</u>
 Amount Charged to 2011 Operations	 A-1	 <u>\$ 5,988,745</u>

CURRENT FUND
SCHEDULE OF GARBAGE DISTRICT TAX PAYABLE

A-15

	<u>REF.</u>	
Balance December 31, 2010:		
Due to Garbage District Fund	A	-
Increased by:		
Levy - 2011	A-6	\$ <u>377,524</u> 377,524
Decreased by:		
Payments	A-4	<u>377,000</u>
Balance December 31, 2011:		
Due to Garbage District Fund	A	<u>\$ 524</u>
 2011 Liability for Garbage District Tax:		
Tax Paid		\$ 377,000
Add -- Tax Payable 12/31/11		<u>524</u>
		377,524
Less -- Tax Payable 12/31/10		<u>-</u>
 Amount Charged to 2011 Operations	 A-1	 <u>\$ 377,524</u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX

A-16

	<u>REF.</u>	
Balance December 31, 2010	A	
Increased by:		
Levy - 2011	A-1:A-6	\$ 11,000
Added Levy	A-1:A-6	<u>2</u> \$ 11,002
		11,002
Decreased by:		
Payments to Other Trust Fund	A-4	<u>11,000</u>
Balance December 31, 2011	A	<u>\$ 2</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-17

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 10,236
Increased by:		
Received in Cash From State	A-4	<u>55,334</u> 65,570
Decreased by:		
Senior Citizens Deductions per Tax Billings		\$ 10,584
Veterans Deductions per Tax Billings		44,750
Sr and Vet Disallowed		<u> -</u> <u>55,334</u>
Balance December 31, 2011	A	<u>\$ 10,236</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR THIRD PARTY LIENS

A-18

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 15,750
Increased by:		
Receipts	A-5	<u>555,689</u>
		571,439
Decreased by:		
Refunded	A-4	<u>562,350</u>
Balance December 31, 2011	A	<u>\$ 9,089</u>

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/11</u>
Clean Communities		\$ 6,316	\$ 6,316		
Recycling Tonnage Grant		2,661	2,661		
Highlands Assessment Grant	\$ 49			\$ 49	
Highlands Conformance Grant	9,172				\$ 9,172
NJ Dept. of Transportation	37,500				37,500
Black River Water Quality Study	10,000			10,000	
Totals	<u>56,721</u>	<u>\$ 8,977</u>	<u>\$ 8,977</u>	<u>\$ 10,049</u>	<u>\$ 46,672</u>
REF.	A	A-2	A-4		A
			A-1	\$ 10,000	
			A-20	<u>49</u>	
				<u>\$ 10,049</u>	

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

A-20

	<u>BALANCE</u> <u>12/31/10</u>	TRANSFER FROM 2011 BUDGET <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/11</u>
Clean Communities - CY 09	\$ 8,436		\$ 3,936		\$ 4,500
Clean Communities - CY 10	6,695				6,695
Clean Communities - CY 11		\$ 6,316	625		5,691
Tonnage Grant		2,661			2,661
Highlands Assessment Grant	49			\$ 49	
Highlands Conformance Grant	6,430		1,271		5,159
NJ Dept. of Transportation	79,129				79,129
Totals	\$ 100,739	\$ 8,977	\$ 5,832	\$ 49	\$ 103,835
	A	A-3	A-4	A-19	A

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

A-21

	<u>BALANCE</u> <u>12/31/10</u>	TRANSFER TO 2011 BUDGET <u>APPROPRIATIONS</u>	<u>RECEIVED</u>		<u>BALANCE</u> <u>12/31/11</u>
Recycling Grant	\$ 2,275				\$ 2,275
Totals	<u>\$ 2,275</u>	-	-		<u>\$ 2,275</u>
	A				A

CURRENT FUND
SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

A-22

REF.

Balance December 31, 2010		<u>\$ 21,440</u>
Balance December 31, 2011	A	<u>\$ 21,440</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR PENDING TAX APPEALS

A-23

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 75,000
Decreased by:		
Refund for State Tax Appeal	A-4	<u> 648</u>
Balance December 31, 2011	A	<u>\$ 74,352</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR REVALUATION OF PROPERTY

A-24

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 30,000
Decreased by:		
Transfer to Appropriation Reserve	A-9	\$ 24,010
Expenses	A-4	<u>4,140</u> <u>28,150</u>
Balance December 31, 2011	A	<u>\$ 1,850</u>

CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
EMERGENCY AUTHORIZATIONS

A-25

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE AUTHORIZED</u>	<u>NET AMOUNT AUTHORIZED</u>	<u>BALANCE 12/31/10</u>	<u>CURRENT YEAR AUTHORIZATIONS</u>	<u>APPROPRIATED 2011 BUDGET</u>	<u>BALANCE 12/31/11</u>
Emergency (40A:4-55)	Revaluation			\$ 36,000		\$ 36,000	-
Special Emergency (40A:4-55.1)	Flood - Hurricane Irene	10/18/11	\$ 15,000		\$ 15,000		\$ 15,000
Totals				\$ 36,000	\$ 15,000	\$ 36,000	\$ 15,000
REF.				A	A-3	A-3	A

CURRENT FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

A-26

REF.

Increased by:

Receipts

A-5 \$ 39,100
 39,100

Decreased by:

Transfer to Trust Fund

A-4 \$ 39,100

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>		
	<u>REF.</u>	<u>LICENSES</u>	<u>OTHER</u>	
Balance December 31, 2010	B	\$ 3,944	\$ 858,304	
Increased by Receipts:				
Dog License Fees	B-3	3,847		
State Dog License Fees	B-4	590		
Amount Due Current Fund	B-5	18		
Amount Due Current Fund	B-7		27	
Developers Escrow Deposits	B-8		43,019	
State Unemployment Insurance Deposits	B-9		4,015	
Municipal Open Space Trust Deposits	B-10		1,761,137	
Other Trust Deposits	B-11		291,002	
Affordable Housing Trust Deposits	B-12		1,025	
Total Receipts		4,455	2,100,225	
		8,399	2,958,529	
Decreased by Disbursements:				
Administrative Expenses	B-3	4,261		
State Dog License Fees	B-4	609		
Amount Due Current Fund	B-5	25		
Amount Due Current Fund	B-7		139	
Developers Escrow Payments	B-8		46,925	
State Unemployment Insurance Payments	B-9		3,531	
Municipal Open Space Trust Payments	B-10		1,749,058	
Other Trust Payments	B-11		364,694	
Total Disbursements		4,895	2,164,347	
Balance December 31, 2011	B	\$ 3,504	\$ 794,182	

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

B-3

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 3,911
Increased by:		
License Fees Collected	B-2	3,847
		7,758
Decreased by:		
Administrative Expenses - Encumbured	B-6	\$ 1,053
Administrative Expenses	B-2	4,261
		5,314
Balance December 31, 2011	B	\$ 2,444

DETAIL:

Reserve for Dog Fund Fees		\$ 1,423
Reserve for Cat Fund Fees		1,021
		\$ 2,444

DOG LICENSE FEES COLLECTED

CY 2009		\$ 2,854
CY 2010		3,480
		\$ 6,334

TRUST FUND
SCHEDULE OF AMOUNT DUE TO STATE OF
NEW JERSEY DEPARTMENT OF HEALTH

B-4

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 19
Increased by:		
Collected in 2011:		
State Board of Health Fees	B-2	590
		<u>609</u>
Decreased By:		
Payments	B-2	<u>\$ 609</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 14
Increased by:		
Interest Credits Due Current Fund	B-2	<u>18</u> 32
Decreased by:		
Interest Credits Paid to Current Fund	B-2	<u>25</u>
Balance December 31, 2011	B	<u>\$ 7</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

B-6

REF.

Increased by:

Purchase Orders	B-3	<u>\$ 1,053</u>
Balance December 31, 2011	B	<u>\$ 1,053</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE OTHER FUNDS
OTHER TRUST FUND

B-7

	<u>REF.</u>		
Balance December 31, 2010	B		\$ 132
Increased by:			
Open Space Expenditures Paid by General Capital Fund	B-10	\$ 62	
Current fund Transfer - Interfund Advanced	B-2	<u>27</u>	<u>89</u>
			221
Decreased by:			
Added Omitted Open Space Tax	B-10	2	
Interfund Returned	B-2	<u>139</u>	<u>141</u>
Balance December 31, 2011	B		<u>\$ 80</u>
 <u>Detail Due Current Fund:</u>			
Developer's Escrow Deposits			\$ 20
Municipal Open Space Trust			<u>(2)</u>
			<u>\$ 18</u>
 <u>Detail Due General Capital Fund:</u>			
Municipal Open Space Trust			<u>62</u>
			<u>\$ 62</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW TRUST FUND DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 65,898
Increased by:		
Escrow Deposits	B-2	<u>43,019</u>
		108,917
Decreased by:		
Escrow Refunds	B-2	<u>46,925</u>
Balance December 31, 2011	B	<u>\$ 61,992</u>

TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST

B-9

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 5,956
Increased by:		
Receipts	B-2	<u>4,015</u> 9,971
Decreased by:		
Claims	B-2	<u>3,531</u>
Balance December 31, 2011	B	<u>\$ 6,440</u>

TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TRUST DEPOSITS
TRUST DEPOSITS

B-10

	<u>REF.</u>		
Balance December 31, 2010	B		\$ 45,347
Increased by:			
2011 Levy	B-2	\$ 11,000	
Added Omitted Taxes	B-7	2	
Transfer from General Capital Fund-Morris County Open Space Trust - Canfield Propert	B-2	1,750,000	
Interest	B-2	<u>137</u>	<u>1,761,139</u>
			1,806,486
Decreased by:			
Open Space Expenditures Paid by General Capital Fund	B-7	62	
Canfield Property Acquisition	B-2	1,179,824	
Legal Fees - Canfield	B-2	150,000	
24% Owner Canfield Purchase	B-2	404,155	
Open Space Expenses	B-2	<u>15,079</u>	<u>1,749,120</u>
Balance December 31, 2011	B		<u>\$ 57,366</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OTHER TRUST DEPOSITS

B-11

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 423,261
Increased by:		
Escrow Deposits	B-2	<u>291,002</u> 714,263
Decreased by:		
Escrow Refunds	B-2	<u>364,694</u>
Balance December 31, 2011	B	<u>\$ 349,569</u>

DETAIL:

Municipal Court - Public Defender	\$ 1,987
Municipal Court - POAA	1,378
Road Opening Deposits	633
Performance Bonds	11,435
Sewer Connection Fees	10,617
Reserve for Library	110
Reserve for Recreation	17,398
Reserve for Recycling	19,981
Reserve for Inspection Fees Meadow	300
Reserve for Inspection Fees	100
Reserve for Diamond Jubilee	53
Reserve for Rec. Donations	1,025
Reserve for Sidewalk Fund	18,487
Reserve for Beach Donations	398
Reserve for Food Pantry	145
Reserve for Holiday Baskets	500
Reserve for Maintenance Bond	320
Reserve for Monument Bond	3,200
Reserve for Tax Sale Premiums	248,200
Reserve for Construction Fees	452
Reserve for Beach Snack Bar	280
Reserve for Accrued Sick Leave	9,000
Reserve for Other	<u>3,570</u>
	<u>\$ 349,569</u>

TRUST FUND
SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING TRUST

B-12

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 317,710
Increased by:		
Escrow Deposits	B-2	<u>1,025</u> 318,735
Balance December 31, 2011	B	<u>\$ 318,735</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2010	C		\$ 1,227,798
Increased by Receipts:			
Premiums Received on Bond Anticipation Notes	C-1	\$ 3,387	
Reimbursement from Water Utility Fund	C-14	2,168	
Reimbursement from Current Fund	C-3	7,102	
Grants Receipts	C-4	1,793,475	
Current Fund Budgeted Appropriation - Capital Improvement Fund	C-8	6,400	
Interest Credits	C-3	<u>4,305</u>	<u>1,816,837</u>
			3,044,635
Decreased by Disbursements:			
Capital Fund Balance Anticipated as Revenue in Current Fund Budget	C-1	7,090	
Payment to Current Fund for Interest Credits	C-3	4,305	
Improvements Authorizations Paid	C-11	2,105,766	
Interfund Returned - Sewer Capital Fund	C-15	75,000	
Due Municipal Open Space Trust Fund	C-17	62	
Transfer of Reserves to Current Fund for Payment of Debt Service	C-13	<u>800,002</u>	<u>2,992,225</u>
Balance December 31, 2011	C		<u>\$ 52,410</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>			
Balance December 31, 2010	C		\$	178
Increased by:				
Interest Credits	C-2	\$	4,305	
Interfund Return	C-2		2,797	
Section 20 Ordinance Costs Interest paid by Current Fund	C-11		<u>8,300</u>	<u>15,402</u>
				15,580
Decreased by:				
Payment of Interest Credits to Current Fund	C-2		4,305	
Bond Anticipation Note Premium	C-1		<u>11,286</u>	<u>15,591</u>
Balance December 31, 2011	C		\$	<u><u>(11)</u></u>

GENERAL CAPITAL FUND
SCHEDULE OF ACCOUNTS RECEIVABLE

	<u>REF.</u>	
Balance December 31, 2010	C	C-4 \$ 415,475
Increased by:		
Grants Receivable	C-11	<u>2,200,000</u> 2,615,475
Decreased by:		
Receipts	C-2	<u>1,793,475</u>
Balance December 31, 2011	C	<u>\$ 822,000</u>

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

	<u>REF.</u>	
Balance December 31, 2010	C	C-5 \$ 795,083
Decreased by:		
2011 Budget Appropriations - Loans Payable	C-9	\$ 110,721
2011 Budget Appropriations - Bond Principal	C-12	<u>220,000</u> <u>330,721</u>
Balance December 31, 2011	C	<u>\$ 464,362</u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-6

ANALYSIS OF BALANCE

ORDINANCE NUMBER	ORDINANCE DATE	IMPROVEMENT DESCRIPTION	BALANCE 12/31/10	2011 AUTHORIZATIONS	CANCELED IMPROVEMENT AUTHORIZATIONS	PAID BY DEBT SERVICE RESERVE	PAID BY BUDGET APPROPRIATION	BALANCE 12/31/11	BOND ANTI- ANTICIPATION NOTES	BONDS/NOTES AUTHORIZED NOT ISSUED
7-2003	9/4/03	Various Capital Improvements	\$ 90,500				\$ 17,100	\$ 73,400	\$ 73,400	-
8-2003	10/16/03	Improvements to Randall Avenue	41,000				6,500	34,500	34,500	-
10-2004	12/16/04	Various Capital Improvements	17,000				2,400	14,600	14,600	-
8-2005	10/20/05	Various Capital Improvements	339,500				40,750	298,750	298,750	-
15-2006	6/22/06	Various Capital Improvements	250,000					250,000	250,000	-
1-2007	2/1/07	Acquisition of Property	919,000		\$ 100,000	\$ 800,000	19,000	-		-
10-2007	7/12/07	Various Capital Improvements	540,000				28,500	511,500	511,500	-
16-2008	7/17/08	School Traffic Speed Limit Signs	7,600					7,600	7,600	-
17-2008	7/17/08	Iron Mountain Road	630,000					630,000	630,000	-
6-2009	6/17/09	Improvements to Beach Facilities	96,900					96,900	96,900	-
13-2009	8/20/09	Improvements to Various Roads	237,500					237,500	237,500	-
1-2010	4/1/10	Various Capital Improvements	319,250					319,250	319,250	-
8-2011	8/18/11	Twsp Driveway, Blueberry and Irondale Road Impr, Fire Dept. Equip., DPW Equipment, School Sidewalks, Speed Tables		\$ 188,100				188,100		\$ 188,100
			\$ 3,488,250	\$ 188,100	\$ 100,000	\$ 800,000	\$ 114,250	\$ 2,662,100	\$ 2,474,000	\$188,100
REF.			C	C-11	C-11	C-10	C-10	C		

GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES

C-7

REF.

Increased by:

Improvement Authorization Purchase Orders Issued	C-11	<u>\$ 82,702</u>
		82,702

Balance December 31, 2011	C	<u><u>\$ 82,702</u></u>
---------------------------	---	-------------------------

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-8

	<u>REF.</u>	
Balance December 31, 2010	C	\$ 11,796
Increased by:		
2011 Budget Appropriations	C-2	<u>6,400</u>
		18,196
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-11	<u>9,900</u>
Balance December 31, 2011	C	<u>\$ 8,296</u>

GENERAL CAPITAL FUND
SCHEDULE OF LEASE PURCHASE AGREEMENTS

C-9

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/10</u>	<u>DECREASED</u>	<u>BALANCE 12/31/11</u>
Morris County Improvement Authority - Capital Lease	8/1/05	552,750	3.69%	\$ 301,343	\$ 55,982	\$ 245,361
Morris County Improvement Authority - Capital Lease	9/15/06	251,250	4.34%	54,739	54,739	
				\$ 356,082	\$ 110,721	\$ 245,361

REF.

C

C-5

C

Maturity Schedule:

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Lease Obligation Balance</u>
				\$ 245,361
7	08/01/12	\$ 58,048	\$ 9,054	187,313
8	08/01/13	60,190	6,912	127,123
9	08/01/14	62,410	4,691	64,713
10	08/01/15	64,713	2,388	-

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-10

ORDINANCE NO.	ORDINANCE DATE	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	AMOUNT ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE 12/31/10	DECREASED	BALANCE 12/31/11
7-2003	9/4/03	Various Capital Improvements	7/7/2005	\$ 133,000	5/12/11	5/11/12	2.00%	\$ 90,500	\$17,100	\$ 73,400
8-2003	10/16/03	Improvements to Randall Avenue	7/7/2005	57,000	5/12/11	5/11/12	2.00%	41,000	6,500	34,500
10-2004	12/16/04	Various Capital Improvements	7/7/2005	20,000	5/12/11	5/11/12	2.00%	17,000	2,400	14,600
8-2005	10/20/05	Various Capital Improvements	7/7/2006	380,250	5/12/11	5/11/12	2.00%	339,500	40,750	298,750
15-2006	6/22/06	Various Capital Improvements	5/14/2009	250,000	5/12/11	5/11/12	2.00%	250,000		250,000
1-2007	2/1/07	Acquisition of Property	6/12/2007	830,000	5/12/11	5/11/12	2.00%	819,000	819,000	-
10-2007	7/12/07	Various Capital Improvements	5/15/2008	540,000	5/12/11	5/11/12	2.00%	540,000	28,500	511,500
16-2008	7/17/08	School Traffic Speed Limit Signs	5/14/2009	7,600	5/12/11	5/11/12	2.00%	7,600		7,600
17-2008	7/17/08	Iron Mountain Road	5/14/2009	630,000	5/12/11	5/11/12	2.00%	630,000		630,000
6-2009	6/17/09	Improvements to Beach Facilities	5/13/2010	96,900	5/12/11	5/11/12	2.00%	96,900		96,900
13-2009	8/20/09	Improvements to Various Roads	5/13/2010	237,500	5/12/11	5/11/12	2.00%	237,500		237,500
1-2010	4/1/10	Various Capital Improvements	5/13/2010	319,250	5/12/11	5/11/12	2.00%	319,250		319,250
								\$ 3,388,250	\$ 914,250	\$ 2,474,000

REF.

C

C-6

C

GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

C-12

<u>PURPOSE</u>	<u>DATE ORIGINAL ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY OF OUTSTANDING BONDS DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/10</u>	<u>DECREASED</u>	<u>BALANCE 12/31/11</u>
General Improvements	10/1/03	\$ 1,174,000	9/15/12	219,000	3.500%	\$ 439,000	220,000	\$ 219,000
						\$ 439,000	\$ 220,000	\$ 219,000
						C	C-5	C

GENERAL CAPITAL FUND
SCHEDULE OF VARIOUS RESERVES

C-13

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE</u> <u>12/31/11</u>
Green Acres	\$ 50,000			\$ 50,000
Sidewalk Improvements	13,730			13,730
Park Development	1,565		\$ 2	1,563
Reserve for Debt Service	800,000		800,000	
	\$ 865,295	\$ -	\$ 800,002	\$ 65,293
REF.	C	C-2	C-2	C

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE WATER OPERATING FUND

C-14

	<u>REF.</u>		
Balance December 31, 2010	C	\$	2,168
Decreased by:			
Receipt from Water Operating Fund	C-2	\$	2,168

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE SEWER CAPITAL FUND

C-15

	<u>REF.</u>	
Balance December 31, 2010	C	\$ 195,300
Decreased by:		
Interfund Returned - Payment	C-2	<u>75,000</u>
Balance December 31, 2011	C	<u>\$ 120,300</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE TO OUTSIDE AGENCIES

C-16

	<u>REF.</u>		
Balance December 31, 2010	C	\$	6,397
Balance December 31, 2011	C	\$	<u>6,397</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE OPEN SPACE TRUST FUND

C-17

REF.

Increased by:

Open Space Expenditures Paid by General Capital Fund	C-2	<u>62</u>
Balance December 31, 2011	C	<u>\$ 62</u>

WATER UTILITY FUND

WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

D-4

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>	
Balance December 31, 2010	D	\$ 198,520		\$ 40,960
Increased by Receipts:				
Water Rents	D-5	\$ 528,887		
Capital Improvement Fund	D-3		\$ 2,000	
Interfunds Returned	D	(5,131)	11,636	
Miscellaneous	D-2	<u>10,521</u>	<u>115</u>	<u>13,751</u>
		<u>534,277</u>		<u>54,711</u>
		732,797		
Decreased by Disbursements:				
2010 Appropriation Reserve	D-7	24,221		
Interfunds Advanced	D-1	12,542	154	
2011 Appropriations	D-3:10	<u>543,214</u>	<u>-</u>	<u>154</u>
		<u>579,977</u>		
Balance December 31, 2011	D	<u>\$ 152,820</u>		<u>54,557</u>

WATER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

D-5

	<u>REF.</u>	
Increased by Receipts:		
Consumer Accounts Receivable Collections	D-6	\$ <u>528,887</u>
		528,887
Decreased by Disbursements:		
Payment to Treasurer	D-4	\$ <u>528,887</u>

WATER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LEINS

D-6

	<u>REF.</u>	
Balance December 31, 2010	D	\$ 48,703
Increased by:		
Water Rents Levied		<u>534,834</u>
		583,537
Decreased by:		
Adjustments		\$ 4,553
Collection	D-2	<u>528,887</u>
		<u>533,440</u>
Balance December 31, 2011	D	<u>\$ 50,097</u>

WATER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

D-7

	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>	<u>OVER-</u> <u>EXPENDED</u>
Salaries and Wages	\$ 268	\$ 268		\$ 268	
Other Expenses	22,249	22,249	\$ 24,221		\$ (1,972)
Deferred Charges	9,700	9,700		9,700	
Capital Improvement	2,000	2,000		2,000	
TOTALS	<u>\$ 34,217</u>	<u>\$ 34,217</u>	<u>\$ 24,221</u>	<u>\$ 11,968</u>	<u>\$ (1,972)</u>
REF.		D	D-4	D-1	D
Appropriation Reserves	\$ 1,052				
Encumbrances	<u>21,464</u>				
	<u>\$ 22,516</u>				

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2011

D-8

Balance December 31, 2010	D	<u>\$ 2,209,435</u>
Balance December 31, 2011	D	<u>\$ 2,209,435</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-9

ORDINANCE DATE	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE <u>12/31/10</u>	<u>CANCELED</u>	2011 <u>AUTHORIZATIONS</u>	BALANCE <u>12/31/11</u>
7/1/99	Hurd Street Water Mains Sec IV and Indian Falls Road	\$ 158,000	\$ 20		\$ 157,980
10/03/02	Water System Infrastructure Improvements	165,000	30,000		135,000
7/10/03	Water Main Extension on Hurn Street	210,000			210,000
12/16/04	Water Main Replacement	50,000	2,731		47,269
12/20/11	Water System Improvement			\$ 50,000	50,000
		\$ 583,000	\$ 32,751	\$ 50,000	\$ 600,249
REF.		D	D-13	D-13	D

WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	DATE	ORIGINAL AMOUNT	BALANCE		CANCELED	PAID OR CHARGED	BALANCE FUNDED 12/31/11	
				FUNDED 12/31/10	AUTHORIZATIONS				
	Hurd Street Water Mains Sec IV and Indian Falls Road	7/1/99	\$ 158,000	\$ 20		\$ 20			
5-02	Water System Infrastructure Improvements	10/03/02	165,000	30,939		30,000		\$ 939	
2-03	Water Main Extension on Hum Street	7/10/03	210,000	1,427				1,427	
1-04	Water Main Replacement	12/16/04	50,000	2,731		2,731		-	
13-11	Water System Improvement	12/20/11	50,000		\$ 50,000	\$ 10,000	\$ 40,000	\$ 1,098	48,902
			\$ 35,117	50,000	10,000	40,000	32,751	1,098	\$ 51,268
REF.			D	D-4	D-11	D-1a	D-1a	D	
						Cash Encumbrances	D-4 D	- \$ 1,098 \$ 1,098	

WATER UTILITY CAPITAL FUND
SCHEDULE OF WATER CAPITAL IMPROVEMENT FUND

D-11

	<u>REF.</u>	
Balance December 31, 2010	D	\$ 8,110
Increased by:		
2011 Budget Appropriation	D-3	<u>2,000</u> 10,110
Decreased by:		
Appropriation to Finance Improvement Authorizations	D-10	<u>10,000</u>
 Balance December 31, 2011	 D	 <u>\$ 110</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

D-12

	<u>REF.</u>	
Balance December 31, 2010	D	\$ 2,456,435
Increased by:		
Serial Bonds Paid by Water Operating Budget	D-3	<u>95,000</u>
		2,551,435
Balance December 31, 2011	D	<u>\$ 2,551,435</u>

WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

D-13

ORDINANCE NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>CANCELED</u>	<u>2011</u> <u>AUTHORIZATIONS</u>	<u>BALANCE</u> <u>12/31/11</u>
	Hurd Street Water Mains Sec IV and Indian Falls	7/1/99	\$ 3,750	\$ 20		\$ 3,730
5-02	Water System Infrastructure Improvements	10/03/02	93,250	30,000		63,250
2-03	Water Main Extension on Hurn Street	7/10/03	10,500			10,500
1-04	Water Main Replacement	12/16/04	40,500	2,731		37,769
13-11	Water System Improvement				\$ 50,000	50,000
			\$ 148,000	\$ 32,751	\$ 50,000	\$ 165,249
	REF.		D	D-9	D-9	D

WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

D-14

	<u>REF.</u>	
Balance December 31, 2010	D	\$188,000
Decreased by:		
Principal Payments	D-12	<u>95,000</u>
Balance December 31, 2011	D	<u>\$ 93,000</u>

Schedule of Principal and Interest Payments

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	<u>\$ 93,000</u>	<u>\$ 3,255</u>	<u>\$ 96,255</u>
	<u>\$ 93,000</u>	<u>\$ 3,255</u>	<u>\$ 96,255</u>

SEWER UTILITY FUND

SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

E-4

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>	
Balance December 31, 2010	D	\$ 60,224		\$ 45,671
Increased by Receipts:				
Sewer Rents	E-5	\$ 327,398		
Interfunds Returned	E	45,536	\$ 76,940	
Miscellaneous	E-2	<u>57,098</u>	<u>657</u>	<u>77,597</u>
		490,256		123,268
Decreased by Disbursements:				
2010 Appropriation Reserve	E-7	565		
Interfunds Advanced	E	3,808	95,500	
2011 Appropriations	E-3:10	<u>373,341</u>	<u>300</u>	<u>95,800</u>
		377,714		95,800
Balance December 31, 2011	D	<u>\$ 112,542</u>		<u>27,468</u>

SEWER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

E-5

	<u>REF.</u>	
Increased by Receipts:		
Prepaid Rents	E	\$ 1,210
Consumer Accounts Receivable Collections	E-6	<u>326,188</u>
		327,398
 Decreased by Disbursements:		
Payment to Treasurer	E-4	<u>\$ 327,398</u>

SEWER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LEINS

E-6

	<u>REF.</u>	
Balance December 31, 2010	E	\$ 28,871
Increased by:		
Sewer Rents Levied		<u>342,790</u>
		371,661
Decreased by:		
Adjustments		
Prepaid Rents	E	\$ 1,210
Collection	E-2	<u>326,188</u>
		<u>327,398</u>
Balance December 31, 2011	E	<u>\$ 44,263</u>

SEWER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

E-7

	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Salaries and Wages	\$ 1,303	\$ 1,303		\$ 1,303
Other Expenses	2,121	2,121	\$ 565	1,556
Statutory Expenses	461	461		461
TOTALS	<u>\$ 3,885</u>	<u>\$ 3,885</u>	<u>\$ 565</u>	<u>\$ 3,320</u>
REF.		E	E-4	E-1
Appropriation Reserves	\$ 2,755			
Encumbrances	<u>1,130</u>			
	<u>\$ 3,885</u>			

SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2011

E-8

Balance December 31, 2010	D	<u>\$ 2,089,805</u>
Balance December 31, 2011	D	<u>\$ 2,089,805</u>

SEWER UTILITTY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

E-9

<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE 12/31/10</u>	<u>BALANCE 12/31/11</u>
12/20/00	Refunding Bond Ordinance	\$ 300,000	\$ 300,000
07/19/01	Installation of Sanitary Sewer System	150,000	150,000
10/20/05	Installation of Sanitary Sewer Lines	500,000	500,000
		<u>\$ 950,000</u>	<u>\$ 950,000</u>
	REF.	E	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

E-10

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>ORIGINAL AMOUNT</u>	<u>BALANCE 12/31/10</u>		<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/11</u>	
			<u>FUNDED</u>	<u>UNFUNDED</u>		<u>FUNDED</u>	<u>UNFUNDED</u>
Refunding Bond Ordinance	12/20/00	\$ 300,000	\$ 8,393			\$ 8,393	
Installation of Sanitary Sewer System	07/19/01	150,000	6,047			6,047	
Installation of Sanitary Sewer Lines	10/20/05	500,000		\$ 211,548	\$ 300		\$ 211,248
			\$ 14,440	\$ 211,548	\$ 300	\$ 14,440	\$ 211,248
REF.			E	E	E-4	E	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SEWER CAPITAL IMPROVEMENT FUND

E-11

	<u>REF.</u>	
Balance December 31, 2010	E	<u>\$ 12,018</u>
Balance December 31, 2011	E	<u>\$ 12,018</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

E-12

	<u>REF.</u>		
Balance December 31, 2010	E	\$	930,779
Increased by:			
Serial Bonds Paid by Sewer Operating Budget	E-15	\$	40,000
NJ Envir. Infra. Trust Loans Paid by Sewer Operating Budget	E-16	<u>110,044</u>	<u>150,044</u>
			1,080,823
Balance December 31, 2011	E	<u>\$</u>	<u>1,080,823</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

E-13

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/11</u>
Installation of Sanitary Sewer System	07/19/01	\$ 7,500	\$ 7,500
Installation of Sanitary Sewer Lines	10/20/05	80,000	80,000
		<u>\$ 87,500</u>	<u>\$ 87,500</u>
REF.		E	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

E-14

<u>ORDINANCE NO.</u>	<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>AMOUNT ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/10</u>	<u>BALANCE 12/31/11</u>
9-05	10/20/05	Installation of Sanitary Sewer Lines	5/15/2008	\$ 420,000	5/13/11	5/11/12	2.00%	\$ 420,000	\$ 420,000
								\$ 420,000	\$ 420,000
		REF.						E	E

SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

E-15

<u>PURPOSE</u>	<u>DATE</u> <u>ORIGINAL</u> <u>ISSUE</u>	<u>ORIGINAL</u> <u>ISSUE</u>	<u>DATE</u>	<u>MATURITY OF</u> <u>OUTSTANDING BONDS</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>DECREASED</u>	<u>BALANCE</u> <u>12/31/11</u>
Sewer Utility Bonds	10/1/03	\$ 921,000	9/15/12	25,000	3.500%	\$ 821,000	25,000	\$ 796,000
			9/15/13	25,000	3.650%			
			9/15/14	25,000	3.800%			
			9/15/15	25,000	3.900%			
			9/15/16	25,000	4.000%			
			9/15/17	25,000	4.000%			
			9/15/18	35,000	4.125%			
			9/15/19	115,000	4.125%			
			9/15/20	115,000	4.200%			
			9/15/21	125,000	4.250%			
			9/15/22	125,000	4.300%			
			9/15/23	131,000	4.400%			
Sewer Utility Refunding Bonds	10/1/03	\$ 300,000	9/15/12	15,000	3.500%	\$ 195,000	15,000	\$ 180,000
			9/15/13	15,000	3.650%			
			9/15/14	15,000	3.800%			
			9/15/15	15,000	3.900%			
			9/15/16	15,000	4.000%			
			9/15/17	15,000	4.000%			
			9/15/18	15,000	4.125%			
			9/15/19	15,000	4.125%			
			9/15/20	15,000	4.200%			
			9/15/21	15,000	4.250%			
			9/15/22	15,000	4.300%			
			9/15/23	15,000	4.400%			
\$ 1,016,000						\$ 40,000	\$ 976,000	
E						E-12	E	

* - Term Bond

SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PROGRAMS

E-16

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/10</u>	<u>DECREASED</u>	<u>BALANCE 12/31/11</u>
New Jersey Wastewater Treatment Trust Loan Program Department of Environmental Protection	1997	2012-2017	\$65,000 to \$80,000	5.0%	\$ 490,000	\$ 60,000	\$ 430,000
New Jersey Wastewater Treatment Fund Loan Program Department of Environmental Protection	1997	2012	\$45,482	None	95,526	50,044	45,482
					\$ 585,526	\$ 110,044	\$ 475,482

REF.

E

E-12

C

SPECIAL DISTRICT (GARBAGE) FUND

SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF CASH - TREASURER

F-4

	<u>REF.</u>		
Balance December 31, 2010	D		\$ 76,930
Increased by Receipts:			
Collections of District Taxes	F-5	\$ 377,000	
Miscellaneous	F-2	<u>60</u>	<u>377,060</u>
			453,990
Decreased by Disbursements:			
Interfunds Advanced - Water Utility Fund	F	4,543	
2011 Appropriations	F-3	<u>385,150</u>	<u>389,693</u>
Balance December 31, 2011	D		<u>\$ 64,297</u>

SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF CASH - COLLECTOR

F-5

	<u>REF.</u>	
Increased by Receipts:		
Consumer Accounts Receivable Collections	F-6	\$ <u>377,000</u>
		377,000
Decreased by Disbursements:		
Payment to Treasurer	F-4	\$ <u>377,000</u>

SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF DISTRICT TAX ACCOUNTS RECEIVABLE AND LEINS

F-6

REF.

Increased by:

District Tax Levied	<u>\$ 377,524</u>
	377,524

Decreased by:

Interfund Added/Omitted Taxes	\$ 524	
Collection	F-5 <u>377,000</u>	<u>\$ 377,524</u>

SPECIAL GARBAGE DISTRICT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2010

F-7

	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u>	<u>PAID</u> <u>OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Salaries and Wages	\$ 953	\$ 953		\$ 953
Other Expenses	10,229	10,229		10,229
Statutory Expenses	283	283		283
TOTALS	<u>\$ 11,465</u>	<u>\$ 11,465</u>	<u>-</u>	<u>\$ 11,465</u>
REF.	F	F	F-4	F-1

SCHEDULE OF GENERAL FIXED ASSETS

GENERAL FIXED ASSETS
SCHEDULE OF ADDITIONS AND DELETIONS
DECEMBER 31, 2011

G-1

	<u>BALANCE</u> <u>12/31/10</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/11</u>
General Fixed Assets:				
Land and Buildings	\$ 12,580,500	\$ 1,750,000		\$ 14,330,500
Buildings and Improvements	636,021			636,021
Machinery and Equipment	1,881,244			1,881,244
Total General Fixed Assets	<u>\$ 15,097,765</u>	<u>1,750,000</u>	<u>-</u>	<u>\$ 16,847,765</u>
 Investment In General Fixed Assets	 <u>\$ 15,097,765</u>	 <u>1,750,000</u>	 <u>-</u>	 <u>\$ 16,847,765</u>

**PART III
SUPPLEMENTARY INFORMATION**

General Comments

**Report on Internal Control over Financial Reporting
and Compliance and Other Matters based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Schedule of Federal/State Awards

Status of Prior Audit Findings

Schedule of Findings and Responses

GENERAL COMMENTS

Scope of Audit

The audit of the financial statements of the Township of Mine Hill, County of Morris, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township and various outside departments.

Contracts and Agreements Requiring Advertisement for Bids

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement 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 to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2011, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$36,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

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

The Minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.40A:11-5.

The system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method of 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, on January 6, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"On all delinquents to and including December 31, 2010, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2011, at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

The governing body, on January 6, 2011 adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

Delinquent Taxes and Tax Title Liens

The delinquent taxes at December 31, 2011, include real property taxes from the 2011 tax levy.

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

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

<u>Year</u>	<u>Number of Liens</u>
2011	22
2010	22
2009	21

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

Verification of Delinquent Taxes and Other Charges

Verification notices were mailed to confirm balances as of December 17, 2011. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Type of Receivable - Real Property Tax				
Date of Circulars - December 17, 2011-Real Estate				
Verification Type	Request Form	Total No. of Items	Total No. of Circular	Total No. Returned
2011 Property Tax	Positive	1,507	60	21
2012 Property Tax	Positive	1,507	60	21
2011 Delinquent Tax	Negative	167	25	7

N.J.A.C. 5:30-5 (Technical Accounting Directives)

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Mine Hill to these new directives are as follows:

<u>Requirement</u>	FY 2011 Required Implementation	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
CURRENT FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2011</u>	<u>%</u>	<u>YEAR 2010</u>	<u>%</u>
Fund Balance Utilized	\$ 270,000	2.29%	\$ 255,000	2.13%
Miscellaneous - From Other Than				
Local Property Tax Levies	828,625	7.03%	1,355,101	11.34%
Collection of Delinquent Taxes and				
Tax Title Liens	307,870	2.61%	263,601	2.21%
Collection of Current Tax Levy	<u>10,379,495</u>	<u>88.07%</u>	<u>10,079,011</u>	<u>84.32%</u>
Total Income	<u>11,785,990</u>	<u>100.00%</u>	<u>11,952,713</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	3,849,464	33.53%	4,349,760	36.94%
County Taxes	1,173,471	10.22%	1,180,918	10.03%
Local and Regional Taxes	6,366,269	55.45%	6,196,337	52.62%
Municipal Open Space Tax	11,002	0.10%	11,005	0.09%
Deferred Charges	36,000	0.31%	-	0.00%
Other Expenditures	<u>44,951</u>	<u>0.39%</u>	<u>37,805</u>	<u>0.32%</u>
Total Expenditures	<u>11,481,157</u>	<u>100.00%</u>	<u>11,775,825</u>	<u>100.00%</u>

Excess (Deficit) Revenue Over Expenditures	304,833		176,888	
--	---------	--	---------	--

Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>15,000</u>		<u>36,000</u>	

Statutory Excess To Fund Balance	319,833		212,888	
----------------------------------	---------	--	---------	--

Fund Balance January 1	432,944		475,056	
------------------------	---------	--	---------	--

Less:

Utilization as Anticipated Revenue	<u>270,000</u>		<u>255,000</u>	
------------------------------------	----------------	--	----------------	--

Fund Balance December 31	<u>\$ 482,777</u>		<u>\$ 432,944</u>	
--------------------------	-------------------	--	-------------------	--

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
WATER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2011</u>	<u>%</u>	<u>YEAR 2010</u>	<u>%</u>
Operating Surplus	\$ 8,400	1.52%	\$ 8,720	1.39%
Rents	519,108	94.23%	554,499	88.20%
Miscellaneous	10,521	1.91%	26,900	4.28%
Other Credits to Income	<u>12,869</u>	<u>2.34%</u>	<u>38,584</u>	<u>6.14%</u>
Total Income	550,898	100.00%	628,703	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>585,458</u>	100.00%	<u>545,061</u>	100.00%
Excess in Revenue	(34,560)		83,642	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>34,560</u>		<u>-</u>	
Statutory Excess To Fund Balance	-		83,642	
Fund Balance January 1	164,237		89,315	
Less:				
Utilization as Anticipated Revenue	<u>8,400</u>		<u>8,720</u>	
Fund Balance December 31	<u>\$ 155,837</u>		<u>\$ 164,237</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
SEWER UTILITY FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2011</u>	<u>%</u>	<u>YEAR 2010</u>	<u>%</u>
Operating Surplus	\$ 35,978	9.10%	\$ 89,811	21.61%
Rents	270,273	68.35%	285,112	68.60%
Miscellaneous	85,860	21.71%	38,875	9.35%
Other Credits to Income	<u>3,320</u>	<u>0.84%</u>	<u>1,816</u>	<u>0.44%</u>
Total Income	395,431	100.00%	415,614	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>409,917</u>	100.00%	<u>381,504</u>	100.00%
Excess in Revenue	(14,486)		34,110	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>27,000</u>		<u>-</u>	
Statutory Excess To Fund Balance	12,514		34,110	
Fund Balance January 1	34,111		89,812	
Less:				
Utilization as Anticipated Revenue	<u>35,978</u>		<u>89,811</u>	
Fund Balance December 31	<u>\$ 10,647</u>		<u>\$ 34,111</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-
SPECIAL GARBAGE DISTRICT FUND

REVENUE AND OTHER INCOME REALIZED

	<u>YEAR 2011</u>	<u>%</u>	<u>YEAR 2010</u>	<u>%</u>
Operating Surplus	\$ 13,000	3.23%	\$ 8,000	1.96%
District Tax	377,524	93.90%	377,191	92.40%
Miscellaneous	60	0.01%	146	0.04%
Other Credits to Income	<u>11,465</u>	<u>2.85%</u>	<u>22,875</u>	<u>5.60%</u>
Total Income	402,049	100.00%	408,212	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>390,524</u>	100.00%	<u>385,000</u>	100.00%
Excess in Revenue	11,525		23,212	
Fund Balance January 1	60,922		45,710	
Less:				
Utilization as Anticipated Revenue	<u>13,000</u>		<u>8,000</u>	
Fund Balance December 31	<u>\$ 59,447</u>		<u>\$ 60,922</u>	

Comparative Schedule of Tax Rate Information

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$2.407</u>	<u>\$1.980</u>	<u>\$1.960</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.689	\$0.568	\$0.568
Municipal Open Space Tax	\$0.003	\$0.003	\$0.003
County	\$0.264	\$0.230	\$0.230
Local School	\$1.365	\$1.110	\$1.090
Special District Garbage Tax	\$0.086	\$0.070	\$0.070

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2011	\$438,868,100
2010	\$524,728,264
2009	\$524,649,997

Comparison of Tax Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$10,579,363	\$10,379,494	98.11%
2010	\$10,410,612	\$10,079,011	96.81%
2009	\$10,331,060	\$10,032,209	97.10%

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$326,205	\$182,965	\$509,170	4.81%
2010	\$306,354	\$296,264	\$602,618	5.79%
2009	\$283,384	\$266,052	\$549,436	5.32%

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2011 by foreclosure or deed as a result of liquidation of tax title liens.

Comparative Schedule of Fund Balances

<u>Current Fund</u>		Utilized	
<u>Year</u>	Balance <u>December 31</u>	<u>In Budget of Succeeding Year</u>	
		<u>Regular</u>	
2011	\$ 482,777	\$	270,000
2010	\$ 432,944	\$	270,000
2009	\$ 475,056	\$	255,000

Water Utility Fund

2011	\$ 155,837	\$	68,375
2010	\$ 164,237	\$	8,400
2009	\$ 89,315	\$	8,720

Sewer Utility Fund

2011	\$ 10,647	\$	10,000
2010	\$ 34,111	\$	35,978
2009	\$ 89,811	\$	89,811

Special Garbage District Fund

2011	\$ 59,447	\$	50,000
2010	\$ 60,922	\$	13,000
2009	\$ 45,710	\$	8,000

Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Richard E. Leary	Mayor		
Sam Morris	Council Member		
Cynthia L. Collins	Council Member		
Kristine Kanzenbach	Council Member		
Conrad Pepperman	Council Member		
Bret Coranato	Council Member		
Stephen S. Welsh	Administrator		

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Patricia T. Korpos	Township Clerk; Assessment Search Officer; Registrar of Vital Statistics; Water Secretary		
Amanda G. Macchia (Eff. 12/1/11)	Township Clerk; Assessment Search Officer; Registrar of Vital Statistics		
Judith O'Brian	Tax Collector; Utility Collector; Tax Search Officer; Deputy Registrar	\$1,000,000	Blanket Coverage; NJ Intergovernmental Insurance Fund
Janice A. Congleton	Certified Municipal Finance Officer/Treasurer	\$1,000,000	Blanket Coverage; NJ Intergovernmental Insurance Fund
Joseph Ferraris	Assessor		
Steven N. Severud	Attorney		
Al Thompson	Code Enforcement Zoning Officer and Construction Official		
Mary Williams	Construction Clerk; Planning Board Secretary; Board of Adjustment Secretary		

The minimum bond coverage required for the Tax Collector and the Municipal Court personnel based on their respective prior years' tax levies and Court income, would be as follows:

<u>Collector</u>	
<u>Year</u>	<u>Amount</u>
2011	\$105,527

There are public employees' blanket bonds providing coverage to municipal officials and employees not specifically bonded. The municipal officials and employees are covered by a "faithful performance blanket position bond" in the amount of \$1,000,000. provided through the NJIIF by Fidelity and Deposit Insurance Company.

All the bonds were examined and were properly executed.



ARDITO & Co., LLP

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

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

The Honorable Mayor and
Members of the Township Council
Township of Mine Hill
County of Morris, New Jersey
10 Baker Street
Mine Hill, New Jersey 07830

We have audited the financial statements of the Township of Mine Hill in the County of Morris, State of New Jersey, as of and for the fiscal year ended December 31, 2011, and have issued our report thereon dated May 15, 2012, which indicated that the financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. The general fixed asset account group and utility fixed assets were not included in the scope of our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

-Continued-

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

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

However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, listed as finding 2011-1. 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.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Mayor and Members of the Township Council, and to meet filing requirements for filing with the Division of Local Government Services, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
May 15, 2012

SCHEDULE OF FEDERAL/STATE AWARDS

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

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>CFDA</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/11</u>	<u>RECEIPTS PROGRAM</u>	<u>OTHER RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/11</u>	<u>TOTAL DISBURSEMENTS</u>
US Department of Transportation: NJ Transportation Trust Fund Act	20.205	\$ 150,000	2009	A	\$ 41,629				\$ 41,629	\$ 70,871
					<u>\$ 41,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 41,629</u>	<u>\$ 70,871</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS.
Note: This Schedule was not subject to an audit in accordance with OMB Circular A-133.

SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>STATE GRANTOR/ PROGRAM TITLE</u>	<u>ACCOUNT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/11</u>	<u>RECEIPTS PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/11</u>
<u>DEPT. OF ENVIR. PROTECTION</u>									
Solid Waste Admin.-Clean Communities Program	4900-765-178911	6,316	2011 2010 2009	A A A	\$ 6,316 \$ 6,695 8,436	\$ 6,316		\$ 625 3,936	\$ 5,691 6,695 4,500
Recycling Tonnage Grant	752-042-4900-004-178840		2011 2010	A A	2,275	2,661			2,661 2,275
<u>OTHER STATE AIDS</u>									
Highlands Assessment Grant	N/A	N/A	N/A	A	-				-
Highlands Conformance Grant	09-033-011-1420	50,000	2009	A	(2,742)			1,271	(4,013)
TOTAL STATE ASSISTANCE					\$ 14,664	\$ 8,977	-	\$ 5,832	\$ 17,809

SEE ACCOMPANYING NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS.

Note: This Schedule was not subject to an audit in accordance with NJOMB Circular 04-04.

TOWNSHIP OF MINE HILL

NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2011

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards present the activity of all federal and state award programs of the Township of Mine Hill. The Township of Mine Hill is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations.

NOTE 3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

CY
Occurrence

2010-1 Adequate segregation of duties should be maintained with respect to the recording and treasury functions

Finding is Repeated in 2011

2010-2 All means should be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Finding is Repeated in 2011

2010-3 The building inspector collections should be turned over to the Treasurer on a regular monthly basis.

Finding is Cleared in 2011

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2011

Summary of Auditor's Results

basis of accounting as a result of the general fixed assets account group not being included in the scope of the audit.

The audit did not disclose any material weaknesses in the internal controls of the Township.

The audit did not disclose any noncompliance that is material to the financial statements of the Township.

The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* for 2010 as grant expenditures were less than the single audit thresholds of \$500,000, identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Finding

2011-1 * Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

The receipts, disbursements, and reconciliation functions of the Treasury department are performed by one employee. While this situation is not unusual in operations of a municipality of this size, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Adequate segregation of duties should be maintained with respect to the recording and treasury functions. Procedures should be developed to adequately segregate the receipts, disbursements, and reconciliation functions of the Treasury department.

2011-2 * Over \$326,000 of tax title liens remain outstanding as of December 31, 2011. Property tax levies on these properties are added to liens in excess of \$16,000 annually, of which the township has to bear the full cost of the related local school and county tax levies.

All statutory means should be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

2011-3 I noted various aged grant receivables and spending reserves.

I recommend that the township investigate the disposition of aged grant receivables and reserves.

2011-4 I noted approximately \$9,331 in tax overpayments from 2002 to 2009.

I recommend that the township refund or apply the tax overpayments to current taxes.

(*) Prior Year Finding

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS-(Continued)

YEAR ENDED DECEMBER 31, 2011

- 2011-5 I noted that dog and cat fund licensing receipts and disbursements are co-mingled.
- I recommend that the township segregate the funds and separately track dog and cat activity.
- 2011-6 I noted water fund deficit in 2011 of \$23,644, water fund over expended appropriations of \$10,916, and water fund over expended appropriation reserves of \$1,972.
- budget appropriations are not over-expended, and that water revenues are properly forecasted to prevent operating deficits.
- 2011-7 I noted that the prior year water fund appropriation reserve was \$11,700 higher than the 2010 audit report.
- I recommend that the Township implement controls to ensure beginning balances are properly stated.
- 2011-8 The clerk's cash book and accounts of record were not reconciled to the bank statements on a timely basis throughout the calendar year.
- I recommend that the clerk bank account be reconciled on a monthly basis.
- 2011-9 Fixed Asset ledgers have not been maintained on a perpetual basis.
- I recommend that the township conduct a physical inventory or appraisal of the fixed assets. Periodic updates should occur to safeguard township assets.
- 2011-10 Cash balances are recorded on the General Capital Fund that are in possession of the Attorney for the escrow purposes of property clean-up, per NJ DEP, related to a 2008 property acquisition.
- disposition.

(*) Prior Year Finding