

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

**REPORT OF AUDIT  
DECEMBER 31, 2012**



TOWNSHIP OF MINE HILL

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**PART I**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**



## **AUDITORS' REPORTS**





## **ARDITO & Co., LLP**

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### 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

#### ***Report on the Financial Statements***

We have audited the accompanying balance sheets-regulatory basis of the various funds of the Township of Mine Hill as of December 31, 2012 and 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 opinions on these financial statements based on our audits.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. Except as discussed in the seventh 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 the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

-Continued-

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

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

### *Opinions*

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.

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, 2012 stated at \$17,315,517 and \$4,299,244 respectively, and \$16,847,765 and \$4,299,240 respectfully for 2011.

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the sixth paragraph, the financial statements referred to above do not present fairly the respective financial position of the Township of Mine Hill at December 31, 2012 and 2011, or the results of its operations, in conformity with generally accepted accounting principles in the United States of America.

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, 2012 and 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.

-Continued-

***Other Matters***

*Other Information*

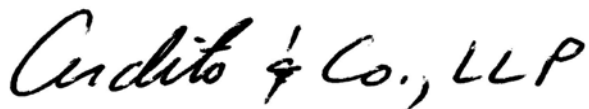
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Mine Hill's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1 to the financial statements.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2013, on our consideration of the Township of Mine Hill's internal control over financial reporting and on 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 on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township's internal control over financial reporting and compliance.

ARDITO & CO., LLP



Frenchtown, New Jersey  
April 30, 2013



Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & CO., LLP  
Frenchtown, New Jersey  
April 30, 2013

## **FINANCIAL STATEMENTS**

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 1

<b>ASSETS</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
<b>Cash And Cash Equivalents:</b>			
Cash - Treasurer	A-4	\$ 762,806	\$ 756,932
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-17	<u>10,236</u>	<u>10,236</u>
		<u>773,042</u>	<u>767,168</u>
<b>Receivables And Other Assets With Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-6	314,801	182,965
Tax Title Liens Receivable	A-7	343,766	326,205
Revenue Accounts Receivable	A-8	2,936	8,173
Property Aquired for Taxes at Assessed Valuation	A	23,500	23,500
Amount Due From Other Trust Fund	B	32	20
Amount Due From Dog License Fund	B	8	7
Amount Due From Grants Fund	A	7,747	-
Amount Due From Sewer Operating Fund	E	<u>5,329</u>	<u>-</u>
Subtotal		<u>698,119</u>	<u>540,870</u>
<b>Deferred Charges:</b>			
Special Emergency Authorizations	A-25	46,052	15,000
<b>Federal And State Grant Fund:</b>			
Federal/State Grants Receivable	A-19	37,500	46,672
Due Current Fund	A	<u>-</u>	<u>92,400</u>
Subtotal		<u>37,500</u>	<u>139,072</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 1,554,713</u></b>	<b><u>\$ 1,462,110</u></b>

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Reserve For Encumbrances	A-10	\$ 24,935	\$ 4,793
Appropriation Reserves	A-3:9	77,512	39,004
Amount Due To Grant Fund	A	-	92,400
Amount Due To General Capital Fund	C	50,011	11
Due State of New Jersey-Marriage License Fees	A	-	3
Taxes Collected In Advance	A-11	30,495	32,124
Tax Overpayments	A-12	18,601	18,659
County Taxes Payable	A-13	7,316	305
Local District School Taxes Payable	A-14	4,835	4,835
Garbage District Tax Payable	A-15	524	524
Municipal Open Space Tax Payable	A-16	11,015	2
Reserve for Outside Liens	A-18	7,055	9,089
Reserve for Sale of Municipal Assets	A-22	21,440	21,440
Reserve for Pending Tax Appeals	A-23	72,222	74,352
Reserve for Revaluation	A-24	1,850	1,850
Subtotal		<u>327,811</u>	<u>299,391</u>
Reserve For Receivables And Other Assets	A	698,119	540,870
Fund Balance	A-1	<u>491,283</u>	<u>482,777</u>
Subtotal		<u>1,517,213</u>	<u>1,323,038</u>
<b>Federal And State Grant Fund:</b>			
Due to Water Utility Fund	D	221	221
Due Current Fund	A	7,747	-
Encumbrances	A	-	32,741
Reserve For State Grants - Appropriated	A-20	25,290	103,835
Reserve For State Grants - Unappropriated	A-21	<u>4,242</u>	<u>2,275</u>
Subtotal		<u>37,500</u>	<u>139,072</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 1,554,713</u></b>	<b><u>\$ 1,462,110</u></b>

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

<b>REVENUE AND OTHER INCOME REALIZED</b>	<u>REF.</u>	<u>YEAR</u> <u>2012</u>	<u>YEAR</u> <u>2011</u>
Fund Balance Utilized	A-2	\$ 270,000	\$ 270,000
Miscellaneous Revenue Anticipated	A-2	736,552	699,890
Receipts From Delinquent Taxes	A-2	184,752	307,870
Receipts From Current Taxes	A-2	10,593,176	10,379,495
Non-Budget Revenues	A-2	57,983	31,898
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-9	34,781	93,481
Grants Canceled	A-20	75,116	
Interfunds Returned	A:B:D:E	35,532	3,356
<b>TOTAL INCOME</b>		<u>11,987,892</u>	<u>11,785,990</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations:			
Operations Within "Caps":			
Salaries and Wages	A-3	578,200	612,165
Other Expenses	A-3	1,020,148	997,331
Statutory Expenditures	A-3	137,007	137,724
Operations Excluded from "CAPS":			
Other Expenses	A-3	1,655,157	1,580,289
Capital Improvements	A-3	6,000	6,400
Municipal Debt Service	A-3	613,247	515,555
Deferred Charges to Future Taxation	A-3	3,000	36,000
County Taxes	A-13	1,130,322	1,173,166
Amount Due County For Added and Omitted Taxes	A-13	7,316	305
Local District School Taxes	A-14	6,177,367	5,988,745
Garbage District Tax	A-15	377,000	377,524
Municipal Open Space Tax	A-16	11,013	11,002
Refund of Prior Year Revenue	A-4	19,739	32,783
Interfund Advances	A:D	7,922	12,168
<b>TOTAL EXPENDITURES</b>		<u>11,743,438</u>	<u>11,481,157</u>
Excess (Deficit) Revenue Over Expenditures		244,454	304,833
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	34,052	15,000
Statutory Excess To Fund Balance		278,506	319,833
<b>Fund Balance January 1</b>	A	<u>482,777</u>	<u>432,944</u>
		761,283	752,777
Decreased by:			
Utilization as Anticipated Revenue	A-1	270,000	270,000
<b>Fund Balance December 31</b>	A	<u>\$ 491,283</u>	<u>\$ 482,777</u>

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

CURRENT FUND  
STATEMENT OF REVENUES

A-2

	REF.	<u>ANTICIPATED BUDGET</u>	<u>REVENUE RECEIVED</u>	<u>EXCESS OR DEFICIT</u>
Surplus Anticipated		\$ 270,000	\$ 270,000	
Licenses:				
Alcoholic Beverages-Clerk	A-8	4,000	5,813	\$ (1,813)
Beach Concession Fees	A-8	19,900	17,036	2,864
Fines and Costs:				
Municipal Court	A-8	96,162	80,514	15,648
Interest and Costs on Taxes	A-5	49,064	41,078	7,986
Interest on Investments	A-8	8,540	2,738	5,802
Consolidated Municipal Property Tax Relief	A-8	24,163	24,163	
Energy Receipts Tax	A-8	259,180	259,180	
Uniform Construction Code Fees	A-8	35,000	102,043	(67,043)
Radio Dispatch-Wharton Borough	A-8	4,564		4,564
Clean Communities Program	A-19	6,335	6,335	
Recycling Tonnage Grant	A-19	2,275	2,275	
Cable TV Franchise Fees	A-8	33,323	34,318	(995)
Cell Tower Leases	A-8	90,500	88,979	1,521
Garbage District Surplus	A-8	50,000	50,000	-
General Capital Fund Surplus	A-8	8,000	8,000	-
Fire Safety Fees	A-8	8,000	3,337	4,663
Verizon Francise Fees	A-8	10,030	10,743	(713)
Total Miscellaneous Revenues		<u>709,036</u>	<u>736,552</u>	<u>(27,516)</u>
Receipts from Delinquent Taxes	A-1	<u>253,770</u>	<u>184,752</u>	<u>69,018</u>
Amount to be Raised by Taxation	A-6	<u>3,162,853</u>	<u>3,307,111</u>	<u>(144,258)</u>
Total General Revenues		<u>4,395,659</u>	<u>4,498,415</u>	<u>(102,756)</u>
Non-Budget Revenues	A-2		<u>57,983</u>	<u>(57,983)</u>
		<u>\$ 4,395,659</u>	<u>\$ 4,556,398</u>	<u>\$ (160,739)</u>

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

CURRENT FUND  
STATEMENT OF REVENUES

**ANALYSIS OF REALIZED REVENUES**

**REF.**

**Allocation Of Current Tax Collections:**

Revenue from Collections		\$ 10,542,720
State of New Jersey, Senior Citizens and Veterans Deductions		<u>50,456</u>
		10,593,176

**Allocated To:**

School, County, Garbage and Municipal Open Space Taxes		7,703,017
Balance for Support of Municipal Budget		2,890,159
Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>416,952</u>
<b>Amount For Support Of Municipal Budget Appropriations</b>	A-2	<b><u>\$ 3,307,111</u></b>

**ANALYSIS OF NON-BUDGET REVENUES**

**REF**

Miscellaneous Revenue Not Anticipated:

**Treasurer:**

Fees & Permits		\$ 16,003
Clerk		3,471
FEMA-Hurricane Irene		12,396
Vet/Sr Admin Fee		1,009
Recycling/Scrap Receipts		10,856
Miscellaneous		<u>3,895</u>

A-4      47,630

**Tax Collector**

Miscellaneous		<u>10,353</u>	<u>\$ 57,983</u>
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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>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	
		<u>MODIFICATION</u>	<u>CHARGED</u>	
<b>GENERAL GOVERNMENT FUNCTIONS:</b>				
General Administration:				
Salaries and Wages	\$ 68,000	\$ 73,000	\$ 72,540	\$ 460
Other Expenses:				
Information Tech - Community Communications	9,900	8,300	8,260	40
Information Tech - Infrastructure	6,000	100		100
Miscellaneous Other Expenses	35,000	35,000	34,835	165
Human Resources(Personnel):				
Salaries and Wages	2,000	100		100
Mayor and Council:				
Salaries and Wages	20,750	19,750	19,740	10
Other Expenses	3,000	2,500	2,382	118
Municipal Clerk:				
Salaries and Wages	40,050	40,200	40,120	80
Other Expenses	11,000	10,300	10,242	58
Financial Administration:				
Salaries and Wages	52,000	48,000	47,690	310
Other Expenses	7,800	12,000	11,841	159
Audit Services:				
Other Expenses	17,000	17,000	17,000	
Revenue Administration (Tax Collection):				
Salaries and Wages	32,500	29,300	29,188	112
Other Expenses	6,000	7,450	7,385	65
Tax Assessment Administration:				
Salaries and Wages	21,000	21,200	21,122	78
Other Expenses	2,000	1,550	1,475	75
Legal Services (Legal Dept.):				
Other Expenses	117,000	119,500	118,985	515
Engineering Services:				
Other Expenses	22,000	24,500	19,003	5,497
<b>LAND USE ADMINISTRATION:</b>				
Planning Board:				
Salaries and Wages	4,050	4,050	3,725	325
Other Expenses	2,500	13,500	12,582	918
Board of Adjustment:				
Salaries and Wages	2,050	2,050	1,915	135
Other Expenses	1,000	700	672	28
Zoning Officer:				
Salaries and Wages	10,050	10,050	10,012	38
Other Expenses	200	200	22	178

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</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
<b>INSURANCE:</b>				
General Liability Insurance	83,491	83,491	83,491	
Workmens Compensation Insurance	78,475	81,975	81,577	398
Employee Group Insurance	239,700	240,100	240,069	31
<b>PUBLIC SAFETY FUNCTIONS:</b>				
Police:				
Salaries and Wages	11,000	10,550	9,974	576
Other Expenses	100	100	76	24
Office of Emergency Management:				
Salaries and Wages	2,600	2,750	2,484	266
Other Expenses	400	400	300	100
Aid to Volunteer Fire Companies				
Other Expenses - Mine Hill(Emergency Approp. N.J.S.A 40A-46, \$19,923.)	44,500	70,923	50,281	20,642
Contribution to First Aid Organizations				
Other Expenses	19,000	6,000	5,253	747
Uniform Fire Safety Bureau:				
Salaries and Wages	7,000	14,000	12,601	1,399
Other Expenses	600	600	481	119
<b>PUBLIC WORKS FUNCTIONS:</b>				
Streets and Road Maintenance:				
Salaries and Wages	142,000	164,000	160,757	3,243
Other Expenses(Special Emergency Appropriation, N.J.S. 40A:4-55.1, \$14,129.)	140,000	128,129	112,983	15,146
Snow Removal Trust:				
Other Expenses	10,000	10,000	10,000	

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
<b>HEALTH AND HUMAN SERVICES FUNCTIONS:</b>				
Director of Community Programs:				
Salaries and Wages	18,000	16,000	15,739	261
Other Expenses	2,000	500	212	288
Animal Control:				
Salaries and Wages	500	1,200	1,190	10
Other Expenses	1,500	700	650	50
Senior Citizen and Disabled Resident Transportation:				
Salaries and Wages	10,300	10,600	10,561	39
Other Expenses	500	100		100
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
<b>PARK AND RECREATION FUNCTIONS:</b>				
Board of Recreation Commissioners(40:12-1, et seq):				
Salaries and Wages	4,000	4,200	4,152	48
Other Expenses	9,000	10,600	10,568	32
Beach:				
Salaries and Wages	22,000	15,000	14,942	58
Other Expenses	3,500	5,400	5,339	61
Celebration of Public Events, Anniversary/Holiday:				
Other Expenses	3,500	1,100	938	162
Contribution to Senior Citizen's Center(40:48-9.4)	1,500	1,500	1,500	
<b>UNIFORM CONSTRUCTION CODE - Appropriations Offset by Dedicated Revenues(N.J.A.C. 5:23-4.17:</b>				
Construction Official:				
Salaries and Wages	54,000	58,000	57,285	715
Other Expenses	6,000	9,500	9,020	480
Fire Subcode Official:				
Salaries and Wages	4,050	4,250	4,154	96
Plumbing Subcode Official:				
Salaries and Wages	12,000	6,500	5,971	529
Electrical Subcode Official:				
Salaries and Wages	11,000	16,500	15,983	517
Smoke Detector Inspection:				
Salaries and Wages	6,000	1,000	840	160
Building Subcode Official:				
Salaries and Wages	6,050	6,050	6,000	50

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>
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>				
Gasoline	23,000	20,500	19,143	1,357
Electricity	14,000	17,130	14,912	2,218
Telephone (excluding equipment acquisition)	8,400	6,900	5,708	1,192
Heating Fuel	14,000	14,000	10,641	3,359
Street Lighting	52,000	52,000	46,998	5,002
Sewer Fees	2,600	2,600	2,356	244
Water Fees	2,000	2,000	1,089	911
<b>Total Operations - Within "CAPS "</b>	<b>1,563,316</b>	<b>1,597,348</b>	<b>1,526,954</b>	<b>70,394</b>
<b>Contingent</b>	<b>1,000</b>	<b>1,000</b>		<b>1,000</b>
<b>Total Operations - Within "CAPS " - Including Contingent</b>	<b>1,564,316</b>	<b>1,598,348</b>	<b>1,526,954</b>	<b>71,394</b>
<b>Detail:</b>				
Salaries and Wages	560,950	578,200	568,685	9,515
Other Expenses	1,003,366	1,020,148	958,269	61,879
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES Within "CAPS":</b>				
<b>Statutory Expenditures :</b>				
Social Security System ( O.A.S.I. )	50,000	50,000	45,878	4,122
Contribution to:				
PERS	68,621	68,621	68,621	
PFRS	14,386	14,386	14,386	
Unemployment Insurance	4,000	4,000	4,000	
<b>Total Deferred Charges and Statutory Expenditures-within "CAPS"</b>	<b>137,007</b>	<b>137,007</b>	<b>132,885</b>	<b>4,122</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>1,701,323</b>	<b>1,735,355</b>	<b>1,659,839</b>	<b>75,516</b>

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 5

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
<b>OPERATIONS-EXCLUDED from "CAPS"</b>				
Maintanance of Privately - Owned Library (P. L. 1985, C.82 and 541)	1,500	1,520	1,506	14
<b>Total Other Operations-Excluded from "CAPS"</b>	<b>1,500</b>	<b>1,520</b>	<b>1,506</b>	<b>14</b>
<b>Interlocal Municipal Service Agreements Excluded from "CAPS":</b>				
Shared Services Interlocal Agreement:				
Police Services - Borough of Wharton	1,445,765	1,445,765	1,445,765	
Radio Dispatch Services - Borough of Wharton	4,564	4,564	4,563	1
Radio Dispatch Services - County of Morris	56,065	56,065	56,065	
Board of Health:				
Other Expenses	46,652	46,652	46,652	
Municipal Court - Town of Dover:				
Other Expenses	90,000	90,000	90,000	
<b>Total Interlocal Municipal Service Agreements</b>	<b>1,643,046</b>	<b>1,643,046</b>	<b>1,643,045</b>	<b>1</b>
<b>Public and Private Programs Offset by Revenues-: Excluded from "CAPS"</b>				
Matching Sharew for Grants	1,981	1,981		1,981
Recycling Tonnage Grant:				
Other Expenses	2,275	2,275	2,275	
Clean Communities Program(PY):				
Other Expenses	6,335	6,335	6,335	
<b>Total Public and Private Programs Offset by Revenues-Excluded from "CAPS"</b>	<b>10,591</b>	<b>10,591</b>	<b>8,610</b>	<b>1,981</b>
<b>Total Operations-Excluded from "CAPS"</b>	<b>1,655,137</b>	<b>1,655,157</b>	<b>1,653,161</b>	<b>1,996</b>
<b>Detail:</b>				
Other Expenses	1,655,137	1,655,157	1,653,161	1,996
<b>Capital Improvements-Excluded from "CAPS":</b>				
Capital Improvement Fund	6,000	6,000	6,000	
<b>Total Capital Improvements-Excluded from "CAPS"</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	



CURRENT FUND  
STATEMENT OF EXPENDITURES

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>
			<u>RESERVED</u>
<b>Municipal Debt Service-Excluded from "CAPS":</b>			
Payment of Bond Principal	219,000	219,000	219,000
Payment of Bond Anticipation and Capital Notes	270,000	270,000	270,000
Interest on Bonds	7,665	7,665	7,665
Interest on Bond Anticipation and Capital Notes	49,480	49,480	49,480
Capital Lease Obligations Approved Prior to 7/1/2008:			
Principal	58,048	58,048	58,048
Interest	9,054	9,054	9,054
<b>Total Municipal Debt Service</b>	<b>613,247</b>	<b>613,247</b>	<b>613,247</b>
<b>Deferred Charges-Excluded from "CAPS":</b>			
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	3,000	3,000	3,000
<b>Total Deferred Charges</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>
<b>Total General Appropriations for Municipal Purposes Excluded from "CAPS"</b>	<b>2,277,384</b>	<b>2,277,404</b>	<b>2,275,408</b>
Subtotal General Appropriations	3,978,707	4,012,759	3,935,247
Reserve For Uncollected Taxes	416,952	416,952	77,512
 <b>TOTALS</b>	<b>\$ 4,395,659</b>	<b>\$ 4,429,711</b>	<b>\$ 4,352,199</b>

A

	<u>REF.</u>	
Emergency Appropriation(40A:4-46)	A-2	\$ 19,923
Special Emergency Appropriation(40A:4-55.1)	A-2	14,129
Budget	A-2	4,395,659
		<b>\$ 4,429,711</b>

	<u>REF.</u>	
Reserve for State Grants	A-20	\$ 8,610
Deferred Charges	A-25	3,000
Reserve for Encumbrances	A-10	3,923,637
Reserve for Uncollected Taxes	A-2	416,952
		<b>\$ 4,352,199</b>

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

TRUST FUND  
COMPARATIVE BALANCE SHEET

B

<b>ASSETS</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
<b>Dog License Fund:</b>			
Cash and Cash Equivalents	B-2	\$ 3,757	\$ 3,504
<b>Total Dog License Fund</b>		<u>3,757</u>	<u>3,504</u>
<b>Other Trust Funds:</b>			
Cash and Cash Equivalents	B-2	665,698	794,182
Amount Due to Current Fund	B-6	<u>10,983</u>	<u>-</u>
<b>Total Other Trust Funds</b>		<u>676,681</u>	<u>794,182</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 680,438</u></b>	<b><u>\$ 797,686</u></b>

**LIABILITIES, RESERVES AND FUND BALANCE**

<b>Dog License Fund:</b>			
Reserve for Dog Fund Expenditures	B-3	\$ 3,329	\$ 2,444
Amount Due Current Fund	B-5	8	7
Reserve for Encumbrances	B-5	<u>420</u>	<u>1,053</u>
<b>Total Dog License Fund</b>		<u>3,757</u>	<u>3,504</u>
<b>Other Trust Fund:</b>			
Amount Due to Current Fund	B-6	-	18
Amount Due to General Capital Fund	B-6	-	62
Reserve for Developers Escrow	B-7	54,506	61,992
Reserve for State Unemployment Insurance	B-8	8,985	6,440
Reserve for Municipal Open Space Trust	B-9	29,153	57,366
Reserve for Other Trust Deposits	B-10	265,031	349,569
Reserve for Affordable Housing Trust	B-11	<u>319,006</u>	<u>318,735</u>
<b>Total Other Trust Fund</b>		<u>676,681</u>	<u>794,182</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 680,438</u></b>	<b><u>\$ 797,686</u></b>

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

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

C

<b>ASSETS</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
Cash and Cash Equivalents	C-2	\$ 186,886	\$ 52,410
Cash Due from Attorney Escrow	C	110,845	110,845
Due Current Fund	C-3	50,011	11
Grants Receivable	C-4	380,441	822,000
Due Municipal Open Space Trust Fund	C-16	-	62
Deferred Charges to Future Taxation:			
Funded	C-5	187,314	464,362
Unfunded	C-6	<u>3,010,439</u>	<u>2,662,100</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 3,925,936</u></b>	<b><u>\$ 4,111,790</u></b>

**LIABILITIES, RESERVES AND FUND BALANCE**

Due Sewer Utility Capital Fund	C-14	-	120,300
Capital Improvement Fund	C-8	7,015	8,296
Lease Purchase Agreement Payable	C-9	187,313	245,361
Bond Anticipation Notes Payable	C-10	2,384,000	2,474,000
Serial Bonds Payable	C-12	-	219,000
Encumbrances	C-7	7,592	82,702
Improvement Authorizations:			
Funded	C-11	305,783	463,531
Unfunded	C-11	968,866	412,238
Various Reserves	C-13	52,298	65,293
Due to Outside Agencies	C-15	6,397	6,397
Fund Balance	C-1	<u>6,672</u>	<u>14,672</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 3,925,936</u></b>	<b><u>\$ 4,111,790</u></b>

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, 2011	C	\$ 14,672
<b>Decreased by:</b>		
Anticipated as Revenue - Current Fund Budget	C-2	<u>8,000</u>
Balance December 31, 2012	C	<u>\$ 6,672</u>

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

WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET

D

<b>ASSETS</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
<b>Operating Fund:</b>			
Cash and Cash Equivalents	D-4	\$ 254,611	\$ 152,820
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	D-6	89,705	50,097
Deferred Charges - Overexpended Appropriations	D-3	-	10,916
Deferred Charges - Operating Deficit	D-3	-	23,644
Deferred Charges - Overexpended Appropriation Reserves	D-3	-	1,972
Due Grants Fund	A	221	221
Due Water Capital Fund	D	-	20
<b>Total Operating Fund</b>		<u>344,537</u>	<u>239,690</u>
<b>Capital Fund:</b>			
Cash and Cash Equivalents	D-4	85,951	54,557
Fixed Capital	D-8	2,209,439	2,209,435
Fixed Capital - Authorized and Uncompleted	D-9	1,055,249	600,249
Developer Contribution Receivable	D	367	367
<b>Total Capital Fund</b>		<u>3,351,006</u>	<u>2,864,608</u>
<b>TOTAL ASSETS</b>		<u><b>\$ 3,695,543</b></u>	<u><b>\$ 3,104,298</b></u>

**LIABILITIES, RESERVES AND FUND BALANCE**

<b>Operating Fund:</b>			
Liabilities:			
Appropriation Reserves :			
Encumbered	D-3	\$ 21,428	\$ 26,381
Unencumbered	D-3	94,224	3,321
Water Rent Overpayments	D-5	-	3,105
Accrued Interest on Notes	D	1,584	949
Reserve for Receivables	D	89,705	50,097
Fund Balance	D-1	<u>137,596</u>	<u>155,837</u>
<b>Total Operating Fund</b>		<u>344,537</u>	<u>239,690</u>
<b>Capital Fund:</b>			
Encumbrances	D-10	6,144	1,098
Serial Bonds Payable	D-14	-	93,000
Bond Anticipation Notes	D-15	432,000	-
Due Water Operating Fund	D	-	20
Capital Improvement Fund	D-11	3,110	110
Improvement Authorization - Funded	D-10	74,640	51,268
Deferred Reserve for Amortization	D-13	188,249	165,249
Reserve for Amortization	D-12	2,644,435	2,551,435
Fund Balance	D-1a	<u>2,428</u>	<u>2,428</u>
<b>Total Capital Fund</b>		<u>3,351,006</u>	<u>2,864,608</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><b>\$ 3,695,543</b></u>	<u><b>\$ 3,104,298</b></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

<b>REVENUE AND OTHER INCOME REALIZED</b>	<u>REF.</u>	<u>YEAR</u> <u>2012</u>	<u>YEAR</u> <u>2011</u>
Operating Surplus	D-2	\$ 68,375	\$ 8,400
Rents	D-2	516,328	519,108
Miscellaneous	D-2	7,894	6,296
Connection Fees	D-2	42,211	4,225
Other Credits to Income			
Balance of Reserved Budget	D-7	14,876	11,968
Other Credits	D-4	-	901
<b>Total Income</b>		<u>649,684</u>	<u>550,898</u>
<b>EXPENDITURES</b>			
Operating	D-3	429,645	461,416
Capital Improvements	D-3	26,000	2,000
Debt Service	D-3	95,255	100,500
Deferred Charges and Statutory Expenditures	D-3	45,532	9,000
Interfund Advance	D-4	3,118	12,542
<b>Total Expenditures</b>		<u>599,550</u>	<u>585,458</u>
Excess (Deficit) Revenue Over Expenditures		50,134	(34,560)
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	D	<u>-</u>	<u>34,560</u>
Statutory Excess To Fund Balance		50,134	-
<b>Balance January 1</b>	D	<u>155,837</u>	<u>164,237</u>
		205,971	164,237
Decreased by:			
Utilized as Anticipated Revenue	D-1	<u>68,375</u>	<u>8,400</u>
<b>Balance December 31</b>	D	<u>\$ 137,596</u>	<u>\$ 155,837</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, 2011	C	\$	2,428
Balance December 31, 2012	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	\$ 68,375	\$ 68,375	
Rents	D-1	519,108	516,328	\$ (2,780)
Connection Fees	D-1	4,000	42,211	38,211
Miscellaneous - Interest	D-1	5,000	7,894	2,894
 Total WATER Utility Revenue		<u>\$ 596,483</u>	<u>\$ 634,808</u>	<u>\$ 38,325</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>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
OPERATING:					
Salaries and Wages	\$ 79,800	\$ 79,800	\$ 74,904	\$ 4,896	
Other Expenses	349,845	349,845	264,088	85,757	
Statutory Expenditures	9,000	9,000	5,429	3,571	
Deferred Charge-Op. Deficit/Overexp Approp Res.	25,616	25,616	25,616		
Deferred Charge-Overexpenditures	10,916	10,916	10,916		
Capital Improvement Fund	26,000	26,000	26,000		
Debt Service - Principal	93,000	93,000	93,000		
Debt Service - Interest	2,306	2,306	2,255		\$ 51
<b>Total WATER Utility Appropriations</b>	<u>\$ 596,483</u>	<u>\$ 596,483</u>	<u>\$ 502,208</u>	<u>\$ 94,224</u>	<u>\$ 51</u>

REF.

D-2

D

D-1

Paid	D-4	\$ 480,780
Charged - Encumbered	D	<u>21,428</u>
		<u>\$ 502,208</u>

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

SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET

E

<b>ASSETS</b>	<b>REF.</b>	<b>BALANCE <u>12/31/12</u></b>	<b>BALANCE <u>12/31/11</u></b>
<b>Operating Fund:</b>			
Cash and Cash Equivalents	E-4	\$ 173,072	\$ 112,542
Receivables with Full Reserves:			
Consumer Accounts Receivable and Liens	E-6	50,372	44,263
Deferred Charges - Emergencies	E-1	<u>8,348</u>	<u>27,000</u>
<b>Total Operating Fund</b>		<u>231,792</u>	<u>183,805</u>
<b>Capital Fund:</b>			
Cash and Cash Equivalents	E-4	117,219	27,468
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	120,291	89,932
Amount Due from General Capital Fund	C	-	120,300
<b>Total Capital Fund</b>		<u>3,280,842</u>	<u>3,281,032</u>
<b>TOTAL ASSETS</b>		<u><b>\$ 3,512,634</b></u>	<u><b>\$ 3,464,837</b></u>

**LIABILITIES, RESERVES AND FUND BALANCE**

<b>Operating Fund:</b>			
Liabilities:			
Appropriation Reserves :			
Encumbered	E-3:7	\$ 565	\$ 1,037
Unencumbered	E-3:7	973	3,132
Prepaid Sewer Rents	E-5:6	930	1,210
Due Sewer Capital Fund	E	120,291	89,932
Due Current Fund	E	5,329	-
Accrued Interest on Notes	E	33,584	33,584
Reserve for Receivables	E	50,372	44,263
Fund Balance	E-1	<u>19,746</u>	<u>10,647</u>
<b>Total Operating Fund</b>		<u>231,790</u>	<u>183,805</u>
<b>Capital Fund:</b>			
Bond Anticipation Notes	E-14	378,000	420,000
Serial Bonds Payable	E-15	936,000	976,000
NJ Environmental Trust Loans	E-16	365,000	475,482
Capital Improvement Fund	E-11	12,018	12,018
Improvement Authorization - Funded	E-10	14,440	14,440
Improvement Authorization - Unfunded	E-10	211,068	211,248
Deferred Reserve for Amortization	E-13	87,500	87,500
Reserve for Amortization	E-12	1,273,305	1,080,823
Fund Balance	E-1a	<u>3,513</u>	<u>3,521</u>
<b>Total Capital Fund</b>		<u>3,280,844</u>	<u>3,281,032</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><b>\$ 3,512,634</b></u>	<u><b>\$ 3,464,837</b></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

<b>REVENUE AND OTHER INCOME REALIZED</b>	<u>REF.</u>	<u>YEAR</u> <u>2012</u>	<u>YEAR</u> <u>2011</u>
Operating Surplus	E-2	\$ 10,000	\$ 35,978
Rents	E-2	335,725	270,273
Miscellaneous	E-2	76,425	57,098
NJ Environmental Infrastructure Trust - Savings Credits	E-2	29,423	28,762
Other Credits to Income			
Balance of Reserved Budget	E-7	3,132	3,320
<b>Total Income</b>		454,705	395,431
<b>EXPENDITURES</b>			
Operating	E-3	151,664	152,000
Debt Service	E-3	262,790	222,028
Deferred Charges and Statutory Expenditures	E-3	29,500	29,500
Other Charges	E-4	-	6,389
<b>Total Expenditures</b>		443,954	409,917
Excess (Deficit) Revenue Over Expenditures		10,751	(14,486)
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	E-3	8,348	27,000
Statutory Excess To Fund Balance		19,099	12,514
<b>Balance January 1</b>	E-1	10,647	34,111
		29,746	46,625
Decreased by:			
Utilized as Anticipated Revenue	E-1	10,000	35,978
<b>Balance December 31</b>	E	\$ 19,746	\$ 10,647

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, 2011	E	\$	3,521
<b>Increased by:</b>			
Accrued Interest/Premium	E-1	_____	(8)
			3,513
Balance December 31, 2012	E	\$	<u>3,513</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	\$ 10,000	\$ 10,000	
User Fees and Charges	E-1	329,130	335,725	\$ 6,595
NJ Environmental Savings Credit	E-1	28,760	29,423	663
Other Trust Revenue	E-1	10,616	10,616	-
Miscellaneous - Interest	E-1	57,100	65,809	8,709
 Total Sewer Utility Revenue		 <u>\$ 435,606</u>	 <u>\$ 451,573</u>	 <u>\$ 15,967</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	\$ 23,100	\$ 21,400	\$ 21,380	\$ 20
Other Expenses	120,216	130,264	130,264	-
Statutory Expenditures	2,500	2,500	1,547	953
Deferred Charge - Emergency	27,000	27,000	27,000	-
Debt Service	262,790	262,790	262,790	
<b>Total Sewer Utility Appropriations</b>	<b>\$ 435,606</b>	<b>\$ 443,954</b>	<b>\$ 442,981</b>	<b>\$ 973</b>

	REF.		D
Emergency Appropriation(40A:4-46)	A-2	8,348	
Original Budget	A-2	<u>435,606</u>	
		<b><u>\$ 443,954</u></b>	
	Paid	E-4	\$ 415,416
	Deferred Charges	E	27,000
	Charged - Encumbered	E	<u>565</u>
			<b><u>\$ 442,981</u></b>

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

SPECIAL GARBAGE DISTRICT FUND  
COMPARATIVE BALANCE SHEET

F

<b>ASSETS</b>	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
<b>Assets:</b>			
Cash and Cash Equivalents	F-4	\$ 57,658	\$ 64,297
Due Current Fund	F	<u>524</u>	<u>524</u>
<b>TOTAL ASSETS</b>		<u>\$ 58,182</u>	<u>\$ 64,821</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Appropriation Reserves :			
Encumbured	F-3	\$ 22,750	-
Unencumbered	F-3:7	20,541	\$ 4,850
Reserve for Receivables	F	524	524
Fund Balance	F-1	<u>14,367</u>	<u>59,447</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 58,182</u>	<u>\$ 64,821</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

<b>REVENUE AND OTHER INCOME REALIZED</b>	<u>REF.</u>	<u>YEAR</u> <u>2012</u>	<u>YEAR</u> <u>2011</u>
Operating Surplus	F-2	\$ 50,000	\$ 13,000
District Tax	F-2	377,000	377,524
Miscellaneous	F-2	70	60
Other Credits to Income			
Balance of Reserved Budget	F-7	<u>4,850</u>	<u>11,465</u>
<b>Total Income</b>		<u>431,920</u>	<u>402,049</u>
<b>EXPENDITURES</b>			
Operating	F-3	424,000	386,800
Deferred Charges and Statutory Expenditures	F-3	3,000	3,200
Interfunds Advanced	F-3	-	<u>524</u>
<b>Total Expenditures</b>		<u>427,000</u>	<u>390,524</u>
Excess (Deficit) Revenue Over Expenditures		4,920	11,525
<b>Balance January 1</b>	F-1	<u>59,447</u>	<u>60,922</u>
		64,367	72,447
Decreased by:			
Utilized as Anticipated Revenue	F-1	<u>50,000</u>	<u>13,000</u>
<b>Balance December 31</b>	F	<u>\$ 14,367</u>	<u>\$ 59,447</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	\$ 50,000	\$ 50,000	
Special District Tax	377,000	377,000	
Miscellaneous - Interest		70	\$ 70
 Total Garbage District Revenue	<u>\$ 427,000</u>	<u>\$ 427,070</u>	<u>\$ 70</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>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>
OPERATING:				
Contractual Services	\$ 322,950	\$ 322,950	\$ 322,950	
Other Expenses	20,850	20,850	3,262	\$ 17,588
Salaries and Wages	30,200	30,200	28,171	2,029
Statutory Expenditures	3,000	3,000	2,076	924
Surplus (General Budget)	50,000	50,000	50,000	
<b>Total Garbage District Appropriations</b>	<u>\$ 427,000</u>	<u>\$ 427,000</u>	<u>\$ 406,459</u>	<u>\$ 20,541</u>

REF.

F-2

F-2

D

Paid	F-4	\$ 383,709
Charged - Encumbered	F	<u>22,750</u>
		<u>\$ 406,459</u>

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

GENERAL FIXED ASSETS  
STATEMENT OF GENERAL FIXED ASSETS  
DECEMBER 31, 2012  
(UNAUDITED)

	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
General Fixed Assets:		
Land and Buildings	\$ 14,780,500	\$ 14,330,500
Buildings and Improvements	636,021	636,021
Machinery and Equipment	1,898,996	1,881,244
Total General Fixed Assets	<u><u>\$ 17,315,517</u></u>	<u><u>\$ 16,847,765</u></u>
Investment In General Fixed Assets	<u><u>\$ 17,315,517</u></u>	<u><u>\$ 16,847,765</u></u>

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

PAYROLL AGENCY FUND  
COMPARATIVE BALANCE SHEET

H

<b>ASSETS</b>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
Cash and Cash Equivalents	\$ 15,728	\$ 1,863
<b>TOTAL ASSETS</b>	<b><u>\$ 15,728</u></b>	<b><u>\$ 1,863</u></b>
 <b>LIABILITIES AND RESERVES</b>  		
Payroll Deductions Payable	\$ 15,728	\$ 1,863
<b>TOTAL LIABILITIES AND RESERVES</b>	<b><u>\$ 15,728</u></b>	<b><u>\$ 1,863</u></b>

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

## **NOTES TO FINANCIAL STATEMENTS**



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**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, 2012

**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, 2012

**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, 2012

**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 infrastructures.

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, 2012

**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, 2012

**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, 2012

**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, 2012, 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, 2012, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	\$ <u>2,323,386</u>	\$ <u>2,323,386</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2012, was \$2,323,386 and the bank balance was \$2,427,450. 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, \$554,538 was covered by federal depository insurances and \$1,872,912 was covered by collateral pool.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**Note 3: LONG-TERM DEBT**

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Paid</b>	<b>Ending Balance</b>
Long Term Debt:				
Bond Anticipation Notes	\$ 2,894,000	\$ 612,000	\$ 312,000	\$ 3,194,000
Serial Bonds	1,288,000		352,000	936,000
Capital Leases	245,361		58,048	187,313
New Jersey Trust Loans	475,482		110,482	365,000
Total Long-Term Debt	<u>\$ 4,902,843</u>	<u>\$ 612,000</u>	<u>\$ 832,530</u>	<u>\$ 4,682,313</u>

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>2012</u>	YEAR <u>2011</u>	YEAR <u>2010</u>
<b>Issued</b>			
General:			
Bonds and Notes	\$ 2,571,313	\$ 2,938,361	\$ 4,183,333
Water Utility:			
Bonds and Notes	432,000	93,000	188,000
Sewer Utility:			
Bonds and Notes	1,679,000	1,871,482	2,021,526
Net Debt Issued	<u>4,682,313</u>	<u>4,902,843</u>	<u>6,392,859</u>
Less:			
Statutory Deductions	2,111,000	982,203	356,083
Reserve to Pay Debt Service			800,000
	<u>2,571,313</u>	<u>3,920,640</u>	<u>5,236,776</u>
<b><u>Authorized But Not Issued</u></b>			
General:			
Bonds and Notes	626,440	188,101	100,000
Water Utility:			
Bonds and Notes			
Sewer Utility:			
Bonds and Notes			
Total Authorized But Not Issued	<u>626,440</u>	<u>188,101</u>	<u>100,000</u>
<b>Net Bonds and Notes Issued and Authorized But Not Issued</b>	<u>\$ 3,197,753</u>	<u>\$ 4,108,741</u>	<u>\$ 5,336,776</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**Note 3: LONG-TERM DEBT (Continued)**

**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 0.688%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 2,428,000	\$ 2,428,000	
Water and Sewer Utility Debt	2,111,000	2,111,000	
General Debt	3,197,753	-	\$ 3,197,753
	<u>\$ 7,736,753</u>	<u>\$ 4,539,000</u>	<u>\$ 3,197,753</u>

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

Net Debt \$ 3,197,753 Divided by Equalized Valuation Basis per  
N.J.S.A. 40A:2-2 as amended \$ 465,099,705 equals 0.688%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 16,278,490
Net Debt	3,197,753
Remaining Borrowing Power	\$ 13,080,737

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

Calendar <u>Year</u>	<u>General</u>		<u>Water Utility</u>		<u>Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	None		None		\$ 105,000	\$ 57,269
2014					110,000	52,559
2015					115,000	47,539
2016					115,000	42,229
2017					120,000	36,879
2018-2023	-	-	-	-	736,000	121,612
	-	-	-	-	\$ 1,301,000	\$ 358,087

**General Obligation Bonds and Loans**

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, 2012, was \$771,000. Outstanding bond principal and interest is paid from the Sewer Utility Operating Fund of the Township.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**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, 2012, was \$165,000. 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, 2012, was \$365,000. 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, 2012, bond anticipation notes in the amount of \$3,194,000 payable to Valley National Bank. These notes mature on May 10, 2013. The interest rate on the notes are 1.05% payable at maturity. Principal and interest on this note is paid from the current fund budget and the water and sewer operating utility budgets.

**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 \$187,313 as of December 31, 2012. Lease principal and interest on this agreement is paid from the current fund budget.

	Debt <u>Outstanding</u>
Total General Capital Bonds, Loans and Notes Above	\$ 2,571,313
Total Water Utility Bonds, Loans and Notes Above	432,000
Total Sewer Utility Bonds, Loans and Notes Above	<u>1,679,000</u>
Total Debt Issued and Outstanding	<u>\$ 4,682,313</u>



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**Note 4: GENERAL FIXED ASSETS**

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

	Balance <u>1/1/12</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>12/31/12</u>
Land and Buildings	\$ 14,330,500	\$ 450,000		\$ 14,780,500
Buildings and Improvements	636,021	-		636,021
Machinery and Equipment	1,881,244	17,752	-	1,898,996
	<u>\$ 16,847,765</u>	<u>\$ 467,752</u>	<u>-</u>	<u>\$ 17,315,517</u>

**Note 5: FUND BALANCES APPROPRIATED**

Fund Balances at December 31, 2012, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2013, were as follows:

Current Fund	\$270,000	(Introduced Budget)
Water Utility Fund	\$30,000	(Introduced Budget)
Sewer Utility Fund	None	(Introduced Budget)
Special Garbage District	None	(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, 2012, the Township recorded the following deferred charges which are included in the following budgets:

	Balance <u>12/31/11</u>	Raised as 2012 Budget <u>Appropriation</u>	Resulting <u>from 2012</u>	Balance to Succeeding <u>Budgets</u>
<u>Current Fund:</u>				
Emergency Appropriation (40A:4-46)			\$ 19,923	\$ 19,923
Special Emergency Appropriation (40A:4-55.1)	\$ 15,000	\$ 3,000		12,000
Special Emergency Appropriation (40A:4-54)	-	-	14,129	14,129
	<u>\$ 15,000</u>	<u>\$ 3,000</u>	<u>\$ 34,052</u>	<u>\$ 46,052</u>

The appropriations in the 2013 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, 2012

**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, 2012

**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>
2012	\$83,007	100%	-0-
2011	\$83,474	100%	-0-
2010	\$93,627	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, 2011 there were 93,323 retirees receiving 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

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, 2012

**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**

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, 2012:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 13,116	\$ 61,550
Federal/State Grants Fund	-	7,968
General Capital Fund	50,011	-
Animal Control Fund	-	8
Other Trust Funds	10,983	-
Water Operating Fund	221	-
Water Capital Fund	-	-
Sewer Operating Fund	-	125,620
Sewer Capital Fund	120,291	-
Special Garbage District Fund	524	-
	<u>\$ 195,146</u>	<u>\$ 195,146</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**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.

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 <http://www.state.nj.us/treasury/pensions/audit-rpts-2012/shbp-12.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, 2012, 2011, and 2010, were \$80,687, \$54,935 and \$49,225 respectively, which equaled the required contributions for each year. There were approximately six retired participants eligible at December 31, 2012, 2011, and 2010.

**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, 2011	A	\$ 756,932
<b>Increased by Receipts:</b>		
Miscellaneous Revenue Not Anticipated	A-2	\$ 47,630
Interfunds Returned	A-1	35,532
Collector	A-5	11,178,610
Revenue Accounts Receivable	A-8	696,665
Senior Citizens/Veterans Deductions	A-17	50,456
Federal/State Grant Funds	A-19/21	<u>10,450</u>
		<u>12,019,343</u>
		12,776,275
<b>Decreased by Disbursements:</b>		
Refund of Prior Year Revenues	A-1	19,739
2011 Appropriation Reserves	A-9	9,016
Reserve for Encumbrances	A-10	3,891,423
Tax Overpayments Refunded	A-12	1,327
County Taxes	A-13	1,130,627
Local District School Tax	A-14	6,177,367
Regional District School Tax	A-15	377,000
Outside Liens	A-18	374,000
Federal/State Grant Funds	A-20	2,740
Reserve for Pending Tax Appeals	A-23	2,130
Reserve for Tax Sale Premium	A-26	<u>28,100</u>
		<u>12,013,469</u>
Balance December 31, 2012	A	<u>\$ 762,806</u>

CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

**Received:**

Interest and Costs on Taxes	A-2	\$	41,078	
Miscellaneous	A-2		10,353	
Taxes Receivable	A-6		10,695,291	
2013 Prepaid Taxes	A-11		30,495	
Tax Overpayments	A-12		1,327	
Reserve for Tax Sale Premiums	A-26		28,100	
Reserve for Tax Outside Liens	A-18		<u>371,966</u>	<u>\$ 11,178,610</u>

**Decreased by Disbursements:**

Payments to Treasurer	A-4			<u>\$ 11,178,610</u>
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CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF TAX LEVY

A-6

YEAR	BALANCE	ADDED	2012	CASH COLLECTIONS		TRANSFERRED	OVERPAID	CANCELLED	BALANCE
	<u>12/31/11</u>	<u>TAXES</u>		<u>LEVY</u>	<u>2011</u>	<u>2012</u>			<u>TO TAX</u>
						<u>TITLE LIENS</u>	<u>APPLIED</u>		
2011	\$ 182,965	\$ 1,787			\$ 184,752				-
	182,965	1,787			184,752			-	-
2012			\$ 10,927,696	\$ 32,124	10,560,995	\$ 16,788	\$ 58	\$ 2,930	\$ 314,801
<b>TOTALS</b>	<b>\$ 182,965</b>	<b>\$ 1,787</b>	<b>\$ 10,927,696</b>	<b>\$ 32,124</b>	<b>\$ 10,745,747</b>	<b>\$ 16,788</b>	<b>\$ 58</b>	<b>\$ 2,930</b>	<b>\$ 314,801</b>
REF.	A			A-12		A-7	A-12		A

REF.

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

A-2	\$ 50,456
A-5	<u>10,695,291</u>
	<u>\$ 10,745,747</u>

**ANALYSIS OF PROPERTY TAX LEVY:**

**Tax Yield:**

General Purpose Tax		\$ 10,472,275
Special District Taxes-Garbage		377,000
Special District Taxes-Open Space		10,957
Added Taxes (54:4-63.1 et.seq. )		<u>67,464</u>
		<u>\$ 10,927,696</u>

**Tax Levy:**

REF.

Local District School Tax	A-14	\$ 6,177,367
Garbage District Tax	A-15	377,000
Municipal Open Space Tax	A-16	11,013
County Taxes:		
County Tax (Abstract )	A-13	\$ 1,060,847
County Open Space Tax	A-13	69,475
Due County for Added and Omitted Taxes(54.4-63.1,et.seq.)	A-13	<u>7,316</u>
Local Tax for Municipal Purposes	A-2	3,162,853
Add: Additional Tax Levied		<u>61,825</u>
		<u>\$ 10,927,696</u>

CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2011	A	\$326,205
<b>Increased by:</b>		
Transfers from Utility Billing		\$ 10,978
Transfers from Taxes Receivable	A-6	<u>16,788</u> <u>27,766</u>
		353,971
<b>Decreased by:</b>		
Canceled		<u>10,205</u>
Balance December 31, 2012	A	<u>\$343,766</u>

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>ACCRUED</u> <u>IN 2012</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/12</u>
Licenses:					
Alcoholic Beverages	A-2		\$ 5,813	\$ 5,813	
Beach Concession Fees	A-2		17,036	17,036	
Municipal Court:					
Fines and Costs	A-2	\$ 8,173	80,514	85,751	\$ 2,936
Interest on Investments and Deposits	A-2		2,738	2,738	
Consolidated Municipal Property Tax Relief	A-2		24,163	24,163	
Energy Receipts Tax	A-2		259,180	259,180	
Uniform Construction Code Fees	A-2		102,043	102,043	
Wharton Borough - Radio Dispatch	A-2		4,564	4,564	
Cable TV Franchise Fees	A-2		34,318	34,318	
Cell Tower Leases	A-2		88,979	88,979	
Garbage District Fund Balance	A-2		50,000	50,000	
General Capital Fund Balance	A-2		8,000	8,000	
Fire Safety Fees	A-2		3,337	3,337	
Verizon Franchise Fees	A-2		10,743	10,743	
Totals		<u>\$ 8,173</u>	<u>\$ 691,428</u>	<u>\$ 696,665</u>	<u>\$ 2,936</u>
	REF.	A	A-2	A-4	A

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

A-9  
Sheet 1

	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>AFTER</u> <u>TRANSFERS</u> <u>12/31/11</u>	<u>PAID</u> <u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LASPED</u>
General Administration:				
Other Expenses	\$ 1,372	\$ 1,730	\$ 258	\$ 1,472
Tax Collection:				
Other Expenses	629	710	81	629
Planning Board:				
Other Expenses	810	956	146	810
Zoning Board:				
Other Expenses	40	106	66	40
Building Official:				
Salaries and Wages	1,379	4		4
Other Expenses	1,065	1,065	610	455
Aid to Volunteer Fire Department:				
Other Expenses	9	209	200	9
Uniform Fire Safety Official:				
Salaries and Wages	1,650	3,025	3,025	-
Streets and Roads (DPW) Maintenance:				
Salaries and Wages	1,523	23		23
Other Expenses	1,393	4,400	3,620	780
Recreation:				
Other Expenses	1,101	701		701
Aid to Library:				
Other Expenses	998	1,335	337	998
Celebration of Public Events:				
Other Expenses	354	583	229	354
Unclassified:				
Electricity	3,352	3,352	985	2,367
Street Lighting	3,836	3,836	46	3,790
Telephone	213	880	(2,188)	3,068
Gasoline and Diesel				-
Heating Fuel	2,826	4,427	1,601	2,826
Other Accounts - No Change	16,454	16,455		16,455
<b>TOTALS</b>	<b><u>\$ 39,004</u></b>	<b><u>\$ 43,797</u></b>	<b><u>\$ 9,016</u></b>	<b><u>\$ 34,781</u></b>

	A		A-4	A-1
Appropriation Reserve	A	\$ 39,004		
Encumbrances	A-10	<u>4,793</u>		
		<u>\$ 43,797</u>		

CURRENT FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-10

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 4,793
<b>Increased by:</b>		
Encumbrances Added		
Transfer from Current Year Appropriations	A-3	<u>3,923,637</u>
		3,928,430
<b>Decreased by:</b>		
Encumbrances Cancelled	A	\$ 7,279
Transfer to Appropriations Reserve	A-9	4,793
Cash Disbursements	A-4	<u>3,891,423</u> <u>3,903,495</u>
Balance December 31, 2012	A	<u>\$ 24,935</u>

CURRENT FUND  
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-11

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 32,124
<b>Increased by:</b>		
2013 Taxes Collected in Advance	A-5	<u>30,495</u>
		62,619
<b>Decreased by:</b>		
Applied to 2012 Taxes Receivable	A-6	<u>32,124</u>
Balance December 31, 2012	A	<u>\$ 30,495</u>

CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

A-12

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 18,659
<b>Increased by:</b>		
2012 Tax Overpayments	A-5	<u>1,327</u>
		19,986
<b>Decreased by:</b>		
Applied to 2012 Taxes	A-6	\$ 58
Refunded	A-4	<u>1,327</u> <u>1,385</u>
Balance December 31, 2012		<u>\$ 18,601</u>

CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE

A-13

	<u>REF.</u>	
Balance December 31, 2011		\$ 305
<b>Increased by:</b>		
2012 Levy:		
County Taxes	A-1:6	\$1,060,847
County Open Space Tax	A-1:6	69,475
County Added and Omitted Taxes	A-1:6	<u>7,316</u>
		<u>1,137,638</u>
		1,137,943
<b>Decreased by:</b>		
Payments	A-4	<u>1,130,627</u>
Balance December 31, 2012		<u>\$ 7,316</u>



CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-14

	<u>REF.</u>		
<b>Balance December 31, 2011:</b>			
School Tax Payable	A	\$	4,835
<b>Increased by:</b>			
Levy - Calendar Year 2012	A-6		6,177,367
			<u>6,182,202</u>
<b>Decreased by:</b>			
Payments	A-4		<u>6,177,367</u>
<b>Balance December 31, 2012:</b>			
School Tax Payable	A	\$	<u>4,835</u>
 <b>2012 Liability for Local District School Tax:</b>			
Tax Paid		\$	6,177,367
Tax Payable 12/31/12			<u>4,835</u>
			6,182,202
Less -- Tax Payable 12/31/11			<u>4,835</u>
<b>Amount Charged to 2012 Operations</b>	A-1	\$	<u><u>6,177,367</u></u>

CURRENT FUND  
SCHEDULE OF GARBAGE DISTRICT TAX PAYABLE

A-15

	<u>REF.</u>		
<b>Balance December 31, 2011:</b>			
Due to Garbage District Fund	A	\$	524
<b>Increased by:</b>			
Levy - 2012	A-6		377,000
			<u>377,524</u>
<b>Decreased by:</b>			
Payments	A-4		<u>377,000</u>
<b>Balance December 31, 2012:</b>			
Due to Garbage District Fund	A	\$	<u>524</u>
 <b>2012 Liability for Garbage District Tax:</b>			
Tax Paid		\$	377,000
Add -- Tax Payable 12/31/12			<u>524</u>
			377,524
Less -- Tax Payable 12/31/11			<u>524</u>
 <b>Amount Charged to 2012 Operations</b>	A-1	\$	<u>377,000</u>

CURRENT FUND  
SCHEDULE OF MUNICIPAL OPEN SPACE TAX

A-16

	<u>REF.</u>					
Balance December 31, 2011	A	\$ 2				
<b>Increased by:</b>						
Levy - 2012	A-1:A-6	\$ 10,957				
Added Levy	A-1:A-6	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 50%; text-align: right;">56</td> <td style="border-bottom: 1px solid black; width: 50%; text-align: right;">11,013</td> </tr> <tr> <td style="text-align: right;">11,015</td> <td style="text-align: right;">11,015</td> </tr> </table>	56	11,013	11,015	11,015
56	11,013					
11,015	11,015					
Balance December 31, 2012	A	<u>\$ 11,015</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, 2011	A	\$ 10,236
<b>Increased by:</b>		
Received in Cash From State	A-4	<u>50,456</u>
		60,692
<b>Decreased by:</b>		
Senior Citizens Deductions per Tax Billings		\$ 8,456
Veterans Deductions per Tax Billings		42,000
Sr and Vet Disallowed		<u>-</u>
		<u>50,456</u>
Balance December 31, 2012	A	<u>\$ 10,236</u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR THIRD PARTY LIENS

A-18

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 9,089
<b>Increased by:</b>		
Receipts	A-5	<u>371,966</u>
		381,055
<b>Decreased by:</b>		
Refunded	A-4	<u>374,000</u>
Balance December 31, 2012	A	<u>\$ 7,055</u>

CURRENT FUND  
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/12</u>
Clean Communities		\$ 6,335	\$ 6,208	\$ 127	
Highlands Conformance Grant	\$ 9,172				9,172
NJ Dept. of Transportation	37,500				\$ 37,500
<b>Totals</b>	<b><u>46,672</u></b>	<b><u>\$ 6,335</u></b>	<b><u>\$ 6,208</u></b>	<b><u>\$ 9,299</u></b>	<b><u>\$ 37,500</u></b>
REF.	A	A-2	A-4	A-20	A

CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

A-20

	<u>BALANCE</u> <u>12/31/11</u>	<u>TRANSFER</u> <u>FROM</u> <u>2012 BUDGET</u> <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/12</u>
Clean Communities - CY 09	\$ 4,500				\$ 4,500
Clean Communities - CY 10	6,695				6,695
Clean Communities - CY 11	5,691		\$ 465		5,226
Clean Communities - CY 12		\$ 6,335		\$ 127	6,208
Tonnage Grant	2,661	2,275	2,275		2,661
Highlands Conformance Grant	5,159			5,159	
NJ Dept. of Transportation	79,129			79,129	
<b>Totals</b>	<b><u>\$ 103,835</u></b>	<b><u>\$ 8,610</u></b>	<b><u>\$ 2,740</u></b>	<b><u>\$ 84,415</u></b>	<b><u>\$ 25,290</u></b>

A

A-3

A-4

A

A-1  
A-19

\$ 75,116  
9,299  
\$ 84,415

CURRENT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

A-21

	<u>BALANCE</u> <u>12/31/11</u>	TRANSFER TO 2012 BUDGET <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/12</u>
Recycling Grant	\$ 2,275	\$ 2,275	\$ 2,742	\$ 2,742
County Trust Grant - Bridget Snith House			1,500	1,500
Totals	<u>\$ 2,275</u>	<u>\$ 2,275</u>	<u>\$ 4,242</u>	<u>\$ 4,242</u>
	A		A-4	A



CURRENT FUND  
SCHEDULE OF RESERVE FOR SALE OF MUNICIPAL ASSETS

A-22

REF.

Balance December 31, 2011		<u>\$ 21,440</u>
Balance December 31, 2012	A	<u>\$ 21,440</u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR PENDING TAX APPEALS

A-23

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 74,352
<b>Decreased by:</b>		
Refund for State Tax Appeal B/L#507/29	A-4	<u>    2,130</u>
Balance December 31, 2012	A	<u><u>\$ 72,222</u></u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR REVALUATION OF PROPERTY

A-24

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 1,850
Balance December 31, 2012	A	<u>\$ 1,850</u>

CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES  
EMERGENCY AUTHORIZATIONS

A-25

<u>PURPOSE</u>	<u>DESCRIPTION</u>	<u>DATE</u> <u>AUTHORIZED</u>	<u>NET</u> <u>AMOUNT</u> <u>AUTHORIZED</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>CURRENT</u> <u>YEAR</u> <u>AUTHORIZATIONS</u>	<u>APPROPRIATED</u> <u>2012</u> <u>BUDGET</u>	<u>BALANCE</u> <u>12/31/12</u>
Emergency (40A:4-46)	Fire Department Turnout	12/20/12	\$ 19,923		\$ 19,923		\$ 19,923
Special Emergency (40A:4-55.1)	Flood - Hurricane Irene	10/18/11	15,000	\$ 15,000		\$ 3,000	12,000
Special Emergency (40A:4-54)	Hurricane Sandy	12/20/12	14,129		14,129		14,129
Totals				<b>\$ 15,000</b>	<b>\$ 34,052</b>	<b>\$ 3,000</b>	<b>\$ 46,052</b>
REF.				A	A-3	A-3	A

CURRENT FUND  
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

A-26

REF.

**Increased by:**

Receipts

A-5    \$ 28,100  
                  28,100

**Decreased by:**

Transfer to Trust Fund

A-4    \$ 28,100

# **TRUST FUND SCHEDULES**

TRUST FUND  
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>		<u>OTHER</u>
<u>REF.</u>		<u>LICENSES</u>		<u>OTHER</u>
Balance December 31, 2011	B	\$ 3,504	\$	794,182
<b>Increased by Receipts:</b>				
Dog License Fees	B-3	6,704		
Amount Due Current Fund	B-4	8		
Amount Due Current Fund	B-6			12
Developers Escrow Deposits	B-7			13,298
State Unemployment Insurance Deposits	B-8			4,016
Municipal Open Space Trust Deposits	B-9			450,094
Other Trust Deposits	B-10			316,027
Affordable Housing Trust Deposits	B-11			271
<b>Total Receipts</b>		6,712		783,718
		10,216		1,577,900
<b>Decreased by Disbursements:</b>				
Administrative Expenses	B-3	6,452		
Amount Due Current Fund	B-4	7		
Amount Due Current Fund	B-6			62
Developers Escrow Payments	B-7			20,784
State Unemployment Insurance Payments	B-8			1,471
Municipal Open Space Trust Payments	B-9			489,320
Other Trust Payments	B-10			400,565
<b>Total Disbursements</b>		6,459		912,202
Balance December 31, 2012	B	\$ 3,757	\$	665,698

TRUST FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

B-3

	<u>REF.</u>		
Balance December 31, 2011	B	\$	2,444
<b>Increased by:</b>			
Encumbrances Cancelled	B-5	\$	1,053
License Fees Collected	B-2	6,704	7,757
			10,201
<b>Decreased by:</b>			
Administrative Expenses - Encumbured	B-5	420	
Administrative Expenses	B-2	6,452	6,872
Balance December 31, 2012	B	\$	3,329

**DETAIL:**

Reserve for Dog Fund Fees		\$	2,185
Reserve for Cat Fund Fees			1,144
		\$	3,329

**DOG LICENSE FEES COLLECTED**

CY 2011		\$	2,808
CY 2010			3,480
		\$	6,288



TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
DOG LICENSE FUND

B-4

	<u>REF.</u>					
Balance December 31, 2011	B	\$ 7				
<b>Increased by:</b>						
Interest Credits Due Current Fund	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-top: 1px solid black; width: 20px;"></td> <td style="text-align: right;">8</td> </tr> <tr> <td style="border-bottom: 1px solid black; width: 20px;"></td> <td style="text-align: right;">15</td> </tr> </table>		8		15
	8					
	15					
<b>Decreased by:</b>						
Interest Credits Paid to Current Fund	B-2	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-top: 1px solid black; width: 20px;"></td> <td style="text-align: right;">7</td> </tr> </table>		7		
	7					
Balance December 31, 2012	B	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; width: 20px;"></td> <td style="text-align: right;">8</td> </tr> </table>		8		
	8					

TRUST FUND  
SCHEDULE OF RESERVE FOR ENCUMBRANCES

B-5

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 1,053
<b>Increased by:</b>		
Purchase Orders	B-3	<u>420</u>
		1,473
<b>Decreased by:</b>		
Purchase Orders Canceled	B-3	<u>1,053</u>
Balance December 31, 2012	B	<u>\$ 420</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE OTHER FUNDS  
OTHER TRUST FUND

B-6

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 80
<b>Increased by:</b>		
Interest Due Current Fund - Developer's Escrow	B-2	12
		<u>92</u>
<b>Decreased by:</b>		
Open Space Tax Levy (Incls Added Omitted Taxes)	B-9	\$ 11,013
Interfund Returned-General Capital Fund	B-2	<u>62</u> <u>11,075</u>
Balance December 31, 2012	B	<u><u>\$(10,983)</u></u>
 <b><u>Detail Due Current Fund:</u></b>		
Developer's Escrow Deposits		\$ 32
Municipal Open Space Trust		<u>(11,015)</u>
		<u><u>\$(10,983)</u></u>

TRUST FUND  
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW TRUST FUND DEPOSITS

B-7

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 61,992
<b>Increased by:</b>		
Escrow Deposits	B-2	<u>13,298</u>
		75,290
<b>Decreased by:</b>		
Escrow Refunds	B-2	<u>20,784</u>
Balance December 31, 2012	B	<u>\$ 54,506</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST

B-8

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 6,440
<b>Increased by:</b>		
Receipts	B-2	<u>4,016</u> 10,456
<b>Decreased by:</b>		
Claims	B-2	<u>1,471</u>
Balance December 31, 2012	B	<u>\$ 8,985</u>

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

B-9

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 57,366
<b>Increased by:</b>		
2012 Levy and Added Omitted Taxes	B-6	\$ 11,013
Transfer from General Capital Fund-Ordinance 2011-12 - Canfield Property	B-2	450,000
Interest	B-2	<u>94</u>
		<u>461,107</u> 518,473
<b>Decreased by:</b>		
Canfield Property Acquisition	B-2	450,000
Open Space Expenses	B-2	<u>39,320</u>
		<u>489,320</u>
Balance December 31, 2012	B	<u>\$ 29,153</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR OTHER TRUST DEPOSITS

B-10

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 349,569
<b>Increased by:</b>		
Escrow Deposits	B-2	<u>316,027</u> 665,596
<b>Decreased by:</b>		
Escrow Refunds	B-2	<u>400,565</u>
Balance December 31, 2012	B	<u>\$ 265,031</u>

**DETAIL:**

Municipal Court - Public Defender	\$ 1,987
Municipal Court - POAA	1,378
Road Opening Deposits	633
Performance Bonds	8,935
Reserve for Library	586
Reserve for Recreation	21,134
Reserve for Recycling	16,074
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	3,926
Reserve for Holiday Baskets	500
Reserve for Maintenance Bond	320
Reserve for Monument Bond	3,200
Reserve for Tax Sale Premiums	168,601
Reserve for Construction Fees	9,825
Reserve for Beach Snack Bar	1,370
Reserve for Accrued Sick Leave	9,000
Reserve for Other	747
Encumbrances	<u>(3,548)</u>
	<u>\$ 265,031</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR AFFORDABLE HOUSING TRUST

B-11

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 318,735
<b>Increased by:</b>		
Escrow Deposits	B-2	<u>      271</u> 319,006
Balance December 31, 2012	B	<u>\$ 319,006</u>



## **GENERAL CAPITAL FUND SCHEDULES**

GENERAL CAPITAL FUND  
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2011	C	\$	52,410
<b>Increased by Receipts:</b>			
Interfund Return - Current Fund	C-3	\$	150,000
Grants Receipts	C-4		191,559
Current Fund Budgeted Appropriation - Capital Improvement Fund	C-8		6,000
Bond Anticipation Note Proceeds	C-10		180,000
Fire Department Roof Reserve	C-13		27,385
Due Municipal Open Space Trust Fund	C-16		62
Interest Credits	C-3		371
			555,377
			607,787
<b>Decreased by Disbursements:</b>			
Capital Fund Balance Anticipated as Revenue in Current Fund Budget	C-1		8,000
Payment to Current Fund for Interest Credits	C-3		371
Interfund Advanced - Current Fund	C-3		150,000
Liquidation of Prior Year Encumbrances	C-7		82,702
Improvements Authorizations Paid	C-11		59,528
Interfund Returned - Sewer Capital Fund	C-14		120,300
			420,901
Balance December 31, 2012	C	\$	186,886

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>			
Balance December 31, 2011	C		\$	(11)
<b>Increased by:</b>				
Interest Credits	C-2	\$ 371		
Interfund Return	C-2	<u>150,000</u>		<u>150,371</u>
				150,360
<b>Decreased by:</b>				
Payment of Interest Credits to Current Fund	C-2	371		
Interfund Advance	C-2	150,000		
Grant Proceeds Received in Current Fund	C-4	<u>50,000</u>		<u>200,371</u>
Balance December 31, 2012	C		\$	<u>(50,011)</u>

GENERAL CAPITAL FUND  
SCHEDULE OF ACCOUNTS RECEIVABLE

	<u>REF.</u>	
Balance December 31, 2011	C	C-4 \$ 822,000
<b>Increased by:</b>		
Grants Receivable	C-11	<u>250,000</u> 1,072,000
<b>Decreased by:</b>		
Received in Current Fund	C-3	\$ 50,000
Received in Open Space Trust Fund	C-16	450,000
Receipts	C-2	<u>191,559</u> <u>691,559</u>
Balance December 31, 2012	C	<u>\$ 380,441</u>
Safe Routes to School Grant		\$ 50,441
Community Development Block Grant		80,000
NJ Department of Transportation-Randolf Ave Sidewalks		170,000
Community Development Block Grant-Dolores Place Sidewalks		<u>80,000</u>
		<u>\$ 380,441</u>

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

	<u>REF.</u>	
Balance December 31, 2011	C	C-5 \$ 464,362
<b>Decreased by:</b>		
2012 Budget Appropriations - Loans Payable	C-9	\$ 58,048
2012 Budget Appropriations - Bond Principal	C-12	<u>219,000</u> <u>277,048</u>
Balance December 31, 2012	C	<u>\$ 187,314</u>

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

C-6

ANALYSIS OF BALANCE

<u>ORDINANCE NUMBER</u>	<u>ORDINANCE DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE 12/31/11</u>	<u>2012 AUTHORIZATIONS</u>	<u>PAID BY BUDGET APPROPRIATION</u>	<u>BALANCE 12/31/12</u>	<u>BOND ANTI-ANTICIPATION NOTES</u>	<u>BONDS/NOTES AUTHORIZED NOT ISSUED</u>
7-2003	9/4/03	Various Capital Improvements	\$ 73,400		\$ 18,350	\$ 55,050	\$ 55,050	-
8-2003	10/16/03	Improvements to Randall Avenue	34,500		8,625	25,875	25,875	-
10-2004	12/16/04	Various Capital Improvements	14,600		3,650	10,950	10,950	-
8-2005	10/20/05	Various Capital Improvements	298,750		59,750	239,000	239,000	-
15-2006	6/22/06	Various Capital Improvements	250,000		31,250	218,750	218,750	-
10-2007	7/12/07	Various Capital Improvements	511,500		73,071	438,429	438,429	-
16-2008	7/17/08	School Traffic Speed Limit Signs	7,600		950	6,650	6,650	-
17-2008	7/17/08	Iron Mountain Road	630,000		74,354	555,646	555,646	-
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	180,000	\$ 8,100
16-2012	6/21/12	Firehouse Roof, Civic Center Generator, Rec Parking Lot, Sidewalk Repairs for Delores Place, Randolph Ave., and Township Sidewalks		\$ 618,339		618,339		618,339
			<b>\$ 2,662,100</b>	<b>\$ 618,339</b>	<b>\$ 270,000</b>	<b>\$ 3,010,439</b>	<b>\$ 2,384,000</b>	<b>\$626,439</b>
REF.			C	C-11	C-10	C	C-10	

GENERAL CAPITAL FUND  
SCHEDULE OF ENCUMBRANCES

C-7

	<u>REF.</u>	
Balance December 31, 2011	C	\$ 82,702
<b>Increased by:</b>		
Improvement Authorization Purchase Orders Issued	C-11	<u>7,592</u> 90,294
<b>Decreased by:</b>		
Liquidation of Prior Year Purchase Orders	C-2	<u>82,702</u>
Balance December 31, 2012	C	<u>\$ 7,592</u>

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-8

	<u>REF.</u>	
Balance December 31, 2011	C	\$ 8,296
<b>Increased by:</b>		
2012 Budget Appropriations	C-2	<u>6,000</u>
		14,296
<b>Decreased by:</b>		
Appropriation to Finance Improvement Authorizations	C-11	<u>7,281</u>
Balance December 31, 2012	C	<u>\$ 7,015</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 12/31/11</u>	<u>DECREASED</u>	<u>BALANCE 12/31/12</u>
Morris County Improvement Authority - Capital Lease	8/1/05	552,750	3.69%	\$ 245,361	\$ 58,048	\$ 187,313
				<b>\$ 245,361</b>	<b>\$ 58,048</b>	<b>\$ 187,313</b>
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 12/31/11	INCREASED	DECREASED	BALANCE 12/31/12
7-2003	9/4/03	Various Capital Improvements	7/7/2005	\$ 133,000	5/10/12	5/10/13	1.05%	\$ 73,400		\$ 18,350	\$ 55,050
8-2003	10/16/03	Improvements to Randall Avenue	7/7/2005	57,000	5/10/12	5/10/13	1.05%	34,500		8,625	25,875
10-2004	12/16/04	Various Capital Improvements	7/7/2005	20,000	5/10/12	5/10/13	1.05%	14,600		14,600	-
8-2005	10/20/05	Various Capital Improvements	7/7/2006	380,250	5/10/12	5/10/13	1.05%	298,750		73,000	225,750
15-2006	6/22/06	Various Capital Improvements	5/14/2009	250,000	5/10/12	5/10/13	1.05%	250,000		31,250	218,750
10-2007	7/12/07	Various Capital Improvements	5/15/2008	540,000	5/10/12	5/10/13	1.05%	511,500		45,150	466,350
16-2008	7/17/08	School Traffic Speed Limit Signs	5/14/2009	7,600	5/10/12	5/10/13	1.05%	7,600		950	6,650
17-2008	7/17/08	Iron Mountain Road	5/14/2009	630,000	5/10/12	5/10/13	1.05%	630,000		78,075	551,925
6-2009	6/17/09	Improvements to Beach Facilities	5/13/2010	96,900	5/10/12	5/10/13	1.05%	96,900			96,900
13-2009	8/20/09	Improvements to Various Roads	5/13/2010	237,500	5/10/12	5/10/13	1.05%	237,500			237,500
1-2010	4/1/10	Various Capital Improvements	5/13/2010	319,250	5/10/12	5/10/13	1.05%	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	5/10/2012	180,000	5/10/12	5/10/13	1.05%		\$ 180,000		180,000
								<b>\$ 2,474,000</b>	<b>\$ 180,000</b>	<b>\$ 270,000</b>	<b>\$ 2,384,000</b>

REF.

C

C-2

C-6

C

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-11

IMPROVEMENT DESCRIPTION	NO.	ORDINANCE		BALANCE 12/31/11		2012 DEFERRED	CAPITAL	RESERVE	NJDOT	CDBG	PAID OR	BALANCE 12/31/12			
		DATE	AMOUNT	FUNDED	UNFUNDED	CHARGE	IMPROVEMENT	FUND	GRANT	GRANT	CHARGED	FUNDED	UNFUNDED		
Improvements to Randall Avenue	8-2003	10/16/03	\$ 210,000		\$ 2,845						\$ 205		\$ 2,640		
Various Capital Improvements	10-2004	10/16/04	658,000		2,006						200		1,806		
Various Capital Improvements	8-2005	10/20/05	844,662		45,807						617		45,190		
Various Capital Improvements	15-2006	6/22/06	590,000		87,045						21,799		65,246		
Acquisition of Canfield Open Space	1-2007	2/1/07	12,480,000		109,900						200		109,700		
Road Reconstruction and Overlay	10-2007	7/12/07	780,000		3,032						75		2,957		
Canfield Flashers	16-2008	7/17/08	20,000		4,175								4,175		
Iron Mountain Road Reconstruction	17-2008	7/17/08	805,000		80								80		
Iron Mountain Road Reconstruction - Phase III	16-2010	11/10/10	60,000	\$ 8,983							4,489	\$ 4,494			
Improvements to Beach Facilities	6-2009	6/17/09	182,000		3,141								3,141		
Repaving Roads and Speed Tables	13-2009	8/20/09	250,000		28,933						19,281		9,652		
Various Capital Improvements	1-2010	4/01/10	767,000		3,389						1,582		1,807		
Sidewalk and Curb Repair	6-2010	6/17/10	48,475	4,548							920	3,628			
Twsp Driveway, Blueberry and Irondale Road Impr, Fire Dept. Equip., DPW Equipment, School Sidewalks, Speed Tables	8-2011	8/18/11	198,000		121,885						17,752		104,133		
Acquisition of Canfield Open Space	12-2011	12/1/11	2,200,000	450,000							450,000	-			
Firehouse Roof, Civic Center Generator, Rec Parking Lot, Sidewalk Repairs for Delores Place, Randolph Ave., and Township Sidewalks	16-2012	6/21/12	916,000			\$ 618,339	\$ 7,281	\$ 40,380	\$ 170,000	\$ 80,000			297,661 618,339		
						<b>\$ 463,531</b>	<b>\$ 412,238</b>	<b>\$ 618,339</b>	<b>7,281</b>	<b>40,380</b>	<b>\$ 170,000</b>	<b>\$ 80,000</b>	<b>\$ 517,120</b>	<b>\$ 305,783</b>	<b>\$ 968,866</b>
REF.				C	C	C-6	C-8	C-13	C-4	C-4			C	C	

Cash Disbursements	C-2	\$ 59,528
Amounts Paid by Open Space Trust Fund	C-16	450,000
Encumbrances	C-7	7,592
		<u>\$ 517,120</u>

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 12/31/11</u>	<u>DECREASED</u>
General Improvements	10/1/03	\$ 1,174,000	9/15/12	219,000	3.500%	\$ 219,000	219,000
						<u>\$ 219,000</u>	<u>\$ 219,000</u>
						C	C-5

GENERAL CAPITAL FUND  
SCHEDULE OF VARIOUS RESERVES

C-13

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>INCREASED</u>	<u>DECREASED</u>	<u>BALANCE</u> <u>12/31/12</u>
Green Acres	\$ 50,000			\$ 50,000
Sidewalk Improvements	13,730		\$ 13,000	730
Park Development	1,563			1,563
Reserve for Fire Department Roof		\$ 27,385	27,380	5
	<b>\$ 65,293</b>	<b>\$ 27,385</b>	<b>\$ 40,380</b>	<b>\$ 52,298</b>
REF.	C	C-2	C-11	C

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE SEWER CAPITAL FUND

C-14

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

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE TO OUTSIDE AGENCIES

C-15

	<u>REF.</u>		
Balance December 31, 2011	C	\$	6,397
Balance December 31, 2012	C	\$	<u>6,397</u>

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE OPEN SPACE TRUST FUND

C-16

	<u>REF.</u>	
Balance December 31, 2011	C	\$ 62
<b>Increased by:</b>		
State DEP Canfield Property Grant received in Open Space Fund	C-4	<u>450,000</u> 450,062
<b>Decreased by:</b>		
Improvement Authorizations Paid in Open Space Fund	C-11	\$ 450,000
Interfund Return	C-2	<u>62</u> <u>450,062</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, 2011	D	\$ 152,820		\$ 54,557
<b>Increased by Receipts:</b>				
Water Rents	D-5	\$ 560,894		
Capital Improvement Fund	D-3		\$ 26,000	
Bond Anticipation Note Proceeds	D-15		432,000	
Interfunds Returned	D			
Miscellaneous	D-2	<u>50,105</u>	<u>610,999</u>	<u>458,112</u>
			763,819	<u>512,669</u>
<b>Decreased by Disbursements:</b>				
2011 Appropriation Reserve	D-7	14,826		
Interfunds Advanced	D-1	13,602	1,234	
2012 Appropriations	D-3:10	<u>480,780</u>	<u>509,208</u>	<u>426,718</u>
Balance December 31, 2012	D		<u>\$ 254,611</u>	<u>85,951</u>

WATER UTILITY FUND  
SCHEDULE OF CASH - COLLECTOR

D-5

	<u>REF.</u>	
<b>Increased by Receipts:</b>		
Consumer Accounts Receivable Collections	D-6	\$ <u>560,894</u>
		560,894
<b>Decreased by Disbursements:</b>		
Payment to Treasurer	D-4	\$ <u>560,894</u>

WATER UTILITY FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LIENS

D-6

	<u>REF.</u>	
Balance December 31, 2011	D	\$ 50,097
<b>Increased by:</b>		
Liens-Prior Year		\$ 25,729
Water Rents Levied		<u>600,502</u>
		650,599
<b>Decreased by:</b>		
Collection	D-2	<u>560,894</u>
Balance December 31, 2012	D	<u>\$ 89,705</u>
Consumer Accounts Receivable		\$ 58,953
Water Liens		<u>30,752</u>
		<u>\$ 89,705</u>

WATER UTILITY FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

D-7

	<u>BALANCE</u> <u>12/31/11</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	\$ 2,064	\$ 2,064		\$ 2,064
Other Expenses	26,381	26,381	\$ 14,826	11,555
Statutory Expenses	1,257	1,257		1,257
<b>TOTALS</b>	<b><u>\$ 29,702</u></b>	<b><u>\$ 29,702</u></b>	<b><u>\$ 14,826</u></b>	<b><u>\$ 14,876</u></b>
REF.		D	D-4	D-1
Appropriation Reserves	\$ 3,321			
Encumbrances	<u>26,381</u>			
	<u>\$ 29,702</u>			

WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
DECEMBER 31, 2012

D-8

Balance December 31, 2011	D	\$ 2,209,435
<b>Increase by:</b>		
Adjustment	D-4	<u>          4</u>
Balance December 31, 2012	D	<u>\$ 2,209,439</u>

WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-9

ORDINANCE DATE	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE <u>12/31/11</u>	2012 <u>AUTHORIZATIONS</u>	BALANCE <u>12/31/12</u>
7/1/99	Hurd Street Water Mains Sec IV and Indian Falls Road	\$ 157,980		\$ 157,980
10/03/02	Water System Infrastructure Improvements	135,000		135,000
7/10/03	Water Main Extension on Hurn Street	210,000		210,000
12/16/04	Water Main Replacement	47,269		47,269
12/20/11	Water System Improvement	50,000		50,000
5/17/12	Water Meters		\$ 455,000	455,000
		<b>\$ 600,249</b>	<b>\$ 455,000</b>	<b>\$ 1,055,249</b>

REF.

D

D-10:13

D

WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	DATE	ORIGINAL AMOUNT	BALANCE FUNDED 12/31/11	AUTHORIZATIONS	CAPITAL IMPROVEMENT FUND	PAID OR CHARGED	D-10
								BALANCE FUNDED 12/31/12
5-02	Water System Infrastructure Improvements	10/03/02	165,000	\$ 939				\$ 939
2-03	Water Main Extension on Hurn Street	7/10/03	210,000	1,427				1,427
13-11	Water System Improvement	12/20/11	50,000	48,902			\$ 47,089	1,813
13-12	Water Meters	5/17/12	455,000		\$ 432,000	\$ 23,000	384,539	70,461
				<b>\$ 51,268</b>	<b>432,000</b>	<b>23,000</b>	<b>431,628</b>	<b>\$ 74,640</b>
REF.				D	D-9	D-11		D
					Cash	D-4	425,484	
					Encumbrances	D	\$ 6,144	
							<u>\$ 431,628</u>	



WATER UTILITY CAPITAL FUND  
SCHEDULE OF WATER CAPITAL IMPROVEMENT FUND

D-11

	<u>REF.</u>		
Balance December 31, 2011	D	\$	110
<b>Increased by:</b>			
2012 Budget Appropriation	D-3		<u>26,000</u>
			26,110
<b>Decreased by:</b>			
Appropriation to Finance Improvement Authorizations	D-10		<u>23,000</u>
 Balance December 31, 2012	 D	 \$	 <u>3,110</u>

WATER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

D-12

	<u>REF.</u>	
Balance December 31, 2011	D	\$ 2,551,435
<b>Increased by:</b>		
Serial Bonds Paid by Water Operating Budget	D-3:14	<u>93,000</u>
		2,644,435
Balance December 31, 2012	D	<u>\$ 2,644,435</u>

WATER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

D-13

ORDINANCE NO.	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	BALANCE <u>12/31/11</u>	2012 <u>AUTHORIZATIONS</u>	BALANCE <u>12/31/12</u>
	Hurd Street Water Mains Sec IV and Indian Falls	7/1/99	\$ 3,730		\$ 3,730
5-02	Water System Infrastructure Improvements	10/03/02	63,250		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	37,769		37,769
13-11	Water System Improvement	12/20/11	50,000		50,000
13-12	Water Meters	5/17/12		\$ 23,000	23,000
			<b>\$ 165,249</b>	<b>\$ 23,000</b>	<b>\$ 188,249</b>
	REF.		D	D-9	D

WATER UTILITY CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

D-14

REF.

Balance December 31, 2011

D     \$ 93,000

**Decreased by:**

Principal Payments

D-12     \$ 93,000

WATER CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

D-15

<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>INCREASED</u>	<u>BALANCE 12/31/12</u>
13-2012	5/17/12	Water Meters	9/5/2012	\$ 432,000	9/5/2012	5/10/13	1.10%	\$ 432,000	\$ 432,000
								<b>\$ 432,000</b>	<b>\$ 432,000</b>

REF.

D-4

D

# **SEWER UTILITY FUND**

SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

E-4

	<u>REF.</u>	<u>OPERATING</u>		<u>CAPITAL</u>
Balance December 31, 2011	D	\$ 112,542		\$ 27,468
<b>Increased by Receipts:</b>				
Sewer Rents	E-5	\$ 397,787		
Interfunds Returned	E	13,387	\$ 89,931	
Miscellaneous	E-2	<u>65,809</u>	<u>476,983</u>	<u>-</u>
		589,525		<u>89,931</u>
				117,399
<b>Decreased by Disbursements:</b>				
2011 Appropriation Reserve	E-7	1,037		
Interfunds Advanced	E	-		-
2012 Appropriations	E-3:10	<u>415,416</u>	<u>416,453</u>	<u>180</u>
				<u>180</u>
Balance December 31, 2012	D	<u>\$ 173,072</u>		<u>117,219</u>

SEWER UTILITY FUND  
SCHEDULE OF CASH - COLLECTOR

E-5

	<u>REF.</u>	
<b>Increased by Receipts:</b>		
Prepaid Rents	E	\$ 930
Consumer Accounts Receivable Collections	E-6	<u>396,857</u>
		397,787
 <b>Decreased by Disbursements:</b>		
Payment to Treasurer	E-4	<u>\$ 397,787</u>



SEWER UTILITY FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE AND LEINS

E-6

	<u>REF.</u>	
Balance December 31, 2011	E	\$ 44,263
<b>Increased by:</b>		
Sewer Rents Levied		<u>402,966</u>
		447,229
<b>Decreased by:</b>		
Collection	E-2	<u>396,857</u>
Balance December 31, 2012	E	<u>\$ 50,372</u>

SEWER UTILITY FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

E-7

	<u>BALANCE</u> <u>12/31/11</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	\$ 1,146	\$ 1,146		\$ 1,146
Other Expenses	1,289	1,289	\$ 1,037	252
Statutory Expenses	752	752		752
Deferred Charges-Emergency	982	982		982
<b>TOTALS</b>	<b><u>\$ 4,169</u></b>	<b><u>\$ 4,169</u></b>	<b><u>\$ 1,037</u></b>	<b><u>\$ 3,132</u></b>

REF.

E

E-4

E-1

Appropriation Reserves	\$ 3,132
Encumbrances	<u>1,037</u>
	<b><u>\$ 4,169</u></b>

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL  
DECEMBER 31, 2012

E-8

Balance December 31, 2011	D	<u>\$ 2,089,805</u>
Balance December 31, 2012	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 12/31/11</u>	<u>BALANCE 12/31/12</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
		<b><u>\$ 950,000</u></b>	<b><u>\$ 950,000</u></b>
	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 12/31/11</u>		<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/12</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		\$ 211,248	\$ 180		\$ 211,068
			<b>\$ 14,440</b>	<b>\$ 211,248</b>	<b>\$ 180</b>	<b>\$ 14,440</b>	<b>\$ 211,068</b>
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, 2011	E	<u>\$ 12,018</u>
Balance December 31, 2012	E	<u>\$ 12,018</u>

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

E-12

	<u>REF.</u>		
Balance December 31, 2011	E		\$ 1,080,823
<b>Increased by:</b>			
Bond Anticipation Notes Payment	E-12	\$ 42,000	
Serial Bonds Paid by Sewer Operating Budget	E-15	40,000	
NJ Envir. Infra. Trust Loans Paid by Sewer Operating Budget	E-16	<u>110,482</u>	<u>192,482</u>
			1,273,305
Balance December 31, 2012	E		<u>\$ 1,273,305</u>

SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

E-13

<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/12</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
		<b><u>\$ 87,500</u></b>	<b><u>\$ 87,500</u></b>
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 12/31/11</u>	<u>DECREASED</u>	<u>BALANCE 12/31/12</u>
9-05	10/20/05	Installation of Sanitary Sewer Lines	5/15/2008	\$ 420,000	5/10/12	5/10/13	1.05%	\$ 420,000	\$ 42,000	\$ 378,000
								<b>\$ 420,000</b>	<b>\$ 42,000</b>	<b>\$ 378,000</b>
REF.								E	E-12	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>OUTSTANDING BONDS</u> <u>DATE</u>	<u>MATURITY OF</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>DECREASED</u>	<u>BALANCE</u> <u>12/31/12</u>
Sewer Utility Bonds	10/1/03	\$ 921,000	9/15/13	25,000	3.650%	\$ 796,000	25,000	\$ 771,000
			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	9/15/13	15,000	3.650%	\$ 180,000	15,000	\$ 165,000
			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%			
						<b>\$ 976,000</b>	<b>\$ 40,000</b>	<b>\$ 936,000</b>
						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 12/31/11</u>	<u>DECREASED</u>	<u>BALANCE 12/31/12</u>
New Jersey Wastewater Treatment Trust Loan Program Department of Environmental Protection	1997	2013-2017	\$65,000 to \$80,000	5.0%	\$ 430,000	\$ 65,000	\$ 365,000
New Jersey Wastewater Treatment Fund Loan Program Department of Environmental Protection	1997	2013	\$45,482	None	45,482	45,482	
					<b><u>\$ 475,482</u></b>	<b><u>\$ 110,482</u></b>	<b><u>\$ 365,000</u></b>
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, 2011	D		\$ 64,297
<b>Increased by Receipts:</b>			
Collections of District Taxes	F-5	\$ 377,000	
Miscellaneous	F-2	<u>70</u>	<u>377,070</u>
			441,367
<b>Decreased by Disbursements:</b>			
2012 Appropriations	F-3		<u>383,709</u>
Balance December 31, 2012	D		<u>\$ 57,658</u>

SPECIAL GARBAGE DISTRICT FUND  
SCHEDULE OF CASH - COLLECTOR

F-5

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

**Decreased by:**

Collection	F-5	<u>\$ 377,000</u>
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SPECIAL GARBAGE DISTRICT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2011

F-7

	<u>BALANCE</u> <u>12/31/11</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	\$ 1,139	\$ 1,139		\$ 1,139
Other Expenses	3,711	3,711		3,711
<b>TOTALS</b>	<b><u>\$ 4,850</u></b>	<b><u>\$ 4,850</u></b>	<b><u>-</u></b>	<b><u>\$ 4,850</u></b>
REF.	F	F	F-4	F-1



## **SCHEDULE OF GENERAL FIXED ASSETS**

GENERAL FIXED ASSETS  
SCHEDULE OF ADDITIONS AND DELETIONS  
DECEMBER 31, 2012

G-1

	<u>BALANCE</u> <u>12/31/11</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12/31/12</u>
General Fixed Assets:				
Land and Buildings	\$ 14,330,500	\$ 450,000		\$ 14,780,500
Buildings and Improvements	636,021			636,021
Machinery and Equipment	1,881,244	17,752		1,898,996
Total General Fixed Assets	<u><b>\$ 16,847,765</b></u>	<u><b>467,752</b></u>	<u><b>-</b></u>	<u><b>\$ 17,315,517</b></u>
Investment In General Fixed Assets	<u><b>\$ 16,847,765</b></u>	<u><b>467,752</b></u>	<u><b>-</b></u>	<u><b>\$ 17,315,517</b></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 1, 2012, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"On all delinquents to and including December 31, 2011, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2012, 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 1, 2012 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, 2012, include real property taxes from the 2012 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>
2012	22
2011	22
2010	22

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 31, 2012. 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 31, 2012-Real Estate				
Verification Type	Request Form	Total No. of Items	Total No. of Circular	Total No. Returned
2012 Property Tax	Positive	1,507	60	25
2013 Property Tax	Positive	1,507	60	25
2012 Delinquent Tax	Negative	167	25	8

**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 2012 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 2012</u>	<u>%</u>	<u>YEAR 2011</u>	<u>%</u>
Fund Balance Utilized	\$ 270,000	2.25%	\$ 270,000	2.29%
Miscellaneous - From Other Than				
Local Property Tax Levies	939,964	7.84%	828,625	7.03%
Collection of Delinquent Taxes and				
Tax Title Liens	184,752	1.54%	307,870	2.61%
Collection of Current Tax Levy	<u>10,593,176</u>	<u>88.37%</u>	<u>10,379,495</u>	<u>88.07%</u>
<b>Total Income</b>	<u>11,987,892</u>	<u>100.00%</u>	<u>11,785,990</u>	<u>100.00%</u>

**EXPENDITURES**

Budget Expenditures:				
Municipal Purposes	4,009,759	34.14%	3,849,464	33.53%
County Taxes	1,137,638	9.69%	1,173,471	10.22%
Local and Regional Taxes	6,554,367	55.81%	6,366,269	55.45%
Municipal Open Space Tax	11,013	0.09%	11,002	0.10%
Deferred Charges	3,000	0.03%	36,000	0.31%
Other Expenditures	<u>27,661</u>	<u>0.24%</u>	<u>44,951</u>	<u>0.39%</u>
<b>Total Expenditures</b>	<u>11,743,438</u>	<u>100.00%</u>	<u>11,481,157</u>	<u>100.00%</u>

Excess (Deficit) Revenue Over Expenditures	244,454		304,833
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Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	<u>34,052</u>		<u>15,000</u>

Statutory Excess To Fund Balance	278,506		319,833
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Fund Balance January 1	482,777		432,944
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Less:

Utilization as Anticipated Revenue	<u>270,000</u>		<u>270,000</u>
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Fund Balance December 31	<u>\$ 491,283</u>		<u>\$ 482,777</u>
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**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-**  
**WATER UTILITY FUND**

**REVENUE AND OTHER INCOME REALIZED**

	<u>YEAR 2012</u>	<u>%</u>	<u>YEAR 2011</u>	<u>%</u>
Operating Surplus	\$ 68,375	10.52%	\$ 8,400	1.52%
Rents	516,328	79.47%	519,108	94.23%
Miscellaneous	50,105	7.71%	10,521	1.91%
Other Credits to Income	<u>14,876</u>	<u>2.29%</u>	<u>12,869</u>	<u>2.34%</u>
<b>Total Income</b>	649,684	100.00%	550,898	100.00%

**EXPENDITURES**

Budget Expenditures:				
Operating	<u>599,550</u>	100.00%	<u>585,458</u>	100.00%
Excess in Revenue	50,134		(34,560)	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>34,560</u>	
Statutory Excess To Fund Balance	50,134		-	
Fund Balance January 1	155,837		164,237	
Less:				
Utilization as Anticipated Revenue	<u>68,375</u>		<u>8,400</u>	
Fund Balance December 31	<u>\$ 137,596</u>		<u>\$ 155,837</u>	

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

**REVENUE AND OTHER INCOME REALIZED**

	<u>YEAR 2012</u>	<u>%</u>	<u>YEAR 2011</u>	<u>%</u>
Operating Surplus	\$ 10,000	2.20%	\$ 35,978	9.10%
Rents	335,725	73.83%	270,273	68.35%
Miscellaneous	105,848	23.28%	85,860	21.71%
Other Credits to Income	<u>3,132</u>	<u>0.69%</u>	<u>3,320</u>	<u>0.84%</u>
<b>Total Income</b>	454,705	100.00%	395,431	100.00%

**EXPENDITURES**

Budget Expenditures:				
Operating	<u>443,954</u>	100.00%	<u>409,917</u>	100.00%
Excess in Revenue	10,751		(14,486)	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>8,348</u>		<u>27,000</u>	
Statutory Excess To Fund Balance	19,099		12,514	
Fund Balance January 1	10,647		34,111	
Less:				
Utilization as Anticipated Revenue	<u>10,000</u>		<u>35,978</u>	
Fund Balance December 31	<u>\$ 19,746</u>		<u>\$ 10,647</u>	

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

**REVENUE AND OTHER INCOME REALIZED**

	<u>YEAR 2012</u>	<u>%</u>	<u>YEAR 2011</u>	<u>%</u>
Operating Surplus	\$ 50,000	11.58%	\$ 13,000	3.23%
District Tax	377,000	87.28%	377,524	93.90%
Miscellaneous	70	0.02%	60	0.01%
Other Credits to Income	<u>4,850</u>	<u>1.12%</u>	<u>11,465</u>	<u>2.85%</u>
<b>Total Income</b>	431,920	100.00%	402,049	100.00%

**EXPENDITURES**

Budget Expenditures:				
Operating	<u>427,000</u>	100.00%	<u>390,524</u>	100.00%
Excess in Revenue	4,920		11,525	
Fund Balance January 1	59,447		60,922	
Less:				
Utilization as Anticipated Revenue	<u>50,000</u>		<u>13,000</u>	
Fund Balance December 31	<u>\$ 14,367</u>		<u>\$ 59,447</u>	

**Comparative Schedule of Tax Rate Information**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>\$2.478</u>	<u>\$2.407</u>	<u>\$1.980</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.721	\$0.689	\$0.568
Municipal Open Space Tax	\$0.003	\$0.003	\$0.003
County	\$0.258	\$0.264	\$0.230
Local School	\$1.410	\$1.365	\$1.110
Special District Garbage Tax	\$0.086	\$0.086	\$0.070

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2012	\$438,266,000
2011	\$438,868,100
2010	\$524,728,264

**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>
2012	\$10,927,696	\$10,593,177	96.93%
2011	\$10,579,363	\$10,379,494	98.11%
2010	\$10,410,612	\$10,079,011	96.81%

**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>
2012	\$343,766	\$314,801	\$658,567	6.03%
2011	\$326,205	\$182,965	\$509,170	4.81%
2010	\$306,354	\$296,264	\$602,618	5.79%

**Property Acquired by Tax Title Lien Liquidation**

No properties have been acquired in 2012 by foreclosure or deed as a result of liquidation of tax title liens.

**Comparative Schedule of Fund Balances**

<b><u>Current Fund</u></b>		Utilized	
<u>Year</u>	Balance <u>December 31</u>	<u>In Budget of Succeeding Year</u>	
		<u>Regular</u>	
2012	\$ 491,283	\$	270,000
2011	\$ 482,777	\$	270,000
2010	\$ 432,944	\$	270,000

**Water Utility Fund**

2012	\$ 137,596	\$	30,000
2011	\$ 155,837	\$	68,375
2010	\$ 164,237	\$	8,400

**Sewer Utility Fund**

2012	\$ 19,746		None
2011	\$ 10,647	\$	10,000
2010	\$ 34,111	\$	35,978

**Special Garbage District Fund**

2012	\$ 14,367		None
2011	\$ 59,447	\$	50,000
2010	\$ 60,922	\$	13,000

**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>
Sam Morris	Mayor		
Kristine Kanzenbach	Council President		
Conrad Pepperman	Council Member		
Bret Coranato	Council Member		
David Bloom	Council Member		
Fred Willis	Council Member		
Al Thompson	Administrator		

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Amanda G. Macchia	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
Patricia J. Reiche	Certified Municipal Finance Officer/Treasurer	\$1,000,000	Blanket Coverage; NJ Intergovernmental Insurance Fund
Joseph Ferraris	Assessor		
Anthony Bucco	Attorney		
Al Thompson	Code Enforcement Zoning Officer and Construction Official		

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>
2012	\$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 throught the NJIIF by Fidelity and Deposit Insurance Company.

All the bonds were examined and were properly executed.



## **ARDITO & Co., LLP**

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

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, 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, 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, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township of Mine Hill's basic financial statements, and have issued our report thereon dated April 30, 2013, 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.

### **Internal Control Over Financial Reporting**

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

-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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

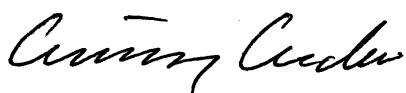
However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting, listed as findings 2012-1 and 2012-7. A significant 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2012-5.

### **Purpose of this Report**

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



Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & CO., LLP  
Frenchtown, New Jersey  
April 30, 2013



## **SCHEDULE OF FEDERAL/STATE AWARDS**

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

<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 1/1/12</u>	<u>RECEIPTS PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/12</u>	<u>TOTAL DISBURSEMENTS</u>
US Department of Transportation: NJ Transportation Trust Fund Act	20.205	\$ 150,000	2009	A	\$ 41,629		\$ (79,129)		\$ (37,500)	\$ 70,871
US Department of Homeland Security Disaster Grants - Public Assist (Presidentially Declared)-Hurr. Irene	97.036	12,396	2011	A		\$ 12,396		\$ 12,396		12,396
					<u>\$ 41,629</u>	<u>\$ 12,396</u>	<u>\$ (79,129)</u>	<u>\$ 12,396</u>	<u>\$ (37,500)</u>	<u>\$ 83,267</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, 2012

<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 1/1/12</u>	<u>RECEIPTS PROGRAM</u>	<u>OTHER</u>	<u>DISBURSEMENTS</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/12</u>
<b><u>DEPT. OF ENVIR. PROTECTION</u></b>									
Solid Waste Admin.-Clean Communities Program	4900-765-178911	\$ 6,208	2012	A		\$ 6,208			\$ 6,208
			2011	A	\$ 5,691			\$ 465	5,226
			2010	A	6,695				6,695
			2009	A	4,500				4,500
Recycling Tonnage Grant	752-042-4900-004-178840	\$ 2,742	2012	A		2,742			2,742
			2011	A	2,661				2,661
			2010	A	2,275			2,275	-
<b><u>OTHER STATE AIDS</u></b>									
County Trust Grant-Bridget Snith House Highlands Conformance Grant	N/A 09-033-011-1420	N/A \$ 50,000	N/A 2009	A A	- (4,013)	1,500	\$ 4,013		1,500 -
TOTAL STATE ASSISTANCE					<b>\$ 17,809</b>	<b>\$ 10,450</b>	<b>4,013</b>	<b>\$ 2,740</b>	<b>\$ 29,532</b>

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, 2012

**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**

2011-1 Adequate segregation of duties should be maintained with respect to the recording and treasury functions

**Finding is Repeated in 2012**

2011-2 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 2012**

2011-3 That the township investigate the disposition of aged grant receivables and reserves.

**Finding is Repeated in 2012**

2011-4 That the township refund or apply the aged tax overpayments to current taxes.

**Finding is Repeated in 2012**

2011-5 That the township segregate the funds and separately track dog and cat activity.

**Finding is Cleared in 2012**

2011-6 That the Township implement controls to ensure the water fund current year and prior year budget appropriations are not over-expended, and that water revenues are properly forecasted to prevent operating deficits.

**Finding is Cleared in 2012**

2011-7 That the Township implement controls to ensure water fund beginning balances are properly stated.

**Finding is Cleared in 2012**

2011-8 That the clerk bank account be reconciled on a monthly basis.

**Finding is Cleared in 2012**

**STATUS OF PRIOR AUDIT FINDINGS**

CY

Occurrence

2011-9 I recommend that the township conduct a physical inventory or appraisal of the fixed assets. Periodic updates should occur to safeguard township assets.

**Finding is Repeated in 2012**

2011-10 I recommend that the Township pursue collection of the attorney escrow funds and determine ultimate disposition.

**Finding is Repeated in 2012**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**GENERAL FINDINGS**



**SCHEDULE OF FINDINGS AND RESPONSES**

**GENERAL FINDINGS**

YEAR ENDED DECEMBER 31, 2012

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 or New Jersey OMB Circular NJOMB 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 2012 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

2012-1 \* 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.

2012-2 \* Over \$343,000 of tax title liens remain outstanding as of December 31, 2012. 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.

2012-3 \* I noted various aged grant receivables and spending reserves.

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

2012-4 \* I noted approximately \$18,600 in tax overpayments from 2002 to 2011.

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, 2012

2012-5 \* 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.

2012-6 \* 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.

I recommend that the Township pursue collection of the attorney escrow funds and determine ultimate disposition.

2012-7 Bank reconciliations for the current, water, sewer, payroll and payaroll agency accounts were not prepared in a timely basis for the period June 2012 through December 2012.

I recommend that the Township implement controls to ensure the timely completion of bank reconciliations.

(\*) Prior Year Finding

