

**TOWNSHIP OF TEWKSBURY
COUNTY OF HUNTERDON
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2012**

TOWNSHIP OF TEWKSBURY

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2012

AUDITORS' REPORTS



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Tewksbury
169 Old Turnpike Road
County of Hunterdon, Califon, 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 Tewksbury 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'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. 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. 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

-Continued-

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 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.

In our opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the fifth paragraph, the financial statements referred to above do not present fairly the respective financial position of the Township of Tewksbury 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, 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, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township'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.

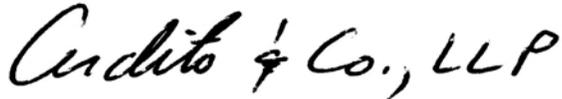
In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1 to the financial statements.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 24, 2013, on our consideration of the Township'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

A handwritten signature in black ink that reads "Ardito & Co., LLP". The script is cursive and fluid.

Frenchtown, New Jersey

April 24, 2013

A handwritten signature in black ink that reads "Anthony Ardito". The script is cursive and fluid.

Certified Public Accountant

Registered Municipal Accountant No.524

ARDITO & CO., LLP

Frenchtown, New Jersey

April 24, 2013

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
Cash And Cash Equivalents:			
Cash - Treasurer	A-4	\$ 7,147,631	\$ 7,787,487
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-17	<u>5,989</u>	<u>5,989</u>
		<u>7,153,620</u>	<u>7,793,476</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	410,551	308,997
Tax Title Liens Receivable	A-7	80,026	41,299
Penalties & Interest on Taxes	A	12,047	9,591
Amount Due from Other Agencies	A	24,214	23,686
Amount Due From Dog License Fund	B	<u>8</u>	<u>24</u>
Subtotal		<u>526,846</u>	<u>383,597</u>
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-18	-	4,998
Due From Current Fund	A	<u>44,487</u>	<u>28,931</u>
Subtotal		<u>44,487</u>	<u>33,929</u>
TOTAL ASSETS		<u>\$ 7,724,953</u>	<u>\$ 8,211,002</u>

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

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>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Reserve For Encumbrances	A-10	\$ 194,465	\$ 126,731
Appropriation Reserves	A-3:9	337,137	246,409
Amount Due To Grants Fund	A	44,487	28,931
Amount Due To General Capital Fund	C	115,555	109,505
Taxes Collected In Advance	A-11	185,670	194,382
Tax Overpayments	A-12	14,868	7,015
County Taxes Payable	A-13	24,082	19,959
Local District School Taxes Payable	A-14	419,755	511,896
Regional School Tax Payable	A-15	467,894	265,554
Due Other Trust - Municipal Open Space Tax Payable	A-16	2,662	2,125
Reserve for Trees	A-21	45,356	45,356
Due Other Trust - Premium on Tax Sales and Outside Liens	A-22	86,650	150,250
Reserve for Police	A-23	35,726	-
Reserve for Various	A-24	4,474	4,474
Reserve for Additional Aid to Fire Companies	A-25	39,747	39,747
Amount Due to State of New Jersey for Marriage License Fees	A-26	125	75
Amount Due to State of New Jersey for DCA Training	A-27	4,023	4,548
Subtotal		<u>2,022,676</u>	<u>1,756,957</u>
Reserve For Receivables And Other Assets	A	526,846	383,597
Fund Balance	A-1	<u>5,130,944</u>	<u>6,036,519</u>
Subtotal		<u>7,680,466</u>	<u>8,177,073</u>
Federal And State Grant Fund:			
Amount Due State of New Jersey	A	1,761	1,761
Reserve For State Grants - Appropriated	A-19	36,204	26,652
Reserve For State Grants - Unappropriated	A-20	<u>6,522</u>	<u>5,516</u>
Subtotal		<u>44,487</u>	<u>33,929</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 7,724,953</u>	<u>\$ 8,211,002</u>

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2012</u>	<u>YEAR</u> <u>2011</u>
Fund Balance Utilized	A-2	\$ 2,368,000	\$ 2,368,000
Miscellaneous Revenue Anticipated	A-2	2,033,563	2,628,066
Receipts From Delinquent Taxes	A-2	309,362	318,824
Receipts From Current Taxes	A-2	30,087,563	29,802,043
Non-Budget Revenues	A-2	37,077	47,065
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-9	189,098	162,046
Tax Overpaid Cancelled	A-12	5,636	5,355
Refund of Prior Year Expenditures	A-4	-	12,757
Interfunds Returned	A	1,726	4,806
TOTAL INCOME		35,032,025	35,348,962
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations Within "Caps":			
Salaries and Wages	A-3	2,538,360	2,569,778
Other Expenses	A-3	2,297,059	2,321,974
Deferred Charges and Statutory Expenditures	A-3	589,825	612,519
Operations Excluded from "CAPS":			
Salaries and Wages	A-3	9,293	-
Other Expenses	A-3	157,427	177,833
Capital Improvements	A-3	600,000	450,000
Municipal Debt Service	A-3	1,400,904	1,588,994
Deferred Charges to Future Taxation	A-3	110,313	110,313
County Taxes	A-13	6,054,864	6,077,381
Amount Due County For Added and Omitted Taxes	A-13	24,082	19,959
Local District School Taxes	A-14	11,702,219	11,807,002
Regional School Tax	A-15	7,390,121	6,985,439
Municipal Open Space Tax	A-16	679,312	684,891
Refund of Prior Year Revenue	A-4	8,138	9,110
Interfund Advances	A-18:A	7,683	-
TOTAL EXPENDITURES		33,569,600	33,415,193
Excess (Deficit) Revenue Over Expenditures		1,462,425	1,933,769
 Fund Balance January 1	 A	 6,036,519	 6,470,750
		7,498,944	8,404,519
Decreased by:			
Utilization as Anticipated Revenue	A-1	2,368,000	2,368,000
Fund Balance December 31	A	\$ 5,130,944	\$ 6,036,519

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		<u>\$ 2,368,000</u>	<u>\$ 2,368,000</u>	
Licenses:				
Alcoholic Beverages - Clerk	A-8	4,000	4,000	
Other - Clerk	A-8	1,700	704	\$ 996
Fees and Permits - Trailer Court Fees	A-8	60,000	72,792	(12,792)
Fines and Costs:				
Municipal Court	A-8	50,000	33,780	16,220
Interest and Costs on Taxes	A-5	80,000	75,087	4,913
Interest on Investments	A-8	28,000	14,407	13,593
Energy Receipts Tax	A-8	516,103	516,103	
Uniform Construction Code Fees	A-8	220,000	327,239	(107,239)
Clean Communities Program	A-19	21,055	21,055	
Body Armor	A-19	1,074	1,074	
Recycling Tonnage Grant	A-19	4,442	4,442	
Clinton Township - UCC	A-8	17,000	8,671	8,329
Califon Borough - UCC	A-8	67,688	66,686	1,002
Hunter's Glen Sewer Utility - Debt Service	A-8	30,000	30,327	(327)
Reserve Capital Fund - Debt Service	A-8	805,886	805,886	
Lease of Municipal Facilities	A-8	40,000	36,898	3,102
Fire Safety Fees	A-8	12,000	14,412	(2,412)
		<u>1,958,948</u>	<u>2,033,563</u>	<u>(74,615)</u>
Receipts from Delinquent Taxes	A-1	<u>300,000</u>	<u>309,362</u>	<u>(9,362)</u>
Amount to be Raised by Taxation	A-6	<u>4,670,060</u>	<u>5,251,905</u>	<u>(581,845)</u>
Total General Revenues		<u>9,297,008</u>	<u>9,962,830</u>	<u>(665,822)</u>
Non-Budget Revenue	A-2		<u>37,077</u>	<u>(37,077)</u>
		<u>\$ 9,297,008</u>	<u>\$ 9,999,907</u>	<u>\$ (702,899)</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		\$ 30,047,142
State of New Jersey, Senior Citizens and Veterans Deductions		<u>40,421</u>
		30,087,563

Allocated To:

School, County and Municipal Open Space Taxes		25,850,598
Balance for Support of Municipal Budget		4,236,965
Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>1,014,940</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 5,251,905</u>

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

ANALYSIS OF NON-BUDGET REVENUES

REF

Miscellaneous Revenue Not Anticipated:

Treasurer:

Comcast Franchise		\$ 4,949
Refund Prior Year Expenditures		4,599
Insurance Proceeds		14,248
Losap Reimbursement		2,805
Miscellaneous		<u>2,121</u>
	A-4	28,722

Tax Collector

Miscellaneous		<u>8,355</u>
	A-5	<u>\$ 37,077</u>

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>		
GENERAL GOVERNMENT FUNCTIONS:					
General Administration:					
Salaries and Wages	\$ 225,307	\$ 225,307	\$ 219,682	\$ 1,625	\$ 4,000
Other Expenses:					
Lease of Equipment	12,000	14,000	12,026	1,974	
Miscellaneous Other Expenses	38,235	38,235	21,965	8,270	8,000
Mayor and Council:					
Salaries and Wages	22,435	22,435	21,251	1,184	
Other Expenses	9,690	9,690	4,991	699	4,000
Financial Administration (Treasury):					
Salaries and Wages	144,420	144,420	141,931	489	2,000
Other Expenses	9,218	9,218	7,884	334	1,000
Audit Services:					
Other Expenses	16,800	16,800	16,800		
Computerized Data Services:					
Other Expenses	44,625	44,625	30,473	4,152	10,000
Revenue Administration (Tax Collection):					
Salaries and Wages	46,573	46,573	43,573		3,000
Other Expenses	4,526	4,526	3,847	679	
Tax Assessment Administration:					
Salaries and Wages	34,459	34,459	33,440	1,019	
Other Expenses	6,414	6,414	4,337	2,077	
Legal Services (Legal Dept.):					
Other Expenses	63,000	63,000	54,597	8,403	
Engineering Services:					
Other Expenses	58,140	68,140	63,368	4,772	
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	137,904	137,904	132,938	2,466	2,500
Other Expenses:					
Wastewater Management Study	4,080	4,080	4,080		
Bartles Wastewater	77,113	52,113	49,564	2,549	
Special Projects	10,200	10,200	2,330	1,870	6,000
Miscellaneous Other Expenses	30,095	30,095	13,293	4,802	12,000

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>			
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	<u>RESERVED</u>	<u>CANCELED</u>
		<u>MODIFICATION</u>	<u>CHARGED</u>		
CODE ENFORCEMENT AND ADMINISTRATION:					
Uniform Construction Code Enforcement Functions:					
Building Sub Code Officials:					
Salaries and Wages	190,100	190,100	183,600		6,500
Other Expenses	12,699	12,699	2,304	2,895	7,500
INSURANCE:					
General Liability Insurance	136,324	141,824	141,709	115	
Workmens Compensation Insurance	105,363	105,363	105,363		
Employee Group Insurance	605,200	607,200	543,293	63,907	
PUBLIC SAFETY FUNCTIONS:					
Police:					
Salaries and Wages	1,028,000	1,028,000	919,929	108,071	
Other Expenses:					
Purchase of Police Cars	70,000	70,000	70,000		
PBA Contract Benefits	89,559	89,559	88,504	1,055	
Miscellaneous Other Expenses	49,445	49,445	24,372	15,073	10,000
Office of Emergency Management:					
Other Expenses	12,000	12,000	12,000		
Contribution to First Aid Organizations	53,976	53,976	53,976		
Aid to Volunteer Fire Companies:					
Other Expenses - Oldwick Fire Company	90,000	90,000	90,000		
Aid to Volunteer Fire Companies in Adjoining Municipalities	156,260	156,260	156,260		
Fire Department Office:					
Salaries and Wages	9,384	9,384	6,551	2,833	
Other Expenses	2,500	2,500	1,588	912	
Other Expenses:					
Fire Hydrant Services	20,000	20,000	13,500	3,500	3,000
Municipal Prosecutor's Office:					
Salaries and Wages	5,100	5,110	5,110		

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>	<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>		
PUBLIC WORKS FUNCTIONS:					
Streets and Road Maintenance:					
Salaries and Wages	766,200	766,200	667,207	18,993	80,000
Other Expenses	178,536	178,536	140,863	2,673	35,000
Solid Waste Collection(Recycling Program):					
Other Expenses	17,850	17,850	4,279	2,571	11,000
Buildings and Grounds:					
Other Expenses	47,654	52,144	48,558	3,586	
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	100,000	100,000	85,792	14,208	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Public Health Services (Board of Health):					
Salaries and Wages	3,168	3,168	1,117	351	1,700
Other Expenses	2,800	2,800	2,243	557	
Contribution to Social Services Agencies:					
Senior Citizens Centers	3,060	3,060	968	92	2,000
PARK AND RECREATION FUNCTIONS:					
Maintenance of Parks:					
Other Expenses:					
Miscellaneous Other Expenses	34,747	34,747	32,635	2,112	
OTHER COMMON OPERATING FUNCTIONS:					
(Unclassified):					

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

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>	<u>CANCELED</u>
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	33,150	33,150	21,785	3,365	8,000
Street Lighting	7,500	7,500	4,480	3,020	
Telephone (excluding equipment acquisition)	32,952	33,952	30,941	3,011	
Gas (natural or propane)	17,000	17,000	9,131	4,869	3,000
Fuel Oil	6,000	6,000	4,069	1,931	
Telecommunications Costs	23,970	23,970	19,592	1,378	3,000
Gasoline	118,000	118,000	97,117	10,883	10,000
MUNICIPAL COURT:					
Municipal Court:					
Salaries and Wages	25,000	25,000	23,937	1,063	
Other Expenses	19,888	19,888	19,803	85	
Total Operations - Within "CAPS "	5,068,619	5,068,619	4,514,946	320,473	233,200
Detail:					
Salaries and Wages	2,638,050	2,638,060	2,400,266	138,094	99,700
Other Expenses	2,430,569	2,430,559	2,114,680	182,379	133,500
DEFERRED CHARGES AND STATUTORY EXPENDITURES Within "CAPS":					
Statutory Expenditures :					
Social Security System (O.A.S.I.)	220,320	220,320	196,603	13,717	10,000
Contribution to:					
PERS	181,451	181,451	181,451		
PFRS	157,554	157,554	157,554		
Deferred Compensation-Employers' Share	50,000	50,000	39,059	1,441	9,500
Total Deferred Charges and Statutory Expenditures-within "CAPS"	609,325	609,325	574,667	15,158	19,500
Total General Appropriations for Municipal Purposes Within "CAPS"	5,677,944	5,677,944	5,089,613	335,631	252,700

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>	<u>CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>		
OPERATIONS-EXCLUDED from "CAPS"					
Insurance (N.J.S.A. 40A:4-45.3(00)):					
Aid to Library	57,200	57,200	57,200		
Affordable Housing:					
Salaries and Wages	9,293	9,293	8,430	863	
Other Expenses	3,643	3,643	-	643	3,000
LOSAP	63,000	63,000	63,000		
Total Other Operations-Excluded from "CAPS"	133,136	133,136	128,630	1,506	3,000
Interlocal Municipal Service Agreements Excluded from "CAPS":					
Clinton Township Interlocal Agreement	17,000	17,000	9,918		7,082
Califon Borough Interlocal Agreement	67,688	67,688	95		67,593
Total Interlocal Municipal Service Agreements	84,688	84,688	10,013		74,675
Public and Private Programs Offset by Revenues-: Excluded from "CAPS"					
Clean Communities Program:					
Other Expenses	21,055	21,055	21,055		
Body Armor Grant:					
Other Expenses	1,074	1,074	1,074		
Recycling Tonnage Grant:					
Other Expenses	4,442	4,442	4,442		
Total Public and Private Programs Offset by Revenues-Excluded from "CAPS"	26,571	26,571	26,571		
Total Operations-Excluded from "CAPS"	244,395	244,395	165,214	1,506	77,675
Detail:					
Salaries and Wages	9,293	9,293	8,430	863	
Other Expenses	235,102	235,102	156,784	643	77,675

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

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	600,000	600,000	600,000		
Total Capital Improvements-Excluded from "CAPS"	600,000	600,000	600,000		
Municipal Debt Service-Excluded from "CAPS":					
Payment of Bond Principal	852,000	852,000	852,000		
Payment of Bond Anticipation and Capital Notes	248,258	248,258	-		248,258
Interest on Bonds	426,293	426,293	426,293		
Interest on Bond Anticipation and Capital Notes	62,706	62,706	62,706		
Loan Payments for Principal and Interest	31,093	31,093	30,839		254
NJ Wastewater Treatment Trust	29,066	29,066	29,066		
Total Municipal Debt Service	1,649,416	1,649,416	1,400,904		248,512
Deferred Charges-Excluded from "CAPS":					
Ordinance # 22-2003	47,700	47,700	47,700		
Ordinance # 23-2003	3,749	3,749	3,749		
Ordinance # 16-2003	42,664	42,664	42,664		
Ordinance # 15-2005	16,200	16,200	16,200		
Total Deferred Charges	110,313	110,313	110,313		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"					
	2,604,124	2,604,124	2,276,431	1,506	326,187
Subtotal General Appropriations	8,282,068	8,282,068	7,366,044	337,137	578,887
Reserve For Uncollected Taxes	1,014,940	1,014,940	1,014,940		
TOTALS	\$ 9,297,008	\$ 9,297,008	\$ 8,380,984	\$ 337,137	\$ 578,887

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REF.

Reserve for State Grants	A-19	\$ 26,571
Deferred Charges	C	110,313
Reserve for Encumbrances	A-10	7,229,160
Reserve for Uncollected Taxes	A-2	1,014,940
		\$ 8,380,984

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

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 8,775	\$ 5,503
Total Dog License Fund		<u>8,775</u>	<u>5,503</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	1,236,201	1,216,931
Amount Due from Current Fund	B-6	<u>89,312</u>	<u>-</u>
Total Other Trust Funds		<u>1,325,513</u>	<u>1,216,931</u>
TOTAL ASSETS		<u>\$1,334,288</u>	<u>\$1,222,434</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 8,762	\$ 5,471
Amount Due State of New Jersey	B-4	5	8
Amount Due Current Fund	B-5	<u>8</u>	<u>24</u>
Total Dog License Fund		<u>8,775</u>	<u>5,503</u>
Other Trust Fund:			
Reserve for Developers Escrow	B-7	180,824	585,791
Reserve for State Unemployment Insurance	B-8	56,752	55,201
Reserve for Whittemore Trust	B-9	(42)	964
Reserve for Accumulated Leave	B-10	51,422	214,034
Reserve for Developers Housing	B-11	20,937	40,713
Reserve for Open Space Trust Fund	B-12	925,019	321,116
Reserve for Outside Police Duty	B-13	2,742	678
Reserve for Ruthe Mueller Trust	B-14	559	559
Reserve for Tax Sale Premiums	B-15	86,650	150,250
Reserve for War Memorial Fund	B-16	<u>650</u>	<u>-</u>
Total Other Trust Fund		<u>1,325,513</u>	<u>1,369,306</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$1,334,288</u>	<u>\$1,374,809</u>

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

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
Cash and Cash Equivalents	C-2	\$ 310,815	\$ 917,549
Due Current Fund	C-3	115,555	109,505
Accounts Receivable	C-4	313,000	313,000
Deferred Charges to Future Taxation:			
Funded	C-5	19,983,843	10,889,368
Unfunded	C-6	<u>271,110</u>	<u>10,380,604</u>
TOTAL ASSETS		<u>\$20,994,323</u>	<u>\$22,610,026</u>

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	C-8	220,910	155,910
Loans Payable - State of New Jersey	C-9	329,843	381,368
Bond Anticipation Notes Payable	C-10	-	9,999,181
Serial Bonds Payable	C-12	19,654,000	10,508,000
Encumbrances	C-7	44,713	8,312
Improvement Authorizations:			
Funded	C-11	84,651	108,870
Unfunded	C-11	33,074	48,367
Various Reserves	C-13	326,897	293,897
Fund Balance	C-1	<u>300,235</u>	<u>1,106,121</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$20,994,323</u>	<u>\$22,610,026</u>

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

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2011	C	\$ 1,106,121
Decreased by:		
Capital Fund Balance Anticipated as Revenue in Current Fund Budget	C-2	<u>805,886</u>
Balance December 31, 2012	C	<u>\$ 300,235</u>

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

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

D

ASSETS	<u>REF.</u>	<u>HUNTERS GLEN</u>	<u>OLDWICK</u>	<u>TOTALS DECEMBER 31,</u>	
				<u>2012</u>	<u>2011</u>
Operating Fund:					
Cash and Cash Equivalents	D-4	\$ 32,338	\$ 58,495	\$ 90,833	\$ 84,445
Receivables with Full Reserves:					
Consumer Accounts Receivable and Liens	D-6	1,051	2,169	3,220	4,872
Amount Due Sewer Capital Fund	D	-	46	46	-
Total Operating Fund		<u>33,389</u>	<u>60,710</u>	<u>94,099</u>	<u>89,317</u>
Capital Fund:					
Cash and Cash Equivalents	D-4	23,100	72,655	95,755	95,709
Fixed Capital	D-8	36,000	931,115	967,115	967,115
Fixed Capital - Authorized and Uncompleted	D-9		20,000	20,000	20,000
Total Capital Fund		<u>59,100</u>	<u>1,023,770</u>	<u>1,082,870</u>	<u>1,082,824</u>
TOTAL ASSETS		<u>\$ 92,489</u>	<u>\$ 1,084,480</u>	<u>\$ 1,176,969</u>	<u>\$ 1,172,141</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Liabilities:					
Appropriation Reserves :					
Encumbered	D-3	\$ 2,000	\$ 3,505	\$ 5,505	\$ 18,061
Unencumbered	D-3	6,561	7,195	13,756	21,353
Sewer Rent Prepaid	D-5	-	-	-	2,038
Reserve for Receivables	D	1,051	2,169	3,220	4,872
Fund Balance	D-1	<u>23,777</u>	<u>47,841</u>	<u>71,618</u>	<u>42,993</u>
Total Operating Fund		<u>33,389</u>	<u>60,710</u>	<u>94,099</u>	<u>89,317</u>
Capital Fund:					
Amount Due Sewer Operating Fund	D	-	46	46	-
General Electric Loan Payable	D-14		120,268	120,268	134,366
Capital Improvement Fund	D-11	23,100	46,000	69,100	69,100
Improvement Authorization - Funded	D-10		26,609	26,609	26,609
Deferred Reserve for Amortization	D-13		20,000	20,000	20,000
Reserve for Amortization	D-12	<u>36,000</u>	<u>810,847</u>	<u>846,847</u>	<u>832,749</u>
Total Capital Fund		<u>59,100</u>	<u>1,023,770</u>	<u>1,082,870</u>	<u>1,082,824</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 92,489</u>	<u>\$ 1,084,480</u>	<u>\$ 1,176,969</u>	<u>\$ 1,172,141</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

D-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	HUNTERS		TOTALS	
		<u>GLEN</u>	<u>OLDWICK</u>	DECEMBER 31,	
				<u>2012</u>	<u>2011</u>
Operating Surplus	D-2	\$ 8,150	\$ 19,000	\$ 27,150	\$ 27,150
Rents	D-2	72,080	123,484	195,564	174,623
Miscellaneous					
Interest Earned	D-2	51	4,993	5,044	595
Interest/Penalties on Rent	D-2	(1,197)	3,436	2,239	2,846
Other Credits to Income					
Balance of Reserved Budget	D-7	8,760	7,618	16,378	15,867
Interfund Returned	D-4	17	583	600	-
Total Income		<u>87,861</u>	<u>159,114</u>	<u>246,975</u>	<u>221,081</u>
 EXPENDITURES 					
Operating	D-3	76,100	94,458	170,558	178,590
Debt Service	D-3	-	20,642	20,642	19,610
Total Expenditures		<u>76,100</u>	<u>115,100</u>	<u>191,200</u>	<u>198,200</u>
Excess (Deficit) Revenue Over Expenditures		11,761	44,014	55,775	22,881
Balance January 1	D	<u>20,166</u>	<u>22,827</u>	<u>42,993</u>	<u>47,262</u>
		31,927	66,841	98,768	70,143
Decreased by:					
Utilized as Anticipated Revenue	D-1	<u>8,150</u>	<u>19,000</u>	<u>27,150</u>	<u>27,150</u>
Balance December 31	D	<u>\$ 23,777</u>	<u>\$ 47,841</u>	<u>\$ 71,618</u>	<u>\$ 42,993</u>

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

SEWER UTILITY FUND
STATEMENT OF REVENUES

D-2

HUNTERS GLEN

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Operating Surplus	D-1	\$ 8,150	\$ 8,150	
Rents	D-1	67,950	72,080	\$ 4,130
Delinquent Penalties	D-1		(1,197)	(1,197)
Miscellaneous - Interest	D-1		51	51
Total Sewer Utility Revenue		\$ 76,100	\$ 79,084	\$ 2,984
	REF.	D-3	D-1	

OLDWICK

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Operating Surplus	D-1	\$ 19,000	\$ 19,000	
Rents	D-1	108,000	123,484	\$ 15,484
Delinquent Penalties	D-1	100	3,436	3,336
Miscellaneous - Interest	D-1		4,993	4,993
Total Sewer Utility Revenue		\$ 127,100	\$ 150,913	\$ 23,813
	REF.	D-3	D-1	

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

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES

D-3

HUNTERS GLEN

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
OPERATING:				
Salaries and Wages	\$ 6,500	\$ 6,500	\$ 5,077	\$ 1,423
Other Expenses	69,150	69,150	64,012	5,138
DEP Permits	450	450	450	-
Total Sewer Utility Appropriations	\$ 76,100	\$ 76,100	\$ 69,539	\$ 6,561

REF.

D-2

D

	Paid	D-4	\$ 67,539
Charged - Encumbered		D	<u>2,000</u>
			<u>\$ 69,539</u>

OLDWICK

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>CANCELED</u>	<u>RESERVED</u>
OPERATING:					
Salaries and Wages	\$ 17,000	\$ 17,000	\$ 11,571	\$ 4,000	\$ 1,429
Other Expenses	86,158	86,158	72,484	8,000	5,674
Debt Service - Principal	14,098	14,098	14,098		
Debt Service - Interest	6,544	6,544	6,544		
DEP Permits	3,300	3,300	3,208		92
Total Sewer Utility Appropriations	\$ 127,100	\$ 127,100	\$ 107,905	\$ 12,000	\$ 7,195

REF.

D-2

D-1

D

	Paid	D-4	\$ 104,400
Charged - Encumbered		D	<u>3,505</u>
			<u>\$ 107,905</u>

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

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

E

ASSETS	REF.	BALANCE 12/31/12	BALANCE 12/31/11
Cash and Cash Equivalents	E-1	\$ 8,689	\$ 8,682
TOTAL ASSETS		<u>\$ 8,689</u>	<u>\$ 8,682</u>

LIABILITIES AND RESERVES

Reserve for Public Assistance		\$ 8,689	\$ 8,682
TOTAL LIABILITIES AND RESERVES		<u>\$ 8,689</u>	<u>\$ 8,682</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

F

	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
General Fixed Assets:		
Land and Buildings	\$ 37,075,102	\$ 37,075,102
Machinery and Equipment	9,471,993	9,423,196
 Total General Fixed Assets	 <u>\$ 46,547,095</u>	 <u>\$ 46,498,298</u>
 Investment In General Fixed Assets	 <u>\$ 46,547,095</u>	 <u>\$ 46,498,298</u>

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

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

ASSETS	<u>BALANCE</u> <u>12/31/12</u>	<u>BALANCE</u> <u>12/31/11</u>
Cash and Cash Equivalents	\$ 5,689	\$ (134)
TOTAL ASSETS	<u>\$ 5,689</u>	<u>\$ (134)</u>
 LIABILITIES AND RESERVES		
Payroll Deductions Payable	\$ 5,689	\$ (134)
TOTAL LIABILITIES AND RESERVES	<u>\$ 5,689</u>	<u>\$ (134)</u>

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

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 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 Tewksbury include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as 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 Tewksbury 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 Tewksbury 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Description of Funds (Continued)

Sewer Operating and Capital Fund

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

Public Assistance Fund

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Deferred School Taxes--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

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.

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--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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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
Public Assistance Fund
Trust Fund**

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 2: CASH AND CASH EQUIVALENTS (Continued)

As of December 31, 2012, cash and cash equivalents of the municipality consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking	\$ 8,904,388	\$8,904,388

The carrying amount of the municipality's cash and cash equivalents at December 31, 2012, was \$8,904,388 and the bank balance was \$9,044,577. 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, \$513,474 was covered by federal depository insurances and \$8,531,083 was covered by collateral pool.

Note 3: LONG-TERM DEBT

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Long Term Debt:				
Bonds Payable	\$ 10,508,000	\$ 9,998,000	\$ 852,000	\$ 19,654,000
Bond Anticipation Notes	9,999,181		9,999,181	-
Loans Payable-State of New Jersey	381,368		51,525	329,843
Loans Payable-Oldwick Sewer Fund	134,366		14,098	120,268
Compensated absences payable	None			None
Total Long-Term Debt	<u>\$ 21,022,915</u>	<u>9,998,000</u>	<u>\$ 10,916,804</u>	<u>\$ 20,104,111</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>
Issued			
General:			
Bonds and Notes	\$ 19,983,843	\$ 20,888,549	\$ 22,402,120
Sewer Utility:			
Bonds and Notes	120,268	134,366	147,784
Net Debt Issued	<u>20,104,111</u>	<u>21,022,915</u>	<u>22,549,904</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	271,110	381,423	491,736
Sewer Utility:			
Bonds and Notes	NONE	NONE	NONE
Total Authorized But Not Issued	<u>271,110</u>	<u>381,423</u>	<u>491,736</u>
Total Deductions	<u>(442,091)</u>	<u>(341,959)</u>	<u>(1,479,174)</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 19,933,130</u>	<u>\$ 21,062,379</u>	<u>\$ 21,562,466</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 1.16%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 9,003,231	\$ 9,003,231	
Utility Debt	120,268	120,268	-
General Debt	20,254,953	321,823	\$ 19,933,130
	\$ 29,378,452	\$ 9,445,322	\$ 19,933,130

Net Debt \$ 19,933,130 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended, \$ 1,721,353,896 equals 1.16%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 60,247,386
Net Debt	19,933,130
Remaining Borrowing Power	\$ 40,314,256

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

Calendar <u>Year</u>	<u>General</u>		<u>Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,219,565	\$ 710,558	\$ 14,811	\$ 5,831
2014	1,240,617	619,012	15,561	5,081
2015	1,260,692	569,879	16,349	4,393
2016	1,283,730	520,929	17,177	3,465
2017	1,311,288	471,475	18,046	2,596
2018-2039	13,667,951	3,924,616	38,324	2,404
	\$ 19,983,843	\$ 6,816,469	\$ 120,268	\$ 23,770

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 3: LONG-TERM DEBT (Continued)

General Obligation Bonds and Loans

The Township has outstanding at December 31, 2012, a New Jersey Green Trust Loan in the amount of \$254,924. This note matures on September 5, 2021. The interest rate on the note was 2%. Principal and interest on this note is paid on a semiannual basis from the current fund budget of the Township.

The Township has outstanding at December 31, 2012, a New Jersey Wastewater Loan in the amount of \$74,919. This note matures on August 1, 2015. The interest rate on the note is at zero interest. Principal on this note is paid on a semiannual basis from the current fund budget of the Township.

Refunding Bonds-Multi-Purposes-dated June 30, 2005, issued in the original amount of \$5,485,000 with interest rates ranging from 3.00% to 5.00% to advance refund \$5,269,000 bonds with interest rates of 5.00%. The net proceeds were used to purchase U.S. government securities, which were deposited in an irrevocable trust to provide debt service payments until the bonds are called. This refunding bond is payable in annual installments ranging from \$25,000 to \$500,000 through August 1, 2019. Interest is calculated at 3.0-5.0% and is included in the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2012, was \$3,555,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

General Improvement Bonds-Multi-Purposes-dated January 12, 2006, issued in the original amount of \$1,880,000. This bond is payable in annual installments ranging from \$117,000 to \$181,000 through January 1, 2019. Interest is calculated ranging from 4.0% to 3.60%, and is included in the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2012, was \$1,130,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

General Obligation Bonds-Open Space Purpose-dated January 12, 2006, issued in the original amount of \$6,396,000. This bond is payable in annual installments ranging from \$225,000 to \$1,590,000 through January 1, 2026. Interest is calculated ranging from 4.0% to 3.60%, and is included in the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2012, was \$4,971,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

General Obligation Bonds-dated June 19, 2012, issued in the original amount of \$9,998,000. This bond is payable in annual installments ranging from \$250,000 to \$498,000 through February 15, 2039. Interest is calculated ranging from 2.0% to 3.125%, and is included in the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2012, was \$9,998,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

	Debt <u>Outstanding</u>
Total General Capital Bonds, Loans and Notes Above	\$ 19,983,843
Total Sewer Utility Bonds, Loans and Notes Above	<u>120,268</u>
Total Debt Issued and Outstanding	<u>\$ 20,104,111</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	\$ 37,075,102	-		\$ 37,075,102
Machinery and Equipment	9,423,196	\$ 48,797	-	9,471,993
	<u>\$ 46,498,298</u>	<u>\$ 48,797</u>	<u>-</u>	<u>\$ 46,547,095</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	\$2,196,795	(Introduced Budget)
Sewer Utility Fund	\$52,150	(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>12/31/12</u>	Raised as 2013 Budget <u>Appropriation</u>	Balance to Succeeding Budgets
Capital Fund:			
Debt Authorized to be Raised as Budgeted Appropriations	\$ 220,626	\$ 110,313	\$ 110,313
	<u>\$ 220,626</u>	<u>\$ 110,313</u>	<u>\$ 110,313</u>

The appropriations in the 2013 Budget are not less than that required by statute.

Note 7: SCHOOL TAXES

Local District Tax has been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	TOTAL DEFERRED TAX <u>12/31/12</u>	LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/12</u>	BALANCE <u>12/31/11</u>	TOTAL DEFERRED TAX <u>12/31/11</u>	REGIONAL HIGH SCHOOL TAX BALANCE <u>12/31/12</u>	BALANCE <u>12/31/11</u>
Balance of Tax		\$ 5,939,759	\$ 6,031,900		\$ 3,695,060	\$ 3,492,720
Deferred		<u>5,520,004</u>	<u>5,520,004</u>		<u>3,227,166</u>	<u>3,227,166</u>
Tax Payable		<u>\$ 419,755</u>	<u>\$ 511,896</u>		<u>\$ 467,894</u>	<u>\$ 265,554</u>
Tax Deferred	<u>\$ 8,747,170</u>			<u>\$ 8,747,170</u>		

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.

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.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 8: PENSIONS-(Continued)

<u>Three-Year Trend Information for PERS and PFRS</u>			
Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Funding</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
2012	\$339,005	100%	-0-
2011	\$362,199	100%	-0-
2010	\$284,152	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.

The Township has permitted 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 Committee. At the time of audit the cost of such unpaid compensation totaled \$160,117. Such compensation would be included in the Township's budget operating expenditures in the year it is used.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 not involved in any current litigation that would have a material impact on the Financial Statements.

Note 12: OTHER REQUIRED DISCLOSURES

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 12: OTHER REQUIRED DISCLOSURES (Continued)

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 8	\$ 249,354
Federal/State Grants Fund	44,487	-
General Capital Fund	115,555	-
Other Trust Funds	<u>89,312</u>	<u>8</u>
	<u>\$ 249,362</u>	<u>\$ 249,362</u>

Note 13: RISK FINANCING

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

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	\$ 7,787,487
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	A-2	\$ 28,722
Collector	A-5	30,489,935
Revenue Accounts Receivable	A-8	1,931,905
Senior Citizens/Veterans Deductions	A-17	40,421
Federal/State Grant Funds	A-18	20,549
Federal/State Grant Funds	A-20	6,522
Reserve for Police	A-23	800
Marriage License Fees	A-26	125
DCA Fees	A-27	<u>21,000</u>
		<u>32,539,979</u>
		40,327,466
Decreased by Disbursements:		
Refund of Prior Year Revenues	A-1	8,138
2011 Appropriation Reserves	A-9	83,585
Reserve for Encumbrances	A-10	7,213,587
Tax Overpayments Refunded	A-12	37,211
County Taxes	A-13	6,074,823
Local District School Tax	A-14	11,794,360
Regional District School Tax	A-15	7,187,781
Municipal Open Space Tax to Trust Fund	A-16	678,775
Federal/State Grant Funds	A-19	16,513
Reserve for Liens and Tax Sale Premium Payments	A-22	71,600
Marriage License Fees	A-26	75
DCA Fees	A-27	<u>21,525</u>
		<u>33,179,835</u>
Balance December 31, 2012	A	<u>\$ 7,147,631</u>

CURRENT FUND
SCHEDULE OF CASH - COLLECTOR

A-5

REF.

Received:

Interest and Costs on Taxes	A-2	\$	75,087	
Miscellaneous	A-2		8,355	
Taxes Receivable	A-6		30,162,123	
2013 Prepaid Taxes	A-11		185,670	
Tax Overpayments	A-12		50,700	
Reserve for Tax Sale Premiums	A-22		8,000	<u>\$ 30,489,935</u>

Decreased by Disbursements:

Payments to Treasurer	A-4			<u>\$ 30,489,935</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	CANCELLED	BALANCE
	12/31/11	TAXES	LEVY	2011	2012	TO TAX TITLE LIENS		12/31/12
2005	\$ 1,240							\$ 1,240
2006	218							218
2007	168							168
2008	210							210
2009	167							167
2010	163							163
2011	306,831	\$18,162		\$ 309,362		\$ 14,452		1,179
	308,997	18,162		309,362		14,452	-	3,345
2012			\$ 30,621,678	\$ 194,382	29,893,182	16,181	\$ 110,727	407,206
TOTALS	\$ 308,997	\$ 18,162	\$ 30,621,678	\$ 194,382	\$ 30,202,544	\$ 30,633	\$ 110,727	\$ 410,551

REF.	A		A-12		A-7		A
------	---	--	------	--	-----	--	---

REF.

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

A-2	\$ 40,421
A-5	30,162,123
	<u>\$ 30,202,544</u>

ANALYSIS OF PROPERTY TAX LEVY:

Tax Yield:

General Purpose Tax	\$ 29,826,740
Special Purpose Tax	676,650
Added Taxes (54:4-63.1 et.seq.)	<u>118,288</u>
	<u>\$ 30,621,678</u>

Tax Levy:

	REF.	
Local District School Tax	A-14	\$ 11,702,219
Regional High School Tax	A-15	7,390,121
Municipal Open Space Tax	A-16	679,312
County Taxes:		
County Tax (Abstract)	A-13	\$ 5,035,170
County Library Tax (Abstract)	A-13	503,230
County Open Space Tax	A-13	516,464
Due County for Added and Omitted Taxes(54.4-63.1,et.seq.)	A-13	<u>24,082</u>
Local Tax for Municipal Purposes	A-2	6,078,946
Add: Additional Tax Levied		4,670,060
		<u>101,020</u>
		<u>\$ 30,621,678</u>

CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 41,299
Increased by:		
Interest and Costs		\$ 8,094
Transfers from Taxes Receivable	A-6	<u>30,633</u>
		<u>38,727</u>
		80,026
Balance December 31, 2012	A	<u>\$ 80,026</u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>REF.</u>	<u>ACCRUED</u> <u>IN 2012</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>
Licenses:			
Alcoholic Beverages	A-2	\$ 4,000	\$ 4,000
Other - Clerk	A-2	704	704
Fees and Permits	A-2	72,792	72,792
Municipal Court:			
Fines and Costs	A-2	33,780	33,780
Interest on Investments and Deposits	A-2	14,407	14,407
Energy Receipts Tax	A-2	516,103	516,103
Uniform Construction Code Fees	A-2	327,239	327,239
Clinton Township - Uniform Construction Codes	A-2	8,671	8,671
Califon Borough - Uniform Construction Codes	A-2	66,686	66,686
Hunters Glen Sewer Utility - Debt Service	A-2	30,327	30,327
Reserve for Open Space	A-2	805,886	805,886
Municipal Lease	A-2	36,898	36,898
Fire Safety Fees	A-2	14,412	14,412
Totals		<u>\$ 1,931,905</u>	<u>\$ 1,931,905</u>

REF.

A-2

A-4

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	\$ 9,009	\$ 5,009	\$ 125	\$ 4,884
Mayor and Committee:				
Other Expenses	1,592	1,592	223	1,369
Financial Administration:				
Other Expenses				-
Audit Services:				
Other Expenses				-
Computerized Data Processing	5,889	5,889	1,115	4,774
Tax Assessment:				
Other Expenses	964	5,964	5,500	464
Legal Services (Legal Dept.):				
Other Expenses	11,064	11,064	5,353	5,711
Engineering:				
Other Expenses	1,714	5,714	5,437	277
Tax Collector:				
Salaries and Wages	72	72	36	36
Public Building and Ground:				
Other Expenses	3,701	3,701	2,249	1,452
Bartles Wastewater:				
Other Expenses	4,615	4,615	270	4,345
Planning Board:				
Other Expenses	3,080	3,080	455	2,625
Building Official:				
Salaries and Wages	2,566	2,566	400	2,166
Other Expenses	2,643	2,643	124	2,519
Insurance:				
Group Health	29,900	24,900	260	24,640
Police:				
Salaries and Wages	34,926	34,926	34,926	-
Other Expenses	10,412	10,412	10,350	62
PBA Contract Expenses	460	460	115	345
Emergency Management:				
Other Expenses				-
Streets and Road Maintenance:				
Other Expenses	2,717	2,717	2,462	255
Board of Health:				
Other Expenses	263	263	200	63
Senior Citizen Services				-
Park Maintenance:				
Other Expenses	3,038	3,038	89	2,949
Fleet Maintenance:				
Other Expenses	1,951	1,951	1,282	669
Garbage and Trash Removal:				
Other Expenses			-	-

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011 - (Continued)

A-9
Sheet 2

	<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>
Unclassified:				
Natural Gas	2,835	2,835	1,784	1,051
Telecommunications	2,625	2,625	15	2,610
Gasoline and Diesel	11,828	11,828	2,203	9,625
Telephone	5,440	5,440	491	4,949
Street Lighting	1,160	1,160	478	682
Electricity	8,089	8,089	3,235	4,854
Water and Hydrants	4,203	4,203	2,500	1,703
Municipal Court:				
Other Expenses	3,722	3,722	1,977	1,745
Interlocal Agreements				-
Lease of Equipment	1,980	1,980	311	1,669
LOSAP		61,200	34,546	26,654
Other Accounts - No Change	73,951	73,951		73,951
TOTALS	<u>\$ 246,409</u>	<u>\$ 307,609</u>	<u>\$ 118,511</u>	<u>\$ 189,098</u>

A

A-1

Appropriation Reserve	\$ 246,409
Encumbrances	<u>61,200</u>
	<u><u>\$ 307,609</u></u>

A-4	\$ 83,585
A-23	<u>34,926</u>
	<u><u>\$ 118,511</u></u>

CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES

A-10

	<u>REF.</u>		
Balance December 31, 2011	A	\$	126,731
Increased by:			
Encumbrances Added	A-3	\$	52,161
Transfer from Current Year Appropriations	A-3	<u>7,229,160</u>	<u>7,281,321</u>
			7,408,052
Decreased by:			
Encumbrances Cancelled			
Cash Disbursements	A-4	<u>7,213,587</u>	<u>7,213,587</u>
Balance December 31, 2012	A	<u>\$</u>	<u>194,465</u>

CURRENT FUND
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-11

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 194,382
Increased by:		
2013 Taxes Collected in Advance	A-5	<u>185,670</u> 380,052
Decreased by:		
Applied to 2012 Taxes Receivable	A-6	<u>194,382</u>
Balance December 31, 2012	A	<u>\$ 185,670</u>

CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS

A-12

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 7,015
Increased by:		
2012 Tax Overpayments	A-5	<u>50,700</u>
		57,715
Decreased by:		
Cancelled	A-1	\$ 5,636
Refunded	A-4	<u>37,211</u> <u>42,847</u>
Balance December 31, 2012		<u>\$ 14,868</u>

CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE

A-13

	<u>REF.</u>	
Balance December 31, 2011		\$ 19,959
Increased by:		
2012 Levy:		
County Taxes	A-1:6	\$ 5,035,170
County Library Taxes	A-1:6	503,230
County Open Space Tax	A-1:6	516,464
County Added and Omitted Taxes	A-1:6	<u>24,082</u>
		<u>6,078,946</u>
		6,098,905
Decreased by:		
Payments	A-4	<u>6,074,823</u>
Balance December 31, 2012		<u>\$ 24,082</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-14

	<u>REF.</u>	
Balance December 31, 2011:		
School Tax Payable		\$ 511,896
School Tax Deferred	A	<u>5,520,004</u> \$ 6,031,900
Increased by:		
Levy - School Year July 1, 2012 to June 30, 2013	A-6	<u>11,702,219</u>
		17,734,119
Decreased by:		
Payments	A-4	<u>11,794,360</u>
Balance December 31, 2012:		
School Tax Payable	A	419,755
School Tax Deferred		<u>5,520,004</u> \$ <u>5,939,759</u>
2012 Liability for Local District School Tax:		
Tax Paid		\$ 11,794,360
Tax Payable 12/31/12		<u>5,939,759</u>
		17,734,119
Less -- Tax Payable 12/31/11		<u>6,031,900</u>
Amount Charged to 2012 Operations	A-1	<u>\$ 11,702,219</u>

CURRENT FUND
SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX PAYABLE

A-15

	<u>REF.</u>		
Balance December 31, 2011:			
School Tax Payable	A	\$ 265,554	
School Tax Deferred		<u>3,227,166</u>	\$ 3,492,720
Increased by:			
Levy - School Year July 1, 2012 to June 30, 2013	A-6		<u>7,390,121</u>
			10,882,841
Decreased by:			
Payments	A-4		<u>7,187,781</u>
Balance December 31, 2012:			
School Tax Payable	A	467,894	
School Tax Deferred		<u>3,227,166</u>	<u>\$ 3,695,060</u>
2012 Liability for Regional District School Tax:			
Tax Paid			\$ 7,187,781
Add -- Tax Payable 12/31/12			<u>3,695,060</u>
			10,882,841
Less -- Tax Payable 12/31/11			<u>3,492,720</u>
Amount Charged to 2012 Operations	A-1		<u><u>\$ 7,390,121</u></u>

CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAX

A-16

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 2,125
Increased by:		
Levy - 2012	A-1:A-6	\$ 676,650
Added Levy	A-1:A-6	<u>2,662</u>
		<u>\$ 679,312</u>
		681,437
Decreased by:		
Payments to Other Trust Fund	A-4	<u>678,775</u>
Balance December 31, 2012	A	<u>\$ 2,662</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	\$ 5,989
Increased by:		
Received in Cash From State	A-4	<u>40,421</u>
		46,410
Decreased by:		
Senior Citizens Deductions per Tax Billings		\$ 171
Veterans Deductions per Tax Billings		40,250
Sr and Vet Disallowed		<u>-</u>
		<u>40,421</u>
Balance December 31, 2012	A	<u>\$ 5,989</u>

CURRENT FUND
SCHEDULE OF FEDERAL/STATE GRANTS RECEIVABLE

A-18

<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		\$ 21,055	\$ 20,549	\$ 506	
Highlands Grants	\$ 3,271				3,272
Juvenile Accountability Incentive Block Grant	1,727				1,727
Totals	<u>4,998</u>	<u>\$ 21,055</u>	<u>\$ 20,549</u>	<u>\$ 5,505</u>	<u>-</u>
REF.	A	A-2	A-4		A
			A-19	\$ 506	
			A-1	<u>4,999</u>	
				<u>\$ 5,505</u>	

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR STATE GRANTS

A-19

	<u>BALANCE</u> <u>12/31/11</u>	TRANSFER FROM <u>2012 BUDGET</u> <u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/12</u>
Clean Communities - CY 12		\$ 21,055	\$ 13,555	\$ 506	\$ 6,994
Clean Communities - CY 11	\$ 9,323				9,323
Clean Communities - CY 10	13,695				13,695
Tonnage Grant	1,370	4,442	2,339		3,473
Storm Water Management Grant - 2008	1,491				1,491
Body Armor Replacement Fund	537	1,074	619		992
US Forest Service Grant	236				236
Totals	\$ 26,652	\$ 26,571	\$ 16,513	\$ 506	\$ 36,204
	A	A-3	A-4	A-18	A

CURRENT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES FOR STATE GRANTS

A-20

	<u>BALANCE</u> <u>12/31/11</u>	<u>TRANSFER</u> <u>TO</u> <u>2012 BUDGET</u> <u>APPROPRIATIONS</u>	<u>RECEIVED</u>	<u>BALANCE</u> <u>12/31/12</u>
Body Armor Replacement Fund	\$ 1,074	\$ 1,074	\$ 676	\$ 676
Recycling Grant	4,442	4,442	5,846	5,846
Totals	<u>\$ 5,516</u>	<u>\$ 5,516</u>	<u>\$ 6,522</u>	<u>\$ 6,522</u>
	A	A-20	A-4	A

CURRENT FUND
SCHEDULE OF RESERVE FOR TREES

A-21

	<u>REF.</u>	
Balance December 31, 2011	A	<u>\$ 45,356</u>
Balance December 31, 2012	A	<u>\$ 45,356</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS AND OUTSIDE LIENS DUE OTHER TRUST FUND

A-22

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 150,250
Increased by:		
Receipts-Premiums	A-5	<u>8,000</u> 158,250
Decreased by:		
Payments-Premiums	A-4	<u>71,600</u>
Balance December 31, 2012	A	<u>\$ 86,650</u>
<u>Detail:</u>		
Tax Sale Premiums		\$ 86,650
Outside Liens		-
		<u>\$ 86,650</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR POLICE DONATIONS AND CONTRACT SETTLEMENT

A-23

REF.

Increased by:

Contract Reserve Resolution 2012-97	A-9	\$ 34,926	
Receipts-Donations	A-4	<u>800</u>	<u>\$ 35,726</u>
			35,726
Balance December 31, 2012	A		<u>\$ 35,726</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR VARIOUS

A-24

REF.

Balance December 31, 2011	A	\$ 4,474
Balance December 31, 2012	A	<u>\$ 4,474</u>
<u>Detail:</u>		
DDEF		\$ 2,680
Various		<u>1,794</u>
		<u>\$ 4,474</u>

CURRENT FUND
SCHEDULE OF RESERVE FOR ADDITIONAL AID TO FIRE COMPANIES

A-25

	<u>REF.</u>	
Balance December 31, 2011	A	<u>\$ 39,747</u>
Balance December 31, 2012	A	<u>\$ 39,747</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE STATE OF NEW JERSEY - MARRIAGE LICENSE FEES

			A-26
	<u>REF.</u>		
Balance December 31, 2011	A	\$	75
Increased by:			
Receipts	A-4	125	<u>125</u>
			200
Decreased by:			
Expenditures	A-4	<u>75</u>	
Balance December 31, 2012	A	<u>\$</u>	<u>125</u>

CURRENT FUND
SCHEDULE OF AMOUNT DUE STATE OF NEW JERSEY - DCA FEES PAYABLE

A-27

	<u>REF.</u>	
Balance December 31, 2011	A	\$ 4,548
Increased by:		
Fees	A-4	<u>21,000</u>
		25,548
Decreased by:		
Payments - State of New Jersey	A-4	<u>21,525</u>
Balance December 31, 2012	A	<u>\$ 4,023</u>

TRUST FUND SCHEDULES

TRUST FUND
SCHEDULE OF CASH - TREASURER

B-2

		<u>DOG</u>	
	<u>REF.</u>	<u>LICENSES</u>	<u>OTHER</u>
Balance December 31, 2011	B	\$ 5,503	\$ 1,216,931
Increased by Receipts:			
Dog License Fees	B-3	12,344	
State Dog License Fees	B-4	1,707	
Amount Due Current Fund	B-5/6	21	2,125
Developers Escrow Deposits	B-7		127,857
Unemployment Trust	B-8		3,434
Whittemore Trust Deposits	B-9		27,606
Accumulated Leave Deposits	B-10		262
Developers Housing Deposits	B-11		15,570
Open Space Deposits	B-12		677,979
Outside Police Duty	B-13		3,264
War Memorial Fund	B-16		650
Total Receipts		14,072	858,747
		19,575	2,075,678
Decreased by Disbursements:			
Administrative Expenses	B-3	9,053	
State Dog License Fees	B-4	1,710	
Amount Due Current Fund	B-5/6	37	
Developers Escrow Deposits	B-7		532,824
Unemployment Trust	B-8		1,883
Whittemore Trust Deposits	B-9		28,612
Accumulated Leave Deposits	B-10		162,874
Developers Housing Deposits	B-11		35,346
Open Space Deposits	B-12		76,738
Outside Police Duty	B-13		1,200
Total Disbursements		10,800	839,477
Balance December 31, 2012	B	\$ 8,775	\$ 1,236,201

TRUST FUND
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-3

	<u>REF.</u>		
Balance December 31, 2011	B	\$	5,471
Increased by:			
Dog License Fees Collected	B-2		12,344
			<u>17,815</u>
Decreased by:			
Administrative Expenses	B-2		9,053
			<u>9,053</u>
Balance December 31, 2012	B	\$	<u>8,762</u>

LICENSE FEES COLLECTED

CY 2010	\$		11,425
CY 2011			<u>11,874</u>
			<u>\$ 23,299</u>

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

B-4

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 8
Increased by:		
Collected in 2012:		
State Board of Health Fees	B-2	1,707
		<u>1,715</u>
Decreased By:		
Payments	B-2	1,710
		<u>1,710</u>
Balance December 31, 2012	B	<u>\$ 5</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND
DOG LICENSE FUND

B-5

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 24
Increased by:		
Interest Credits Due Current Fund	B-2	<u>21</u> 45
Decreased by:		
Interfund Returned	B-2	<u>37</u>
Balance December 31, 2012	B	<u>\$ 8</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE OTHER FUNDS
OTHER TRUST FUND

B-6

	<u>REF.</u>		
Balance December 31, 2011	B	\$	152,375
Increased by:			
Added/Omitted Taxes Due to Municipal Open Space Fund	B-12	\$	2,662
Tax Sale Premiums Received in Current Fund and Due Trust Fun	B-15	<u>8,000</u>	<u>10,662</u>
			163,037
Decreased by:			
Interfund Returned Prior Year Added/Omitted-Open Space Trust	B-2	2,125	
Tax Sale Premiums Paid in Current Fund	B-15	<u>71,600</u>	<u>73,725</u>
Balance December 31, 2012	B	<u>\$</u>	<u>89,312</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS ESCROW TRUST FUND DEPOSITS

B-7

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 585,791
Increased by:		
Escrow Deposits	B-2	<u>127,857</u>
		713,648
Decreased by:		
Escrow Refunds	B-2	<u>532,824</u>
Balance December 31, 2012	B	<u>\$ 180,824</u>

TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT TRUST

B-8

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 55,201
Increased by:		
Receipts	B-2	<u> 3,434</u> 58,635
Decreased by:		
Quarterly Unemployment Charges	B-2	<u> 1,883</u>
Balance December 31, 2012	B	<u>\$ 56,752</u>

TRUST FUND
SCHEDULE OF RESERVE FOR WHITTEMORE TRUST DEPOSITS
TRUST DEPOSITS

B-9

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 964
Increased by:		
Escrow Deposits	B-2	<u>27,606</u>
		28,570
Decreased by:		
Escrow Refunds	B-2	<u>28,612</u>
Balance December 31, 2012	B	<u>\$ (42)</u>

TRUST FUND
SCHEDULE OF RESERVE FOR ACCUMULATED LEAVE DEPOSITS

B-10

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 214,034
Increased by:		
Escrow Deposits	B-2	<u> 262</u> 214,296
Decreased by:		
Escrow Refunds	B-2	<u>162,874</u>
Balance December 31, 2012	B	<u>\$ 51,422</u>

TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS HOUSING DEPOSITS

B-11

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 40,713
Increased by:		
Escrow Deposits	B-2	<u>15,570</u>
		56,283
Decreased by:		
Escrow Refunds	B-2	<u>35,346</u>
Balance December 31, 2012	B	<u>\$ 20,937</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE TRUST FUND

B-12

	<u>REF.</u>		
Balance December 31, 2011	B		\$ 321,116
Increased by:			
Open Space Levy	B-2	\$ 676,650	
Open Space Levy - Added	B-6	2,662	
Interest Credits	B-2	<u>1,329</u>	<u>680,641</u>
			1,001,757
Decreased by:			
Open Space Debt Service on Bond Anticipation Notes - Interest Only	B-2	61,937	
Open Space Expenses, net of Reimbursements	B-2	<u>14,801</u>	<u>76,738</u>
Balance December 31, 2012	B		<u>\$ 925,019</u>

TRUST FUND
SCHEDULE OF RESERVE FOR OUTSIDE POLICE DUTY DEPOSITS

B-13

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 678
Increased by:		
Police Deposits	B-2	<u>3,264</u>
		3,942
Decreased by:		
Police Refunds	B-2	<u>1,200</u>
Balance December 31, 2012	B	<u>\$ 2,742</u>

TRUST FUND
SCHEDULE OF RESERVE FOR RUTHE MUELLER TRUST

B-14

	<u>REF.</u>	
Balance December 31, 2011	B	<u>\$ 559</u>
Balance December 31, 2012	B	<u>\$ 559</u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS DEPOSITS

B-15

	<u>REF.</u>	
Balance December 31, 2011	B	\$ 150,250
Increased by:		
Tax Sale Premiums Received in Current Fund	B-6	<u>8,000</u>
		158,250
Decreased by:		
Tax Sale Premiums Paid in Current Fund	B-6	<u>71,600</u>
Balance December 31, 2012	B	<u>\$ 86,650</u>

GENERAL CAPITAL FUND SCHEDULES

GENERAL CAPITAL FUND
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>		
Balance December 31, 2011	C	\$	917,549
Increased by Receipts:			
Reimbursements received for Debt Service Reserve	C-13	\$	33,000
Reimbursement from Current Fund - Prior Year Interfund Balance	C-3		109,505
Current Fund Budgeted Appropriation - Capital Improvement Fund	C-8		600,000
Interest Credits	C-3		<u>1,680</u>
			<u>744,185</u>
			1,661,734
Decreased by Disbursements:			
Payment to Current Fund for Interest Credits	C-3		6,922
Prior Year Encumbrances Paid	C-7		8,312
Improvements Authorizations Paid	C-11		529,799
Capital Fund Balance Anticipated as Revenue in Current Fund Budget	C-1		<u>805,886</u>
			<u>1,350,919</u>
Balance December 31, 2012	C	\$	<u>310,815</u>

GENERAL CAPITAL FUND
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>		
Balance December 31, 2011	C	\$	(109,505)
Increased by:			
Interest Credits	C-2	\$	1,680
Reimbursement from Current Fund - Prior Year Interfund Balance	C-2	<u>109,505</u>	<u>111,185</u>
			1,680
Decreased by:			
Payment of Interest Credits to Current Fund	C-2		6,922
Deferred Charges Appropriated in Current Fund Budget	C-6	<u>110,313</u>	<u>117,235</u>
Balance December 31, 2012	C	<u>\$</u>	<u>(115,555)</u>

GENERAL CAPITAL FUND
SCHEDULE OF ACCOUNTS RECEIVABLE

C-4

REF.

Balance December 31, 2011

C

\$ 313,000

Balance December 31, 2012

C

\$ 313,000

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

	<u>REF.</u>	C-5
Balance December 31, 2011	C	\$ 10,889,368
Increased by:		
General Obligation Bonds Issued	C-12	<u>9,998,000</u>
		20,887,368
Decreased by:		
2012 Budget Appropriations - Loans Payable	C-9	\$ 51,525
2012 Budget Appropriations - Bond Principal	C-12	<u>852,000</u> <u>903,525</u>
Balance December 31, 2012	C	<u>\$ 19,983,843</u>

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

C-6

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	BALANCE 12/31/11	BUDGET APPROPRIATION DEFERRED CHARGES	CONVERTED TO GENERAL OBLIGATION BONDS	PAID BY MUNICIPAL OPEN SPACE TRUST FUND	BALANCE 12/31/12	ANALYSIS OF BALANCE	
							BOND ANTI- ANTICIPATION NOTES	BONDS/NOTES AUTHORIZED NOT ISSUED
N/A	Acquisition of Development Easements	\$ 485				\$ 485		\$ 485
21-1998	Purchase of Gurasich Property	50,000				50,000		50,000
19-2005	Various Capital Improvements	1,187,000		\$ 1,187,000		0		-
16-2003	Acquisition of Easement in Real Property	730,436	\$ 42,664	602,443		85,329		85,329
22-2003	Purchase of Parcels of Real Estate	1,554,497	47,700	1,411,399		95,398		95,398
23-2003	Purchase of First Aid Squad Building	104,278	3,749	93,031		7,498		7,498
15-2005	Various Improvements	488,497	16,200	439,449	\$ 448	32,400		32,400
17-2005	Acquisition of Easement in Real Property	207,125		207,125		-		-
05-2006 (Amended by 03-2007)	Acquisition of Easements in Real Estate	817,646		817,465	181	-		-
07-2006	Various Improvements	677,226		677,226		-		-
14-2006	Acquisition of Easements in Real Property	1,285,750		1,285,198	552	-		-
06-2007	Acquisition of Easements in Real Property	658,370		658,370		-		-
07-2007	Various Capital Improvements	2,619,294		2,619,294		-		-
		\$ 10,380,604	\$ 110,313	\$ 9,998,000	\$ 1,181	\$ 271,110	-	\$271,110
REF.		C	C-3	C-10	C-10	C		

GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES

C-7

	<u>REF.</u>	
Balance December 31, 2011	C	\$ 8,312
Increased by:		
Improvement Authorization Purchase Orders Issued	C-11	<u>44,713</u>
		53,025
Decreased by:		
Payment of Prior Year Encumbrances	C-2	<u>8,312</u>
Balance December 31, 2012	C	<u>\$ 44,713</u>

GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-8

	<u>REF.</u>	
Balance December 31, 2011	C	\$ 155,910
Increased by:		
2012 Budget Appropriations	C-2	<u>600,000</u>
		755,910
Decreased by:		
Appropriation to Finance Improvement Authorizations	C-11	<u>535,000</u>
Balance December 31, 2012	C	<u>\$ 220,910</u>

GENERAL CAPITAL FUND
SCHEDULE OF NEW JERSEY LOAN PROGRAMS

C-9

<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 Green Trust Loan Program Department of Environmental Protection	1991	2013-2021	\$26,123 to \$30,631	2.0%	\$ 280,532	\$ 25,608	\$ 254,924
New Jersey Wastewater Treatment Trust Loan Program Department of Environmental Protection	11/1/1995	2013-2015	\$15,000	None	60,000	15,000	45,000
New Jersey Wastewater Treatment Fund Loan Program New Jersey Environmental Infrastructure Trust	11/1/1995	2013-2015	\$10,442 to \$9,508	4.0% to 5.5%	40,836	10,917	29,919
					\$ 381,368	\$ 51,525	\$ 329,843
REF.					C	C-5	C

GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

C-10

ORDINANCE NO.	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE 12/31/11	DECREASED	BALANCE 12/31/12
16-2003	Acquisition of Easement in Real Property	11/19/03	6/21/11	6/20/12	1.25%	\$ 602,443	\$ 602,443	-
22-2003	Purchase of Parcels of Real Estate	11/19/03	6/21/11	6/20/12	1.25%	1,411,399	1,411,399	-
23-2003	Purchase of First Aid Squad Building	11/19/03	6/21/11	6/20/12	1.25%	93,031	93,031	-
19-2005	Various Improvements	6/17/09	6/21/11	6/20/12	1.25%	1,187,000	1,187,000	-
15-2005	Various Capital Improvements	8/09/05	6/21/11	6/20/12	1.25%	439,897	439,897	-
17-2005	Acquisition of Easement in Real Property	8/09/05	6/21/11	6/20/12	1.25%	207,125	207,125	-
5-2006	Acquisition of Easements in Real Estate	8/09/05	6/21/11	6/20/12	1.25%	513,371	513,371	-
7-2006	Various Capital Improvements	8/09/05	6/21/11	6/20/12	1.25%	677,226	677,226	-
14-2006	Acquisition of Easements in Real Estate	10/16/07	6/21/11	6/20/12	1.25%	1,285,750	1,285,750	-
05-2006 (Amended by 3- 2007)	Acquisition of Easements in Real Estate	10/16/07	6/21/11	6/20/12	1.25%	304,275	304,275	-
06-2007	Acquisition of Easements in Real Estate	10/16/07	6/21/11	6/20/12	1.25%	658,370	658,370	-
07-2007	Various Capital Improvements	10/16/07	6/21/11	6/20/12	1.25%	2,619,294	2,619,294	-
						\$ 9,999,181	\$ 9,999,181	-
REF.						C	C-6	C

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-11

<u>IMPROVEMENT DESCRIPTION</u>	<u>NO.</u>	<u>ORDINANCE</u>		<u>BALANCE 12/31/11</u>		<u>CAPITAL IMPROVEMENT FUND</u>	<u>PAID OR CHARGED</u>	<u>BALANCE 12/31/12</u>	
		<u>DATE</u>	<u>AMOUNT</u>	<u>FUNDED</u>	<u>UNFUNDED</u>			<u>FUNDED</u>	<u>UNFUNDED</u>
Open Space Acquisition and Emergency Service Comm.	16-2006	9/12/06	\$ 310,000	\$ 24,045			\$ 2,923	\$ 21,122	
Various Capital Improvements	07-2007	5/22/07	3,085,000		\$ 48,367		15,293		\$ 33,074
Road Improvements, Stormwater Improvements, Public Buildings and Grounds Improvements	06-2011	5/10/11	450,000	84,825			75,279	9,546	
Fox Hill Road Restoration	07-2012	4/26/12	100,000			\$ 100,000	100,000	-	
Road Improvements	08-2012	4/26/12	300,000			300,000	273,146	26,854	
Forced Main Repairs Hunters Glen	09-2012	4/26/12	75,000			75,000	59,074	15,926	
Public Works Equipment	10-2012	4/26/12	60,000			60,000	48,797	11,203	

\$ 108,870	\$ 48,367	\$ 535,000	\$ 574,512	\$ 84,651	\$ 33,074
C	C	C-8		C	C

REF.

Cash Disbursements	C-2	\$ 529,799
Encumbrances	C-7	44,713
		<u>\$ 574,512</u>

GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

C-12

PURPOSE	DATE	ORIGINAL ISSUE	MATURITY OF		INTEREST RATE	BALANCE 12/31/11	INCREASED	DECREASED	BALANCE 12/31/12							
	ORIGINAL ISSUE		OUTSTANDING DATE	BONDS AMOUNT												
Refunding Bonds of 2005	6/30/05	\$ 5,485,000	8/1/13	\$ 500,000	4.500%	\$ 4,010,000		\$ 455,000	\$ 3,555,000							
			8/1/14	500,000	5.000%											
			8/1/15	500,000	5.000%											
			8/1/16	525,000	5.000%											
			8/1/17	300,000	5.000%											
			8/1/17 *	225,000	4.000%											
			8/1/18	520,000	4.000%											
			8/1/19	485,000	4.000%											
			General Improvement Bonds Series 2006	1/12/06	\$ 1,880,000					1/1/13	143,000	4.000%	1,267,000		137,000	1,130,000
1/1/14	149,000	4.000%														
1/1/15	154,000	4.000%														
1/1/16	161,000	3.600%														
1/1/17	168,000	3.650%														
1/1/18	174,000	3.700%														
1/1/19	181,000	3.750%														
Open Space Bonds Series 2006	1/12/06	\$ 6,396,000				1/1/13	275,000	4.000%	5,231,000		260,000	4,971,000				
						1/1/14	285,000	4.000%								
			1/1/15	295,000	4.000%											
			1/1/16	305,000	3.600%											
			1/1/17	320,000	3.650%											
			1/1/18	330,000	3.700%											
			1/1/19	345,000	3.750%											
			1/1/20	360,000	3.800%											
			1/1/21	375,000	3.950%											
			1/1/22	390,000	3.950%											
			1/1/23	405,000	3.950%											
			1/1/24 *	420,000	3.950%											
			1/1/25	435,000	4.050%											
			1/1/26 *	431,000	4.050%											
			General Obligation Bonds Series 2012	6/19/12	\$ 9,998,000	2/15/13	250,000	2.000%						\$ 9,998,000		9,998,000
						2/15/14	255,000	2.000%								
2/15/15	260,000	2.000%														
2/15/16	265,000	2.000%														
2/15/17	270,000	2.000%														
2/15/18	275,000	2.000%														
2/15/19	280,000	2.000%														
2/15/20	285,000	2.000%														
2/15/21	290,000	2.000%														
2/15/22	295,000	2.000%														
2/15/23	300,000	2.000%														
2/15/24	320,000	2.125%														
2/15/25	345,000	3.000%														
2/15/26	360,000	3.000%														
2/15/27	370,000	3.000%														
2/15/28	390,000	3.000%														
2/15/29	405,000	3.000%														
2/15/30	435,000	3.000%														
2/15/31	455,000	3.000%														
2/15/32	460,000	3.000%														
2/15/33	470,000	3.000%														
2/15/34	490,000	3.000%														
2/15/35	490,000	3.000%														
2/15/36	495,000	3.125%														
2/15/37	495,000	3.125%														
2/15/38	495,000	3.125%														
2/15/39	498,000	3.125%														
						\$ 10,508,000	\$ 9,998,000	\$ 852,000	\$ 19,654,000							
						C	C-5	C-5	C							

* - Term Bond
Ardito and Co., LLP

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>BALANCE</u> <u>12/31/12</u>
Municipal Facilites	\$ 74		\$ 74
Offsite/Ontract Improvements	5,000		5,000
Debt Service	288,823	\$ 33,000	321,823
	<u>\$ 293,897</u>	<u>\$ 33,000</u>	<u>\$ 326,897</u>
REF.	C	C-2	C

SEWER UTILITY FUND

SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

D-4

HUNTERS GLEN

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>	
Balance December 31, 2011	D	\$ 34,347		\$ 23,100
Increased by Receipts:				
Water Rents	D-5	\$ 70,076		
Interest on Investment income	D-2	<u>(1,146)</u>	<u>68,930</u>	<u>-</u>
			103,277	23,100
Decreased by Disbursements:				
2011 Appropriation Reserve	D-7	3,400		
2012 Appropriations	D-3	<u>67,539</u>	<u>70,939</u>	<u>-</u>
Balance December 31, 2012	D	<u>\$ 32,338</u>		<u>23,100</u>

OLDWICK

	<u>REF.</u>	<u>OPERATING</u>	<u>CAPITAL</u>	
Balance December 31, 2011	D	\$ 50,098		\$ 72,609
Increased by Receipts:				
Water Rents	D-5	\$ 123,467		
Interfunds Returned from Operating Fund	D-1	583		
Interest on Investment income	D-2	<u>8,383</u>	<u>132,433</u>	<u>46</u>
			182,531	72,655
Decreased by Disbursements:				
2011 Appropriation Reserve	D-7	19,636		
2012 Appropriations	D-3	<u>104,400</u>	<u>124,036</u>	<u>-</u>
Balance December 31, 2012	D	<u>\$58,495</u>		<u>\$72,655</u>

SEWER UTILITY FUND
SCHEDULE OF CASH - COLLECTOR

D-5

	<u>REF.</u>	<u>HUNTERS GLEN</u>	<u>OLDWICK</u>	<u>TOTAL</u>
Increased by Receipts:				
Consumer Accounts Receivable Collections	D-6	\$ 70,076	\$ 123,467	\$ 193,543
		70,076	123,467	193,543
Decreased by Disbursements:				
Payment to Treasurer	D-4	<u>\$ 70,076</u>	<u>\$ 123,467</u>	<u>\$ 193,543</u>

SEWER UTILITY FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

D-6

		HUNTERS			
	<u>REF.</u>	<u>GLEN</u>	<u>OLDWICK</u>		<u>TOTAL</u>
Balance December 31, 2011	D	\$ 644	\$ 4,228		\$ 4,872
Increased by:					
Water Rents Levied		72,504	121,425		193,929
		73,148	125,653		198,801
Decreased by:					
Pre-Paid in 2011	D	2,021	17		2,038
Collection	D-2:5	70,076	123,467		193,543
		72,097	123,484		195,581
Balance December 31, 2012	D	\$ 1,051	\$ 2,169		\$ 3,220

SEWER UTILITY FUND
SCHEDULE OF APPROPRIATION RESERVES - 2011

D-7

HUNTER'S GLEN

	<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	\$ 1,726	\$ 1,726		\$ 1,726
Other Expenses	10,434	10,434	\$ 3,400	7,034
TOTALS	<u>\$ 12,160</u>	<u>\$ 12,160</u>	<u>\$ 3,400</u>	<u>\$ 8,760</u>

REF. D D-4 D-1

Appropriation Reserves	\$ 7,920
Encumbrances	<u>4,240</u>
	<u>\$ 12,160</u>

OLDWICK

	<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	\$ 3,822	\$ 3,822		\$ 3,822
Other Expenses	23,432	23,432	19,636	3,796
TOTALS	<u>\$ 27,254</u>	<u>\$ 27,254</u>	<u>\$ 19,636</u>	<u>\$ 7,618</u>

REF. D D-4 D-1

Appropriation Reserves	\$ 13,433
Encumbrances	<u>13,821</u>
	<u>\$ 27,254</u>

SEWER UTILITY FUND
SCHEDULE OF FIXED CAPITAL
DECEMBER 31, 2012

D-8

	<u>Balance December 31, 2011</u>		<u>FIXED CAPITAL</u>	<u>Balance December 31, 2012</u>	
	<u>Hunters Glen</u>	<u>Oldwick</u>	<u>ADDITIONS</u>	<u>Hunters Glen</u>	<u>Oldwick</u>
Land Acquisition		\$ 91,720			\$ 91,720
Wind Monitoring Device		10,000			10,000
Monitoring Well	\$ 6,000			\$ 6,000	
Sanitary Sewer System		816,395			816,395
Emergency Power/Alarm		13,000			13,000
Hunter's Glen Generator	30,000			30,000	
	\$ 36,000	\$ 931,115	-	\$ 36,000	\$ 931,115

REF.	D	D		D	D
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SEWER UTILITTY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-9

<u>ORDINANCE NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE 12/31/11</u>	<u>BALANCE 12/31/12</u>
2004-07	Equipment for the Oldwick Water Pollution Control Facility	6/1/04	\$ 20,000	\$ 20,000
			<u>\$ 20,000</u>	<u>\$ 20,000</u>
	REF.		D	D

SEWER UTILITTY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

D-10

<u>ORDINANCE NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE FUNDED 12/31/11</u>	<u>BALANCE FUNDED 12/31/12</u>
2004-07	Equipment for the Oldwick Water Pollution Control Facility	6/1/04	\$ 20,000	\$ 20,000
2010-07	Oldwick Sewer Improvements	9/14/10	6,609	6,609
			\$ 26,609	\$ 26,609
	REF.		D	D

SEWER UTILITY FUND
SCHEDULE OF SEWER CAPITAL IMPROVEMENT FUND

D-11

		HUNTERS		<u>TOTAL</u>
<u>REF.</u>	<u>GLEN</u>	<u>OLDWICK</u>		
Balance December 31, 2011	D	<u>\$ 23,100</u>	<u>\$ 46,000</u>	<u>\$ 69,100</u>
Balance December 31, 2012	D	<u>\$ 23,100</u>	<u>\$ 46,000</u>	<u>\$ 69,100</u>

SEWER UTILITY FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

D-12

	<u>REF.</u>	<u>HUNTERS GLEN</u>	<u>OLDWICK</u>	<u>TOTAL</u>
Balance December 31, 2011	D	\$ 36,000	\$ 796,749	\$ 832,749
Increased by:				
General Electric Loan Paid by Sewer Operating Budget	D-3	-	14,098	14,098
		<u>36,000</u>	<u>810,847</u>	<u>846,847</u>
Balance December 31, 2012	D	<u>\$ 36,000</u>	<u>\$ 810,847</u>	<u>\$ 846,847</u>

SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

D-13

<u>ORDINANCE NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>BALANCE 12/31/11</u>	<u>BALANCE 12/31/12</u>
2004-07	Equipment for the Oldwick Water Pollution Control Facility	6/1/04	\$ 20,000	\$ 20,000
			<u>\$ 20,000</u>	<u>\$ 20,000</u>
	REF.		D	D

SEWER UTILITY FUND
SCHEDULE OF LOANS PAYABLE

D-14

	<u>REF.</u>	<u>OLDWICK</u>
Balance December 31, 2011	D	\$134,366
Decreased by:		
Principal Payments	D-12	<u>14,098</u>
Balance December 31, 2012	D	<u>\$120,268</u>

Schedule of Principal and Interest Payments

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 14,812	\$ 5,831	\$ 20,643
2014	15,561	5,081	20,642
2015	16,349	4,393	20,742
2016	17,177	3,465	20,642
2017	18,046	2,596	20,642
2018	18,960	1,682	20,642
2019	19,363	722	20,085
	<u>\$ 120,268</u>	<u>\$ 23,770</u>	<u>\$ 144,038</u>

PUBLIC ASSISTANCE FUND SCHEDULES

PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

E-1

	<u>REF.</u>	<u>P.A.T.F.</u> <u>#1</u>	<u>FUND</u> <u>TOTAL</u>
Balance December 31, 2011	E	<u>\$ 8,682</u>	<u>\$ 8,682</u>
Increased by Receipts:			
Interest Credits		<u>7</u>	<u>7</u>
Total Receipts		<u>7</u>	<u>7</u>
		<u>8,689</u>	<u>8,689</u>
Balance December 31, 2012	E	<u>\$ 8,689</u>	<u>\$ 8,689</u>

SCHEDULE OF GENERAL FIXED ASSETS

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

F-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	\$ 37,075,102			\$ 37,075,102
Machinery and Equipment	9,423,196	\$ 48,797		9,471,993
Total General Fixed Assets	<u>\$ 46,498,298</u>	<u>48,797</u>	<u>-</u>	<u>\$ 46,547,095</u>
 Investment In General Fixed Assets	 <u>\$ 46,498,298</u>	 <u>\$ 48,797</u>	 <u>-</u>	 <u>\$ 46,547,095</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 Tewksbury, County of Hunterdon, 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 2, 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 2, 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 2, 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, 2011, 2010, 2009, 2008, 2007, 2006 and 2005 tax levy.

The last tax sale was held on November 14, 2012 and was complete.

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	9
2011	8
2010	8

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 November 10, 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 - November 10, 2012-Real Estate				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2012 Property Tax	Positive	3,150	60	25
2013 Property Tax	Positive	3,150	60	25
2012 Delinquent Tax	Negative	348	25	3

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 Tewksbury to these new directives are as follows:

<u>Requirement</u>	FY 2012 Required	
	<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	\$ 2,368,000	6.76%	\$ 2,368,000	6.70%
Miscellaneous - From Other Than				
Local Property Tax Levies	2,267,100	6.47%	2,860,095	8.09%
Collection of Delinquent Taxes and				
Tax Title Liens	309,362	0.88%	318,824	0.90%
Collection of Current Tax Levy	<u>30,087,563</u>	<u>85.89%</u>	<u>29,802,043</u>	<u>84.31%</u>
Total Income	<u>35,032,025</u>	<u>100.00%</u>	<u>35,348,962</u>	<u>100.00%</u>

EXPENDITURES

Budget Expenditures:				
Municipal Purposes	7,592,868	22.62%	7,721,098	23.11%
County Taxes	6,078,946	18.11%	6,097,340	18.25%
Local and Regional Taxes	19,092,340	56.87%	18,792,441	56.24%
Municipal Open Space Tax	679,312	2.02%	684,891	2.05%
Deferred Charges	110,313	0.33%	110,313	0.33%
Other Expenditures	<u>15,821</u>	<u>0.05%</u>	<u>9,110</u>	<u>0.03%</u>

Total Expenditures	<u>\$33,569,600</u>	<u>100.00%</u>	<u>\$33,415,193</u>	<u>100.00%</u>
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Excess (Deficit) Revenue Over Expenditures	1,462,425		1,933,769	
--------------------------------------------	-----------	--	-----------	--

Fund Balance January 1	6,036,519		6,470,750	
------------------------	-----------	--	-----------	--

Less:

Utilization as Anticipated Revenue	<u>2,368,000</u>		<u>2,368,000</u>	
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Fund Balance December 31	<u>\$ 5,130,944</u>		<u>\$ 6,036,519</u>	
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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	\$ 27,150	10.99%	\$ 27,150	12.28%
Rents	195,564	79.18%	174,623	78.99%
Miscellaneous	7,283	2.95%	3,441	1.56%
Other Credits to Income	<u>16,978</u>	<u>6.87%</u>	<u>15,867</u>	<u>7.18%</u>
Total Income	246,975	100.00%	221,081	100.00%

EXPENDITURES

Budget Expenditures:				
Operating	<u>191,200</u>	100.00%	<u>198,200</u>	100.00%
Excess in Revenue	55,775		22,881	
Fund Balance January 1	42,993		47,262	
Less:				
Utilization as Anticipated Revenue	<u>27,150</u>		<u>27,150</u>	
Fund Balance December 31	<u>\$ 71,618</u>		<u>\$ 42,993</u>	

Comparative Schedule of Tax Rate Information

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>\$2.254</u>	<u>\$2.205</u>	<u>\$2.172</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	\$0.345	\$0.333	\$0.325
Municipal Open Space Tax	\$0.050	\$0.050	\$0.050
County	\$0.448	\$0.446	\$0.459
Local School	\$0.865	\$0.865	\$0.865
Regional High School	\$0.546	\$0.512	\$0.473

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2012	\$1,353,300,353
2011	\$1,365,531,185
2010	\$1,364,689,619

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	\$30,621,678	\$30,087,564	98.25%
2011	\$30,204,265	\$29,802,044	98.66%
2010	\$29,735,461	\$29,303,277	98.54%

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	\$80,026	\$410,551	\$490,577	1.60%
2011	\$41,299	\$308,997	\$350,296	1.16%
2010	\$38,940	\$315,400	\$354,340	1.19%

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

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year Regular</u>
2012	\$ 5,130,944	\$ 2,196,795
2011	\$ 6,036,519	\$ 2,368,000
2010	\$ 6,470,750	\$ 2,368,000
2009	\$ 7,868,209	\$ 3,368,000
2008	\$ 9,681,336	\$ 3,368,000

Sewer Utility Fund

2012	\$ 71,618	\$ 52,150
2011	\$ 42,993	\$ 28,884
2010	\$ 47,262	\$ 27,150
2009	\$ 71,844	\$ 56,187
2008	\$ 110,981	\$ 59,799

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>
Dana Desiderio	Mayor		
Louis DiMare	Committeeperson		
Peter Melick	Committeeperson		
Shaun C. Van Doren	Committeeperson		
William Voyce	Committeeperson		
Jesse W. Landon	Administrator		
Roberta Brassard	Township Clerk; Assessment Search Officer		
Katherine Winzenreid Ciarlariello	Tax Collector; Sewer Collector; Tax Search Officer	\$250,000	Selective Insurance Co.

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Judie A. McGrorey	Certified Municipal Finance Officer	\$250,000	Selective Insurance Co.
Ann Marie Obiedzinski	Assessor		
Michael Selvaggi	Attorney		
Charles Rogers	Construction Official		
Thomas Anderson	Fire Sub-Code Official		
Robert O'Conner	Plumbing Sub-Code Official		
Shana L. Goodchild	Land Use Administrator		
Randall Benson	Zoning/Housing Officer		

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	\$155,011

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 \$250,000. provided by the National Union Fire Insurance Company of Pittsburgh, Pa.

All the bonds were examined and were properly executed.



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

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

The Honorable Mayor and
Members of the Township Committee
Township of Tewksbury
169 Old Turnpike Road
County of Hunterdon, Califon, 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 Tewksbury in the County of Hunterdfon, 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 Tewksbury's basic financial statements, and have issued our report thereon dated April 24, 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.

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.

Compliance and Other Matters

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

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.

ARDITO & CO., LLP



Frenchtown, New Jersey
April 24, 2013



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
April 24, 2013

SCHEDULE OF FEDERAL/STATE AWARDS

SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012
N/A

SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

STATE GRANTOR/ PROGRAM TITLE	ACCOUNT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	FUND REF.	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/12	RECEIPTS PROGRAM	OTHER	DISBURSEMENTS	CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/12
<u>DEPT. OF LAW AND PUBLIC SAFETY</u>									
Body Armor Grant	N/A	\$ 676	2012	A		\$ 676			\$ 676
Body Armor Grant	N/A		2011	A	\$ 1,074			\$ 82	992
Body Armor Grant	N/A		2010	A	537			537	-
<u>DEPT. OF ENVIR. PROTECTION</u>									
Solid Waste Admin.-Clean Communities Program	4900-765-178900	20,549	2012	A		20,549		13,555	6,994
			2011	A	9,323				9,323
			2010	A	13,695				13,695
Storm Water Management Grant	N/A	N/A	2006	A	1,491				1,491
Recycling Tonnage Grant		5,846	2012	A		5,846			5,846
			2011	A	4,442			969	3,473
			2008	A	1,370			1,370	-
<u>DEPT. OF HUMAN SERVICES</u>									
Payments to Municipalities for Cost of General Assistance (State Share)	75050-150-158010-60	N/A	N/A	E	8,682	7			8,689
<u>OTHER STATE AIDS</u>									
US Forest Service Grant	N/A	N/A	N/A	A	236				236
Juvenile Accountability Block Grant	N/A	N/A	N/A	A	(1,727)		\$ 1,727		-
Highlands Grant	N/A	N/A	N/A	A	(3,271)		3,271		-
TOTAL STATE ASSISTANCE					\$ 35,852	\$ 27,078	\$ 4,998	\$ 16,513	\$ 51,415

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

STATUS OF PRIOR AUDIT FINDINGS

STATUS OF PRIOR AUDIT FINDINGS

CY
Occurrence

N/A

SCHEDULE OF FINDINGS AND RESPONSES
GENERAL FINDINGS

SCHEDULE OF FINDINGS AND RESPONSES

GENERAL FINDINGS

YEAR ENDED DECEMBER 31, 2012

Summary of Auditor's Results

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

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

The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid for 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

None